
Report to:	CORPORATE SCRUTINY	AGENDA ITEM:	9
Date of Meeting:	4th August 2003	CATEGORY:	
Report from:	CHIEF FINANCE OFFICER	Open	
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Subject:	District Audit Risk Management Report	Ref: TN	
Ward(s) Affected	All	Terms of Reference: FM 08	

1. Recommendations

- 1.1 That this scrutiny committee notes the contents of this report and the management response to the action plan.

2. Purpose of Report

- 2.1 To inform the Scrutiny Committee of an initial assessment of the Council's risk management arrangements.

3. Detail

- 3.1 In the last two years our external auditors have focussed heavily on risk management arrangements
- 3.2 In 2001 they undertook a detailed study of risk management and revisited this work during 2002.
- 3.3 The results of this second piece of work are set out in Annex A to this report.

Risk Management

- 3.4 It is important to be aware that risk management is not just about putting things in place to reduce insurable risks.
- 3.5 Nevertheless, this is an important part of risk management as Council insurance premiums continue to rise well above the level of inflation.
- 3.6 Risk Management looks more widely at other risks that may not incur financial costs for the council but could certainly damage its reputation and the quality of the services that it provides to its customers.

- 3.7 For example one area of risk identified by the risk management group is sickness absence. This is not an insurable risk, however high levels of staff absence can hamper the Council's ability to deliver its services and/or incur higher costs in employing temporary cover to these posts.
- 3.8 Other risks considered by the group include financial risks. For example failure to plan adequately for the future could mean that the council faces the risk of significant spending reductions if its income does not match its future spending.

What has been done so far

- 3.9 It is pleasing to note that a good start has already been made on many of the issues covered by the action plan.
- 3.9 In particular the Council has:-
- Established a council-wide risk management group
 - Gained member approval for risk management policy statement
 - Identified key risk areas
 - Began the process of assessing these risk areas and what can be done to minimise them.
- 3.10 Much still needs to be done by this Council. In this we are little different from many other councils as the report also highlights.

4. Financial Implications

- 4.1 In terms of insurable risks, there are clear incentives for the Council to look at how it can minimise its risks so that this is reflected within the premiums that it pays.