

Appendix A

Corporate level risk update

During December 2015 senior officers and Members from the Council took part in a risk identification workshop facilitated by Grant Thornton. This resulted in the identification of risks that operate at a corporate level.

In February 2017 we met with all risk owners to update and re-assess the risks, and to document any planned controls.

The tables below outline the proposed updates, including further information on existing key controls and, where necessary, planned controls and the resulting mitigated risk. The following is a summary of the changes made:

- **Corporate 1:** Risk score adjusted to reflect action already taken by the Council and a clearer understanding of the likelihood.
- **Corporate 2:** Risk score adjusted to reflect action already taken by the Council.
- **Corporate 3:** Risk redefined from 'significant commercial failure' to more specifically relate to the commercial strategy. The risk score is adjusted to reflect action taken by the council and a clearer understanding of the likelihood.
- **Corporate 4:** Risk updated from 'not agreeing the local plan' to reflect the residual (decreased) risk of the plan not being adopted.
- **Corporate 5:** Risk and associated score amended from 'MKIP fails to develop a coherent vision for its' future' to reflect wider implications from the devolution agenda.
- **Corporate 6:** Risk score adjusted to reflect action already taken by the Council and a clearer understanding of the likelihood.
- **Corporate 7:** Changes to clarify risk description.
- **Corporate 8:** Risk description clarified and score adjusted based on the wide ranging implications already being faced by the Council and anticipated for the future.
- **Corporate 9:** Changes to clarify risk description.
- **Corporate 10:** Changes to clarify risk description.

The risks have been plotted onto the risk matrix below. These show each risk (numbered 1-10) and the risk score in terms of impact and likelihood. The residual matrix shows the movement of risks scores after taking into consideration planned controls.

Figure 1: Inherent risk scores

| | | | | | | |
|------------|---|--------|---|------|------|---|
| Likelihood | 5 | | | 1 | | |
| | 4 | | | 2, 8 | 3, 6 | |
| | 3 | | | | | |
| | 2 | | 9 | 7 | 4 | 5 |
| | 1 | | | 10 | | |
| | | 1 | 2 | 3 | 4 | 5 |
| | | Impact | | | | |

Figure 2: Residual risk scores

| | | | | | | |
|------------|---|--------|---|------|------|---|
| Likelihood | 5 | | | | | |
| | 4 | | 8 | | | |
| | 3 | | | 2, 6 | 3 | |
| | 2 | | 9 | 7 | 1, 5 | |
| | 1 | | | 10 | 4 | |
| | | 1 | 2 | 3 | 4 | 5 |
| | | Impact | | | | |

Corporate risk register

Below is an extract from the risk register of the corporate risks for the Council. The register includes a detailed record of each risk, the assessment of impact and likelihood and the key controls in place to manage the risk:

| Ref | Risk (title & full description) | Risk Owner & lead | Key Existing Controls | Inherent rating | | | Rating change and key factors |
|-------------|--|-------------------------------|--|-----------------|---|----|---|
| | | | | I | L | Σ | |
| COR1 | <p>Lack of progress on infrastructure delivery As a result of needing to work with partners, the Council is unable to make adequate progress on infrastructure delivery</p> | William Cornall & Rob Jarman | <ul style="list-style-type: none"> - Communication and liaison with partners including regular meetings - Development of Local Plan - Escalation plan for handling a lack of partner cooperation | 3 | 5 | 15 | <p>I ↓ from 4, L ↑ from 4</p> <p>Key Impact: Reputation, Legal and Financial</p> <p>Likelihood: almost certain based on current experience</p> |
| COR2 | <p>Recruitment & Retention As a result of economic pressures and external competition the Council is unable to recruit or retain specialist, technical or professional expertise necessary to deliver ambitions</p> | Alison Broom & Steve McGinnes | <ul style="list-style-type: none"> - Workforce strategy - Flexible and adaptive recruitment processes and packages in place to attract skill shortage areas - Commitment to investing in learning, development and professional qualifications - Embedded shared service arrangements offer resilience and new ways of working - External accreditation and assessment – via IIP and Best Companies | 3 | 4 | 12 | <p>I ↓ from 4, no change in L</p> <p>Key impact: Service Delivery & Finance</p> <p>Likelihood: Probable based on real challenges faced over the last 12 months</p> |
| COR3 | <p>Failure to deliver commercial strategy As a result of restrictions in market opportunities, staff skills or changes in Member consensus the Council is unable to deliver its' commercial ambitions</p> | William Cornall | <ul style="list-style-type: none"> - Regular update reports to Policy & Resources Committee - Corporate Projects team in place to ensure delivery of projects | 4 | 4 | 16 | <p>I ↓ from 5, L ↑ from 3</p> <p>Key Impact: Financial</p> <p>Likelihood: Probable</p> |

| Ref | Risk (title & full description) | Risk Owner & lead | Key Existing Controls | Inherent rating | | | Rating change and key factors |
|------|--|-------------------------------|---|-----------------|---|----|---|
| | | | | I | L | Σ | |
| COR4 | <p>Not having an adopted local plan As a result of judicial review, the Council's Local Plan is not adopted</p> | William Cornall & Rob Jarman | <ul style="list-style-type: none"> - Local Plan external examination - Regular monitoring by CLT and the Strategic Planning Committee | 4 | 2 | 8 | <p>No change in I, L ↓ from 3</p> <p>Key Impact: Service, Financial and Reputational</p> <p>Likelihood: Unlikely as plan has successfully passes external examination</p> |
| COR5 | <p>Shared Services / Combined Working As a result of the Central Government devolution agenda and/or other new initiatives, external developments could cause our current shared services to be dissolved or broken up.</p> | Alison Broom & Steve McGinnes | <ul style="list-style-type: none"> - Strong governance practices over existing shared service arrangements - Legal safeguards provided through collaboration agreements for shared services - Active participation in devolution discussions across Kent at the Leader and Chief Executive level - Awareness of Kent Districts shared cross partner working proposals | 5 | 2 | 10 | <p>I ↑ from 4, L ↓ from 3</p> <p>Key impact: Service Delivery, Finance & Legal</p> <p>Likelihood: Unlikely given no known government or other plans for changes to local government arrangements in Kent</p> |
| COR6 | <p>Financial restriction / pressure As a result of uncertainty about Central Government funding of local government, the Council is forced to find savings or cutbacks outside of those already planned.</p> <p>Instability or volatility of Business Rates cause the Council to seek further savings outside of those already identified</p> | Mark Green & Ellie Dunnet | <ul style="list-style-type: none"> - Adopted efficiency statement / savings plans - Robust MTFP and realistic forecasting / assumptions - Embedded budget setting and monitoring processes - Protected Council reserves - Budget risks identified and monitored – scrutinised by AGS Committee | 4 | 3 | 12 | <p>I ↓ from 5, L ↑ from 2</p> <p>Key impact: Service Delivery & Finance</p> <p>Likelihood: Probable based on Autumn 2016 decision of Central Government</p> |

| Ref | Risk (title & full description) | Risk Owner & lead | Key Existing Controls | Inherent rating | | | Rating change and key factors |
|-------------|--|---------------------------------|--|-----------------|---|----|--|
| | | | | I | L | Σ | |
| COR7 | <p>Over cautious administration As a result of having Election by thirds the Council is unable to maintain momentum with taking and implementing key decisions in pursuit of strategic priorities</p> | Alison Broom & Angela Woodhouse | <ul style="list-style-type: none"> - The Committee system is becoming more embedded and better understood - Regular Member, Group and Officer engagement and communication - Strong Governance process and constitution to support decision making processes - Elections process remain high on the Councils agenda | 3 | 2 | 6 | <p>No change in scoring</p> <p>Key impact: Reputation and Finance</p> <p>Likelihood: Unlikely based on past 12 months</p> |
| COR8 | <p>Growing Population As a result of a growing population the Council is unable to provide or maintain the level of quality front line services to the residents of the Borough</p> | Alison Broom & WLT | <ul style="list-style-type: none"> - Comprehensive and robust strategies and policies – Local Plan, MTFS, Economic Development Strategy - Clear understanding of population growth provided through statistical data from Office of Notional Statistics, census and Resident Survey - Population growth data incorporated into Waste Service provision | 3 | 4 | 12 | <p>I ↑ from 2, L ↑ from 2</p> <p>Key impact: Reputation & Finance</p> <p>Likelihood: Probable as already a challenge for the Council</p> |
| COR9 | <p>Informed Decision Making As a result of poor or inaccurate information, the Council makes the wrong decision or is unable to make a timely decision</p> | Mark Green & Angela Woodhouse | <ul style="list-style-type: none"> - Sound guidance and framework for decision making provided through the Constitution and overseen by Democracy Committee - Good levels of Member and Officer engagement via work programme, agenda setting and Chairman’s briefing, prior to decisions being made - Clearly defined process of escalation and quality checking of reports through Modern.gov, CLT and Statutory Officers - Failsafe processes within the Governance process to enable call-in and scrutiny of decisions | 2 | 2 | 4 | <p>No change in scoring</p> <p>Key impact: Reputation, Legal and Financial</p> <p>Likelihood: Unlikely based on last 12 months of operating</p> |

| Ref | Risk (title & full description) | Risk Owner & lead | Key Existing Controls | Inherent rating | | | Rating change and key factors |
|-------|---|-----------------------------|---|-----------------|---|---|--|
| | | | | I | L | Σ | |
| COR10 | <p>Technology</p> <p>As a result of financial pressures the Council is unable to invest in the technology (ICT) necessary to deliver its ambitions</p> | Mark Green & Chris Woodward | <ul style="list-style-type: none"> - Well embedded governance arrangements provided via the Shared Service Boards with regular budget and performance reporting - Active ICT Commissioning Groups across all three partner Councils - Well integrated ICT services enabling service needs and requirements to be captured and assessed - Transformation Challenge Award (TCA) project making investment funds available achieve major ICT improvements in key areas | 3 | 1 | 3 | <p>No change in scoring</p> <p>Key impact: Service and Financial</p> <p>Likelihood: Rare based on past 12 months of operating</p> |

Planned controls

Following from the assessment of the risk, a number of planned actions and controls have been identified for those risks that are of a higher impact and likelihood level. Risk actions and planned controls are designed to manage risks to an acceptable level to ensure that the consequences of risks are being appropriately considered and where possible mitigated.

The table below shows a number of key planned actions and controls for the corporate risks. The original assessment scores have been included to illustrate the effect on the impact and likelihood scores of the risks.

Overall there is a reduction in either impact or likelihood for all of the higher level risks. One risk (COR3 – Commercial strategy) remains with an overall score of 12 and will continue to be monitored on a regular basis. However, due to very nature of the corporate level risks it is important that these risks are regularly reported and reviewed and so will continue to be reported to CLT quarterly and to P&R Committee every six months.

| Ref | Planned Controls | Residual (Mitigated) rating | | |
|-------|--|-----------------------------|---|----|
| | | I | L | Σ |
| COR1 | - Use of planning enforcement regulations to encourage partner cooperation | 4 | 2 | 8 |
| COR2 | - Actions will be taken to implement findings from the 2016/17 IIP assessment - Regular monitoring and reporting of workforce strategy by CLT - Appointment of permanent MKS Director role to provide strategic direction and vision for shared services | 3 | 3 | 9 |
| COR3 | - Develop a more detailed delivery plan for approval of Policy & Resources Committee - Provide training for relevant officers | 4 | 3 | 12 |
| COR4 | - Ensure due process is followed - Provision of adequate support and advice to Members - Agree a budget for annual reviews of the Local Plan to ensure a continuous process Have a 'critical friend' review of the Planning department | 4 | 1 | 4 |
| COR5 | - Improve information provided to Members and Officer - Review and appraisal different governance options and possibilities - Keep devolution on the CLT agenda and keep aware of Kent discussions | 4 | 2 | 8 |
| COR6 | - Rolling out of budget management / monitoring training programme in 17/18 - Unspent transition grant available - Delivery of income generation programmes will help the Council to become more financially resilient / sufficient | 3 | 3 | 9 |
| COR7 | No additional controls needed | 3 | 2 | 6 |
| COR8 | - Communication and circulation of growth information across Council service areas - Integrating service planning with growth information - Improved planning through better population evidence collection and collation | 2 | 4 | 8 |
| COR9 | No additional controls needed | 2 | 2 | 4 |
| COR10 | No additional controls needed | 3 | 1 | 3 |

| Inherent rating | | |
|-----------------|---|----|
| I | L | Σ |
| 3 | 5 | 15 |
| 3 | 4 | 12 |
| 4 | 4 | 16 |
| 4 | 2 | 8 |
| 5 | 2 | 10 |
| 4 | 3 | 12 |
| 3 | 2 | 6 |
| 3 | 4 | 12 |
| 2 | 2 | 4 |
| 3 | 1 | 3 |

Next Steps

We have made substantial progress since the initial review in January 2015, particularly over the last year, to improve the risk management arrangements. This wouldn't have been possible without the great deal of positive engagement and support of Senior Officers, Managers and Members of the Council.

We know that risk management is a continuous process, and to be valuable it must be updated and maintained. We will therefore continue to build on this work to embed and improve the arrangements for 2017/18 focussing on the following areas:

- Update the corporate risk register to align with the updated strategic plan – **June 2017**
- Review updated operational risks and ensure all services have reconsidered their risks - **Upon completion of service planning**
- Adoption and publication of risk appetite statement – **June 2017**
- Ongoing monitoring in accordance with the risk management framework
- Ongoing work with Policy & Information to adapt Covalent to reflect the Risk Management Framework and upload all identified risks into the system
- Follow-up and reporting of risk actions to CLT quarterly and P&R six monthly

Maidstone Risk Management Process: One Page Summary

| Step 1 – Identify Risks | Step 2 – Evaluate Risks | Step 3 – Treat Risks | Step 4 – Review Risks |
|--|---|--|--|
| <p>Best done in groups, by those responsible for delivering objectives, at all levels</p> <p>RISK is the chance of something happening that will impact on 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 appraisals <p>Think both what could go wrong and what more could we achieve?</p> | <p>Combination of the impact and likelihood of an event and its consequences (the inherent risk)</p> <p>Black – Top risk, immediate action and reporting to directors Red – High risk, immediate action Amber – Medium risk, review current controls Green – Low risk, limited action, include in plans Blue – Minimal risk, no action but review</p> | <p>Concentrate on top risks, 10 to 12 in number</p> <ul style="list-style-type: none"> • Can we reduce likelihood? • Can we reduce impact? <p>Risk Response – 4 Ts</p> <ul style="list-style-type: none"> • Treat (i.e. apply controls) • Tolerate (i.e. accept risk) • Transfer (i.e. insurance) • Terminate (i.e. stop activity) <p>After your risk response; where does it score now? (the mitigated risk)</p> <p>Devise contingencies and action plans for 'Red' and 'Black' risks – seek to reduce mitigated risk back to 'Amber' or below</p> | <p>Risk Registers</p> <ul style="list-style-type: none"> • Contain all identified risks, Management Action Plans for top risks • Prepare and monitor as regular agenda item • Indicate risk response and risk owner <p>Council risk monitoring</p> <ul style="list-style-type: none"> • Risk registers passed to internal audit • Action led periodic review to ensure registers kept current <p>Council's Top Risks</p> <ul style="list-style-type: none"> • Top ten mitigated risks and all inherent 'Black' risks monitored as regular item at Leadership Team • Six monthly monitoring at Policy & Resources Committee • Annual monitoring of process at Audit, Governance & Standards Committee |

Appendix C

Impact & Likelihood Scales

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 | Uncontrollable financial loss or overspend over £1.5m | 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 | punishable by imprisonment or significant fines | Financial loss or overspend greater than £100k | 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 | 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 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 | Complaint likely, litigation possible Breaches of regs or standards | Financial loss or overspend greater than £20k | 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 | Unlikely to cause complaint Breaches of local procedures | Financial loss or overspend under £20k | 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 (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 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 |