

AUDIT COMMITTEE

24 MARCH 2011

REPORT OF HEAD OF FINANCIAL SERVICES

A.6 UPDATE OF STRATEGIC RISK MANAGEMENT STRATEGY

(Report prepared by Karen Neath)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide the Audit Committee with an update on the Council's Risk Management Strategy, Strategic Risk Register and Management Action Plans.

EXECUTIVE SUMMARY

This report sets out details of the annual review of the Council's risk management arrangements. It is proposed that there are six amendments to risks. The Management Action Plans identify progress made in managing strategic risks to 25th February 2011 and also identify future actions for the 2011/12 year, to manage downward the risks that are still considered to be at an unacceptable level.

RECOMMENDATION(S)

- (a) That the Audit Committee notes both the progress made to 25th February 2011 and the future actions developed to manage the strategic risks impacting on the Council, as set out in the Appendices.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Risk assessment, monitoring and control forms the central tool for managing the strategic risks that may prevent the Council achieving the corporate priorities set out in our Corporate Plan.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The risk management action identified can be delivered within existing budgets.

Risk

The subject of risk and how this will be managed is set out in the body of the report.

LEGAL

There are no specific legal implications.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other direct implications.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

At its meeting on 23rd September 2010, the Committee noted the progress made in relation to the management of the strategic risks impacting on the Council. The Risk Management Strategy sets out the Council's framework for its approach to risk management, including the reviewing and reporting arrangements. The Register provides a key business planning tool to identify, analyse and prioritise those risks that may affect the ability of the Council to achieve its corporate objectives. The Register also identifies those risks that are above the Council's 'risk tolerance line', i.e. those risks where existing controls are not sufficient to manage them to an acceptable level and further controls are required. For these risks management actions to reduce the risk have been identified.

CURRENT POSITION

The review has resulted in the following amendments to the Strategic Risk Register.

Risk 2 – Increased deficiency in the pension fund

This has been removed following the most recent actuarial review as at March 2010 which whilst increasing the level of deficiency payment also reduced the level of ongoing employer contributions leaving the Council in a broadly net nil position over the coming three years. The risk surrounding the cost of the pension fund will be informed by the review being undertaken by Lord Hutton as well as future years' valuations.

Risk 11 – There could be a change of administration

Given that there will be local elections in May which will inform the administration of the council over the coming four years, this risk has been removed.

Risk 20 – Pandemic Outbreak

This risk has been slightly downgraded to a B2 as the threat of a pandemic outbreak has reduced.

Risk 22 – INTend does not achieve the desired outcomes - Regeneration

This risk has been removed following the ending of the secondment of council staff and the return of the related work on regeneration to the Council. INTend (TRL) is focussed on opportunities for Harwich.

Risk 29 – Waste Collection Contract

This risk has been removed as work on re-letting the waste contract is proceeding with a new contract to be implemented from January 2012.

Risk 30 – Local Deprivation

Given the current economic situation together with wider welfare reforms and reductions in public sector funding, this risk has been upgraded to A2.

An updated version of the Risk Management Strategy is attached at Appendix A and the Strategic Risk Register incorporating the proposed changes is attached at Appendix B.

Appendix C sets out the Management Action Plans and includes progress on managing risks to 25th February 2011.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Risk Strategy

Appendix B – Risk Register

Appendix C – Management Action Plans