

## **RISK MANAGEMENT – OVERVIEW OF ARRANGEMENTS**

### **1. INTRODUCTION**

- 1.1 The process of 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. It is not about avoiding risks but about being more risk aware and by understanding the threats and opportunities it faces the organisation will be better placed to avoid or exploit them for the achievement of its objectives; risks being managed and not avoided.
- 1.2 The Audit Committee is responsible for the development and operation of risk management. At the committee's request this reports provides members with an overview of the risk management framework in place to enable the committee to assess the adequacy of the arrangements and identify opportunities to further embed risk management.

### **2. BACKGROUND**

- 2.1 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations 2015 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.
- 2.2 As such risk management is a key part of the council's overall governance arrangements; one part of a management system that already exists. The audit opinion in the 2016/17 annual governance statement concludes that 'arrangements are in place to ensure adequate and effective framework of governance, risk management and control in place'.
- 2.3 Strategic risk management is not about insurance, health and safety or business continuity. Although these are an integral part of any risk management framework it is estimated that only 20-25% of an organisations total risk profile is insurable. This focus tends to be operational and concerned with the way things are being done. Strategic risk management is concerned with the ability of an organisation to achieve its objectives.

### **3. RISK MANAGEMENT FRAMEWORK**

- 3.1 The council has always seen risk management as an integral part of everyday management. The framework itself 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.

3.2 To ensure a clear link exists between the Council's objectives and the risks to their achievement the risk management strategy has been closely aligned to strategic planning and performance management enabling identification and evaluation of risk against the Council's priorities and is demonstrable in financial and business planning.

3.3 The arrangements are summarised as follows:

<b>Element</b>	<b>Purpose</b>	<b>Reporting</b>
Risk Management Strategy	Sets out the council's intentions and approach to risk management	Reviewed periodically and in line with the corporate plan by Cabinet and the Audit Committee
Portfolio Resource Plans	Sets out the performance, challenges and future plans for each portfolio, informed by the strategic and service risk registers	Prepared annually for use by Portfolio Holders and Budget Task & Finish
Service Plans	Sets out the performance, challenges and key actions for each service contributing to the delivery of the corporate plan and informed by service risk registers	Prepared annually by Service Managers and reviewed by EMT
Strategic Risk Register	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	Reviewed annually and considered by Audit Committee
Service Risk Registers	The performance framework requires each service to have a risk register identifying, assessing and mitigating risks to delivery of their service/s	These registers are considered by EMT as part of Service Manager's performance and are made available to the Audit Committee, Internal Audit and External Audit
Project Risks	Project managers capture and appraise project risks	Individual to project governance
Internal Audit Plan	The risk based audit plan makes reference to strategic	Annual assurance included in governance

	and service risks and provides for an annual assurance of the risk management framework	statement
Financial Planning (MTFP)	Financial planning and reporting includes consideration of risks to inform strategic development	Regular EMT and Cabinet Reporting
Decision Making	All reports require the author to have given consideration to risk in outlining options and arriving at recommendations	As appropriate

#### 4. CONCLUSIONS

- 4.1 Risk management is embedded in a number of existing processes which, when brought together, provide a framework for the consideration and management of risks to inform decision making and support the council in achieving its objectives.

#### 5. FINANCIAL IMPLICATIONS

- 5.1 There are none arising directly from this report.

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

- 6.1 There are none arising directly from this report.

#### 7. RECOMMENDATIONS

**It is recommended that:**

- 7.1 The Audit Committee note and consider the arrangements in place for risk management.

#### For further information

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

Alan Bethune  
Service Manager – Finance & Audit  
Tel: 023 8028 5588  
Email: [alan.bethune@nfdc.gov.uk](mailto:alan.bethune@nfdc.gov.uk)

#### Background Papers

Audit Committee – Strategic Risk  
Register 26 January 2018  
Audit Committee – Strategic Risk  
Register 20 January 2017