

Maidstone Borough Council Risk Register Update

Risk Register Summary

In February 2016 the Council’s comprehensive risk register contained 213 risks. The operational risks were identified across all Council services through risk workshops conducted by the Mid Kent Audit team. An externally facilitated session was conducted by Grant Thornton to identify corporate risks with Senior Officers and Members.

Throughout the summer, the audit team have met with risk owners to review and update the high level risks (those scoring 15 or more) to establish the actions taken and the effect of those actions on the overall impact and likelihood of risks (definitions for the impact and likelihood scores are attached in appendix I).

As a result of this update we have seen an overall decrease in the number of risks, from 213 to 187. The majority of these relate to project risks where projects have now been closed (for instance Debt Recovery and Planning Support). However, there has been the addition of some newly identified operational risks and removal of risks which are no longer relevant.

The risk matrices below plot the overall risk profile of the Council based on the mitigated risk scores for likelihood and impact. For a base of comparison we have included the profile from the previous risk update in February 2016:

Risk Map as at February 2016

Likelihood	5				1	2
	4		1	10	6	
	3	1	6	37	9	1
	2	1	37	29	33	4
	1	1	4	10	16	4
		1	2	3	4	5
Impact						

213

Risk Map as at September 2016

Likelihood	5					1
	4		1	5	4	
	3	1	14	30	5	1
	2	1	33	29	28	3
	1	1	3	9	15	3
		1	2	3	4	5
Impact						

187

Risk summary by total:

Risk Colour	February 2016	September 2016	Difference
Scored 1-2	6	5	-1
Scored 3-4	64	58	-6
Scored 6-10	114	108	-6
Scored 12-16	26	15	-11
Scored 20-25	3	1	-2
TOTAL	213	187	- 26

There has been some movement in risks following the update to the register, most notably a reduction in red rated risks. For the purposes of this report, key risks are those scoring **15 and above**.

Appendix A

Risk Themes

We took time during the review of risk registers to identify and allocate a classification type to each risk. By doing this we are able to gain greater insight into common risk areas and potential themes. While not all of the risks on the register will fit nicely into a single classification, there were 4 main types of risks that featured more prominently than others. These areas are:

- **Staffing:** 25% (44 service risks) relate to risks around staffing pressures, resilience, skills gaps or pay and conditions.
- **Finance:** 15% (27 service risks) relate to risks around funding pressures/gaps, lack of commercial investment or non-achievement of income targets.
- **Customer:** 12% (22 service risks) relate to risk that could prevent services from meeting customer expectations or risks that could result in reputational damage.
- **Information Technology:** 8% (14 service risks) relate to risks around IT failure or integrity and development of key systems.

We will continue to draw insights from the risk work across the Council, and also from the external environment and good practice guides. Mid Kent Audit supports the delivery of risk management services to varying degrees across the Mid Kent Partners. As this work progresses we will also be able to draw insights from our partner authorities and others across Kent. However, for the time being, as this work is still underway we will continue to monitor themes and trends within the risk register and address key issues with risk owners accordingly.

So what are the key risks?

The table below is an extract from the comprehensive risk register. The table includes all of the **corporate** level risks, along with any high scoring **operational** risks. This is the first time that this level of detail has been reported, and so we have sought to show any relationships between corporate level risks and operational risks within the table. This more clearly shows the flow of risks from the operational level up to corporate level.

Service & Ref	Risk (title & full description)	Risk Owner	Key Existing Controls	Inherent rating		
				I	L	Σ
Corporate 1	Lack of progress on transport infrastructure Transport infrastructure not being fit for purpose	William Cornall & Rob Jarman	- Liaison with partners - Local Plan	4	4	16
Corporate 2	Increasing difficulty in recruiting & retaining skilled staff Unable to recruit and retain	Alison Broom & Steve McGinnes	- Pay review	4	4	16
Operational Building Surv. BCR8	Retention and recruitment of professional staff Insufficient terms/conditions of service and remuneration leading to loss of staff to other authorities or private sector	David Harrison	- Added market supplements (although no effect on recruitment) - Training / continued CPD - Pay prof subs and provide onsite parking - Working hours / holiday / Pensions - Use of agency / temp staff	4	4	16
Operational Economic Dev MED10	Skills shortage Shortage of skills is a barrier to business growth and competitiveness. Poor engagement with schools	John Foster	- Working with Mid Kent College, KMEP, and MEBP on skills development issues.	3	5	15
Corporate 3	Significant commercial failure Commercial failure & risk that ventures will not deliver desired outcomes	William Cornall	- CLT monitoring - Project management	5	3	15
Corporate 4	Not agreeing local plan Lack of sound legal footing for local plan leaving MBC at risk of appeal	William Cornall & Rob Jarman	- Local Plan consultation	4	3	12
Corporate 5	MKIP fails to develop a coherent vision for its future Coherent vision for MKIP	Alison Broom & Steve McGinnes	- MKIP Board - MKIP Communications Strategy - Shared Service Boards	4	3	12

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Service & Ref	Risk (title & full description)	Risk Owner	Key Existing Controls	Inherent rating		
				I	L	Σ
Corporate 6	Further financial restriction Future government decisions post financial settlement that further restrict the Council's income	Mark Green & Ellie Dunnet	- Efficiency statement - Budget monitoring	5	2	10
Operational Economic Dev MED11	Restriction in access to government funding through SELEP/KMEP Government putting more funding through South East Local Enterprise Partnership and Kent & Medway Economic Partnership, leading potential restrictions in funding due to uncertainty in the bidding process	John Foster	- Feedback to KCC - Agreed to re-establish joint management group to review agendas/papers and address concerns earlier	4	4	16
Corporate 7	Over cautious administration Councils not taking 'brave decisions' due to elections and a lack of (or ill-defined) risk appetite	Alison Broom & Angela Woodhouse	- Governance review	3	2	6
Corporate 8	Demographic change Aging population and reduction of people in workforce	Alison Broom	- Residents' survey	2	2	4
Corporate 9	Slow or inaccurate decision making Lack of swiftness and information in decision making	Mark Green & Angela Woodhouse	- Governance review	2	2	4
Corporate 10	IT requirements progress faster than budget allows Lack of investment technology, inability to maintain pace with requirements	Mark Green & Andy Cole	- ICT Commissioning Group	3	1	3

All 10 corporate risks on the register will be updated over the next couple of months, to ensure that they remain current. Most of these risks were identified at the beginning of the year, and so we will be working with the risk owners to update the risk descriptions, and then to identify any related risk actions necessary to manage the impact and likelihood of the risks.

Corporate risks by their very nature are more broadly linked to the achievement of the Council's priorities. Therefore, by keeping the corporate level risks under review and updated, the Council is able to remain aware of the key risks and barriers to the achievement objectives, and react and take action accordingly.

Housing & Homelessness

Perhaps one of the key insights provided from the risk assessments at the operational level was the identification of some significant risks being faced by the Council's Housing Service. Four of the Council's highest scored risks come for the operational risks associated with Housing, and the challenges around Homelessness:

Service & Ref	Risk (title & full description)	Risk Owner	Key Existing Controls	Inherent rating		
				I	L	Σ
Operational Housing H2	Housing market failure leading to an increase in homelessness approaches Inability to meet service demand, leading to longer stays in TA, increasing TA spend, reduced TA options due to capacity issues, leading to possible suitability issues. Potential for legal challenge due to likely increase in breaches of statutory duties. Focus shift from managing preventions, to resolving homeless cases due to service staffing constraints contributing to a cycle of increased approaches.	Ellie Kershaw	- Triage service in place. - Monthly and quarterly reports on service indicators, raising resourcing needs.	5	5	25
Operational Housing H3	Lack of suitable temporary accommodation options Open to legal challenge by judicial review. Excessive demand to keep moving houses leading to drain on team staffing resource. Difficulty in recovering rent. Increase in departmental spend. London boroughs taking temporary accommodation. Lack of >2 bed accommodation.	Ellie Kershaw	- Securing Maidstone owned TA - Working with more providers - Appeals on website for more providers - Working with provider to secure more disabled facilities	5	4	20
Operational Housing H6	Lack of affordable housing The Government reduced rents in social housing in England by 1% a year for four years from April 2016. This applies to both social rent and affordable rent. This could impact on the ability of registered providers (housing associations) to provide much needed affordable homes for rent. New powers through the planning system are also being proposed to allow starter-homes to count as affordable housing obligations. This could reduce affordable rented provision even further. Reduced supply will mean applicants on the Housing Register will be waiting longer to be re-housed.	Andrew Connors	- Adopted Affordable Housing DPD - New Maidstone Housing Strategy 2016-2020. - Emerging Local Plan Policy - Viability evidence - Monitoring impact of 1% reduction - New s106 agreement agreed with legal	4	4	16
Operational Housing H4	Inability to access affordable private rents in Maidstone Minimal affordable renting options for residents in Maidstone. Resulting in increase in out of borough placements for homeless households. Failure to meet corporate goals. Increase in homeless approaches due to lack of affordable local renting options	Ellie Kershaw	- Survey of local landlords regarding current MBC incentive. - Best practice review approach of other local authorities Social Lettings services. - Incentive scheme reviewed	3	5	15

This is a good example of where we are seeing the raising of risks from the bottom up, with the operational level identifying potential consequences based on higher risk impact and likelihood.

What are we doing about the risks?

A key function of any risk management process is deciding what (if any) action should be taken to address the identified risks. The Council’s risk management framework requires action to be taken to manage any risks that fall within the Black/Red rating. The purpose of risk action is to reduce either the impact or likelihood of the risk.

Figure 1: High level risks (inherent)

Likelihood	5			2		1
	4				3	1
	3					
	2					
	1					
		1	2	3	4	5
		Impact				

This matrix shows the operational risks with an impact and likelihood score of 15 or above.

These risks may be more likely to occur, and if they do, the consequences are more significant and could prevent the Council and Service from delivering its objectives.

There are 7 risks that inherently sit above the risk appetite of the Council.

Figure 2: High level risks (residual)

Likelihood	5					1
	4				2	
	3			3	1	
	2					
	1					
		1	2	3	4	5
		Impact				

This matrix shows the movement of the 7 high level risks, following the identification of planned controls and the re-assessment of the impact and likelihood.

The residual risk assessment takes into account controls that are planned, or where additional action needs to happen in order to manage the risk down to an acceptable level.

The re-assessment of these risks leaves **3** risks that, even with planned actions and controls, sit above the risk appetite of the Council. We provide further details of these risks below.

As we progress with the implementation and embedding of the risk management process, the audit team will meet with risk owners on a regular basis to review the effectiveness of the controls and the effect on the risk impact and likelihood. This will take place over the course of the next few months, as we begin to update and refresh risk registers to complement the service plans as we move into 2017/18.

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The table below provides details on the planned actions that the Council will take in order to manage the risk, and the effect that this is likely to have on the overall risk rating:

Service & Ref	Risk Title	Risk Owner	Inherent rating			Controls planned	Effective Date	Mitigated rating		
			I	L	Σ			I	L	Σ
Operational Housing H2	Housing market failure leading to an increase in homelessness approaches	Ellie Kershaw	5	5	25	Continuous delivery of a range of affordable housing. Improvements made to reduce unit cost of homelessness. Requests made for additional staffing proposed to improve preventions. Business continuity planning to deal with emergency situations. Recruiting bus improvement officer to identify efficiencies w/in service Employing 2 temp preventions officers Council owned/built properties	Ongoing	5	5	25
Operational Housing H3	Lack of suitable temporary accommodation options	Ellie Kershaw	5	4	20	Increase the number of directly owned TA through purchase and convert. Continuing to find more providers. Make deals with London boroughs to use proportion of their properties Bus improvement review of processes	Ongoing	4	4	16
Operational Building Surv. BCR8	Retention and recruitment of professional staff	David Harrison	4	4	16	Need to address remuneration restrictions	March 2017	4	4	16
Operational Housing H4	Inability to access affordable private rents in Maidstone	Ellie Kershaw	3	5	15	MBC investigating purchasing property.	Ongoing	3	4	12
Operational Economic Dev MED11	Restriction in access to government funding through SELEP/KMEP	John Foster	4	4	16	Discussions with MPs Monitor future bids	Autumn 2016	3	3	9
Operational Housing H6	Lack of affordable housing	Andrew Connors	4	4	16	Review s106 schemes, viability evidence and property types to be delivered in order to maximise affordable rent Creation of Local Housing Company to build/acquire new affordable and private homes to meet the commercial and housing objectives of the Council. Delivery of council led development through acquisition of land and on land already in our ownership. Local Plan Policy (including Affordable Housing SPD).	On going	3	3	9
Operational Economic Dev MED10	Skills shortage	John Foster	3	5	15	Bus/education partnership task & finish group	01/09/2016	3	3	9

As a result of the Council's response to the high level risks, and the planned actions, 3 of the 7 risks can be managed down to the amber level.

Next Steps

All risk owners involved in the review and update of their risks have been really engaged and positive about the process, and so we intend to build on this over the coming months to ensure that the risk profile and awareness remains at a good level, and so that we can continue to make improvements to the effectiveness of the process.

One significant piece of work being undertaken is to support the Council in establishing and articulating risk appetite and tolerances. This will provide guidance around the amount of risk that the Council is willing to seek or accept in pursuit of its long term objectives. In September 2016 we presented CLT with a number of different approaches which could be used. With an agreed format in mind, the next steps will be for us to engage with Members and Senior Officers about how we best reflect the Councils philosophy to risk taking, into an overall appetite statement. We anticipate this work to begin in **November 2016**.

Further key next steps include:

- Discussions are under way with Policy and Information about integrating risk management with the Council's service planning process.
- Establish a web presence on the Council's intranet in order to increase awareness of the Risk Management process and allow access to key documents and templates – **November 2016**.
- In association with Policy and Information adapt the Covalent system to reflect the Risk Management Framework and upload all identified risks into the system – **December 2016**.
- A template has been developed and disseminated to managers to facilitate the integration of risk assessment into the Council's decision-making process and to promote a positive risk culture. Further work is ongoing to ensure that this is embedded.

Definitions

RISK IMPACT

Level	Service risk	Reputation Risk	H&S	Legal Risk	Financial Risk	En'ment Risk
Catas-trophic (5)	Ongoing failure to provide an adequate service	Perceived as failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment or significant fines	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor service. Disrupted 5 days+	Significant adverse national publicity	Fails to prevent death, causes extensive perm injuries or LT sick	Litigation expected, but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1yr+)
Moderate (3)	Unsatisfactory performance Service disrupted/ stopped 3-5 days	Adverse national publicity or significant adverse local publicity	Fails to prevent extensive, permanent injuries or LT sickness	Complaint likely, litigation possible Breaches of regs or standards	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1yr)
Minor (2)	Marginal reduction in performance Service disrupted/ stopped 1-2 days	Minor adverse local publicity	Medical treatment required, potential long term injury or sickness	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
Minimal (1)	No significant service impact Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries		Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

RISK LIKELIHOOD

Type	Probability	Detail description
Almost certain (5)	90%+	Without action is likely to occur; frequent similar occurrences in local government/Council history
Probable (2)	60%-90%	Strong possibility; similar occurrences known often in local government/Council history
Possible (3)	40%-60%	Might occur; similar occurrences experienced in local government/Council history
Unlikely (2)	10%-40%	Not expected; rare but not unheard of occurrence in local government/Council history
Rare (1)	0%-10%	Very unlikely to occur; no recent similar instances in local government/Council history