

<b>Agenda Item No:</b>	7	 ASHFORD BOROUGH COUNCIL
<b>Report To:</b>	Audit Committee	
<b>Date of Meeting:</b>	16 March 2021	
<b>Report Title:</b>	Corporate Risk Register – update March 2021	
<b>Report Author &amp; Job Title:</b>	Charlotte Hammersley, Compliance and Data Protection Manager	
<b>Portfolio Holder</b> <b>Portfolio Holder for:</b>	Cllr. Neil Bell Finance and IT	

**Summary:** Twice a year the Audit Committee considers the council's corporate risks and is asked to note the updated assessments and to agree the adequacy of key controls to manage the risks. This report fulfils those obligations.

The Corporate Risk register is assessed using the Risk Management Framework adopted by the Cabinet in April 2018.

**Recommendations:** **The Audit Committee is recommended to consider the Corporate Risk Register:**

- a) To agree the assessments and the adequacy of key controls to manage the risks.
- b) To determine whether there are any specific risks that would benefit from a more detailed report to a future meeting in order for the adequacy of the controls to be assessed.

**Policy Overview:** Risk Management Framework

**Financial Implications:** None at this stage

**Legal Implications:** None at this stage.

**Equalities Impact Assessment** Not required because equalities issues are assessed at the point the project or service the risk relates to are incepted.

**Exempt from Publication:** NO

**Background Papers:** None.

**Contact:** charlotte.hammersley@ashford.gov.uk – Tel: (01233 330878)

## Report Title: Corporate Risk Management – update report March 2021

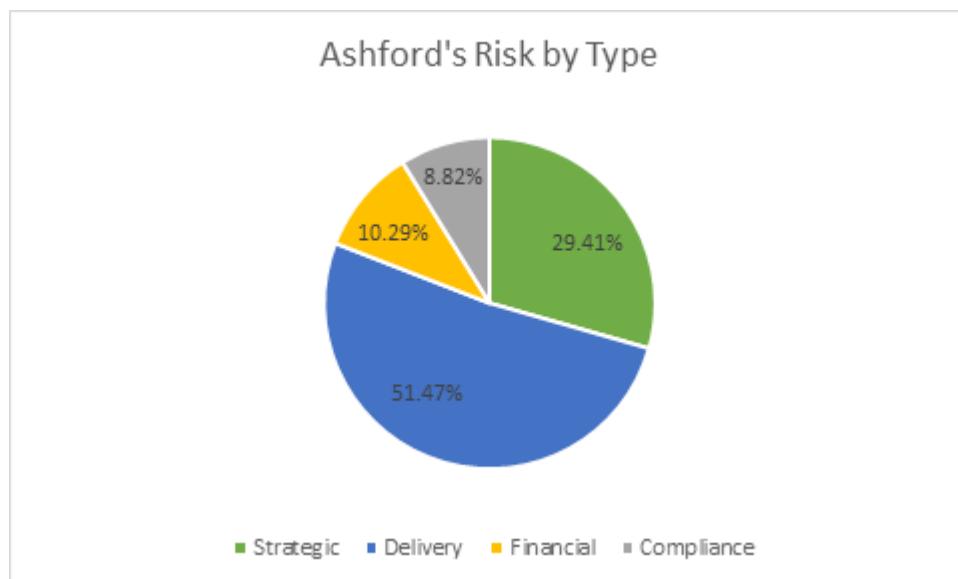
### Introduction and Background

1. Twice a year the Audit Committee considers the council's Corporate Risks and risks management controls. This report is an update report providing the latest information on the council's Corporate Risk Register.

The Corporate Risk Register is set out at Appendix A.

### Proposal/Current Position

2. The Corporate Risk Register provides details of the council's key risks that could, if untreated, impact on the council's Strategic aims, Financial position or Compliance with the law.
3. Operational 'delivery' risks are monitored regularly by individual services and the council's Management Team on an exception basis. Any delivery risks that become of strategic significance are also reported to this Committee. Examples of delivery risks include HR processes not being completed, non - delivery of planned maintenance contracts and contamination of recyclables.
4. There are currently **68** risks across the four risk types (strategic, delivery, financial, compliance). A percentage breakdown of each type of risk is provided below:



5. The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk

within which the council chooses to operate. Risks that fall outside of the council's appetite are reported to the Audit Committee. The appetite statement sets out that the council has a moderate appetite to strategic risks, a low appetite to financial risks and a very low appetite to compliance risks. The Corporate Risk Register is formed of those risks that are currently above the risk appetite levels set.

6. The risk appetite statement is currently being reviewed in light of the council's Recovery Plan 2020. A report will be presented to the Cabinet setting out the progress on the Recovery Plan to-date and the strategic aims of the council over the next few years. The risk appetite will be set within this report to ensure it is aligned to the council's aims. The Risks Management Framework will then be updated to reflect the appetite statement.
7. Set out at Appendix A are details of the risks included on the current Corporate Risk Register which provides details of individual risks and explains the current position or any further action that may need to be taken to manage the risk.
8. This report highlights any changes to the risk profiles since the last update, provides details of any new risks that have been included on the register and those that have been managed down to a level where they no longer require reporting on.

## **EU Transition and Covid-19 risk registers**

9. The council's Business Continuity Incident Management Team continues to meet twice a week in response to both EU Transition and Covid-19. Part of the BCIMT's role is to oversee the specific risk registers on these issues and ensure appropriate mitigation plans are in place. In addition to ongoing management, the registers are reviewed formally on a monthly basis. Since the last update to this Committee, many of the risks on the EU transition register were not realised on 1 January. As a result of Covid-19 and the French borders being closed in advance of 1 January, there was significantly less freight on the roads than had been anticipated. The risk register for EU transition is now being reviewed to reassess the transitional, medium and longer term risks for the borough.

## **Strategic Risks**

10. There are currently 20 Strategic risks monitored of which 9 feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the strategic risk ratings by percentage is provided in the pie chart below:



### **Increased risk profile**

11. Advice issued by Natural England on poor water quality at Stodmarsh Lakes is having a significant impact on house builders and the council in delivering its strategic aims and therefore requires active management. Risks on the register associated with the poor water quality at Stodmarsh have therefore risen being actively managed. Following the advice, no applications for overnight accommodation have been permitted although they are being progressed as far as possible and a Stodmarsh Mitigation Plan is being implemented at pace with consultants appointments made. The impact of Covid-19 on housebuilding will also need to be carefully monitored once the current stamp duty holiday ends.
12. The risk of not delivering the South of Ashford Garden Community to time and quality has also risen since the last meeting of this Committee. Whilst the Natural England advice does not currently affect development at the site construction and occupation has been at a lesser rate than expected.

### **Emerging risks**

13. A new strategic risk that is being monitored relates to the delivery of the Border Control Post (BCP). Strong controls have been put in place to manage the risks to delivering the BCP which include its strong project governance arrangements including an Officer Steering Group chaired by the Chief Executive and appointment of a project manager to ensure adherence to project management principles. Further details of the governance arrangements are provided in the risk assessments at Appendix A.

### **Financial Risks**

14. There are currently 7 financial risks monitored, all of which feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the financial risk ratings by percentage is provided in the pie chart below:



15. The descriptor of the risk relating to car parking income has been amended. Previously it described a risk of reduced income from car parking due to a downturn in the economy. It is now expected that a reduction in car parking would be more likely stem from people adopting new working and travel patterns as a result of increased working from home during the Covid-19 pandemic.

#### **Increased risk profile**

16. The risk of being unable to make the expected return on our commercial investment portfolio has risen in likelihood due to the impact of the Covid-19 pandemic and therefore close monitoring of specific tenancies continues to place.

#### **Reduced risk profiles**

17. The likelihood of having insufficient reserves to respond to an unforeseen has reduced. The Covid-19 pandemic has continued to have an impact on the council's income streams including parking and the Housing Revenue Account but these are being managed and the Medium Term Financial Plan includes an increased Economic Risk Reserve to manage pressures as a result of the pandemic. The financial risks to the council's proposed budget for 2021/22 were recently considered by the council's budget scrutiny task group. The proposed budget was found to be sound and deliverable.

#### **Compliance Risk**

18. There are currently 6 compliance risks monitored, all of which feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the compliance risk ratings by percentage is provided in the pie chart below:



19. There have been no key changes to the profiles of risks within the Compliance Risk Register since the last update to this Committee.

## **Conclusion**

20. Risk owners have reviewed and reassessed the risks and controls within their specific areas and are satisfied that this report and attached Appendix A represent an accurate picture of the current risks to the organisation.
21. Member of the Committee are asked to consider whether there are any specific risks or themes that would benefit from a further report back to a future meeting.
22. The Corporate Risks Register will be presented again to the Audit Committee in six months time in accordance with the Risk Management Framework where a further update will be provided on current risks and notable changes to the Register.

## **Contact and Email**

Charlotte Hammersley, Compliance and Data Protection Manager

[charlotte.hammersley@ashford.gov.uk](mailto:charlotte.hammersley@ashford.gov.uk)

# Strategic risks

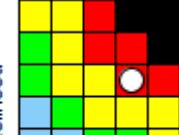
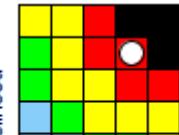
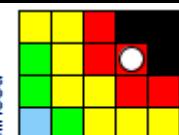


**Report Type:** Risks Report

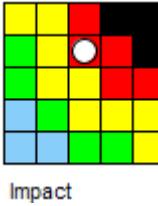
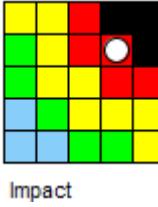
**Report Author:** Charlotte Hammersley

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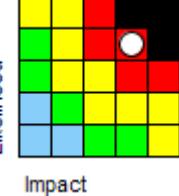
Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 003	Successful cyber attack	Data breach Loss of service Reputation Financial	A Risk Matrix grid with 16 squares arranged in a 4x4 pattern. The columns are labeled 'Likelihood' and 'Impact'. The rows are also labeled 'Likelihood' and 'Impact'. The colors of the squares represent risk levels: light green for low risk, yellow for medium-low, orange for medium-high, red for high, and dark red for very high. The 'Impact' row has a white circle in the second column (medium-low impact). The 'Likelihood' row has a white circle in the fourth column (high likelihood).	Staff training  Patching, firewall, policy rules  Emergency planning exercise	-	IT have recently been through two Cyber related audits, one by MHCLG & Mazars (on behalf of Mid-Kent Audit). Results will help to shape Cyber protection plans and policies going forward.
CR17 FINIT 009	Recession	Loss of income Increased caseload Increased demand for Housing and Revenues and Benefits Services	A Risk Matrix grid with 16 squares arranged in a 4x4 pattern. The columns are labeled 'Likelihood' and 'Impact'. The rows are also labeled 'Likelihood' and 'Impact'. The colors of the squares represent risk levels: light green for low risk, yellow for medium-low, orange for medium-high, red for high, and dark red for very high. The 'Impact' row has a white circle in the first column (low impact). The 'Likelihood' row has a white circle in the second column (medium-low likelihood).	Regular communication with Arlingclose  Increased minimum reserves balance	-	The economic environment is still looking uncertain during another lockdown. Unemployment is rising and pressures on the collection fund are coming through.  A recession will impact on a number of the council's income streams and revenue costs (homelessness). Council finances are monitored regularly through the financial monitoring report.  Activity is underway to support the town centre through the recently adopted Town Centre reset.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 HOU S05	Increasing disparity between rents and Local Housing Allowance (LHA)	Unaffordable rents. Increase in number of people presenting as homeless to the council.	 Likelihood Impact	Unique package to support landlords	➡	Courts not in full operation at present and further extension until Feb 2021. Limited availability of private rented stock in Ashford and lockdown may have had an impact in this respect. Risk remains the same and the gap between LHA rates and market rents have not worsened markedly in the last quarter.
				Social lettings agency		
				Financial incentives		
CR17 PLAN 007	Developers not delivering sites with planning permission to expected timescales (linked to national economy)	Five year land supply not addressed.	 Likelihood Impact	Out of ABC's control but do consider viability of key development sites.	⬆	This risk has been elevated due to Stodmarsh and also uncertainties as a result of the Covid-19 pandemic. Demand for housing is currently strong helped by the Stamp Duty holiday but once this comes to an end, demand levels will need to continue to be closely monitored.
CR17 PLAN 015	South of Ashford Garden Community not delivered to time and quality	Five year land supply delayed or not met. Reputation of the council to deliver quality development affected.	 Likelihood Impact	Chilmington Together governance structure in place	⬆	Chilmington Green has circa 70 dwellings occupied with construction and occupations continuing through Lockdown but at a lesser rate to that which was expected. Construction is taking place at Brisley Farm (BDW), The Hamlet (Jarvis Homes), Chilmington Gate (Hodson Developments and Chilmington Lakes (Hodson
			Quality Monitoring Team			
			Dedicated co-ordinator and programme management systems in place			

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
				Approved design code and quality charter		<p>Developments).</p> <p>The primary school is likely to complete construction in May with children moving into this site from their offsite location at Jemmett Road in September 2021. A great step forward in our placemaking agenda and the provision of the first community facility.</p> <p>A planning application from Southern Water for the pumping station is with the LPA and if all goes to plan, works will be complete early 2022.</p> <p>The Natural England issues are not currently affecting the developers at this site but may slow additional parcels coming forward.</p> <p>The CMO has had a difficult year given the reduced housing occupations meaning less financial income from rent charge deeds and longer time frames to the delivery of the financial s106 contribution (CMO deficit grant). Covid 19 has meant that the CMO took the difficult decision not to take over the first premises, given it could not open and</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						would have financial implications. The CMO is working with the council to bring forward solutions to safeguard the CMO and its role in delivering quality in perpetuity.
CR17 POL0 3	Ashford College - delivery of phase 2 project to time	Removal of ability for the college to deliver engineering courses in Ashford Non-delivery of ABC part funded college building within timeframes of the funding agreement	 Likelihood Impact	Ongoing monitoring with College	-	The College have established two critical projects for Ashford as part of their strategic plans. The first is involvement and a presence within Newtown Works, and the second is the delivery of Phase 2 on the Elwick Road site. Both are dependent on successful funding bids and the working up of project plans. The Council continues to have ongoing discussion with the College on the Newtown proposals.
CR19 PLAN 017	Poor quality water in the River Stour (nitrates and phosphates)	An inability to permit housing development without appropriate assessment and mitigation measures. Negative impact on council budget due to loss of planning income, cost of mitigation strategy.	 Likelihood Impact	Legal advice received being followed  Relevant stakeholders working on mitigation schemes to allow development to take place.	↑	Following the Natural England July 2020 report and QC advice no applications for overnight accommodation affecting the Stour catchment has been permitted. Consultants have been appointed to develop strategic mitigation and other consultants appointed to assess Appropriate Assessment for major sites and undertake officer training. Member and Developer Briefings have been held. Applications are being progressed as far as possible.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR20 01CS aW	Failure to deliver Ashford Port Health Service to time, cost and quality	Liabilities to third parties. Pressure on infrastructure surrounding the port. Reputational damage to ABC.	 Likelihood Impact	Project risk register Regular communication and liaison Information sharing between ABC & Defra Financial analysis and forecasting Proactive recruitment & access to agency staff Procurement & implementation of key systems Drafting of operating procedures and policies	New	<p>The Port Health project is being overseen by an Officer Steering Group (OSG). This group is chaired by the Chief Executive and includes lead officers from each of the main project workstreams (finance, operations, legal, HR, environmental health, communications, ICT and overall project management). The Council has appointed a project manager to ensure adherence with sound project management principles. This includes detailed project planning and critical pathway management, prioritisation of urgent and important tasks, and the implementation of a RAID (risks, assumptions, issues and dependencies) log. The project manager reports to the Officer Steering Group and has direct liaison with and access to, work stream leads, and members of the OSG.</p> <p>Member oversight is being provided through Cabinet Call Over and regular updates to relevant Portfolio Holders. Independent assurance over the project governance is being provided through the Mid Kent Audit Partnership.</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						<p>A facilitated risk workshop was delivered to the Officer Steering Group in January, this session included a review of the external risk environment using the PESTLE model (Political, Economic, Social, Technology, Legal &amp; Environment). Strategic risk issues facing successful delivery of the project have been captured and assessed in accordance with the Councils risk management framework.</p> <p>The overall risk score is based on the highest risks on the project risk register. Actions have been identified to bring the impact of each risk to within acceptable tolerances.</p>
CR20 POL0 2	Eurostar – negative impact on local economy (development and investments) due to Eurostar not stopping in Ashford until 2022.	Loss of international status; Reduced development and investments in Ashford; Reduced connectivity to Europe, use of station.	 Likelihood Impact	Partnership Working Lobbying		<p>Continued discussions being undertaken with Eurostar with latest meeting in January 2021. Eurostar are lobbying hard for government support in line with the airlines, with support from local MPs. The second and third national lockdowns have continued the significant impact on Eurostar services, with the company still saying that they plan to bring services back to Kent stations in 2022.</p>

## Financial risks



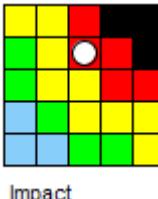
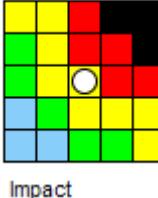
**Report Type:** Risks Report

**Report Author:** Charlotte Hammersley

**Generated on:** 02 March 2021

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 008	Change to accounting standards: requirement to record all losses through income and expenditure.	Potential for temporary losses to be shown affecting the council's investment decisions.	 Likelihood Impact	Regular communication with Arlingclose Lobbying		No change to the risk profile. There is a statutory override for the 5 years therefore it will cause an issue in the short/medium term however it is unclear if this will be made permanent or be removed in the future.  We will continue to monitor and discuss with auditors.
CR17 FINIT 010	Insufficient reserves to respond to another unforeseen event	Section 114 Notice Inability to deliver services	 Likelihood Impact	MTFP and budget monitoring processes Savings target Commercial income target		The Medium Term Financial Plan (MTFP) has now been approved with a £5m deficit however the Economic Risk Reserve has been increased to manage this pressure. The MTFP will stay under close review.  Due to the continued Covid situation this risk remains high, the likelihood as there are sufficient reserves to any deficit in the medium term.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 HPC0 04	Reduction in parking income due to changing people behaviour	Negative impact on Medium Term Financial Plan.	 Likelihood Impact	Income monitoring Promotional campaigns to increase take up.	-	Parking income continues to be impacted by Covid-19. December's figures dropped compared to November due to the area being in Tier 4. This is being constantly reviewed with parking services and finance.  Car parking has been reduced by 15% in the MTFP to reflect the likelihood that new habits (transport and homeworking) established during lockdown may mean car parking income never fully returns.
CR17 PRO P002	Inability to make expected return on commercial investment portfolio	Reputational damage of not delivering strategic projects. Financial loss to the council which would impact on the council's Medium Term Financial Plan. Potential loss of income by not achieving the minimum rent at Elwick Place to cover quality maintenance.	 Likelihood Impact	Monthly monitoring with developer of Elwick Place Regular review of tenancies at International House with portfolio holder and marketing agent. Established tenants on mid-term leases at International House. Monthly review of the market with agent (Carlton Road)	↑	Covid-19 continues to have an impact on the Commercial Property Portfolio, number of tenants are struggling with their payment of rent and service charges commitments. Close monitoring of these particular tenancies will be carried out and will be subject to further scrutiny by the team.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
		Inability to let the units at Carlton Road could lead to the need to repurpose or sell the site.		Current demand for similar product to Carlton Road elsewhere		
CR17 PRO P011	Ongoing maintenance liabilities exceeding available budget.	Standard of maintenance reduced. Only necessary maintenance carried out.	 Likelihood Impact	Programme management & PID process  Corporate asset management review	-	A stock condition survey (external) has been commissioned and will inform maintenance plans. Additional resources have been set aside in the maintenance reserve to manage the council's liabilities.
CR20 HOU S12	Increased homelessness placements as a result of Covid-19	Negative impact on the general fund. Availability of stock Increased costs of placements and moving on	 Likelihood Impact	Modular accommodation build  Street purchasing programme  Landlords required to serve longer notice periods	-	With the move from Tier 4 to new restrictions, absence of Winter Night Shelter and ABC approach to bringing rough sleepers indoors, there has been a small increased level of placement and lack of move on. Risk manageable at present.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR20 HOU S13	Reduction in Housing Revenue Account income levels as a result of Covid-19	Housing Revenue Account levels negatively impacted	 Likelihood      Impact	Increased monitoring of number of cases, arrears levels and number of new Universal Credit claimants  Use of Orchard analytics	-	Budget estimate still in place to cover potential shortfall. Arrears have increased over the festive period but this is the normal trend for quarter 3 - 4.  Lead Specialist Income & Arears audits all serious arrears cases every quarter (this is for each Neighbourhood Housing Officer)

# Compliance risks



**Report Type:** Risks Report

**Report Author:** Charlotte Hammersley

**Generated on:** 02 March 2021

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 001	Loss or theft of portable devices and data stored on them	Potential breach of council or personal data. Reputational damage.	A Risk Matrix grid with 12 cells. The columns are labeled 'Likelihood' (top) and 'Impact' (bottom). The rows are labeled 'Impact' (left) and 'Likelihood' (right). The colors represent risk levels: light blue for low, yellow for medium, and red for high. The matrix shows a high-risk area in the top-right corner.	Remote working and portable devices guidance	-	Asset register has been updated with staff answers from form distributed to All-Staff. This will aid in ensuring that all corporate devices are returned to the office once pandemic is over.
				Portable devices encrypted		
				Data Protection Impact Assessment		
CR17 FINIT 002	Not achieving codes of compliance: pci and Public Services Network	Potential to stop the council being able to communicate with other public sector organisations.	A Risk Matrix grid with 12 cells. The columns are labeled 'Likelihood' (top) and 'Impact' (bottom). The rows are labeled 'Impact' (left) and 'Likelihood' (right). The colors represent risk levels: light blue for low, yellow for medium, and red for high. The matrix shows a high-risk area in the top-right corner.	Patching, firewall, policy rules	-	Will continue to work towards current compliancy regimes, and adopt various good practice coming out of National Cyber Security Centre, CESG (the UK government's National Technical Authority for Information), Ministry of Communities Homes and Local Government etc.

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
CR17 FINIT 005	Loss of the Kent Public Services Network (KPSN) and services it provides	Potential to stop the council being able to communicate with other public sector organisations.	 Likelihood Impact	Externally managed	-	<p>Rationalisation of KPSN to a more resilient design, and retirement of EoL devices ongoing.</p> <p>A large project to plan for how the KPSN will look in the future and the services it will offer is taking place to help with the re-procurement of the service in 2024.</p>
CR17 HPC0 13	Non-compliance with Health Safety Act and Regulations	Reputational Financial fines from the Health and Safety Executive Loss of working days Death or serious injury	 Likelihood Impact	Risk assessments Health and Safety Policies and Procedures Mandatory and targeted training programme Service compliance audits Management Team trained on leading safely Six monthly report to Management Team	-	<p>Core corporate policies and procedures remain up to date and alternative methods of delivery for staff training courses are being investigate. The current offer of E-Learning packages are being enhanced in line with changing needs and requirements.</p> <p>Two staff members recently tested positive for Covid-19. Both had recently worked in the Civic Centre office. The Covid-19 office outbreak plan was followed and the office was closed and cleaned accordingly. The plan is being reviewed in light of developments around the new Covid-19 variants in order to further protect staff and the organisation by ensuring it is fully compliant with Covid Secure</p>

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
						<p>guidelines.</p> <p>From 08/02/21 the Civic Centre will be closed pending a review on 08/03/21 in accordance with the stay at/work from home government message. Staff will remain working remotely delivering core council functions. A suite of safety guidelines and support packages are in place to ensure that staff can work safely and comfortably from home.</p>
CR17 LEG0 01	Insufficient resources in the event Election is called at short notice	Mistakes during election Staff morale Customer satisfaction Reputational damage	 <b>Likelihood</b> <b>Impact</b>	<p>Increased staff hours and pay during election period.</p> <p>Well-developed corporate support system</p>	-	The Elections Team are currently working on the recruitment of additional staff for the May Elections. Corporate processes are in place to ensure support from across the organisations. Greater numbers of staff are needed to ensure that social distancing measures are adhered to at Polling Stations.
CR17 LEG0 04	Non-compliance with GDPR	ICO fines Enforcement notices Reputational damage Customer dissatisfaction	 <b>Likelihood</b> <b>Impact</b>	<p>GDPR action plan</p> <p>Service briefings</p> <p>Dedicated resource</p> <p>Staff training</p> <p>Information Governance Group</p>	-	Privacy notices have been updated to reflect the current Covid-19 situation. Whilst there is increased risk due to remote working, a recent six-monthly update on the council's data protection controls showed that there had been no increase in data incidents. There

Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
				<p>Consultant legal support for key policies</p> <p>Information Commissioner Office registration</p>		<p>has been on-going communication on the importance of data protection and how to secure data whilst working remotely. Technical measures are also in place including two-factor authentication, encrypted laptops and printing and posting continuing from the Civic Centre. Data Protection policies and procedures up-to-date and Corporate Information Governance Group overseeing data protection impact assessments and retention schedules.</p>