

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

15 April 2024

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Cabinet

## 1 RISK MANAGEMENT

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.
- 1.1.4 The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 20 February 2024.

### 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 executive summary of the **RED** risks has been provided at **[Annex 1]** and a full update of the current strategic risks and how they are being managed as at the time of writing is appended at **[Annex 1a]**.
- 1.3.2 As part of the Zurich review Officers have reviewed the scoring on all of the risks identified in order to ensure that the scoring reflects the current position of the risk considered.
- 1.3.3 For completeness the risks categorised as **RED** at the time of the January meeting is given below.
- 1) Savings and Transformation Strategy
  - 2) Local Plan
  - 3) Implementation of the Agile software system
  - 4) Political factors including stability of political leadership and decision making
  - 5) Homes for Ukraine Scheme
  - 6) Carbon Neutral 2030 Aspiration
  - 7) Safeguarding and PREVENT
- 1.3.4 Following the most recent review by Management Team, a number of changes have been made to the Register.

- 1.3.5 Management Team no longer believes that “*Waste Management*” needs to appear as a strategic risk and has therefore been removed from the Register.
- 1.3.6 “*Procurement*” has, however, been added as a strategic risk following recommendations from the internal Procurement OSG. Members are reminded that this was identified as a significant weakness by Grant Thornton in their Annual Audit report. Members will be updated on the evening of the committee regarding this risk as a report is being presented to Cabinet on 2 April regarding the engagement of procurement resources. [Agenda for Cabinet on Tuesday, 2nd April, 2024, 6.30 pm \(tmbc.gov.uk\)](#)
- 1.3.7 Members will note from the notes in **red font** on the Register identifying current mitigations and updates to risks. Four risks have been assessed as no longer being red: namely
- Safeguarding and PREVENT
  - Political factors including stability of political leadership and decision making
  - Homes for Ukraine Scheme
  - Carbon Neutral 2030 Aspiration
- 1.3.8 The **RED** risks remaining at the time of publishing this report are:
- 1) **Savings and Transformation Strategy**
  - 2) **Local Plan**
  - 3) **Implementation of the Agile software system**
  - 4) **Procurement**
- 1.3.9 Members are asked to note the updates in red font since the last iteration of the Register and the movement in the scoring of the risks.
- 1.3.10 At the last meeting, Members of the Committee asked that the Senior Responsible Officer for the *Agile* project attend the meeting in order to update the Committee on the management of this risk, which remains **RED**. The Director of Planning, Housing and Environmental Health will dial into the meeting to answer any questions Members might have. Members are also advised that a report was submitted to the Overview and Scrutiny Committee on 4 April regarding the implementation of the Agile project, and Members may wish to have a look at this. [Agenda for Overview and Scrutiny Committee on Thursday, 4th April, 2024, 7.30 pm \(tmbc.gov.uk\)](#)
- 1.3.11 Following the detailed training the Committee received at its last meeting and the recommendations made by the risk consultant from Zurich, over the coming

months a review will be undertaken of all the risks contained within the Strategic Risk Register with a view to achieving a more streamlined version.

#### **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, as well as the general positive 'direction of travel'.

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton

Director of Finance and Transformation on behalf of the Management Team