

Southend-on-Sea Borough Council

Report of Chief Executive and Town Clerk

To

Audit Committee

On

13 January 2011

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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 Risk Assurance Register and an update on risk management activities undertaken within the Council.

2 Recommendation

- 2.1 **That Audit Committee agree the changes to the Corporate Risk Assurance Register 2010/11 (Appendix 1) and note the activities undertaken by the risk groups.**

3 Background

Corporate Risk Assurance Register 2010

- 3.1 Risks are attached to every activity the Council undertakes and require good management to successfully deliver the outcomes detailed in the Corporate Plan.
- 3.2 The Corporate Risk Assurance Register is a living document which 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. The register is attached at **Appendix 1**.
- 3.3 The risk process ensures that all identified risks are monitored and reviewed in regular directorate performance management meetings and placed on the appropriate risk register.
- 3.4 A horizon scanning review has recently been undertaken to identify the risks facing the Council due to the current economic climate. A number of new risks have been identified at service and corporate level. There is currently 1 approved corporate risk which is shown at the end of the risk register in the horizon scanning section. The other horizon scanning risks appear on the relevant Directorate Service Risk Registers. To ensure that these risks are captured quickly and the Council can be flexible in its approach, they will appear initially on the Corporate Risk Assurance

Register as a stage 1 risk to be developed into the 3 stage risk in the following quarter (see below for a definition of the risk stages).

- 3.5 As the Council's risk management process is operating well at Departmental level, the Corporate Management Team (CMT) has decided that it no longer wants this level of detail reported to it on a regular basis. It is more appropriate for the majority of these risks to be managed at Departmental level. Therefore a session has been organised for early in the New Year, with the Corporate Directors and Heads of Service to identify the key strategic risks that CMT really need to focus upon. This will become the corporate risk assurance register going forward.
- 3.6 The risk register has been designed to ensure that each risk appears in its entirety, is clearer, simple to read and makes it easier to manage. 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).

Risk Activity Update

- 3.7 There are two groups managing risk activity within the Council. Both these groups currently meet monthly to ensure the risk activities within the Council are co-ordinated.
- 3.8 The Corporate Risk Management Group includes specialists from the following areas: Corporate Risk Management; Insurance, Fraud and Corruption; Internal Audit; Partnerships; Business Continuity; Health and Safety; Fire Safety; Projects and Programmes; and Finance. This group focuses on corporate and strategic risk management. They are responsible for managing high level risk activities across the Council and also managing the content of their specialist pages on the risk management intranet site.
- 3.9 The Directorate Risk Leads Group includes Officers from each of the directorates including Policy and Improvement. They manage the internal risk processes within their relevant directorates incorporating risk identification, monitoring, escalating, de-escalating and risk reporting.
- 3.10 Both groups share information via specific agenda items and minutes.
- 3.11 Attached at **Appendix 2** is a brief update of recent risk management activities proposed or undertaken by the risk groups.

4. 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. 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.

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

Appendix 2 – Risk Management Activities update – November 2010

Appendix 3 – Audit Commission: 2008 National Fraud Initiative Update