

**Agenda Item No:** 7



**ASHFORD**  
BOROUGH COUNCIL

**Report To:** Audit Committee

**Date:** 29<sup>th</sup> September 2016

**Report Title:** Strategic Risk Management – Review & Update

**Report Author:** Kirsty Hogarth, Policy & Performance Manager

**Portfolio Holder:**

**Summary:** This is the first review and update of Strategic Risk, following Audit Committee's approval in September 2015 of a new approach to identifying and managing risk for Ashford Borough Council. It includes the first update of the Strategic Risk Register since March 2016 when the Audit Committee endorsed the Register.

**Recommendations:** The Audit is asked to:-

- 1. Note the updates and mitigation proposals**
- 2. Agree a further six-month review period**

**Contacts:** [kirsty.hogarth@ashford.gov.uk](mailto:kirsty.hogarth@ashford.gov.uk) – Tel: (01233) 330413

**Report Title: Strategic Risk Management: Review & Update**

**Purpose of the Report**

1. The purpose of this report is to enable Audit Committee Members to consider the review of the Council's Strategic Risks and to allow scope for the Committee to explore any particular risk areas in more depth.

**Background**

2. In September 2015, a new approach to identifying and managing strategic risk was approved by the Audit Committee.
3. Subsequent to that approval, a series of workshops was held with Heads of Service across the council, ensuring that risk management became better embedded within the culture of the organisation and producing a new corporate risk register with themes that supported the priorities of the recently approved five year Corporate Plan (2015-2020).
4. From an original 'long list' of 13 possible themes, seven main themes were eventually agreed, which each have risk 'owners' (either Directors or other members of Management Team). The themes and owners are:

~ Workforce skills & capacity:	Terry Mortimer
~ Housing & infrastructure:	Richard Alderton
~ Key project failure:	Paul Mckenner
~ Resource limitations:	Ben Lockwood
~ Partnerships:	Tracey Kerly
~ Community capacity:	Christina Fuller
~ Reputation	Tracey Kerly

**Handling**

5. When the new approach was first put forward in September last year, the Audit Committee also received a report on the wider Risk Management Framework, including both Programme and Service Risks.
6. As was indicated at the time, these two elements are being handled separately (by the Programme Manager and the Services themselves), in tandem with a new programme management system and a revised service planning template; risks within these areas, therefore, will be reported to Audit Committee separately (December 2016).
7. For the Strategic Risk management, however, it was agreed (in March this year) that mitigation plans (or simple updates where there is no increased risk) for each theme would be put forward for the Audit Committee's

consideration in September.

## **Conclusion**

8. This report is the outcome of that review process, and the Audit Committee is asked to:
  - (i) endorse the approach and the updates/mitigation on the register
  - (ii) agree a further six-month review period.

**Contact:** Kirsty Hogarth, Policy & Performance Manager

**Email:** [kirsty.hogarth@ashford.gov.uk](mailto:kirsty.hogarth@ashford.gov.uk)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	<b>Appendix A</b>																
2	<b>ABC Strategic Risk Register</b>																
3																	
4	Ref	Date Last Edited	Risk Title	Overarching Risk	Risk (full description)	Risk Owner	Key Existing Controls	Inherent rating			Treat?	Update (for blue, green, amber areas) and/or Controls planned (for red & black areas)	Effective Date	Mitigated rating			Further Action
5								Impact	L'hood	Grade			Impact	L'hood	Grade		
6	ABC1603/1	15/03/2016	Workforce skills & capacity	ABC cannot recruit or retain sufficient capacity in its workforce to pursue its corporate objectives	Risk that resources will not meet requirements: staffing, funding, equipment (particularly IT), accommodation, training, elected Members, particularly with future organisational changes	TWM	(i) Succession Planning Strategy (ii) Engagement Strategy (iii) Learning & Development Strategy (iv) Flexible resourcing framework that gives ability to access to short term skilled staff (v) Business continuity plans (vi) MTFP & Budget monitoring processes (vii) Programme management processes (viii) Risk Framework	3	2	6	N	The key risks in terms of workforce skills & capacity are controlled by the Succession Planning Strategy, the MTFP and the Programme Management processes. These need to have an integrated approach; through these three strands in particular, we are making progress and better links are being made. This work will continue to make good progress and Programme Management becomes embedded. Service risks are being dealt with through the service planning process, which now has a new system to support delivery. In detail: (i) Succession Planning remains adequate at this stage, but officers will be looking at Phase II in 2017-18; (iv) Each Head of Service devises business continuity plans for his/her own service, with M Team overseeing and monitoring critical services in priority order. Business continuity is a Kent-wide activity.	Ongoing	3	2	6	Overseen by Directors and Management Team according to perceived need - e.g. programme management reviewed regularly by Directors and Heads of Service.
7	ABC1603/2	15/03/2016	Housing & Infrastructure	Infrastructure projects being delivered by others but required to support ABC's development goals are delayed, abandoned or mismanaged	(i) Risk of individual affordability & skills gaps leading to inability to obtain housing (ii) Lack of funding for necessary infrastructure needed to maintain prime location status (iii) Risk of not attracting developers to ensure a supply and range of housing to meet diverse needs & emerging markets (iv) Under provision across borough of new or refurbished sports, cultural & leisure facilities	RA	(i) Regular liaison with HCA & Highways England to secure funding for J10A (ii) Economic Regeneration & Investment Committee (iii) New Local Plan allocations based on deliverability criteria (iv) HRA business plan (v) Regular liaison with Homes & Communities Agency to take advantage of new Government programmes (vi) Work with Ashford College on future curriculum (vii) Internal group monitoring S106 spend to seek best community return on a range of facilities	4	2	8	N	(i) HCA now preparing business case for £16m forward funding of developer contributions and working with central government; (ii) Economic Regeneration & Investment Committee has replaced Town Centre Regeneration Board to facilitate swifter decision-making and greater transparency; (iii) New Local Plan going according to timetable; representations now being considered for adoption by Dec 2017. Important to ensure that flexible policies are applied flexibly. (v) Progress meetings taking place re HCA land (e.g. Elwick Place) and funding streams; (vi) Business Advisory Council meets quarterly to update on Ashford College activities and strategic direction; (vii) S106 contributions still being monitored; prioritisation is a focus. CII is also being introduced via the Local Plan (which will replace S106 on larger strategic contributions); consultation has taken place on the charges, which will be applied from Jan 2018 onwards (after Local Plan adoption)	Ongoing	3	2	6	
7	ABC1603/3	15/03/2016	Key project failure	One of more of the Council's key projects fails to deliver with consequent impacts on ABC's reputation, finances and service outcomes	(i) Risk to momentum by losing key components of crucial projects (e.g. failure to attract sufficient leisure/entertainment to ensure development of a vibrant town centre) (ii) Risk (to choice & to funding/investment) of not attracting sectoral industries	PMck	(i) ASDB (ii) Programme management (iii) Economic Regeneration & Investment Committee	N/A	N/A	N/A	N	This area was not assessed in March; it has now been measured in risk terms. Although Elwick Phase I is nearing completion, risk on the Commercial Quarter is being proactively addressed by the marketing strategy and JV on some of the larger projects shares risk and expertise and contracts.	Ongoing	5	3	15	Regular review needs to keep track of risks on a weekly basis.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
8	ABC 1603/4	15/03/2016	Resource limitations	ABC suffers further loss of government income, failure to achieve income or successfully control expenditure	(i) Risk (to self sufficiency) of not generating an additional £2m p.a. by 2020 (split on NNDR, fees & charges, NHB & other income generation measures) (ii) Risk (to income generation & housing supply) of housing growth not delivering predicted NHB levels (under new 4-year regime)	BL	(i) MTFP (ii) NHB Strategy (iii) Budget monitoring (iv) HRA Business Plan (v) Budget Scrutiny (vi) Borrowing Policy (vii) S151 Officer (viii) Pro-active income generation	3	3	9	N	Government has released consultation documents on 100% Business Rates retention and Fair Funding Review; both of these potentially will affect the level of business rates retained by the Council and may pose a risk to our sustainability. We await publication of the new NNDR valuation list & guidance from government as to how the system will be reset for 2017, putting at risk the growth achieved in our tax yield. The Referendum result has introduced a new uncertainty into the economic outlook and Government policy. It is expected that the risks around this will become clearer when the chancellor makes his autumn statement in November and the BREXIT timetable. The due diligence work on Elwick is nearing completion, reducing the risk of the delivery of future income streams that the MTFP will rely upon. The MTFP report is due to Cabinet in October. The HRA business plan will be reported to Cabinet in November.	Ongoing	3	3	9	Overall, the risk balance is broadly similar to the last time this was reported and therefore this risk area will need to be monitored, but no further action is proposed at this time, although further work may be needed when government releases the technical details of 100% rate retention. The wider economy is constantly under review and the impact of the Autumn statement will be reported to the December Cabinet as part of the draft budget.
9	ABC1603/5	15/03/2016	Partnerships	Loss of effective working relationships in one or more of the partnerships ABC has developed and relies upon to achieve its objectives	(i) Risk that resources will not meet requirements for different organisational and/or partner relationships (ii) The risks/opportunities provided by the devolution agenda and future shared services (iii) Risk of managing ongoing contractor relationships	TK	(i) ASDB (ii) H&WB (iii) Contract management (iv) Attendance of Kent & Medway Ch Execs (v) Economic Regeneration & Investment Committee (vi) East Kent Regeneration Board (vii) JTB	3	2	6	N	At this stage, working relationships between partnerships appear to be reasonably strong and well on the way to delivering their stated goals. It would be unwise, however, to make any assumptions; although the new risk assessment is based on current partnership working (and therefore good) it will be revisited on a regular basis to ensure it remains realistic.	Ongoing	4	1	4	
10	ABC1603/6	15/03/2016	Community Capacity	Insufficient capacity within Ashford to accommodate ABC's aims for working with the community	(i) Assets (Council owned leisure or cultural facilities) are not improved by community partners (voluntary community sector, VCS) (ii) Demand from the community rises and the Council unable to meet service delivery expectations (iii) New communities not supported by ABC with the best mix of community services & facilities (iv) Parish Councils and other local voluntary sector groups unable to cope with demands of devolution	CF	(i) Support for VCS through advice & funding. Engage commissioning Partners to support service delivery & VCS. (ii) VCS is encouraged to work together through forums (e.g. What Matters, Conningbrook SG, Tourism Association, environment & Nature Conservation Forum) (iii) Regular provider meetings with groups to monitor the running of our assets and identify issues early (iv) Lease agreements & service level agreements in place to agree roles & responsibilities (v) Providers are encouraged to provide improvement plans and funding strategies to maintain & improve community assets. (vi) Consultation & engagement with community providers to understand how they can support delivery (vii) Research commissioned to inform Local Plan that identifies growth needs to plan for local facilities (new & extending existing) & look at management models/partnerships & access (local transport). Ward Members also provide a valuable link to local communities. (viii) Parish Councils & local clubs supported to take on management of new assets & extending facilities (ix) Provide information & guidance to Parish Councils & Community Forums (Parish Forum, KALC, finance working groups, area liaison meetings on special projects, training sessions).	5	2	10	N	Additional controls include: a) working closely with Ashford KALC to empower local councils to deliver devolved services and community facilities and to meet new pressures from housing development. (Links with Risk (ii), (iii) and (iv)); b) looking at opportunities to support the voluntary sector through S106 developer contributions. There is also a proposal to introduce a control which advocates the need to maintain current levels of rate relief (20%) for local voluntary sector/charity groups running facilities and offering a community service but which have a national body affiliation. (Link with Risk (ii)).	Ongoing	4	1	4	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
11	ABC1603/7	15/03/2016	Reputation	The Council is seen as unable to deliver on its priorities, or the wider expectations of the community and partners	(i) Risk that the council is not seen as a reliable delivery partner (ii) Failure to manage the housing landlord role &/or demands for housing (iii) Risk of not delivering quality gateways, borough presentation 7 approaches to town centre (iv) Risk that not all residents & businesses have a fair deal by inconsistent and/or insufficient enforcement of quality & compliance	TK	(i) ASDB (ii) H&WB (iii) Attendance of Kent & Medway Ch Execs (iv) JTB (v) Satisfaction surveys (vi) Communications Strategy	3	2	6	N	Reputational risk to the Council - because of the nature of strategic risk - is often influenced or affected by external factors which, by their nature, remain outside the Council's control. Although it is currently considered to present slight risk, Directors and Management Team are conscious that this area can change swiftly and so advise that the risk should remain as 'amber'. However, the Ashford Strategic Delivery Board, for example, reviews risks on a regular basis.	Ongoing	3	2	6	