



## AUDIT COMMITTEE 24 APRIL 2019

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| <b>Subject Heading:</b>                   | Revised Risk Management Strategy   |
| <b>SLT Lead:</b>                          | Daniel Fenwick<br>Interim Executive Director oneSource   |
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| <b>Policy context:</b>                    | To inform the Committee of the revisions to the Risk Management Policy   |
| <b>Financial summary:</b>                 | There are no financial implications arising from this report which is for information only.  |

### The subject matter of this report deals with the following Council Objectives

|                               |     |
|-------------------------------|-----|
| Communities making Havering   | [X] |
| Places making Havering        | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering   | [X] |

### SUMMARY

This report presents the revised risk management strategy for Havering Council. It also provides details of how the risk management process will be strengthened within the Council.

### RECOMMENDATIONS

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

**REPORT DETAIL**

**1. Introduction and Background**

- 1.1 The Assurance Service has been working to review the Havering Council risk strategy, as the current document is out of date. The aim of this exercise is to clearly define the roles of senior management and all officers involved in the risk management process and reiterate the significance of effective risk management.
- 1.2 Advice and support have been provided by the Zurich risk service regarding the strategy, and a working draft of this document is attached as Appendix A.
- 1.3 The draft strategy was approved by the Senior Leadership Team (SLT) on 18<sup>th</sup> December 2018.

**2. Considerations & Proposals**

***Areas for Improvement***

- 2.1 The Zurich review identified five priority areas for improvement within Havering Council:
- Agree on the role and responsibilities of oneSource and the governance arrangements for risk management within the Council;
  - Simplify the risk policy, tools and risk registers;
  - Agree an appropriate and achievable risk management reporting timetable with respective management teams;
  - Refresh the Corporate and Service/Directorate risk registers in light of changes with an emphasis on identifying key risks; and,
  - Review how risks within projects and partnerships is included within the corporate risk management arrangements.
- 2.2 Risk are not always managed and reported consistently across the Council, at either Corporate or Directorate level. Without coordinated risk management activity, the Council is potentially exposed in terms of not identifying risks which could threaten the achievement of our objectives and organisational plans. Proposed actions to address these issues are highlighted below.

***Risk Strategy***

- 2.3 The risk strategy has been re-written to establish clear responsibilities regarding the management of risks at all levels within the Council, and reiterate the responsibilities in particular of the senior leaders. At this stage, it is still quite generic and will be tailored to the governance and reporting structure as agreed with SLT. A working draft of the proposed strategy is included in **Appendix A** and comments would be welcomed on this.
- 2.4 It is acknowledged that a new risk strategy alone will not mean that risk management becomes embedded within the Council, but it is an important first step so that responsibilities are defined and the leadership commits to managing its risks effectively.

***Review of Risk Registers***

- 2.5 A top down and bottom up approach is recommended to address the Corporate and Departmental risk registers, with specific risk identification sessions being run at SLT and Theme Steering Groups to identify the key risks. From these, revised risk registers will be produced, focussing on the key risk areas; ensuring they are appropriately assessed in terms of likelihood and impact; and, mitigating actions and owners are clearly identified.
- 2.6 Risk identification sessions will be scheduled with the Theme Steering Groups, supported by members of the Assurance team.
- 2.7 There will be a separate SLT session on corporate risk identification and horizon scanning.

***Resources and Support***

- 2.8 To enable effective support to be provided to Havering Council, the Head of Assurance has reviewed the resources available to support risk management. In the current shared service structure, there is half a senior manager post and a third of an administrator post within the insurance team assigned to risk management support. This is not sufficient across the three member Boroughs.
- 2.9 It is proposed that risk management is incorporated in to the role of the Audit Manager, with Principal Auditor support as required. This will allow for sufficient resource to be allocated to support risk managers within the Council – support can be provided in facilitating risk discussions at Directorate level; advice on risk wording and scoring; and, assist in training as required.
- 2.10 Initial training has already been delivered by Zurich to the audit team to ensure they are in a position to provide support to Directorates immediately through risk workshops. Zurich will be engaged to assist in the facilitation of the workshops, as required.

- 2.11 Bringing risk in to the role of auditors will also have the benefit of connecting the audit team even more effectively in to the Council's operations. By facilitating risk identification and horizon scanning sessions at regular intervals within theme steering groups / departmental management teams, they will have a better understanding of the risks faced by the service areas, which will assist in directing our risk based audit plan more effectively.
- 2.12 It should be noted that the additional involvement of the audit team will be based on supporting an effective risk management process within the Council – the responsibility for managing the risks themselves will always remain with the service management/Director.

***Reporting***

- 2.13 It is proposed that the reporting to SLT on risk management activity should be more frequent over the next 12-18 months, until it becomes more embedded as a business as usual activity.
- 2.14 Consideration will need to be given on reporting arrangements to Lead Members, the Audit Committee and Cabinet on key risks, in terms of frequency and reporting formats.

***Training***

- 2.15 An element of risk training has been negotiated with Zurich risk services as part of the insurance contract. Training needs will be assessed to establish how specific areas within the Council are targeted for development.
- 2.16 Training will also be arranged for Members, to support them in their role.

**Appendix A – Revised Risk Management Strategy**

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

There are no financial implications arising from this report which is for information only.

Any financial implications arising from the changes to job descriptions will be assessed as part of the Council's Organisational Change Process.

Financial risk to the Council is managed through its budget monitoring processes and in addition, funds are set aside through contingency and business risk reserves to manage any significant unforeseen financial issues.

### **Legal implications and risks:**

None arising directly from this report.

### **Human Resources implications and risks:**

The changes to job descriptions to include specific responsibility for risk management are being undertaken as part of a review of the service and the affected employees will be consulted on these changes in accordance with the Council's Organisational Change process and procedure.

### **Equalities implications and risks:**

None arising directly from this report.