

**BUSINESS SUPPORT  
OVERVIEW & SCRUTINY COMMITTEE**

**26 OCTOBER 2017**

**6 MONTHLY REVIEW OF THE COUNCIL'S CORPORATE  
BUSINESS RISK REGISTER AND ANNUAL REVIEW OF  
THE STRATEGIC RISK FRAMEWORK**

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 4.1 of the Council's Risk Management Strategy, this report is to discuss the 6 monthly review of the Council's Corporate Business Risk Register and the annual review of the Strategic Risk Framework.

The Business Support Overview and Scrutiny Committee is invited to consider the report and submit any comments to the Cabinet (21 November 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 This Risk Management Strategy incorporates and:

- promotes a common understanding of risk;
- outlines roles and responsibilities across the Council;
- proposes a methodology that identifies and manages risk in accordance with best practice thereby seeking to prevent injury, damage, loss and reducing the cost of risk.

- 2.3 The strategy is reviewed annually to ensure that it remains up-to-date and continues to reflect the Council's approach to risk management.
- 2.4 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.
- 2.5 **The Corporate Risk Register** - was last reviewed by the Strategic Risk Management Group (SRMG) on 4 January 2017, Corporate Management Team (CMT) on 1 February 2017, Business Support Overview and Scrutiny Committee on 13 April 2017 and Cabinet on 9 May 2017.
- 2.6 At that time the Cabinet agreed the following proposed amendments to the Council's Risk Register from Corporate Management Team:
- a) The Cabinet noted the comments of the Business Support Overview and Scrutiny Committee (BSO&S) on 13 April 2017 and decided that Corporate Risk SR26 (Children's Social Care) should be downgraded from All to BII.
- 2.7 **The Strategic Risk Framework** - was last reviewed by the SRMG on 22 July 2016, CMT on 10 August 2016, Audit Committee on 29 September 2016, BSO&S on 27 October 2016 and Cabinet on 22 November 2017.

### 3. Advice and analysis Corporate Risk Registers

- 3.1 Risks owners have reviewed their risks and updated them taking account of the amendments requested at Cabinet on 9 May 2016. July 2017 amendments to the Risk Register are detailed in Appendix A and B and are for consideration (additions/amendments are highlighted **GREY**).
- 3.2 CMT on 19 July 2017 added the following three risks to the Corporate Risk Register:
- **Alternative delivery models (eg MCG)** – Perry Holmes/Carrie Mckenzie/Phil Watts
- 3.2.1 While local authorities have traditionally delivered all services in-house, Medway Council has a strong track record of working in partnership with other organisations to deliver its objectives, including outsourced contracts, a range of shared services and joint commissioning arrangements. The joint venture with Medway Norse and the development of Medway Commercial Group represent a further evolution of this partnership approach. While the Council has some experience in the establishment and management of these arrangements within individual service areas, the growth in number and impact of these alternative delivery models over the past year brings a range of risks which now need to be managed at a corporate level.
- 3.2.2 The risk has been given a score of BII (High Likelihood and critical impact), reflecting the growing number and significance of services delivered through alternative delivery models, and the fact that arrangements to manage this risk have largely been at a service level, rather than a corporate level to date.

- **Transformation** – Stephanie Goad

3.2.3 This risk has been identified and added to the corporate risk register given the importance of achieving the savings from the transformation programme to fulfil the requirements in the medium term financial plan. The organisation is managing a range of changes which mean capacity is potentially stretched.

3.2.4 The risk has been rated currently as C2 – in reality if the mitigations are effective a D2 would be more appropriate.

- **Homelessness/housing** (Tomasz Kozlowski)

3.2.5 Homelessness has been added to the corporate risk register and has been scored as BII (High Likelihood and critical impact). Homelessness, and more specifically the provision of temporary accommodation has been increasing both locally and nationally for a number of years. Proposed changes to legislation, welfare reform and changes to funding act as further risks to the sustainability of the budget as well as the overall increasing demand. The Council has also come under scrutiny for the way that it offers services to single homeless applicants and rough sleepers during 2016/17. The amount of “visible” homelessness and associated issues has become an increasing point of focus for members, the public and press during 2016/17 with the unfortunate deaths of three rough sleepers during the year.

3.3 In addition following the recent tragedies at Shoreham Airshow and Grenfell Tower, officers were asked to brief senior Members on how the Council would respond in the event of such an incident occurred in Medway. The resultant paper detailed the fact that the Council has in place response mechanisms to deal with major emergencies. This is in the form of Emergency Plans countywide and Medway Council specific plus Business Continuity plans at a Council level. There is a dedicated Emergency Planning team plus senior officers trained to take part at gold, silver and bronze response levels

#### **4. Advice and analysis – Strategic Risk Framework**

4.1 The Strategic Risk Management Strategy has completed its annual review.

4.2 At Business Support Overview and Scrutiny Committee on 13 April 2017 a Member reiterated a point made when the Committee last considered the Risk Register that a better approach to risk would be to combine risks and mitigations in one place. This would allow Members to see what was being done to mitigate a risk, what the timescales were, what progress was being made and what the residual risks were. The Chief Legal Officer advised that the Strategic Risk Management Group would look at its next meeting whether it was the right time to move to a broader approach to risk, including whether the Risk Register should include opportunities and mitigations as well as risks.

4.3 CMT agreed on 19 July 2017 to include more detailed updates on the progress of actions to mitigate risk from January 2018. For the longer term work has commenced to develop a joint approach to the management of risk, finance and performance.

## **5. Advice and analysis – Risk Management Audit August 2017**

- 5.1 The review considered the effective arrangements that are in place for the management of operational risk in line with the Risk Management Cycle in the Council's Strategy.
- 5.2 The review found information is available on the intranet to help Service Managers understand their role in the Risk Management Framework and how to produce a service plan. All nine services knew how to identify, analyse and prioritise risks one service did not have an up to date service plan. Service Managers demonstrated inconsistencies in their risk rating, the templates they use to report risks and the majority were not using Covalent, which supports the opinion of some Service Managers that more training is required.
- 5.3 Four medium priority recommendations were identified in relation to providing training and introducing arrangements to ensure all services complete service plans and appropriately scored risk registers consistently.
- 5.4 Training arrangements have been reviewed and all managers will receive Risk Management Training by 30 April 2018. A process has been established to confirm all Service Plans have been completed by 1 April 2018.

## **6. Consultation**

- 6.1 Risk owners have been consulted on the proposed amendments to the risk register. The SRMG on 22 June 2017 and Corporate Management Team on 19 July 2017 reviewed the amendments and framework. Members will be consulted on the Corporate Risk Register via Business Support Overview and Scrutiny Committee on 26 October 2017 and Cabinet on 21 November 2017.

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

- 7.1 This report brings forward the annual review of the Strategic Risk Framework and six monthly review of the Council's risk register, which is integral to the Council's approach to risk management.
- 7.2 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.

## **8. Recommendations**

- 8.1 The Committee is asked to consider the report and submit any comments to Cabinet on 21 November on the following:
  - a) Officers' recommendations on amendments to the Council's Risk Register as detailed in section 3, Appendix A and B to this report.
  - b) The risk management framework, Appendix D, and the response from CMT, as detailed in paragraph 4.3, to the comments on risk management made at the April 2017 meeting of the Business Support Overview and Scrutiny Committee.

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

**Background papers**

None