

RISK MANAGEMENT AND INSURANCE 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 Audit Committee with a brief update on Risk Management arrangements and activities.

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 summarises the most significant risks to the delivery of the Corporate Plan and the proposed actions to mitigate these risks. The new Corporate Plan is under development and will need to be supported by a new Strategic Risk Register. It is proposed that the Audit Committee receive Risk Management training ahead of a Strategic Risk Register Workshop to help determine the strategic risks to achieving the new Corporate Plan.
- 3.2 Training and the workshop will be scheduled for early 2020, with the newly formed strategic risk register following soon thereafter.

4. INSURANCE ARRANGEMENTS

- 4.1 The council spends in excess of £600,000 per annum on insurance over a number of policy types including casualty, motor, property and various indemnities. The main classes of insurance are with multiple insurers and these existing arrangements, agreed in 2015 as part of the Hampshire collaborative procurement, are coming in to the final year.

- 4.2 Arrangements for the new contract (2020-20203 with optional 2 year extension) is currently out for tender. The Audit Committee will be provided with an update on the agreed position and terms later in the year (March or June).
- 4.3 The Audit Committee received a presentation on cyber risks at it's meeting in October '19. The committee were made aware of the volume of malware that is posted onto the internet daily with the intention of causing huge disruption, or financial strain on any effected parties. Officers have since been exploring the option of putting in place a cyber insurance policy. This is something being considered more and more by local authorities, as the level of data held and the volume of electronic activity are both particularly high, as are the potential financial consequences of network and data breaches. A policy that has been looked at includes not only typical cover in terms of financial coverage offering protection against data breach penalties, but also a dedicated support centre to assist in the forensic investigative works that would be necessary following suspected and actual breaches.

5. FINANCIAL IMPLICATIONS

- 5.1 It is anticipated that new costs as a result of the Council taking out a cyber insurance policy would be met within the existing budget provision in place for Insurance..
- 5.2 Good risk management contributes to our ability to minimise insurance premium.

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

- 6.1 There are none arising directly from this report.

7. RECOMMENDATIONS

It is recommended that the Committee:

- 7.1 Note the contents of this report, including the Council's intention to put in place a new Cyber Insurance policy.

For Further Information Please Contact: **Background Papers:**

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