

Policy and Resources Committee Risk Update – June 2020

Corporate Risks

The Council’s corporate risks are those risks which could impede the achievement of our strategic objectives. The corporate risk register was last reported to Members in April 2019, following a workshop of senior officers and Members to reconsider the corporate risks following approval of the new Strategic Plan.

The matrices below provide a snapshot of the corporate risk profile, with the location on the matrix being dependent on the score of risk likelihood and impact. This is based on the **current** risk, i.e. the risk impact and likelihood (as defined in **Appendix 1C**) considering any existing controls in place to manage the risk, but before any further planned controls are introduced. For a base comparison we have included the profile from the previous risk update:

Risk Profile – April 2019

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

Risk Profile – June 2020

Likelihood	5				1 1	
	4			1	2	1
	3			2	6	1
	2		1		1	
	1					
		1	2	3	4	5
		Impact				

The overall risk environment has significantly worsened since April 2019. However, within this overall position there are some risks that have been mitigated successfully, such as poor partner relationships. There are other risks that have become more severe. Contraction in retail and leisure was already highlighted as a risk in April 2019; the position of this sector has clearly deteriorated significantly as a result of the Covid-19 pandemic. Finally, two new risks have been identified arising directly from the Covid-19 pandemic.

Further detail on the corporate risks, including a description of the risk and details of existing and planned key controls can be found in Appendix 1A.

Operational Risks

All Council services maintain an operational risk register, including Shared Services. Operational risks are the responsibility of the services to manage, and so fall within the remit of our Managers and Heads of Service. The following matrix shows the operational risk profile for the Council. This is based on the **current** risk, i.e. the risk impact and likelihood (as defined in **Appendix 1C**) considering any existing controls in place to manage the risk, but before any further planned controls are introduced. The table shows the number of risks for each colour category.

Operational Risk Profile (Current)						
Likelihood	5		1	1	1	
	4		4	2	3	
	3	1	3	36	4	
	2		17	36	24	4
	1			8	9	
		1	2	3	4	5
		Impact				

BLACK	1
RED	10
AMBER	108
GREEN	35
BLUE	0
TOTAL	154

These risks are managed in accordance with the Council's Risk Appetite Statement, whereby services routinely monitor their risks based on the risk score. **BLACK** risks are monitored monthly by CLT and **RED** quarterly. Services monitor **AMBER** risks 6-monthly and **Green / Blue** risks annually or as needed.

Quarterly risk updates are presented to Corporate Leadership Team (CLT) on all risks above the Council's appetite – i.e. those risks which are **RED** or **BLACK**. **Appendix 1B** provides a one-page summary of the overall risk process.

The **BLACK** risk relates to infrastructure improvements which could fail to take place due to a lack of investment or change to government priorities. This is monitored by CLT through routine update reports. Should the circumstances for an existing risk change such that the score is increased into **BLACK** this will be escalated to CLT and a decision made as to any further action needed and how the risk is best monitored. Monitoring of these high level risks enables more effective challenge on the effectiveness of controls, and also means that support can be put in place to help manage the impact of the risk.

Next Steps

The Covid-19 pandemic demonstrates dramatically the importance of absorbing new information about risk and reflecting this in our approach. Whilst the UK has not yet fully emerged from the pandemic, there are a number of lessons that may be drawn from it.

- There is a category of risks (eg global warming, pandemics) which can be foreseen in broad terms, but where the timing and nature of their impact is completely uncertain. In the past, this has deterred many organisations from considering them seriously in day-to-day risk management.
- Responsibility for this category of risks cannot be attributed to any other organisation, or indeed any other nation, given that they are so wide-ranging (in geographic, human and economic terms) in their impact. That means that no organisation can pass responsibility for the risk on to a third party, eg by arguing that the other party has legal responsibility.
- Pandemics are relatively rare in historical terms (the last pandemic to have an impact in the UK on a similar scale to the current one occurred in 1918). They could therefore be treated as 'very low probability, very high impact' in risk management terms. However, the scale of the impact means that they cannot be ignored, even though the probability is low. (There is a separate argument that the frequency of pandemics is actually likely to increase in future, such that they are not in fact 'once in a century' occurrences).

Arising from these points, it is proposed to introduce a new risk to the register:

- **Major catastrophe with national / international impact (eg new pandemic, environmental disaster, nuclear attack)**

Additionally, the likely duration of the current Covid-19 pandemic itself remains uncertain. Whilst the number of cases is reducing, there remains a risk of its resurgence, for example through inadequate counter-measures or a mutation in the virus itself. This is therefore reflected in the follow further proposed new risk:

- **Resurgence of current Covid-19 pandemic.**

Risk management is a continuous process, and we will continue to build on and improve the arrangements to further strengthen the risk management process and develop a positive risk culture across the Council. Internal Audit continues to receive a positive level of engagement and support from Senior Officers and Managers in the Council which has enabled the risk management process to develop and embed.

Corporate Risks [TO BE UPDATED BY RISK OWNERS]

The table below sets out each of the corporate risks in detail. Risk owners have assessed the impact and likelihood of the risks and identified the key controls and planned actions necessary to further manage the risk to an acceptable level:

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Major emergency with national / international impact (eg new pandemic, environmental disaster, nuclear attack)	Alison Broom	<ul style="list-style-type: none"> (1) Strong existing emergency planning framework (2) Active engagement with Local Resilience Forum (3) Flexible and committed workforce (4) Some financial reserves (5) Good partnership working as demonstrated during Covid-19 pandemic 	(5 x 3) 15	<ul style="list-style-type: none"> (1) More structured approach to review of horizon for early warnings (2) Plan for dealing with major emergencies (3) Higher level of financial reserves 	(5 x 3) 15
Resurgence of current Covid-19 pandemic	Alison Broom	<ul style="list-style-type: none"> (1) Strong existing business continuity planning arrangements (2) Active engagement with Local Resilience Forum (3) Learning from current pandemic has been captured (4) Member consultative forum on recovery arrangements (5) Risk assessments in place for all Council buildings 	(5 x 4) 20	<ul style="list-style-type: none"> (1) Build up stocks of appropriate equipment (2) Further develop emergency plans 	(4 x 4) 16
Increased effects from climate change or reduction in air quality causes environmental damage reducing residents' quality of life and increasing risks from adverse weather events	Angela Woodhouse	<ul style="list-style-type: none"> (1) Air Quality Action Plan in place (2) Emergency planning arrangements (3) Parks strategy (4) Budget available to deliver actions (5) Member working group (6) Communication / engagement strategy for adverse weather events 	(4 x 4) 16	<ul style="list-style-type: none"> (1) Recruit permanent Biodiversity and Climate Change officer (2) Climate change action plan (including response to severe weather) to be taken to P&R in September 2020 (3) Review by Carbon Trust towards the Council becoming carbon neutral by 2030 	(4 x 4) 16

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Conflicting expectations or limited engagement leads to poor partner relationships inhibiting the Council's ability to call on others to help achieve its corporate objectives	Alison Broom	<ul style="list-style-type: none"> (1) Regular liaison meetings (e.g. Kent Association for Local Councils) (2) Defined joint working arrangements (e.g. Mid Kent Shared services, waste, licensing) (3) Specific joint working protocols for key relationships (e.g. Joint Transport Board, Safer Maidstone Partnership) (4) Project and topic specific boards for key priorities, including Town centre board, Maidstone east strategic board and Museum board (5) Strategic Plan refresh included review of partner objectives & priorities, & engagement with partners (6) Participation in integrated care partnership board 	(4 x 4) 16	<ul style="list-style-type: none"> (1) Increased joint work with KCC highways & waste teams (2) Joint working arising from post-litigation settlement 	(4 x 3) 12
General financial downturns, unexpected changes to government funding or failure to achieve income or savings targets places further financial restrictions on the Council resulting in difficulty maintaining standards or meeting aims.	Mark Green	<ul style="list-style-type: none"> (1) Agreed work programmes in transformation and commissioning (2) Budget monitoring in place (3) MTFS in place and monitored (4) Scenario planning in budget setting (5) Financial independence strategy to maximise our income (6) Strategies for maintaining income (e.g. pricing policies and purchase of Lockmeadow) (7) Commercial investment strategy (8) Holding reserves to mitigate impact of financial restrictions 	(4 x 5) 20	<ul style="list-style-type: none"> (1) Lobbying to avoid unfavourable financial changes to government funding (2) Aligning MTFS & strategic plan (3) Cost recovery through bidding for additional government support for one-off costs (e.g. Brexit) (4) Further commercial investment being explored 	(4 x 4) 12
Security breach or system weakness leading to IT security failure results in system unavailability and increased legal and financial liability.	Steve McGinnes	<ul style="list-style-type: none"> (1) Regular backup programmes (2) External testing (3) ICT policies & staff training, including disaster recovery plan (4) Cyber security testing & training (5) CLT monitoring of performance indicators (6) Nessus scanning software reporting daily on system vulnerabilities 	(4 x 3) 12	<ul style="list-style-type: none"> (1) Cyber awareness campaign underway (2) Online staff awareness training to be delivered (3) New firewall purchased and to be installed (4) The third phishing campaign will commence March 2020 	(4 x 3) 12
Poor engagement and communications leads to loss of community engagement limiting support for project delivery and regard for public realm.	Alison Broom	<ul style="list-style-type: none"> (1) Regular communications & engagement (2) Specific community projects 	(3 x 4) 12	<ul style="list-style-type: none"> (1) Member training & awareness (2) More targeted public engagement, including more prominent engagement for Local Plan 	(2 x 3) 6

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>The broader housing crisis leads to housing pressures increasing on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.</p>	<p>William Cornall</p>	<p>(1) Homelessness prevention team in place with increased resource (2) MBC obtaining & using own stock for temporary accommodation & market rented housing (within Maidstone Property Holdings) (3) Closer working with private sector & housing associations (4) Key policies including, Temporary Accommodation Strategy (5) Implementation of Housing Management Team (6) CHE approval in place for MBC to develop up to 250 affordable homes of its own</p>	<p>(4 x 3) 12</p>	<p>(1) Closer working with voluntary sector (2) Revisiting offer to private sector landlords through Home Finder scheme (3) Affordable housing development plan within the Local Plan (now passed the consultation phase) (4) The completion of the temporary accommodation acquisition programme funded through the MBC capital programme (5) Seeking to acquire a hostel type facility to assist with TA and move-on provision. (6) Consider purchasing more housebuilder stock off plan.</p>	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Insufficient awareness / expertise leads to not fulfilling residential property responsibilities resulting in possible health & safety breaches.</p>	<p>William Cornall</p>	<ul style="list-style-type: none"> (1) Faithfull Farrell & Timms have been retained as a critical friend to allow the new housing management function to up skill. (2) West Kent Housing Association (WKHA) engaged to provide an asset management service for the whole MBC residential portfolio. (3) The whole MBC residential portfolio is now being managed by a single team within Housing & Communities, where previously it was split between Housing & Property. (4) H&S KPI's are now recorded and reported through an interim software solution, FIXFLO. (5) The H&S KPI's are reported monthly to Corporate Leadership Team. 	<p>(4 x 3) 12</p>	<ul style="list-style-type: none"> (1) Further consideration of the creation of a separate housing management team, to sit aside from the Homelessness service creating client / contractor separation. (2) A permanent replacement housing management software package is being procured and this will incorporate KPI production and management. This will take over from the previous system, and the interim system (FIXFLO). (3) Mid Kent Audit Team have been commissioned to give advice around data integrity in respect of KPI production and reporting. (4) Eventual goal of real time reporting in terms of gas safety, via the WKHA contractor. 	<p>(3 x 3) 9</p>
<p>Lack of capacity, capability or planning results in major project failure damaging the Council's reputation as a partner and inhibiting achievement of regeneration and development objectives.</p>	<p>William Cornall</p>	<ul style="list-style-type: none"> (1) Engage external consultants where needed on complex projects (2) Clear project management process - including risk evaluation & monitoring (3) CLT monitoring & oversight, including digital transformation board (4) Specialist software used (5) Staff training & support (6) External funding bids and Capital Programme (7) Housing and Regeneration Investment Plan (8) Close working relationships with experienced partners and stakeholders (9) Adherence to suite of financial hurdle rates reflective of different sector risk profiles (10) Regeneration & Economic Development staffing structure amended to increase focus on project identification & delivery. 	<p>(4 x 3) 12</p>	<ul style="list-style-type: none"> (1) Regeneration projects board to be set up (2) Increased financial checks around potential contractor financial strength. 	<p>(4 x 2) 8</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
General and localised economic pressure leads to contraction in retail & leisure sectors , limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.	William Cornall	<ul style="list-style-type: none"> (1) Town Centre strategic advisory board (2) Public realm improvement work (3) Supporting One Maidstone Business Improvement District (4) Acquisition of key property (Royal Mail / Grenada House) (5) Work commissioned to Promote Maidstone as business destination (6) Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites (7) Active management of Lockmeadow to increase the local economy 	(5 x 5) 25	<ul style="list-style-type: none"> (1) Exploring town centre shop fronts improvement grant scheme (2) Delivery plans for the Five Town Centre Opportunity sites will be presented to ERL during 2020. (3) Working wit Key stakeholders including One Maidstone to safely reopen the High Street. (4) Consider a targeted programme of place promotion campaign activities 	(4 x 5) 20
Poor management of contracts or financial resilience of contractors leads to significant contract failure disrupting services and creating extra liabilities.	Mark Green	<ul style="list-style-type: none"> (1) Contract management approach in place (2) Additional contract management resources obtained (3) Risk assessments & annual checks (e.g. credit & health & safety) (4) Business continuity plans (5) Training for contract managers on Toolkit (6) Regular updates to senior management and CLT 	(4 x 3) 12	<ul style="list-style-type: none"> (1) Review of existing contracts (2) Additional staff training & support (3) Contract management toolkit (4) Include 'exit plan' as a requirement in the ITT document for all relevant contracts 	(3 x 2) 6
Failure in implementation of Local Plan leads to building of incomplete communities in the borough inhibiting residents' quality of life	William Cornall	<ul style="list-style-type: none"> (1) Communication & liaison with partners (2) CLT oversight, including of developer income & contributions (3) Major projects team in planning (4) Agreed approach to LP review (5) Reg 18a reported to SPI meeting 	(3 x 3) 9	<ul style="list-style-type: none"> (1) A revised Local Development Scheme will be taken to SPI in Spring 2020. (2) Findings of Reg 18a consultation to be published during Q1 of 2020/21 (3) Continue to lobby government on 5 year land supply and Housing Delivery Test concessions. 	(3 x 3) 9
Exit of EU on unfavourable terms results in adverse short-term Brexit impacts disrupting the Council's ability to offer services and increasing liabilities.	Mark Green	<ul style="list-style-type: none"> (1) Regular briefings for officers & members 	(4 x 3) 12	<ul style="list-style-type: none"> (1) Continued liaison with partners (2) Government funding to mitigate impacts (3) Liaison with local business about the support that could be provided 	(3 x 3) 9

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Increased pressure on controls leads to governance failures resulting in poor decision making and increased legal liability	Alison Broom	(1) Constitutional review (2) Annual Governance Statement and Local Code of Corporate Governance (3) Professional advisory staff (including legal & internal audit) (4) Staff & member training (including political awareness & report writing) (5) Committee agendas and work programmes with sign-off of reports (6) Process for quick decision making in place (7) Information Governance Group	(4 x 2) 8		(4 x 2) 8
Due to difficulties in recruitment, retention or managing absence the Council has insufficient workforce capacity & skills to complete effectively the work necessary to achieve its objectives.	Steve McGinnes	(1) Workforce strategy monitoring & reporting (2) Salary benchmarking across SE England public sector (3) Training & development programme (4) Shared service resilience & specialist agency staff (5) Occupational health & employee support (6) Recruitment process that includes ability to adjust pay (7) Rewards package reviewed regularly (8) Use of Kent Healthy Business Awards self-assessment tools and HSE Stress survey	(2 x 2) 4	(1) Implementation of actions from engagement surveys and pulse surveys (2) New intranet page to enable staff to access information on health & wellbeing	(2 x 2) 4
Insufficient awareness / expertise leads to not fulfilling commercial property responsibilities	Mark Green	(1) Expert advice on compliance (2) Regular monitoring by CLT of corporate property PIs	(4 x 2) 8	(1) Implementation of new Corporate Property systems	(3 x 2) 6

Maidstone Risk Management Process: One Page Summary

Step 1 – Identify Risks	Step 2 – Evaluate Risks	Step 3 – Risk Response	Step 4 – Monitor & Review																																													
<p>Best done in groups, by those responsible for delivery objectives.</p> <p>RISK is a <i>potential future</i> event that, if it materialises, has an <i>effect</i> on the achievement of our objectives.</p> <p>Consider both threats and opportunities.</p> <p>When to consider:</p> <ul style="list-style-type: none"> • Setting business aims and objectives • Service planning • Target setting • Partnerships & projects • Options appraisal <p>Establish the risk owner.</p> <p>Document in the risk register.</p>	<p>Combination of the impact and likelihood of an event (the CURRENT RISK).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your key existing controls and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the risk matrix:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #000000;"></td> <td style="background-color: #000000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #000000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2						1								1	2	3	4	5			Impact					<p>Black – Above our <i>tolerance</i>, immediate action and reporting to directors.</p> <p>Red – Outer limit of our <i>appetite</i>, immediate action.</p> <p>Amber – Medium risk, review existing controls.</p> <p>Green – Low risk, limited action, include in plans.</p> <p>Blue – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"> • Treat (i.e. apply controls) • Tolerate (i.e. accept risk) • Transfer (e.g. insurance / partnership) • Terminate (i.e. stop activity) <p>After your response; where does the risk score now? (the MITIGATED RISK)</p>	<p>Completed risk registers returned to Mid Kent Audit.</p> <ul style="list-style-type: none"> • Corporate Leadership Team monthly monitoring of black risks. Quarterly reporting of all high level (black and red) risks. • 6-monthly reporting to Wider Leadership Team. • Risk registers sent quarterly to directors and heads of service. • 6-monthly monitoring at Policy & Resources Committee. • Annual monitoring of process by Audit, Governance & Standards Committee. <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (red / black) risks.</p>
Likelihood	5																																															
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Impact & Likelihood Scales

Risk Impact

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

Risk Likelihood

Level	Probability	Description
Almost Certain (5)	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
Probable (4)	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 no 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