

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

18 January 2021

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Cabinet

#### **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 at this time.

1.2.3 A copy of the 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 Effectively risks are assessed/scored in terms of their likelihood/impact.

1.3.2 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.

1.3.3 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.

### **1.4 Strategic Risk Register**

1.4.1 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 as at the time of writing is appended at **[Annex 3]**.

1.4.2 As reported in July and September 2020 the Covid-19 pandemic and measures taken in response resulted in a number of risks on the Strategic Risk Register being re-categorised as RED and remains the case.

1.4.3 Members will also be aware that since the last report in September, we have also seen further national lockdowns, the introduction of the English 'tiering' system (with Kent places in the highest tier), the impact within Kent of French border closures following the emergence of the variant strain of the virus; and finally of course Day 1 of EU Transition. These matters have all impacted on the management of risk.

- 1.4.4 As Members are aware, in May elections for County Council and Police and Crime Commissioner are due to take place and the Borough Council is responsible for administering and delivering these elections. Given the current climate, Management Team are of the view that the delivery of these elections should be escalated to RED risk at the present time.
- 1.4.5 In addition, with regard to the Local Plan, Members are also aware of the recent Inspector's detailed letter explaining their concerns with Legal Compliance. The Inspector's final decision will not be made until the Council has had the opportunity to respond and take its own legal advice, but given the heightened risk this poses the Local Plan has also been escalated to RED risk for the time being.
- 1.4.6 For clarity, the risks now categorised as Red are:
- 1) Financial position/budget deficit
  - 2) Brexit/EU Transition Impact and Economic uncertainty (severely impacted by Coronavirus Pandemic)
  - 3) Corporate Strategy and Savings and Transformation Strategy
  - 4) Waste Services
  - 5) Elections
  - 6) Local Plan
- 1.4.7 Work continues to assess and determine how the Council might best address the increased risk, but will be some time before a better understanding begins to emerge as to the full extent of the impact.
- 1.4.8 Members are asked to note the updates in red font since the last iteration of the Register.
- 1.5 Ongoing Risks and Risks Identified by Service Management Teams and Management Team**
- 1.5.1 To give Members some reassurance as to the effectiveness of risk management outcomes from the risk management escalation process are reported to the meetings of this Committee unless that is there is something that needs to be brought to Members' attention in the interim.
- 1.5.2 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in September is appended at **[Annex 4]**.

## 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

- 1.10.1 Risk management is relevant to all areas of the Council's business.

## 1.11 Recommendations

- 1.11.1 Members are asked to:

- 1) **REVIEW** the Risk Management Strategy and accompanying Risk Management Guidance and, subject to any amendments required, **RECOMMEND** to Cabinet its adoption by Full Council.
- 2) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on the escalation to **RED** of the risks set out in paragraph 1.4.6.

Background papers:

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Nil

Sharon Shelton

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