

Risk Management: Update

Lead Officer: Sheila Collins, Interim Director of Finance

Author: Pam Pursley, Strategic Risk Manager, Finance

Contact Details: 01823 359062, ppursley@somerset.gov.uk

Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

1. Summary / link to the County Plan

- 1.1.** The management of risk has a direct link to the Council's Business Plan, the Medium Term Financial Plan, forms an integral part of the Annual Governance Statement (AGS) and is a major component of the External Auditor's Value for Money Audit. Risk management is an essential component of good corporate governance.
- 1.2.** This report contains the latest information, obtained from our risk management system JCAD for;
 - the Strategic risks including ORG0043 sustainable budget
 - current information relating to the progress of the SWAP partial audit recommendations.
- 1.3.** Audit Committee members need to be assured that the management actions (those work tasks required to mitigate the risk to an acceptable level) and compliance with the review process, are sufficient, in accordance with the current Council's risk management policy.

2. Items for consideration

- 2.1.** The current strategic risk report, including risk **ORG0043 - Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP** is attached as **Appendix A**.
- 2.2.** The Internal Audit Partial Recommendations report is attached as **Appendix B**. Further details of the current position concerning these audits can be found from Point 3.3 below.

3. Background

- 3.1.** Strategic risk management is the process of identifying, quantifying, and mitigating any risk that affects or is inherent in an organization's business strategy, strategic objectives, and strategy execution.

The benefits of strategic risk management are

1. greater likelihood of achieving strategic objectives;
2. more systematic decision-making leading to better quality decisions;
3. improved allocation of resources.

- 3.2. ORG0043** – Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP. There is a risk to the council's long-term sustainability if there are significant in-year service overspends, and or if the council suffers significant loss of funding in future years its ability to prepare a robust and sustainable MTFP for 2020/21 onwards may be impacted.

The latest review completed by the Interim Director of Finance on 4 November 2019 stated; *“Quarter 2 revenue report will go to Cabinet on 13 Nov 2019 and confirms that £6.1m of the corporate contingency remains unallocated half-way through the year. If this remains unallocated at the end of the year, these funds will help build the Council's financial resilience further. That decision will be taken later in the year. Where services are reporting adverse variations, the mitigating management actions that are in place are included in the budget monitoring report”.*

The 'current risk score' remains at the current level of “very high” (4x4(16)).

- 3.3. Appendix B** is the Internal Audits partial recommendations report. This report highlights the progress of individual partial audits through to completion. Performance is currently in line with last year and overall considered satisfactory.

- 3.4.** Audit committee may wish to request the relevant manager attend a future committee to provide assurance that progress is being made that will enable the audit to be finalised.

4. Consultations undertaken

- 4.1.** Each Strategic Risk is owned by the relevant SLT Director, who are responsible for the reviewing their risks, in many cases in conjunction with the Risk Manager, and assuring themselves that the actions for mitigation are appropriate and delivering the expected outcome.

5. Implications

- 5.1.** How successful we are in dealing with the risks we face can also have a major impact on the achievement of our business outcomes and the delivery of services.

6. Background papers

- 6.1.** Appendix A and B

Note: For sight of individual background papers please contact the report author.