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To: Governance and Audit Committee – 23rd January 2019

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary:

Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes. The register is presented to the Committee along with an overview of the changes since last presented and an outline of the ongoing process of monitoring and review.

FOR ASSURANCE

1. Introduction and background

- 1.1 The Corporate Risk Register is maintained by the Corporate Risk Team on behalf of Cabinet and the Corporate Management Team. The register is formally reviewed annually each autumn, but is a 'living document' and is reviewed and updated in-year to reflect any significant new risks or changes in risk exposure that may arise due to internal or external events; and to track progress against mitigating actions.

2. Corporate Risk Register

- 2.1 The latest version of the Corporate Risk Register is attached at appendix 1. It has been refreshed to reflect key themes arising from meetings with individual Corporate Management Team, Cabinet Members and Directorate Management Teams during the autumn. Comments arising from presentation of corporate risks to Cabinet Committees and the Governance & Audit Committee during the year have also been taken into account. It was presented to Cabinet on 3rd December 2018.
- 2.2 The meetings during the autumn demonstrated a strong consensus on what are seen as the main risks for KCC, both in relation to respective portfolios / directorates and wider KCC concerns. There remains a strong correlation between these views and risks already captured on directorate registers or the corporate risk register, which would indicate that the current risk management process is robust. However, as always, the context of the risks continually changes, and as a result the corporate risk register has been revised to reflect the points made.

2.3 The Corporate Risk Register contains nineteen risks. Changes since the register was last reported to Governance & Audit Committee in July 2018 are summarised as follows:

- CRR0004 Civil Contingencies and Resilience: The current risk rating has been increased due to the continued uncertainty surrounding potential implications of a 'no-deal' Brexit scenario and the potential for Brexit contingency planning to detract focus from other, more 'routine' exercising of controls.
- CRR0005 Implementation of Local Care and Prevention agenda in Kent: Previous concerns relating to broader governance have been addressed and it was felt that the focus of the risk should be narrowed to concentrate on the opportunity risks of implementing Local Care and the Prevention agenda with partners. The level of risk for this re-scoped risk has been assessed as 'medium' at this stage.
- CRR0007 Resourcing implications arising from children's services demand: The risk has been more specifically defined to relate to demand challenges, with further integration of services for children (the 'Change for Kent Children' programme) seen as part-mitigation for the risk.
- CRR0008 Potential implications associated with significant migration into Kent: This risk concentrated on potential bulk placements of vulnerable households into the county, which can then have significant impacts in localities, including increasing demand for KCC services. While the risk still exists, there have been no bulk placements since 2016, so it has been taken off as a specific standalone risk and fed into the CYPE demand risk CRR0007. This action can be reversed if intelligence suggests that the level of risk is increasing again.
- CRR0009 Future financial and operating environment for local government: The level of risk had previously been reduced slightly due to additional social care monies received from Government but has been revised back up from 16 to 20 as we await details of the Government's Spending Review in mid-2019 as well as the outcome of the fair-funding review.
- CRR0016 Delivery of new school places constrained by capital budget pressures and dependency of the Education and Skills Funding Agency: The current rating has reduced slightly as amendments to the Kent Commissioning Plan are made in response to issues arising and contingency arrangements are made as required in specific parts of the county, although it is still high.
- CRR0039 Information Governance: For the past 18 months the risk related to implementation of General Data Protection Regulations (GDPR). While there will still need to be emphasis on embedding the relevant systems and processes, the risk has reverted to a general information governance one.
- CRR0041: Maintaining a healthy and effective workforce. The current level of risk was raised, although this was largely based on anecdotal evidence. The level of risk is now being reviewed taking into account the results of the recent comprehensive staff survey. While further analysis is being conducted,

headline results show positive responses to questions in the 'resources and workload' and 'my wellbeing' sections that would suggest that a medium risk rating is appropriate.

- NEW RISK - High Needs funding and Special Educational Needs and Disabilities (SEND). Concerns were raised on several occasions and consequently, this risk has been escalated from the CYPE directorate register due to its significance.
- NEW RISK – Effectiveness of governance within a Member-led Authority: Over the past 12-18 months there have been numerous warnings from local authorities, auditors and professional bodies regarding the parlous state of local government finances, with the first section 114 notice in 20 years issued earlier this year. This brings into sharp focus the criticality of robust council governance.

2.4 Potential risk: Challenges relating to management and maintenance of KCC's estate and community assets were raised on several occasions in the context of demands on the capital budget, although there are clearly other aspects to be considered such as health & safety. Further analysis of directorate and divisional risk registers is being undertaken to see whether there is cause to introduce a corporate risk based on aggregated exposure.

2.5 Conversations with Risk Owners have included discussion about 'target' residual levels of risk. In particular, how realistic several of them were considering the complex nature of some of the risks; what level of control it is possible for us as a council to exert due to dependencies on other stakeholders at a local and national level; and the cost of mitigation. As a result, the target residual risk rating has increased for several risks:

- CRR0006: Resourcing implications arising from increasing adult social care need.
- CRR0013: Delivery of in-year savings within agreed budgets.
- CRR0015: Managing and working with the social care market.
- CRR0042: Post-Brexit border systems, infrastructure and regulatory arrangements.

2.6 Risk Connectivity – linked to the point above, the refresh this year has again highlighted the connectivity between our corporate risks. For instance:

- CRR0009 (financial and operating outlook for local government) is the broad medium-term risk that underpins much of our corporate risk profile and limits options to mitigate by financial means.
- Our high risks relating to demand for children's services and adult social care are key factors to take into consideration in relation to our safeguarding risks.
- Our cyber-attack risk would have information governance and business continuity related implications.

2.7 Out of the nineteen risks 11 are currently rated as 'high' and 8 rated as 'medium', which compares with 10 'high' rated risks last year. All risks have mitigating actions in place that aim to achieve a target residual rating of

'medium' or 'low', with the exception of CRR0042 that has a number of factors outside of the Authority's control.

- 2.8 Further details of these risks, including controls and mitigating actions, are contained in appendix 1.
- 2.9 The Corporate Risk Team supports directorates to ensure that the Corporate Risk Register is underpinned by directorate and divisional / service risk registers, from which risks will be escalated in accordance with KCC's Risk Management Policy.

3. Monitoring, Review and Reporting

- 3.1 There is a particular focus on ensuring that key mitigating actions are identified and progress monitored. The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported quarterly to Cabinet via the Quarterly Performance Report. Updates against actions due for review or completion in quarter 3 of 2018/19 have been requested from action owners and will be reported in the next Quarterly Performance Report presented to Cabinet on 25th March 2019.
- 3.2 In addition, the corporate risks relevant to each Cabinet Committee are reported in the spring round of Committees each year along with directorate risks, allowing for discussion of these with the relevant Risk Owners and responsible Cabinet Members.
- 3.3 The Internal Audit function uses the register as a source of information to inform its audit plan for the coming year.

4. Recommendations

- 4.1 The Governance and Audit Committee is asked to:
 - a) NOTE the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register.

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