

# RISK MANAGEMENT ANNUAL REPORT 2021



**November 2021**



# Risk Management – Annual Report 2021

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*The purpose of this report is to provide assurance to the Governance Committee that the council has in place effective risk management arrangements and that key risks are being managed and monitored appropriately. This reflects the responsibilities of the Committee as set out in the Terms of Reference:*

- *“To provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment...”;*
- *“To be satisfied and provide assurance that appropriate action is being taken on risk and internal control related issues...”*

*This report provides a summary of the council's risk management framework and provides information and assurance on the key arrangements in place across the council to identify and manage risk. Risk may be defined as 'the effect of uncertainty on objectives' recognising that risk taking is both necessary and fundamental to the success of any organisation.*

## ROLES AND RESPONSIBILITIES

The council's Risk and Insurance Service, which is part of Finance and Commercialisation, is responsible for:

- Facilitating the continuing development of the council's risk management arrangements including developing appropriate guidance and information.
- Supporting services in the management of operational and strategic risk.
- Facilitating and supporting the Executive Management Board ('EMB') in respect of the identification, management and review of the council's key strategic risks.
- Arranging appropriate risk financing measures and providing advice and guidance on the extent of insurance or self-insurance arrangements.
- Where appropriate, arranging the placement of cover with insurers including the negotiation of premium rates and policy terms.

## RISK MANAGEMENT FRAMEWORK

The risk management framework comprises the overall arrangements in place across the council that are intended to ensure that proper consideration is taken of risk. The key components of this framework are:

- **Risk Management Policy**

This provides an overview of the operating framework, arrangements and responsibilities for managing risk and is intended to assist officers, at all levels, in applying sound risk management principles and practices across their areas of responsibility. This policy, which is published on the council intranet, is subject to annual review and update as necessary.

- **Strategic Risk Register**

The Strategic Risk Register is a key document in terms of identifying, assessing and managing the council's key strategic risks. The Strategic Risk Register is developed and managed in consultation with EMB and individual Executive Directors. The Strategic Risk Register is updated and then reviewed on a quarterly basis.

- **Report Templates**

The council's standard corporate report template, briefing template and EMB report template all include a 'Risk Management' section that requires a report author to consider and provide the 'decision taker/recipient' with relevant and proportionate information regarding the risks associated with the project, topic or initiative that is the subject of the report.

- **Project and Programme Risk Management**

The need to identify and manage risk runs throughout the project and programme management governance process from initiation to implementation. Guidance is available to assist both project managers and project sponsors/boards in understanding the importance of understanding and managing risk.

- **Partnerships**

All key service delivery partnerships (such as the Highways Service Partnership with Balfour Beatty Living Places) and major contracts have risk registers in place which are jointly reviewed with the supplier and includes any 'shared risk'. There is also guidance on the intranet in respect of managing risk in respect of non-commercial partnership working.

- **Hampshire and Isle of Wight Local Resilience Forum**

The Hampshire and Isle of Wight Local Resilience Forum ('LRF') comprises of local Emergency Service Responders (Police, Fire, Ambulance), Local Authorities as well as associated businesses, organisations and voluntary sector representatives. Through the LRF, these organisations work together to prepare for, respond to, and recover from emergencies. The LRF is also responsible for emergency plans and procedures for major incidents and has in place a risk assessment matrix that lists of all the risks considered by LRF.

- **Medium Term Financial Forecast**

A 'Key Financial Risks' document identifies the key risks to the council's financial position over the short to medium term together with a summary of the mitigating actions in place and/or planned which is reviewed on a quarterly basis as part of financial monitoring.

- **Business Planning**

As part of the business planning process Executive Directors and their management teams are required, via a SWOT analysis, to consider the risks that may impact on delivery of their key priorities and outcomes and the necessary mitigations.

- **Internal Audit**

Internal audit plays a vital role in advising the council that arrangements in relation to governance, risk and internal control are in place and operating effectively. Response to internal audit activity should lead to the strengthening of the internal control environment. The annual 'Internal Audit Plan' is informed by the council's Strategic Risks together with discussions with individual Executive Directors and EMB.

- **Fraud Risk Management**

An Anti-Fraud, Bribery and Corruption Policy is published on the intranet and applies to all employees, elected members and others who work for or on behalf of the Council. Internal control systems are intended to minimise the opportunity for fraud or misappropriation of assets.

- **Operational Risk Management**

The management of 'day to day' or 'operational risk' is the responsibility of individual service areas with support and guidance being provided by Risk and Insurance Services as required including, where necessary, access to specialist advice.

## **RISK MANAGEMENT ACTIONS AND INITIATIVES : 2021**

- **Strategic Risk Register**

The Strategic Risk Register was reviewed by EMB at End Q3 20-21 (Jan 21), End Q4 20-21 (June 21) and then by the new Finance, Commercialisation & Performance Board at End Q1 21-22 (July 21) and End Q2 21-22 (Oct 21). This new Board, which comprises all members of EMB, has a specific focus and receives reports in respect of these three areas of activity. See Appendix 2 which is a summary of the key Strategic Risks as at End Q2 21-22.

The End Q4 20-21 review also included a review of 'Core Cities' risk registers in order to enable EMB to consider how the council's strategic risks compare or contrast to those identified by Core Cities.

- **Strategic Risk - Governance [Planned Action on 2020 Report]**

A Strategic Risk – Governance' paper (Appendix 3) was developed and approved by the Finance, Commercialisation & Performance Board at the End Q1 21/22 review. This document details the governance structure and associated process in terms of how strategic risks are identified and managed and sets out an agreed process in terms of how an Executive Director may escalate or propose a new risk for inclusion on the council's Strategic Risk Register. The creation of the new Board provided an opportune moment for this paper to be developed.

- **Risk Management - Covid**

The Risk & Insurance Service continues to provide support to colleagues in Public Health in respect of the ongoing management and development of the Outbreak Control Plan Risk Log. Periodically this risk log is 'quality assured' to ensure adherence to SCC corporate risk management policies and strategies and to ensure that risks are being appropriately recorded.

In addition, a guidance document was developed and issued to SCC schools providing updated advice regarding Travel insurance following cover restrictions imposed by insurers as a result of Covid.

- **Other Risk Management activity**

The Risk & Insurance Manager sits on the following Boards and is able to ensure that risk management issues are able to be raised and given proper consideration:

- Information Governance Board
- Health & Safety Board
- Fire Safety Programme Board
- Emergency Preparedness, Resilience and Response Board

- **Project and Programme Risk Management**

The production of risk registers/risk logs is now embedded as part of project management governance where the use of a 'Risks, Assumptions, Issues, Dependencies ('RAID') Log' is now the 'business as usual' approach. The 'risk' element of the RAID log was further developed and improved in 2021 in consultation with the Project Management Team.

- **Cyber Risk**

Discussions and meetings have been held with the council's insurance broker and an expert from their 'Cyber, Media & Technology Practice' together with the council's Head of IT to explore and further understand the developing 'Cyber Liability Insurance Market' and the prerequisite underwriting risk control requirements.

- **Property Fire and Security surveys [Planned Action on 2020 Report]**

The annual programme of fire and security surveys, that was paused by insurers in 2020 due to Covid, recommenced in 2021 with appropriate Covid precautions in place. Site visits with insurers to the following locations took place:

- City Depot
- Civic Centre
- Potters Court

A small number of risk improvement actions were identified (mainly around 'housekeeping') and are being actioned and/or are being further discussed with insurers regarding the agreed action. In addition, insurers undertook remote virtual surveys of five school sites based on reviews of previous survey information. One action arose which was communicated and actioned by the school.

- **Motor Accumulation Survey**

This survey was undertaken at the request of the motor insurance underwriters and was focussed on City Depot where the majority of council's commercial motor fleet is based. The review, which looked at the council's operations, safety and risk control arrangements and potential exposures to loss, did not identify any mandatory 'Risk Requirements'. It did, however, include some risk improvement recommendations in respect of a contingency management plan to address mitigation measures in the event of the loss of waste and recycling vehicles, or loss/inaccessibility to depot facilities. These are currently being progressed by the service.

- **Housing – Fire Safety**

The council's housing fire safety works programme, led by Property Services, continues. This programme has seen sprinklers installed into all 19 high rise housing blocks and around 1,200 accredited fire doors and frames fitted, as well as a range of associated passive fire safety works around fire stopping and compartmentation. Although the main focus has been on the high rise blocks there is an ongoing programme to replace fire doors and improve fire stopping in medium and low rise blocks which is being progressed on a risk based approach.

- **Solent Unitaries Insurance Group**

Peer group meetings were held with colleagues from Portsmouth City Council, Isle of Wight Council and Bournemouth, Christchurch & Poole Council to share and discuss risk and insurance issues. The SCC Risk & Insurance Manager has chaired these virtual meetings which have covered a range of subjects including:

- Data Breach Claims
- Insurance renewal terms
- Covid risk and insurance issues
- On street Electric Vehicle Charging
- Cyber Liability

- **School Minibus Survey – Risk & Insurance**

The outcome of this exercise was communicated to those SCC schools who operate a minibus in early 2021. The purpose of the exercise (which arose out of the 'virtual motor risk management' review undertaken by our motor insurers in 2020) was to obtain a better understanding of the day to day management and operation of school minibuses from a risk and insurance perspective.

## NEW RISK MANAGEMENT ACTIVITIES PLANNED OR BEING CONSIDERED

[Note: The following may need to be reprioritised or reconsidered subject to the business need and/or any ongoing impact of Covid]

- **Contracts – Indemnity and Insurance [Deferred]**

It was intended that the Risk & Insurance Team develop and deliver a training session for the Supplier Management Team, Integrated Contracts Unit and Legal (Contracts Team) around developing a better understanding of 'insurance and indemnity clauses in contracts. This training had to be deferred due to other priorities however the session will look to be delivered at some point in the current financial year.

- **Property Reinstatement revaluation programme [Deferred]**

The approach in respect of the periodic reviews of property sums insured is to be reviewed in conjunction with Property Services in order that a consistent approach, that also reflects insurers expectations, is in place.

- **Risk Management Policy**

The 'Risk Management Policy 2017-21', will be reviewed and updated to ensure that it continues to reflect good practice and remains aligned with the business need. The updated document will be published on the intranet and communicated as appropriate.

- **Risk Register templates**

To review, in consultation with the insurer's risk management consultancy service, the format of the risk register templates to ensure that they remain aligned with good practice and are fit for purpose.

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