

From: David Brazier, Cabinet Member for Highways and Transport
Susan Carey, Cabinet Member for Environment
Simon Jones, Corporate Director for Growth, Environment & Transport

To: Environment and Transport Cabinet Committee – 29 June 2021

Subject: **Risk Management: Growth, Environment and Transport Directorate**

Classification: **Unrestricted**

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Division: All

Summary: This paper presents the strategic risks relating to the Environment and Transport Cabinet Committee, comprising of two risks featuring on the Corporate Risk Register for which the Corporate Director is the designated 'Risk Owner' on behalf of the Corporate Management Team; plus a summary of key risks from within the directorate.

Recommendation(s):

The Cabinet Committee is asked to consider and comment on the risks presented.

1. Introduction

- 1.1 Risk management is a key element of the Council's internal control framework and the requirement to maintain risk registers ensures that potential risks that may prevent the Authority from achieving its objectives are identified and controlled.
- 1.2 Directorate risks are reported to Cabinet Committees annually and contain strategic or cross-cutting risks that potentially affect several functions across the Growth, Environment & Transport directorate, and often have wider potential interdependencies with other services across the Council and external parties.
- 1.3 Corporate Directors also lead or coordinate mitigating actions in conjunction with other Directors across the organisation to manage risks featuring on the Corporate Risk Register.
- 1.4 The majority of these risks, or at least aspects of them, will have been discussed in depth at the relevant Cabinet Committee(s) throughout the year, demonstrating that risk considerations are embedded within core business.

1.5 The assessment scores given to individual risks help to prioritise risks in order to make clear which risks are most important to the Directorate and requires an understanding by senior managers of:

- The likelihood of each threat occurring.
- The impact of each threat if it did occur.

The process adopted by KCC follows guidance provided to practitioners in the Management of Risk.

2. Growth, Environment and Transport led Corporate Risks

2.1 The Corporate Director for the Growth, Environment and Transport directorate is the lead Director for two of the council's corporate risks. A brief summary of changes over the past year are outlined below, with full details contained in the risk register attached at appendix 1. The risks are regularly reviewed by directorate and divisional management teams.

Risk Reference	Risk Description	Current Score	Target
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	20 (High)	16 (High)
<p>The scope of the risk has broadened since the coronavirus pandemic, as the Authority, working with partners, seeks to fully understand both short and longer term Covid-19 impacts. The Kent and Medway Economic Partnership has produced a comprehensive Economic Renewal and Resilience Plan to aid local recovery, which has 5 key workstreams, including the establishment of a Kent and Medway Employment Task Force and Action Plan. It is acknowledged that given the continued uncertainty and Covid-19 related restrictions, the plan and associated actions will require continual review.</p> <p>An active pipeline of local projects is in place for potential funding announcements, which KCC also submitted responses to Government consultations for reform of the planning system, which would have significant infrastructure related impacts for the county. Central Government has since announced that elements of these reforms are being reviewed.</p>			
CRR0042	Post UK/EU Transition border systems, infrastructure and regulatory arrangements	20 (High)	12 (Medium)
<p>KCC, working with both national and local partners, has worked hard to prepare for the end of the UK/EU Transition period, in order to minimise disruption to local communities and to keep the county open for business. As well as leaving the EU single market and customs union, the coronavirus pandemic means anyone leaving the UK must have a negative COVID-19 test within 72 hours of travelling. KCC continues to support partners with the ongoing requirements for a negative COVID-19 test for all travellers to France before they can access Kent's ports.</p>			

3. Growth, Environment and Transport Directorate risk profile

3.1 The current risks in the GET Directorate risk register are shown below. Risks are presented in order of significance (highest first).

Risk Reference	Risk Description	Current Score	Target
GT0001	Health, Safety and wellbeing considerations for public, contractors and staff	20 (High)	10 (Medium)
<p>During the previous year a greater focus has been on the welfare of our own staff, and a Health and Safety plan has been developed and is being implemented across the directorate.</p> <p>The Coronavirus pandemic has introduced significant additional risk considerations in relation to the safe operation of the directorate's services, many of which are 'frontline' in nature. This is in addition to potential impacts on workforce health, safety and wellbeing. These are being mitigated by regular risk assessments, taking specialist advice where necessary, and analysing directorate results of the recent KCC staff survey to look for learning points and development of actions.</p> <p>The risk level has increased due to the numbers of staff working from home and concerns relating to staff wellbeing.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0004	Skills shortage and capacity issues to apply for funding and manage contracts and projects	16 (High)	6 (Low)
<p>As part of the external bidding process officers have to submit suitable business cases, which requires staff with the appropriate skill set to manage contracts, projects and for planning applications. It is possible that the directorate would be unable to attract or retain suitably trained project managers as the private sector remains competitive in this area. A workforce strategy and action plan has been developed and is regularly reviewed, aiming to address key skills gaps. Emphasis has been placed on raising the standards of project management, while succession planning is another mitigation.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0025	Capital Investment and Asset Management	15 (Medium)	9 (Medium)
<p>This is a new risk on the directorate risk register relating to capital funding for Highway Asset Management. At the time of writing, internal and DfT funding was not yet confirmed for 2021/22.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0008	Ash Dieback. Destruction of the Ash species and associated costs to KCC.	12 (Medium)	12 (Medium)
<p>The degree of spread has caused concerns over the future of Ash trees in the County as well as cost implications regarding the management of the disease. Mitigations involve multi-agency monitoring and subsequent action as appropriate, as well as the publication of information to the general public.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0003	Directorate preparedness for, and management of, severe weather incidents	12 (Medium)	9 (Medium)
<p>This is a directorate-focused version of the corporate emergency response and resilience risk. The number of severe weather events affecting the county has increased in the past few years, which can have a significant impact on all GET services, businesses and the Kent community. Services within the directorate continue to play an important role in planning for, responding to, and recovering from these events. This risk has been updated to reflect the current risk of concurrent emergencies.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0026	Net Zero and Insufficiency of Funding	12 (Medium)	9 (Medium)
<p>This is a new risk which has been raised due to the investment needed in order to meet the 2030 Net Zero objective. Funding has not yet been identified in the capital programme.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0021	Internal services provided to the Directorate do not meet an acceptable standard	12 (Medium)	9 (Medium)
<p>The Directorate Management Team is continually liaising with KCC commissioners on any issues that arise regarding performance of service providers (e.g. KCC Local Authority trading companies or outsourced services), and the directorate's services are increasingly being involved as key stakeholders in matters of strategy and service design. This is in addition to liaising with corporate services to ensure they can provide expert advice at the right time.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0024	Information Governance. Management of personal data.	12 (Medium)	6 (Low)
<p>This risk replaced a previous Directorate risk relating to the implementation of the General Data Protection Regulations and relates to the management of increasing amounts of personal data within the Directorate. Mitigation primarily relates to training and learning of staff across the Directorate. More recently, the Coronavirus pandemic has meant that services have had to swiftly adapt to new operating models and new ways of working for staff, which introduces new risks that require careful management.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0019	Delivery of in-year budget targets.	Medium (12)	Low (4)
<p>At the time of most recent reporting to Cabinet, the GET directorate was forecasting a revenue variance of -£0.3m. This excluded Covid-19 related additional expenditure.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets.	12 (Medium)	4 (Low)
<p>The directorate is required to make its contribution to the challenging savings targets required by the council over the medium term. There is a reduced ability for the directorate to mitigate year-on-year, but the Directorate participates fully in financial monitoring processes and has developed savings and income proposals that have been fed into the MTFP. Key projects are overseen by the GET Portfolio Board where they are monitored.</p> <p>The risk rating has been reduced to a score of 12 (Medium). The current year settlement is positive and therefore the level of risk is reduced, however uncertainty regarding Government funding for the next 3-5 years remains.</p>			

4. Key Divisional Risks

4.1 The Corporate and Directorate risks are underpinned by risks at a divisional level that are typically more operational in nature. The Directorate Management Team has regular oversight of significant divisional risks, which currently includes those relating to:

- Ensuring services continue to comply with significant policy changes at national level and meet service delivery standards in challenging financial context and impact of Covid-19;
- EU Transition and associated risks;
- Sufficiency of capital funding for highway asset management;
- Connectivity and Technology requirements;

- Operational risks such as health and safety concerns in household waste recycling centres.

5. Recommendation

The Cabinet Committee is asked to **consider** and **comment** on the risks presented in this report.

6. Background Documents

- 6.1 KCC Risk Management Policy and associated risk management toolkit on KNet intranet site. <http://knet/ourcouncil/Management-guides/Pages/MG2-managing-risk.aspx>

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APPENDIX 1

KCC Corporate Risk Register: GET-led Corporate Risks

**May 2021 – FOR PRESENTATION TO ENVIRONMENT & TRANSPORT CABINET COMMITTEE
– 25th June 2021**

Corporate Risk Register - Summary Risk Profile

Low = 1-6	Medium = 8-15	High =16-25
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Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Jan 2020
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	20	16	↑
CRR0042	Post-Transition UK/EU border systems, infrastructure and regulatory arrangements	20	12	↑

NB: Current & Target risk ratings: The ‘current’ risk rating refers to the current level of risk taking into account any mitigating controls already in place. The ‘target residual’ rating represents what is deemed to be a realistic level of risk to be achieved once any additional actions have been put in place. On some occasions the aim will be to contain risk at current level.

The overall risk score is derived from multiplying the likelihood and impact scores.

Likelihood & Impact Scales					
Likelihood	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Impact	Minor (1)	Moderate (2)	Significant (3)	Serious (4)	Major (5)

Risk ID	CRR0003	Risk Title	Securing resources to aid economic recovery and enabling infrastructure			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>The Coronavirus pandemic is impacting on the economy in Kent & Medway. This is likely to become more severe in the latter part of 2020, particularly as the Govt furlough scheme ends, and the impacts could be disproportionate across the county (e.g. in coastal areas).</p> <p>To gain an understanding of the implications, an impact assessment has been conducted, which has led to the preparation and launch of an 18-month local economic renewal and resilience plan, which aims to act as a stimulus for improvement.</p> <p>The Council actively seeks to secure the resources/funding necessary to provide the infrastructure required to support growth, which often need to be bid for in very tight timescales and are increasingly subject to the drive to deliver economic impact, housing and employment outputs.</p> <p>EU structural funds are set to be</p>	<p>The inability to fully secure sufficient funding, including contributions from development, to deliver the infrastructure necessary to support growth may require gap funding in order for KCC to fulfil its statutory duties.</p>	<p>Key opportunities for growth missed.</p> <p>The Council finds it increasingly difficult to fund services across Kent and fully mitigate the overall impact of housing growth on KCC services and, therefore, communities.</p> <p>Kent becomes a less attractive location for inward investment and business.</p> <p>Our ability to deliver strategic / enabling infrastructure becomes constrained.</p> <p>Reputational risk associated with delayed delivery of infrastructure required.</p> <p>Additional revenue costs incurred due to infrastructure delays e.g. Home to School transport costs.</p>	<p>Simon Jones, Corporate Director Growth, Environment and Transport (GET)</p> <p>Responsible Cabinet Member(s): On behalf of Cabinet:</p> <p>Derek Murphy, Economic Development</p> <p>David Brazier, Highways & Transport</p>	<p>V. Likely (5)</p> <p>Target Residual Likelihood Likely (4)</p>	<p>Serious (4)</p> <p>Target Residual Impact Serious (4)</p>	

replaced by UK funds, with further detail awaited.

At a local level there is often a significant gap between the overall costs of the infrastructure required and the Council's ability to secure sufficient funds through the current funding systems, including S106 contributions, Community Infrastructure Levy and other growth levers.

Control Title	Control Owner
Growth and Infrastructure Framework for Kent and Medway sets out the infrastructure needed to deliver planned growth	Stephanie Holt-Castle, Director Growth and Communities
Kent and Medway Renewal and Resilience Plan Economic Impacts Evidence Base sets out a high-level assessment of the impacts of the Covid-19 crisis on the Kent and Medway economy to inform the Renewal and Resilience Plan for the next 12-18 months.	Rachel Kennard, Senior Intelligence Analyst
Government consultations on proposals for reform on the planning system in England considered and responded to.	Tom Marchant, Head of Strategic Planning & Policy
Economic Recovery Dashboard in place.	Rachel Kennard, Senior Intelligence Analyst
Teams across the Growth, Environment and Transport directorate work with each individual District on composition of local infrastructure plans including priorities for the CIL and Section 106 contributions, to articulate needs for the demands on services	Stephanie Holt-Castle, Director Growth and Communities
Single Monitoring System (SMS) is used to track individual s106 planning obligations from the Council's initial request for developer contributions through to the issue of invoice for payment.	Stephanie Holt-Castle, Director Growth and Communities
Strong engagement of private sector through Kent and Medway Economic Partnership (KMEP), Business	David Smith

Advisory Board and Kent Developer Group		
Strong engagement with South East LEP and its Local Industrial Strategy with central Government to ensure that KCC is in a strong position to secure resources from future funding rounds	David Smith	
Local Transport Plan 4 produced and approved by County Council	Tom Marchant, Head of Strategic Planning & Policy	
Officers are working on bids to secure funding as appropriate, including Local Growth Fund, Housing Infrastructure Fund, Major Roads Network	Joe Ratcliffe, Transport Strategy Manager	
Multi-agency Kent and Medway Employment Task Force has been set up and regular meetings have been scheduled.	David Smith	
Active pipeline in place of projects for potential funding arrangements.	David Smith	
Action Title	Action Owner	Planned Completion Date
<p>Contribute to implementation of the Kent and Medway Economic Partnership's local Economic Renewal and Resilience Plan, key delivery principles of which are:</p> <ul style="list-style-type: none"> • Greener Futures (building a sustainable, lower carbon economy) • Open and Productive (supporting long term productivity growth in an economy that welcomes investment and trade) • Better Opportunities, Fairer Chances (ensuring that people are supported through recession and stand to gain from a more resilient economy in the return to growth). <p>Participation on the Renewal and Resilience Group Plan group and the Employment Taskforce plans are being scoped to support key delivery principles.</p>	David Smith	December 2021
Kent and Medway Business Fund, KMBF Recovery Fund and Capital Growth Fund (first round), has been concluded and the majority of funding (circa £3m) has been defrayed to the successful businesses. Discussions are taking place to agree the Guidance Notes for the second round to	David Smith	July 2021

support the reopening of the KMBF Business Fund and the Innovation Loan.		
Workstreams include Government Relations, Infrastructure Priorities, Joint Planning, Delivery modelling, KCC Support of Housing Growth, Governance and Infrastructure Proposition Bid.	Simon Jones, Corporate Director Growth, Environment and Transport (GET)	TBC

Risk ID	CRR0042	Risk Title	Post Transition period border systems, infrastructure and regulatory arrangements			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
On 1 January 2021 the transition period with the European Union ended, and the United Kingdom will operate a full, external border as a sovereign nation. This means that controls will be placed on the movement of goods between Great Britain and the EU.	That the implementation period agreed between the UK and EU is insufficient to develop the personnel, procedures, systems and physical infrastructure in time to support post-transition border arrangements.	Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing Dover Ports and Eurotunnel.	Simon Jones, Corporate Director Growth, Environment & Transport	Likely (4)	Major (5)	
To afford industry extra time to make necessary arrangements, the UK Government has taken the decision to introduce the new border controls in three stages up until 1 January 2022.	That the Government does not provide sufficient capital and revenue financial support to departments, agencies, local authorities and other infrastructure stakeholders necessary to address the personnel, procedures and physical infrastructure to support post-Transition border arrangements. Government interventions to ensure smooth transition not ready by 1 st January leading to confused freight and delays at crossing.	Impacts on major traffic routes to support Operation Brock and other mitigations for port delays and the consequential increase in local and pan-Kent road journey times, impacting on local residents and businesses.	Responsible Cabinet Member(s): David Brazier, Highways & Transport	Target Residual Likelihood	Target Residual Impact	
KCC is working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. KCC is reliant on		Significant detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents.		Possible (3)	Serious (4)	

coherent, coordinated governance and information across Government to aid the Local Authority and partners locally in planning their contingency arrangements and responding appropriately.	
Control Title	Control Owner
Regular engagement with senior colleagues in relevant Government Departments on the impacts and implications of transition on KCC's regulatory responsibilities relating to Trading Standards and the resilience of Kent highways.	Simon Jones, Corporate Director GET
KCC membership of the Delivery Models Operational Group and associated working groups such as Emergency Planning, Infrastructure, etc.	Steve Rock, Head of Trading Standards
KCC membership and support to the Kent Resilience Forum	Mike Overbeke, Head of Public Protection
Operation Fennel strategic plan in place	Simon Jones, Corporate Director GET
KCC involvement in Operation Fennel Strategic and Tactical Groups (multi-agency planning groups for potential disruption at Port of Dover and Eurotunnel). KCC to chair SCG planning group until such time Response is stood up for Transition.	Simon Jones, Corporate Director GET
KCC contribution to multi-agency communications in the 'response' phase, and leadership of communication in the 'planning' and 'recovery' phases.	Christina Starte, Head of Communications
KCC cross-directorate Resilience Forum reviews latest situation regarding transition preparedness	Stephanie Holt-Castle, Director

		Growth and Communities
KCC services are continually reviewing business continuity arrangements, taking potential scenarios into consideration (cross-reference to CRR0004), with coordination via Directorate Resilience Groups.		Service Managers / Directorate Resilience Group Chairs
Several training exercises took place in advance of January 1 st 2021 to prepare for various scenarios.		Simon Jones, Corporate Director GET
Action Title	Action Owner	Planned Completion Date
KCC continues to make a case for further funding from the Ministry of Housing, Communities and Local Government (MHCLG) and Department for Transport (DfT) for direct impact costs of Transition preparedness in the county.	Simon Jones, Corporate Director GET	Ongoing