

Agenda Item No:

Report To: Audit Committee

Date of Meeting: 3 October 2023

Report Title: Corporate Risk Register – update October 2023

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Portfolio Holder: Cllr. Hayward

Portfolio Holder for: Performance and Direction



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 incepted.

Exempt from Publication: **NO**

Background Papers: **None.**

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Report Title: Corporate Risk Management – update report October 2023

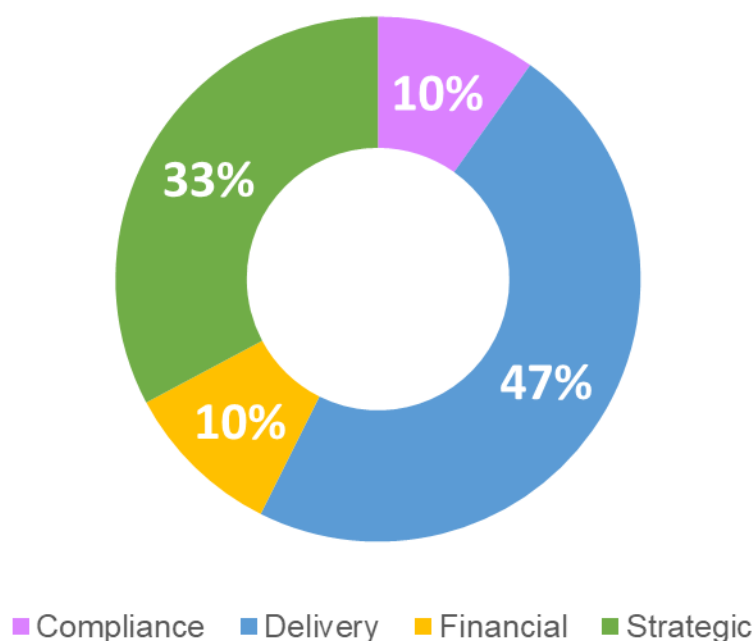
Introduction and Background

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 **61** 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

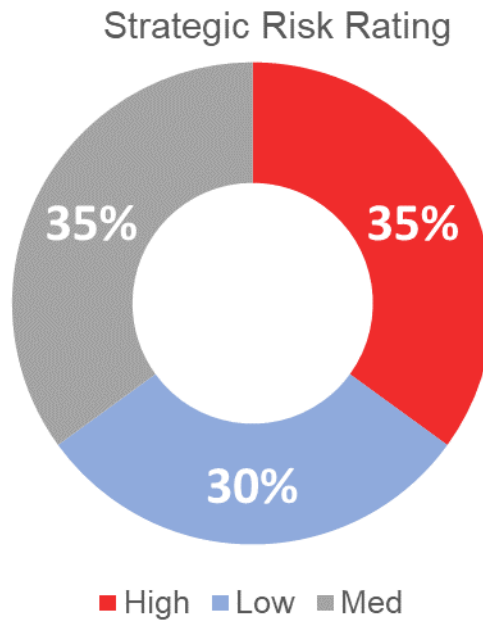


6. The Corporate Risk Register is linked to the risk appetite statement which is contained within the Risk Management Framework. The statement is designed to inform decision making about the amount of acceptable risk within which the council chooses to operate. Risks that fall outside of the council's 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 be re-evaluated as part of the development of the Corporate Plan. This ensures our appetite is fully aligned to our aims and objectives as well as external factors.
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 **20** 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 since the last update to this Committee. It has also been elevated following a recent Smishing (SMS phishing) test of staff which returned a higher failure rate than previous exercises. A full package of mitigation measures (including further Smishing training) are in place which are summarised in the risk update at Appendix A.
12. The risk profile relating to the number of people in temporary accommodation (Corp.22.Housing.R001) has increased. The number continues to increase due to the ongoing pressure from households being made homeless from the private sector and the bridging hotel closing. Interventions are being made to fast track anyone presenting from the private sector as well as early engagement to focus on prevention. Properties continue to be purchased and a broader review to help reduce the demand and spend on temporary accommodations is underway. This is also linked to the strategic risk of supply of affordable rented housing keeping pace with demand (CORP.22.Housing.R003) which also maintains a high risk profile.

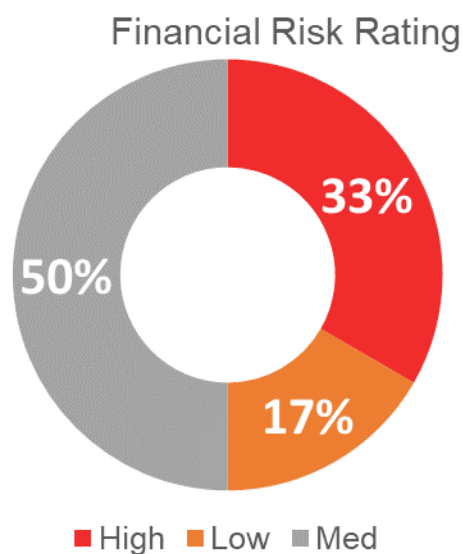
13. The risks associated with the delivery of the Newtown Works project (CORP.22.ECODEV.R.004) have been elevated since the last update to this Committee. The government's latest position on Nutrient Neutrality aims to facilitate housebuilding. However, as its proposed amendment to the Levelling Up and Regeneration Bill fell and a new Bill will need to be brought forward, the timeline presents risk to the delivery timescales. There are risks of increasing costs and the requirements for value engineering; and to deliver the Levelling Up funding by March 2025. The delivery of the education provision is likely to extend beyond 2025 but mitigations are possible through a change request to extend the timescales and re-scope the project. Positive discussions are still being undertaken to deliver out the Film and TV Studios on the site.

Reduced risk profiles

14. There has been a reduction in the likelihood of the withdrawal of Eurostar services having a negative impact on the local economy (CORP.22.ECODEV.R003). As the risk has moved within tolerated levels it does not feature on the risk register this time. Eurostar recently attended the Joint Transportation Board meeting to update on their position. They maintained that services would not return until 2025 but were positive about a review in 2024 based on customers returning in 2023 and technology trials that could see solutions to border issues over the next 12 to 18 months. A campaign is being put together with KCC and other partners to look to bring back international services from Ashford International Station as soon as possible. A public petition has already reached 32,000 people requesting the return of services to Ashford and Ebbsfleet.
15. The risk of transport disruption in Ashford Town (CORP.22.LEGDEM.R004) has further 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.
16. There has also been a reduction in the risk profile of supply chain disruption (CORP.22.ENVSPORT.R009). Whilst challenges around material and labour prices remain, and estimating future costs is less certain, successful risk mitigation strategies have been implemented including more flexibility at procurement and budget reviews to ensure costs remain within our appetite.

Financial Risks

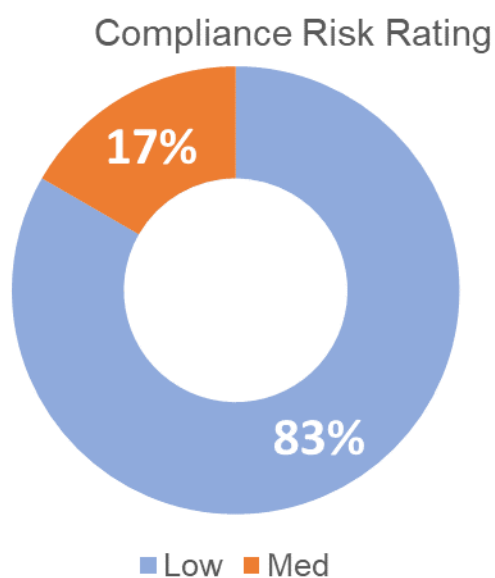
17. There are currently **six** financial risks monitored, all of which feature on the Corporate Risk Register in line with the council's risk appetite statement. A breakdown of the financial risk ratings by percentage is provided in the pie chart on the next page:



18. Whilst a number of the financial risks continue to sit outside the council's risk appetite, there have been no changes to the risk profiles in this reporting period. An explanation of the current position for each risk is provided at appendix A.

Compliance Risk

19. 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 below:



Emerging risk

20. Following a Housing Ombudsman case, a new risk has been included on the compliance register relating to the contract management of the Stanhope Public Finance Initiative (CORP.22.HOUSING.R013). Contract review arrangements have been strengthened as set out in the update at Appendix A.

Reduced and closed risks

21. The risk of non-compliance with data protection legislation (CORP22.POLPER.R001) had reduced. 100% of eligible councillors have completed their online cyber and data protection training and there was also good attendance at face-to-face training which complimented the online offer. Staff compliance also remains high which ensures data protection is well embedded across the organisation. This was recently supported by the findings of a breach management audit which found the council to have sound arrangements.
22. At the last meeting of this Committee, a new risk was included on the register associated with the implementation of the Elections Act (CORP.22.LEGDEM.R005). The main risk centred on ensuring voters were 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 was implemented and locally mitigation plans were successful. This risk has therefore been removed from the register but can be reviewed if the position changes in the future.

Conclusion

23. 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.
24. 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.
25. 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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