

## **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference: AGC-009-2019/20**  
**Date of meeting: 25 November 2019**

**Portfolio: Commercial and Regulatory**

**Subject: Risk Management**

**Responsible Officer: Jim Nolan (01992 564083).**

**Democratic Services: Gary Woodhall (01992 564470).**

### **Recommendations/Decisions Required:**

- (1) To consider whether there are any new or emerging risks that are not on the current Corporate Risk register that should be referred to the officer Risk Management Group;**
- (2) That the proposal to enhance the Committee's risk management responsibilities be endorsed, subject to full Council approval; and**
- (3) That the proposal to change the format of the corporate risk register be endorsed.**

### **Executive Summary:**

This report gives the Audit and Governance Committee the opportunity to comment on, and suggest changes to, the Corporate risk register and seeks the Committee's views on moving risk management forward by aligning the corporate risk register template to the Service risk registers and enhancing the Committee's responsibilities with regards to risk.

### **Reasons for Proposed Decision:**

To enhance the Council's risk management framework.

### **Other Options for Action:**

Formal responsibility for making recommendations to Cabinet on risk management issues remains with the Finance and Performance Management Cabinet Committee.

### **Report:**

#### Background

1. At the committee level, formal responsibility for risk management lies with two committees as per their Terms of Reference:
  - Finance and Performance Management Cabinet Committee – to advise and make recommendations to the Cabinet on risk management and insurance issues; and
  - Audit and Governance Committee - to monitor the effective development and operation of risk management in the Council.
2. CIPFA (the Chartered Institute of Public Finance and Accountancy) audit committees –

Practical Guidance for Local Authorities and Police 2018 edition states that Audit Committees should 'consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations'.

3. Currently the Finance and Performance Management Cabinet Committee reviews the Corporate Risk Register, agrees any updates recommended by the Risk Management Group, considers whether any new or emerging risks that are not on the corporate risk register and pass on recommendations to the Cabinet for their approval.

4. The Audit and Governance Committee receives a copy of the most up to date corporate risk register at each of their meetings in order to provide context for their meeting. On an annual basis (March) they receive a report on the effectiveness of the arrangements for risk management from the Council's Section 151 Officer.

5. The terms of reference for each committee are enshrined within the Constitution, so any changes would be required to be agreed by the full Council. Changes to the Constitution are usually only considered by the Council on the recommendation of the Constitution Working Group.

6. Following the staff restructure responsibility for championing risk management now lies with the Service Director – Commercial and Regulatory, who chairs the officer Risk Management Group.

#### Corporate Risk Register

7. The corporate risk register (appendix 1) was reviewed by the Finance and Performance Management Cabinet Committee at their 26 September 2019 meeting where they:

- noted the updated corporate risk register
- requested that risk 13 (cyber security) be updated to incorporate the Committee's comments regarding mandatory training and penetration testing
- requested a new risk be added for Natural England, incorporating the Committee's comment
- recommended the updated corporate risk register be recommended to Cabinet for approval.

Meeting details can be found here under item 18 - <https://rds.eppingforestdc.gov.uk/ieListDocuments.aspx?CId=316&MId=10079&Ver=4>

8. The views of this Committee are sought on whether there are any new or emerging risks that are not on the current corporate risk register or other changes such as the scoring of existing risks should be considered. This will be fed back to the Risk Management Group, who next meet on 27 November 2019.

#### Risk register format

9. A new risk register template is being trialled with Service Directors based on best practice seen within both the public and private sector. An example is given at Appendix 2 which is a newly created one by Contracts and Technical Services.

10. The current format of the corporate risk register is based on an established model that is well understood by officers and Members. However, the proposed new format has several advantages:

- Details both gross and net risk so the direction of travel for each risk is more transparent, and allows better analysis that risk mitigations are working as intended;
- Colour coded so attention can be focussed on the highest scoring risks; and
- Allows for better articulation of risk (using 'if then' format).

11. The Committee's views are sought on the revised risk register template and their endorsement that the corporate risk register should be moved into the new format.

#### Risk Management Oversight

12. In line with CIPFA guidance and consistent with many other councils the proposal is for the review of the corporate risk register and subsequent recommendation to Cabinet lies with the Audit and Governance Committee, rather than Finance and Performance Management Cabinet Committee. The view of both Chairs has been sought and they agree with this suggestion.

13. If the Audit and Governance Committee endorse this approach, and following a review of both Terms of Reference, a proposal will be made to the Constitution Working Group who next meet 12 March 2020.

14. The Council's risk management strategy will be revised and updated to reflect the new monitoring and reporting arrangements if approved by Council following endorsement by the Constitution Working Group.

15. It is envisaged the Audit and Governance Committee would review and comment on the corporate risk register on a quarterly basis, supplemented with a more in-depth review of an individual risk on a rolling or risk basis.

#### **Resource Implications:**

Within the report.

#### **Legal and Governance Implications:**

Changes to the Constitution have to be approved by full Council.

#### **Safer, Cleaner and Greener Implications:**

None.

#### **Consultation Undertaken:**

Corporate Governance Group.

#### **Background Papers:**

Finance and Performance Management Cabinet Committee 26 September 2019 minutes and papers  
CIPFA audit committees – Practical Guidance for Local Authorities and Police 2018 edition

#### **Risk Management:**

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considered which could threaten achievement of the Council's corporate objectives.

#### **Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-

making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report.