

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

23 July 2018

Report of the Management Team

Part 1- Public

Delegated

1 RISK MANAGEMENT

A report updating Members on the risk management process and appending a copy of the latest Strategic Risk Register.

Members are asked to note the emergence of a new strategic risk concerning the procurement of the Waste/Recycling Contract, and are also asked to confirm details of a training session in connection with risk management.

1.1 Introduction

1.1.1 As Members are aware, the Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks. The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational.

1.1.2 The current Risk Management Strategy was recommended by this Committee in January, and was subsequently adopted by Full Council on 20 February 2018.

1.2 Risk Management Escalation Process

1.2.1 The Risk Management process has previously been considered by the Committee in some detail. Effectively risks are assessed/scored in terms of their potential impact and those being assessed as potentially "High" will feature on the Strategic Risk Register (SRR).

1.2.2 Risks which are scored as "Low" in terms of their potential likelihood or impact are managed by Senior Managers within Service.

1.2.3 Should the risk score increase, these risks are escalated to Service Management Team with a "Medium" categorisation.

1.2.4 Service Management Teams will escalate the risk via the Management Team for corporate attention if it is felt that the likelihood or impact of the risk now carries a categorisation of “High”. As mentioned at paragraph 1.2.2, risks with a “High” categorisation will find their way onto the SRR. By way of example, at the meeting in January Members might recall that a new strategic risk relating to the monitoring of potentially contaminated land in respect of the Council’s duties and responsibilities under the Environmental Protection Act 1990 was added to the SRR.

1.2.5 When the Committee met in January, it was noted that it was the intention to report on outcomes from the risk management escalation process bi-annually in July and January to give Members some reassurance as to the effectiveness of the regime.

1.3 Risks recorded by Service Management Teams

1.3.1 Numerous risks have been escalated to Service Management Teams by managers since the last report to this Committee in January 2018 and are continuously monitored.

1.3.2 With the exception of one risk, all either retain a “Medium” categorisation or have been removed. Examples, for Members’ information, are as follows:

- Annual Billing for Council Tax and Business Rates (*now removed*)
- Code of Connection (Co-Co) Compliance (IT related)
- Property acquisition / disposals
- IT Disaster Recovery
- Internal Audit Staffing resourcing
- Delivery of the Local Plan
- Recruitment and retention coupled with increasing levels of business
- Growing level pressures of homelessness
- Increasing expectations of communities
- Procurement of new waste contract (*see later*) and delivery of existing waste contract
- Inspection of bridges on council owned land
- Tree inspections in council owned car parks
- Emergency planning call out arrangements

- Preparation for, and implementation of, GDPR

1.3.3 Procurement of the Waste/Recycling contract has been escalated to Management Team as a “high” risk based on its potential impact and now features on the latest version of the SRR.

1.4 Strategic Risk Register

1.4.1 A “snapshot” of the SRR as at the time of writing is appended at **[Annex 1]**.

1.4.2 Members will note the updates in red font since the last iteration of the Register, and will also note the new Risk mentioned at paragraph 1.3.3.

1.4.3 Unless there is something significant that needs to be brought to Members’ attention in the interim, we will present the SRR to this Committee in January 2019 in accordance with the agreed process of bi-annual reports.

1.5 Member Training

1.5.1 The Strategy places specific responsibility on this Committee in managing and promoting the risk management process. Paragraph 5.3 of the Strategy says:

“The Chairman of the Audit Committee will take a lead role in promoting the application of sound risk management practices across the Council.

Training will be provided periodically for all Audit Committee members.

The Audit Committee will consider the Risk Management process as part of the assurance evidence in support of any Corporate Governance Statement.

The Audit Committee will provide independent assurance of the adequacy of the risk management framework and will monitor the effective development and operation of risk management in the Council.”

1.5.2 In order to assist Members in discharging their responsibilities some training is necessary. As part of our insurance package, funding is set aside by our Insurers to deliver training and projects associated with risk management. This ‘funding’ is held for a 12 month (insurance) period to be offset against any training or projects undertaken.

1.5.3 Our Insurers have suggested an interactive workshop, led by themselves, on risk management on the following lines:

- 1) *Overview of risk management in local authorities, including recent global trends and their relevance to TMBC.*
- 2) *The Risk Management Process at the Council and the key steps for identifying, quantifying and mitigating risk.*

- 3) *The roles and responsibilities for Members in overseeing effective risk management.*
- 4) *Risk Horizon Scanning; a discussion around the key risks emerging for the Council including a discussion around the current strategic risk register.*

1.5.4 This outline programme can be adapted if Members wish to tailor it further and suggestions would be welcomed.

1.5.5 Assuming that this is something Members would wish to progress, we suggest that details and programming are finalised with the Chair of the Committee.

1.6 Legal Implications

1.6.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.

1.6.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

1.7 Financial and Value for Money Considerations

1.7.1 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

1.8 Risk Assessment

1.8.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.

1.9 Equality Impact Assessment

1.9.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.10 Recommendations

1.10.1 Members are **RECOMMENDED** to:

- 1) **Note** the emergence of a new strategic risk in respect of the procurement of the waste/recycling contract and its inclusion on the Strategic Risk Register; and
- 2) **Confirm** that an interactive workshop on the topic of risk management should be held for Members during the coming months, final details for which should be agreed with the Chair.

Background papers:

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Nil

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