

Audit Committee

21 July 2025

Part 1 - Public

Recommendation to Cabinet



Cabinet Member	Matt Boughton – Leader Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
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; and

2) **NOTE** the service risks identified in Annex 2.

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. 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 **April** meeting of this Committee is given below:
- Achievement of Savings and Transformation Strategy
 - Failure to agree a Local Plan
 - Managed exit from the Agile System
- 6.4 The Register has been updated and, as usual, notes in red font on the Register identify current mitigations and updates to the strategic risks.
- 6.5 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.
- 6.6 The Devolution / Local Government Reorganisation risk remains at an amber level at this stage. Further work is ongoing regarding the submissions from the Kent authorities with the assistance of a strategic partner which will inform the ongoing risk assessment and will be shared with Members as this progresses.
- 6.7 The current **RED** risks REMAIN as:
- Achievement of Savings and Transformation Strategy
 - Failure to agree a Local Plan
 - Managed exit from the Agile System

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 April 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 Zurich Risk Management Review

- 8.1 Members are reminded that Zurich Risk Management undertook a Risk Management Health Check, and the resultant report identified 12 recommendations for improvement.
- 8.2 Some of the actions have already been progressed but a number are due to be reported back to the September meeting of the Committee, including the update of the Risk Management Strategy.
- 8.3 An officer Risk Champions Group was established with the objective of spreading the workload, and word, on the importance of risk management throughout the authority. The group is also leading on work to enable the Strategy to be updated by the Committee in September.
- 8.4 One of the issues that has arisen is that the Council's Strategic Risk Register is not based on the nationally recognised model of a "5x5" matrix. What this means is that when scoring risks, there is a score of 1 to 5 for the likelihood of a risk occurring; and a score of 1 to 5 for the impact of risk occurring. Multiplying the likelihood and impact scores then provides an overall score which could range from a best case of 1 through to worst case 25.
- 8.5 The Council's current model is a "6x4" matrix. As part of the review being undertaken of the Strategy by the Risk Champions Group, it is proposed that the Council move to the "5x5" matrix. This will bring into line the risk scoring within Health and Safety Risk registers, and Business Continuity Plans as well as mirroring the national model.
- 8.6 It is proposed that this becomes part of the update to the Strategy which will be brought to the Committee in September for consideration, and then eventual adoption by Full Council. If in September Members decide to support the revised Strategy and adoption of a 5x5 matrix, the SRR will be re-modelled and future presentations of the Strategy (January 2026 onwards) will be presented on this basis.

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