

Southend-on-Sea Borough Council

Report of Chief Executive and Town Clerk

To

Audit Committee

On

22nd September 2010

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Agenda
Item No.

10

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).**
- 2.2 **That Audit Committee note point 3.1 under the heading 'background'.**

3 Background

- 3.1 In light of CMT reviewing this report and attached appendix it was decided that a fundamental review of current risks affecting Southend-on-Sea Borough Council emanating from central government be undertaken. Meetings are currently being set up with Directors, Internal Audit, Finance and Risk to develop an approach and a way forward.
- 3.2 Risks are attached to every activity the Council undertake and require good management to successfully deliver the outcomes detailed in the Corporate Plan.
- 3.3 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 and reduce risks, or maximise opportunities (**Appendix 1**).
- 3.4 All corporate risks are monitored and approved within Directorates at regular performance management meetings. Service risks are reviewed at the same time as corporate risks and escalated and de-escalated to the Corporate Assurance Risk Register as applicable.
- 3.5 The corporate assurance risk register is a living document and therefore does not stay static. A review is currently being undertaken on the activities in the corporate plan and the risks around successfully delivering them. This should further promote an understanding of the importance of risk management linked to activities.

3.6 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 and link to the priorities stated in the Corporate Plan:

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).

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

The register contains a number of risks which can directly and indirectly impact on community safety.

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