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To: Cabinet – 19 April 2010

Subject: STRATEGIC RISK REGISTER

Classification: Unrestricted

Summary: The Strategic Risk Register records the key risks facing KCC. The Register is presented to Cabinet for information and comment.

1. Background

- 1.1. The Register is maintained on behalf of the Council by the Chief Officers Group (COG) with the assistance of directorate Resource Directors and the Director of Finance through the Corporate Risk Manager.
- 1.2. The Chief Officers Group has responsibility for maintaining an overview of risk across the Council and the endorsement of priorities and management action. It is also responsible for the management of key strategic risks. These responsibilities are in part met through the review and approval of the Council's Strategic Risk Register.
- 1.3. Once reviewed by the Chief Officers Group, the Strategic Risk Register is presented to Cabinet and subsequently to Governance & Audit Committee for information and comment.
- 1.4. Cabinet should be aware of the key risks facing KCC and given the opportunity to identify any further risks and mitigating controls that should be included, and to receive assurance that all risks are being appropriately managed.

2. Strategic Risk Register

- 2.1. The Strategic Risk Register is compiled from key cross cutting themes identified at directorate level and major individual risks that could impact upon the Council as a whole. Risks within the register are listed according to their assessed level of residual risk as opposed to numerical order. Risks are allocated unique reference numbers when first included within the register which they retain in order to allow monitoring of developments and do not therefore convey any assessment of priority.
- 2.2. The register was last presented to Cabinet in September 2009. As expected since this date the main risk themes have remained relatively stable. However, there have been a number of changes to the risk description, mitigating actions and scores. A summary is set out below. The latest iteration of the Strategic Risk Register is attached at appendix one.
- 2.3. Updates to the Strategic Risk Register are now also incorporated into the Core Monitoring reported to Cabinet each quarter

3. Review of the Register

3.1. Previous versions of the Strategic Risk Register were refreshed annually by Resource Directors and then presented to COG. Resource Directors were concerned that this may not be sufficient to properly reflect the dynamic nature of the recorded risks, and it has been decided that the Strategic Risk Register will be reviewed quarterly, and reported to COG bi-annually (as agreed). This will also enable the reporting requirements of Core Monitoring to be met.

4. Summary of the Register

4.1. The Strategic Risk Register presented with this report represents the position as at December 2009. The Strategic Risk Register currently lists 23 risks. Table 1 below shows how these are distributed against the Council's risk rating matrix compared to the previous iteration. Table 2 summarises those risks rated highest (i.e. 12 and above), and their previous scores.

Table 1: Risk Ratings of Strategic Risks:

Likelihood	Very likely	5		2	1 (1)	2 (1)	
	Likely	4		(1)	1		1
	Possible	3		2 (1)	2 (1)	3 (4)	
	Unlikely	2		3 (2)	4 (4)	1 (3)	1
	Very Unlikely	1		(1)			
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
			Impact				

Key to risk ratings

Score 1- 6 Low
Score 8 - 15 Medium
Score 16-25 High

Table 2. Summary of 'HIGH' residual rated risks

Current risk description <i>(Previous risk description in italics where changed)</i>	Risk rating change	Residual Risk Score (Dec 09)	Residual Risk Score (Sept 09)
Government agenda, funding, and constraints (external)	↔	High 20	High 20
Financial and economic deterioration of UK wide economy spills over into wider fabric of society. <i>Downturn in economic environment (external)</i>	↑	High 20	Medium 15
Failure to retain/recruit sufficient levels of social workers	↑	High 20	New risk

Current risk description <i>(Previous risk description in italics where changed)</i>	Risk rating change	Residual Risk Score (Dec 09)	Residual Risk Score (Sept 09)
Placing by other local authorities of vulnerable children and adults of all ages in Kent	↑	Medium 15	New risk
Service transfers are inadequately funded	↑	Medium 12	New risk
Information sharing and cross agency working to provide services (internal)	↔	Medium 12	Medium 12
Impact of Hypothecated funding	↔	Medium 12	Medium 12
Adherence to EU procurement legislation	↑	Medium 12	New risk

4.2. Further details about each of these risks and their mitigating controls can be found within the Register

5. Recommendations

5.1. Cabinet is asked to:

- (i) Note the contents of the Strategic Risk Register
- (ii) Provide guidance upon any other risks to be included within the Register and mitigating controls

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STRATEGIC RISK REGISTER – March 2010

Corporate risks are managed by the Chief Officer Group with directorate support. Corporate risks are those than can be described as presenting a:

- Significant Council wide risk
- Significant risk specific to one directorate which could impact upon the Council as a whole
- Significant risk to the Council as part of working with external organisations or its role within the community

Ref & Directorate Activity	COG Resp'ible Officer	Source & strategic business objective(s)	Risk	Existing Mitigation	Proposed Mitigation	Residual Risk Rating (5x5 matrix)		
						Impact	L'Hood	Risk
No. 16 ALL	COG	Government agenda, funding, and constraints (External)	Government funding will reduce by an unknown quantity whilst statutory services may be expanded particularly in relation to adult care and education provision	<ul style="list-style-type: none"> • Robust MTP supported by business planning, including <ul style="list-style-type: none"> - Peer review of pressures and savings - Political prioritisation and decision making • Lobbying of Central Government 	<ul style="list-style-type: none"> • Realisation of Total Place initiative • Improved and co-ordinated strategy for lobbying 	4	5	20 ↔
No. 20 ALL	COG	Financial and economic deterioration of UK wide economy spills over into wider fabric of society (Financial)	Reduction in Council Tax collection. Failure to deliver strategic objectives. Pressure across all services Pressure upon KCC's aspirations in relation to income generation Impact upon 106 Agreements and other income streams	<ul style="list-style-type: none"> • Robust MTP supported by business planning, including <ul style="list-style-type: none"> - Peer review of pressures and savings - Political prioritisation and decision making • Economic development and regeneration activity 	<ul style="list-style-type: none"> • Policy led budgeting approach • Refocusing of priorities to target action to address financial, health wider socio-economic impacts of major recession • Demand management through a robust preventative strategy across all services • Strategy for lobbying government to support local solutions • Total Place and partnership working. 	4	5	20 ↑

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No. 23 CFE	Rosalind Turner	Limited success of national and international campaigns .Historically it has been difficult to recruit Children's Social Workers and this is a problem nationally.	Failure to retain/recruit sufficient levels of social workers could lead to unallocated cases and a breakdown of children's placements.	<ul style="list-style-type: none"> CSS Recruitment Group monitors SW vacancies and agrees strategies for urgent situations. Active strategy in place to attract and recruit social workers through a variety of routes including a recruitment campaign in USA – to date 27 social workers recruited from USA arrive on 7th February 2010 and, after an induction period, will be in post from mid February. 22 final year DipSW students have been recruited through the bursary scheme and will be in post as newly qualified social workers from July 2010. Recruitment calendar ensures we recruit NQSW's annually. KCC will approach final year students at universities in the next few weeks. Targeted recruitment activity has taken place at recruitment fairs to raise the profile of Kent, a few social workers have been recruited in this way. Ready for Practice scheme targeted at MA social work students. 9 social workers recruited from Northern Europe via Jacaranda have started in West Kent in the last two months. East Kent will interview European social workers next week and anticipates recruiting 8 to10 Mid Kent plans to recruit in Northern Europe in May. 2010 	<ul style="list-style-type: none"> Work has commenced to recruit final year SW students to secure a further 22 staff to commence employment August 2010 Ongoing development of further strategies to support recruitment e.g. qualification routes through open university Disseminate best practice to secure stable SW staffing. CSS to consider Recruitment Coordinator role to ensure that all SW applications receive attention. CSS Realignment to review pay grading for SW team leaders and also support for Step into Management programme. Review 'growing our own' social workers. Consideration to be given to converting some social work posts to assistant social worker posts, changing the skill mix of the teams. 	5	4	20 ↑

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No 4b	Oliver Mills / Rosalind Turner	Placing by other local authorities of vulnerable children and adults of all ages in Kent	<p>Increase in burdens on services resulting from external placements and other Local Authority placements of all ages.</p> <p>Increasing variability in the quality of education leading to pockets of deprivation.</p> <p>Cost shunt of service provision onto KCC.</p> <p>The rules of ordinary residence may become applicable to those placed, leading to increased demand for services.</p>	<ul style="list-style-type: none"> Multi-agency protocols regarding placement of children in Kent RT discussing with high placing LA's supported by GOSE. 	<ul style="list-style-type: none"> Formal policy on ordinary residence to be rigorously applied. OM leading for ADASS on national discussions around developments in the application of the rules on ordinary residence. 	3	5	15 ↑
No. 18	Oliver Mills / Rosalind Turner	Service transfers to the County are inadequately funded.	<p>Insufficient funding, staffing and expertise passed across to the County Council from the LSC as that is abolished on 31 March 2010 and replaced with new quangos and a far more significant LA role in Post 16 funding and provision. This could impact on support and funding to schools, colleges and work based training providers.</p> <p>LD transfer from NHS presents 2 levels of risk; from now to 31 March 2011, local health bodies pass insufficient funds across to maintain individual's services; and from April 2011 when the funding transfers nationally, that this is done by formula, and not by recognising actual costs.</p>	<ul style="list-style-type: none"> Transition group involving LSC, FE Colleges, Medway Council and KCC staff established to plan the transition. Specific group established to develop links with Kent FE Colleges. Work shadowing arrangements between KCC and LSC staff have been put in place and "induction" style meetings held with LSC staff to explain the role of KCC. Staff engaged in a range of activities and groups across the south east region in preparation for the changes. Detailed project plans and risk analysis in place as part of the work of the Transition Group. 	<ul style="list-style-type: none"> Detailed and transparent analysis and planning with local health bodies Lobbying of central government based on solid evidence 	4	3	12 ↑

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No. 5 CFE/ CMY/ KASS	COG	Information sharing and cross agency working to provide services. (internal)	Failure to provide information which could lead to an impact upon service delivery and safety of clients.	<ul style="list-style-type: none"> Integrated systems in development Robust Safeguarding arrangements and common assessment framework 	<ul style="list-style-type: none"> Development of coherent county wide –wide strategy and protocols on sharing information between agencies 	4	3	12 ↔
No. 19	COG	Impact of Hypothecated funding .	Managing services due to the stop start nature or insufficient hypothecated funding and after source finishes within Government formulate grant with resultant impact upon performance.	<ul style="list-style-type: none"> Make use of Freedoms and Flexibilities Robust financial monitoring systems Negotiations with Government and clarity where hypothecated funding is necessary Clear 'exit strategy' for time limited funding 		3	4	12 ↔
No.21 ALL	COG	Adherence to EU procurement legislation.	Challenges from unsuccessful tenderers leading to increased costs from re tendering and delayed contract start up. From 20 th Dec 2009 risk of awarded contract being declared “ineffective” and being stopped potentially causing major operating difficulties. Damages and fines possible. Successful tenderer could also claim compensation if contract declared ineffective.	<ul style="list-style-type: none"> Spending the Council’s Money (on KNet) details correct processes to follow Strategic Procurement available to give advice if asked Legal Services available to give advice (chargeable) Procurement resources present in some directorates giving advice and carrying out procurements 	<ul style="list-style-type: none"> Initiate assurance reviews against Spending the Council’s Money Improve compliance with Spending the Council’s Money in the Directorates Strengthen procurement capability across KCC Increase awareness and training in Spending the Council’s Money Communicate progress to maintain appropriate momentum 	4	3	12 ↑

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No.2 ALL	COG	a) Major incident or accident (external)	Inability to deliver services due to lack of human resource and technical support i.e. <ul style="list-style-type: none"> Vital supplies 'not getting through'. Vital support to vulnerable people threatened. High demand for post incident support. Prolonged major disruption to road/rail travel. Failure of external support structure 	<ul style="list-style-type: none"> Intelligence gathering through Kent Resilience Forum Regular 'exercises' and rehearsals Competent and experienced management teams assessing risks against critical functions KCC Emergency Planning procedure developing internal/external mitigation measures Horizon scanning Targeted proactive approach to Kent Resilience partnership Comprehensive impact analysis completed 	<ul style="list-style-type: none"> Testing resilience of providers Improved business continuity planning 	3	2	6 ↓	
		b) Pandemic event (High mortality rates) (external)				<ul style="list-style-type: none"> Contingency Plan for People Issues Issued by Personnel & Development Emergency Planning guidance 	5	2	10 ↓
		c) Pandemic (minor symptoms) (external)				<ul style="list-style-type: none"> Contingency Plan for People Issues Issued by Personnel & Development Emergency Planning guidance 	2	5	10 ↓
No.4a ALL	COG	Demographic changes within Kent. e.g. ageing population falling school rolls and increased growth in population (external)	Failure to plan for growth which leads to increased demand upon services Failure to implement plans.	<ul style="list-style-type: none"> Analysing and refreshing forecasts to maintain level of understanding and feeding into relevant MTP and business planning process 		2	5	10 ↑	

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No.8 All	CE/COG	Scale of organisation and size of population serviced and geography of county	KCC is remote and fails to understand and/or meet the needs of the community. KCC fails to meet its statutory duties to engage.	<ul style="list-style-type: none"> Communication / access to service strategy Framework for consultation and engagement in place and implemented. Consultation formally recorded through business planning process. Intelligence gathering and implementation through business plans Local Boards and other local forums 		3	3	9 ↔
No.9 KASS/ CFE	Oliver Mills / CFE	Health Service Economy (external)	Differential services and access developing between East and West of the County. Failure of partnership(s) leading to poorer more dislocated services. Financial pressures leading to inappropriate cost transfers, or increased debt. Move to foundation trust status destabilising existing relationships. County dependence upon resilience of Health Service partners to deliver key services.	<ul style="list-style-type: none"> Representation on PCT Boards PCT representatives attend extended quarterly KASS Strategic management Team meetings Joint appointments to key posts (specifically Public Health and in CFE; but there are a number of others) Close monitoring and management of debt position Shared projects and initiatives (with shared governance arrangements) 	<ul style="list-style-type: none"> Increasing emphasis on joint planning and joint commissioning of services. 	3	3	9 ↑

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No.3 CED	David Cockburn	Reliance on ICT solutions for provision of key services (internal / external)	Severe or prolonged failure of ICT capability across Council and critical service systems.	<ul style="list-style-type: none"> Establish and maintain enterprise architecture to identify business drivers for ICT strategy. Identify through MTFP process ICT investment requirements to support business change. ICT Board has identified key priorities for investment in line with funding constraints. Strategic initiatives to be cross referenced between <u>ALL</u> Directorates prior to implementation. <u>All</u> ICT investment to be aligned to strategic framework. Consistency of IT platform across KCC (Technology refresh programme). Proactive contract monitoring Partnership working arrangements Identify ICT requirements that support effective business continuity 	<ul style="list-style-type: none"> ICT Board to take a more proactive role in relation to IT Disaster Recovery Planning. 	4	2	8 ↔
CED 6	COG	Regulatory, inspection and assessment activity.	KCC fails to meet its regulatory requirements leading to reputational damage and /or intervention into services	<ul style="list-style-type: none"> Performance Improvement Plan Revised Performance Management Framework New approach to revised Use of Resource assessment and Value for Money Work undertaken with partners to prepare for all new assessment regimes Regular contact with local Audit Commission lead. 	<ul style="list-style-type: none"> Structured mechanism for feeding back lessons learnt from assessment, regulation and inspection. Close working relationships between directorates and corporate regulatory activity. 	3	2	6 ↔
No.11 All	COG	Commercial Income generation activity (internal)	Commercial Income generation objectives and actions damage Kent County Council's reputation within business community.	<ul style="list-style-type: none"> Business case and risk analysis approval process Backing Kent businesses campaign 		2	3	6 ↓

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No.13 ALL	COG	Corporate manslaughter/ Public Liability. (internal)	Prosecution following injury to the public or employees due to poor health and safety policies, maintenance of assets and procedures etc.	<ul style="list-style-type: none"> Health and safety policies, procedures, risk assessment and auditing Auditing of key contractual arrangements, e.g. Kent Highways Services Staff training Management awareness 		3	2	6 ↕
No. 7 ER/CMY	COG	Closure of access routes could severely affect county due to geography (external)	Vulnerability to closed access routes due to geography and transport infrastructure of the County. Impact upon service delivery	<ul style="list-style-type: none"> Plan - Operation Stack Joint emergency planning arrangements Service delivery continuity plans 		2	3	6 ↕
No.12 All	COG	Partnerships (external)	<u>Governance</u> Ineffective approach to the set up of management and governance arrangements result in: <ul style="list-style-type: none"> failure to achieve desired outcomes deterioration in relationships. failure to attract right partners. 	<ul style="list-style-type: none"> Improved control environment to include financial management Risk analysis for key partnerships, risk management training programme council wide Formal control, monitoring and reporting mechanisms Effective communication strategy Focus on purpose of partnership 	<ul style="list-style-type: none"> Corporate approach to good governance arrangements is required 	3	2	6 ↕
			<u>Funding</u> Withdrawal of funding by partner bodies for those partnerships that are key to the achievement of KCC objectives.			2	2	4 ↑

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No. 14 All	Amanda Beer	Staffing (internal)	The County may suffer loss of a significant number of key staff, or suffer from an inability to attract high calibre staff to fill vacant positions. Over dependency upon key staff.	<ul style="list-style-type: none"> • Delivery of Strategy for Staff • Staff care policy • Workforce strategy with private sector • Investment in training • More effective use of professional staffing resources on more complex issues • Succession planning • Reputational management of senior posts 		2	2	4 ↔
No.15 ER	COG	Underlying change in weather patterns (external)	General and severe wide scale flooding due to adverse weather conditions and failure of flood defences (coastal and other). Severe summer heat waves Weather conditions and demand lead to restrictions in public water supplies (e.g. standpipes) and public tension/disquiet Failure to appropriately manage time line and required actions	<ul style="list-style-type: none"> • Forecasting activity • Emergency procedures for special events • Business Continuity Planning • Work with Environment Agency, water companies and Districts • Kent Resilience Forum • Effective water management and water resource planning • Management of financial impact to include Bellwin scheme • Educating / influencing activities to change behaviour • Applying BREAM standards in design of new buildings • Climate change adaption and long term planning 		2	2	4 ↑