

**EXETER CITY COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**  
**26 JUNE 2013**

**REVIEW OF EXISTING RISK MANAGEMENT ARRANGEMENTS**

**1. PURPOSE OF THE REPORT**

- 1.1 To advise the Committee of the Council's proposed, revised risk management arrangements.

**2. BACKGROUND**

- 2.1 Risk management has always been part of the Council's corporate governance arrangements. However, the process for identifying, updating and monitoring risks has never been fully embedded throughout the Council and consequently there has been no real ownership of risk.
- 2.2 In the current climate of uncertainties around spending cuts, legislative changes and resource availability, it is felt that a more proactive 'risk aware' approach is needed to ensure that all risks to the Council are captured and managed at the earliest opportunity.
- 2.3 The transfer of Risk Management to the Corporate Manager (PC&CE) presented an opportunity to review the Council's risk management arrangements.
- 2.4 Consequently, the Council obtained specialist input from the risk management team at Zurich as part of its insurance arrangements. Zurich interviewed a number of staff involved in the existing risk management process and looked at the Council's current risk management policies and procedures as well as the Risk Register.

**3. PROPOSED CHANGES TO THE RISK MANAGEMENT ARRANGEMENTS**

- 3.1 As a result of the work undertaken by Zurich, a number of issues have been identified. These are outlined below and the Committee is asked to note the Council's response.

3.2 Identification of risk

**Issue:** A consistent approach should be applied to the identification of risk and integrated into wider practices.

**Proposed response:** A Policy Officer will meet with Assistant Directors, Corporate Managers and others as necessary, on a monthly basis, to discuss their future plans and projects and consider any risks that may occur as a result. The Corporate Plan and Forward Plan will also be used to identify future risks. This information will be collated and used to update the Risk Register which will then be presented to the Strategic Management Team (Performance) (see 3.3). The Risk Register will provide a complete list of all risks (low, medium and high) to the Council.

### 3.3 Risk reporting

**Issue:** The Council should consider regular risk management agenda items at appropriate management levels to foster a risk management culture and enable informed discussion and decision making

**Proposed response:** The Risk Register will appear as a standing item on the agenda of the Strategic Management Team (Performance) which will meet on a monthly basis. Assistant Directors and Corporate Managers will be responsible for reviewing the risk register, ensuring all risks are captured and scored correctly and for monitoring progress against specific actions.

This arrangement replaces the existing Corporate Risk Management Group. The Corporate Risk Management Group comprised a small group of officers who were responsible for updating and reviewing the Risk Register on a periodic basis.

Councillors also have an important role to play in accepting, monitoring and managing potential risks to the Council. Councillors are asked to consider how this can be achieved. Zurich has recommended that the focus of Councillors should be on the management of those risks which have been prioritised as most important to the Council (e.g. high risks). This would mean that only the top 10 to 15 risks would be reported to Committee and that less serious risks would be managed by the Strategic Management Team (Performance). However, Councillors may wish to have access to the full register at each Committee to enable a more informed discussion about risk.

### 3.4 Accountability

**Issue:** Risk owners should be held accountable for targets and controls. The former Risk Register does not allocate an owner to every action and many of the target dates were shown as ongoing.

**Proposed response:** All proposed actions to mitigate against a risk will be assigned an owner and a target date for completion. Progress reports will be presented regularly to the Strategic Management Team (Performance) and this Committee.

3.5 A copy of the full report produced by Zurich can be obtained from the Corporate Manager (P,C and CE).

## 4. **THE RISK REGISTER**

4.1 In light of the issues outlined above, it is proposed that the Risk Register and the Risk Management Policy are reviewed to reflect the proposals outlined above.

4.2 Some consideration has already been given to how the revised Risk Register could be presented and a template is included at Appendix A for Members' comments. A guidance sheet is included to explain how the risk process and register will work in practice.

## **5. MONITORING OF THE RISK REGISTER**

- 5.1 As well as monthly reports to the Strategic Management Team (Performance), a risk report will be presented to this Committee on a quarterly basis. It is intended that the report will include a copy of the Risk Register, or the 'high risks' as agreed by this Committee, an explanation of any risk scores which have changed significantly since the last reporting period and a progress report against any actions which are due for completion during the reporting period. Councillors are asked to consider the suggested content of the report and comment on whether it can be improved or made more meaningful.

## **6. RECOMMENDATIONS**

That the Audit and Governance Committee:

- 6.1 agree that the Strategic Management Team (Performance) is responsible for capturing risks and reporting them to this Committee;
- 6.2 determines which risks should be reported to this Committee and how the information is presented;
- 6.3 agree that a Risk Report will be presented to this Committee on a quarterly basis, and
- 6.4.1 approves changes to the Risk Management Policy and Risk Register to take account of the proposals set out in this report

Corporate Manager Policy, Communications and Community Engagement.

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

None