

Cabinet

8 April 2021

Strategic Risk Management Framework

Recommendation

That Cabinet approves the Strategic Risk Management Framework at the Appendix of this report.

1. Executive Summary

- 1.1 The Strategic Risk Management Framework (the Framework), Appendix, has been developed within the Finance Change Programme. The new Strategic Risk Management Framework aims to build on our established risk management practice and strengths, by delivering improvements at a strategic and whole Council level. Marsh Risk Consulting Ltd have supported this work, starting with a risk maturity review in March 2019.
- 1.2 The Framework aims to improve our levels of risk management maturity by introducing new elements that strengthen our practice in the following areas:
 - An approach to articulate the council's risk appetite across a range of risk categories and establish levels of risk tolerance;
 - A set of guiding risk management principles that are applicable to all risk settings, including strategic, operational and project risk management;
 - An updated risk assessment matrix which allows for greater differentiation between levels of risk impact and probability. This will more finely tune our assessment and monitoring of high impact risks, such as safeguarding risks;
 - Escalation and de-escalation of risk by introducing directorate as well as service and strategic risk levels; and
 - Integration with quarterly performance management and business planning processes, adding to our suite of business intelligence tools that can support decision making and inform interventions.
- 1.3 The Framework uses a *Why, What, How* approach to strategy development. It clearly establishes the problem we are addressing and the benefits we expect to deliver. It establishes a set of principles we can all use to identify, assess and respond to risk, based on our values and behaviours. The aim is to guide and empower the organisation to be risk aware and consistent in responding positively to risk, rather than prescribe a one size fits all approach that could constrain innovation and prompts risk avoidance. The principles are

supported by functional tools that can be applied to any governance setting or arrangement (operational, strategic, project or investment opportunity) to capture and report risk. The framework also sets the foundations for a learning and engagement pathway that aligns with how we work.

- 1.4 Cabinet oversight of strategic risks is an important and integral part of our risk management approach and the development of the Framework included early involvement through a workshop in March 2020 which informed risk appetite levels. We intend to revisit risk appetite levels with Cabinet and the Leadership Team prior to the start of the 2022-23 business planning cycle.

2. Financial Implications

- 2.1 Risk management includes the management of financial risks, and the risk assessment criteria include financial parameters for the impact of risks. Risk management will in future be a more integral part of medium term financial and business planning.

3. Environmental Implications

- 3.1 None, however, the proposed Strategic Risk Management Framework is intended to support the Council's response to the declared climate change emergency.

4. Supporting Information

- 4.1 None.

5. Timescales associated with the decision and next steps

- 5.1 The Framework was considered by Corporate Board on 25 February, where it was recommended for consideration by the Audit and Standards Committee on 25 March, who have subsequently recommended it for approval by Cabinet.
- 5.2 There is a high-level Integrated Planning timeframe which sets key milestones in 2021-22 for the implementation of the risk management framework, including:
 - A corporate risk register that includes the most significant strategic, cross cutting and operational risks, aligned to the Council's strategic objectives (Council Plan and Recovery Plan);
 - Directorate risk profiles; and
 - Populated risk appetite dashboards that apply metrics to monitor actual

risk against agreed level of risk tolerances.

Appendix

Strategic Risk Management Framework

Background Papers

None

	Name	Contact Information
Report Author	Lynn Todman	lynntodman@warwickshire.gov.uk
Assistant Director	Andy Felton, Assistant Director Finance	andrewfelton@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	peterbutlin@warwickshire.gov.uk

The report was circulated to members of the Audit and Standards Committee prior to publication.