

**BUSINESS SUPPORT
OVERVIEW AND SCRUTINY COMMITTEE
24 OCTOBER 2019
RISK STRATEGY ANNUAL REVIEW**

Report from: Phil Watts, Chief Finance Officer and Chair of Strategic Risk Management Group

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Summary

In accordance with the Council's Risk Management Strategy, this report presents the annual review of the Risk Strategy.

1. Budget and Policy Framework

- 1.1. Good corporate governance requires that local authorities identify all their significant strategic and operational risks, and put effective risk management and internal control systems in place.
- 1.2. In line with its terms of reference, the Audit Committee is responsible for providing independent assurance on the adequacy of the risk management framework and the associated control environment, including consideration of the Council's approach to risk management. The Cabinet is responsible for ensuring the effective operation of risk management in the Council.
- 1.3. Given the overarching responsibilities of the Business Support Overview & Scrutiny Committee, the Committee is invited to consider the Risk Strategy Annual Review and submit any comments to Cabinet.

2. Background

- 2.1. Risk management is a process which aims to help the Council understand, evaluate and take action on all their risks. It supports effective decision making, identification of priorities and objectives and increases the probability of success by making the most of opportunities and reducing the likelihood of failure.
- 2.2. 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. The Council's Risk Management Strategy:
 - promotes a common understanding of risk;

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

3. Advice and analysis

- 3.1. The Risk Management Strategy is reviewed annually to ensure that it remains up to date and continues to reflect the Council's approach to risk management. The Strategy is reviewed by the Strategic Risk Management Group, Corporate Management Team, Audit Committee and Business Support Overview and Scrutiny Committee before being approved by Cabinet.
- 3.2. The latest review of the Risk Management Strategy is shown in Appendix 1. This review brings the Risk Management Strategy in line with the International Standard in Risk Management (ISO 31000:2018(E)), which provides a common approach to managing any type of risk and can be applied to any activity and updates the format to be consistent with other Council strategies.
- 3.3. This review also incorporates into the Risk Management Strategy the increased frequency of reviewing the risk register as noted by the Cabinet on 11 June 2019. Increasing the frequency of reviews of the Strategic Risk Register to quarterly will enable risks to be reported alongside performance and budget monitoring and therefore support decision making.
- 3.4. The Risk Management Strategy sets out an objective method for analysing risks taking into consideration the likelihood of the risk occurring and the impact should the risk manifest. The Risk Management Strategy also states the Council's agreed tolerance level for risks. The risk analysis method is shown in Appendix 1 (Risk Management Strategy, page 6). This methodology, which has been in place for many years at the Council, remains in line with best practice guidance and is well known and understood by Members and Officers. As such this review does not propose any amendment to that methodology.
- 3.5. There are no further changes to the Risk Management Strategy and the process of risk management in the Council remains the same.

4. Consultation

- 4.1. The Risk Strategy has been discussed with the Strategic Risk Management Group, Corporate Management Team and at Audit Committee. Following discussion at Business Support Overview and Scrutiny Committee, Members will be further consulted on the Strategy via Cabinet on 19 November 2019.

5. Financial, legal and risk implications

- 5.1. There are no direct financial or legal implications arising from the Corporate Risk Strategy. The Strategy itself addresses the risk implications.

6. Recommendations

6.1. The Committee is asked to:

- a) review and endorse the amendments proposed to the Risk Management Strategy, and;
- b) note that the Risk Management Strategy and Corporate Risk Register will be submitted to Cabinet on 19 November 2019 for approval.

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Appendices:

Appendix 1 – Risk Management Strategy

Background papers:

None