

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

22 July 2024

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet

1 RISK MANAGEMENT

The report 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 that were categorised as **RED** at the time of the April meeting is given below.
- 1) Savings and Transformation Strategy
 - 2) Local Plan
 - 3) Implementation of the Agile software system
 - 4) Procurement
- 1.3.4 Following the detailed training the Committee received earlier in the year, together with the recommendations made by the risk consultant from Zurich, Management Team has commenced a review of all the risks contained within the Strategic Risk Register **with a view to achieving a more streamlined version, highlighting only the strategic risks to the Council over the one to two year horizon.**
- 1.3.5 A number of changes have been made to the current Register, including the deletion of some risks that are no longer felt to be strategic risks and the titles of some of the risks. Those risks being deleted are:

- Corporate Strategy

- IT Infrastructure
- Compliance with legislation
- Devolution
- Elections
- Partnerships incl shared services
- Flooding

1.3.6 Any of these items can of course be added back to the register by Management Team if the position changes. In total, there are now 17 strategic risks on the register.

1.3.7 Members will note from the notes in **red font** on the Register identifying current mitigations and updates to the strategic risks. In terms of '*direction of travel*' there has been no significant movement in the risks.

1.3.8 The **RED** risks at the time of publishing this report are:

- 1) Achievement of Savings and Transformation Strategy
- 2) Failure to agree a Local Plan
- 3) Implementation of the Agile software system
- 4) Contract/Contractor Procurement

1.3.9 At the last meeting, the Senior Responsible Officer for the *Agile* project attended the meeting in order to update the Committee on the management of this risk, which remains **RED**. If Members wish to seek further detail about any risk, Management Team can arrange for an appropriate 'lead' risk owner to attend a meeting of the Audit Committee.

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.
- 1.7.2 A specific item for 'Risk Management' appears on all Management Team and Service Management Team agendas.

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
- 1) **NOTE** the review undertaken by Management Team in streamlining the Strategic Risk Register; and
 - 2) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED.

Background papers:

Nil

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