

Audit Committee

14 April 2025

Part 1 - Public

Recommendation to Cabinet



Cabinet Member	Matt Boughton – Leader Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Management Team
Report Author	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Risk Management

1 Summary and Purpose of Report

1.1 The report of the Management Team provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the work being undertaken within the Council to champion risk management.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective council.

2.2 The identification, evaluation, and cost-effective control of risks is essential in safeguarding the Council's assets, employees and customers and the delivery of services to the local community.

2.3 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

3 Recommendations

3.1 Members are asked to:

- 1) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1a;

- 2) **NOTE** the service risks identified in Annex 2;
- 3) **NOTE** the responsibilities of the Member Risk Champion as detailed in Annex 3.

4 Introduction and Background

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 20 February 2024. At the last meeting of this Committee in January 2025, due to ongoing work to review and update risk management processes within the Council, Members agreed that the next update of the Strategy would be in September 2025.

5 Risk Management Escalation Process

- 5.1 Effectively risks are assessed/scored in terms of their likelihood/impact.
- 5.2 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.

5.3 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.

6 Strategic Risk Register

6.1 The Strategic Risk Register (SRR) is considered to be a 'live' document and is updated, as often as is required, by the Management Team.

6.2 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]**.

6.3 For completeness the risks that were categorised as RED at the time of the **January** meeting of this Committee is given below:

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

6.4 Members might recall that, at the meeting of the Committee in January, particular reference was made to the potential emerging risk to arise from the ‘Devolution White Paper’ and Local Government Reorganisation. It was noted that the risk would be assessed in more detail and reported within the regular report to the April meeting. Accordingly, Members will note that a new risk “***Devolution and Reorganisation in Kent Local Government***” has been added and is presently classified as ‘amber’. This could quickly change as further information from government is released.

6.5 Since the January meeting took place, Cabinet (on 4 March) received a detailed report in part 2 on the Agile software implementation. The report updated Cabinet on the strategic and operational issues relating to the implementation of the Agile software system and set out proposals for addressing the further delays and growing concerns with this project. Cabinet endorsed a ‘change of direction’ (see minute CB 25/37 04/03/2025) and at the time of writing a managed exit during 2025/26 is being progressed. The risk has therefore been retitled ‘Managed exit from the Agile System’ and due to the complex stage we are now at means that it is classified as ‘red’. It is expected that the level of risk should start to diminish quickly.

6.6 The current RED risks are now:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Managed exit from the Agile System

6.7 As usual, notes in red font on the Register identify current mitigations and updates to the strategic risks.

6.8 It is worth noting that although the risk 'Carbon Neutral 2030 Aspiration' remains an 'amber' risk, as we move closer to the 2030 milestone, the risk of non-delivery increases. Members will note that the overall risk score has been increased, albeit that presently it remains an 'amber' risk.

7 Ongoing Service Risks

7.1 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.

7.2 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 2]**.

7.3 Senior officers undertook mandatory training with the Risk Consultant in October 2024. Risk management appears as an agenda item for all Service Management Teams and Corporate Management Team meetings

8 Risk Champions

8.1 Members are reminded that the Chair of the Audit Committee was nominated as the Member Risk Champion. A description of the role agreed with the Chair is attached at **[Annex 3]**.

8.2 Members will also be aware that from the officer perspective, a number of Service risk champions have been appointed with the Director of Finance and Transformation nominated as the lead officer Risk Champion.

8.3 An officer Risk Management Group was established with the objective of spreading the workload, and word, on the importance of risk management throughout the authority. The group is leading on work to enable the Strategy to be updated by the Committee in September.

9 Financial and Value for Money Considerations

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

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

10 Risk Assessment

10.1 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.

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

11 Legal Implications

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

11.2 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.

12 Cross Cutting Issues

12.1 Equalities and Diversity

12.1.1 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.

Background Papers	None
Annexes	Executive Summary – Strategic Risk Register Strategic Risk Register Service Risks The Role of Member Risk Champion