



Agenda

Meeting: **Audit and Governance Committee**
Date: **13 September 2023**
Time: **6.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Audit and Governance Committee**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/webcasts>.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

5. **Corporate Risk Register Update (Pages 3 - 14)**

This report summarises changes to the Corporate Risk Register since it was last reported to A&G in March 2023.

The latest version of the Risk Register will be shared prior to the meeting.

Queries about the agenda? Need a different format?

Contact Sue Lewis – Tel: 01303 853265/3267
Email: committee@folkestone-hythe.gov.uk or download from our website
www.folkestone-hythe.gov.uk

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This report will be made public on 12 September 2023

Report Number: **AuG/23/12**

To: Audit and Governance Committee
Date: 13 September 2023
Status: Non-executive decision
Responsible Officer: Kirsty Roberts, Chief Officer, East Kent Leadership Group

Subject: Corporate Risk Register Update

Summary: This report summarises changes to the Corporate Risk Register since it was last reported to A&G in February 2023.

RECOMMENDATIONS:

1. To receive and note report AuG/23/12.
2. A&G Committee regularly review the Corporate Risk Register to consider progress made against agreed actions, and consider the key risks faced by the organisation.

1. Update to the Corporate Risk Register

- 1.1 The updated Corporate Risk Register has been appended in full to this report (Appendix 1). For ease of reference the changes to the Risk Register have been highlighted (red). Additionally, the Risk Matrix, which is a pictorial snapshot of the current level of risks faced by the Council, is provided at Appendix 2 (with changes identified in italics).
- 1.2 The current Corporate Risk Register identifies 16 risks, which can be categorised as 1 moderate, 6 high and 8 extreme level risks. Compared to the February 2023 matrix which indicated 6 high and 9 extreme level risks.
- 1.3 The key changes made include:

2 new risks identified for:

•	C2 – Otterpool Park Delivery, achieving planning approval is very good news but moving into the next phase for this project brings substantial financial and delivery risks.
•	C8 – Strategic Future of Princes Parade, replaces previous risk around Princes Parade Delivery due to Member decisions around the future of the site (both risks left in the register to show how this has changed, new risk highlighted in green).

4 risks have updated ratings:

•	C2 – Otterpool Park Planning and Place, planning permission likely to slip to first quarter 2024 at earliest
•	C8 – Full implications of Princes Parade unclear, likelihood of issue remaining after mitigations has increased
•	C11 – Waste Collection, risk has reduced due to threat of industrial action being lower
•	C12 – Cyber threat, increased risk perceived due to increase in attacks on Local Government

Additionally a number of risks have been updated to reflect changes since February 2023.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal Officer's Comments (AK)

There are no legal implications arising directly from this report

Finance Officer's Comments (OO)

There are no direct financial implications from this report.

Diversities and Equalities Implications (GE)

There are no direct implications from this report.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

[Kirsty Roberts, Chief Officer -](#)
[Telephone: 07858685693](#)
[Email: kirsty.roberts@folkestone-hythe.gov.uk](mailto:kirsty.roberts@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report: None

Appendices:

Appendix 1: Corporate Risk Register

Appendix 2: Corporate Risk Matrix

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Link to Corporate Plan	Risk ID	Risk Name	Chief Officer	Risk Owner	Risk Description & Triggers	Actions in place	Likelihood Impact Total			Mitigation scheme	Proposed Actions	Timeframe	Likelihood Impact Total			Direction of Travel	Key Controls/ Sources of Assurance
							Current Score						Target				
All Priorities	C1	Organisational Capacity	Andrina Smith (Chief Officer HR)	Susan Priest (Chief Exec); Cllr Jim Martin (Leader)	MTFS pressures mean that we need to reduce organisation spend at a time when we have a new administration with coalition structures and move to committee system to embed. Diverse political make-up of Council with range of Council motions to manage. Limited capacity, challenging recruitment market & shortage of many specialist skills available in key fields such as Development Control, Climate Change, Strategic Development, Environmental Health, Finance & Building Control. Particular concern over Building Control with key staff due to retire alongside increasing requirements as the Building Safety Act is implemented. Workforce pressures remain high for key contractors such as Veolia and Mears, and in seasonal roles for Grounds Maintenance. Reputational risk exposure if not sufficiently managed.	Ongoing work on options to reduce organisation budget pressures. Capacity proposals agreed by Cabinet in 2021 to address strategic projects capacity. Agile working introduced to attract skilled workforce. Succession planning being undertaken by Organisational Development (OD) for all Directorates. New grow our own initiative. Use of specialist recruiters to target hard to fill roles and interim resource to fill key roles. Targeted service reviews taking place to consider future delivery options where gaps are emerging. Widened span of control for some Chief Officers to cover gaps.	3	4	12	Treat	Ongoing work of OD focusing on succession planning, will now work closely with services to prevent gaps arising from retirements. Work with key contractors to gain further assurance on Business Continuity Plans. Additional promotional work with local schools, universities and local job fairs to highlight entry points / range of career opportunities within the council. Workforce development strategy and plan to be developed alongside an updated People Strategy towards the end of 2023/24. Apprenticeship levy provides opportunities to recruit and also retain staff in specialist areas. Taking Stock work will highlight areas of concern for further consideration of actions. Review of market supplements that may be needed to attract away / prevent staff from joining the private sector. Enhanced monitoring of sickness to be undertaken so any increase in staff absences is apparent and can be effectively managed.	Ongoing	2	2	4	↑	Whole organisation listening exercise 'Taking Stock' has provided data and insight into pressures, systems and transformation review.
All Priorities	C2	Delivery of Otterpool Park	Samuel Aligbe (Chief Officer, Development)	Ewan Green (Director of Place); Cllr Jim Martin (Leader)	As Otterpool Park moves into the delivery phase the Council must consider and mitigate significant factors in relation to governance, finance and delivery. These are (1) ensuring that robust and effective governance arrangements are in place both for the internal Council Client function, as Owners of Otterpool Park LLP and engaging into collaboration or joint ventures with third parties (2) ensuring that Council funding contribution to Otterpool Park is affordable and within a tolerable risk level and (3) ensuring that the skills and capacity required to deliver the project are in place within the Council and the Otterpool Park LLP Board and Team.	A Governance Framework is in place and actively managed to ensure that business related to Otterpool Park LLP and delivery of the project is subject of regular and effective monitoring. The Otterpool Park LLP Members Agreement details specific delegations which govern the extent to which the LLP can operate within its own parameters or decisions which are required of the Council. The LLP 5 year strategic business plan is updated annually subject to Cabinet approval. Regular Owners Committee Meetings are held. An internal Corporate Oversight client group is in place. A Joint Operations Board between the Council as client and LLP has been established in order to ensure key matters affecting delivery of the project are fully considered. The Council MTFS and Capital Strategy include commitments for the project and these are monitored in line with the Council financial reporting processes.	3	4	12	Treat	Governance Review completed by independent consultant. Improvement actions identified in a joint Council and OP LLP Governance Action Plan. A joint Council OP LLP Risk Register will be developed to ensure that risks are fully understood and mitigation monitored and reported effectively. Funding Agreements to be concluded and agreed in line with delegations. Phased Delivery Strategy being developed as part of due diligence on potential land transactions. An assessment of future delivery options, affordability & and due diligence on the project funding model is underway. Recommendations arising from this will be considered by OSC and Cabinet. Pending agreement on future delivery a Delivery Plan 2023-25 will be developed by OP LLP which sets out key milestones and budget required. This will be subject of Cabinet agreement. A Clienting Framework will be put in place to ensure that delivery actions and decisions are identified and monitored on a regular basis.	Strategic direction agreed Q3 2023. LLP Delivery Plan in place Q3 2023-Q4 2025.	3	3	9	↑	Local Partnerships governance review. The Council taking specialist technical advice on delivery options, funding, land valuation, client interface and stewardship model.
SA 4: Quality homes and infrastructure	C3	Otterpool Park Planning and Place	Llywelyn Lloyd (Chief Officer Planning)	Ewan Green (Director of Place); Cllr Jim Martin (Leader)	Resolution to Grant Planning Permission achieved in April 2023 and related S106 agreement being progressed. The PP can only be issued once the S106 is agreed. It is highly unlikely that planning permission will be issued in 2023, End of Q1 2024 at the earliest. Delay in S106/OPP will result in delay to the start of housing delivery and undermine 5 year housing land supply. Key issue is that a range of partners and landowners require to agree to enter into the S106 agreement. Currently the LPA is not resourced to accommodate the volume of work likely to be generated via the tiered planning applications that OP will generate and if not addressed this will undermine project delivery, financial return and 5 year housing land supply. Need KCC & HE to sign S106 - both have long lead in times of 6 months minimum.	Structure and main components of the S106 are drafted. LPA in regular meetings with KCC, HE and LLP in order facilitate the agreement. LPA have dedicated legal team in place. Chief Planning Officer has identified staffing resource required by the LPA to ensure the S106, planning conditions and tiered 2 & 3 applications can be managed effectively.	3	4	12	Treat	Resolve Council delivery strategy. Recruit Development management staff. Agree S106 with KCC & HE	Potential Planning permission Q3 2024	3	3	9	↑	LPA working closely with all involved parties. Education, Affordable Housing & Open space sections of S106 shared with LLP.

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All Priorities	C4	Medium Term Financial Strategy Uncertainty of Future Funding	Ola Owolabi (Chief Officer Finance)	Lydia Morrisson (S151 Officer); Cllr Tim Prater (Finance and Governance)	Central Government continues to indicate a Fair funding review will be delivered to fundamentally change LG funding. However, continued delays suggest that implementation may not occur until as far forward as 2025/26. Will need to plan within climate of uncertainty. Lack of certainty on Business Rates Localisation and reset and also other funding streams such as the end of New Homes Bonus also brings uncertainty. A 3 year funding settlement was announced from 2022/23, however this settlement means a cash-flat position for 2023/24 and 2024/25. The Council received the Autumn Statement in November 2022 and its was announced that the Fair Funding Review will now be pushed back to 2025/26. A one year settlement was received in December 2022 for the 2023/24 Budget with the promise of new policy guidelines for 2024/25 but with no new figures. There is no news on the Business Rates retention scheme reforms. The National economic and financial climates remains pressured and uncertain.	Officers regularly attending briefings on future LG funding. Updated MTFS was considered by O&S/Cabinet/Council in November outlining scale of medium term gap. S151 Officer part of Kent Finance Officers Group. Regular updates provided to Members on the current year position. MTFS position determined following significant modelling and having taken advice from advisors. Member training & senior officer session took place in November covering economic picture and LG Funding.	4	4	16	Treat	Officers will continue to attend briefings on LG Funding and brief members. Update to the MTFS reported in November, followed by the Budget Strategy update agreed by Cabinet in December. Budget savings targets for Budget Managers for 23/24 cycle of budget now set following MTFS. Update to HRA Business Plan will be made for 2023/24 Specialist advisors engaged to undertake this. A review of inflationary pressures across the council underway to assess impact and options. The aim of the review is to bring about financial stability whilst investing in organisational change and improvement. In order to do this, Priority Based Budgeting (PBB) has been a key component of the programme. Through PBB the council will be able to successfully manage an extensive programme of efficiencies/savings, and spending reduction, which will be critical in enabling a balanced budget to be maintained through what has been a challenging period for the council with the scope of addressing the projected MTFS gap.	Ongoing	2	3	6	→	Robust assurance in place for MTFS and budget setting process
SA 4: Quality homes and infrastructure	C5	Failure to deliver Strategic Projects due to the volume and scale of projects alongside the Council facing increased financial pressures in an uncertain time. Delivery of Affordable Homes	Samuel Aligbe (Chief Officer, Development)	Andy Blaszkowicz (Housing & Operations Director) & Samuel Aligbe (Chief Officer Development); CLT; Cllr Rebecca Shroob (Housing, & Homelessness)	Ambitious Strategic & Housing development agenda identified of a complex nature presenting planning risks, financial exposure risks and require new connections to be established with key partners to enable delivery e.g grant funding, joint venture partners. Failure to attract relevant grants including Levelling Up Fund, Brownfield Sites Fund, Homes England etc. and a changed economic climate results in affordability concerns for the council. Scarcity of planning staff - recruitment remains challenging in this area (see C1).	Experienced resource within projects team. Work ongoing with Homes England, DLUHC, One Public Estate etc to secure further funding. Engaging specialist advice where required. Review of strategic projects undertaken to consider whether to continue or to pause until there is a more favourable economic climate and business cases for investment are strong.	3	3	9	Treat	Establishment of PMO approach to roll out consistent principles for managing projects corporately. Finance, Housing & Strategic Projects teams working collaboratively to introduce new housing scheme appraisal system.	Completed initial addressing of capacity, maintain progress	2	2	4	→	
All Priorities	C6	Organisational non compliance with constitution requirements, emerging and new legislative and regulatory requirements and associated new burdens	Amandeep Khroud (Assistant Director, Governance and Law)	Susan Priest (Chief Exec); Cllr Jim Martin (Leader)	FDCC operates in a complex regulatory and legislative environment. Risk of challenge over planning decisions (Secretary of State or Judicial Review) could create reputational damage and delay projects, landlord statutory obligations and Regulator of Social Housing, etc. Implications arising from changing legislative and regulatory environment (eg Environment Act 2021, Procurement Act expected Autumn 2023 etc), presents increased risk to authority in meeting the emerging requirements with sufficient resources and skills to fulfil statutory duties and demands. There are also significant risks arising from new requirements from the Levelling-up and Regeneration Bill (LURB), particularly around local plans and design codes. Staff required to be well-trained and aware of associated governance matters, including adherence to processes and procedures.	Legal support embedded in key project teams. External specialist advice sought where required. Monitoring of potential changes to planning and environmental legislation. Refreshed training and development programmes offered to staff. Governance action plan prepared with progress regularly monitored by CLT. New performance review template prepared to remind managers of the range of governance matters to check. Specialist legal support for Planning function (DM and policy) is required to minimise risk. Given %YHLS position the CL is likely to face increased challenge relating to predatory planning applications.	2	4	8	Treat	Continued external advice sought when required. Use of professional specialists (Legal, Finance, Development, Procurement) in key projects. Ongoing monitoring and regular reporting on compliance built into CLT monitoring reporting for key projects. Internal Audits commissioned to review areas of concern. Refreshed training and support materials available for staff to support ongoing learning and development. Additional resource focused on compliance. Regular review of governance action plan by CLT. Application for joint funding being prepared with East Kent authorities to help meet some additional requirements arising from LURB (design codes).	Ongoing	2	2	4	→	Internal Audit scheduled reviews
SA1: Positive community leadership	C7	Cost of living pressures excessively impact local communities beyond ability to cope, put unsustainable demands on council services	S151 Officer Supported by Joytsna Loney)	Susan Priest (Chief Exec); Cllr Mike Blakemore (Community and Collaboration)	With the current economic situation and unknown further cost of living pressures predicted, communities require ongoing support. Vulnerable residents require appropriate access to services and effective signposting to specialist providers of support.	Well established connections made with a variety of partners including the voluntary community sector and specialist support agencies. Community hubs established for responsive work. Consideration given to the use of available UKSPF funds to support cost of living pressures for residents. Successful bid made to UK Power Networks for funding to support warm spaces.	3	3	9	Treat	Ongoing role of Community Hubs to continue based on value demonstrated through the pandemic. UKSPF being used to target support for cost of living. Following on from the Cost of Living Summit, an information leaflet has been produced and work is being done to record and co-ordinate warm spaces.	Ongoing	3	2	6	→	

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All Priorities	C8	Full Implications and strategic future of Princes Parade remains unclear	Samuel Aigbe (Chief Officer, Development) Ola Owolabi (Chief Officer Finance)	Susan Priest (Chief Exec); Lydia Morrison (S151 Officer); Andy Blaszkowicz (Housing & Operations Director); Cllr Jim Martin (Leader of the Council).	1. Premature financial write off or capital spend to date. Elevated financial risk to the authority adding significant general fund pressures. 2. Sustainability of existing Hythe Pool. Any significant equipment failure at the pool could lead to closure resulting in no pool provision for Hythe and surrounding area. No member approval or resources to consider future pool provision. 3. Health and safety implications of removing the hoarding surrounding the site. 4. Failure to engage with the community in a meaningful way to ascertain the future use of the site. 5. Non-delivery of this strategic site places significant pressure on the Council's 5YHLS position. Unless alternative sites are found or come forward it is likely that this will impact the Council and our reputation as a District with no 5 year land supply.	Officers currently working to understand implications of the hoarding removal following cabinet decision in July 2023. Officers analysing all works to date to understand what elements of the work to date can be capitalised. Future use of the site needs to be confirmed before this work can concluded.	4	4	16	Treat	Further work to understand what elements of work to date can be capitalised is underway. Environmental consultants have been commissioned to analyse all site sampling data to date and confirm what actions are required for the safe removal of the hoarding. Following completion of the current Cabinet approved work to remove the hoarding a public consultation will be undertaken to understand how the public want the site to be used in future. This will then be able to inform how much of the previous work can be capitalised.	Ongoing	3	3	9		
SA2: A thriving environment	C9	Failure to achieve Carbon Neutral ambitions by 2030	Ola Owolabi (Chief Officer Finance)	Lydia Morrison (S151 Officer); Cllr Stephen Scoffham (Environment)	Council resolution to commit to reduce the Council's estate and operations to zero net carbon by 2030. Competing demands to be managed and interdependencies to be considered.	Climate and Ecological Working Group established and meeting regularly. Carbon Action Plan agreed. Additional resources secured. Temporary consultancy resource available, subject to existing budget. Staff & Member training commenced. Impact statements being trialed in Cabinet Papers from July 21 onwards. Social Decarbonisation Funding secured for Wave 1 and Wave 2. A Carbon Innovation Lab has been established and has held three-five meetings so far. Enhanced communications to maintain high profile on the issue. Sustainable Futures Forum event held in April 2023.	4	3	12	Treat	Action plan to be delivered and reviewed regularly to ensure actions make the most of the opportunities to reduce carbon emissions from the council's estate and operations. Ongoing work particularly within specialist teams including procurement to create internal frameworks to inform decisions taken and reduce estate emissions. Consultancy services procured to assist in updating Carbon Action Plan. Draft updated plan being reviewed by internal departments, prior to reporting to CLT and Cabinet. A bid has been submitted for the second round of the Social Decarbonisation Fund. Work required on HRA aspects as ambition cannot be funded from existing HRA resources (see risk 4 above). Continued working with a consultant through CI Lab on engagement events to widen participation. Potential identified to secure matched grant funding and create a long-term revenue stream from sustainable generation projects focussed on Council's own estate - pilot being prepared for FOLCA2, commenced review of potential of PSD in sheltered housing.	Ongoing	3	2	6	→	
SA4: Quality homes and infrastructure	C10	Housing deliverability Tenant safety - capital programme/ Asset Management Health & Safety, Compliance / retrofit /Net Zero Carbon agenda	Gill Butler (Chief Officer, Housing)	Andy Blaszkowicz (Housing & Operations Director); Cllr Rebecca Shroob (Housing) & Gill Butler (Chief Officer, Housing)	Delivery against expectations investment /retrofit social housing (Net Zero Carbon), asset management, meeting legislation - decent homes standards, Health & Safety / building safety as well new consumer standards - Tenant Satisfaction Measures etc. HRA Business Plan viability /against expectation of HRA new build. Resource issues. Risk that we fall short on compliance / legislation which may cause problems with Regulator of Social Housing in 24/25. Also risk that we will have too many properties left to retrofit 2025-30 to EPC 'C' - dependent on Wave 2 decision. Combination of restrictions on rent increases, higher borrowing costs and significant capital works that are unavoidable may call viability of HRA into question over medium term.	Housing Asset Management Strategy commitment to have all homes to Energy Performance Certificate C by 2030. Competing demands from the Net Zero Carbon agenda & meeting Health & Safety /Compliance legislation - will place future retrofit programme at risk. SHDF Wave 2 grant funding £2.6m secured and matched with £2.6m from HRA for 23-25 this will leave circa 900 properties to retrofit by 2030. Increase applications to central government to support other public realm and place-based sustainable programmes and projects, commencing with Independent Living (Sheltered Housing).	3	4	12	Treat	Housing Asset Management Framework in place. Retrofitting /Net Zero Carbon agenda - Housing Carbon Reduction Approach 2023 published / contract procurement /stock management process in place - planned works module on IT system. Resources - recruiting to vacant posts. SHDF Wave 2 funding agreed 2 years. HRA Business Plan - to determine priority of spend level of retrofit against planned works over next 7 years (and beyond). Ensure priority spend level for further Waves of SHDF and review potential for sustainable generation and the potential central government support funding.	22/23 -Ongoing	2	3	6	→	
SA2: A thriving environment	C11	Waste Collection & Street Cleansing Distruption	Andrew Rush (Chief Officer, Place and Regulatory)	Ewan Green (Director of Place); Cllr Jeremy Speakman (Assets and Operations)	Service delivery failure or disruption to contract performance resulting in poor service to our residents, reputational damage, financial costs, impact on clean and attractive environment for residents, visitors and businesses. Possible triggers include - 1. Contractor service failures. 2. Weather disruption. 3. Disruption to transportation routes, fuel supplies and availability of HGV drivers. 4. Industrial action. 5. Pandemic/Covid Absences. 6. Volume of unacceptable littering behaviour 7. Introduction of new burdens and / or unforeseen service requirements arising from the implementation of new Government policy (e.g. Environment Act)	1. Regular monitoring of contract performance by Waste Team. 2. Joint approach with DDC as part of the Waste Partnership. 3. Use of contract performance clauses e.g. performance deductions. 4. Updated Business Continuity Plans. 5. Regular monitoring of contractor resource levels e.g. drivers and crews. 6. Targeted communications about taking home / disposing of waste responsibly. 7. Early impact assessment of implications of new policy burdens, working with DCC and the Kent Resources Partnership.	2	3	6	Treat	Continue the relevant actions as set out in 'Actions In Place'. Address short term actions arising from EKAP Waste Service Audit. Targeted communications.	Ongoing	2	2	4	↓	

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All Priorities	C12	Cyber Threat	Steve Makin & Steve Weekly	Lydia Morrisson (Section 151 Officer); Cllr Gary Fuller (member for Resident Engagment and Accountability)	Cyber attacks on local government are reported up by 38% 2022. All ICT systems face cyber threats resulting in a number of possible outcomes including but not limited to - prolonged loss of access to FHDC network and key systems, potential loss of data, prolonged disruption to service delivery data breaches which could result in substantial financial penalties from the ICO	The council has a number of layers of anti virus security both internally and externally (e.g. on the Kent Connects network). All systems and equipment are in support at all times including cloud hosted systems and updated regularly with security patches. There are Acceptable Use and Information Security policies in place which contain incident reporting procedures to provide guidance for staff. The Acceptable Use Policy has been updated in 2023. Staff have to undertake security awareness training on an annual basis. The number of routes by which a virus could enter the network have been curtailed. Backups are held which would enable systems to be rebuilt in the event of a loss of data which are tested annually. The council maintains its compliance with government standards which includes rigorous testing of security and if necessary monitoring remedial actions.	4	4	16	Treat / Tolerate	Maintain current position of providing staff ICT equipment needed to carry out their roles. Project to reduce data held on the network is being developed. This will reduce risk of virus infection spreading, raise awareness of staff of importance of good data management, reduce effort required if restoration necessary. Continue to monitor security systems and solutions and upgrade/renew as priority over other ICT works. Continue to educate users and carry out targeted email campaigns so staff and councillor awareness remains high. Continue to migrate systems to the cloud in line with the 2023 ICT Strategy where better security can be provided by vendors on a larger scale and also reduced risk of cross contamination between key systems compared to hosting in local data centre. Council made a bid for DLUHC grant funding for improving cyber security and awarded £125k. A plan is being developed to make best use of this grant.	Ongoing	3	2	6	↑	
Page 10 All Priorities	C13	Economic Climate	Ola Owolabi (Chief Officer Finance)	Lydia Morrisson (Section 151 Officer); Cllr Tim Prater (Finance and Governance)	Due to world-wide economic factors, CPI inflation rates have increased at rapid rates and currently (December 22) CPI sits at 40.5%. Cost increase pressures for pay, prices and contracts have necessitated price changes to the estimates of future projects and also the council's MTFS projections. These have to be funded and increase pressure on the MTFS funding gap. Inflation likely to drive higher cost demands that may exceed what has been allowed for in the MTFS. The consequence of this is that budget reductions will be required to maintain service levels within cost, and/or projects may have to be delayed or deferred. Inflationary pressures may challenge scheme feasibility. The state of the economy is likely to impact upon collection rates for major income streams including housing rents, council tax and business rates. As a consequence of high inflation, interest rates are also rising which again influences the cost of future projects and the cost of borrowing which can have a material effect on viability of these schemes.	This is being kept under review by CLT and the finance/case management team for existing contracts and any significant cost increases or shortfalls in income will be highlighted to CLT. Further guidance is awaited from Central Government on how Council's will be compensated for inflationary pressures, for example, will the Business Rates multiplier be increased by CPI rates or will the Council be compensated through the Provisional Local Government settlement. Pay and price negotiations are on-going with suppliers and in respect of pay awards. The Autumn Statement received in November 2022 has confirmed that CPI inflation will be used as the basis to compensate Councils for the multiplier cap freeze.	4	3	12	Treat/ Tolerate	To ensure Value for Money in all contracts and projects and mitigate as far as possible to avoid entering into fluctuating value contracts. Inflation assumptions in MTFS have been updated and any impact of additional funding pressures have been projected and the additional pressures that this may bring to the Council are identified within the funding gap. The Local Government Association and other relevant bodies are lobbying Central Government for compensatory adjustment within the Provisional Local Government settlement to help Councils balance their budgets. Further updates re economic climate are expected during the Autumn Statement in November 2023, which will confirm the CPI inflation data that will inform future budget decisions. Additional information will also be provided by the Council Treasury Management advisor (Arlingclose) about market and general economic climate.	Ongoing	3	3	9	↑	
SA1: Positive community leadership	C13	May 2023 Elections		Susan Priest (Chief Exec & Returning Officer)	Delays to secondary legislation and Electoral Commission Guidance obstructing planning for & delivery of election. May 2023 Elections will be first requiring voter ID and problems may arise with both the software and the ID supplied by electors. Likely to add to requirements for polling stations, additional pressures on staff and need for support from police.	This is being kept under review by the elections lead specialist and liaison ongoing with other authorities and DLUHC.	3	4	12	Treat	Continue to work with electoral and district council networks/LGA to pressure DLUHC to urgently bring forward legislation. Apply similar pressure to Association of Electoral Administrators and Electoral Commission to issue guidance with ample time to implement changes.	May-23	2	3	6		
SA4: Quality homes and infrastructure, SA2: A thriving environment	C14	Levelling Up Fund Folkstone	Rod Lean (Chief Officer, Place and Growth)	Ewan Green (Director of Place); Cllr Rich Holgate (District Economy)	Delivery of a £22m Levelling Up Programme for Folkstone will present complex project management issues, requirement for robust governance arrangements, management of budget, comprehensive comms and engagement startegy along with strong stakeholder engagement. The project also has a challenging timetable set by DLUHC	The project has started ahead of the funding agreement. FHDC and KCC have procured the design consultant for the highways aspects of the scheme. FHDC have also procured the Folca element of the LUF.	2	4	8	Treat	Memorandum of Understanding has been signed by DLUHC and F&HDC. A clear governance structure has been implemented. A delivery agreement with KCC is being finalised. A resource structure has also been proposed to ensure strong delivery team is in place to deliver against the challenging timetable. A comprehensive list of Project Management Office documents are being populated and constantly reviewed to help manage the project delivery.	Completed initial addressing of capacity, maintain progress	2	2	4	→	Regular reporting to DLUHC

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							Current Score						Target				
SA1: Positive community leadership	C15	Sports and Leisure Provision in the District	Andrew Rush (Chief Officer, Place and Regulatory)	Ewan Green (Director of Place); Cllr Jeremy Speakman (assets and governance), Cllr Michael Blakemore (member for community and collaboration)	The provision of sports and leisure facilities within the district is under pressure from several risk factors. 1. High energy costs have had a significant impact on the leisure sector that have high energy usage notably swimming pools. 2. Wage inflationary pressures have driven up staffing costs. 3. Shortages of trained staff (e.g. lifeguards and training instructors) and its operational impact. 4. The high cost of maintaining often ageing leisure facilities (e.g. Hythe Pool constructed in 1974). 5. The reliance of many community leisure facilities on external funding (e.g. FSCT grant and Sports England funding). 6. The ageing population and increased need for targeted wellbeing programmes (e.g. obesity) have increased community demand but with no national funding structure.	1. Council funding of local facilities either directly (e.g. Hythe Pool) or through grant support (e.g. FSCT). 2. Worked carried by the Council promoting the Health & Wellbeing agenda and identifying external funding schemes.	4	3	12	Treat	1. Replacement for Hythe Swimming Pool. 2. Continued grant support for FSCT. 3. New leisure centre facility planned for Otterpool Park.	3-10 years	2	3	6	→	
SA1: Positive community leadership	C16	Fraud and Corruption	Amandeep Khroud (Assistant Director, Governance and Law)	Lydia Morrisson (S151 Officer); Amandeep Khroud (Monitoring Officer); Cllr Prater (Finance and Governance)	The Council could suffer a loss due to the misuse of Council assets; potential reputational damage; potential impact of government grants; potential impact on residents and businesses if Council funds or resources are subject to fraud or corrupt practises.	Internal Audit review all key systems vulnerable to fraud and corruption regularly, undertaking appropriate checks and report to management and Audit & Governance Committee. Anti-Fraud, Corruption, Bribery and Whistleblowing Policy in place. Annual staff training available. Dedicated and trained Council Fraud Investigator. Work undertaken to review NFI data which provide additional checks to identify fraudulent claims and identify fraud. Robust system controls tested regularly	3	2	6	Treat	Continue to build on use of data analytics including the utilisation of government initiatives and in house resources. A fraud risk assessment should be undertaken to evaluate fraud risks including the development of a fraud action plan. Add to the existing Fraud reporting arrangements to include a summary of all suspicions and outcomes of investigations, and be presented to Corporate Leadership Team and the Audit and Governance Committee on a regular basis. Fraud data published under the Transparency Code 2015 must include all types of fraud suspected, reported and investigated.	Ongoing	2	2	4	→	Planned internal audit reviews. New Corporate Governance Group to strengthen oversight.

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Likelihood	Very Likely (4)			<i>C1 - Organisational Capacity</i> <i>C9 - Carbon Neutral</i> <i>C13 - Economic Climate</i> <i>C15 - Leisure Provision</i>	C4 - MT Financial Strategy Uncertainty C8 - Princes Parade
	Likely (3)		<i>C16 - Fraud & Corruption</i>	<i>G2 - Otterpool Park</i> <i>C5 - Delivery of Affordable Home</i> <i>C7 - Cost of Living</i> <i>C11 - Waste Collection</i>	<i>C1 - Organisational Capacity</i> <i>C2 - Delivery of Otterpool Park</i> C3 - OP Planning C10 - HRA Deliverability C12 - Cyber Threat <i>C13 - May 2023 Elections</i>
	Unlikely (2)				C6 - Reg Compliance <i>C14 - Levelling Up</i>
	Rare (1)				
		Minor (1)	Moderate (2)	Significant (3)	Severe (4)
	Impact				

Key to colour coding

	extreme risk
	high risk
	moderate risk
	low risk
	very low risk

Items shown in *italics* are new or re-scored risks.

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