

Report to the Audit & Governance Committee



**Epping Forest
District Council**

Report Reference: AGC-019-2017/18.

Date of meeting: 26 March 2018

Portfolio: Finance

Subject: Effectiveness of the Arrangements for Risk Management

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) That Members consider the effectiveness of the arrangements for Risk Management.

Executive Summary:

The terms of reference for this committee include "To consider the effectiveness of the Council's Risk Management arrangements". This contrasts with the role of the Finance and Performance Management Cabinet Committee, which is required "To advise and make recommendations to the Cabinet on Risk Management and Insurance issues".

As reported to the June meeting of this Committee, the internal audit of Risk Management for 2015/16 contained a rating of substantial assurance. There was just one recommendation that was scored as a priority 2 and this has now been actioned.

Reason for Proposed Decision:

Members are requested to consider the effectiveness of the Council's arrangements for Risk Management to provide assurance to the Council on the functioning and adequacy of this important internal control.

Other Options for Action:

Members could ask for additional information or make recommendations to improve processes where they feel existing arrangements are inadequate.

Report:

Previous Reviews

1. The review of the effectiveness of the Council's arrangements for Risk Management is an established part of the work programme for this Committee. Last year the Committee resolved:

- (i) That the arrangements for Risk Management be considered effective; and*
- (ii) That future reports to the Committee provide reassurance on the actions taken to mitigate large risks to the Council.*

Risk Management in Directorates

2. The internal arrangements for Risk Management have not changed during the year. It is common practice within directorates for risk assessments to be conducted on new or changed activities and capital projects. Each directorate has a nominated champion for risk management, usually at Assistant Director level. This individual acts as the lead on Risk Management for the directorate and represents their directorate at the Risk Management Group (RMG).

3. All directorates are required to have a section on Risk Management in their business plans. This section will contain details on the directorate's key risks, a risk matrix and action plans for dealing with the risks that are above the risk tolerance line.

4. All directorates are required to have Risk Management as a standing item on management team meeting agendas. This is to ensure that directorate risk registers are kept up to date with any new items and that existing action plans, both for directorate and corporate risks, are monitored. The regular discussion of risks allows directorate champions to report back on discussions at the RMG and also to bring forward items from their directorates that they feel should now be included, or if already included updated, on the Corporate Risk Register.

Corporate Risk Management

5. The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to Management Board. During 2017/18 meetings were held in June, August, December and March. The Director of Resources or in his absence the Senior Finance Officer (Risk and Insurance) chairs the RMG. All of the group have received training in Risk Management.

6. The agenda for the RMG has a number of standard items including, updates on service risk registers, updates on corporate risks and any changes in insurance information. This allows each member of the group to obtain feedback on any new or changing issues within their own area and benefit from the wider perspective of the group as a whole. In this way any changes to service items can be evaluated and assessed to see if they justify inclusion in the corporate register. The discussion then moves on to consider any changes in the descriptions, triggers and vulnerabilities of existing corporate risks and the updating of the action plans.

7. The Risk Management Strategy (Appendix 1) was updated during 2017/18, this update was considered by Finance and Performance Management Cabinet Committee on 14 September 2017, with subsequent Cabinet adoption on 12 October 2017.

Corporate Risk Register

8. As mentioned above, the RMG consider updates to the Corporate Risk Register and make recommendations to Management Board (which for the majority of 2017/18 consisted of the Chief Executive and the four Directors).

9. Management Board receive the minutes of the RMG and discuss in detail any proposed changes. A separate review of the Corporate Risk Register is then undertaken to ensure that all necessary changes have been captured by the RMG and that the Board is not aware of any other new risks for inclusion.

10. Finally, recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee.

Updates to the Risk Register

11. Key points from the reviews by the Finance and Performance Management Cabinet

Committee are given in the table below.

<u>Date of Meeting</u>	<u>Updates Considered</u>
22 June 2017	<p>Risk 1 – Local Plan – risk updated to advise that a memorandum of understandings are being pursued with Natural England on effects on Epping Forest and Strategic Housing Market Assessment (SHMA) to include neighbouring London boroughs.</p> <p>Risk 2 – Strategic Sites – updates for three sites. The Landmark, Shopping Park and Waltham Abbey Leisure Centre.</p> <p>Risk 5 – Economic Development – updated to include key objectives for Economic Development Strategy, recognition that the team is now fully staffed and that the Employment Study for the Local Plan was nearing completion.</p>
14 September 2017	<p>Risk 2 – Strategic Sites – updates for five of the sites. Negotiations ongoing with tenants for the Landmark site, Shopping Park complete, Negotiations continuing with Epping Town Council regarding St Johns Road, Waltham Abbey Leisure Centre planning permission grants and disposal of Pyrles Lane nursery site agreed.</p> <p>Risk 4 – Finance Income – update that 2018/19 budget will be considered at Finance and Performance Management Committee on 18 January 2018.</p> <p>Risk 5 – Data/Information – update that monthly meeting are being held in relation to General Data Protection regulations (GDPR). Key date 25 May 2018.</p>
18 January 2018	<p>Risks 1 – updated that the Local Plan submission version was agreed by Cabinet during December with a submission deadline of 31 March 2018.</p> <p>Risk 2 – Strategic Sites – updates for two of the sites. Construction of the Waltham Abbey Leisure Centre has commenced and the marketing of Pyrles Lane nursery site was due to start in January 2018.</p> <p>Risk 4 – Finance Income – Key date added for budget setting 22 February 2018.</p> <p>Risk 7 – Business Continuity – updated to note that following the re-organisation the business continuity responsibilities will need updating.</p> <p>Risk 9 – Safeguarding – Key date has been amended to reflect the revised submission date for ESCB (safeguarding Children) audit of May 2018.</p> <p>Risk 11 – Transformation Programme – The major programme to modernise working practices and improve efficiency has now reached a key stage and should be included in the Corporate Risk Register. The Vulnerability, Triggers and Consequence along with supporting controls have been set out and the risk has been scored B1 (High Likelihood/Major Impact).</p>

22 March 2018	Management Board & the Risk Management Group reviewed the Corporate Risk Register on 7 March and 8 March. No amendments were made to the risk scores and no new risks were identified for inclusion in the register. However, due to recent changes in the management structure, Risk Owners have been updated in the register to reflect the new owners.
---------------	---

12. For information, the current risk register is attached as Appendix 2.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

No legal implications. Risk Management is an important part of the Council's overall governance arrangements and that is why this Committee considers the adequacy of the overall arrangements on an annual basis.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the District.

Consultation Undertaken:

No formal consultation has been undertaken.

Background Papers:

Reports to the Finance and Performance Management Cabinet Committee as set out above.

Risk Management:

If the adequacy of the arrangements for Risk Management were not considered a significant weakness in the overall governance arrangements could arise.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
14/04/18 Director of Resources	The report is about the effectiveness of the arrangements for risk management and relates to this process not the delivery of any particular service and so has no equality implications.