TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

17 April 2023

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet

1   RISK MANAGEMENT

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.

1.1.4   The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 21 February 2023.

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 as at the time of writing is appended at **[Annex 1]**.

1.3.2   The risks categorised as RED at the time of the January meeting is given below.

1)   Financial position/budget deficit

2)   Economic Stability

3)   Corporate Strategy and Savings and Transformation Strategy

4)   Local Plan

5)   Organisational Development including recruitment and retention/skills mix

6)   Compliance with legislation (*with particular reference to the new Voter ID legislation and requirements which where emerging)*

7)   Homes for Ukraine Scheme

8)   Waste Services

9)   Implementation of the Agile software system

1.3.3   Since January, the risk of Voter ID has been moved into the "Elections" risk heading and the risk is no longer felt to be red.

1.3.4   Also, since January the assessed risk on Waste Services with proposed longer term changes in service delivery has been revised.

1.3.5 Therefore, at the time of writing this report the risks categorised as RED are:

1) Financial position/budget deficit

2) Economic Stability

3) Corporate Strategy and Savings and Transformation Strategy

4) Local Plan

5) Organisational Development including recruitment and retention/skills mix

6) Homes for Ukraine Scheme

7) Implementation of the Agile software system

1.3.6 Members are asked to note the updates in red font since the last iteration of the Register.

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

1.4.1 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.

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

1.5 Legal Implications

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

1.5.2 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.

1.6 Financial and Value for Money Considerations

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

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

1.7   Risk Assessment

1.7.1   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.

1.8   Equality Impact Assessment

1.8.1   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.

1.9   Policy Considerations

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

1.10   Recommendations

1.10.1 Members are asked to **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as **RED.**

Background papers: contact: Sharon Shelton

Nil

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