

Q3 2025/26 SUMMARY OF RISK PERFORMANCE

Appendix 2

Risk Overview

Key: Likelihood: **A** Very likely **B** Likely **C** Unlikely **D** Rare Impact: **I** Catastrophic **II** Major **III** Moderate **IV** Minor.

Live or Managed risk	Risk Ref	Risk	Inherent Risk Score	Q2 25/26 Previous Risk Score	Q3 25/26 Current Risk Score	Movement	Likelihood	Impact	Owner	Portfolio	Link to Council Plan
Live	SR03B	Insufficient budget funding	AI	All	All	Static	Very likely	Major	Chief Finance Officer	Leader	Principles
Live	SR17	Delivering regeneration	BII	BII	BII	Static	Likely	Major	Director of Place	Climate Change and Strategic Regeneration	Priority 2
Managed	SR32	Data and information	BII	CII	CII	Static	Unlikely	Major	Director of People and Deputy Chief Executive, Assistant Director Legal & Governance, Chief Information Officer	Business Management	Values
Managed	SR35	Homelessness	BII	All	All	Static	Very likely	Major	Assistant Director Culture and Community	Housing & Property	Priority 5
Live	SR36A	Medway Development Company Ltd	BI	CII	CII	Static	Unlikely	Major	Assistant Director Regeneration, Chief Operating Officer	Climate Change and Strategic Regeneration	Priority 5
Managed	SR37	Cyber Security	AI	CI	CI	Static	Unlikely	Catastrophic	Chief Information Officer	Business Management	Principles
Live	SR46	Medway's Economic Recovery	BII	BII	BII	Static	Likely	Major	Assistant Director Regeneration	Economic and Social Regeneration and Inward Investment	Priority 2
Live	SR54	Recruitment and Retention	BII	CIII	CIII	Static	Unlikely	Moderate	Chief Organisational Culture Officer	Business Management	Values
Live	SR58	Gun Wharf building closure	AI	AI	AI	Static	Very likely	Catastrophic	Assistant Director Regeneration	Housing and Property	Principles
Live	SR59	Local Government Reorganisation (LGR) and Devolution	BII	CII	CII	Static	Unlikely	Major	Head of Policy and Partnerships	Leader	

Q3 2025/26 RISKS

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SR03B	Insufficient budget funding	AI	While demand and cost pressures on the council's statutory services have soared in	The MHCLG's Policy Statement was released on 20 November, and the Provisional Settlement was	All	Until the 2026/27 provisional settlement is published, it will not be possible to plan with any confidence for the next three years.	All

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			<p>recent years, the Institute of Fiscal Studies (IFS) has reported that across local government, core funding per resident fell 26% in the 2010s, and that increases in funding since the Covid19 pandemic have to date undone just one third of the cuts. Meanwhile, councils' ability to increase income locally to compensate has been largely capped at 5% by the continuation of the council tax referendum limits.</p> <p>The government's Spending Review 2024 resulted in the seventh consecutive one-year funding settlement for local government, severely limiting the ability of councils to plan for future resource levels.</p> <p>Since 2016, government departments have been consulting on proposals to implement the fair funding review; aiming to distribute funding more equitably based on relative needs and resources, which would result in increased funding for Medway. Whilst no material changes have been implemented to date, it is hoped that these will be enacted in the form of a three year settlement for 2026/27 onwards and initial estimates look positive for Medway.</p> <p>It was necessary to seek government support through the Exceptional Financial Support (EFS) scheme, with the Ministry of Housing, Communities and Local Government (MHCLG) confirming ministers were 'minded to' agree capitalisation directions for both the 2024/25 and 2025/26 financial years. The</p>	<p>announced on 17 December. Along with a consultation which ends on 14 January. Overall the settlement is positive for Medway and is the first multiyear settlement in around a decade which gives more certainty to levels of funding for future years. However, when compared to our draft budget assumptions the settlement represents an £8m worsening of our budget position. Officers continue to work with MHCLG, and CIPFA around the existing capitalisation directions and conversations are ongoing in case further EFS is required.</p>		<p>The Finance team continues to improve the monitoring of council tax and business rates to enhance the accuracy of budget projections and has developed an approach to monitor the council's balance sheet and financial resilience more broadly. Officers continue to work with MHCLG, CIPFA and the external auditors around the existing capitalisation directions and conversations are ongoing in case further EFS is required. Officers and Cabinet members will continue to lobby government for more and fairer funding, including submitting robust responses to available surveys and consultations around the Settlement.</p>	

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			MTFO indicates that further EFS will be required in 2026/27.				
SR17	Delivering regeneration	BII	<p>Regeneration projects are not completed.</p> <p>Potential damage to the council's reputation.</p> <p>Not able to meet member, government, and the public's expectations.</p> <p>Deteriorating physical and infrastructure assets.</p> <p>Investment wasted.</p> <p>Young people are not catered for in the 'new world'.</p> <p>Low skills base among some residents remains.</p> <p>Disconnect between skills and employment opportunities.</p> <p>Maintenance of low aspiration culture.</p> <p>Increased commuting and pressure on transportation.</p> <p>Negative impact on community cohesion.</p>	<p>Full Council on 13th November agreed to fund £44M to design and build an 80 bed Medway operated care home providing 40 beds for dementia patients and 40 beds to those discharged from hospital and returning to their homes. The remainder of the site will provide housing for older people. RIBA 1 has been completed, and the next design stage is due to complete in early March. This project is cross directorate, led by ASCH Commissioning and supported by Regeneration Delivery.</p> <p>The transfer of Strood Civic to MDC completed in December, the site has Planning permission to deliver 195 homes and has been successful in securing £1.7m OPE directly to the council and £6.8m BIL to MDC grant funding for enabling works to unlock the site.</p> <p>In October 2025 Ground Control Ltd were appointed as the principal contractor to begin the development of Deangate Community Parkland. The phase 1 works will include improvements to the car park, new pathways, fencing, various planting and a new viewpoint. The phase 1 works are due to begin in early 2026.</p>	BII	The current regeneration programme is large and is being supplemented by the programme of works planned by Medway Development Company and the partnership with Norse Commercial Services. This means that the council's capacity is already stretched, however the council has demonstrated its appetite for a 'mixed economy' of approaches to deliver regeneration, and new opportunities are being explored with other partners including private sector organisations.	CII
SR32	Data and information	BII	Poor management and protection of data and information can lead to financial and reputational risks for the council. There are also safeguarding concerns that would be raised by regulators.	The current arrangements continue to remain in place. No further update required this quarter.	CII	Review support for information governance within the organisation. Appoint a Deputy Senior Information Risk Officer (SIRO).	DIII
SR35	Homelessness	BII	Increasing and unsustainable overspend of the allocated budget. Poorer outcomes for children and	The risk remains as the quarterly average approaches has increased to 338, Kingsley House remains operational between 10-3pm Monday	All	Continue to deliver outcomes attached to funding from the Department for Levelling Up, Housing and Communities (DLUHC) to support existing activity around rough	DIII

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			<p>vulnerable adults. Increased legal challenge and penalty from the Local Government and Social Care Ombudsman (LGO). Reputational damage. Failing to achieve Members' expectations.</p>	<p>to Friday, and outcomes are supporting the integrated hubs work. Ongoing cross directorate work with social care supporting medical discharge including a new post to support complex cases to reduce the need for homelessness application.</p> <p>Phase 5 are both on site and moving forward within their build programmes with Lennoxwood [19 houses] expected May 2026 and Aburound [18 flats] expected July 2026. Phase 6 is nearly completion following a number of delays including a change in contractor and main utility connection, expected handover January/February 2026. [44 flats]. 12 new houses in Borstal have now been let using a local lettings plan via Homechoice. Block B, Ingram Court has now completed and expected occupation in the new year.</p> <p>Partner delivery for Q3 has consisted of 90 new homes, all affordable rented homes are allocated via Homechoice.</p> <p>Nightly paid TA remains at approximately 496 households, with the continuing use of approximately 65 HRA properties, 11 corporate properties and 30 TA owned properties which will be increased again over Q4 as more nightly paid households are moved into TA owned. Out of area placements has increased to 12% however 93% of these placements are due to domestic abuse and require OOA placements. Acquisitions continue to progress with the one of the two large blocks [Chatham] commencing occupation since December 2025 and the second large block</p>		<p>sleeping. Begin to design models for the cessation of funding as there is currently no more committed from 2025. Continue to purchase temporary accommodation (TA) units in line with the decision and borrowing approved by Council in January 2023. Monitor and evaluate success to create the case for further investment, should the evaluation justify it. Explore other alternatives for the provision of TA. Continue to maximise prevention opportunities and joint working to reduce the strain on households in TA.</p>	

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				[Rochester] expected commencement of occupation mid-January 2026. OML continues to procure fully managed properties and have secured 29 homes to support move on from TA.			
SR36A	Medway Development Company Ltd	BI	The business cases for the three main sites being developed by Medway Development Company (MDC) Ltd were agreed prior to the war in Ukraine and the subsequent economic volatility. These factors have led to high inflation impacting the cost and availability of both labour and materials. This in turn caused the Bank of England to increase interest rates. As well as affecting the cost of these developments, the resultant 'cost of living crisis' has affected the housing market.	The first PRS block (71 homes) is 86% let – we expect this to increase after Christmas break. We have also released a second smaller apartment block and are at 71% let now. We have a phased delivery plan for releasing blocks and Block A has now been released late November and we have secured one let and several enquiries ongoing. Block E will be leased to the Council to help respond to its increasing TA numbers and is expected to commence in January. We are still seeing a steady demand from the market, which reinforces the decision to implement a switch from private sale to PRS	CII	Changes in the housing market brought about by increasing costs and higher interest rates have led to much more uncertainty with sales generally, however there are opportunities for Medway Development Company (MDC) Ltd. As house prices become out of reach for first time buyers looking to purchase in and around London, they may turn their attention to less expensive areas with good links to the city, such as Medway. Furthermore, we are seeing an increase in the private rented market and the company is proactively set up to take advantage of this opportunity, which was agreed by Cabinet. By adjusting to private rented, the company can de-risk projects but also generate long term revenue streams or sell homes at a later date, when values have increased – this is expected to happen in Chatham, as the regeneration uplift builds, however, this is likely to take time. The other key opportunity is that the company is also able to lever in grants and work with the council to identify opportunities to help unlock projects. The company has been particularly successful in leveraging in grants, and this focus should continue to capitalise on future opportunities.	DIII
SR37	Cyber Security	AI	Unauthorised access to council systems and data. Potential for data breaches. Loss of access to council systems and data for staff. Cyber security/ransomware attack may mean data is permanently lost. Potential damage to the council's reputation.	Following the high-severity technical risks identified during the annual IT Health Check, the ICT team has successfully completed all remediation activities. We are now preparing to submit the results to the Cabinet Office as part of the council's Public Services Network (PSN) Code of Connection renewal.	CI	This risk has been managed to a target level of acceptable risk, and all mitigating actions have been implemented and so it is proposed that this risk be classified as a 'managed risk'. Due to the ever-present threat of cyber-attacks, and a rapidly changing environment, it is proposed that this risk remains on the council's strategic risk summary.	CII

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			Potential increase in costs to repair damage and restore systems.	<p>In addition to completing all remediation activities, the council has strengthened its core infrastructure by upgrading its Certificate Services. This enhancement improves the security and integrity of authentication and encryption processes across the organisation, ensuring compliance with modern standards and reducing the risk of credential-related vulnerabilities.</p> <p>Furthermore, the domain functional level has been raised, unlocking advanced Active Directory features that support better security controls, streamlined management, and futureproofing for upcoming technology initiatives.</p> <p>These upgrades represent a significant step forward in maintaining a robust and resilient ICT environment.</p>			
SR46	Medway's Economic Recovery	BII	<p>The Economy and Infrastructure Recovery Cell have produced an impact assessment outlining the main consequences of Covid19. 24 impact areas have been identified and some of the most acute include:</p> <ul style="list-style-type: none"> • A significant rise in unemployment with a disproportionate effect on young people, part-time and entry level roles, and those with insecure contracts, women, and people from ethnic minorities. • Decreased apprenticeship vacancies and industrial placements. • Reduced strength of Medway's business base. • Accelerated decline of town 	<p>Business confidence has begun to improve nationally and locally following latest budget stability but pending minimum wage increases and employee rights protections continue to present a risk to business investment in creating new jobs.</p> <p>Locate in Kent and Visit Kent residual services have merged into a new combined service within KCC covering Kent and Medway.</p>	BII	<p>Commercial moves out of London – Medway as an attractive place to locate and do business.</p> <p>Rise in working from home / associated decline in commuting means residents spend more leisure and social time and money locally.</p> <p>Innovation Park Medway (IPM) plans reshaped to support the post-Covid19 economy.</p> <p>Opportunity to significantly advance digital inclusion for workers, learners and service users across Medway.</p>	CII

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			centres and street markets. <ul style="list-style-type: none"> • Impact on supply chains. • Decreased relevance of Medway Council's strategic bases. • Digital inclusion/exclusion. • Sustainability of higher and further education, and its impact on place. 				
SR54	Recruitment and Retention	BII	Lack of experienced staff with specialist skills. Low staff morale. Loss of productivity through quiet quitting. Industrial action impacting service delivery/performance. Reliance on interim and agency staff. Budget pressures due to use of agency staff and contractors to fill roles. Inability to perform statutory functions. Inability to meet service demands. Inability to develop and improve service delivery. Impact on delivery of projects to expected timescales. Reputational damage.	MedSpace pages updated to reflect Recruitment & Resourcing changes, and this is ongoing to ensure pages become more informative and supportive	CIII	<ul style="list-style-type: none"> • Updated web and MedSpace paged by 31/10/2025 • Revised policies to support new CPF/PPP Recruitment guidance being prepared Full rollout of MedPay Review (by 31/03/2025). Benchmarked pay for all roles aligned to profession with the ability to move to acquire new skills and increase salary. Career pathways to support progression within the council. Revised performance management approach to ensure skills assessments and career conversations take place. Introduction of a talent management tool to identify future talent and single points of failure within the workforce (9 box development diamond). Revised market allowance framework. Revised policies to manage sickness and capability. Annual staff engagement and annual review of the employee engagement strategy. New council jobs site giving the ability to more creatively promote our teams and services and job/career opportunities is being built, as part of the Onboarding Project (January 2025). Annual pay uplift strategy/medium term uplift plans.	DIII
SR58	Gun Wharf building closure	AI	Workforce unable to access Gun Wharf site or considerable parts of the site. - Unable to access essential equipment remaining on site. This includes ICT equipment and access to work	Reviewed for the quarter but no update required	AI	Silver command to agree priority for use of the safe working spaces at Gun Wharf. Safe routes and safe exits throughout the building to be reviewed. Building safe areas to be shared with officers. Priority for ICT support to be agreed.	AIII

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			<p>equipment. - Workforce does not have ICT equipment to work from home. - Some processes can only be undertaken on site at Gun Wharf (GW) or an alternative location (not from home).</p> <ul style="list-style-type: none"> • Post – franking machine • Printing – urgent printing obligations • ICT – support and maintenance <p>Could cause loss of income because we'll be unable to send penalty notices (parking) and unable to give notice of direct debits (adults). Damage to reputation. - Unable to access files and paperwork. May delay court hearings (schools). - Financial – costs may be incurred for:</p> <ul style="list-style-type: none"> • extra equipment • travel to alternative locations • postage • room hire. - Compliance with insurance requirements so that cover is not impacted. 			MedSpace pages updated to inform and support the workforce.	
SR59	Local Government Reorganisation (LGR) and Devolution	BII	<p>'- Breakdown of relationships with neighbouring local authorities. - Delay in progressing LGR could affect our standing with Government. - Councillors and officers could be distracted from business as usual and the Council's wider ambitions. - Reduced morale due to uncertainty, resulting in staff exodus and difficulty in recruitment. - Public apathy and disengagement from</p>	<p>Medway's LGR (option 4D) was submitted to government on 28 November 2025 along with 4 other options including the 4UA 'base case'.</p> <p>Work is underway to project plan for the next steps across three stages from now until decision and then into shadow arrangements and vesting day and to draw up a checklist of requirements to ensure we are 'day one safe and legal' We are currently awaiting confirmation of the start date for the statutory government consultation. The team are currently engaging with other policy and LGR</p>	CII	The current strong collaboration will need to continue after the Government has made its decision over the shape of local government across Kent and Medway and the governance structures will need to evolve at each stage of the process through to the election of shadow councils and on to vesting day and beyond.	CIII

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			<p>democracy. - Additional unfunded costs associated with LGR falling to the council tax payer.</p>	<p>delivery teams across the country as well as membership bodies such as the LGA to share learning, good practice to help manage risk and ensure quality of delivery. Whilst politically sensitive ongoing collaboration, information sharing and co-production remains a key part of the process including mitigating associated risk through silo working</p>			