

## Strategic risks

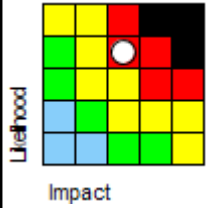
**Report Type:** Risks Report

**Report Author:** Charlotte Hammersley

**Generated on:** 14 September 2023

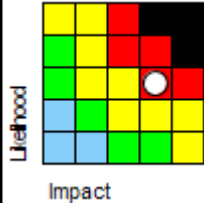
Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. ECO DEV. R004	Newtown Works project delivered to time and budget	Loss of Levelling Up Funding funding Potential further degrading of the listed buildings Reputational damage to the council Holding costs for the development site Planning resubmission		Governance monitoring of LUF Internal project team Monitoring and release of loan funding to Ashford International Company Project Risk register. Contract management	↑	<p>The government's latest position around Nutrient Neutrality provides a solution that mitigates risks around this area once instigated. However, after falling in the House of Lords, the timescales for a solution remain uncertain. Further risks around delivery are impacted by these timescales, increasing costs and the requirements for value engineering, and the requirements to deliver the LUF funding by March 2025. The LUF funded enabling works will be able to be delivered within the project timescales, but the delivery of the education provision is likely to extend beyond this period. This can be mitigated through putting in a change request on the project to extend the timescales and re-scope the project.</p> <p>Positive discussions are still being undertaken to deliver out the Film and TV Studios on the site.</p>

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COR P.22. FINIT .R003	Successful cyber attack	Data breach Loss of service Reputation Financial		Staff training Patching, firewall, policy rules Emergency planning exercise	↑	Note provided below:
<p>A Smishing (SMS phishing) exercise carried out on 99 Ashford Borough Council owned smartphones.</p> <p>Of the 99, 25 undelivered / invalid, 14 of remaining 74 were clicked on giving an 18.92% failure rate. This is higher than our previous phishing email exercises, and highlights further training requirements for staff to safeguard against these types of attack.</p> <p>In response, Smarthub item has been published and further training / exercises will be carried out to ensure staff are aware of all potential risks. These types of exercise form part of a cyber security control package that also includes:</p> <ul style="list-style-type: none"> <li>• All staff and Councillor Cyber e-learning mandatory.</li> <li>• Unchangeable storage solution installed to retain offline encrypted copy of backups.</li> <li>• IT Health Check &amp; external pen test as part of annual Public Sector Network CoCo accreditation.</li> <li>• Regular patching of all devices.</li> <li>• Enforced MFA (multi factor authentication) across all users (inc Councillors)</li> <li>• Mobile devices configured with InTune MDM for protection if lost / stolen.</li> </ul>						

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COR P.22. FINIT .R009	Recession	Loss of income Increased caseload Increased demand for Housing and Revenues and Benefits Services		Regular communication with Arlingclose Increased minimum reserves balance	—	Note provided below:
<p>Inflation reduced to 6.8% in July with core inflation remaining at 6.4% as reported in June. There has also been strong pay growth which could increase the risk of the Bank of England increasing interest rates further in September. The increase will have a direct impact on people with mortgages, especially where fixed term deals are coming to an end and will add further pressure to household budgets, although all households will be impacted by prolonged high levels of inflation.</p> <p>A further rate rise while hitting consumers will also hit business confidence which could delay capital projects again slowing the economy to bring inflation back under control.</p> <p>The cost of living crises is already placing pressure on household expenditure and will further increase collection risks for council services such as Council Tax and Housing Rents, the performance of collection rates will need to be monitored and reported over the coming year accordingly.</p> <p>The Council could see a reduction in discretionary fees and charges income (planning applications already reducing) and increased demand for temporary accommodation and other support services. Whilst we may as before avoid a technical recession, the likely impact on council resources has increased.</p>						

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COR P.22. HOU SING. R001	Increasing numbers of people in Temporary Accommodation	Negative social and educational impacts. Pressure on the General Fund. Increased casework and placements.		Welfare intervention officer Early Intervention Accommodation Officer Communications campaign		A number of interventions have been put in place in order to try and manage the situation- anyone presenting from the private sector is being fast tracked through to ensure early engagement and increase the chances of preventing as many cases as possible. Properties continued to be purchased via the Local Authority Housing Fund to increase the supply of settled accommodation to move on the increased demand of Afghans and Ukrainians. A broader review of the situation is being carried out to look at ways to reduce the demand and spend on Temporary Accommodation.
COR P.22. HOU SING. R003	Supply of affordable rented housing keeping pace with demand	Pressure on the housing waiting list Financial impact		Affordable Homes Programme Securing funding sources Partnership working with registered providers.		We remain stubbornly thwarted by Stodmarsh and there remains a lack of viable sites coming forward to address demands for affordable homes. Without a strong supply of homes constantly being delivered, the waiting list will remain high, and grow higher, unless supply can meet demand. The government's proposed amendment to the Levelling Up and Regeneration Bill was not passed in the House of Lords and therefore a new Bill will need to come forward. Whilst the government aims to enabling house building to progress, the timescales remain

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						uncertain and this risk profile remains at a very high level.
COR P.22. PLAN NING .R010	Managing nutrient neutrality in the Stour	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.	<p>Likelihood</p> <p>Impact</p>	<p>Legal advice received being followed</p> <hr/> <p>Relevant stakeholders working on mitigation schemes to allow development to take place.</p>	■	<p>No change in risk assessment.</p> <p>Progress update:</p> <ul style="list-style-type: none"> <li>• Government announcements made on nutrient neutrality on 29 August. However, the proposed amendment to the Levelling Up and Regeneration Bill in support of housebuilding fell so the situation remains unchanged at present.</li> <li>• Work being progressed on alternative nutrient mitigation measures to contribute to a strategic nutrient budget.</li> <li>• Work ongoing to secure land/commercial agreements for strategic wetlands.</li> <li>• Applications proposing on-site mitigation continuing to progress through Appropriate Assessment process.</li> <li>• Regular meetings held as part of the Catchment strategy working group to prepare Catchment-wide nutrient mitigation strategy.</li> </ul>

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COR P.22. POLP ER.R 003	Not meeting our climate commitments	Environmental damage (for example flooding and loss of biodiversity and reduction in residents' health and wellbeing)	 <p>Likelihood</p> <p>Impact</p>	Carbon reduction action plan	-	Risks remain high due to the impacts that remain at global and local level. Work is ongoing cross departmentally to ensure climate is considered in all decision making and procurement, our Project Initiation process now requires officers to complete a Climate Impact Assessment to raise awareness and improve project design. Our template has been adopted by other authorities in Kent. The Heat Network Feasibility contract has been awarded. Work is underway to procure a Local Area Energy Plan which will help us devise a decarbonisation path for the whole Borough, allowing us to support Parishes in localised energy planning as well as informing the Local Plan and wider strategic renewable energy generation and consumption requirements. The Handle Bars vc Cars campaign was well received with thousands of views on social media and ongoing TV media interest. The aim of the project was to highlight all the co benefits of commuting as well as recreational cycling, including speed and cost.
				Members of Kent Climate Change Network		
				Green principles embedded in decision making and project management processes		
				Ashford Climate Action Campaign		

## Financial risks

**Report Type:** Risks Report

**Report Author:** Charlotte Hammersley

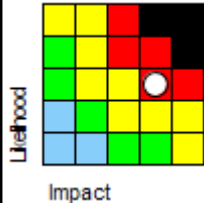
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Risk Code	Risk Title	Potential consequence	Risk Matrix	Internal Controls	Change	Latest note
COR P.22. FINIT .R008	Change to accounting standards: requirement to record all losses through income and expenditure.	Potential for temporary losses to be shown affecting the council's investment decisions.		<p>Regular communication with Arlingclose</p> <hr/> <p>Lobbying</p>	<p>—</p>	<p>No change to the risk profile. There was originally a statutory override for the 5 years from 1 April 2018 to 31 March 2023 that stops the requirement for Councils needing to budget for investment fair value movements.</p> <p>Following consultation the statutory override has now been extended until 31 March 2025, with the standard then to be fully applied.</p> <p>We will continue to monitor this position and the potential impact if the standard needs implementation post march 2025.</p>

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COR P.22. FINIT .R010	Insufficient reserves to respond to an unforeseen event	Section 114 Notice Inability to deliver services		MTFP and budget monitoring processes Savings target Commercial income target		Note provided below:
<p>The Medium Term Financial Plan (MTFP) for 2023-2028 identified and £2.6m deficit in 2023/24 and £10m over the 5 year period. At present there are sufficient reserves in place over the medium term to cover the losses in 2023/24 and this is the proposed strategy. However, Cabinet has recommended through the draft budget that Portfolio Holders and Officers will need to work together to reduce the budget deficit and return the council back to a sound financial footing. The current budget report for 2023/24 has reduced the deficit to be funded from reserves to £1.5m due to additional government funding during the Financial Settlement. This is a positive short term change although there is continued uncertainty around future levels of government funding.</p> <p>Due to the reduction in deficit and positive action currently being undertaken by Management and Members on saving proposals, the likelihood has reduced but this will be closely monitored against delivery of saving objectives.</p> <p>Without making savings the level of reserves will diminish quickly leaving the Council financially vulnerable.</p> <p>Operational reserves were used heavily in 2022/23 and are forecasted to be further utilised in 2023/24. The 2024/25 MTFP is about to be developed which will give a clearer steer over the long term position of reserves and will better inform this risk.</p>						



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COR P.22. FINIT .R010	Medium Term Financial Plan Delivery	An unbalanced budget Corporate Plan delivery	<p>Likelihood</p> <p>Impact</p>	Budget monitoring savings and investments strategy commercial and digital programmes Economic Resilience Reserve Use of Orchard analytics	-	<p>The MTFP will be revised based upon the 2022/23 outturn and 2023/24 approved budget. This will also need to factor in higher than previously anticipated interest rate costs that may take longer to come down, but also the impact of continuing high inflation which will add costs pressures to service contracts in 2023/24.</p> <p>With the continued uncertainty in the national and local finances this is being kept as a high strategic risk to ensure that focus over the challenging financial outlook is not lost.</p> <p>As per the reserves risk the 2024/25 MTFP is about to be developed that will better inform this risk moving forward.</p>

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COR P.22. STRA T.R00 4	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 councils Medium Term Financial Plan. Potential loss of income by not achieving the minimum rent at Elwick Place to cover quality maintenance. Inability to let the units at Carlton Road could lead to the need to repurpose or sell the site.	 <p>Likelihood</p> <p>Impact</p>	<p>Regular review of tenancies at International House with portfolio holder and marketing agent.</p> <p>Established tenants on mid-term leases at International House.</p> <p>Current demand for similar product to Carlton Road elsewhere</p>	<p>—</p>	<p>Current market conditions have not moved from former quarters performances. Although 1 unit at Elwick Place has been let, and we are negotiating on other voids, the risk is still relatively high being the early phases of their business and unpredictable changes in central Government objectives, available grants/support, local and national economy and online competitions. Food and Beverages continue to struggle and office space is in similar low demand prior to Covid. A tenant has served their break notice at Commercial Quarter leaving 1/4 of the floor vacant but we are in negotiation with a prospective tenant. Although the performance of the Council's assets are slowly improving, the market conditions and other external factors indicates a high risk still.</p>

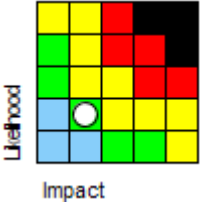

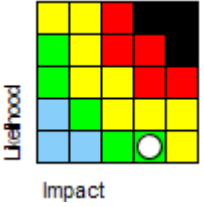

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COR P.22. STRA T.R008	Ongoing maintenance liabilities exceeding available budget.	Standard of maintenance reduced. Only necessary maintenance carried out.		<p>Programme management &amp; PID process</p> <p>Corporate asset management review</p> <p>Expenditure in line with Asset Management Strategy and prioritised.</p> <p>Stock condition survey</p>	<p>—</p>	<p>Same assessment as before applies. Conditions surveys are underway across the estate which will look at both the condition of buildings and their commercial viability. The risk remains high as the obligations to maintain our buildings in good condition to meet health and safety requirements. Until the conditions surveys are complete it is expected that we will have unexpected spend to meet our obligations. Once a plan is in place a strategy will be developed for the overall estate.</p>

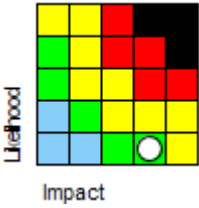
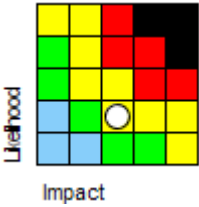
## Compliance risks

**Report Type:** Risks Report

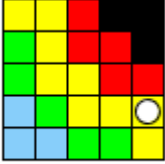
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COR P.22. FINIT .R001	Loss or theft of portable devices and data stored on them	Potential breach of council or personal data. Reputational damage.		Remote working and portable devices guidance Portable devices encrypted Data Protection Impact Assessment		No real change, and we continue to add any new device issued to users & councillors to the Microsoft InTune Mobile Device Management solution. This solution allows us to remotely wipe devices of corporate data if device is lost / stolen when it connects to the internet, it also has additional functionality such as audible alarm to help locate lost device etc.
COR P.22. FINIT .R002	Not achieving codes of compliance: pci and Public Services Network	Potential to stop the council being able to communicate with other public sector organisations.		Patching, firewall, policy rules		Public Service Network connection compliance certification achieved, covering period 31/04/23 - 31/04/24. Investigating solution to be able to run our own external penetration tests on external services, in addition to the annual scan run as part of our IT Health Check.

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COR P.22. FINIT .R005	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.		Externally managed	—	No change to the current risk assessment is anticipated until the migration to the data centre on the KPSN starts.
COR P.22. HOU SING .R013	Stanhope Public Finance Initiative (PFI) contract failure	Negative impact on tenant. Reputational impact to council, complaints not dealt with in appropriate manner. Officer time overseeing complaint process.		Regular performance monitoring and scrutiny of service delivery Monthly contract management meetings Housing review of all complaints	—	Reviewed and no change to risk. Following a Housing Ombudsman case we have implemented a number of improvements to the contract arrangement with Stanhope PFI. This includes a review every month at contract management meeting, review of the agenda and oversight of response. An audit of repairs is planned.

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COR P.22. POLP ER.R 001	Non-compliance with data protection laws	ICO fines Enforcement notices Reputational damage Customer dissatisfaction		GDPR action plan Service briefings Dedicated resource Staff training Information Governance Group Consultant legal support for key policies Information Commissioner Office registration	↓	<p>The Data Protection Policy was reviewed and approved by Cabinet in November 2022. The recent Member Induction training has gone well with 100% of eligible councillors having completed the online cyber and data protection training and face-to-face training also attended by approximately a third of councillors. Staff training compliance also remains high. Progress has also been made on updating the council's Record of Processing Agreements, although about 50% are still under review. Once this exercise is completed our retention compliance risks should reduce. A recent Breach Management Audit found the council to have 'Sound' arrangements.</p>

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COR P.22. SAFE WEL L.R00 7	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	 <p>Likelihood</p> <p>Impact</p>	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	-	Note provided on the next page.

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						<p>Corporate Health and Safety (CHS) is currently delivered by the Food and Health and Safety Team (FHST). The Team Leader of this function has resigned leaving the post currently vacant as of 31 March 2023. A temporary agency worker has been appointed to the post however they are not undertaking CHS duties due to other work priorities.</p> <p>Another two officers from the FHST resigned both leaving the organisation in January 2023. As an interim measure, an APH officer has been seconded to the Insurance and CHS vacancy for 6 months up to 11 September 2023.</p> <p>A review is underway to explore options to deliver these two functions while securing efficiencies. Discussions are taking place between directorates to firm up plans involving the Health, Safety, Environment and Quality Manager in the Environment Property and Recreation department to continue his support for this function by providing expertise.</p> <p>An external assessor undertook a 'health check' of CHS in October 2022, with a report provided in December 2022. Officers delivering CHS are working with relevant managers to implement the report recommendations within agreed timescales to maintain and secure compliance, with a draft action plan progressing. However, due to the vacancies held in the team, this work has not progressed which may present a risk to the authority. Once the decisions about vacancies and matrix working across the authority have been agreed upon, work can start.</p> <p>An active safety and wellbeing training programme is maintained and CHS continually liaise with HR.</p> <p>The three named individuals Management Team identified and appointed as Competent Person(s) under the Fire Safety Regulatory Reform Order 2005 matrix work to provide fire safety expertise and resilience across the organisation.</p>



