

**Cabinet Sub Committee**  
**(Medway Norse Ltd Shareholder Board)**

**6 June 2024**

**Review of the Company's Risk Register**

Report from / author: Phil Watts, Chief Operating Officer (Section 151 Officer)

**Summary**

This covering report introduces the strategic risk register for Medway Norse Ltd. The risk register itself is attached as an exempt appendix.

**1. Recommendations**

1.1. The sub-committee is asked to note the contents of the report and its appendix.

**2. Suggested reasons for decision**

2.1. In order to fulfil its role as shareholder, on behalf of the Council, the sub-committee must be regularly updated regarding the risks affecting the company and its activity and the action being undertaken to manage those risks.

**3. Budget and policy framework**

3.1. Medway Council and Norse Commercial Services are the joint shareholders of the Medway Norse Ltd. joint venture and its subsidiaries, with the exercise of the Council's shareholder powers and responsibilities being an executive function of the Cabinet. Cabinet has delegated these powers and responsibilities to this Cabinet sub-committee.

3.2. This report has been circulated separately to the main agenda. Therefore, the Cabinet is asked to accept this report as urgent to ensure that the Sub Committee is able to review and comment on the Risk Register at the earliest opportunity given that the next scheduled meeting of the Sub Committee does not take place until 27 August 2024.

**4. Background**

4.1. At its meeting on 12 March 2013, the Cabinet agreed to establish a joint venture company with Norse Commercial Services Ltd. to deliver facilities management services on behalf of the Council. Over the past ten years, waste collection, street cleansing and green spaces were subsequently transferred to the joint venture company and it was also awarded contracts for certain SEND transport routes and to deliver services to the Housing Revenue Account.

4.2. The initial partnership agreement was signed for a ten year period, expiring at the end of June 2023. A five year extension has been agreed in principle and a letter

of intent exchanged, however at the time of writing a new contract has not yet been agreed. Services continue to be delivered under implied terms.

## 5. Key points to note

- 5.1. The risk register attached at the Exempt Appendix 1 has been derived from a more comprehensive document prepared by the company and employs a slightly different scoring methodology, however it is one that still allows risks to be ranked and prioritised.
- 5.2. The risk register is comprehensive, including closed risks and those being managed under 'business as usual', in addition to those which require further management action.
- 5.3. Of the 60 risks identified in the register, 16 are deemed *high* risk and a further 11 *very high*. The sub-committee is asked to note those scored as *very high* risk...:
  - Risk 2, a workplace transport accident.
  - Risk 8, a major transport accident.
  - Risk 24, a failure to collect income for services provided.
  - Risk 37, failure to deliver climate change objectives.
  - Risk 38, financial pressures as a result of macro-economic conditions.
  - Risk 45, the Council making significant changes to service specifications, impacting on capital requirements.
  - Risks 43,44,46 and 68, a number of risks (four) associated with the change in overall control of the Council impacting Board membership and decision making.
  - Risk 47, failure to keep pace with changing technology.

## 6. Risk management

- 6.1. The mitigating action is all clearly set out in the appendix.

## 7. Consultation

- 7.1. The risk register is regularly reviewed by the Board, comprising three directors appointed by NCS Ltd. and two officers appointed as directors by the Council.

## 8. Financial implications

- 8.1. There are no financial implications arising directly from the contents of this report.

## 9. Legal implications

- 9.1. There are no legal implications arising directly from the contents of this report.

## 10. Conclusions

- 10.1. The company takes risk management seriously and maintains a comprehensive strategic risk register, as well as detailed risk registers for individual schemes.

The scoring reflects management action and this appears to be successful in managing the risks identified.

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#### Appendices

Exempt Appendix 1 – Medway Norse Ltd. Strategic Risk Register

#### Background papers

None