

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

21 January 2019

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Council

#### 1 RISK MANAGEMENT

**The report asks Members to review the Risk Management Strategy and accompanying Risk Management Guidance and to recommend to Cabinet its adoption by Full Council.**

**The report also provides an update on the risk management process and the Strategic Risk Register.**

#### 1.1 Introduction

1.1.1 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.

1.1.2 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.

1.1.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.

#### 1.2 Review of the Risk Management Strategy

1.2.1 As part of arrangements in place to ensure risk management maintains a high profile within the Council, the Strategy and accompanying Guidance is subject to annual review and endorsement through the Audit Committee, Cabinet and Council.

1.2.2 This latest review of the Risk Management Strategy and the accompanying Risk Management Guidance, found that no changes were required to either the Strategy or Guidance.

1.2.3 A copy of the current Risk Management Strategy and accompanying Risk Management Guidance is attached at **[Annex 1]** and **[Annex 2]** respectively.

### **1.3 Risk Management Escalation Process**

1.3.1 The risk management process has previously been considered by the Committee in some detail. Effectively risks are assessed/scored in terms of their likelihood/impact and those being assessed as potentially “High” will feature on the Strategic Risk Register (SRR).

1.3.2 Risks which are scored as “Low” in terms of their potential likelihood or impact are managed by Senior Managers within the Service.

1.3.3 Should the risk score increase, these risks are escalated to Service Management Team with a “Medium” categorisation.

1.3.4 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 1.3.1 risks with a “High” categorisation will find their way onto the SRR. By way of example, at the meeting in July 2018 Members might recall that the new waste services contract had been escalated to Management Team as a “High” risk and added to the SRR.

1.3.5 To give Members some reassurance as to the effectiveness of the regime outcomes from the risk management escalation process are reported bi-annually to the July and January meetings of this Committee.

### **1.4 Risks recorded by Service Management Teams**

1.4.1 Risks identified by Service Management Teams since the last report to this Committee in July 2018 are given below:

- Support Accommodation – impacts on Housing Benefits Subsidy
- Cyber security
- Universal Credit – impact on client base
- Potential failure of major contractors
- Annual Billing for Council Tax and Business Rates
- Recycling bring sites
- Legionella

## 1.5 Strategic Risk Register (SRR)

- 1.5.1 A “snapshot” of the SRR as at the time of writing is appended at **[Annex 3]**.
- 1.5.2 Members will note the updates in red font since the last iteration of the Register, including the risk relating to ‘Brexit impact and economic stability’. At the time of writing this report it is not known whether we are likely to have a ‘deal’ or a ‘No deal’ Brexit. As Members will appreciate, the prospect of a ‘No deal’ Brexit could have a significant impact on service delivery.
- 1.5.3 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 July 2019 in accordance with the agreed process of bi-annual reports.

## 1.6 Member Training

- 1.6.1 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.”*

- 1.6.2 In order to assist Members in discharging their responsibilities an interactive workshop, led by our Insurers, on risk management is to be arranged post the May 2019 Borough election 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.*

## 1.7 Legal Implications

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

1.7.2 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.

## **1.8 Financial and Value for Money Considerations**

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

## **1.9 Risk Assessment**

1.9.1 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.

## **1.10 Equality Impact Assessment**

1.10.1 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.

## **1.11 Recommendations**

1.11.1 Members are asked to review the Risk Management Strategy and accompanying Risk Management Guidance and, subject to any amendments required, to **recommend** to Cabinet for adoption by Council.

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton

Director of Finance and Transformation on behalf of the Management Team