Appendix 2

Q1 2026/27 SUMMARY OF RISK PERFORMANCE

Risk Overview
Key: **Likelihood: A** Very likely **B** Likely **C** Unlikely **D** Rare **Impact: 1** Critical **2** Major **3** Moderate **4** Minor.

Live or Managed risk	Risk Ref	Risk	Inherent Risk Score	Q4 25/26 Previous Risk Score	Q1 26/27 Current Risk Score	Movement	Likelihood	Impact	Owner	Portfolio	Link to Council Plan
Live	SR03B	Insufficient budget funding	A1	B2	B2	Static	Likely	Major	Chief Finance Officer	Leader	Principles
Live	SR09B	Failure to meet the needs of children and young people	B2	B3	B3	Static	Likely	Moderate	Director of People and Deputy Chief Executive	Children's Services	Priority 1
Managed	SR32	Data and information	B2	C2	C2	Static	Unlikely	Major	Director of People and Deputy Chief Executive, Assistant Director Legal & Governance, Chief Information Officer	Business Management	Values
Managed	SR37	Cyber Security	A1	C1	C1	Static	Unlikely	Critical	Chief Information Officer	Business Management	Principles
Live	SR54	Recruitment and Retention	B2	B2	B2	Static	Likely	Major	Chief Organisational Culture Officer	Business Management	Values
Live	SR56	Children's Social Care Budget Pressure	A1	A2	A2	Static	Very likely	Major	Director of People and Deputy Chief Executive	Children's Services	Priority 1
Live	SR59	Local Government Reorganisation (LGR) and Devolution	B2	C2	C2	Static	Unlikely	Major	Head of Policy and Partnerships	Leader	
Live	NEW	Main office refurbishment programme – temporary decant and multi-site working			C2		Unlikely	Major	Strategic Service Manager – FM & Capital Projects	Housing and Property	Principles
Live	NEW	Facilities Management delivery brought in-house – compliance and building safety assurance			B1		Likely	Critical	Strategic Service Manager – FM & Capital Projects	Housing and Property	Principles

Q1 2026/27 RISKS

Risk Ref	Risk	Inherent risk (before controls)	Impact	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
SR03B	Insufficient budget funding	A1	While demand and cost pressures on the council's statutory services have soared in	Full Council on 13th November agreed to fund £44M for IPM S to design and build an 80 bed Medway	B2	Until the 2026/27 provisional settlement is published, it will not be possible to plan with	A2

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			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. 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. 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. 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	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 bungalows for ASC. RIBA 3 is underway and planning application is due to be submitted Q2. This project is cross directorate, led by ASCH Commissioning and supported by Regeneration Delivery. IPM N procurement of a development partner has been approved by Cabinet to deliver the masterplan as agreed March 2025. In October 2025 Ground Control Ltd were appointed as the principal contractor to begin the development of Deangate Community Parkland. The phase 1 works include improvements to the car park, new pathways, fencing, various planting and a new viewpoint. The phase 1 works are due to complete this summer.		any confidence for the next three years. 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.	

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			MTFO indicates that further EFS will be required in 2026/27.				
SR09B	Failure to meet the needs of children and young people	B2	Failure to meet statutory responsibilities to safeguard children from harm. Failure to meet the needs of the children in our care. Escalating financial costs of placements and wrap-around support packages. Sustained negative local publicity and reputational risk.	Retention and recruitment of practitioners remain a priority which has seen positive continued locum to perm conversion. Recruitment campaigns remain live, up to date and evidencing a strong social media presence. The staff reference group continues to report a good morale across the service, visible leadership and that practitioners are able to share strengths as well as worries. Our focus on inspection remains relentless, as does our work to progress reforms and LGR. Focussed training on specific areas of practice is showing positive impact for children in our learning and reflection audits.	B3	Continue to focus on recruitment, retention and career development of our staff. Continue to further develop opportunities for career development across the whole workforce. Additional capacity invested in Strategic Workforce Development Lead and Workforce officer posts to drive actions in the plan. Recruitment campaign to attract new social worker (SW) candidates to Medway. Refreshed governance workforce board and subgroups. Additional Human Resources (HR) resource to proactively target sickness absence and performance management. Increased focus on retention including stay and exit interviews. Simplify practice expectations – focus on children's lived experiences and on promoting quality and consistency of recording to evidence purposeful planning and intervention. Continue our evaluation work in respect of the application of thresholds so that we can be confident that children are supported at the right level. Continue the work already underway to strengthen the effectiveness of our intervention with children in need. Implement our plans to improve our response to neglect, ensure robust implementation of the use of the graded care profile, and ownership by our partners, and evaluate the difference this makes to children's lives. Continue the work to improve the quality of plans for children in need of protection. Fully implement the strategy in relation to contextual safeguarding for adolescents who are at risk outside the home/family and take time to reflect on themes from Return Home Interviews (RHIs), to create effective	C2

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						safety plans. Support frontline managers to oversee and reflect on practice to improve quality of plans and interventions. Focus on areas for improvement identified in the recent inspecting local authority children's services (ILACS) inspection report. Continue to focus on recruitment and retention of staff to avoid unfilled vacancies and therefore unmanageable caseloads. Implementing the project to re-open Eden House residential provision. The project is progressing, with opening estimated April 2024.	
SR32	Data and information	B2	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.	No changes to the current arrangement, and no update for this quarter. The risk remains the same.	C2	Review support for information governance within the organisation. Appoint a Deputy Senior Information Risk Officer (SIRO).	D3
SR37	Cyber Security	A1	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. Potential increase in costs to repair damage and restore systems.	Medway Council has now successfully migrated relevant corporate user licences from E3 to E5. This upgrade provides the following cyber security benefits: Advanced Cyber Security Posture: This upgrade moves us from a reactive security posture to a highly proactive one. It equips the ICT team with industry-leading tools to automatically detect and intercept complex identity, email, and data threats. Securing Hybrid Working: Microsoft E5 introduces advanced protections directly to individual staff accounts and devices. This ensures that whether staff are working from Gun Wharf, a community site, or from home, Council data remains heavily protected. Future-Proofing Data: This investment significantly mitigates the	C1	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.	C2

Risk Ref	Risk	Inherent risk (before controls)	Impact	Current Controls	Current risk (after controls)	Proposed / Further Controls / Treatment Action	Target risk (after further action)
				financial and operational risks associated with modern cyber threats, directly strengthening our compliance and data governance			
SR54	Recruitment and Retention	B2	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.	Recruitment market is proving difficult in some areas mainly due to the current LGR situation . Candidates are remaining in post often due to the fear of 'last in first out' if changes are needed in new authorities. Issues with current Category Management DPS Procurement Platform affecting agency supply. Closely monitoring this. New DPS framework to be introduced end of Q 2/Q3 which will rectify issues. Revised Redeployment Policy and Process now implemented and working well - Recruitment and ER meet weekly to ensure full support of staff in the Redeployment Pool MedPay PPP recruitment guidance for assessing levels A,B&C at interview are being finalised for roll out including comprehensive guidelines for Recruiting Managers and documents to support and reflect the new CPF Framework All MedSpace pages reviewed and updated providing more in-depth manager guidance to ensure a consistent recruitment approach and mitigate risk of unfair recruitment practices	B2	• 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.	D3
SR56	Children's Social Care Budget Pressure	A1	Financial impact, not manageable within existing funds.	At the end of Q1, 27% of FIT savings have been achieved, and robust review of care packages and placements remains a priority. The cost of residential placements has increased which has led to more placements being made in placements costing between £6-9000. Our inhouse residential home will have 5 children in end of July, and building work on our LDA	A2	Continue to improve timing and forecasting of placements' expenditure by closer work between Children's Social Care (CSC), the Finance team and the Access to Resources Team (ART). Development work to take place in Mosaic to support financial recording at child level - to include breakdown of all elements of the child's care package - to support effective forecasting. Ensure action is taken to secure further Department for Education	B3

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				residential home is due for completion at the end of July, and registration process will begin. Planning has already begun to identify Children who may call this home. Placement costs continue to significantly impact CSCs currently forecasted overspend, management actions are in place.		(DfE) funding if the opportunity arises. Effective forecasting of unaccompanied asylum-seeking children (UASC) placement expenditure and careful management of pressures related to additional staffing and associated running costs. The first of the extended in-house residential provision (Eden House) is being mobilised and we are working towards Ofsted registration.	
SR59	Local Government Reorganisation (LGR) and Devolution	B2	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 democracy. Additional unfunded costs associated with LGR falling to the council tax payer.	1.Announcement - at the time of writing this (8 July) Kent and Medway are awaiting decision, with MHCLG confirming a decision is still expected before summer recess on 17 July 2926. There is a general risk the delay to the programme could impact safe and legal plus delivery. 2.Judicial Review - some Councils have indicated the possibility to seek Judicial Review depending on decision. Whilst this presents some risk Kent Chiefs and Leaders have agreed this will run a parallel process and not pause county-wide PMO and transition activity. 3.Relationships between Councils – there is a risk that the model selected by government could place strain on relationships across councils. This could lead to delays in programme delivery. Whilst this presents some risk, internal preparations are underway at Medway and engagement with neighbouring councils will continue following the decision to support constructive working relationships and programme progress. 4.Recruitment to the County PMO - interviews for these roles are currently underway with applications open to all staff across the region. Depending on outcome there is risk of programme instability at a Medway level. The current process for	C2	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.	C3

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				additional resource funding requests as approved by Cabinet on 2 June will help mitigate against this.			
NEW	**Main office refurbishment programme – temporary decant and multi-site working** As part of the refurbishment of the main office site, staff are being temporarily relocated to alternative locations, with the intention of returning to the refurbished main office in 2027. During the refurbishment and decant period there is a risk that dispersed working arrangements, reliance on temporary accommodation, and ongoing construction activity may adversely impact service delivery, staff productivity, operational resilience and costs.		• Workforce operating across multiple temporary locations, reducing efficiency and collaboration. • Limited or constrained access to specialist facilities, equipment or processes normally delivered from the main office. • Increased dependency on ICT and remote working capability, with risk of service disruption if capacity is insufficient. • Some functions may only be deliverable from specific locations, leading to delays or backlogs. • Increased travel time and costs for staff and managers. • Potential financial impact due to additional costs including: • Temporary accommodation and room hire • ICT equipment and connectivity • Storage, printing and postage • Travel and subsistence • Risk of reduced service performance affecting income streams (e.g. statutory notices, billing or enforcement activity). • Reputational risk if services are delayed or customer expectations are not met during the refurbishment period. • Health, safety and wellbeing risks associated with temporary workplaces and		C2	• Clear decant strategy and programme governance for the refurbishment and phased occupation. • Identification and approval of suitable alternative locations with sufficient capacity and compliance. • ICT provision planned and prioritised to support multi-site and remote working. • Agreed priorities for use of specialist facilities and shared resources. • Regular communication with staff on locations, timescales and working arrangements. • Health and safety assurance for all temporary locations and construction interfaces. • Ongoing monitoring of costs and service performance during the refurbishment period. • Business continuity plans reviewed and updated to reflect temporary working arrangements.	

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			ongoing construction activity. • Programme risk if refurbishment timescales extend beyond 2027, prolonging these impacts.				

NEW	**Facilities Management delivery brought in-house – compliance and building safety assurance**
	
	Facilities Management delivery has transitioned from the Medway Norse Joint Venture to an in-house FM model after 13 years. There is a significant risk that historical weaknesses and current gaps in statutory compliance and building safety may persist or worsen during the transition period if controls, resources, systems and assurance arrangements are not fully embedded and robust.
			• Non-compliance with statutory building safety and asset management requirements, including:
			  • Fire safety
			  • Legionella control
			  • Asbestos management
			  • Gas safety
			  • Electrical safety
			  • Lift maintenance and inspection
			• Increased risk to the health and safety of staff, service users, contractors and the public.
			• Increased likelihood of enforcement action, prohibition notices or prosecution by regulators.
			• Potential invalidation or restriction of insurance cover if statutory requirements are not met.
			• Reputational damage arising from failures in building safety governance and corporate landlord responsibilities.
			• Financial impact due to remedial works, emergency compliance actions, external audits or fines.
			Reduced confidence at corporate and member level in the Council's ability to discharge its building safety and landlord duties.
					B1	• Establishment of clear corporate landlord governance and accountability for compliance and building safety.
						• Comprehensive review and validation of statutory compliance data across the property portfolio.
						• Prioritised action plan to address known compliance gaps and high-risk assets.
						• Development and agreement of a clear suite of FM compliance KPIs covering all statutory areas.
						• Monthly reporting of compliance performance and exception management to the Corporate Landlord Board.
						• Implementation or strengthening of appropriate systems to manage inspection regimes, certification and remedial actions.
						• Use of competent, accredited contractors and assurance processes where specialist expertise is required.
						• Regular internal audit, spot checks and independent assurance to validate compliance performance.
						• Ongoing training and development for FM officers to ensure competency in statutory compliance management.	