

GRAVESHAM BOROUGH COUNCIL

Corporate Risk Register

2018-19

DRAFT

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	January 2018										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	4	Score	20	Likelihood	4	Impact	3	Score	12

Cabinet Portfolio	Leader of the Executive (but affects all portfolios)
Risk Background	<p>Financial pressures on local government continue to put unprecedented strain on councils. The multi- year local government finance settlement covering the four year period from 2016-17 to 2019-20 will deliver a reduction in funding for the council equivalent to £2m (43%) over the period. By 2019-20 overall level of Central Government Grant funding received by the Council will have reduced by £5m (65%) since 2010-11. The council has also be affected by changes to the New Homes Bonus Scheme which will see an 80% reduction in the funding received from this stream by 2020-21 compared to the anticipated level of funding prior to the scheme redesign. Government continues with its intentions to reform 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. Looking ahead, the volatility in local government funding shows no sign of relenting with the Spending Review scheduled for 2019 and the impact of the ongoing Fair Funding Review likely to be felt in 2020-21.</p> <p>The Medium Term Financial Strategy identified a £2.5m funding gap by 2019-20, with this gap widening to £2.9m due to the changes in New Homes Bonus. The council has delivered some £1.9m of base budget savings through its Bridging the Gap activity, however additional pressures have emerged in the last year from ongoing dampening of investment income due to low interest rates and anticipated increases in staffing costs in 2018-19 and 2019-20 driven by the final pay offer made by the National Employers for Local Government Services. The council therefore has a new budget gap of around £2.0m, with £1.6m of this required to be delivered by 2021-22. Just over £1.0m of these savings will be delivered from the further Bridging the Gap activity already identified, leaving a residual gap of £1.0m.</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	<ul style="list-style-type: none"> • Medium Term Financial Strategy in place • Medium Term Financial Plan in place • Diversification of investment activity • Kent and Medway Business Rate Pilot • Robust budget monitoring arrangements in place
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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	
Continued delivery of Bridging the Gap activity.		Director Corporate Services) Assistant Director (Corporate Services)		On-going	
Continued maintenance of the Medium Term Financial Plan.		Assistant Director (Corporate Services)		On-going through the year	
Continued diversification of investment activity, within the parameters of the Treasury Management Strategy Statement.		Director Corporate Services) Assistant Director (Corporate Services)		On-going	
Involvement in the Kent & Medway Business Rate Pilot		Chief Executive Director (Corporate Services)		On-going through the year	
Continuation of the programme of development for the council's Financial Management System.		Assistant Director (Corporate Services)		On-going through the year	
Continue compliance with budget monitoring arrangements		Assistant Director (Corporate Services)		On-going through the year	
Target for end of the 2018-19 financial year					
Likelihood	4	Impact	3	Score	12

The Risk	Changes in national priorities and legislative change					Risk No.	2				
Assessment Date	January 2018										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	3	Score	15	Likelihood	5	Impact	3	Score	15

Cabinet Portfolio	All Portfolios
Risk Background	<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.
Consequences	<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	<ul style="list-style-type: none"> • Circulation of monthly policy & legislative briefings • Proactive arrangements to respond to consultations from central government departments and agencies. • Establishment of new Member training and development plan for the next three years • Maintenance of interaction with partner agencies
Key corporate documents and processes	Corporate Plan 2015-19 Medium Term Financial Strategy and Medium Term Financial Plan
Risk Owner (s)	Chief Executive and Management Team

Additional actions required to further mitigate risk					
Required Management Action		Lead Officer(s)		Target Date	
Continued circulation of monthly policy & legislative briefings		Corporate Performance Manager		On-going	
Make proactive arrangements to respond to consultations from central government departments and agencies.		Wider Management Team		On-going	
Continue to deliver a training and development plan to Members.		Committee Services Manager/Wider Management Team		On-going	
Maintain interaction with partnership agencies		Committee Services Manager/Corporate Performance Manager		On-going	
Target for end of the 2018-19 financial year					
Likelihood	5	Impact	3	Score	15

The Risk	Organisational capacity/ resilience					Risk No.	3				
Assessment Date	January 2018										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	4	Score	20	Likelihood	5	Impact	3	Score	15

Cabinet Portfolio	Deputy Leader (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.
Controls already in place	<p>Effective allocation of resources Flexible working arrangements Provision of training and support Workforce Support Frank and open working relationship with local and regional union representatives</p>

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	
Ensure there is effective allocation of resources through Management Team consideration of requests to fill vacant posts, service restructures and initial identification of potential shared services.		Management Team		On-going through the year	
Progress the development of more flexible working arrangements and practices.		Management Team		On-going through the year	
Continue to develop the skills of the workforce.		Director (Communities)		On-going through the year	
Continue to provide initiatives to support the workforce.		Director (Communities)		On-going through the year	
Target for end of the 2018-19 financial year					
Likelihood	5	Impact	3	Score	15

The Risk	Business Rates Retention Scheme						Risk No.	4			
Assessment Date	January 2018										
INHERENT RISK SCORE				RESIDUAL RISK SCORE							
Likelihood	5	Impact	3	Score	15	Likelihood	4	Impact	3	Score	12

Cabinet Portfolio	Leader of the Executive
Risk Background	<p>As part of government's plans to make local government self-sufficient, a commitment has been made to allow the local government sector to retain a greater proportion of the business rates that are generated nationally. Critically, this does not mean that each authority will retain the full yield of Business Rates generated within their area, with a national redistributive system of Business Rates income continuing as is currently the case. There is little clarity on the design of the scheme and as recently as December 2017, the timescales for the scheme has been delayed by one year to 2020-21 and the proportion of business rates to be retained has been adjusted from 100% to 75%. There is also little information on any potential additional responsibilities that may be devolved to local government in and scheme, and this raises the concern that levels of funding received may not cover those additional responsibilities.</p> <p>Furthermore, there have been a number of statutory discounts introduced in recent years for Business Rates payers which has reduced the size of the overall national pot of Business Rates income, and this coupled with a sustained transfer of funding away from district Councils to upper tier authorities with Social Care responsibilities and the threat of periodical business rates resets could see Gravesham receiving a lower share of retained Business Rates income under any new system. Business Rates is the second largest funding stream for the council, after Council Tax, and will be equivalent to around 26% of the council's net revenue budget in future years.</p>
Consequences	<ul style="list-style-type: none"> • Lack of clarity on how the 100% business rates retention scheme will operate in practice. • Potential for government to reduce the total funding available through business rates to support other departmental funding pressures (social care). • Council exposed to increased financial risk and volatility from the redesigned scheme. • Likely to lead to additional responsibilities, with no additional funding. • Potential for the introduction of further statutory discounts for Business Rates payers without compensation from central government
Controls already in place	<ul style="list-style-type: none"> • Monitoring of the potential impact of 75% Business Rates Retention on the council • Proactive arrangements to respond to consultations from central government departments and agencies
Key corporate documents and processes	Corporate Business Plan 2015-19

Risk Owner (s)	Director (Corporate Services)
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Additional actions required to further mitigate risk					
Required Management Action			Lead Officer		Target Date
Monitor the potential impact of 75% Business Rates Retention on the council.			Assistant Director (Corporate Services)		On going
Make proactive arrangements to respond to consultations from central government departments and agencies.			Assistant Director (Corporate Services)		On going
Target for end of the 2018-19 financial year					
Likelihood	4	Impact	3	Score	12

The Risk	Implementation of the Homelessness Reduction Act					Risk No.	5				
Assessment Date	12 January 2018										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	4	Score	20	Likelihood	5	Impact	3	Score	15

Cabinet Portfolio	Housing (H)
Risk Background	<p>The Homelessness Reduction Bill received Royal Assent on 27th April 2017 and is now an Act. The date of enactment is 1 April 2018. The Homelessness Reduction Act (HR Act) amends Part 7 of the Housing Act 1996. There are 13 clauses that amend many of the existing homelessness duties and bring in a substantial number of new duties. The Council's Housing Options Service will need to get to grips with the new duties in a relatively short time frame in order to comply with the legislation. The Act also places additional burdens on the council and whilst some financial assistance has been made available by the Government to assist in meeting the new duties, it is currently unknown whether this will be sufficient to meet the new burden. The limited supply of dwellings to assist in meeting the new duties is also an area of concern.</p> <p>Failure to take action early to prepare for these extensive new duties will put the authority at risk. There will be a risk of legal challenge if the authority is unable to meet the new legal duties arising from the Homelessness Reduction Act. There will be a financial risk to the Council due to an increase in temporary accommodation costs if there are insufficient resources to manage the increase in demand for the service. Funding from the Government provided to tackle homelessness is for an initial period of 3 years to ensure that the new legislation can be successfully implemented and there are no guarantees of similar levels of funding beyond March 2021.</p>
Consequences	<ul style="list-style-type: none"> • New legislative requirements not met. • Budgets depleted in attempts to fulfil the additional requirements. • Reputational damage • Adverse impact on staff morale and retention due to the required significant changes to the assessment process and the focus of casework, including a doubling of homelessness applications. • The service needs to be 'geared up' to manage a large increase in applications and the casework that will be required for each application under the HRAct changes
Controls already in place	<ul style="list-style-type: none"> • Gaining an understanding of the level of additional duties • Team Structure reviewed to deliver additional duties • Appropriate Software to implement HRAct made available
Key corporate documents and processes	HRA Business Plan

Risk Owner (s)	Director (Housing and Regeneration); Assistant Director (Housing)
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Additional actions required to further mitigate risk		
Required Management Action	Lead Officer(s)	Target Date
Acquire an understanding of level of additional duties	Assistant Director (Housing)	Ongoing
Review of Team Structure required to deliver additional duties	Assistant Director (Housing)	2019
Promote awareness / understanding of additional team workload	Assistant Director (Housing)	Ongoing
Ensure availability of appropriate software to implement HRAct	Assistant Director (Housing)	March 2018
Ensuring sustainability of the service following cessation of New Burdens funding	Assistant Director (Housing)	Ongoing

Target for end of the 2018-19 financial year					
Likelihood		Impact		Score	
	5		2		10

The Risk	Universal Credit					Risk No.	6				
Assessment Date	12 January 2018										
INHERENT RISK SCORE					RESIDUAL RISK SCORE						
Likelihood	5	Impact	3	Score	15	Likelihood	4	Impact	3	Score	12

Cabinet Portfolio	Performance & Administration (PA)
Risk Background	<p>The government remains committed to a phased implementation of Universal Credit and on 23 November the Chancellor of Exchequer, as part of the 2017 Autumn Budget, outlined some changes to the timetable and scheme. Gravesham adopted Universal Credit 'Live' service in its most basic form on the 18 May 2015 for single residents only in prescribed circumstances. The impact so far has been minimal and did not produce a risk score.</p> <p>The Department for Work and Pensions (DWP) has overall responsibility for implementing Universal Credit, although the Council will have a key role in how the scheme will be expanded further within the Borough. The rollout of the 'Full' service has been delayed by 3 months and will now commence in May 2018 for GRAVESHAM. To allow all the policy changes to be implemented, the Universal Credit live service will be closing to new claims from 31 December 2017. This means that unless claimants are living in a Universal Credit full service area, new claimants will be asked to claim legacy benefits or tax credits between January and May 2018.</p> <p>Those already on the Universal Credit live service will remain unaffected until they transition to Universal Credit full service once it has been rolled out in their area. Full migration to Universal Credit service will not be completed until 2022/23.</p>
Consequences	<p>There remains much uncertainty as to the exact direct and indirect consequences of the changes upon the authority, particularly whether resources to support the scheme will still be required to be retained by the council (and at what level) once administration of Universal Credit is taken over by the Department for Work and Pensions in its entirety. Initial information from LA's currently in Full service suggest that the workload may actually increase as a result of the number of notifications that the DWP JCP send through on a daily/weekly basis. Direct consequences are;</p> <ul style="list-style-type: none"> • A reduction in HB caseload • Potential reduction in council dwelling rental income and increase in rent arrears as payments will be made direct to the tenant, rather than direct to the rent account as they are now • Increase in workload for Housing Team • Increases in evictions/homelessness/voids • Rise in level of corporate debt • Customers may suffer hardship <p>Indirect consequences are also expected, with increased costs of cash handling through the shift away from rebating benefit to cash transactions</p>

Controls already in place	<ul style="list-style-type: none"> • Regular Meetings planned to take place with JCP Senior Officers. • Arrangements made to ensure customers are given help with claiming Universal Credit and managing finances. • Monitoring of the impact of Universal Credit upon on the Housing collection rate. • The impact of Universal Credit communicated to social and private landlords. • Members and Staff briefed with regular updates of any changes. • Residents will be contacted about the impact of Universal Credit.
Key corporate documents and processes	Corporate Business Plan 2015-19 Revenues & Benefits Business Plan
Risk Owner (s)	Director (Corporate Services) Service Manager Revenues & Benefits

Additional actions required to further mitigate risk					
Required Management Action		Lead Officer(s)		Target Date	
Maintain regular communication and good working relationships with JCP Senior Officers		Service Manager (Revenues and Benefits) Assistant Revenues and Benefits Manager		On-going	
Provide assistance to customers in initially claiming Universal Credit and managing their finances.		Service Manager (Revenues & Benefits) Assistant Director (Housing)		On-going	
Monitor the impact of UC on Housing Rent collection rate		Assistant Director (Housing)		On going	
Communicate the impact of UC to the Social and Private landlords		Service Manager (Revenues & Benefits)		On-going	
Maintain briefing arrangements for Members and staff and provide regular updates of any changes		Service Manager (Revenues & Benefits)		On-going	
Contact residents about the impacts of UC.		Service Manager (Revenues & Benefits)		On-going	
Target for end of the 2018-19 financial year					
Likelihood	4	Impact	2	Score	8

The Risk	General Data Protection Regulations (GDPR)				Risk No.	7					
Assessment Date	12 January 2018										
INHERENT RISK SCORE				RESIDUAL RISK SCORE							
Likelihood	5	Impact	3	Score	15	Likelihood	5	Impact	2	Score	10

Cabinet Portfolio	Performance & Administration (PA)
Risk Background	<p>The General Data Protection Regulations (GDPR) come into force on 25 May 2018 and will be the legal framework for data protection across Europe. The decision of the UK to leave the European Union will not affect the introduction or implementation of GDPR in the UK.</p> <p>The regulations will introduce significant changes to the responsibilities of organisations that collect, store and share personally identifiable information. GDPR introduces corporate responsibilities which will require the council to introduce new processes and achieve some things differently. The council will need to demonstrate compliance with all elements of the GDPR which will require a review of current arrangements and how they comply with GDPR.</p>
Consequences	<ul style="list-style-type: none"> • Risk of administrative fine from the Information Commissioners Office (ICO) if evidence of non-compliance found • Risk of remediation/compensation requirements to the data subject • Reputational Damage • Costs of ensuring compliance not budgeted for • Increased scrutiny from Members and other relevant bodies.
Controls already in place	<ul style="list-style-type: none"> • Formation of an Information Governance Group (IGG) to prepare the authority for introduction of GDPR • IGG committed to raising awareness and arranging appropriate training for all staff who have access to personal data. • Appointment of Data Protection Officer
Key corporate documents and processes	IT Services - Data Governance Policy
Risk Owner (s)	Director (Corporate Services) Information Governance Manager and Data Protection Officer to Medway Council and Gravesham Borough Council

Additional actions required to further mitigate risk					
Required Management Action		Lead Officer(s)		Target Date	
Commitment to raising awareness and delivering training.		Information Governance Group		On going	
Implementing robust arrangements with regards to the management of information held.		Information Governance Group		On-going	
Undertaking Data Impact Assessments		Information Governance Group		On-going	
International considerations		Data Protection Officer		On-going	
Target for end of the 2018-19 financial year					
Likelihood	4	Impact	2	Score	8