

GRAVESHAM BOROUGH COUNCIL

Corporate Risk Register

2016-17

Gravesham’s Corporate Risk Register is the result of an annual strategic risk management exercise conducted to identify, analyse and prioritise those risks that may affect the ability of the council to achieve its corporate objectives. The key risks facing the council were identified through discussion with Cabinet Members, Finance and Audit Committee Members, Members, Directors, Assistant Directors, Service Managers and other senior managers.

The Corporate Risk Register outlines the key strategic risks facing the council, the controls currently in place to respond to these risks and any further action required by the council to properly manage these risks. The actions that the council has in place/needs to implement are assessed as one of the following:

- **Good** – actions in place will mitigate the risk and no further action is required.
- **Adequate** – whilst the action will help to mitigate the risk, there is still further work that can be undertaken to further mitigate the risk.
- **Inadequate** – the action is either not already in place or is not mitigating the risk and therefore further work is required.

The following matrix is utilised when assessing whether a risk is a high, medium or low risk for the council:

The Risk Matrix

LIKELIHOOD	Very High	5	5	10	15	20	
	High	4	4	8	12	16	
	Medium	3	3	6	9	12	
	Low	2	2	4	6	8	
	Very Low	1	1	2	3	4	
	High Risk		1	2	3	4	
	Medium Risk		Negligible	Marginal	Serious	Critical	
	Low Risk						
	IMPACT						

Guidance used for assessing Likelihood and Impact

Likelihood:

Rating	Score	
Very High	5	On the evidence and knowledge of officers and members it is almost certain that this issue will occur sometime within the next year. The issue may have already occurred in previous years either at the council or elsewhere.
High	4	On the evidence and knowledge of officers and members it is very likely that this issue or event will occur in the coming year.
Medium	3	On the evidence and knowledge of officers and members the issue is more likely to occur than not in the coming year.
Low	2	On the evidence and knowledge of officers and members it is unlikely that this event will occur in the coming year. Occurrences of this risk have occurred in the past but occurrences are very few and far between.
Very Low	1	On the evidence and knowledge that this event would occur in either the coming year or in future years.

Impact:

Rating	Score	
Critical	4	The financial impact on the authority would threaten the council's financial stability. The delivery of service to the public could be affected either permanently or for a long duration and the council could not achieve its key objectives. There would be a seriously damaging impact on the council's reputation through poor media coverage.
Serious	3	The financial impact on the authority would be significant although would not threaten the stability of the councils financial position. Services would experience disruption with the delivery of services being affected for a number of days. Whilst the council's objectives would be met there would be significant delays in achieving them. The council would endure poor media coverage for a period of time affecting the council's reputation which would take some time to recover from.
Marginal	2	There may be minimal financial impact on the authority and/or the cost of mitigating the risk exceeds the financial implications of the risk there may be some minor disruption to services and possibly some small delays in achieving the council's objectives. Although there may be some poor media coverage it will not affect the council in the long term.
Negligible	1	There is little or no financial impact of the risk to the authority. There would be no disruption to the delivery of the council's key objectives or frontline services. There is no risk of this risk impacting on the councils reputation

Given that the council works in an ever-changing environment it will be necessary to conduct similar risk management exercises on a periodic basis. Progress against management actions recorded in the register will be reported to Cabinet on a quarterly basis and the register will be reviewed on a six-monthly basis by the Finance and Audit Committee.

As a contribution to good corporate governance, risk management also forms a part of the annual business planning process – each departmental business plan has a specific service risk register to identify the key risks facing that service. This reinforces the corporate risk management approach through each Service Manager giving proper formal consideration to corporate and operational risks

The Risk	Ongoing financial viability of the Council					Risk No.	1				
Assessment Date	21 January 2016										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	4	Score	20	Likelihood	5	Impact	4	Score	20

Cabinet Portfolio	Leader of the Executive (but affects all portfolios)
Risk Background	<p>The Spending Review and Autumn Statement in November 2015 set out that reductions to local government funding from Central Government will continue to 2019-20. The provisional four year local government finance settlement confirmed that the level of funding assessment for the Council would reduce by £2m (43%) over the period, with the deepest cuts in 2016-17 and 2017-18. By 2019-20 overall level of Central Government Grant funding received by the Council will have reduced by £5m (65%) since 2010-11.</p> <p>Fundamental changes are also proposed to the New Homes Bonus Scheme which will see a 31% reduction in the funding received from this stream by 2019-20. Government has also announced reform of the Business Rates Retention Scheme which is likely to bring increased pressure to the council's financial sustainability and well as additional responsibilities over and above those already delivered by the Council.</p> <p>These announcements have increased the funding gap of the Council significantly (£3m by 2019-20), with savings of £1.8m required by 2018-19. The Council will need to take action to meet its funding requirements. This will require difficult decisions to be taken about service delivery and income generation options.</p>
Consequences	<ul style="list-style-type: none"> • Financial savings not achieved. • Budgets exceeded and/or reserves depleted. • Problems stored up for the future. • Minimum working balance of £1.25 million is not maintained. • Needing to make use of £2 million General Revenue Reserve set-aside to mitigate financial risks. • Unplanned cuts in services needed and/or drop in quality of delivery, potentially leading to damage to Council's reputation • New legislative requirements not met. • Uncertainty over future large projects. • Potential for infrastructure to deteriorate.
Controls already in place	<p>Monthly Budget monitoring processes for Budget Holders.</p> <p>Quarterly budget monitoring for Cabinet and Finance & Audit Committee.</p> <p>Management Team regularly monitor key areas of expenditure and income generation.</p> <p>Medium Term Financial Strategy in place. Medium Term Financial Plan spanning 10 years.</p> <p>Policy decision to retain a minimum working balance of 1.25m, with a further £2m General Revenue Reserve to mitigate financial risks.</p>

Key corporate documents and processes	Medium Term Financial Strategy Medium Term Financial Plan Budget monitoring process
Risk Owner (s)	Director (Corporate Services); Assistant Director (Corporate Services)

Additional actions required to further mitigate risk		
Required Management Action	Lead Officer(s)	Target Date
Review and update the Medium Term Financial Strategy to ensure the Council has a sound and realistic plan for managing the Council's finances moving forward.	Director (Corporate Services) Assistant Director (Corporate Services)	In place for 1 April 2015
Diversification of investment activity to increase the financial returns received by the Council, within approved parameters.	Director (Corporate Services)	April 2015
Monitoring of budgets and key areas of expenditure and income.	Management Team	On-going through the year
Challenge of existing budgetary provisions for services.	Assistant Director (Corporate Services)	On-going through the year
Development of budget monitoring arrangements to improve process and ensure robustness of monitoring arrangements is maintained.	Assistant Director (Corporate Services)	On-going through the year
Presentation of recommendations from the Service Review Process for consideration and implementation by Members.	Director (Corporate Services)	On-going through the year

Target for end of the 2016-17 financial year					
Likelihood	5	Impact	4	Score	20

The Risk	Changes in national priorities and legislative change					Risk No.	2				
Assessment Date	21 January 2016										
4INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	3	Score	15	Likelihood	5	Impact	3	Score	15

Cabinet Portfolio	All Portfolios
Risk Background	<p>Government continues to issue an increased level of new legislative pressures on local government which is likely to have a significant impact on the business of the Council. Key pressures include, but are not limited to:</p> <ul style="list-style-type: none"> • The Welfare Reform and Work Bill - setting the requirement for a one per cent reduction in social housing rents each year for four years beginning in April 2016 and freezing of the Local Housing Allowance Rate until 2020. • The Housing and Planning Bill – proposing the introduction of a suite of new statutory duties on local government. • Implementation of a National Living Wage. • Changes to the State Pension Scheme from 1 April 2016, removing rebates on employers' superannuation contributions. <p>Such changes present both an increased administrative burden in key services and equally challenge the financial sustainability of the Council.</p>
Consequences	<p>The council needs to keep abreast of developments in legislation to ensure that it is best placed to respond to any changes it may face. Failure to account for the Government's legislative programme may involve:</p> <ul style="list-style-type: none"> • Change of direction for the council may be required. • Changes result in additional costs/ workloads for staff. • Severe financial position encountered which may restrict which services the council can deliver (see Risk 1). • Failure to meet stakeholder expectations. • Funding pressures / increased costs of working. • Staff morale falls with potential for sick absence due to stress. • Increased scrutiny from Members and other relevant bodies.
Controls already in place	<p>General monthly policy briefings to Management Team and Wider Management Team giving updates on the development of key issues/legislation.</p> <p>Six-monthly legislative briefing to officers and Members.</p> <p>Reports to Management Team from relevant managers highlighting the impact of legislative changes and potential consequential risks. This also involves senior managers securing Management Team approval to representations made on behalf of the council in response to Government 'white paper' consultations, with a view to mitigating the scope of certain policy proposals.</p>

	<p>Consideration of the impact of legislative changes within the medium-term financial planning process.</p> <p>Gravesham Area Board provides an active opportunity for partner agencies to keep other partners abreast of changes affecting them and ensure that joint-working can continue wherever possible.</p>
Key corporate documents and processes	<p>Corporate Plan 2015-19</p> <p>Medium Term Financial Strategy and Medium Term Financial Plan</p>
Risk Owner (s)	Chief Executive and Management Team

Additional actions required to further mitigate risk		
Required Management Action	Lead Officer(s)	Target Date
Continuation on monthly policy briefings and six-monthly legislative briefings.	Corporate Performance Manager	Monthly/six-monthly as required.

Target for end of the 2016-17 financial year					
Likelihood	5	Impact	2	Score	10

The Risk	Organisational capacity/ resilience					Risk No.	3				
Assessment Date	21 January 2016										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	4	Score	20	Likelihood	5	Impact	3	Score	15

Cabinet Portfolio	Leader of the Executive (but affects all portfolios)
Risk Background	<p>The council's Management Team have put in place a number of arrangements to help to deal with the reduction in Government funding over the medium term, including approval of all new appointments and the cessation of temporary staff contracts and non-contractual overtime (except in exceptional circumstances). The recent announcements on local government finance are going to require decisions to be taken about future service delivery, and these actions are likely to see changes to the staff establishment. This, in turn, will place greater demands on remaining staff, exposing the council to key person dependency and the risk of poor resilience. Management and staff can help improve organisational capacity and resilience by identifying critical tasks, working flexibly across departments and developing the skills and abilities of key leaders and staff. The council also need to ensure that it has plans in place to cope with other potential impacts on capacity which may result from severe weather, building damage or pandemic to ensure that key services can continue to be delivered.</p>
Consequences	<ul style="list-style-type: none"> • Council unprepared for changes resulting in additional costs/ workloads for staff. Adverse impact on staff being asked to adopt more flexibility and a greater workload, when their managers have less flexibility to incentivise or support staff in light of pay and recruitment freezes. • Essential services where there is greater staff turnover are adversely impacted compared to services with less staff turnover. • Increasing organisational stress creating a negative impact on productivity and motivation. • Potential adverse impact on public liability claims if services like repairs and maintenance are not completed or recorded properly. • Increased likelihood of internal controls as a result of having fewer staff in post. • Cuts in services and a potential drop in service quality possible. • A fall in staff morale could increase staff sickness and stress. • There will be a requirement to provide staff with additional support to overcome their work related health issues. • Potential damage to the council's reputation.
Controls already in place	<p>Sound Corporate Business Plan in place.</p> <p>Sound governance and decision-making arrangements in place to direct and control the allocation of human and financial resources to Corporate Business Plan priorities.</p> <p>Good financial planning to support delivery of the Corporate Business Plan priorities.</p>

	Succession and Workforce planning arrangements in place. Increasing activity to deploy staff to the best use of the council. Business Continuity Plans and Emergency Plan in place. Investment in staff training and development maintained.	
Key corporate documents and processes	Corporate Business Plan 2015-19 Workforce Development Plan	
Risk Owner (s)	Chief Executive and Management Team	
Additional actions required to further mitigate risk		
Required Management Action	Lead Officer(s)	Target Date
Monitoring and allocation of resources to critical tasks and services	Management Team	On-going through the year
Continue to encourage staff to work more flexibly across the organisation – offer opportunities for redeployment, secondments and project work.	Management Team	On-going through the year
Provide training to support increased flexible working across the organisation.	Director (Communities)	On-going through the year
Ongoing provision and review of initiatives to support the workforce.	Director (Communities)	On-going through the year

Target for end of the 2016-17 financial year					
Likelihood	5	Impact	2	Score	10

The Risk	Housing Revenue Account Services							Risk No.	4		
Assessment Date	21 January 2016										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	4	Impact	4	Score	16	Likelihood	4	Impact	3	Score	12
Cabinet Portfolio	Housing Delivery										
Risk Background	Local government faces further reductions to funding and significant reform of its Housing Revenue Account (HRA) due to central government's commitments to promote home ownership. Such actions will place unprecedented pressures on the council's landlord responsibilities though squeezing funding available to the HRA to manage and maintain its housing stock whilst also introducing additional operational pressures.										
Consequences	<ul style="list-style-type: none"> • Severe financial position encountered which may restrict which services the council can deliver. • Financial savings required not achieved. • Budgets exceeded and/or reserves depleted. • Problems stored up for the future. • Minimum reserve position of £3.0 million is not maintained. • Cuts in services and/or drop in quality of delivery possible leading to damage to Council's reputation. • New legislative requirements not met. • Uncertainty over future large projects. • Potential for housing stock to deteriorate. • Failure to meet stakeholder expectations Staff morale falls with potential for sick absence due to stress. 										
Controls already in place	<p>Monthly Budget monitoring processes for in place. Quarterly budget monitoring for Cabinet and Finance & Audit Committee. Management Team actions – to regularly monitor key areas of expenditure and income generation. Robust Medium Term Financial Strategy and HRA Business Plan spanning 10 years. Policy decision to retain working balances of £3.00m. Reserves –regularly monitored and reviewed.</p>										
Key corporate documents and processes	HRA Business Plan										
Risk Owner (s)	Director (Housing and Regeneration); Assistant Director (Housing)										

Required Management Action		Lead Officer(s)		Target Date	
Working group established to systematically look at options available to GBC in bridging the gap resulting from governments announcement re rent reductions (working with Service Review Team and Member Scrutiny review)		Assistant Director (Housing) Director (Corporate Services)		On-going	
Presentation of options for consideration and implementation by Management Team and Members.		Director (Corporate Services) Assistant Director (Housing)		On-going	
Target for end of the 2016-17 financial year					
Likelihood	4	Impact	3	Score	12