



Risk Management Update

SUMMARY

- 1.1 This report provides an update on the continuing development of the Council's Risk Management framework.
- 1.2 The Council's External Auditor and the Corporate Peer Challenge have both concluded that the Council's risk management framework and processes require improvement.
- 1.3 As reported to Committee on 31 October 2017, the Council is using the Risk Management Fund with its Insurer's Zurich Municipal to purchase the time of a risk consultant to evaluate the current risk management framework and work with both officers and members to build in improvements

RECOMMENDATIONS

- 2.1 To note the actions and the progress being made to enhance the Council's Risk Management processes and framework.

REASONS FOR RECOMMENDATIONS

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

SUPPORTING INFORMATION

4.1 Background

The Council's External Auditor identified in its audit plan for the year ending 31 March 2017 (presented to this Committee on 19 September 2017) issues with the Council's risk management processes that "present a significant risk in respect of the Council's arrangements for managing risks effectively, and the ability to make informed decisions".

- 4.2 The risk management annual report for 2016/17 which was presented to this Committee on 31 October 2017 stated “One of the key tasks for 2017/18 will be to address the gaps in the Council’s risk management procedures.” This was reflected in the value for money section of the External Auditor’s ISA 260 Audit Letter for the year ended 31 March 2017, presented to this Committee on 19 December 2017, which also reiterated the concern raised in its audit plan that the Council does not have proper arrangements in place to ensure informed decision making.
- 4.3. The Corporate Peer Challenge feedback report (published December 2017) also highlighted the need for risk management to be reviewed.
- 4.4 As reported to this Committee on 31 October 2017, the Council is procuring the risk management work from its main insurer, Zurich Municipal (ZM). As part of the insurance contract that the Council has with ZM, £20,000 of the annual insurance premium payments that the Council makes to ZM are put into a “risk management fund”. ZM holds this fund and the Council can then procure risk management services directly from ZM using this fund.
- 4.5 The Risk Consultant from ZM commenced the review of the Council’s risk management framework and processes in Mid-October 2017. Following an initial review of the current risk management framework and processes and evaluating the risk registers currently in place, the ZM Risk Consultant’s key priority was to engage with the Chief Officer Group (COG). He ran a workshop session with them to outline where he thought Derby was in terms of risk maturity, but also to challenge the existing Strategic Risks and their identification and propose a tiered structure of risk reporting. A further aim is to re-establish the risk management group and explore the best way to incorporate an improved risk reporting framework within the Council. Such a framework will also enable directorates to properly review risks prior to inclusion in quarterly risk reports to COG.
- 4.6 The objective of this risk management review is to move the Council towards properly embedding risk management into all its processes.
- 4.7 The key achievements since the work commenced on reviewing the Risk Management process include:
- Risk Workshop / Risk Training delivery for
 - Legal Services
 - Central Midlands Audit Partnership - the Council hosted Internal Audit Service
 - Elections and Local Land Charges Service
 - Democratic Services
 - Redrafting of the Council’s Risk Management Policy for future approval by the Audit and Accounts Committee
 - Risk Training delivered to the Audit and Accounts Committee.
 - Integration with the Performance and Intelligence Team to ensure consistent reporting and message delivery.
 - Identification of the requirements for a future Risk Manager role in the authority.

4.8 Priority next steps:

- Delivery of Directorate Management Team Risk Workshops
 - Communities and Place (29th Jan 2018)
 - Organisation and Governance (5th Feb 2018)
 - People (15th Feb 2018)
- Development of a Strategic Risk Register and Directorate Risk Registers following the workshops
- Deliver risk training to Elected Members (dates to be confirmed)
- Delivery of operational risk workshops (as possible within the time and resource balance)
- Review of the capabilities of the risk module within DORIS (the Council's performance management system) to manage the Council's risks within a pyramid structure.

These are to be completed by April 2018 when the current contract between the City Council and Zurich Insurance Company Ltd. is due to be completed.

- 4.9 Committee agreed at its meeting of 31 October 2017 to set up a Working Group to oversee the review and to consider the draft outcomes prior to reporting back to Committee. The following Committee members have expressed an interest in being part of the Working Group:

Councillor Hezelgrave
Councillor Roulstone
Councillor Ashburner
Councillor Care
Councillor Grimadell
Councillor Winter

OTHER OPTIONS CONSIDERED

- 5.1 N/A

This report has been approved by the following officers:

Legal officer	N/A
Financial officer	N/A
Human Resources officer	N/A
Estates/Property officer	N/A
Service Director(s)	N/A
Other(s)	N/A

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The cost of the work being procured from Zurich Municipal will be funded directly from a risk management fund that ZM holds for providing risk management services to Derby City Council (see paragraph 4.4).

Legal

- 2.1 None directly arising

Personnel

- 3.1 None directly arising

IT

- 4.1 None directly arising

Equalities Impact

- 5.1 None directly arising

Health and Safety

- 6.1 None directly arising

Environmental Sustainability

- 7.1 None directly arising

Property and Asset Management

- 8.1 None directly arising

Risk Management

- 9.1 A robust risk culture needs to exist within the Council, supported by a risk management framework that is embedded into all processes.

Corporate objectives and priorities for change

- 10.1 Risk management is fundamental in supporting the successful delivery of corporate objectives by underpinning all aspects of the Council's governance arrangements.