

RISK MANAGEMENT STRATEGY REFRESH

Governance and Audit Committee	27 July 2022
Report Author	Chris Blundell, Acting Deputy Chief Executive
Portfolio Holder	Councillor Ashbee, Portfolio Holder for Corporate Performance and Risk
Status	For information
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report provides the Governance & Audit Committee with the refreshed Risk Management Strategy for approval

Recommendation(s):

1. To approve the new Risk Management Strategy

Corporate Implications

Financial and Value for Money

The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.

It is the role and responsibility of the Section 151 Office to have active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.

Legal

There are no legal implications for the recommendation required by this report.

Corporate

Governance & Audit Committee last approved the Risk Management Strategy on 6 March 2019, this has now been refreshed to provide more robust processes to capture and monitor risk.

Equalities Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- Advance equality of opportunity between people who share a protected characteristic and people who do not share it

There are no equity or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.

Corporate Priorities

This report relates to the following corporate priorities:

- Growth
- Environment
- Communities

1. Introduction

1.1. The Council monitors and manages its corporate risks using the processes laid out in the Risk Management Strategy. This report presents the refresh of the strategy.

2. Background

2.1. The Risk Management Strategy 2019-23 was approved by the Governance and Audit Committee at its meeting on 6 March 2019.

2.2. The strategy is reviewed annually to ensure it is fit for purpose. However as the risks the Council faces continue to evolve, so does the strategy put in place to monitor and manage their impact.

2.3. The new strategy strengthens certain elements to ensure that a clear corporate approach to risk management is adopted.

3. Risk Context

3.1. The Council has seen many significant areas of risk emerge since the last update of the Risk Management Strategy whereas some remain.

3.2. Covid-19 has been the key emerging risk over the last year or two, having a significant impact on not just individual services but to the Councils operations in general. We've had to adapt the way we deliver our services, shaping them around

Government guidance, this has seen some services suspended and others delivered in alternative ways. Covid-19 has ultimately accelerated the move to home working across the organisation, which in itself posed some risk, but has ultimately, due to good IT infrastructure, allowed for the smooth operation of some services throughout the pandemic. New processes associated with supporting local businesses had to be introduced as well as managing the millions of pounds provided by the Government to reduce the economic impact. Thankfully the risk of the pandemic has reduced, although on-going consideration to the possibility of new variants which may further disrupt services remains.

- 3.3. Brexit continues to play a risk to service delivery. Things have moved on significantly since the last refresh of the strategy with the overall strategic vision now clear, however new emerging elements either linked solely or in part to Brexit, such as the recent shortage of HGV drivers and subsequently fuel remain.
- 3.4. The Council has for years identified Limited Resources as one of its top risks. This continues to be the case. There have been a number of high profile mistakes and liabilities, some on-going and Thanet remains a local authority with very low reserves and very little scope to do anything, year on year, other than reduce running costs and to fund investment in assets from selling other assets. Some other authorities have been able to create some headroom and risk appetite to invest in new or expanded services and/or buy assets, both of which can earn a long-term return. This can support the revenue budget and so help to mitigate the losses in external government funding. Thanet has lived a hand-to-mouth existence for many years, trapped in a cycle of cost-cutting and a dependency on ever-depleting government funding, without the wherewithal to take the radical steps needed to lift the council out of this cycle.
- 3.5. Homelessness continues to provide a challenge to the local authority, who has a statutory obligation to provide accommodation, but not always with additional finance or other resources. Recently an upward trend in homeless numbers, most likely linked to Brexit and Covid-19 means a significant risk remains in this area.
- 3.6. Governance poses a significant risk to the Council. The progress and conclusion of these matters present both a financial and reputational risk to the authority.

4. Changes to the RM Strategy

- 4.1. Given the ever changing nature of risk and the emergence of some key risks since 2019, including Covid-19, Council officers continue to monitor and revisit existing processes to ensure they are fit for purpose.
- 4.2. As a result new processes have been developed within the Risk Management Strategy to ensure consistency and robustness of monitoring and evaluating risk, these are:
 - **Clear scoring matrix for risks** - allowing those managers with responsibility for risk registers to score risks consistently across the organisation.
 - **Clearer reporting process laid out** - highlighting what risks are reported to G&A via the quarterly risk update report.

- **Splitting risks into three clear categories** - emerging / future / current - this will allow managers to put in place risk mitigations for not only current risks but also for them to recognise and begin to mitigate those new risks occurring now and in the future.
- **New annual meetings with each directorate** - to ensure corporate engagement with process and to review and refresh historic risks.
- **New section on CMT / Cabinet / Council reports** - to highlight that managers who wish to take forward changes or new projects have considered the approach to risk.

5. Recommendation

5.1. To approve the refreshed Risk Management Strategy.

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