

Agenda Item No: 6

Report To: Audit Committee

Date of Meeting: 21 March 2023

Report Title: Corporate Risk Register – update March 2023

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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 if there are any specific risks that would benefit from a further report 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 inception.

Exempt from Publication: **NO**

Background Papers: **None.**

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Corporate Risk Management – update report March 2023

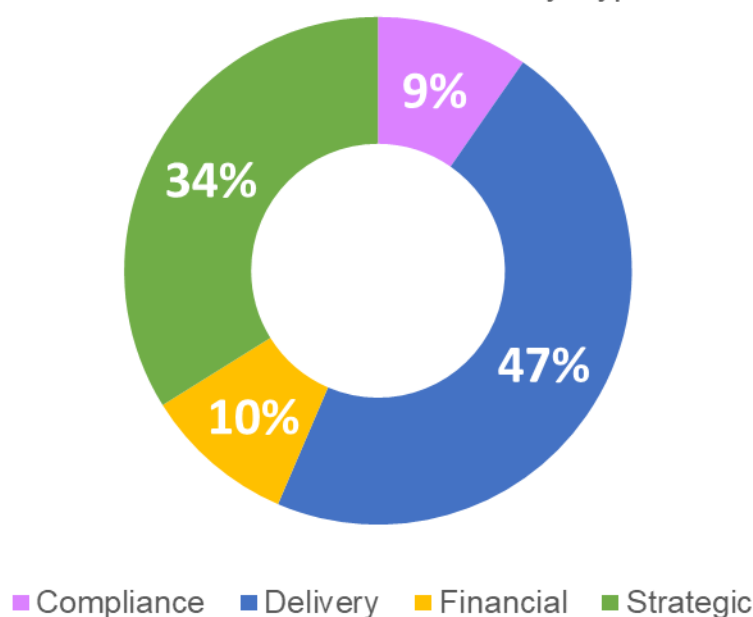
Introduction and Background

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. The Corporate Risk Register is set out at Appendix A.

Proposal/Current Position

3. 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.
4. 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.
5. There are currently **62** risks across the four risk types (strategic, delivery, financial, compliance). A percentage breakdown of each type of risk is provided on the opposite page:

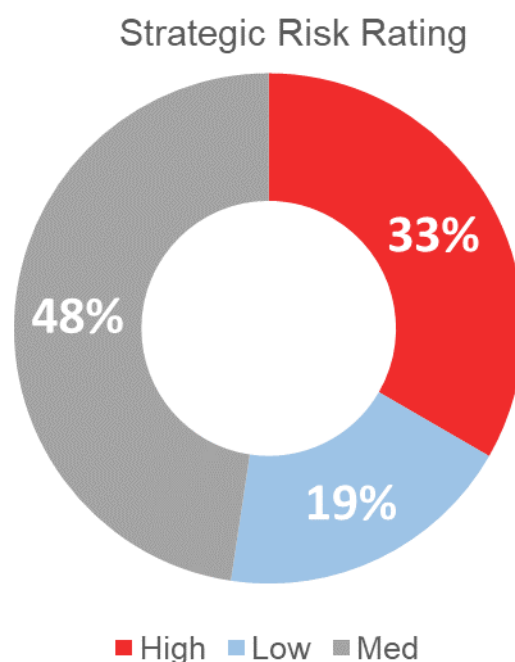
Ashford Risk Share by Type



6. 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.
7. The risk appetite statement reflects the ambitions in the Corporate Plan 2022-2024 and was adopted together with it. The council's risk appetite will need to be further tested following the local elections in May 2023 and as we look to develop the next Corporate Plan.
8. 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.
9. 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

10. There are currently **21** Strategic risks monitored of which **seven** 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 set out below:



Key changes

Increased risk profiles

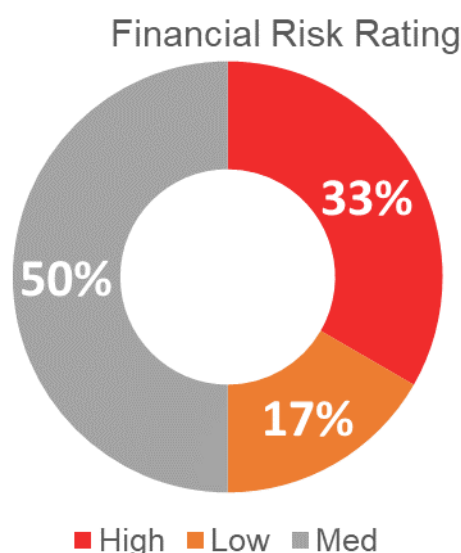
11. In light of the risk environment around cyber security nationally and globally being heightened, the risk to the council of a successful cyber-attack (CORP.22.FINIT.R003) has been increased. A full package of mitigation measures are in place which are summarised in the risk update at Appendix A.
12. The risk of not meeting our climate commitments (CORP.22POLPER.R003) had reduced following the adoption of the council's Carbon Neutral Action Plan. It has however, been elevated again to fully reflect the threats and impacts of climate change and whilst we await the outcome of a number of bids for grant funding. If successful, these funds will make a significant contribution to the delivery of the council's action plan. Further work is on-going to embed climate action across the organisation including the development of carbon literacy training and impact assessments to aid decision making. Outward looking promotion of the circular economy is also planned for the year ahead.
13. The risk of the supply of affordable rented housing keeping pace with demand (CORP.22.Housing.R003) has risen as Stodmarsh has continued to prevent construction of new homes combined with a rise in the number of people on the housing waiting list. This risk needs particularly close monitoring as those on the waiting list may not be able to sustain their existing tenancy, creating the possibility of presenting to the council through alternative routes.

Reduced risk profiles

14. The risk of recession (CORP.22.FINIT.R009) has fallen back within tolerated levels and therefore does not feature on the register this time. The squeeze on household incomes due to the rising prices of energy and food has led to slower growth in the UK economy. The likelihood of a recession is still prominent although recent forecasts indicated that it will be shorter and not as severe as originally thought. The council still has exposure to risk arising from recession and the cost of living crisis and anticipate emerging pressures to arise in discretionary income, but also increased debt levels from commercial property, Council Tax and Business Rates arrears.
15. The risk of not delivering the South of Ashford Garden Community to time and quality (CORP.22.PLANNINGR008) has reduced and is not reported this time following positive progress across a number of areas. The Homes England workstream is now in delivery phase; the Garden Community Room scheme will be submitted to Planning within the next few weeks; £180,000 is committed to Public Rights of Way improvements and; progress has also been made on the tenancy of the Community Management Organisation Cabin. In light of these positive steps, a further review will take place to reassess the individual risk factors that contribute to this overarching risk to ensure it remains reflective of overall progress.
16. The risk of transport disruption in Ashford Town (CORP.22.LEGDEM.R004) has also reduced. Operation Brock is still in existence and there are likely to be future cases where it may be utilised such as Channel Tunnel closures; during peak travel times, such as school holidays; and when adverse weather arises. However, in anticipation, we play an active role in the Kent Command and Control structure enabling additional localised contingencies as and when appropriate.
17. The risk of failure to deliver the Ashford aspect of the Mid-Kent Joint Waste Management Contract has moved within tolerated levels and therefore not reported this time. The new contract has been awarded to Suez for operational commencement in March 2024. The letter of intent has been signed which allows Suez to progress with purchasing a fleet of vehicles. In conjunction with the other authorities in the Mid-Kent Joint Waste Partnership, work is progressing on the mobilisation phase of the contract. Inflationary pressures do remain but the overall position is good.
18. The risk of supply chain disruption (CORP.22.ENVSPORT.R009) has also reduced this time but remains on the register. Inflationary pressures do continue to be faced by all which is impacting both tender prices and request for price increases from Suppliers. Whilst this does present a funding pressure to the council, this has been factored into the development of the Medium Term Financial Plan, reducing the financial impact score since the last update.

Financial Risks

19. There are currently **six** 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:



Increased risk profiles

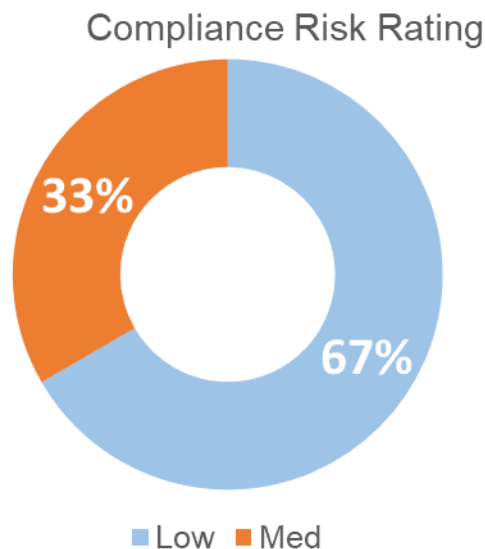
20. The risk of ongoing maintenance liabilities exceeding available budget (CORP.22.STRAT.R008) has increased since the last assessment. Whilst a programme of condition surveys is underway across the estate, our maintenance and health and safety obligations continue to put pressure on the maintenance budget. Once the condition surveys are complete, a strategy for the overall estate will be developed.

Reduced risk profiles

21. The risk has reduced of having insufficient funds to respond to an unforeseen event (CORP.22.FINIT.R.010). The Medium Term Financial Plan for 2023-2028 identified a budget deficit over the lifetime of the plan. The deficit has reduced due to additional funding from the government's Financial Settlement. There is also a clear savings strategy in place in order to further reduce the deficit which will be closely monitored to ensure the council's reserves are not depended on going forward.
22. The risk of a reduction in the Housing Revenue Income Account (CORP.22.HOUSING.R010) is not being realised and we are currently on target to meet a 98% collection rate by the end of the year following a focus in this area.

Compliance Risk

23. There are currently **six** 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:



Emerging risk

24. The risks associated with the implementation of the Elections Act (CORP.22.LEGDEM.R005) is a new risk to be reported to this Committee. The main risk centres on ensuring voters are aware of the need to provide photographic identification for polls. Whilst this was initially seen as a higher risk, an extensive communications plan both nationally and locally has been implemented reducing the likelihood of the risk arising.

Conclusion

25. 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.
26. Members 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.
27. 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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