

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

29 July 2019

### Report of the Management Team

#### Part 1- Public

#### Delegated

## 1 RISK MANAGEMENT

**An update on the risk management process and the Strategic Risk Register. Members are also advised of a planned training session on risk management.**

### 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 current Risk Management Strategy was recommended by this Committee in January and subsequently adopted by Full Council on 19 February 2019.

### 1.2 Risk Management Escalation Process

1.2.1 Effectively risks are assessed/scored in terms of their likelihood/impact.

1.2.2 Any risk evaluated as 'High Risk' (score of 15 or above) will be deemed by the Council to be beyond 'risk tolerance' and to have exceeded its 'risk appetite' and will be escalated immediately. Such risks should be added to the service's risk register and discussed at the earliest opportunity within the Service Management Team (SMT) to inform a decision as to whether this should be escalated to Management Team by the respective Service Director. Management Team should then consider whether the risk is significant enough for inclusion in the Strategic Risk Register and action this if relevant. A record should be maintained of risks discussed at both SMTs and Management Team and the outcome of those discussions.

- 1.2.3 Similarly risks identified as “Medium Risk” may be escalated to the appropriate SMT for advice and to ensure they are kept fully aware of the current risks being faced. Risks determined as “Low Risk” should be managed within the service team. It is recommended that SMTs consider periodic review or moderation processes for Service Risk Registers to ensure they are happy with the scores risks have been given and confirm whether there are ‘Medium’ or ‘Low’ risks they wish to consider further.

### **1.3 Strategic Risk Register**

- 1.3.1 The Strategic Risk Register (SRR) is considered to be a ‘live’ document and is updated, as often as is required, by the Management Team. An update of the current strategic risks and how they are being managed was reported to Cabinet in March and a “snapshot” of the SRR as at the time of writing is appended at **[Annex 1]**.
- 1.3.2 No new risks have been added to the SRR either by Management Team directly or following escalation by SMTs since the report to Cabinet in March. Members are asked to note the updates in red font since the last iteration of the Register.
- 1.3.3 Members should note that the risk IT Infrastructure has been downgraded from red to amber following significant progress with the digital agenda. There are presently two risks that are classified as red.
- 1.3.4 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 unless that is there is something that needs to be brought to Members’ attention in the interim.

### **1.4 Ongoing Risks and Risks Identified by Service Management Teams and Management Team**

- 1.4.1 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in January 2019 is appended at **[Annex 2]**.

### **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 an interactive workshop, led by our insurers, on risk management is to be arranged (hopefully in October) 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.*

## **1.6 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 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.

1.7.2 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 Policy Considerations**

- Asset Management
- Business Continuity/Resilience
- Community
- Customer Contact
- Health and Safety
- Human Resources

## **1.11 Recommendations**

### 1.11.1 Members are asked to:

- 1) Note the updates to the Strategic Risk Register since the last iteration.
- 2) Note the planned training session on risk management.

Background papers:

contact: Sharon Shelton

Nil

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance and Transformation  
on behalf of the Management Team