

CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

25 September 2019	Governance and Audit Committee
Report Author	Chris Blundell, Head of Financial and Procurement Services
Portfolio Holder	Councillor Pugh, Portfolio Holder for Corporate Governance and Coastal Development
Status	For information
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report provides Governance & Audit Committee with a quarterly review of corporate risks.

Recommendation(s):

To note the report.

CORPORATE IMPLICATIONS

Financial and Value for Money	The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.
Legal	Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the council, there are no legal implications for the recommendation required by this report.
Corporate	Governance & Audit Committee approved the Risk Management Strategy on 9 December 2015 which includes a requirement to provide regular corporate risk updates to G&A Committee.
Equalities Act 2010 & Public	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the

Sector Equality Duty	Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.	
	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.	
	Please indicate which is aim is relevant to the report	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	✓
Foster good relations between people who share a protected characteristic and people who do not share it.		
There are no equity or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.		

CORPORATE PRIORITIES (tick those relevant) ✓	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

CORPORATE VALUES (tick those relevant) ✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1.0 Introduction and Background

- 1.1 Risk Management is a fundamental element of the council's arrangements for ensuring goals are achieved and opportunities are taken up. To this end the council has established its Risk Management Strategy and Process and has assigned responsibility to councillors and officers to ensure that the council uses its resources effectively, and all that can be reasonably done, is done, to mitigate risk.
- 1.2 Whilst primary member oversight on risk is provided by G&A Committee, Cabinet also has a member Risk Champion (the Portfolio Holder for Corporate Governance and Coastal Development) who promotes risk management and its benefits throughout the council. At staff level, the high-level corporate risk register is regularly considered by Corporate Management Team (CMT). G&A Committee considers changes to the

corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated. Looking beyond the corporate level, Heads of Service are responsible for maintaining service-level risks and project managers are responsible for project risks.

- 1.3 The Risk Strategy requires that there is a high-level review of corporate risk; this report presents the quarterly update of the corporate risk register.

2.0 Corporate risk register

- 2.1 A summary of the highest scoring corporate risks on the register is set out below, together with the comparative scores noted by Governance & Audit Committee on 24 July 2019. The scores are arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

Ref	Description	Jun 19 Score	Sep 19 Score	Change
CR-05	Political Stewardship	16	16	No change
CR-10	EKH Health & Safety	16	16	No change
CR-01	Limited Resources	12	12	No change
CR-09	Brexit	12	12	No change

- 2.2 Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.
- 2.3 It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.

3.0 Highest-scoring risks

- 3.1 **Political Stewardship:** This continues to represent a risk to the council, as following the local elections the Council remains in no overall control. It is still evident that there remain ongoing issues which could have a significant effect on the council. The council continues to pursue opportunities to support cross-party working and induction training for new members has taken place post election.
- 3.2 **East Kent Housing Performance:** Deteriorating performance of EKH results in unacceptable risks to TDC tenants and residents. On 15 January 2019 an EKH improvement plan was approved by Cabinet that came into effect on 1 April 2019 and

runs through to 30 September 2020. As a result of the plan, EKH are being closely measured on their key performance indicators.

Recently a lack of gas safety certificates for a high number of properties across Dover, Canterbury, Folkestone and Hythe and Thanet has raised the risk profile of EKHs ability to meet all aspects of the improvement plan and a report to Cabinet was presented by the Council's monitoring officer on 25 July 2019 regarding the breach of regulations.

TDC alongside the other council's are now reviewing the current arrangements with EKH.

- 3.3 **Limited Resources:** The high score for Limited Resources reflects the fact that it is one of the few risks that in extremis could result in the council losing control of its own destiny.

Due to national political uncertainty and an unresolved Brexit, the chancellor has confirmed that Councils will now get a 'one-year roll-over settlement'. This has severe implications for accurate financial planning in the MTFP and any longer term planning.

Due to the government's focus on Brexit, the Fair Funding Review, planned to be implemented in 2020-21 is also at risk of slipping to 2021-22.

Therefore, the likelihood and severity of the impact of the risk becoming manifest (e.g. TDC having to terminate services, make large-scale redundancies and/or be externally governed or managed) remains high, not only now but for the immediate future.

- 3.4 **Brexit** - The UK is now due to leave the European Union on 31 October 2019. UK Government is still continuing to work on arriving at an agreed deal on exit, with the likelihood of a no-deal now more likely than previously.

Significant risk prevails should no deal be agreed within the timescale. Whilst there are national concerns that must be addressed, the council must focus primarily on managing those risks which have a local and regional impact in particular.

The scale of its effect should not be underestimated and the council has identified a lead officer to lead on Brexit related issues and progressed contingency planning for a disorderly Brexit.

The significant issues to consider are those concerning the strategic transport network, funding and the port. In addition, the council has identified a number of issues that could potentially impact on the council's ability to deliver its services.

4.0 **Risk management strategy and processes**

- 4.1 A report went to G&A on 6 March 2019 detailing proposed changes to the Risk Management Strategy and these are to be implemented over the coming months.

5.0 **Recommendation**

5.1 To note the report.

Contact Officer:	Chris Blundell, Head of Financial and Procurement Services
Reporting to:	Tim Willis, Deputy Chief Executive and S151 Officer

Annex List

N/A	
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Corporate Consultation

Finance	Chris Blundell, Head of Financial and Procurement Services
Legal	Tim Howes, Director of Corporate Governance