

Agenda Item No:

Report To: Audit Committee

Date of Meeting: 4 October 2022

Report Title: Corporate Risk Register – update October 2022

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Portfolio Holder Cllr. Feacey
Portfolio Holder for: Policy and Performance



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.

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.**

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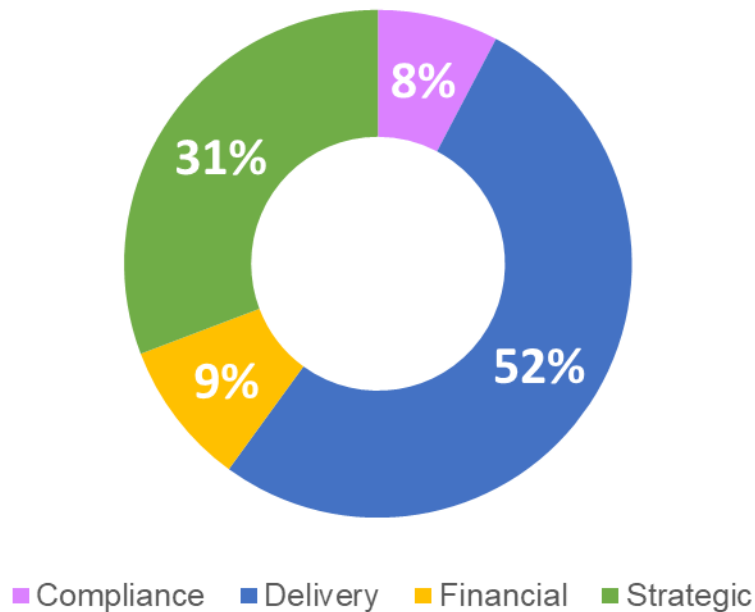
Introduction and Background

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.
2. This Committee last considered the Corporate Risk Register in March 2022 shortly after Russia's war in Ukraine had commenced. It was noted at that meeting that a review of the risks would be necessary in light of repercussions being felt globally. Since that meeting, the council's Management Team have held a dedicated session to review the risk register in light of the war and other environmental factors including post EU transition and recovery from the pandemic. The session was also an opportunity to consider whether some of the council's risks no longer required inclusion on the register having been successfully managed. Following the session, a number of changes were made to the register including; the closure of redundant risks; the inclusion of emerging risks; and changes to current risk profiles. The changes are detailed throughout this report but examples include the elevation of the Cyber Security Risk and the introduction of a risk relating to the supply and cost of materials.
3. The Corporate Risk Register is set out at Appendix A.

Proposal/Current Position

4. 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.
5. 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.
6. There are currently **64** risks across the four risk types (strategic, delivery, financial, compliance). A percentage breakdown of each type of risk is provided below:

Ashford Risk Share by Type

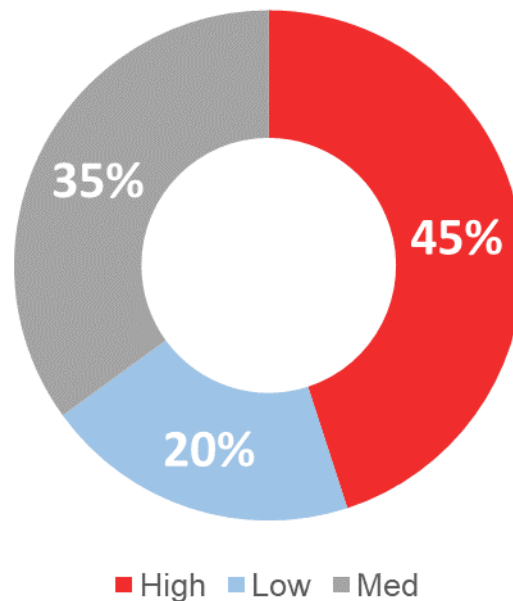


7. The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk within which the council chooses to operate. Risks that fall outside of the council's 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.
8. The risk appetite statement was reviewed to reflect the council's ambitions as set out in the draft Corporate Plan 2022-2024 and will now be incorporated into the council's Risks Management Framework.
9. 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 them.
10. 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 explains those that have been managed down to a level where they no longer require reporting on.

Strategic Risks

11. 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 on the next page:

Strategic Risk Rating



Key changes

Increased risk profiles

12. The risk of recession (CORP.22.FINIT.R009) has increased following the Bank of England's recent and unprecedented announcement predicting a recession in 2023. The squeeze on household income due to the rising prices of energy and food has led to slower growth in the UK economy. The likelihood and severity of a recession is expected to be high with pressures being felt on the council's budget both in terms of lost income and increased caseloads as the impacts are felt in the community. These impacts will be factored into the Medium Term Financial Plan, the delivery of which has been identified as a separate financial risk (Corp.22.FINIT.R010).
13. The risk of traffic and service disruption in and around Ashford Town (CORP.22.LEGDEM.R004) has also increased as border control disruption has caused significant transport delays in Ashford and Operation Brock stood up over the summer period. Increased border checks which will come into force in May 2023 with the implementation of the EU Entry and Exit system, are expected to increase checking times leading to further disruption in the future. The Kent Resilience Forum and Command and Control Structure continue to provide a co-ordinated mitigation strategy. In terms of service disruption, the council has well-tested and effective business continuity plans in place so this aspect is less likely than when the risk was first identified.
14. In light of the risk environment around cyber security nationally and globally being heightened, the risk to the council of a successful cyber-attack (CORP.22.FINIT.R003) has been increased.

Emerging risk

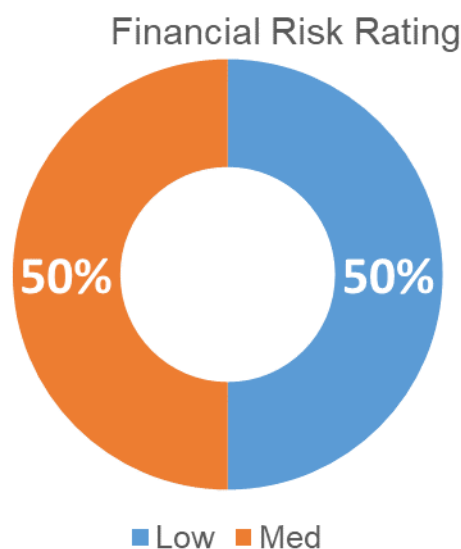
15. A new risk has been included on the strategic risk register relating to supply chain disruption (CORP.22ENVSPORT.R009). This reflects the risks around securing certain materials and managing costs with inflationary rises. The construction industry is especially competitive at present and officers are reviewing and implementing mitigations around procurement and contract management to assist with securing materials and managing costs once in contract. A new risk has also been included for monitoring Corporate Plan delivery. As this risk is within tolerated levels it has not been reported to this Committee on this occasion.

Reduced risk profiles

16. Following the review of the Corporate Risk Register, the risk of Ashford College not delivering Phase 2 has been removed from the register. This is an externally managed risk and the College has successfully secured funding to deliver the whole of phase 2 on the Elwick site. Works are expected to be completed in time to welcome students in September 2023. Progress will continue to be monitored through the Ashford Strategic Delivery Board.

Financial Risks

17. 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 on the next page:



Emerging risk

18. With external pressures impacting the risk profiles of a number of the council's financial risks, a new overarching risk relating to the delivery of the Medium Term Financial Plan (CORP.22.FINIT.R010) has been introduced. A variety of factors are currently affecting this risk including; inflation on all costs and income; interest rate rises, (which increase the cost of short term borrowing); pressures on household income and; delays to government funding.
19. The 2022/23 budget was largely set around October/November 2021 as the United Kingdom (UK) was recovering and starting to live with Covid. However, the impacts since felt following the Russian War in Ukraine mean the inflationary and interest rate forecasts used to formulate the 2022/23 budget setting process were considerably light with actual rates leading to significant pressure of the council budgets. In addition, council residents and businesses are feeling the impacts of rising inflation which is likely to put pressure on the council's fees and charges income, debt collection rates and front line services. Full details can be found in the [council's budget monitoring report published on 21 September 2022.](#)

Increased risk profiles

The risk of a reduction in the Housing Revenue Account has increased to reflect the external factors impacting income including those set out in paragraphs 19 and 20 in addition to risks around the government imposing rent freeze or reductions. A new rent analytics system is being utilised to identify those at risk of hardship so that early interventions can be made to mitigate this risk.

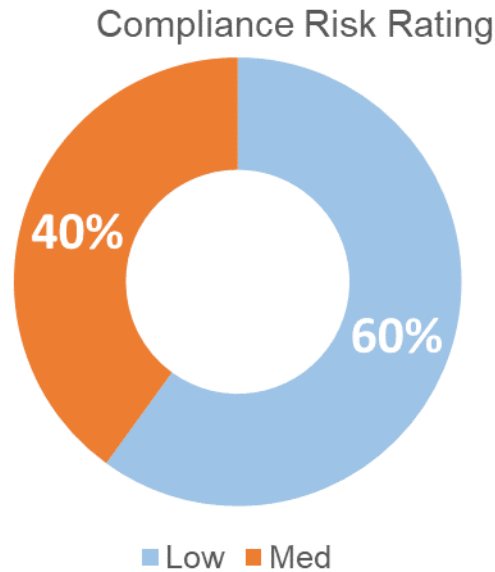
Reduced risk profiles

20. The council's commercial investment portfolio (CORP.22.STRAT.R004) is currently performing well, particularly in the industrial unit sector. This has led to the likelihood of not making a return on our investments being reduced. However, this risk will continue to be monitored closely in light of the economic environment.
21. The risk of the council not meeting its parking income targets has been removed from the risk register. Following a review of the council's risks it was considered that parking income levels had stabilised since the pandemic and there was not a significant enough risk to the council's finances for monitoring outside of the budget monitoring process.

Compliance Risk

22. There are currently 5 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:



23. The risk of having insufficient resources in the event that an Election were called at short notice (CR17LEG001) has been removed from the risk register. There is a well embedded and rehearsed policy of staffing election work by way of a large corporate effort across services to support the small elections team and the chance of risk materialising is negligible and does not require reporting to this Committee with such regularity.

Conclusion

24. 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.
25. 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.
26. 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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