

AUDIT COMMITTEE

16 MARCH 2023

RISK STRATEGY ANNUAL REVIEW

Report from: Phil Watts, Chief Operating Officer

Author: Samantha Beck-Farley, Chief Organisational Culture Officer

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.
- 1.3. The Cabinet is responsible for ensuring the effective operation of risk management in the Council.

2. Background

- 2.1. Risk management is a process which aims to help the Council understand, evaluate and act 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 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 and loss.

3. Advice and analysis

- 3.1. The Risk Strategy is reviewed annually to ensure that it remains up to date and continues to reflect the Council's approach to risk management. The 2023/24 Risk Strategy is shown in Appendix 1. The current 2022/23 Risk Strategy is shown in Appendix 2 for reference.

4. Consultation

- 4.1. Following consultation with Corporate Management Team (CMT), the following have been reflected in the 2023/24 Risk Strategy:

4.1.1. The disbandment of the Strategic Risk Management Group (SRMG). The leadership and support for risk management remains with CMT.

4.1.2. Strategic risks are distinguished as follows:

- Live risks require continued management and further mitigating action. These risks may change each quarter.
- Managed risks are risks where all reasonable mitigation has been applied and embedded into business-as-usual work. Due to their nature or sensitivity, these risks may still require a corporate overview but would not typically change each quarter.

4.1.3. Increased emphasis of the different levels of risk register to ensure risks can be escalated up and managed down appropriately. Risk registers will be held at service, project/programme, directorate, and strategic level.

4.1.4. A simplified 4x4 risk matrix together with scoring criteria to enable more accurate and informed risk evaluation.

4.1.5. A revised tolerance level of BI which reflects the simplified risk matrix whilst maintaining the framework for escalating the most severe risks.

5. Financial, legal and risk implications

- 5.1. There are no financial or legal implications arising from the review of the Risk Strategy.

6. Recommendations

- 6.1. The Committee is asked to consider the Risk Strategy 2023/24 as set out in Appendix 1 to the report and submit any comments to Cabinet.

Lead officer contact

Lesley Jones, Corporate Performance Lead

Telephone: 01634 332472 E-mail: lesley.jones@medway.gov.uk

Appendices

Appendix 1 2023/24 Risk Strategy

Appendix 2 2022/23 Risk Strategy

Background papers

None