

AUDIT COMMITTEE – 29 MARCH 2019

RISK UPDATE

1. INTRODUCTION AND PURPOSE

- 1.1 The Council's risk management framework is made up of a number of elements largely embedded in existing processes. In addition to strategic risk management, illustrated through the strategy and strategic risk register, it includes work place health and safety, ICT disaster recovery, business continuity planning and operational risk management including the provision of third party insurance cover and claims handling. Risk is also routinely considered as part of performance management framework with service and budget planning giving consideration to challenges for each portfolio.
- 1.2 The purpose of this report is to provide EMT and the Audit Committee with an opportunity to review the strategic risk register and to receive an update on risk management arrangements.

2. BACKGROUND

- 2.1 Risk management aims to identify the significant risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
- 2.2 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations 2003 which require a sound system of internal control which facilitates the effective exercise of the body's functions and includes arrangements for the management of risk. As such it features strongly in the Council's Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement which places significant reliance on a robust risk management framework.

3. STRATEGIC RISK REGISTER

- 3.1 The Strategic Risk Register (Appendix 1) summarises the most significant risks to the delivery of Our Corporate Plan and the proposed actions to mitigate these risks. The mitigation offered is closely aligned to portfolio resource and service plans and in some cases relies on working with partners to help achieve the objectives. Other service specific risks and their analysis are considered in individual Service Risk Registers.
- 3.2 The Strategic Risk Register will need to be fundamentally reviewed during 2019/20 to reflect the new corporate plan.

4. INSURANCE ARRANGEMENTS

- 4.1 The council spends in excess of £600,000 per annum on insurance over a number of policies types including casualty, motor, property and various indemnities. The main classes of insurance are with multiple insurers as set out in the table below and these

existing arrangements, agreed in 2015 as part of the Hampshire collaborative procurement, are coming in to the final year. During 2019/20 a new procurement exercise will be undertaken.

| Class of Insurance | Insurer |
|--|----------------|
| Property Damage/Business Interruption | Allianz |
| Property Owners | Allianz |
| Property Damage/Business Interruption (Right to buy) | Ocaso |
| Computer | Allianz |
| Terrorism | Catlin |
| Combined (Employers) Liability | QBE |
| Official's Indemnity | QBE |
| Professional Indemnity | QBE |
| Motor | QBE |

- 4.2 Fidelity guarantee, personal accident cover and engineering inspection continues to be provided by Zurich Municipal who also place policies for Marine and Vessels on our behalf with third party insurers (Willis Marine and Navigators & General).
- 4.3 Terms for the 2019/20 renewal are due to be considered and agreed at the end of March and a further report on insurance, including performance and options for future procurement will be brought back to the audit committee in June 2019.

5. RISK MANAGEMENT ASSURANCE

- 5.1 Risk Management has recently been reviewed by Internal Audit to ensure the following objectives are met:
- Management and operational responsibilities are clearly defined and supported by documented frameworks, policies and procedures;
 - Controls are in place to manage the risk identified, are documented, and these controls are tested and verified to ensure continued reliance can be placed upon them;
 - Operational risks have been identified, are documented, with risk registers being regularly reviewed, monitored and updated; and
 - The authority's risk management activities are reported to senior management and Councillors.
- 5.2 The assurance opinion of the audit has been classified as adequate concluding that a sound framework of internal control, with opportunities to improve controls and/or compliance with the control framework exists and no significant risks to the achievement of the objectives have been identified.
- 5.3 'Added value' recommendations were made in respect of risk registers linking to the corporate plan; cross directorate checking of registers to identify common risk; and

committee reports explicitly confirming that risks, and associated mitigation, has been identified.

- 5.4 These recommendation will be considered along with a review of the performance management framework and development of the new corporate plan.

6. FINANCIAL IMPLICATIONS

- 6.1 There are none arising directly from this report although good risk management contributes to our ability to minimise insurance premium.

7. EQUALITY & DIVERSITY, ENVIRONMENTAL AND CRIME & DISORDER IMPLICATIONS

- 7.1 There are none arising directly from this report.

8. RECOMMENDATIONS

It is recommended that EMT/the Committee:

- 8.1 Consider and note the contents of this report.

For Further Information Please Contact: Background Papers:

Rebecca Drummond
Service Manager
Business Improvement & Customer Services
Tel: (023) 8028 5588
Email: rebecca.drummond@nfdc.gov.uk