

## **BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE**

**7 OCTOBER 2014**

### **ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY AND 6 MONTHLY REVIEW OF THE COUNCIL'S CORPORATE BUSINESS RISK REGISTER**

Report from: Robin Cooper, Director of Regeneration, Community & Culture  
and Chair of Strategic Risk Management Group

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#### **Summary**

In accordance with paragraph 4.1 of the Council's Risk Management Strategy, this report is to discuss both the annual review of the Risk Management Strategy and the 6 monthly review of the Council's Corporate Business Risk Register.

#### **1. Budget and Policy Framework**

1.1 The Risk Management Strategy underpins all aspects of Council work and is fundamental to the Performance Plan in terms of "giving value for money".

#### **2. Background**

2.1 **Risk Management Strategy** - Cabinet undertook the annual review of the strategy on 1 October 2013 and agreed the strategy and officers' recommendations that no significant changes needed to be made at that time.

2.2 **The Corporate Risk Register** - was last reviewed by Extended Management Team on 19 February 2014 and Cabinet on 8 April 2014. The following changes were made to the register at that time:

2.2.1 The risk rating for SR17 Delivering Regeneration is reduced to C2 to reflect the improving economic outlook and local property market as illustrated by Rochester Riverside site disposal.

2.2.2 The risk rating for SR19 Downturn in the Economy to reduced to C2 to reflect the view that nationally the economy is improving and that there is no evidence locally to show that Medway are not following that trend.

2.1.3 SR22 Treasury Management be reduced to E2 as management strategies and codes of practice make it extremely unlikely for the Council to be affected by loss of resources due to external events beyond our control.

2.3 **The Risk Management Audit 2012/2013** - confirmed that risk management arrangements are satisfactory. However it identified that training and arrangements regarding the creation of directorate risk registers require further development.

2.4 The Strategic Risk Management Group (SRMG), in consultation with the Research and Review team (who manage Covalent), agreed a phased approach, to take this forward.

### 3. Advice and analysis

3.1 **Risk Management Strategy** - The Strategic Risk Management Group and Extended Management Team has reviewed the Risk Strategy, (Appendix A) and recommend that no significant changes need to be made at this time.

3.2 **The Corporate Risk Register** - Risks owners have reviewed their risks and updated them taking account of the amendments made on 8 April 2014, those highlighted yellow in Appendix B are for consideration:

3.2.1 SR27 Government changes to Local Authority's responsibility for schools risk score to be lowered from B2 to C2 and actions to include the agreed national system of referring failing academies to the DFE's regional School's Commissioner. This reflects the improvement in results at academies and the good relationships with academy chains, giving greater confidence in our ability to express concern about performance and influence change. Furthermore, the DFE has introduced Schools' Commissioners and Advisory Boards to operate on a regional basis to oversee standards in academies and free schools. This affords a mechanism for the LA to raise concerns about academy and free school standards where local negotiation has not effected improvement.

3.2.2 SR19 Downturn in the Economy be removed from the strategic risk register as patently that is no longer a reality and the mitigating action SR19.06 'create schemes to deliver safety net provisions' related to welfare reform be moved to SR03b Finance. This will then reflect the view nationally that the economy is improving and there is no evidence locally to show that Medway is not following that trend. Welfare reforms have been considered and are included in SR3b.

3.2.3 SR31 Public Health Transition the risk score remains the same however the risk treatment actions have been updated to reflect current works being undertaken.

3.2.4 SR22 Treasury Management is removed from the strategic risk register as the mitigating actions taken by management and the treasury management strategy approved by member's remove this as a significant strategic risk.

3.2.5 Amendments to the Risk Register are detailed in Appendix B.

3.3 **The Risk Management Audit 2013/2014** – whilst the audit confirmed that risk management arrangements are satisfactory, it identified three medium priority recommendations which were outstanding from previous audit.

3.3.1 The first recommendation, relating to a lack of evidence on Covalent as to whether service / divisional risks were being identified as part of the planning process or monitored effectively as part of AD quarterly reporting. This has been addressed through Performance and Intelligence Managers for directorates issuing new

service planning guidance including the need to identify risks as part of the annual service planning and the requirement to conduct service manager and AD quarterly reviews, with this information to be recorded on Covalent.

- 3.3.2 Auditors recognised that ongoing discussions about how risk is recorded contributed to the lack of progress on recommendation two. No further work has taken place on developing directorate risk registers due to potential changes to the way risk is recorded.
- 3.3.3 Directorate Management Teams to be responsible for the identification and management of risk to aid performance of directorate priorities. Resources and processes need to be identified and implemented to develop and maintain Directorate Risk Registers.
- 3.3.4 The third recommendation identifies that the risk management process has not been rolled out and developed to reflect changes within the organisation e.g.
  - i) no awareness training provided to service managers; and
  - ii) no representative from Public Health on the SRMG
- 3.3.5 Following attendance at risk management training by the Performance and Intelligence Manager (RCC) –
  - i.a) a full review on the current Strategic Risk Management Framework to be completed to align Medway's Framework with current industry standards;
  - i.b) senior and service managers to be provided with training on risk. This should ensure that service plans and risk registers are completed and uploaded to Covalent.
  - ii) A representative from Public Health Directorate on the Strategic Risk Management Group has been implemented.

#### **4. Consultation**

- 4.1 The Strategic Risk Management Group and risk owners have been consulted on the proposed amendments to the risk register. Members will be consulted on the Corporate Risk Register via Overview and Scrutiny (7 October) and Cabinet (28 October).

#### **5. Financial, legal and risk implications**

- 5.1 This report brings forward the six monthly review of the Council's risk register which is integral to the Council's approach to risk management.
- 5.2 There are no direct financial or legal implications arising from this report although clearly the inability to control or mitigate risks could have a financial or legal impact.

#### **6. The Way Forward**

- 6.1 Members' views are sought on the following:
  - a) The Risk Management Strategy, as set out in Appendix A to the report;

- b) Management Team's recommendations on amendments to the Council's Risk Register as detailed in section 3 of this report.
- c) The progress on the three medium priority recommendations from the Risk Management Audit 2013/2014 as detailed at 3.3;
- d) The Risk Management Strategy and the revised Risk Register be submitted to Business Support Overview and Scrutiny Committee for consideration on 7 October 2014 and to Cabinet on 28 October for final approval.

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**Appendices:** Appendix A - Risk Management Strategy  
Appendix B - Record of Amendments  
Appendix C - Corporate Business Risk Register

**Background papers**

None