

## **For publication**

### **Risk Management Strategy and Annual Review**

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Meeting: (1) Standards and Audit Committee  
(2) Council

Date: (1) 25 July, 2018  
(2) 10 October, 2018

Cabinet Portfolio Governance

Report by: Director of Finance & Resources

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### **1.0 Purpose of report**

- 1.1 To provide a report on the Risk Management developments during 2017/18 and to update the Risk Management Policy, Strategy and the Corporate Risk Registers for 2018/19.

### **2.0 Recommendations**

- 2.1 To note the progress made on developing the Council's approach to risk management during 2017/18.
- 2.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and the Corporate Risk Register for 2018/19.

### **3.0 Background**

- 3.1 The Risk Management Strategy requires an annual review to be reported to the Council at the end of the financial year and the Corporate Risk Register at the start of the year.
- 3.2 The Standards and Audit Committee is required to consider the effectiveness of the Council's risk management arrangements.

### **4.0 Annual Review 2017/18**

- 4.1 Extensive work was carried out early in 2017 to complete 'fact finding' documentation supplied by the Councils insurance Broker JLT for use in an insurance tender for all policies
- 4.2 The decision was made early in the process to renew the Councils commercial property policy for only 6 months from the 1<sup>st</sup> April 2017, enabling us to tender for a combined property cover.
- 4.3 The subsequent tender evaluation was completed for the numerous insurance lots and insurance providers appointed across all policies which became active on the 1<sup>st</sup> October 2017.
- 4.4 Contracts were awarded for 7 years with an option for the Council to cancel the contract at the end of either year 3 and 5.
- 4.5 The tender process enabled the Council to:-
  - Achieve an annual savings of £187k per annum
  - Maintain existing levels of cover / excesses and in some areas obtain better coverage e.g. additional perils such as 'escape of water' for municipal buildings

- Appoint insurance companies who are well established in the local government market (Aspen and Zurich Municipal)

## **5.0 Risk Management Policy and Strategy**

- 5.1 The Policy and Strategy documents are designed to clarify the corporate and operational elements and to further embed Risk Management within the organisation. The documents for 2018/19 are included in Appendix A.

## **6.0 Corporate Risk Register (CRR)**

- 6.1 The management of corporate risks is an essential component of good governance and helps to ensure the delivery of services. It is therefore important that the CRR is reviewed regularly to take account of any changes in risk levels and to identify any new risks.
- 6.2 The content of the CRR had been reviewed and updated for 2018/19 via the Risk Management Group. Many of the corporate risks will be a permanent feature within the CRR whilst others, which relate to one-off type projects, will appear only for a limited period. The CRR Summary for 2018/19 is shown in Appendix B and the detailed Corporate Risk Register is shown in Appendix C.
- 6.3 The challenge for 2018/19 will be to implement the further actions highlighted or any other actions subsequently developed to bring the risk ratings to the 'target' level which reflects the Council's risk appetite i.e. the level of risk it is prepared to accept.

## **7.0 Risks and Uncertainties**

- 7.1 The failure to have effective risk management arrangements in place which will identify and manage risk could have serious

consequences for the Council. The current key (red) risks to the Council in Appendix B/C are currently:

Description of Risk
CR1- Having a Sustainable Financial Plan - the ability to deliver priority services with the resources available.
CR4 - Investment & development of the ICT infrastructure - to ensure that a modern, efficient and reliable infrastructure is in place to support service delivery.
CR8a - Data protection - to ensure that we are protecting data in accordance with legislation and best practice including the GDPR and the UK Data Protection Act 2018.
CR8b - Cyber security - to ensure that we are protecting our internet-connected systems, including hardware, software and data, from cyberattacks.
CR12 - The provision of Social Housing - ensuring that the Council is able to support delivery of social housing and that there is a sustainable business plan for the Housing Revenue Account.

- 7.2 An evaluation of each of the Corporate Risks is included in Appendix B and C.

## **8.0 Financial Implications**

- 8.1 The Council transfers funds during the year to maintain a £5k balance on the Risk Management Reserve which is managed by the Corporate Risk Management Group. The movements on the reserve during 2017/18 were as follows:

<b>Description</b>	<b>£</b>
Balance b/fwd April 2017	4,331
Add contribution for the year	2,149
<u>Less expenditure/commitments:</u>	
Risk Management Training – ZM	(1480)
Balance c/fwd at 31 <sup>st</sup> March 2018	5,000

8.2 The Council's insurance contract with Zurich included an allowance of £5k in 2017/18 and £2.5k for 2018/19 which must be used for risk management services provided by the company. The allowance was used in 2017/18, and will be used again in 2018/19, to help develop the corporate risk management arrangements and assist in reducing areas with high claims history.

8.3 The Council also maintains a number of earmarked reserves and provisions to cover the financial risks that it faces. The funds include the General Working Balance, the Budget Risk Reserve and the Insurance Reserve.

## **9.0 Equalities Consideration**

9.1 None arising from the contents of this report.

## **10.0 Recommendations**

10.1 To note the progress made on developing the Council's approach to risk management during 2017/18.

10.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Corporate Risk Register for 2018/19.

## **11.0 Reason for Recommendation**

11.1 To ensure that effective risk management monitoring and reporting arrangements are in place.

### **Decision information**

<b>Key decision number</b>	<b>824</b>
<b>Wards affected</b>	<b>All</b>
<b>Links to Council Plan priorities</b>	

### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
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<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<b>Appendices to the report</b>	
Appendix A	Risk Management Policy and Strategy
Appendix B	Corporate Risk Register Summary
Appendix C	Corporate Risk Register (Detail)