

From: David Brazier, Cabinet Member for Highways and Transport
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To: Environment and Transport Cabinet Committee – 7 March 2023

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

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 3 risks on the Corporate Risk Register that fall within the relevant Cabinet portfolios; plus, a summary of key risks from within the Growth, Environment and Transport 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 Corporate and 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 A standard reporting format is used to facilitate the gathering of consistent risk information and a 5x5 matrix is used to rank the scale of risk in terms of likelihood of occurrence and impact. Firstly, the current level of risk is assessed, taking into account any controls already in place to mitigate the risk. If the current level of risk is deemed unacceptable, a 'target' risk level is set and further mitigating actions introduced, with the aim of reducing the risk to a tolerable and realistic level. If the current level of risk is acceptable, the target risk level will match the current rating.
- 1.6 The numeric score in itself is less significant than its importance in enabling categorisation of risks and prioritisation of any management action. Further information on KCC risk management methodologies can be found in the risk management guide on the 'KNet' intranet site.

2. Growth, Environment and Transport led Corporate Risks

- 2.1 The Corporate Director for the Growth, Environment and Transport directorate is the lead, on behalf of the Corporate Management Team, for several 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 extract attached at Appendix 1. The risks are regularly reviewed by directorate and divisional management teams.

CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (25)	High (20)
<p>The UK now operates a full, external border as a sovereign nation and controls are now placed on the movement of goods between the UK and the EU. New border controls including the Entry/Exit System (EES) which sees non-EU citizens fingerprinted and photographed at borders are being introduced, although implementation has been delayed until the end of 2023.</p> <p>KCC's "Dover Access Improvements" £45m Levelling Up Fund bid to improve traffic flow to the EU through the Port of Dover, including additional border control points and a new exit route, has been successful.</p>			
CRR0052	Impact of Climate Change on KCC services	High (25)	High (20)
<p>This risk relates to the short-, medium- and long-term impacts of climate change on the services the Council provides and the need to embed environmental considerations in our operating model and meet our environmental commitments. There are a number of actions being put in place to mitigate this risk, including work on the KCC estate and Adaptation Programme actions.</p>			
CRR0057	Home to School Transport	High (16)	Low (6)
<p>This risk is jointly owned with the Corporate Director for CYPE, reflecting the fact the risk impacts across both directorates and has multiple points of governance across multiple business delivery points. A Home to School Transport Board chaired by the Cabinet Member for Education and Skills is in place to oversee progress in this area and a management action plan is being implemented in response to the Internal Audit lessons learned report published in autumn 2022.</p>			

3. Growth, Environment and Transport Directorate risk profile

3.1 The current risks in the GET Directorate risk register are shown below.

Risk Reference	Risk Description	Current Score	Target
GT0004	Skills shortage and capacity issues	High (20)	Medium (12)
<p>As part of the external bidding process officers are required to submit suitable business cases, which require staff with the appropriate skill set to manage contracts, projects and for planning applications. These skill sets are often transferrable and therefore there are risks relating to recruiting or retaining suitably trained project managers as the private sector remains competitive in this area.</p> <p>The risk has been acknowledged by the directorate management team as broader than project management skills and capacity issues and this risk is likely to be broadened to reflect wider recruitment and retention issues for key roles across the directorate.</p> <p>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
GT0001	Health and Safety, and wellbeing considerations	High (20)	Medium (10)
<p>Services across the directorate need to pay due regard to potential Health and Safety issues due to the nature of the work they undertake, in addition to factors relating to staff wellbeing.</p> <p>A Health and Safety Board for the directorate is being introduced and tasked with refreshing the Health & Safety plan for the directorate.</p>			
Risk Reference	Risk Description	Current Score	Target
GT0026	Funding sufficiency for Net Zero ambitions	High (16)	Medium (9)
<p>This risk relates to the capital investment needed to meet the 2030 Net Zero objective, which is not yet fully identified. Funding has been secured for estate decarbonisation and funding opportunities continue to be sought and applied for.</p>			
Risk Reference	Risk Description	Current Score	Target
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets.	High (16)	Low (4)
<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, as well as a more detailed financial review due to be undertaken with check and challenge. Key projects are monitored and managed by the GET Directorate</p>			

Management Team.			
Risk Reference	Risk Description	Current Score	Target
GT0025	Capital Investment and Asset Management	Medium (15)	Medium (9)
<p>There is a risk of insufficient capital funding for Highway Asset Management and Infrastructure growth, as well as achieving Net Zero for the KCC estate by 2030 (cross-reference to GT0026 above).</p> <p>Actions are taking place to source additional capital funding with ongoing oversight within the directorate.</p>			
Risk Reference	Risk Description	Current Score	Target
GT0027	Failure of ICT systems	Medium (12)	Medium (12)
<p>The directorate is growing more reliant on information held electronically and would be impacted by staff being unable to continue working remotely due to equipment failure. Business Continuity Plans have been updated to include plans to mitigate against this risk and equipment is upgraded when available and necessary.</p>			
Risk Reference	Risk Description	Current Score	Target
GT0019	Delivery of in-year budget targets.	Medium (12)	Medium (9)
<p>As well as the medium-term financial challenges raised in GT0020 above, more immediate budget challenges exist in-year. Like other parts of the council, services in the directorate are being impacted by inflation, but also income volatility can be problematic for some services and some services such as Waste Management are demand-led. At the time of reporting to Cabinet in December 2022, the GET directorate was forecasting a revenue variance of £5.1m.</p>			
Risk Reference	Risk Description	Current Score	Target
GT0021	Services provided to the Directorate do not meet an acceptable standard	Medium (12)	Medium (9)
<p>The Directorate Management Team is continually liaising with KCC commissioners on any issues 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 liaison with corporate services to ensure they can provide expert advice at the right time.</p>			

3.2 In addition to the open risks on the directorate register, there are several risks being considered for inclusion on the directorate risk register as a result of recent Directorate Management Team discussions. These relate to:

- The need for difficult policy decisions to be taken in the challenging financial environment and associated impacts.

- Market capacity to sustain or meet growing demand and associated cost implications.
- Ensuring clarity of understanding, and adherence to, council governance arrangements.
- Dependency on partners for decisions taken at district level e.g., in relation to s106 monies.
- Implications arising from the need to make short term decisions relating to investment due to the current financial position, potentially hampering achievement of best outcomes.

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, examples of which currently includes those relating to:

- Shortage of HGV Drivers, bus Drivers and School Transport Personal Assistants
- Lack of clarity over potential legislative changes e.g., Resources and Waste Strategy
- Information governance arrangements
- Maintenance of community assets as well as parts of the KCC estates from where our services operate.
- Planning decisions at major planning enquiries
- Potential impacts on the environment from development.
- Cost of living price increases
- Ash Dieback and tree health

5. Recommendation

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

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