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# Review of Governance of Risk Management

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<b>Committee considering report:</b>	Governance and Ethics Committee on 30 July 2018
<b>Portfolio Member:</b>	Councillor Rick Jones
<b>Date Portfolio Member agreed report:</b>	31 May 2018
<b>Report Author:</b>	Andy Day
<b>Forward Plan Ref:</b>	GE3601

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## 1. Purpose of the Report

- 1.1 To review the governance and management arrangements of the Council's Risk Management function.

## 2. Recommendations

- 2.1 That, notwithstanding the resource implications, the Risk Management function be subsumed into Strategic Support.
- 2.2 That the Risk Management Group be abolished and the existing governance arrangements set out in Paragraph 4.2 (Appendix A) be used to manage this function going forward.
- 2.3 That the Risk Management policy be reviewed and, as part of this review, the Council's risk appetite be considered and developed.
- 2.4 That all service risk registers be amended to ensure that they contain the full impact of any risks such as any financial liability etc.
- 2.5 That Operations Board and the Governance and Ethics Committee receive 6 monthly Risk Management update reports.
- 2.6 That Operations Board consider whether as part of the annual report on Risk they wish the former Chairman of the Governance and Ethics Committee to lead a joint workshop (Corporate Board and Operations Board) on strategic risks.
- 2.7 That 4 of the 5 recommendations proposed by Councillor Cole (paragraph 3.2 of Appendix A refers) be supported, the only one not supported, at this stage, being the need for a Risk Management database.

## 3. Implications

- 3.1 **Financial:** None
- 3.2 **Policy:** With the Council's risk management function being subsumed into Strategic Support on 1 April 2018 it is opportune to review the Risk Management Policy. This review will be undertaken once the service has made the required operational changes to facilitate this work. This

work to be completed by the end of April 2018.

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| 3.3 | <b>Personnel:</b>       | Subsuming the Risk Management Function into Strategic Support will impact on key individuals work within the Performance, Research and Consultation Team and this impact is being considered in relation to what work will need to be stopped and what work can be done on a longer term frequency basis. |
| 3.4 | <b>Legal:</b>           | None  |
| 3.5 | <b>Risk Management:</b> | This report looks at the current risk management governance arrangements and makes recommendations for managing this function going forward.  |
| 3.6 | <b>Property:</b>        | None  |
| 3.7 | <b>Other:</b>           | None  |

## Executive Summary

### 4. Introduction / Background

- 4.1 The recent retirement of the Chief Internal Auditor has led to the Risk Management function being subsumed into Strategic Support and a restructure within the Finance and Property Service which has delivered a significant saving. It is proposed that the Performance, Research and Consultation Manager assumes responsibility for this work and that going forward this team be renamed “Performance and Risk”.
- 4.2 This report therefore looks at the impact of this change on the new Performance and Risk team, reviews the governance arrangements, makes appropriate recommendations and proposes a review of the Risk Management Policy.

### 5. Review of Risk Management - Councillor James Cole

- 5.1 At the meeting of the Governance and Ethics Committee on the 23<sup>rd</sup> November 2015 Councillor James Cole, commenting on a report outlining the Council’s risk management approach, raised some reservations about the approach taken by the Council. The Committee accordingly asked Councillor James Cole to review the Council’s approach to risk management and report back to the committee in due course. This report takes account of that review and supports four of the five recommendations for improving the Council’s risk management arrangements.
- 5.2 The review suggested that the Council needs to develop a more effective understanding of risk, and a more effective and sophisticated process for managing risk. This was seen as particularly important given the increasing financial and service pressures that the Council is having to deal with.

### 6. Governance

- 6.1 There is currently a Risk Management Group (RMG) in place with the following responsibilities:
- (i) Review strategic risk, through the key issues list, quarterly and the corporate risk register annually.
  - (ii) Review the Annual Governance Statement to consider whether it adequately identifies any risk/governance issues that need to be addressed.
  - (iii) Carry out periodic reviews of service risk registers every six months.
  - (iv) Review the quarterly updates for:
    - (a) Information Security
    - (b) Business Continuity
    - (c) Health and Safety
  - (v) Consider lessons to be learned from significant insurance losses.
- 6.2 It is considered that the Risk Management Group is not fulfilling any particular function and, as such, it is proposed to use the existing governance arrangements

set out in paragraph 4.2 of Appendix A to manage the Risk Management function going forward.

### **7. Conclusion**

- 7.1 The review of Risk Management carried out by the former Chair of the Governance and Ethics Committee and the recent retirement of the Chief Internal Auditor has provided an opportunity to review Risk Management and its governance arrangements.

### **8. Appendices**

- 8.1 Appendix A – Supporting Information