Risk Management Update

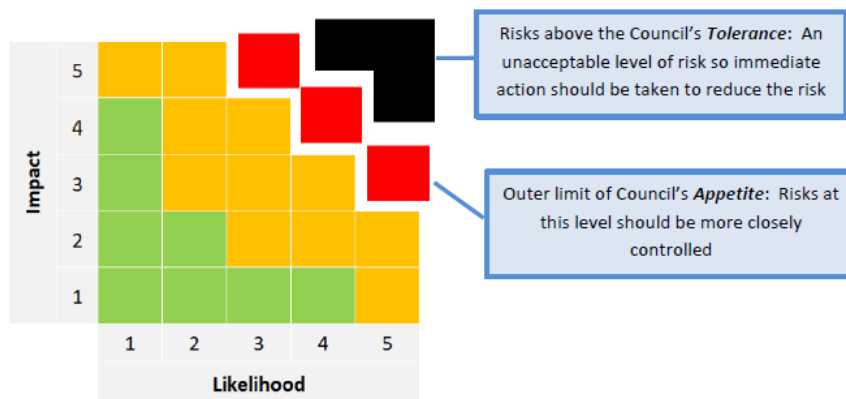## March 2025

A risk is a **potential future event that, if it materialises, effects the achievement of objectives.** Risk management is the process of identifying, measuring and responding to risks. These processes help to ensure that the Council achieves its corporate and service objectives by controlling risks in balance with resources. Good risk management also increases our ability to cope with developing and uncertain events and helps to instil a culture of continuous improvement and optimisation.

The Risk Management Framework sets out the Council's approach to managing corporate (strategic) and operational (service) risks. The Risk Management Framework also includes the Council's risk appetite statement, which articulates how much risk the Council is comfortable with and able to bear. The Council recognises that to achieve its objectives it must take risks, but that some risks are unacceptable (above our tolerance) and so action should be taken immediately to manage these risks. Risk appetite and tolerance are illustrated in the following matrix:

Risks above the Council's *Tolerance*: An unacceptable level of risk so immediate action should be taken to reduce the risk

Outer limit of Council's *Appetite*: Risks at this level should be more closely controlled

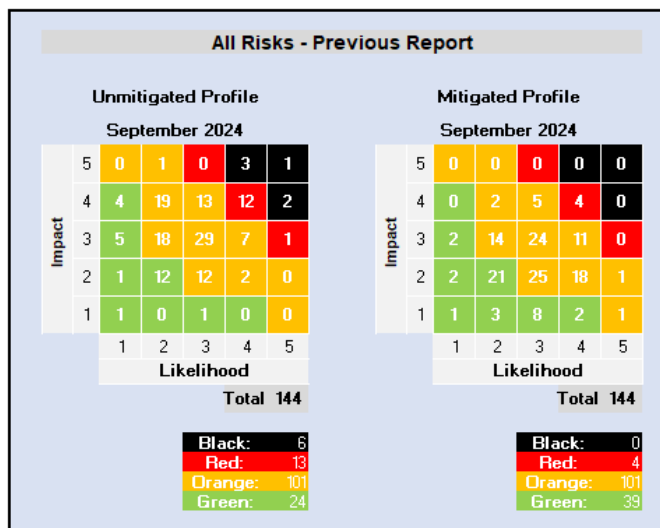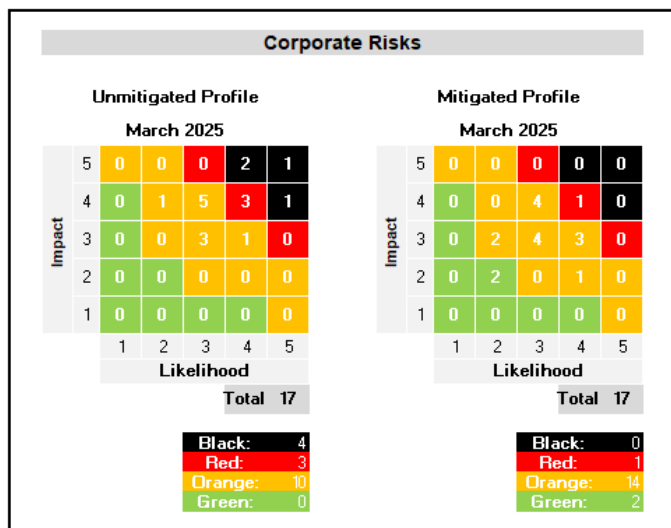Risks are assessed for impact and likelihood using the following definitions to inform the assessment:

Impact

Level	Service	Reputation	Wellbeing	Legal/Compliance	Financial	Strategic Objectives
Catastrophic (5)	Ongoing failure to provide an adequate service in a key area	Perceived as a failing authority requiring intervention	Significant staff dissatisfaction, long term absence, or increased staff turnover including key personnel	Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment. Possible responsibility for death.	Uncontrollable financial loss or overspend over £1.5m	Failure to deliver multiple key priorities
Major (4)	Key service areas disrupted 5+ days. Other service areas ongoing failure	Significant adverse national publicity	Adverse staff dissatisfaction, or increased absence and turnover of staff	Litigation expected and uncertain if defensible. Breaches of law punishable by significant fines. Fails to prevent death, causes extensive permanent injuries or long term sick	Financial loss or overspend greater than £1m	Failure to deliver key priority
Moderate (3)	Key service disruption 3-5 days. Other service disruption 7+ days	Adverse national publicity of significant adverse local publicity	Declining staff satisfaction, or some loss of staff due to absence or turnover	Litigation expected but defensible. Breaches of law punishable by fines. Fails to prevent extensive permanent injuries or long term sick.	Financial loss or overspend greater than £700k	Unsatisfactory delivery of priorities
Minor (2)	Key service disruption 2 days. Other service disruption 2-7 days	Minor adverse local publicity	Short-term dissatisfaction, minor loss of staff due to absence or turnover	Complaint or litigation possible. Breaches of regulations or standards. Long term injuries or sickness.	Financial loss or overspend greater than £100k	Poor delivery of priorities
Minimal (1)	Any service disruption 1+ day	Unlikely to cause adverse publicity	Loss of staff morale but unlikely to result in absence or turnover of staff	Unlikely to cause complaint. Breaches of local procedures.	Financial loss or overspend under £100k	Minimal reduction in delivery of priorities

Likelihood

Level	Probability	Description
Highly Probable (5)	80% +	Without action is likely to occur; frequent similar occurrences in local government / Council history or anticipated within the next 6 months.
Probable (4)	60% - 80%	Similar occurrences known often in local government / Council history or anticipated within the next 12 months.
Possible (3)	40% - 60%	Similar occurrences experienced in local government / Council history or anticipated within the next 18 months.
Unlikely (2)	20% - 40%	Not unheard-of occurrence in local government / Council history. Anticipated within the next 2 years.
Rare (1)	0% - 20%	Seldom occurs; no recent similar instances in local government / Council history.

RISK MATRIX DASHBOARD

The following diagrams detail the Council's risk profile for Swale, and shared services, in relation to corporate and operational risks, between September 2024 and February 2025. This demonstrates the risk to the Council if no action is taken (the **unmitigated rating**) and the risk assuming actions are implemented (the **mitigated rating**).

Corporate Risks

Unmitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	0	0	2	1
4	0	1	5	3	1
3	0	0	3	1	0
2	0	0	0	0	0
1	0	0	0	0	0

Likelihood — Total 17

- Black: 4
- Red: 3
- Orange: 10
- Green: 0

Mitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	0	0	0	0
4	0	0	4	1	0
3	0	2	4	3	0
2	0	2	0	1	0
1	0	0	0	0	0

Likelihood — Total 17

- Black: 0
- Red: 1
- Orange: 14
- Green: 2

All Risks - Previous Report

Unmitigated Profile — September 2024

Impact	1	2	3	4	5
5	0	1	0	3	1
4	4	19	13	12	2
3	5	18	29	7	1
2	1	12	12	2	0
1	1	0	1	0	0

Likelihood — Total 144

- Black: 6
- Red: 13
- Orange: 101
- Green: 24

Mitigated Profile — September 2024

Impact	1	2	3	4	5
5	0	0	0	0	0
4	0	2	5	4	0
3	2	14	24	11	0
2	2	21	25	18	1
1	1	3	8	2	1

Likelihood — Total 144

- Black: 0
- Red: 4
- Orange: 101
- Green: 39

Operational Risks

Unmitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	1	0	1	0
4	4	19	8	9	0
3	5	19	26	6	2
2	1	10	11	2	0
1	1	0	1	0	0

Likelihood — Total 126

- Black: 1
- Red: 11
- Orange: 92
- Green: 22

Mitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	0	0	0	0
4	0	2	1	3	0
3	2	12	20	8	0
2	2	17	26	17	1
1	1	3	8	2	1

Likelihood — Total 126

- Black: 0
- Red: 3
- Orange: 88
- Green: 35

All Risks - Current Report

Unmitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	1	0	3	1
4	4	20	13	12	1
3	5	19	29	7	2
2	1	10	11	2	0
1	1	0	1	0	0

Likelihood — Total 143

- Black: 5
- Red: 14
- Orange: 102
- Green: 22

Mitigated Profile — March 2025

Impact	1	2	3	4	5
5	0	0	0	0	0
4	0	2	5	4	0
3	2	14	24	11	0
2	2	19	26	18	1
1	1	3	8	2	1

Likelihood — Total 143

- Black: 0
- Red: 4
- Orange: 102
- Green: 37

Corporate Risks

There have been no changes to corporate risks since the last report.

A copy of the corporate risk register is enclosed at **Appendix 1**.

A copy of the changes to each of the corporate risks, at the end of each quarter, are set out in **Appendix 2**. (Note – the date used for the last quarter is 25/02/2025.)

Operational Risks

The following changes to operational risks have occurred:

- An operational risk for Finance was closed. This risk had an unmitigated rating of medium (6) and a mitigated rating of low (4).
- An operational risk for Planning was closed. This risk had an unmitigated rating of low (4) and a mitigated rating of low (4).
- An operational risk for Digital was added. This risk has an unmitigated rating of medium (12) and a mitigated rating of medium (9).
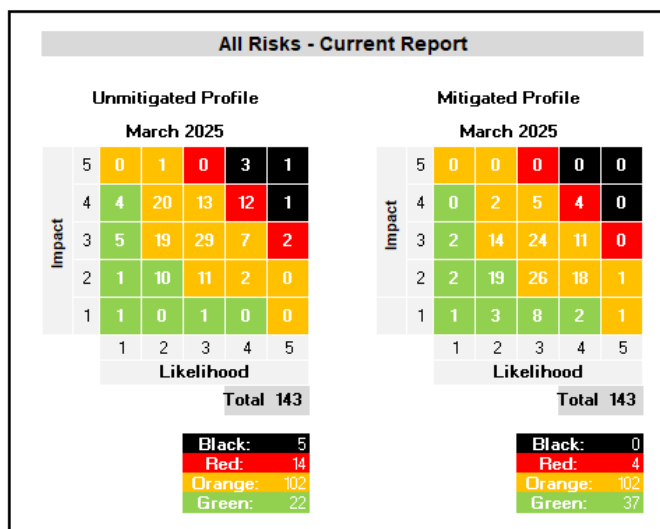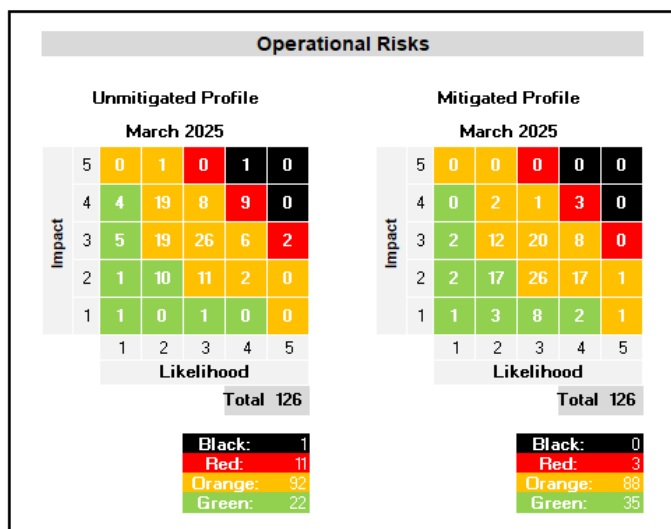
Future Consideration

1. The Strategic Management Team are considering adding a new risk to the corporate risk register for the Local Government Restructure.
2. A review of the corporate risk register is being organised for later this year. As this progresses, members will be involved.