

Harborough District Council



Report to Cabinet 3 April 2023

Title:	Risks and Opportunity Management Framework
Status:	Public No Exemptions
Key Decision:	No
Report Author:	L.Elliott, Interim Chief Executive
Portfolio Holder:	Councillor Dann, Corporate Portfolio
Appendices:	A - Revised Risk framework B - Revised new corporate risk register

Executive Summary

To improve the recording and managing of organisational Risk, by amending the current Risk Framework to give greater scope and flexibility.

Recommendations

That Cabinet approve the following, Amendments to the Risk Management Framework to use a 5 x 5 scoring matrix instead of a 4 x4 Matrix to improve the accuracy of recording risk and mitigations.

Reasons for Recommendations

The current Risk and Opportunity framework is approved by Cabinet and is reviewed every two years. This report identifies revisions to the current framework and so it needs Cabinet approval to make this changes.

The Risk and Opportunity framework sets out how the Council manages and monitors risks.

1. Purpose of Report

1.1 To seek agreement to revise the Risk and Opportunity framework and for direction/timelines for suitable Committees to adopt the revisions.

2. Background

2.1 The Council, through Pentana Risk, currently uses a system of a qualitative



4 x 4 matrix to score risks and opportunities as set out in the Risk and Opportunities management framework which was agreed by Cabinet, following Audit & Standards committee in February 2022.

3. Details - Rationale for Change

- 3.1** When scoring “Residual Risk” using the 4 x 4 matrix the Council finds that the overall score of risk often remains the same score as the “Inherent Risk score” as there is not enough nuance in the highest scoring box, that being Major and very likely, to show reduced risk.
- 3.2** By changing from the current 4 x 4 model to a 5 x 5 model would give greater nuance by increasing the recording of risk to 25 levels (current 16). It is considered that the 5x5 format allows you conduct risk assessments with more detail and clarity, for larger projects or risk management.
- 3.3** A 5 x 5 grid allows for a greater separation of certainty at the top and bottom end of the spectrum. There is no larger area of “acceptability” but there are more areas of moderate risk. In this model, the upper extremities of acceptability are either when the probability of risk occurrence is “Possible”, and the impact is “Very Low”, or the probability of risk occurrence is “Rare”, and the impact is “Medium”.
- 3.4** The 5x 5 matrix would create a difference between “insignificance” and “minor” at the lower end of impact and major and extreme at the top end of impact. It would also add a “rare” or “unlikely” to Likelihood, and a likely and certain at the top end of likelihood.
- 3.5** Section 2 of the current framework addresses how the Council evaluates risk in the 4 x 4 matrices. This section has been amending to reflect the proposed new 5 x 5 matrix.
- 3.6** A revision to the scoring matrix is outlined in the amended framework.

4. Implications of Decisions

4.1 Corporate Priorities

Corporate priorities and KPI's are utilised to manage the risk. Offer a view of performance to identify is the risk is increasing or decreasing.

4.2 Financial

Ideagen, who own Pentana Risk will be required to support the reconfiguration of the System to changes in Matrix. There may be a financial cost to this of no more than £1,000.

4.3 Legal

The Risk and Opportunity Management Framework feeds into the Council's budget-setting process through business planning – the ‘plan’ stage of the performance cycle. The budget is set in accordance with the Council's Constitution and the expenditure proposed is within the statutory powers of the Council.

4.4 Policy

Agreeing to revisions in the Risk and Opportunity Framework.

4.5 Risk Management

The purpose of this decision is to make amends to the current scoring of Risk and Opportunities within the Councils risk management framework. All Risks and Opportunities will need to be rescored on the system which will mean they have no comparison risk score prior to April 2023. Agreement with Pentana to rescore all Risks which will allow for old risk assessment scores to be kept in for 12 months for comparison purposes.

4.6 Equalities Impact

There are no Equality issues noted from framework amendment.

4.7 Data Protection

There are no Data Protection issues from the amended framework.

5. Background papers

The Risk and Opportunity Management Framework is intrinsically linked to a number of Council strategies including: business planning documents, the Medium-term Financial Strategy, the Communications Strategy, the Customer Services Strategy and the Workforce Strategy. The Audit and standards committee review the framework biannually with the last update being February 2022.

