

## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**13 APRIL 2017**

### **6 MONTHLY REVIEW OF THE COUNCIL'S CORPORATE BUSINESS RISK REGISTER**

Report from: Richard Hicks, Director of Regeneration, Culture, Environment and Transformation / Chair of Strategic Risk Management Group

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#### **Summary**

In accordance with paragraph 7.1 of the Council's Risk Management Strategy, this report is to discuss the 6 monthly review of the Council's Corporate Business Risk Register.

The Business Support Overview and Scrutiny Committee is invited to consider the report and submit any comments to the Cabinet (9 May 2017).

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

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

#### **2. Background**

2.1 Risk management is an integral part of good governance. The council recognises that it has a responsibility to identify and manage the barriers to achieve its strategic objectives and enhance the value of services it provides to the community.

2.2 The Corporate Risk Register, which accompanies the strategy, ensures that all relevant key risks are recorded and this is reviewed and managed every 6 months by both management and Members.

2.3 **The Corporate Risk Register** - was last reviewed by Strategic Risk Management Group on 22 July 2016, Corporate Management Team (CMT) on 10 August 2016, Business Support Overview and Scrutiny Committee on 27 October 2016 and Cabinet on 22 November 2016. The following changes were made to the register at that time:

- 2.4 All amendments highlighted **GREY** within the report were approved by Cabinet.
- 2.5 Cabinet noted the comments of the Business Support Overview and Scrutiny Committee on 27 October 2016:
- 2.6 **Risk SR26 (Children's Social Care)** – A Member commented that in his opinion the narrative did not recognise the current situation whereby budgets were being continually increased, followed by regular overspends.
- 2.7 **Proposed new risk (Shape of Local Government in Kent)** – A Member referred to ongoing discussions about the shape and structures of local government in Kent. While this was probably a low risk, it was suggested that Cabinet consider adding it to the risk register given the inevitable impact on Medway.
- 2.8 **Risk SR03b (Finances)** – referring to the risk surrounding the Council's ability to deliver a balanced budget without recourse to reserves, a Member asked what actions were being taken to mitigate against this risk. The Chief Finance Officer replied that a number of mitigating actions were contained in the Medium Term Financial Plan, including the opportunities the digital transformation agenda would bring, addressing pressures in social care, alternative delivery models, income generation and property rationalisation. The details behind these would be reported through the budget setting process. In response, another Member queried the value of the risk management process if the information about what was being done to mitigate risks was held elsewhere. He suggested that a better approach would be to combine risks and mitigations in one place so that Members could see the current position regarding a risk, what was being done to mitigate it, what the timescales were and what the residual risk would be at the end of the process. The Chief Finance Officer commented that officers recognised this issue and were looking to embed financial risks into the corporate risk register so there was a more joined up approach to risk.
- 2.9 Referring to the budget setting process, a Member commented that a weakness of the system was that details of the budget were not made known to non-executive Members until too late in the process with the result that proper scrutiny was not possible and the budget was out of date and inadequate at the point it was agreed.
- 2.10 **Risk SR25 (Adult Social Care Transformation)** – Noting the high risk rating for this, a Member queried whether the Council had the resilience or the capacity to deal with the Sustainability and Transformation Plan and the need to pool budgets and also commented that the details about mitigation seemed light.
- 2.11 **Risk SR17 (Delivering Regeneration)** – A Member asked what the Council was doing to ensure there was sufficient affordable housing for workers in Medway. Reference was made to the recommendations from the Housing Task Group and it was noted that a report on progress in implementing these would be considered by the Committee in January 2017.
- 2.12 In response to the comments of the Business Support Overview and Scrutiny Committee as set out above, advice from the Chair of the Strategic Risk Management Officer Group (who is the Director of Regeneration, Culture,

Environment and Transformation) is as follows:

- 2.13 **Risk SR26 (Children's Social Care)** - While pressures in children's social care continue, which impact on the placements and staffing budgets, the total spend is being controlled and the overspend is reducing (2015/16 outturn was £37.5m, latest 2016-17 forecast outturn is £36.2m). Thresholds are being closely monitored and the number of open cases is less than it was during 2015/16. Average monthly referrals in 2015/16 were 260 per month. For the first six months of 16/17 it has been 206 per month. As at the 31 March 2016, the caseload in children's services was 2210 cases. This has reduced to 1595 at the end of September 2016.
- 2.14 **Proposed new risk (Shape of Local Government in Kent)** - There are currently no formal decisions about the shape of Kent that affect Medway directly and therefore this is not considered a risk at this time but will be monitored through the Leaders' Forum and the Joint Chief Executives meeting (a pan-Kent group).
- 2.15 **Risk SR03b (Finances)** – For Cabinet to note the Chief Finance Officer's comments made at the Business Support Overview and Scrutiny Meeting.
- 2.16 **Risk SR25 (Adult Social Care Transformation)** – The Directorate's Partnership and Commissioning Service has been restructured to support the delivery of the Sustainability Transformation Plan (STP). In addition the Council have established a Programme Management Office to deliver the Adults Strategic Plan including the savings identified through the assessment. The alignment of the Adults Social Care Operational teams alongside those of the Hubs which are emerging through the STP will support the delivery of the changes required in relation to out of hospital care. Close negotiations in relation to the investments of the better Care Fund and the outcomes that have been achieved in relation to service transformation and efficiencies will inform future planning the pool budgets.

### **3. Advice and analysis – Corporate Risk Register**

- 3.1 Risks owners have reviewed their risks and updated them taking account of the amendments made on 22 November 2016. Strategic Risk Management Group reviewed these amendments on 12 January 2017 and CMT on 1 February 2017. January 2017 amendments to the Risk Register are detailed in Appendix A and B and are for consideration (additions/amendments are highlighted **GREY**).
- 3.2 **SR32 Data and information** – CMT have escalated this risk from DII to CII. The rationale for this is that the Council is taking steps to improve its information governance. This requirement is supported by the findings and evidence that is being used to complete the Information Governance (IG) toolkit before 1 April 2017. All Local Authorities are required to submit a satisfactory IG Toolkit to Government annually.
- 3.3 In 2015/16 the Council renewed the IG Toolkit but for 2016/17 the IG Toolkit was refreshed and made more stringent.
- 3.4 By using the IG Toolkit the following areas for improvement have been identified e.g.:

- Data protection training for all staff rather than just those involved in processing personal data
- Information governance training for appropriate staff
- The opportunity to strengthen information governance policies and procedures
- Collection, retention and disposal of personal data
- The opportunity to strengthen information systems

3.5 A more appropriate risk level is therefore suggested.

3.6 **SR 26 Children's Social Care** - CMT would like this risk to be reduced from All to BII. The rationale for this is that the necessary work to improve Children's Services in Medway since Ofsted's judgement of "requires improvement" in November 2015 has been undertaken and the Department of Education have confirmed that their period of support and supervision is now complete and their formal involvement with the Council has now ended. The Department for Education is clear that the Council has made good progress in addressing the issues raised in the Ofsted's 2015 inspection report. The Minister is reassured that there is strong and committed leadership in Medway, and a clear vision for delivering high quality services.

#### 4. **Consultation**

4.1 Risk owners have been consulted on the proposed amendments to the risk register. Strategic Risk Management Group reviewed the amendments on 12 January 2017 and CMT on 1 February 2017. Members will be consulted on the Corporate Risk Register via Business Support Overview and Scrutiny on 13 April 2017 and Cabinet on 9 May 2017.

#### 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. **Recommendations**

6.1 The Committee is asked to consider the report and submit any comments to Cabinet on 9 May 2017 on the following:

- a) Officer's recommendations on amendments to the Council's Risk Register as detailed in section 3 of this report.
- b) The revised Risk Register be submitted to Cabinet on 9 May 2017 for final approval.

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**Appendices:** Appendix A – Corporate Record of Amendments  
Appendix B – Corporate Business Risk Register

**Background papers**

Business Support O&S Committee - Corporate Risk Register Report 27 October 2016  
<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=123&MId=3387&Ver=4>

Cabinet - Corporate Risk Register Report 22 November 2016  
<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=3372&Ver=4>