

# First Quarter Risk Update 2020/21

# Risk Management Framework

Effective risk management is a vital part of the Council’s governance, and contributes greatly to the successful delivery of services and key priorities. The Council has always recognised and supported the need to have effective processes to identify, evaluate and manage risks. The processes followed by the Council to manage risk are set out in **Appendix 3B**.

Risk is defined in terms of its impact and likelihood. The way in which these are measured is set out **Appendix 3C**.

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.

## 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 June 2020. Owing to the increased focus on risk arising from the Covid-19 pandemic, members have asked that details of the corporate risk register be reported on an ongoing quarterly basis, to coincide with the regular budget and performance monitoring reports received by Policy and Resources Committee.

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 3C**) 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 – June 2020**

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

**Risk Profile – September 2020**

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



The table below lists risks in rank order of their scores and shows changes between June and September.

Risk	Score before mitigation		
	June	Sept	Change
Contraction in retail & leisure sectors	25	25	
Financial restrictions	20	20	
Resurgence of current Covid-19 pandemic	20	20	
Environmental damage	16	16	
Adverse short-term Brexit impacts	12	16	↑
Major unforeseen emergency	15	15	
Poor partner relationships	16	12	↓
Housing pressures increasing	12	12	
IT security failure	12	12	
Loss of community engagement	12	12	
Major project failure	12	12	
Not fulfilling residential property responsibilities	12	12	
Significant contract failure	12	12	
Building of incomplete communities	9	9	
Governance failures	8	8	
Not fulfilling commercial property responsibilities	8	8	
Insufficient workforce capacity & skills	4	4	

The overall risk environment in June 2020 had significantly worsened since the previous report. Contraction in retail and leisure had already been highlighted as a risk; the position of this sector deteriorated significantly as a result of the Covid-19 pandemic. Finally, two new risks were identified arising directly from the Covid-19 pandemic, namely (a) Major unforeseen emergency and (b) Resurgence of current Covid-19 pandemic.

The key changes **since** June 2020 have been as follows.

- Reviewing our work with partners during the Covid-19 response phase shows that we have strong relationships already and were able to build new ones. We hope to formalise this so that these relationships are embedded and allow us better to respond to any future challenges.
- Current indications are that the risk of a disruptive exit from existing EU trade arrangements is becoming more severe.

**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 3A.**

## Corporate Risks

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)
<b>Major unforeseen emergency</b> with national / international impact (eg new pandemic, environmental disaster)	Alison Broom	<ul style="list-style-type: none"> <li>(1) Strong existing emergency planning framework</li> <li>(2) Active engagement with Local Resilience Forum</li> <li>(3) Flexible and committed workforce</li> <li>(4) Some financial reserves</li> <li>(5) Good partnership working as demonstrated during Covid-19 pandemic</li> </ul>	(5 x 3) 15	<ul style="list-style-type: none"> <li>(1) More structured approach to review of horizon for early warnings</li> <li>(2) Plan for dealing with major emergencies</li> <li>(3) Higher level of financial reserves</li> </ul>	(5 x 3) 15
<b>Resurgence</b> of current Covid-19 pandemic	Alison Broom	<ul style="list-style-type: none"> <li>(1) Strong existing business continuity planning arrangements</li> <li>(2) Active engagement with Local Resilience Forum</li> <li>(3) Learning from current pandemic has been captured</li> <li>(4) Member consultative forum on recovery arrangements</li> <li>(5) Risk assessments in place for all Council buildings</li> <li>(6) Plans in place to enable staff to return to work safely</li> </ul>	(5 x 4) 20	<ul style="list-style-type: none"> <li>(1) Continuing engagement with local public health officers to ensure rapid response</li> <li>(2) Build up stocks of appropriate equipment</li> <li>(3) Further develop emergency plans</li> </ul>	(4 x 4) 16
Increased effects from climate change or reduction in air quality causes <b>environmental damage</b> reducing residents' quality of life and increasing risks from adverse weather events	Angela Woodhouse	<ul style="list-style-type: none"> <li>(1) Air Quality Action Plan in place</li> <li>(2) Emergency planning arrangements</li> <li>(3) Parks strategy</li> <li>(4) Budget available to deliver actions</li> <li>(5) Member working group</li> <li>(6) Communication / engagement strategy for adverse weather events</li> <li>(7) Biodiversity and Climate Change officer in post</li> </ul>	(4 x 4) 16	<ul style="list-style-type: none"> <li>(1) Climate change action plan (including response to severe weather) to be taken to P&amp;R in October 2020</li> <li>(2) Review by Carbon Trust towards the Council becoming carbon neutral by 2030</li> </ul>	(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 <b>poor partner relationships</b> inhibiting the Council's ability to call on others to help achieve its corporate objectives	Alison Broom	(1) Joint working with other local authorities, parishes and voluntary sector during Covid-19 response (2) Regular liaison meetings (e.g. Kent Association for Local Councils) (3) Defined joint working arrangements (e.g. Mid Kent Shared services, waste, licensing) (4) Specific joint working protocols for key relationships (e.g. Joint Transport Board, Safer Maidstone Partnership) (5) Project and topic specific boards for key priorities, including Town centre board, Maidstone East strategic board and Museum board (6) Participation in Integrated Care Partnership board	(4 x 3) 12	(1) Measures to embed relationships built during Covid-19 response (2) Increased joint work with KCC highways & waste teams (3) Joint working arising from post-litigation settlement	(4 x 2) 8
General financial downturns, unexpected changes to government funding or failure to achieve income or savings targets places further <b>financial restrictions</b> on the Council resulting in difficulty maintaining standards or meeting aims.	Mark Green	(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	(1) Currently updating MTFS to reflect impact of Covid-19 and need to support recovery (2) Review of reserves policy as part of MTFS development (3) Lobbying to avoid unfavourable financial changes to government funding (4) Cost recovery through bidding for additional government support for one-off costs (e.g. Brexit)	(4 x 4) 12
Security breach or system weakness leading to <b>IT security failure</b> results in system unavailability and increased legal and financial liability.	Steve McGinnes	(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	(1) Cyber awareness campaign underway (2) Online staff awareness training to be delivered (3) New firewall purchased and to be installed (4) A further phishing campaign	(4 x 3) 12
Poor engagement and communications leads to <b>loss of community engagement</b> limiting support for project delivery and regard for public realm.	Alison Broom	(1) Regular communications & engagement (2) Specific community projects	(3 x 4) 12	(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 <b>housing pressures increasing</b> 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 &amp; using own stock for temporary accommodation &amp; market rented housing (within Maidstone Property Holdings)  (3) Closer working with private sector &amp; 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  (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) Purchase of more housebuilder stock off plan.</p>	<p>(3 x 3) 9</p>
<p>Insufficient awareness / expertise leads to <b>not fulfilling residential property responsibilities</b> resulting in possible health &amp; safety breaches.</p>	<p>William Cornall</p>	<p>(1) Faithfull Farrell &amp; 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 &amp; Communities, where previously it was split between Housing &amp; Property.  (4) H&amp;S KPI's are now recorded and reported through an interim software solution, FIXFLO.  (5) The H&amp;S KPI's are reported monthly to Corporate Leadership Team.</p>	<p>(4 x 3) 12</p>	<p>(1) 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).  (2) Mid Kent Audit Team have been commissioned to give advice around data integrity in respect of KPI production and reporting.  (3) Eventual goal of real time reporting in terms of gas safety, via the WKHA contractor.</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 )
Lack of capacity, capability or planning results in <b>major project failure</b> damaging the Council's reputation as a partner and inhibiting achievement of regeneration and development objectives.	William Cornall	<ul style="list-style-type: none"> <li>(1) Engage external consultants where needed on complex projects</li> <li>(2) Clear project management process - including risk evaluation &amp; monitoring</li> <li>(3) CLT monitoring &amp; oversight, including digital transformation board</li> <li>(4) Specialist software used</li> <li>(5) Staff training &amp; support</li> <li>(6) External funding bids and Capital Programme</li> <li>(7) Housing and Regeneration Investment Plan</li> <li>(8) Close working relationships with experienced partners and stakeholders</li> <li>(9) Adherence to suite of financial hurdle rates reflective of different sector risk profiles</li> <li>(10) Regeneration &amp; Economic Development staffing structure amended to increase focus on project identification &amp; delivery</li> <li>(11) Capital programme project board established</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>(1) Continue development of an expert in-house project management team to act as the client for major project delivery</li> <li>(2) Increased financial checks around potential contractor financial strength.</li> </ul>	(4 x 2) 8
General and localised economic pressure leads to <b>contraction in retail &amp; leisure sectors</b> , limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.	William Cornall	<ul style="list-style-type: none"> <li>(1) Working with Key stakeholders including One Maidstone to safely reopen the High Street.</li> <li>(2) Town Centre strategic advisory board</li> <li>(3) Public realm improvement work</li> <li>(4) Supporting One Maidstone Business Improvement District</li> <li>(5) Acquisition of key property (Royal Mail / Grenada House)</li> <li>(6) Work commissioned to promote Maidstone as business destination</li> <li>(7) Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites</li> <li>(8) Active management of Lockmeadow to enhance the local economy</li> </ul>	(5 x 5) 25	<ul style="list-style-type: none"> <li>(1) Taking advantage of opportunities to support infrastructure investment</li> <li>(2) Ongoing work on Five Town Centre Opportunity sites</li> <li>(3) Consider a targeted programme of place promotion campaign activities</li> <li>(4) Exploring town centre shop fronts improvement grant scheme</li> </ul>	(4 x 5) 20
Poor management of contracts or financial resilience of contractors leads to <b>significant contract failure</b> disrupting services and creating extra liabilities.	Mark Green	<ul style="list-style-type: none"> <li>(1) Contract management approach in place</li> <li>(2) Additional contract management resources obtained</li> <li>(3) Risk assessments &amp; annual checks (e.g. credit &amp; health &amp; safety)</li> <li>(4) Business continuity plans</li> <li>(5) Training for contract managers on Toolkit</li> <li>(6) Regular updates to senior management and CLT</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>(1) Review of existing contracts</li> <li>(2) Additional staff training &amp; support</li> <li>(3) Contract management toolkit</li> <li>(4) Include 'exit plan' as a requirement in the ITT document for all relevant contracts</li> </ul>	(3 x 2) 6



Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L )	Controls planned	Mitigated rating ( I x L )
Failure in implementation of Local Plan leads to <b>building of incomplete communities</b> in the borough inhibiting residents' quality of life	William Cornall	(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	(1) Continue with Local Plan Review process (2) Lobby government on 5 year land supply and future legislative proposals	(3 x 3) 9
Exit of EU on unfavourable terms results in adverse <b>short-term Brexit impacts</b> disrupting the Council's ability to offer services and increasing liabilities.	Mark Green	(1) Close working with other members of KRF on Brexit planning (2) Regular briefings for officers & members	(4 x 4) 16	(1) Continued liaison with partners (2) More frequent updates in approach to 31.12.20 (3) Liaison with local business about the support that could be provided	(3 x 4) 12
Increased pressure on controls leads to <b>governance failures</b> 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 <b>insufficient workforce capacity &amp; skills</b> 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 <b>not fulfilling commercial property responsibilities</b>	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><b>RISK</b> 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"> <li>• Setting business aims and objectives</li> <li>• Service planning</li> <li>• Target setting</li> <li>• Partnerships &amp; projects</li> <li>• Options appraisal</li> </ul> <p>Establish the <b>risk owner</b>.</p> <p>Document in the risk register.</p>	<p>Combination of the <b>impact</b> and <b>likelihood</b> of an event (the <b>CURRENT RISK</b>).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your <b>key existing controls</b> and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the <b>risk matrix</b>:</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><b>Black</b> – Above our <i>tolerance</i>, immediate action and reporting to directors.</p> <p><b>Red</b> – Outer limit of our <i>appetite</i>, immediate action.</p> <p><b>Amber</b> – Medium risk, review existing controls.</p> <p><b>Green</b> – Low risk, limited action, include in plans.</p> <p><b>Blue</b> – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"> <li>• Treat (i.e. apply controls)</li> <li>• Tolerate (i.e. accept risk)</li> <li>• Transfer (e.g. insurance / partnership)</li> <li>• Terminate (i.e. stop activity)</li> </ul> <p>After your response; where does the risk score now? (the <b>MITIGATED RISK</b>)</p>	<p>Completed risk registers returned to <b>Mid Kent Audit</b>.</p> <ul style="list-style-type: none"> <li>• <b>Corporate Leadership Team</b> monthly monitoring of <b>black</b> risks. Quarterly reporting of all high level (<b>black</b> and <b>red</b>) risks.</li> <li>• 6-monthly reporting to <b>Wider Leadership Team</b>.</li> <li>• Risk registers sent quarterly to <b>directors</b> and <b>heads of service</b>.</li> <li>• 6-monthly monitoring at <b>Policy &amp; Resources Committee</b>.</li> <li>• Annual monitoring of process by <b>Audit, Governance &amp; Standards Committee</b>.</li> </ul> <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (<b>red / black</b>) risks.</p>
Likelihood	5																																															
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## Appendix 3C Impact & Likelihood Scales

### Risk Impact

Level	Service	Reputation	H&S	Legal	Financial	Environment
<b>Catastrophic (5)</b>	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
<b>Major (4)</b>	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)
<b>Moderate (3)</b>	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)
<b>Minor (2)</b>	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)
<b>Minimal (1)</b>	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
<b>Almost Certain (5)</b>	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
<b>Probable (4)</b>	60% - 90%	Strong possibility; similar occurrences known often in local government / Council history
<b>Possible (3)</b>	40% - 60%	Might occur; similar occurrences experienced in local government / Council history
<b>Unlikely (2)</b>	10% - 40%	Not expected; rare but no unheard of occurrence in local government / Council history
<b>Rare (1)</b>	0% - 10%	Very unlikely to occur; no recent similar instances in local government / Council history