

Southend-on-Sea Borough Council

Report of Chief Executive and Town Clerk
To
Cabinet
On
14 January 2020

Agenda

Item No.

8

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Audit

Corporate Risk Register – December 2020 update

**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 updated summary Corporate Risk Register.

2 Recommendations

That Cabinet considers the updated summary Corporate Risk Register and the position at December 2020 outlined in Appendix 1.

3 Summary Corporate Risk Register

- 3.1 The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's corporate Southend 2050 Ambition and Outcomes and outlines the key management arrangements in place to mitigate and reduce risks, or maximise opportunities.
- 3.2 Updates on the Corporate Risk Register are discussed with and reported to Corporate Management Team (CMT) and the summary position is reported to Cabinet twice a year in June and January. The updated position on each risk or opportunity and management arrangements to mitigate these are included in Appendix 1.
- 3.3 The revised presentation of the risks to demonstrate the alignment to the Southend 2050 Themes was well received at the last report to Cabinet and this has been further amended to include the Cabinet Member lead for each risk. The differing roles of Members, in determining priorities and policies, and Officers in managing delivery of those priorities and implementing those policies should be remembered.
- 3.4 Work is ongoing through the Transforming Together programme 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, supporting the organisation to manage well in an increasingly complex environment.
- 3.5 In the period since the last report to Cabinet there have been further changes to the context that the Council is operating within as a result of the ongoing Covid-19 pandemic. The pandemic continues to have far reaching consequences and impacts across the whole of the Council's activities, the ways that services and officers are required to operate and the support that it has needed to provide to the Borough, as was covered in separate reports to Cabinet on 9 June and 15 September 2020.

- 3.6 This has resulted in the agreement of three critical Council priorities to be focussed on in the short term:
- Response to the Covid-19 pandemic
 - Economic recovery – from both Covid-19 impacts and Brexit
 - Sustainability – financial, environmental and our transformation as an organisation (with particular focus on adult and children’s services recovery plans in the first instance).

3.7 Within this context CMT and other Directors have identified the following issues to be managed, monitored and reviewed as part of the Corporate Risk Register (with the relevant Scrutiny Committee for each issue in brackets):

1. Covid-19 pandemic (Policy & Resources / People)
2. Financial sustainability (Policy & Resources)
3. EU exit (People)
4. Public services landscape (Policy & Resources)
5. Workforce (Policy & Resources)
- 6a. Cyber security event (Policy & Resources)
- 6b. Data protection (Policy & Resources)
7. Safeguarding responsibilities (People)
8. Adapting to climate change (People / Place)
9. Health inequalities (People)
10. Child welfare (People)
11. Housing (Place)
12. Adult social care (People)
13. Waste management service (Policy & Resources)
14. House building programme (Place)
15. Regeneration and major projects (Place)
16. Southend as a visitor destination (Place)
17. Economic recovery and income inequalities (Policy & Resources / People)
18. Local plan (Place)

3.8 The risk register heat map on page 4 of appendix 1 plots the current risk score for each risk using the Council’s scale, as shown on page 2 of appendix 1. This shows that the risks that have been escalated to the Corporate Risk Register are those with the potential to be the most detrimental to achieving the Ambition for the Borough, which is why the risk scores are all relatively high and consequently the risks appear on the Corporate Risk Register.

- 3.9 It should also be noted that quarter 4 of 2020/21 is going to see the concurrent manifestation of 3 important risk issues in respect of:
- EU exit, as the UK moves out of the transition period into its new relationship status with the EU (which at the time of drafting this report remains undetermined), with the resultant implications of what the new relationship status brings and the impact that could have on the economic recovery challenge for the Borough
 - Covid-19 pandemic, as we move into the post-Christmas period with the potential for a further impact on the health of the Borough depending on what arrangements Central Government determine for the Christmas period and what happens to the prevalence of the virus as a result
 - Agreeing a budget for 2021/22, with the necessary focus on adult and children's services recovery plans, and a medium-term financial strategy that will deliver both the Southend 2050 Ambition and Outcomes at the same time as achieving financial sustainability for the Council.
- 3.10 The potential cumulative impact of the combination of these risks manifesting together should be recognised and the effect that they are having monitored for both their individual impact and the impact of them cumulatively.
- 3.11 During the period since the last report to Cabinet, incidents have occurred at other Councils where examples of the risks that we are facing and working to manage have crystallised resulting in significant detrimental effects on the operations and provision of services at those Councils. Most notably the cyber-attack at Hackney and the financial difficulties at Croydon. These incidents demonstrate the importance of the management arrangements in respect of, and the governance arrangements overseeing that management of, the risks that are being faced by the Council.
- 3.12 As a reminder it is worth noting that the underlying risk management arrangements currently follows a 3-stage process:
- 1st stage:** An 'inherent risk' with the risk assessed with no controls, assurance or actions in place, resulting in an inherent risk score.
- 2nd stage:** The 'current risk' where the risk is assessed with controls, assurances and identified management actions and arrangements. It is this position that is being reported within the summary corporate risk register at Appendix 1.
- 3rd stage:** The 'target risk' which is the risk with the controls, assurances and actions, as if they have been completed, resulting in a target risk score.
- 3.13 Appendix 1 provides a summary of the risks and opportunities currently on the corporate risk register and the arrangements in place to manage those, along with the 'current score' position for each risk as assessed by management, based on the risk or opportunity itself and the management of the issue that is in place to ensure that it progresses as the Council would want.
- 3.14 The risks as documented are effectively the worst-case scenario of what could happen if the Council is not appropriately managing the issue that it is facing. This does not mean that it will happen, as the purpose of the arrangements being put in place to manage the risk, or deliver the opportunity, is to ensure that the issue works out in the way that the Council wants it to.

- 3.15 Executive and other Directors ensure service specific risks are managed within their departments, within service management and in accordance with the risk management strategy and processes. 'Red' rated risks with corporate implications can be escalated to CMT via those Directors. Actions for managing these risks are updated and reviewed by Departmental Management Teams.
- 3.16 Operational risks, managed within departments, are also assessed as part of reviews undertaken by Internal Audit and project risks are monitored by CMT where applicable.

4 Corporate Implications:

- 4.1 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.
- 4.2 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.
- 4.3 Legal Implications:
The Accounts and Audit Regulations 2015 require that:

A relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function 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.
- 4.4 People Implications:
Any people and property implications arising from identifying and managing risk will be considered through the Council's normal business management processes.
- 4.5 Property Implications:
None specific.
- 4.6 Consultation:
Consultation has taken place with key stakeholders of the corporate risk register.
- 4.7 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.
- 4.8 Risk Assessment:
Failure to implement a robust assurance framework which includes fit for purpose risk management arrangements increases the risk that Council ambition and outcomes will not be delivered.
- 4.9 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.
- 4.10 Community Safety Implications:
None specific.

4.11 Environmental Impact:
None specific.

5 Appendices:

Appendix 1 – Summary Corporate Risk Register as at December 2020

