

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive and Town Clerk
To
Cabinet
On
25 June 2019

Report prepared by: Andrew Barnes – Head of Internal
Audit

Risk Management

**Relevant Scrutiny Committee(s): Policy & Resources, People and Place
Scrutiny Committees**

**Cabinet Member – Cllr Woodley
A Part 1 Public Agenda Item**

1 Purpose of Report

- 1.1 To consider the 2018/19 Corporate Risk Register year end update and the proposed approach to refreshing the Corporate Risk Framework.

2 Recommendations

That Cabinet considers the 2018/19 Corporate Risk Register and the year end updates outlined in Appendix 2.

That Cabinet endorses the proposed approach to refreshing the Corporate Risk Management Framework.

3 Corporate Risk Register 2018/19

- 3.1.1 The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.
- 3.1.2 Updates on the Corporate Risk Register are reported to CMT quarterly and to Cabinet twice a year in June and January. The year end comments on each risk and action are included in Appendix 2.
- 3.1.3 The Corporate Management Team (CMT) has undertaken a review of the current content. This in the context of the ongoing work to further develop and align work on risk across the Council so that the approach to risk management is better embedded, supports the governance framework, the transformation agenda and integrated decision making.

3.1.4 The format of the Corporate Risk Register currently follows a 3 stage process:

1st stage: An 'inherent score' with the risk assessed with no controls, assurance or actions in place.

2nd stage: The 'current score' where the risk is assessed with controls, assurances and progress against identified actions. The current score is adjusted in light of progress against actions.

3rd stage: The target score which is the risk with the controls, assurances and actions, as if they have been completed

The current score is then adjusted in light of progress against actions.

3.1.5 Updates on the Corporate Risk Register are reported to CMT quarterly and now to Cabinet every 6 months.

3.1.6 Deputy Chief Executives and Directors ensure service specific risks are managed within their departments, within service plans and in accordance with the risk management strategy and processes. 'Red' rated risks with corporate implications can be escalated to CMT via Corporate Directors. Actions for all these risks are updated and reviewed by Departmental Management Teams.

3.1.7 Operational risks, managed within departments, are also assessed as part of reviews undertaken by Internal Audit and project risks are monitored by the CMT where applicable.

4 Developing the risk management approach

4.1.1 With the development of the Southend 2050 ambition and outcomes there has also been a review of the Council's governance architecture to support the Council's element of the delivery of that ambition, to ensure that these are:

- effective, but as simple as possible and easy to understand
- joined up and complementary, not conflicting with each other
- designed around customers
- making best use of technology and digitally enabled where this makes sense
- compliant with legislative requirements and ensuring that resources are used efficiently and effectively
- driving the desired outcomes.

- 4.1.2 This review includes the risk management arrangements that are currently being refreshed in conjunction with the Transforming Together group. There are a number of core principles that will be central to this work, to ensure that the required outcomes are achieved. These include that:
- risk management is a positive value added activity, focused on achievement and successes, not a negative bureaucracy – by changing the perception and raising awareness officers will have increased confidence when managing operational risks
 - management are responsible for risk management and resources that support the framework are there to ‘support and challenge’ not ‘own and do’
 - wider Member involvement in identifying and monitoring the most Strategic Risks the organisation faces would add value, the roles of the Audit Committee, Scrutiny and Cabinet are critical to robustness of the overall framework
 - the Southend 2050 ambition and outcomes need to drive the risk management, budget and outcome delivery plans
 - by getting the conversations happening with the right people, at the right time and in the right place, the processes to capture and report risks will be simple and become part of business as usual
 - the framework ensures joined up Strategic, Operational and Project Risk Management whilst recognising the differences between them.
- 4.1.3 The review will include updates to the risk management framework with the aim that it becomes part of business as usual, so that the Council can fully gain the benefits that can be provided by an effective and embedded approach to risk management.
- 4.1.4 This review is currently taking place, with a proposed updated risk management framework being reported to the Cabinet in September and the Audit Committee in October 2019. Whilst this review is taking place the current arrangements have been rolled forward into 2019/20, so that the risks continue to be managed.

5 Corporate Implications:

- 5.1 Contribution to the Southend 2050 Road Map
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 the 2050 Ambition and Outcomes.
- 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 2015 require that:

A relevant authority 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.

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 specific.

5.6 Consultation:

Consultation has taken place with key stakeholders.

5.7 Equalities and Diversity Implications:

Corporate equalities considerations have been considered in the drafting of the Register and any 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:

None specific.

5.11 Environmental Impact:

None specific.

6 Appendices:

Appendix 1 – Corporate Risk Matrix

Appendix 2 - 2018/19 Corporate Risk Register year end position