

<b>REPORT TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>  <b>24 November 2022</b>
<b>SUBJECT:</b>	<b>Enterprise Risk Management Health Check</b>
<b>LEAD OFFICER:</b>	<b>Jane West Corporate Director Resources &amp; S151 Officer</b>
<b>CABINET MEMBER</b>	<b>Councillor Jason Cummings, Cabinet Member for Finance</b>
<b>WARDS:</b>	<b>All</b>
<p>As part of the Audit &amp; Governance Committee's role of overseeing the risk management framework and receiving assurance that significant risks are identified and mitigated by the organisation, an independent 'Enterprise Risk Management' report is presented to aid the Committee in its oversight of Risk Management developments and direction of travel in the organisation.</p> <p>In line with the Council's commitment to openness and transparency, this report will appear in Part A of the agenda unless there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).</p>	
<b>FINANCIAL SUMMARY:</b> No additional direct financial implications.	

## **1.1 RECOMMENDATIONS**

The Committee is asked to:

Endorse the recommendations of the Enterprise Risk Management Health Check action plan set out in Appendix 1.

## **2 EXECUTIVE SUMMARY**

- 2.1** The report updates the Audit & Governance Committee Members on an Enterprise Risk Management Health Check commissioned from Zurich Resilience Services and associated action plan.

## **3 DETAIL**

### **Enterprise Risk Management Health Check Recommendations**

- 3.1** Over the last 18 months significant changes in the Council including a complete change of the Senior Leadership team, Officers, Members, a new

administration and a new council governance model (directly elected mayor) have all required on going governance review and support including support for the Council's Risk Management Arrangements during this period of profound change. New committee structures including the establishment of the new Audit & Governance Committee with an independent chair are also part of this picture. This has also been reflected also in a complete (ongoing) overhaul of governance arrangements internally in the council, for example, with the establishment of a series of internal control boards and the initiation of new functions for example the PMO.

**3.2** Whilst resources have come under increasing pressure or have reduced there has been a significant amount of activity to start to embed improvements in the approach to Risk Management. Individual engagement sessions/risk management refresh with Directors and Corporate Directors have now all been delivered as part of the organisational redesign implementation and access granted to the corporate risk management system (JCAD). In addition, all Executive Officers and Executive Support Officers have access to the corporate risk management system. This is designed to help the top layers of management start to feel confident in reviewing, presenting and owning the risks which relate to their Division/Directorate as a core part of their role and competency.

**3.3** Risk review dates for all Directors have now been aligned on a quarterly basis going forward. Quarterly reviews are now being signed off on the system by the risk owner to increase accountability. Risk reviews on a quarterly basis with the Corporate Director are being informed/assured by Directors having signed off on their risks. Further work is being done with risk owners with a particular focus on future control measures and review dates for future controls (risk improvements) and future risk ratings. These changes are reflected in the Croydon Council Risk Management Framework (Practical Guide to Risk Management) in Appendix 2. It is recognised though, that a lot is still in development as the new governance models of the organisation gradually take shape and are embedded in the organisation and the new Officer and Member cohort of Croydon establish themselves in role at a time of unprecedented demand and budget pressure.

**3.4** With this in mind, an independent Enterprise Risk Management 'Health Check' review was commissioned from the consultancy Zurich Resilience Services with an action plan / recommendations at Appendix 1. The aim of the review was to help inform future development of the risk management framework, in a practical way, recognising the significant resources constraints of the organisation and therefore making best use of existing resources and structures. Zurich were asked to look at 6 broad topics as outlined below.

Risk Culture & Leadership	Exploring the attitude of Senior Officers and Members towards the role and priority of risk management.
Risk Appetite & Strategy	Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised.

Governance	Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is management within departmental areas.
Methodology	Assessing whether effective risk processes and tools are in place to support the organisation.
People & Training	Evaluating the level of risk management skills, knowledge, and capacity across the organisation.
Projects, Partnerships & Supply Chain	Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers.

**3.5** The report’s overall assessment of ‘in development’ broadly reflects the Council’s governance improvement journey generally post RIPIs and is considered realistic. The report reflected a positive direction of travel and a degree of cautious optimism about governance improvement generally in the organisation, with an action plan based on the recommendations of the Zurich risk consultant presented at Appendix 1 which has been endorsed by the Council’s Corporate Management Team.

**3.6** In line with the Council’s commitment to openness and transparency, the report will appear in Part A of the agenda unless, in accordance with the Access to Information Procedure Rules in the Council’s Constitution there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).

**3.7** It should be noted that some of the grounds for exemption from public access are absolute. However, for others such as that in para.3, ‘Information relating to the financial or business affairs of any particular person (including the authority holding that information)’, deciding in which part of the agenda they will appear, is subject to the further test of whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **4 FINANCIAL CONSIDERATIONS**

**4.1** There are no additional financial considerations arising from this report. The review and report were delivered free of charge as part of Croydon’s Risk Management bursary with Zurich Insurance, as part of its corporate insurance arrangements.

(Approved by Nish Popat Interim Head of Finance Resources on behalf of Interim Director of Finance)

## **5 LEGAL CONSIDERATIONS**

**5.1** The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer, as follows. Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council must ensure that it has a

sound system of internal control which “facilitates the effective exercise of its functions and the achievement of its aims and objectives”, “ensures that the financial and operational management of the authority is effective” and “includes effective arrangements for the management of risk”. The Committee is required by its terms of reference to “provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment”, and to “monitor the effective development and operation of the Council’s risk management arrangements”. This report seeks to demonstrate compliance with these duties.

- 5.2** Separately, the management of risk has a direct impact on the Council’s ability to deliver its functions in a manner which promotes economy, efficiency and effectiveness. Therefore, the consideration of this report also seeks to demonstrate the Council’s compliance with its Best Value Duty under the Local Government Act 1999.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer Stephen Lawrence-Orumwense)

## **6 HUMAN RESOURCES IMPACT**

- 6.1** There are no immediate human resource considerations arising from this report for LBC employees or staff.  
Any impacts arising will be managed under the Council’s HR policies and procedures.

(Approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer)

## **7 EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS**

- 7.1** None

## **8 RISK ASSESSMENT**

- 8.1** No further risk issues other than those detailed in the report.

## **9 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

- 9.1** Information contained in the ERM health check report may be accessible under the Freedom of Information Act subject to the application of any relevant exemptions, such as commercial sensitivity and whether disclosure was in the ‘public interest’.

## **10 DATA PROTECTION IMPLICATIONS**

- 10.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF ‘PERSONAL DATA’?**

No.

No personal data is processed as part of the production of the ERM Health Check Report

**10.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Not applicable as no personal data is processed as part of the production of the ERM Health Check Report

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**BACKGROUND DOCUMENTS:**

Appendix 1 Action Plan  
Appendix 2 Croydon Council Risk  
Management framework (Practical Guide)