

Agenda Item No:

Report To: Audit Committee

Date of Meeting: 5 October 2021

Report Title: Corporate Risk Register – update October 2021

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Portfolio Holder Cllr. Neil Shorter
Portfolio Holder for: 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 consider the area of focus of this report on the risks associated with the Ashford Port Health Service**
- c) **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.

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Report Title: Corporate Risk Management – update report October 2021

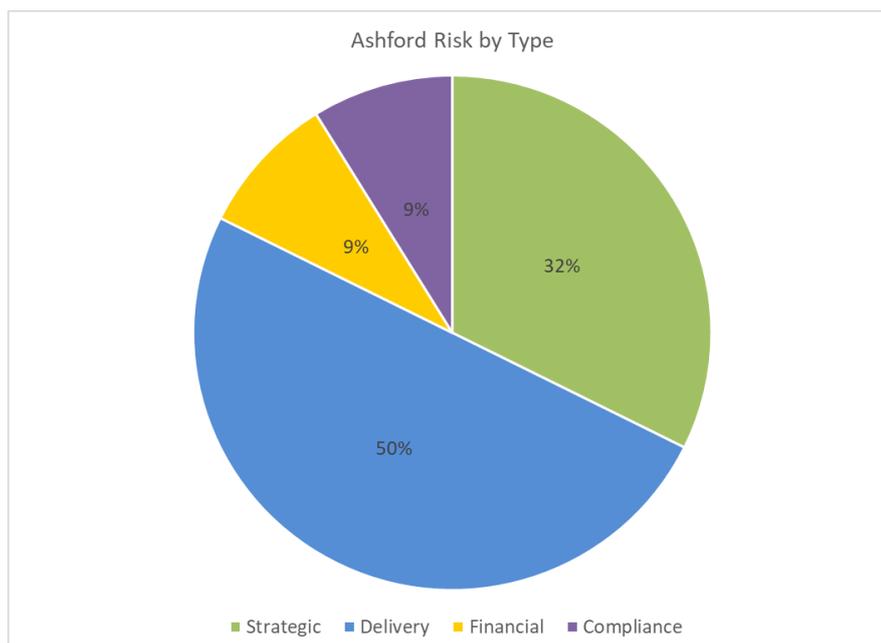
Introduction and Background

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. It also provides additional information on specific risks where this has been requested by the Committee. In particular, this update focuses on the Ashford Port Health risk environment following a request at the last meeting of this Committee.

The Corporate Risk Register is set out at Appendix A.

Proposal/Current Position

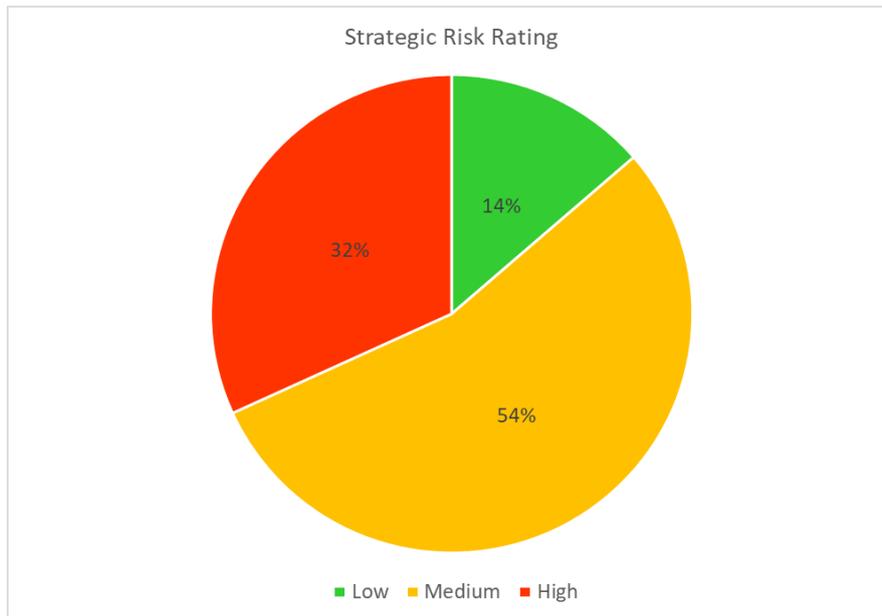
2. The Corporate Risk Register provides details of the council's key risks that could, if untreated, impact on the council's Strategic aims, Financial position or Compliance with the law.
3. Operational 'delivery' risks are monitored regularly by individual services and the council's Management Team 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 to reflect the council's ambitions as set out in the draft Corporate Plan to 2025. A risk appetite statement will be included as part of the Corporate Plan report to Cabinet in November 2021. Reviewing the council's risk appetite statement in conjunction with the development of the Corporate Plan ensures our appetite is aligned to our strategic aims. The Risks Management Framework will be updated to reflect the appetite statement once approved.
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.

Strategic Risks

9. There are currently 22 Strategic risks monitored of which 7 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:



Key changes

10. Three of the strategic risks relating to homelessness have been combined into one risk of 'Increased Homelessness presentations'. The impacts that disparities between the Local Housing Allowance and market rents (previously CR17HOUS05) and the impacts from Covid-19 (previously (CR20HOUS12), will be considered when determining the mitigations needed to control the overarching risk. This risk has not been reported this time as it currently sits within tolerated levels.

Emerging risks

11. A new risk has been included on the register relating to the council's local response to climate change. The risk sits outside the risk appetite to reflect both the national risk register position on climate change and the council's ambitions as a green pioneer.
12. The risk of failure to deliver Ashford's aspect of Mid-Kent Joint Waste Management Contract is another new addition to the register. A matter of significant importance to local people, this overarching risk is underpinned by a project risk register that will be regularly monitored by both current contract partners and a Member Task Group.

Strategic risk area of focus: Ashford Port Health

13. At the last meeting of this Committee an emerging risk was reported relating to the delivery of Ashford Port Health (APH) and it was agreed that it would be beneficial to have a more detailed report of the risks relating to the delivery and the controls in place. The risk profile relating to Ashford Port Health has reduced to within tolerated levels so does not feature on the register at Appendix A this time. However, information is provided in the paragraphs

below which will be supported by a presentation detailing the Ashford Port Health risks and controls at the meeting.

14. The commissioning of the Port Health Service is being overseen by an Officer Steering Group (OSG) in the same manner a major corporate project would be managed. This group is chaired by the Chief Executive and relevant key officers and Heads of Service to ensure HR, Legal and IT issues are adequately considered and addressed. The council has a DEFRA project manager embedded within the Council who reports to the Head of Service of Port Health and is a member of the Departmental Management Team who assists with project planning and prioritisation of urgent and important tasks. DEFRA also have a readiness tracker and our risk log has also now been better aligned to ensure risk ownership is clear.
15. Good progress has been made recruiting the staff needed to operate the Port Health service. The new Head of Service position created for APH has been appointed to with relevant Port Health experience at this level. Recruitment phase 1 staff have now completed their training programmes and Phase 2 staff are working through the same materials to ensure they are competent before 1 January 2022. Ashford Port Health Authority have now also made online Sanitary and Phytosanitary (SPS) Official Control Regime (OCR) materials available and this has been disseminated to the Technical Team to supplement knowledge. A review of the team structure has now been undertaken together with a review of some job descriptions to assist in recruiting Port Health Technical Assistants.

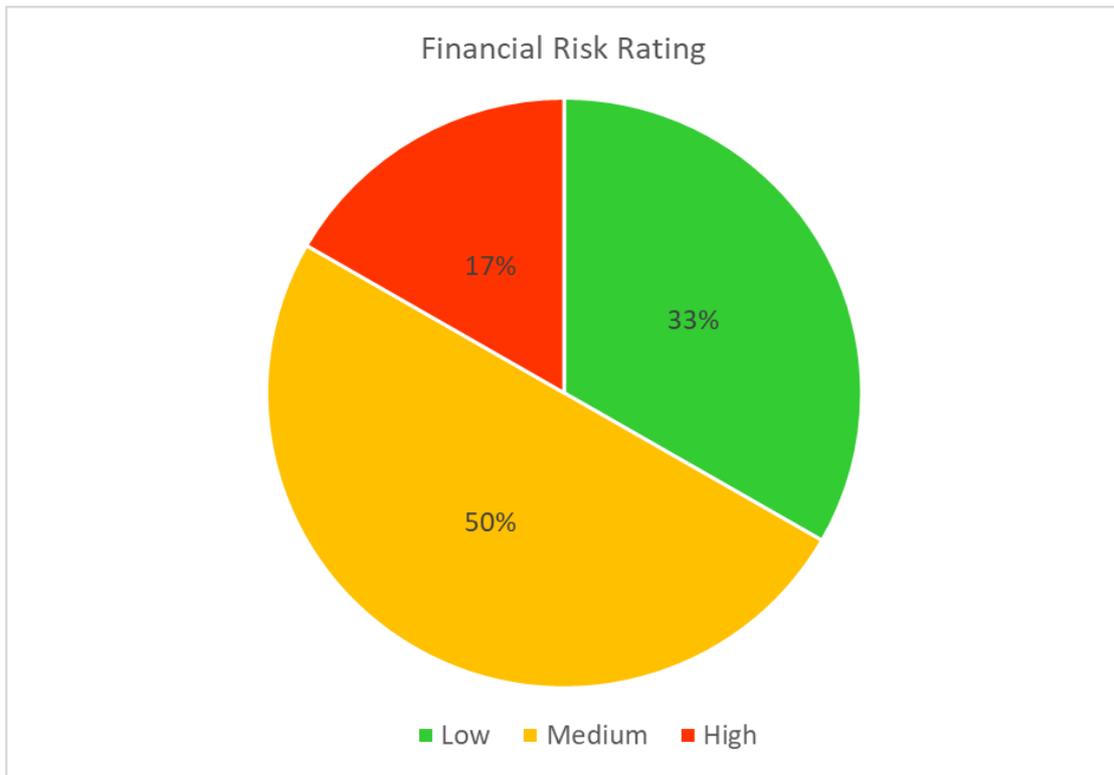
Ongoing issues concerning uncertainty connected with the project include:

- Legal designation for the site and authorisation of staff for SPS checks – verbal assurance has been given by DEFRA senior staff but a written response of awaited
 - Practical training for APH staff – meeting with City of London 29th September 2021 to explore but majority will be undertaken in situ in December
 - Occupation date – 1st December 2021
 - Systems delays (IPAFFS) – IPAFFS integrated to PHILIS so disruption to APH low. Access to IPAFFS training environment due September.
 - Expected number of SPS checks – ABC preparing based on agreed DEFRA bid.
16. **These risks are owned by DEFRA** but APH are assisting in resolving them through regular and ongoing liaison with DEFRA. A weekly occupation planning meeting with the on-site DEFRA infrastructure team has also now been put place.
 17. Illegal, Unreported and Unregulated (IUU) checks are being undertaken which has enabled a modest income stream and allowed staff to become proficient using PHILIS. This activity is also assisting in testing business processes.

18. Financial risks are covered by DEFRA by way of an approved funding bid to prevent any cost implications impacting on the Council's own reserves or revenue. ABC has been given assurance the project will be under-written by DEFRA in totality at start up. A reserve strategy is also included in the budget to provide a year's operating costs in reserve within the next 5 years. This is to protect the tax payer from fluctuations in trade or unforeseen incidents such as a fire in the tunnel.
19. Designation of the BCP by the Food Standards Agency and DEFRA is due to begin in November 21. The procedures and policies required locally to meet the requirements have now been created and shared with the respective agencies and a site visit has also taken place to prepare. An agreement with the Agricultural Analyst, Food Examiner and Public Analyst is also now complete ahead of the operational phase.
20. The Port Health Service have been given a date of occupation for the 1st December 2021 and this seems likely to be met. All goods subject to phytosanitary and sanitary controls need to be pre-notified from the 1st January 2021. The data from this work is to be shared with all BCP's including Sevington. Operational testing is also planned for December 21 within the BCP facility working with the Border Protocols and Delivery Group (Cabinet Office).
21. The UK Government have now decided to delay the implementation of full SPS checks on the goods the Port Health Service will be dealing with until July 22. Whilst the delay is disappointing the Head of Service is working with DEFRA to explore if the designation can continue ahead of EU checks so that rest of the world freight can be cleared at the facility. It is hope that this will enable excellent additional preparation for the team. This matter is within the control of DEFRA and the FSA but preliminary discussions have been promising.

Financial Risks

22. There are currently 6 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:



Reduced risk profiles

23. The risk of parking income not meeting forecasts in the Medium Term Financial Plan (CR17HPC004) has reduced as parking income has improved in line with the council's forecasts. The risk of ongoing maintenance budget not meeting the Medium Term Financial Plan forecast (CR17PROP011) has also reduced in light of reserves being allocated towards these liabilities.

Compliance Risk

24. 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 on the next page:



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

Conclusion

26. 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.
27. 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.
28. 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

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