Southend-on-Sea City Council

Report of Chief Executive and Town Clerk
To
Cabinet
On
26 July 2022

Report prepared by: Andrew Barnes – Head of Internal Audit

Corporate Risk Register – July 2022 update

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

Cabinet Member – Cllr Collins
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 July 2022 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 / July and January / February. The updated position on each risk or opportunity and management arrangements to mitigate these are included in Appendix 1.

3.3   The presentation of the risks reflects the alignment to the Southend 2050 Themes and reports the management actions being taken to mitigate the risks, or maximise the opportunity and includes the lead officer and relevant Cabinet Member 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   The re-introduction of a Corporate Plan from 2022/23 has provided the opportunity for a review of the Council's governance framework that underpins the delivery of the expectations of the Corporate Plan, and therefore a team is reviewing the current governance arrangements and will make recommendations to deliver improvements that will seek to implement the Council's aim of simple and effective governance.

3.5   Effective risk management is a key element of the governance framework and will therefore provide a key element of the updated governance framework. Work is being undertaken on updating the risk management policy statement and strategy as part of the review of governance arrangements, with the aim of ensuring that risk awareness and horizon scanning is business as usual for all teams.

3.6   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 continuously changing impact of the ongoing Covid-19 pandemic, and the increasing impact of the inflation and cost of living pressures, that have the potential to cause 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 needs to be provided to the City.

3.7   As a result the focus for this period, as agreed by Members, has been on

- the prioritised roadmap milestones for delivery
- response to the Covid-19 pandemic
- economic recovery
- sustainability – financial, environmental and our transformation as an organisation.

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

1. Covid-19 pandemic (Policy & Resources / People)

2. Financial sustainability (Policy & Resources)

3. Inflation and cost of living pressure (Policy & Resources / People) – escalated to CRR

4. Public services landscape (Policy & Resources)

5. Workforce (Policy & Resources)

6a. Cyber security event (Policy & Resources)

6b. Data protection (Policy & Resources)

7. Capital investment delivery programme (Policy & Resources)

8. Safeguarding responsibilities and child welfare (People)

9. Mitigating for and adapting to climate change (People / Place)

10. Health inequalities (People)

11. LGA peer review of Special Educational Needs and Disability (SEND) and Children With Disabilities (CWD) (People)

12. Housing (Place)

13. Adult social care (People)

14. Social cohesion (People)

15. Waste management service (Policy & Resources)

16. House building programme (Place)

17. Regeneration and major projects (Place)

18. Southend as a visitor destination (Place)

19. Economic recovery and income inequalities (Policy & Resources / People)

20. Local plan (Place).

3.9   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 City, which is why the risk scores are all relatively high and consequently the risks appear on the Corporate Risk Register.

3.10   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. 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 and the need to remain vigilant to the potential for things to go wrong.

3.11   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.

3.12   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.

3.13   The risks as documented are effectively the worst-case scenario of what could happen if the Council is not appropriately managing the risk 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.

3.14   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.

3.15   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   Reason for recommendation

        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.

5   Corporate Implications

5.1   Contribution to the Southend 2050 ambition, outcomes and 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 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.

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 of the corporate risk register.

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 ambition and outcomes 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   Background papers

Southend 2050: Annual review and refresh of the Outcomes & Roadmap Milestones

7   Appendices:

Appendix 1 – Summary Corporate Risk Register as at July 2022