

From: **Roger Gough, Leader of the Council**
David Cockburn, Corporate Director for Strategic & Corporate Services and Head of Paid Service

To: **Cabinet – 9th December 2021**

Decision No: **N/A**

Subject: **Corporate Risk Register**

Classification: **Unrestricted**

Past Pathway of Paper: **N/A**

Future Pathway of Paper: **Governance & Audit Committee – 25th Jan 2022**

Electoral Division: **ALL**

Summary: This report updates Cabinet on the outputs from the more formal annual refresh of KCC's corporate risk profile, including the revised Corporate Risk Register.

Recommendation(s):

Cabinet Members are asked to NOTE the report.

1. Background

- 1.1 The Corporate Risk Register is a 'living document' and is regularly reviewed and updated to reflect any significant new risks or changes in risk exposure that arise due to internal or external events; and to track progress against mitigating actions. It is subject to a more formal review each autumn, including conversations with Corporate Management Team and Cabinet Members and taking into consideration comments made by the Governance & Audit Committee.
- 1.2 The review process has taken place as the organisation continues to balance ongoing response and recovery from the Covid-19 emergency with delivery of more "business as usual" type activities, while also leading on the development of new ways of working and delivery of services. There has also been continued uncertainty in the operating environment for local government and in the wider external environment, including workforce and materials shortages, cost inflation etc.

2. Corporate Risk Register summary

- 2.1 The latest version of the Corporate Risk Register is attached at appendix 1. One of the key considerations this year has been whether the increases in risk levels for many of the risks triggered by factors associated with Covid-19 were still valid, or whether they had dissipated.
- 2.2 The meetings with Risk Owners 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, the context of the risks continues to evolve, along with the Council's responses.
- 2.3 During the latest refresh process, several new risks are being added to the register, one de-escalated to directorate level, several risks have been merged, while others have been identified where the context has required reviewing and updating. The main changes are summarised below.
- 2.3.1 CRR0009 – Future financial and operating environment for local government.
This risk encapsulates a significant number of risks on the corporate register, as it relates to the funding envelope that the council has to work within, as well as some of the key dependencies the Council has. The Government's Spending Review, announced on 27th October, has given the local government sector more certainty in terms of funding over 3 years, although there are still more details awaited until the local government funding settlement allocations are confirmed in December. One of the main aspects of this risk now is whether spending growth pressures facing services across the council can be contained within the Council's core spending power over the medium term. Factors such as social care reforms and associated resourcing impacts are relevant, and therefore previous risks relating to social care resourcing implications have now been included as part of this risk. The risk rating will be reviewed once the local government settlement is confirmed in December and further discussions regarding the development of KCC's budget have taken place.
- 2.3.2 NEW: Capital programme affordability – the corporate register has contained risks relating to specific elements of the capital programme, such as Basic Need grant shortfall to enable sufficient school place provision, as well as maintenance and modernisation of the KCC estate. These risks are now being included in a broader risk relating to the affordability of the capital programme. This takes into account important service areas not explicitly covered before such as Highways infrastructure.
- 2.3.3 NEW: Impacts of Climate Change. The Council has a longstanding corporate risk relating to its response to major incidents and emergencies, which includes our responses with partners to severe weather events such as flooding. However, there are specific, longer term adaptation challenges that will need to

be factored into the council's operating model going forward. Hence a corporate risk focused on climate change adaptation has been proposed, with controls and mitigations currently being captured.

2.3.4 NEW: Supply Chain and Market Factors. A key theme arising from this process has been external factors affecting KCC's supply chain and markets. A specific risk remains on the corporate register that focuses on the sustainability of the care market. However, workforce shortages are being experienced in key areas across the council such as bus drivers, which presents significant challenges, alongside shortages of materials that are driving associated cost inflation. Therefore, a specific risk covering supply chain factors is being considered.

2.3.5 A risk covering the development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in the Kent and Medway NHS system (CRR0005) has been on the corporate register for some time. The context to this is evolving. A paper was presented to County Council in July 2021 outlining KCC's ambition for Health and Care Partnership working in the wake of the White Paper "Integration and Innovation: working together to improve health and social care for all", which will be enacted by the Health and Social Care Bill currently being considered by Parliament. This clearly stated the importance of local authorities continuing to maintain their capacity to ensure that they are able to discharge their separate and distinct statutory responsibilities, maintain internal control, deliver annually balanced budgets and manage financial risk accordingly, which is understood by partners. This was a key element of this corporate risk previously, and therefore it is proposed that the risk is **de-escalated** to directorate level on the understanding that should any further risks become apparent it shall be escalated back up to corporate level.

2.3.6 Technological resilience and information security – the previous risk CRR0014 relating to cyber threats and their implications has been broadened to reflect the importance of ensuring our technology infrastructure remains fit for purpose as an enabler for the achievement of our Technology Strategy, as well as resilient in light of the ever-increasing dependency on technology to conduct day-to-day business. Specific cyber threat consequences remain as a key element of the risk.

2.3.7 The risk rating relating to civil contingencies and resilience (CRR0004) was raised in 2020 to the maximum level to reflect the potential "perfect storm" of simultaneous challenges faced by the council in relation to Covid-19 response and recovery efforts, UK/EU Transition preparedness and other winter pressures. The risk is still judged as high but given the way that the Council and its partners at local and national level have responded to challenges so far, the risk has been reduced slightly.

2.3.8 There remains specific focus on managing workforce risks and opportunities during this time. A significant majority of the KCC workforce has been working remotely for more than eighteen months and regular surveys have been conducted during that time, indicating that our staff continue to show

tremendous resilience in adapting to new working practices, finding innovative ways to engage with service users and residents and continuing to deliver services. However, there are still potential wellbeing concerns for public, service user facing staff, as we enter what could still be another challenging winter period. The Corporate Management Team is ensuring regular engagement with staff to monitor the situation and respond appropriately, putting in place further interventions as necessary to supplement pre-existing support to aid health and wellbeing. The risk remains high and also focuses on adaptation to new working practices.

2.3.9 Workforce capacity challenges have also been raised throughout the refresh process, with recruitment and retention difficulties being reported, for both KCC staff and those in the supply chain, reflecting some of the wider market conditions.

2.3.10 The corporate risk regarding suitable provision for unaccompanied asylum-seeking children (UASC) is being revised in light of the latest developments, in particular the Government's move to temporarily mandate the transfer of children to local authorities nationally.

3. Monitoring and Review

3.1 The corporate risks led by each Corporate Director are presented to the relevant Cabinet Committees annually, alongside existing arrangements for presentation of directorate risks.

3.2 The corporate register is also presented to Governance & Audit Committee twice yearly for assurance purposes, and the Internal Audit function uses the register as a source of information to inform its audit plan for the coming year.

3.3 There is a 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 to Cabinet quarterly via the Quarterly Performance Report.

4. Conclusions

4.1 The refresh process this year has taken place against a continued background of uncertainty, particularly in the external environment, as the council is affected by wider supply chain and market factors, as well as some continued uncertainty regarding the detail of upcoming and proposed Government reforms.

4.2 The refresh highlights again the complex and systemic nature of the risks KCC faces, which often involve management alongside partners and providers, meaning that some risks are only partly within our control to

mitigate. This emphasises the importance of continual horizon scanning and scenario modelling, along with agility of response and resilience.

- 4.3 It is apparent that it is too early to tell whether risks that were exacerbated by Covid-19 factors, either directly or indirectly, have reduced yet. Covid-19 recovery efforts continue, and several risks will need to be reviewed in Spring 2022 to see if there is evidence to suggest that risk ratings should be reduced. These reviews will form part of a wider piece of work with Risk Owners to outline timescales for the “target” deliverable level of risk to be met.
- 4.4 As risks evolve and new risks emerge, there is the need to consider the continued effectiveness of controls and any further mitigations as appropriate.
- 4.5 The consideration of the aggregate picture of risk at a corporate level should aid thinking on how risk (including risk appetite) needs to feed into decision-making when setting priorities and allocating resources.

5. Recommendation

- 5.1 Cabinet Members are asked to NOTE the report.

Report Author:

Mark Scrivener, Corporate Risk & Assurance Manager
Email: mark.scrivener@kent.gov.uk

Relevant Director

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance
Email: David.whittle@kent.gov.uk