

Southend-on-Sea Borough Council

Report of Chief Executive and Town Clerk

To

Audit Committee

On

16th June 2010

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Agenda
Item No.

Risk Management Update

A Part 1 Public Agenda Item

1 Purpose of Report

- 1.1 To provide Audit Committee with the quarterly progress report on changes to the Corporate Assurance Risk Register and identified actions in line with the Council's priorities for 2010/11.

2 Recommendation

- 2.1 That Audit Committee agree the changes to the Corporate Assurance Risk Register 2010 (Appendix 1).

3 Background

Corporate Risk Register

- 3.1 The Corporate Assurance Risk Register sets out the key risks to the successful delivery of the Council's corporate aims and priorities and the key controls in place to mitigate or reduce risks, or maximise opportunities, as well as categorising each of the risks against standard definitions and is attached at **Appendix 1**.
- 3.2 The Corporate Assurance Risk Register has been refreshed in order to align it to the new Corporate Priorities for 2010/11. The Corporate Risks on the register are drawn from Service Risk Registers and as such have been managed and approved at a Directorate level in line with the Corporate Risk Process diagram attached at **Appendix 3**.
- 3.3 A summary of all the corporate risks has been produced to accompany the register and attached at **Appendix 2**.
- 3.4 The risk register has been designed to ensure that each risk appears in its entirety and is clearer and is easier to read. All corporate risks consist of three stages which are detailed below:

Stage 1 – Identifies the risk control or opportunities strategies in place (inherent risk score).

Stage 2 – Identifies the control measures or opportunity strategies currently in place to minimise or maximise opportunities and is scored to reflect the current position with assurances against the controls (current risk score).

Stage 3 – Outlines the actions to be taken to further mitigate risk or maximise opportunities with a score that reflects full controls/opportunity strategies in place (target risk score).

The Risk Management Journey

3.5 2009/10 – the process:

- The risk management policy, strategy, toolkit and framework was updated;
- The risk management process was redesigned;
- Covalent was adopted for the management of risk data;
- The corporate risk register was redesigned;
- Directorate risk leads and risk champions were identified;
- The risk group (containing champions and leads) was progressed;
- Regular meetings were undertaken with the Member champion for risk management;
- Risk management was aligned to service planning;
- The corporate risk timetable was aligned to Directorate monitoring timetables in consultation with risk leads (directorate performance leads).
- Risk training was undertaken (awareness sessions on service planning and use of Covalent);
- A corporate structure for service risk registers was developed on Covalent;
- Service risk registers were loaded onto Covalent;
- Risk triggers were set for risk actions and action update training undertaken;
- The risk framework action plan was completed.

3.6 2010/11 – change management:

- Risk management is now fully aligned to business and service planning;
- Directorate risk leads have produced service risk registers on covalent;
- Service risks are being formulated, managed and approved within directorates;
- The risk process is being managed within directorates - directorates decide which risks from within service risk registers (including operational day-to-day risks) should be corporate risks (aligning them to the outcomes from the corporate plan);
- We have joined the Cipfa benchmarking club for risk management.

3.7 Going forward – 2010/11:

- The risk policy, strategy, toolkit and framework will be updated to incorporate programmes and project scoring and a strategy will be developed going forwards specifically for programmes and projects whether formal or informal (in consultation with the project office);
- Strategy and performance will monitor corporate risks, produce the corporate risk register by pulling the information through from the approved service risk registers, inform risk leads and the director/head of service of any new potential risks identified, provide guidance and training on service risks and project and programme risks to build capacity within directorates, and provide support to risk leads within directorates;

- Trigger reminders will be set by directorate risk leads (through strategy and performance and Covalent) aligning to DMT risk meetings and Audit Committee timescales (dates have been agreed in consultation with risk leads);
- Training sessions will be rolled out corporately for risk awareness, covalent risk action updaters and the principles to develop risk assessments;
- Risks (including health and safety and fraud and corruption) should be a regular item on team meeting agendas to identify any new potential risks within each directorate;
- Capacity will be built within directorates by ensuring that each service has a risk lead managing the service risk register (inputting and presenting to their head of service) and the directorate risk lead co-ordinates the directorate risk register from the approved service risk registers. This will then put the management of risks at the optimum place to manage risks corporately and consistently.

4.0 Reason for Recommendations

4.1 Risk management is an important part of internal control and contributes towards the Council ensuring it has robust processes in place for Corporate Governance. We are trying to align and build on current good practice by improving and strengthening internal processes and improving information flow throughout the Council to ensure that we do not have any unpleasant surprises and can optimise any opportunities which may arise.

5.0 Corporate Implications

5.1 Contribution to Council's Vision & Corporate Priorities

The Corporate Risk Framework underpins the operational effectiveness of the Council's Corporate Governance arrangements and specifically monitors progress of managing key risks associated with the successful delivery of Corporate Aims and Priorities.

5.2 Financial Implications

Any financial implications arising from identifying and managing risk will be considered through the normal financial management processes. Proactively managing risk can result in reduced costs to the Council by reducing exposure to potential loss.

5.3 Legal Implications

The Accounts and Audit Regulations 2003 require that:

The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's function and which includes the arrangements for the management of risk.

Therefore failure to do so would be a breach of a statutory duty.

5.4 People Implications

Any people and property implications arising from identifying and managing risk will be considered through the Council's normal business management processes.

5.5 Property Implications

None

5.6 Consultation

Consultation has taken place with key stakeholders.

5.7 Equalities Implications

Corporate Equalities considerations have been considered in the drafting of the Register and specific equality related risks have been identified for the Council.

5.8 Risk Assessment

Failure to implement a robust assurance framework which includes fit for purpose risk management arrangements increases the risk that Council objectives will not be delivered.

It may also impact on the Use of Resources Assessment given by the external auditor.

5.9 Value for Money

Effective forecasting and timely management of risk is a key factor in preventing waste, inefficiency and unnecessary or unplanned use of resource.

5.10 Community Safety Implications

Inability to control Risk 1 'community safety targets may not be met' will have implications for the quality of life of residents in regard to their safety and fear of crime.

5.11 Environmental Impact

There are a number of risks which could have environmental impact. These are identified within the risk register and under the cross-cutting theme of minimise impact on the environment.

6. Background Papers

- 6.1 Corporate Risk Policy and Strategy 2010/11
- 6.2 Risk Management Toolkit 2010/11
- 6.3 Corporate Risk Management Action Plan 2010/11

7. Appendices

Appendix 1 – Corporate Assurance Risk Register 2010/11

Appendix 2 – Summary sheet

Appendix 3 – Risk process