

**BSD DIRECTORATE RISKS NOVEMBER 2022**

**Key:** Likelihood: **A** Very high **B** High **C** Significant **D** Low **E** Almost impossible.

**Impact:** **I** Catastrophic **II** Major **III** Moderate **IV** Minor.

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
BSD01	<p><b>Procurement risk</b></p> <p>Council services, or individuals, may procure ICT/Digital systems (such as software, hardware, SaaS, websites, customer accounts, portals) without prior approval from ICT or Digital Teams.</p> <p>This presents the following risks:                      High costs – we may already have systems that meet the requirements.                      Data governance – we need to understand where and how council data is stored.                      Cyber Security – systems need to adhere to the council’s cyber security/firewall policies.                      Data access – we need to be able to access the data.                      Compatibility – any new systems need to be compatible with existing infrastructure.                      Accessibility – new systems need to adhere with council policy and legislation.</p>	<b>BII</b>	<p>The new Digital, Data and Technology (DDaT) Strategy now covers the process for procuring new ICT/Digital systems, which has now been approved by Transformation Board.</p> <p>Process also agreed by CMT.</p>	<b>DII</b>	<p>New process to be communicated to managers and leaders:</p> <ul style="list-style-type: none"> <li>Included in new Leadership Training programme.</li> <li>Item for a future Service Manager’s session.</li> </ul> <p>Services not following the prescribed process to be highlighted to CMT/Transformation Board.</p> <p>Option to include mandatory training via the Meta Compliance platform to provide reminders and, if necessary, prevent login to a Council device until the training has been completed.</p>	<b>DIII</b>
BSD02	<p><b>Externally hosted systems</b></p> <p>Our core Finance and Revenues &amp; Benefits systems are externally hosted by our supplier NEC; should we be unable to access the system via the Virtual Private Network we would lose processing time and access, and not be able to answer queries, or update/amend accounts and recovery runs could be impacted.</p> <p>Data held within hosted systems might not be easily accessible for reporting purposes and could not adhere to the Council’s data governance requirements.</p>	<b>CII</b>	<p>Medway based issues are within the council’s control and could be remedied via the council’s ICT section.</p> <p>NEC based issues are reported and triaged based on urgency. The existing contract deals with handling of this.</p>	<b>DII</b>	<p>The contract is due for renewal from April 2024 and any potential risks will become part of this negotiation.</p> <p>Procurement for all future systems will follow the process defined within the Digital, Data and Technology (DDaT) strategy to ensure all safeguards are in place, systems are compatible, and data is accessible whilst being held securely</p> <p>Support provided by third party suppliers to be reviewed by ICT to ensure it is commensurate with the business/operational risk.</p>	<b>DIII</b>
BSD03	<p><b>Compliant web sites and online presence</b></p> <p><b>Websites &amp; Portals not managed by the Digital Team</b>                      Cabinet Office penalise the council for not complying with Accessibility Regulations 2018.</p>	<b>BII</b>	<ul style="list-style-type: none"> <li>Digital team available for advice and guidance if required.</li> </ul>	<b>CII</b>	<p>With additional resource, the Digital team could take on responsibility to audit/review all council websites and portals.</p>	<b>DII</b>

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
	<p>The council is reported to the Equalities and Human Rights Commission who could issue fines or pursue court action against the council for failing to make reasonable adjustments in line with the Disability Discrimination Act and Equalities Act.</p> <p>Significant resource will likely be redirected from within the Digital team to assist responsible officers.</p>		<ul style="list-style-type: none"> <li>CMT and services have overall responsibility for ensuring accessibility compliance.</li> <li>Controls in place for services to get prior approval from ICT &amp; Digital for all web presences, however existing sites already exist.</li> </ul>			
BSD04	<p><b>Delivery of the business change programme</b></p> <p>Transformation projects are not delivered, leading to unsustainable budgets, overspends and pressures.</p> <p>The Business Change team is not adequately resourced, so projects are not delivered on time or in budget.</p>	<b>CII</b>	<ul style="list-style-type: none"> <li>A roadmap of programmes and projects is defined to allow resources to be allocated into fewer areas to achieve true transformation of a service/area.</li> <li>The roadmap will also provide a framework to say “no” to random requests from services and allow these requests to be added to a future roadmap.</li> <li>Programme/Project boards are in place.</li> <li>Progress of projects reported to Transformation Board.</li> <li>Capital funding is available via Transformation Board to fund projects, including staffing resources.</li> </ul>	<b>DIII</b>	<p>The process for defining the scope and sponsorship for projects and programmes is being reviewed.</p> <p>A screening process is being introduced to ensure that all project requests align with existing programmes and priorities.</p> <p>A list of “declined projects” will be presented at Transformation Board.</p>	<b>DIV</b>
BSD05	<p><b>Delivery of the MedPay Review</b></p> <p><b>Funding:</b> When undertaking market pay comparisons it could identify significant drift in current salaries that Medway pay versus external market and existing salary budgets will be insufficient.</p> <p><b>Funding:</b> On assessment, the majority of role holders are deemed accomplished making the pay model unaffordable.</p> <p><b>Engagement:</b> This change programme affects everyone across the council and implementation will be staggered. Challenge to ensure everyone understands the change, everyone can see the reason and benefits of change, everyone implements the</p>	<p><b>AI</b></p> <p><b>BI</b></p> <p><b>BI</b></p>	<p>Budgets to be built on the basis of 20/60/20 split across salary range for accomplished, practised and developing.</p> <p>Presenting briefings to service managers to ensure understanding of the model, engaging them in the setting of the levels.</p> <p>Established a communications and engagement group as part of the project Utilise employee forums such as Medway Makers.</p>	<p><b>BII</b></p> <p><b>BII</b></p> <p><b>BII</b></p>	<p>Increase salaries in priority areas (hard to recruit/high turnover) first. The Medium-Term Financial Plan (MTFP) process to identify budget pressures. Benchmark against comparators not the whole market and identify the pay quartile we are positioning ourselves at.</p> <p>Train managers, ensure understanding of the three levels and definitions are clear.</p> <p>Need to test that the communication is reaching all levels of the organisation, obtain feedback and respond to questions and concerns.</p>	<p><b>CII</b></p> <p><b>CII</b></p> <p><b>CII</b></p>

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
	change consistently, and the change is perceived as fair and transparent now and, in the future.				Ensure a variety of communication methods are adopted to ensure the greatest reach. Be open and transparent.	
BSD07	<p><b>Capacity of HR to support C&amp;A</b></p> <p>Capacity of the team to effectively support Children's Services workforce requirements (new team).</p> <p>Failure to attract and retain staff including social workers to support children and families.</p>	<p><b>CII</b></p> <p><b>BII</b></p>	<p>Induction/training plan. Process notes. Regular meetings. Workload of team closely monitored.</p> <p>Exit interviews. Engagement of bank team to help with unfilled posts. Media campaigns planned.</p>	<p><b>CIII</b></p> <p><b>BII</b></p>	<p>Approval to advertise an additional post for six months. Training for managers to offset tasks / responsibilities. Process review.</p> <p>Review of workforce strategy. Proposals to develop 'grow your own' strategy.</p>	<p><b>DIII</b></p> <p><b>CIII</b></p>
BSD08	<p><b>Qualified audit opinion</b></p> <p>An unfavourable opinion on the financial statements would damage the Council's reputation and reduce access to the Public Works Loan Board (PWLB) certainty rate (0.2% below standard rates) for borrowing. There is a risk that the organisation's reading of grant conditions/guidance may differ to external auditors and where sums are material, could risk qualification (i.e., DSG expenditure). The auditor's opinion on Value for Money (VfM) will be qualified until Children's Services are rated above inadequate, however financial sustainability is also a risk to that opinion.</p>	<p><b>BII</b></p>	<p>The late closure and audit of both the 2019/20 and 2020/21 financial statements may impact our ability to close and prepare the statements accurately and in line with the agreed timetable. We have allocated additional resources to the team responsible for the preparation of the financial statements, and this along with further communication with Grant Thornton will produce a plan to help mitigate against future delays however it will likely be a number of years before the system is resourced sufficiently to return to programmed timescales.</p> <p>The Budget Build process aims to ensure expenditure requirements are balanced to forecast income. From February 2023 forecasts into the medium term will be published alongside the Budget to better inform decision making.</p>	<p><b>CIII</b></p>	<p>Finance have allocated responsibility for monitoring/budget build activities around funding (including reserves) to one Business Partner who will work to review core areas of income over the coming year.</p> <p>A balance sheet dashboard is in development to better monitor and project the health of the council's reserves/provisions.</p> <p>A template for business cases is in development to assist the organisation to reflect all necessary considerations when making investment decisions.</p>	<p><b>CIII</b></p>
BSD09	<p><b>Unsustainability of the Insurance Fund</b></p> <p>The Council's strategy of self-insuring some risk may not be supported by a sufficient insurance fund, and revenue contributions may not be sufficient to support the sustainability of the fund in the longer term. The insurance market is</p>	<p><b>BIII</b></p>	<p>An external review of the Council's insurance fund is currently being commissioned to inform decisions around the level of provision to be externally</p>	<p><b>CIII</b></p>	<p>A balance sheet dashboard is in development to better monitor and project the health of the council's reserves/provisions.</p>	<p><b>DIII</b></p>

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
	indicating that due to claims experience in property and in particular professional indemnity there is a risk that the costs for renewing will be increased above the rates agreed in the tender.		<p>procured and to ensure revenue contributions continue to be sufficient.</p> <p>The Council's external insurance policies are procured via an external tender on a 5 year cycle. Service budget codes are charged a proportionate amount for external insurance premiums purchased.</p>		<p>Revenue contributions to the Insurance Fund will be reviewed based on the outcome of the external review of the insurance fund.</p> <p>The Council's overall insurance strategy will be reviewed ahead of the next insurance contract award based on the outcome of the external review of the insurance fund.</p>	
BSD10	<p><b>Interest rate risk impacting affordability of capital programme</b></p> <p>Just under half of the Council's capital programme is funded through borrowing. This is taken out as expenditure is incurred and current interest rate fluctuations mean that the Council could face significant costs that could impact upon future revenue budgets.</p>	<b>All</b>	<p>All schemes in the capital programme (and their funding) have been agreed by Full Council with regular monitoring reports to Cabinet/O&amp;S.</p> <p>Borrowing is undertaken in line with the Treasury Strategy and Prudential Code to ensure the costs can be met at the time the liability is incurred.</p> <p>Regular reports are provided to Members (Audit Committee and Cabinet) on the delivery of the treasury function in line with the Strategy/Code.</p> <p>The Council appoints external specialist treasury advisors to guide treasury strategy/policy and day to day activities, to help ensure the council is acting on the latest data and sound guidance when making investment/borrowing decisions.</p>	<b>BII</b>	<p>A cessation of non-essential spend could be introduced as a temporary measure when rates are high.</p> <p>A review of the profiling of spend in each Capital Scheme, or to ensure each scheme continues to be viable could be undertaken.</p>	<b>BII</b>
BSD11	<p><b>Failure to implement internal audit recommendations</b></p> <p>Failure to meet required compliance with the Public Sector Internal Audit Standards (PSIAS).</p> <p>Agreed Actions not adequately followed up / escalated.</p>	<b>CII</b>	<ul style="list-style-type: none"> <li>Internal Audit (IA) Charter and Quality Assurance and Improvement programme (QAIP) in place, designed to meet requirements of PSIAS.</li> <li>Annual self-assessment of compliance with standards.</li> <li>External assessments undertaken every five years.</li> </ul>	<b>DII</b>	Self-Assessments and External Quality Assessments (EQAs) may identify recommendations for improvement that need to be actioned.	<b>DII</b>

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
			<ul style="list-style-type: none"> <li>Quarterly reporting to Corporate Management Teams.</li> <li>Progress included in update reports to Members.</li> <li>Significantly overdue actions specifically highlighted to Members.</li> </ul>			
BSD12	<p><b>Homelessness</b></p> <p>An increasing demand in relation to the council's duty to provide temporary accommodation (TA) under S188/193 of the Housing Act (HA) 1996 caused by continuing high levels of homelessness and lack of affordable housing supply.</p> <p>Reductions in the level of income achieved due to welfare reform increasing the risk of overspend on the council's budget.</p> <p>Increase in the rough sleeping population in the Medway area.</p>	<b>BII</b>	<ul style="list-style-type: none"> <li>Opportunities to prevent homelessness are maximised via service delivery and through the development of joint working/referral protocols with other services/organisations.</li> <li>Increase in the amount of successful prevention cases.</li> <li>Dedicated resource to tackle prevention of homelessness.</li> <li>Ensure that the need for affordable rented housing is recognised across the organisation enabling an increase in the number of affordable homes delivered in line with the Planning Policy.</li> <li>Increased provision of affordable housing. Take forward plans for the council to intervene in the market to provide affordable housing.</li> <li>Achieve further funding from the Department for Levelling Up, Housing and Communities (DLUHC) to support existing activity around rough sleeping</li> <li>A clear, cross-sector commitment to the way that rough sleepers in the Medway area are assisted to secure alternative accommodation.</li> <li>Reduction to the amount of visible</li> </ul>	<b>DIII</b>	Opportunity to be progressed around offering a leasing scheme for private landlords.	<b>DIII</b>

Risk Ref	Risk	Inherent risk (before controls)	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
			<p>rough sleeping activity in the area and relating complaints and media attention.</p> <ul style="list-style-type: none"> <li>• Clear strategy in place for tackling cold weather provision and associated issues.</li> </ul>			

N.B. Legal Division risks will be added to the risk summary as part of the Q3 22/23 review