

**Agenda Item No:** 6

**Report To:** Audit Committee

**Date of Meeting:** 27 September 2018

**Report Title:** Corporate Risk Register – update September 2018

**Report Author & Job Title:** Charlotte Hammersley, Compliance and Data Protection Manager

**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 assessment 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 and agree the assessments and the adequacy of key controls to manage the risks.**

**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:** **Risk Management Framework**

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## **Report Title: Corporate Risk Management – update report September 2018**

### **Introduction and Background**

1. Twice a year the Audit Committee considers the council's Corporate Risks and risks management processes. This report is an update report providing the latest information on the council's Corporate Risk Register.

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. Operational risks are monitored regularly by individual services and the council's Management Team on an exception basis. Any risks that become of strategic significance are also reported to this Committee. Services will also shortly be reviewing their risk registers as part of the service planning process for 2019/20.
3. The Corporate Risk Register is linked to the risk appetite statement which is contained in 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 informed by those risks that are above the risk appetite levels set.
4. Set out at Appendix A are details of the risks including 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.
5. 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

6. Whilst there is currently no separate risk on the Corporate Risk Register relating to Brexit, risks such as commercial property rents and the economic downturn have been scored to include the impact of exiting the European Union. There are still a number of areas and themes that the council's Management Team are working through to identify potential risks and make necessary contingency plans. For example, the impact on our contractors, transport and workforce. The potential impact of Brexit is a dynamic risk environment and it will evolve as we know more about the direction of travel for any deal/no deal scenario. Any risks that become of strategic significance will be included on the Corporate Risk Register in future.

### Reduced risk profiles

7. An update on the strategic risks that have been successfully managed back within the council's risk appetite since the last report to this Committee is provided below. Whilst these risks do not feature on the risk register set out at Appendix A, they continue to be monitored by services on a monthly basis.
8. The impacts associated with not delivering phase 1a of Ashford College have reduced this quarter moving the risk back within tolerance levels. Phase 1 has been delivered and courses are available at alternative locations. The council is supporting the College's current bids and delivery through works to convert the loan for phase 1a into a grant.
9. The likelihood of the risk of Chilmington not being delivered to time or quality has reduced to within the council's risk appetite. Permission has been granted to Hodson for 346 dwellings on Parcels B, C, J and K. A further application from Hodson is submitted for Parcels A, E and F. A design review panel met week commencing 3rd September and proposed some changes to the application. Subject to these changes being made shortly, the application will be considered under delegated authority. Early infrastructure works for Phase 1 are complete. Jarvis has submitted an application for 99 dwellings at the Hamlet. The application is being considered by Planning. BDW are discussing with Planning the land at Brisley Farm and the detail of their Reserved Matters application has now been submitted for 22 dwellings. The remaining land parcels require further work ahead of submission.
10. The Quality Monitoring function is at the early stages of delivery and will support the quality agenda for Chilmington. There are also procedures in place with Homes England, Kent County Council and Ashford Borough Council to manage any risks associated with quality of delivery.
11. The risk of developers not delivering sites with planning permission to expected timescales has reduced in likelihood following Local Plan inspectors concluding that the council does currently have a five year housing land supply. A new housing delivery test has been introduced by government; the council will be preparing a housing delivery action plan and seeking more regular liaison with developers of main site.

12. The introduction of Universal Credit (UC) has been managed effectively within the council bringing this risk within the strategic risk appetite. Since the introduction of UC, the council has received 400 new claims of which, 98 are Housing tenants. The low volume of new claimants has reduced the overall impact on the council. To alleviate the impact of UC, the Income and Arrears team continue to receive software support to monitor rent and arrears payments. Re-aligning the team allowing for the creation of a senior area manager for income and arrears has enabled continuous monitoring and auditing. The Department for Work and Pensions (DWP) have rated Ashford Borough Council as a landlord with the highest confidence, allowing us access to the DWP/UC landlord portal which allows us to check whether an ABC tenant has made a new UC claim.
13. The likelihood of the supply of affordable housing not keeping pace with demand has reduced within tolerated levels as the council's Housing Service is on target to submit the bid to increase the Housing Revenue Account debt cap. The expected outcome is that the council's debt cap will be increased, allowing for additional units to be delivered beyond the existing programme.
14. The likelihood of not delivering the Digital Delivery Programme has reduced within tolerated levels. Good progress has been made with the existing programme and additional investment to support this work is also anticipated.
15. The risk of a successful cyber attack has reduced following the council recently passing the Public Services Network Code of Connection.

## **Financial Risks**

### **Reduced risk profiles**

16. The changes to accounting standards which required the council to record all losses through income and expenditure would have had potential for temporary losses to be shown affecting the council's investment decisions. Last quarter it was reported that the likelihood of this occurring had reduced. This has further reduced this month as it is now expected that a statutory override will be implemented along with the changes which will allow the council to continue with current arrangements. Therefore, this risks has been demoted from the Corporate Risk Register this time.
17. The risk that the council would not be compensated for the sale of higher value assets due to Government Policy on the sale of high value assets to fund Right to Buy has been removed from the risk register. The Government announced via the Social Housing Green paper in August that they will be repealing the legislation from 2018 and council's will no longer be required to sell high value homes.

## **Compliance Risk**

18. Since the last update, the IT compliance risks have been reviewed and the two risks relating to Payment Card Industry data security standard and Public

Service Network (PSN) compliance have been combined due to their similarity. The IT team has recently achieved compliance for this year.

19. It is proposed that the risks relating to Business Continuity and Emergency Planning are featured on the strategic rather than compliance risk register in future reporting. Whilst these functions include processes that need to be complied with, they have strategic implications. In addition, the risk relating to staffing resources in the event an election is called at short notice will be included on the delivery risk register along with other individual service related resource risks.

### **Increased risk profiles**

20. The memorial headstone inspection programme has made significant progress and mitigations have been put in place which have reduced the potential impacts of this risk. However, the overall risk profile has been raised slightly from a score of five to six whilst work continues to fulfil the remainder of the project.

### **Emerging risks**

21. A new risk has been included on the register relating to the recent roll out of laptops and other portable devices across the organisation. Whilst much work has been undertaken to mitigate against any potential loss or theft of the devices including a comprehensive Data Protection Impact Assessment and revised guidance for staff, it is considered that monitoring the risks associated with the use of laptops should continue whilst this new way of working is embedded.

### **Conclusion**

22. Risk owners have reviewed and reassessed the risks and controls within their specific areas and are satisfied that this report and attached Appendix represent an accurate picture of the current risks to the organisation.
23. 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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