

## **Strategic Risk Review**

**To:** Audit & Governance Committee

**Date:** 24 March 2015

**Main Portfolio Area:** Finance & Governance

**Author of report:** Rich Clarke

**Classification:** Non Exempt

**Ward:** All

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### **SUMMARY**

The report relates to the Council's ongoing management of its strategic risks and has to principal aims for this meeting:

- To advise Members of general movements in the environment which affect the Council's strategic risks, in particular those which have caused a re-evaluation of the risk score, and
- To provide a detailed overview of a smaller range of risks to allow Members to probe more deeply into arrangement for managing those particular risks.

For this meeting, the Committee decided to invite Jane Lynch and David Candlin, and so the latter detailed section relates to the risks for which they are responsible.

### **LINK TO STRATEGIC COMPASS**

Risk management underpins achievement of all of the Council's objectives by ensuring that threats and opportunities are being identified, managed and exploited for the Council's best advantage. Risk management also forms part of the Corporate Governance framework.

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### **Report status**

For information

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### **Route to Implementation/Timetable:**

Risk management is a continuing action of the Council.

## BACKGROUND/INTRODUCTION

1. This report provides a general update on the environment around the Council's strategic risks and provides a more detailed description of mitigation arrangements around a sample of risks selected at the previous meeting of this Committee.
2. The Council's risk management process delegates day to day management of strategic risks to named individuals who consider the environment around the risk, the success of mitigating controls and the extent of ongoing threat as part of their regular duties. Periodic reports summarising the position on each risk go to the Council's Management Board for discussion and, if appropriate, action.
3. The chart at Appendix B (Strategic Risk Profile) shows each risk scored onto the risk matrix graph. The further towards the top right hand corner the greater the risk to the Council. Movement in that direction indicates the risk is becoming more severe, whereas risks moving towards the bottom left are receding. This is a dynamic and not always linear process; circumstances could mean changes in direction, identification of new risks or existing risks becoming resolved. The chart at Appendix B provides only a snapshot on a particular date.
4. The Audit & Governance Committee recommended the current risk register for approval by Cabinet on 25 March 2014 (AG51/13); approval which arrived on 16 May 2014 (CAB177/13). Since then, at the request of the Committee, we have provided periodic reports that give a general overview and support detailed discussion on a sample of specific risks as selected by the Committee.
5. Appendix B also provides a single page summary of all of the ten identified strategic risk, showing an overview of contributing factors, potential impact and current controls. It also notes (in the final column) updates this quarter, highlighting in bold those changes that, in the view of management, require a re-evaluation of the risk score to reflect its current threat.
6. The general trend in this quarter has been upward, with three of ten risks increasing in threat and only one of ten diminishing. All of those evaluated as having increased threat are now scored within the 'red' quadrant meaning they lay above the Council's risk tolerance threshold. As the sole diminished score moved a risk within the 'amber' band this means that eight of the ten risks now lay above the risk tolerance threshold.
7. The reasons for re-evaluation are described and, naturally, speak of a range of circumstances particular to each issue. However, one common theme crossing a number of scenarios is the inevitable increase in uncertainty in the future of public policy that comes with entering an election period.
8. Members have agreed previously to invite managers responsible for certain specific risks to attend and outline for the Committee the Council's approach to managing their particular risk. At this meeting the Committee has decided to invite Jane Lynch and David Candlin. Consequently, the risks for which they are responsible are highlighted in greater detail within appendix B, but also summarised below:

No.	Risk Scenario	Score	Movement
2	Being unable to maximise economic opportunities and resolve infrastructure issues ( <b>David Candlin</b> )	Likelihood: 5 (High) Impact: 3 (Severe)	↔
8	Inspector decision which challenges housing target vs housing supply ( <b>Jane Lynch</b> )	Likelihood: 4 (Significant) Impact: 4 (Major)	↔
10	Development Programme ( <b>David Candlin</b> )	Likelihood: 5 (High) Impact: 3 (Severe)	↔

### WHAT IS THE ISSUE THAT REQUIRES A DECISION AND WHAT DOES THIS MEAN FOR THE PEOPLE OF TUNBRIDGE WELLS?

9. The Audit and Governance Committee notes the ongoing risk management process and has received assurance that risks are being effectively managed.

### WHO HAVE WE CONSULTED AND HOW? (OR WHO WILL WE CONSULT FOLLOWING THE DECISION?)

10. All risks are reviewed by Management Board and Executive Members and considered by Audit and Governance Committee that receives periodic reports on risk management..

### HOW WILL THE DECISION BE COMMUNICATED?

11. Strategic Risks are communicated to Management Board, Cabinet and Audit & Governance Committee.

### CONCLUSIONS

12. The report sets out the general approach to risk management, and provides specific updates on the circumstances around strategic risks. This allows the Committee to gain assurance that the risk is being managed effectively.

### RECOMMENDATIONS:

Members note the strategic risk management review report and approve the arrangements for managing strategic risks as set out in the report.

### REASON FOR RECOMMENDATION:

To provide assurance in relation to the control environment and inform the Annual Governance Statement.

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### Name of Director/Head of Service

Lee Colyer

Director of Finance (interim) (s151 officer)

## **Background Papers**

None

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## **APPENDICES TO REPORT**

APPENDIX A Cross cutting issues

APPENDIX B Strategic Risk Profile and Specific Risk action plans