

AUDIT COMMITTEE	AGENDA ITEM No. 6
9 FEBRUARY 2009	PUBLIC REPORT

Committee Member(s) responsible:	Councillor Hiller, Chair of Audit Committee	
Contact Officer(s):	John Blair, Head of Strategic Finance	☎ 384564

RISK MANAGEMENT UPDATE

R E C O M M E N D A T I O N S	
FROM : John Harrison, Director of Strategic Resources	Deadline date : N/A
<p>The Audit Committee is asked to:-</p> <ol style="list-style-type: none"> 1. Note the Council's current risk profile 2. To consider what training should be rolled out to all members 	

1. ORIGIN OF REPORT

This report is submitted to Audit Committee as a routine planned report on risk management.

2. PURPOSE AND REASON FOR REPORT

The purpose of this report is to:-

- Provide an update to the committee on the Council's risk profile and typical actions taken to manage the key corporate risks.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. KEY STRATEGIC RISKS

- 4.1 Risk Management is an important element of managing a business. Potential risks are scored according to their likelihood and the impact they would have and mitigating actions are then taken where appropriate to reduce the risk. In accordance with its Terms of Reference Audit Committee have a responsibility to "monitor the effective development and operation of risk management and corporate governance in the council".
- 4.2 The Audit Committee approved the latest revision of the Risk Management Strategy at their November 3 meeting. This report updates the Committee in accordance with the Strategy. The strategic risk register is formally reviewed by Corporate Management Team every six months, the latest review being January 2009. The complete Strategic Risk Register will be brought to Audit Committee in due course.

- 4.3 The register covers a wide range of issues and includes a number of risks which are deemed high. These include recently emerging issues such as the impact of the credit crunch and failure to achieve the required level of capital receipts to fund the capital programme. The table below details examples of risks and some of the actions taken in order to address and mitigate these particular risks.

Examples of Risks	Mitigation / Action To Address / Progress
Impact of the Credit Crunch Shortfall in income in several areas as a result of the credit crunch	The overall financial position of the Council has been reviewed in the light of the impact of the credit crunch and the MTFs has been updated accordingly. The risks have also been highlighted in the MTFs. The situation will be kept under close review.
Asset Disposals The financing of the capital programme assumes a certain level of capital receipts, failure to achieve these will cost the Council in additional borrowing	The Asset Disposal programme was also reviewed as part of the MTFs and continues to be monitored. Governance arrangements for the capital programme are being reviewed.

- 4.4 There will be a training session for Audit Committee members prior to the meeting where more of the strategic risks and actions in place will be discussed. The Audit Committee is also asked to consider what risk management training should be rolled out to all members.

5. CONSULTATION

This report has been issued to the Corporate Management Team for consideration.

6. ANTICIPATED OUTCOMES

Audit Committee scrutinise and review the current risk profile facing the Council.

7. REASONS FOR RECOMMENDATIONS

Risk management is a key component of the Council's corporate governance framework.

8. ALTERNATIVE OPTIONS CONSIDERED

None

9. IMPLICATIONS

Environmental Impact

- 9.1. The identification of risks and the proper management of those risks in respect of environmental issues will ensure that legislation and the Council's policies and ambitions in respect to the environment are met.

Equal Opportunities

- 9.2. The identification of risks and proper management of them helps to ensure that legislation and the Council's policies and ambitions in respect to equality are met.

Financial Implications

- 9.3. The management of risks in respect to claims and litigation and reviewing how risks are controlled could result in reduced financial costs to the Council. Good risk management contributes to the efficient use of resources.

Legal Implications

- 9.4. The proper management of risks should reduce the likelihood of litigation and claims against the Council.

Links with Corporate Priorities

- 9.5. Managing risks as per the Council's risk management processes will help the Council to deliver effectively the Council's priorities.

10. BACKGROUND DOCUMENTS

(Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

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