

**Agenda Item No:**

**Report to:** Audit Committee

**Date of Meeting:** 27 September 2010

**Report Title:** Corporate Risk Register

**Report By:** Tom Davies  
Chief Auditor

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**Purpose of Report**

To inform members of the Corporate Risks facing Hastings BC and provide assurance that control arrangements are in place.

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**Recommendation(s)**

- 1. To approve the Corporate Risk Register and note the report for comparison with future updates.**

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**Reasons for Recommendations**

In accordance with part 3, Responsibility for functions of the Council's Constitution, the Audit Committee shall under section (g)(i) review, evaluate and approve the effectiveness of the Council's processes for assessing significant risk exposures and the measures management has taken to mitigate such risks to an acceptable level.

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## Introduction

### Background

1. Hastings Borough Council's greatly refreshed 'Risk Management Strategy', 'Risk Management Policy' and Risk Management for Managers - Guidance on Risk Assessment Risk' were adopted by Cabinet on 13 July 2009. In accordance with the Risk Management Strategy, Risk Management training has been provided to staff and more recently to elected members including some from Audit Committee. The presentation has been emailed to those Audit Committee members who were unable to attend on that date. The content of this report relates to that training.
2. This is the first time that the Hastings BC Corporate Risk Register has been formally reviewed by the Audit Committee and it is acknowledged that 4 of the 5 Audit Committee members are new to the Audit Committee formed in May this year.
3. A lot of different terms are used to describe types of risk, for example, Corporate Risk, Strategic Risk, Operational Risk, Service Risk etc. This can cause some confusion and so to avoid that possibility, we intend using the term Corporate Risk to describe risks that affect the medium to long term ambitions and priorities of the Council and the term Operational Risk will be used to describe those risks encountered in the course of the day-to-day running of services.
4. The Corporate Risks tend to be more significant than Operational ones and so in order to maintain focus, this report is dedicated to the Corporate Risks and the Operational Risk Register will be brought to a subsequent meeting.
5. This first annual review provides the opportunity for the Audit Committee to consider the risks that have been identified, the control arrangements in place and whether the Council has devoted sufficient resources to control the risks identified. Changes in the level of perceived risks will be able to be monitored during future reviews.
6. The Corporate Risk Register is intended to give the Audit Committee and Corporate Management Team a holistic view of the potential threats to the Council and the danger each one represents. The processes involve: -

Assessment and monitoring of a risk to the Council

The probability of the risk occurring

The impact to the Council should it occur

The Council's ability to avoid or reduce the impact

Whether the costs of preventative action are justified

## Detailed process for determining Hastings BC's Corporate Risks

7. Over the past 18 months, risk management reports at service/operational level have been received by Chief Officers. More recently, Senior Managers and Heads of Service have attended Risk Management Workshops facilitated by ZM. Each Directorate's Risk Register has been revised as a result of the workshops and has become a standard agenda item at Directorate Management Team meetings (although not every risk is discussed every time).
8. With the Directorates now routinely reviewing and discussing their top risks, the next step will be for the Corporate Risk Management Group to receive and moderate these risks and consider them alongside the top level Corporate Risks identified by Chief Officers.
9. This will be the future route for reporting on the top risks from Directorate Management Teams to Corporate Risk Management Group to Chief Officers and then onwards to Audit Committee.
10. The latest Operational Risk Registers and the previous risk management reports have supported the process for creating a Corporate Risk Register but the process for creating a dedicated Corporate Risk Register started in earnest during early December 2009 when a Corporate Risk Management Workshop was facilitated by ZM with all Corporate Management Team members present. ZM is the Council's insurer and through other risk management work it has performed for Hastings BC, has a clear understanding of the risks that Hastings BC typically faces. The Corporate Risks were all captured, put into the format of a risk register by ZM and returned to the Chief Officers with a covering report.
11. This risk register was revisited by Corporate Management Team several times since then and during August 2010 a major review was carried out to completely refresh the Corporate Risks identified. There had been some changes, for example, change in national government in May 2010, exemplifying that risk management is a dynamic process.
12. The method for evaluating risk is still subjective at this stage. Enquiries are being made to ascertain whether some of the risk evaluation could be more quantified.
13. Appendix A to this report shows the detailed Corporate Risk Register, Appendix B summarises how step 1 in risk identification was considered and Appendix C is included to show the Risk Prioritisation Matrix for clarity of overall risk scores.

## Highest risks to the Council

14. It is intended that for future reports to Audit Committee on the Corporate Risk Register that a narrative will be provided on any new risks, opportunity risks for consideration and where movement from residual risk (that is to say the risk after mitigating controls have been taken into account) to actual risk is adverse.

## Risk Management

15. This report has described the embedded process for the Council reviewing its Corporate Risks. A similar report will be brought to the January 2011 Audit Committee describing the embedded process that the Council has for reviewing its Operational Risks.

## Organisational Consequences

16. Chief Officers will continue to review any changes to the Corporate Risks and an annual review will be submitted to Audit Committee.

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### Wards Affected

None

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### Area(s) Affected

None

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### Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	Yes

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### Background Information

CMG Report Embedding Risk Management - 4 March 2010  
ZM Corporate Risk Management Workshop report - January 2010

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### Officer to Contact

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Please note:-

Appendices A, B & C for this agenda cannot be published on the Council's website because of the complex images that they contain. If required a copy can be obtained by contacting Emily Horne, Committee Administrator, tel: 01424 451719 or by email: [ehorne@hastings.gov.uk](mailto:ehorne@hastings.gov.uk)