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To: Cabinet – 14 September 2009

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.

For Information & Comment

1. Introduction

1.1 The key high level generic and specific risks that could adversely impact upon KCC as a whole are recorded within the Strategic Risk Register.

1.2 The Register is maintained on behalf of the Council by Chief Officers Group (COG) with the assistance of directorate Resource Directors and Director of Finance through the Corporate Risk Manager.

1.3 The Register is reviewed on a quarterly basis by COG and formally refreshed annually.

1.4 The Register is presented to the Governance and Audit Committee annually for information as part of its brief in relation to the management of risk. Members' comments upon the recorded risks, any other areas they consider to be of concern and mitigating controls are incorporated within the Register.

1.5 The Register is also discussed at directorate senior management team meetings for information and as part of the management of mitigating controls.

1.6 It is essential that Cabinet is aware of the key risks facing KCC and is given the opportunity to identify any further risks and mitigating controls that should be included and feel assured that all risks are being appropriately managed.

2. Background

2.1 The management of risk is now central within KCC. This is reflected within activities such as the annual business planning process, management of programmes and projects, day to day service provision and partnership working. The risks associated with these activities are identified, assessed and where appropriate set out within directorate and service unit risk registers. Directorate level registers generally only contain risks whose impact would not be felt wider than the directorate to which they belong should they materialise and are managed within the directorate.

2.3 The Strategic Register is compiled from risks identified at directorate level which have been escalated along with high level generic risks which require to be strategically managed. Entries within the Register reflect the risks identified by Members and officers thereby strengthening their strategic perspective, management response and controls.

2.2 The inclusion of risks within any level of risk register does not necessarily mean there is a problem. On the contrary, it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

2.3 Each entry within the Register is scored to provide an assessment of the residual level of risk. The residual level is the amount of risk that the Council currently accepts, is not cost effective to control any further or cannot eliminate.

2.4 Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

3. Summary of Risks

3.1 The Strategic Risk Register has been reformatted and now lists risks in their order of criticality.

3.2 The risks within the Register are summarised below:

Risk reference	Source	Residual rating
16	Government funding and constraints (external)	High (20)
1	Downturn in economic environment (external)	Medium (15)
2	a) Major incident or accident (external) b) Pandemic event (High mortality rates) (external) c) Pandemic (minor symptoms) (external)	Medium (12)
5	Information sharing and cross agency working to provide services (internal)	Medium (12)
19	Impact of Hypothecated funding	Medium (12)
8	Delivery of corporate strategy resulting in customer satisfaction and engagement (internal)	Medium (9)
3	Reliance on ICT solutions for provision of key services (internal/external)	Medium (8)
4	Demographic changes within Kent. e.g. Ageing population, asylum seekers, increasing numbers of disabled and LAC placements into Kent, falling school roles and increased growth in population (external)	Medium (8)
10	Growth Agenda & need for regeneration: KCC Regeneration Framework (internal)	Medium (8)
11	Commercial income generation activity (internal)	Medium (8)
6	New CAA organisational assessment	Low (6)
7	Closure of access routes to France extending duration of Operation Stack	Low (6)
9	Reliance upon and working relationship with NHS PCTs	Low (6)
12	Management of partnerships	Low (6)
13	Criminal prosecution following injury to public / employees	Low (6)

Risk reference	Source	Residual rating
14	Significant loss of key staff	Low (4)
15	Extreme weather events	Low (4)
17	Increase in numbers of people claiming support	Low (2)

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

3.4 The source of each risk described is shown as being either external or internal to the Council. Where the source is external it could be difficult if not impossible for the Council to affect the likelihood of a particular risk occurring in which case action is concentrated on reducing the impact.

3.5 In total 18 risks have been listed within the Register. As expected the two highest rated risks relate to the economic downturn and the impact this will have upon future levels of Government funding. The level of risk assessed for some entries has either increased or decreased over the past twelve months. Where there has been a change the direction of travel is shown. Alterations to the profile of a risk reflect changes within the prevailing external conditions or the effectiveness of internal controls.

3.6 It is proposed that the Register should be presented to Cabinet every six months. This will allow Cabinet to monitor the management of these risks and identify any further risks and mitigating controls that should be included.

4. Recommendation

4.1 Cabinet is asked to:

- (i) Note the contents of the Strategic Risk Register
- (ii) Note the intention to submit six monthly progress reports
- (iii) Provide guidance upon any other risks to be included within the Register and mitigating controls

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STRATEGIC RISK REGISTER – 2009

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

Summary of risks after mitigating actions

Total number of risks	18	
(May 2008: 15)		
High	1 (0)	
Medium	9 (11)	
Low	8 (4)	

Ref & Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.16 ALL	COG	Government funding and constraints (external)	Government funding fails to increase or is reduced	<ul style="list-style-type: none"> • Lobbying of Central Government • Robust MTP • Peer review of pressures and savings • Resource Activity Analysis 	4	5	20
No.1 ALL	COG	Downturn in economic environment (external)	Reduction in income from lower asset valuations, increased costs arising from higher interest rate. Possible difficulties in accessing funding for major projects. Reductions in, or changes to funding distribution of special grants. Inability of clients to pay for services received. Increasing demand for services.	<ul style="list-style-type: none"> • Robust financial forecasting processes including MTFP • Financial monitoring systems • Capital strategy • Management action planning and monitoring • Lobbying, responding to government consultation to minimise redistributive impact to Kent. • PEF2 created to allow short term retention of properties until market improves • Review charging policies 	3	5	15 ↑
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. 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"> • Business continuity plans under development • Merrycon consultants assisting Emergency Planning • KCC Emergency Planning procedure developing internal/external mitigation measures • Participation in Kent-wide cross agency emergency planning group • Intelligence gathering through Kent Resilience Forum • Regular 'exercises' and rehearsals • Competent and experienced management teams assessing risks against critical functions • Horizon scanning • Targeted proactive approach to Kent Resilience partnership 	4	3	12

Ref & Director ate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
		b) Pandemic event (High mortality rates) (external)		<ul style="list-style-type: none"> See above 	4	3	12
		c) Pandemic (minor symptoms) (external)		<ul style="list-style-type: none"> See above 	4	3	12
No. 5 CFE/ CMY/ KASS	COG	Information sharing and cross agency working to provide services (internal)	Failure to share information between agencies which could lead to abuse or death of vulnerable children or adults Proper intelligence is not shared between services / agencies Failure to adhere to procedures and protocols around Data Protection and FOI requests	<ul style="list-style-type: none"> Integrated systems in development Safeguarding arrangements in place around children's services Safeguarding arrangements in place around adult services Common Assessment Framework in development Robust Preventative Strategy Well trained, high calibre staff with clearly defined reporting structure. Multi agency Child protection policies in place Multi- agency Board for ContactPoint, lead professional function and CAF in place Case Tracking audit and review of filing arrangements CEO review of systems Caldecott guardians MAPPA (Multi Agency Public Protection Agency) Implementation of CRB checking and application for volunteers and agency workers 	4	3	12
No. 19		Impact of Hypothecated funding	Managing services due to the stop start nature or insufficient hypothecated funding and after source finishes within Government formulate grant	<ul style="list-style-type: none"> Make use of Freedoms and Flexibilities Robust financial monitoring systems Negotiations with Government Clear 'exit strategy' for time limited funding 	3	4	12
No.8 All	CE/COG	Delivery of corporate strategy resulting in customer satisfaction and engagement (internal)	KCC is remote and fails to understand and/or meet the needs of the community. Failure to effectively communicate what we are doing. Failure to deliver commitments to meet public expectations. Loss of reputation Failure to listen to feedback	<ul style="list-style-type: none"> Management of corporate engagement Communications strategy Improved business planning strategy and in year monitoring Objectives reflected within business plans Business planning process aligned with risk management and audit planning Reassessment of planned outcomes to ensure alignment with required outcomes Kent Agreement 2 Progressing towards KCC Chartermark Customer feedback IIP individual action plans 	3	3	9

Ref & Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
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	<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 	4	2	8 ↓
No.4 ALL	COG	Demographic changes within Kent. e.g. Aging population, asylum seekers, increasing numbers of disabled and LAC placements into Kent, falling school roles and increased growth in population (external)	<p>Failure to plan for unexpected growth which leads to increased demand upon services</p> <p>Increasing number of LAC children and adult /older care people within Kent placing additional demands upon health care, education and other related services.</p> <p>Government funding fails to match increasing demand.</p> <p>Service transfers between public bodies not transparent/fully funded (e.g. learning Disability from NHS and LSC).</p> <p>Failure to modernise the services</p> <p>Under involvement in preventative services.</p> <p>Inflated costs in meeting demands due to market forces.</p> <p>Lack of affordable/suitable foster care provision due to competition from private agencies.</p>	<ul style="list-style-type: none"> Analysing and refreshing forecasts to maintain level of understanding Service reviews Response to CSR 2010 Primary Strategy Partnerships with other agencies etc Developing better support systems for Foster carers and specialist carers Preventative Services Business Plan, Fostering Action PSA – reduce no. of LAC Multi-agency protocols regarding placement of children in Kent Close working with partners Contractual agreement to value of transfers. Service reviews and transformation 	4	2	8 ↓
No.10 ER	David Cockburn	Growth Agenda & need for regeneration: KCC Regeneration Framework (internal)	Regeneration Framework does not deliver clear regeneration objectives and targets. Activity lacks clear vision and KCC fails to play its part in managing the speed of development within growth areas and areas in need of regeneration. As a result failure to secure funding for key developments and projects	<ul style="list-style-type: none"> Specialist team set up and restructure under way Monitoring processes and reports to Members, COG & DST Cross directorate working arrangements set up Partnership Executive Boards KCC Regeneration Board set up High level KCC finance input Extensive consultation with key partners 14/24 apprenticeships What Price Growth key updated Backing Kent Businesses New Economic Board High level Finance input 	4	2	8

Ref & Director ate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
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 Effective communications strategy 	2	4	8

Ref & Director ate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.6 ALL	COG	Assessment (external)	New CAA organisational assessment may not confirm KCC's current 'excellent' status	<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 new assessment regimes Regular contact with Kent Audit Commission lead 	2	3	6 ↓
No. 7 ER/CMY	COG	Closure of access routes to France (external)	Operation Stack becomes a long standing feature (i.e. several weeks or more) due to prolonged industrial action or incident in Channel	<ul style="list-style-type: none"> Plan - Operation Stack Joint emergency planning arrangements Ongoing implementation and review of Operation Stack arrangements Development of lorry parks strategy 	3	2	6 ↓
No.9 KASS/ CFE	Oliver Mills / CFE	Health Service Economy (external)	<p>Differential services and access developing between East and West of the County</p> <p>Failure of partnership(s) leading to poorer, more dislocated services</p> <p>Financial pressures leading to inappropriate cost transfers, or increased debt</p> <p>Move to foundation trust status destabilising relationships</p> <p>Hospital reconfiguration</p>	<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) Scrutiny through HOSC 	3	2	6 ↓

Ref & Directorate Activity	COG Responsible Officer	Source & strategic business objective(s)	Risk	Mitigation	Rating (5x5 matrix)		
					Impact	L'Hood	Risk
No.12 All	COG	Partnerships (internal)	Ineffective approach to the set up of management and governance arrangements result in failure to achieve desired outcomes Deterioration in relationships	<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 	3	2	6
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. 14 All	Amanda Beer	Significant loss of key staff (internal)	Inability to attract and retain employees with suitable skills, experience and behaviours to senior and key roles KCC unable to attract staff for senior posts	<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. 17 ALL	COG	Increase in numbers of people claiming support who have no recourse to public funds	Increased cost to KCC	<ul style="list-style-type: none"> Continual monitoring by all Directorates of costs Membership of the No Recourse to Public Funds Network in order to keep informed of legislative changes Implementation of policies in line with the Network 	2	2	4
No.15 ER		(external) Extreme weather events	Tidal surge in Channel combined with high winds causes flooding of low lying areas Drought 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 Management of financial impact to include Bellwin scheme Educating / influencing activities to change behaviour Applying BREAM standards in design of new buildings 	2	1	2

Rev: Mar 09

Risk Rating Matrix

Likelihood	Very likely	5	5 Low	10 Medium	15 Medium	20 High	25 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High	20 High
	Possible	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	Unlikely	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Very Unlikely	1	1 Low	2 Low	3 Low	4 Low	5 Low
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
		Impact					