From: **Roger Gough, Leader of the Council**

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To: **Cabinet – 4th January 2024**

Decision No: **N/A**

Subject: **Corporate Risk Register**

Classification: **Unrestricted**

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

Future Pathway of Paper: **Governance & Audit Committee**

Electoral Division: ALL

Summary: This report updates Cabinet on the outputs from the latest, more formal review of KCC's corporate risk profile, including the 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 throughout the year 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 the Corporate Management Team, Cabinet Members and the Chair of the Governance & Audit Committee.

1.2 The review process has taken place against a backdrop of continued uncertainty in the local government operating environment, with the Council facing implications relating to geo-political factors, the cost-of-living crisis, broader economic volatility, workforce shortages and cost inflation. The financial challenges facing the sector are becoming ever-more acute, with several more local authorities declaring section 114 notices during the past year, and councils across the country giving warning of threats to their financial sustainability, particularly due to significant social care demand and cost pressures.

1.3 The risk register refresh process highlighted continued 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.

1.4 As part of the refresh, attention was paid to key themes arising from the Budget Recovery Plan, *Securing Kent's Future*, including Best Value, Risk Appetite and Partnerships.

2. Corporate Risk Register – review of criteria

2.1 It is not surprising that the Corporate Risk Register has grown significantly over the past few years given the challenging environment the Council is operating in. With an increasing number of risks and the majority of them still rated as High, it is important to review the criteria for what risks appear on the corporate risk register, and perhaps more importantly, the criteria for risks to come off the register (for example risks that are deemed to be at their "target" residual level and not rated as High). Any significant revisions or clarifications will be outlined in the council's Risk Management Policy & Strategy, which will be reviewed early in the New Year by the Governance & Audit Committee.

3. Corporate Risk Register - summary of changes

3.1 Ahead of the formal autumn refresh, three risks had been added to the register:

3.1.1 CRR0061: Care Quality Commission (CQC) Assurance Readiness (Medium)- As part of the Health and Care Act 2022 the CQC have new regulatory powers to oversee the quality and performance of both local authorities and Integrated Care Systems (ICS) using a single assessment framework alongside the existing inspection responsibilities they hold for providers of regulated activity. The CQC will apply the Local Authority Assurance Assessment framework and the review will focus on how well KCC is meeting its duties under Part One of the Care Act. KCC needs to prepare for, and adapt to, this new regulatory regime.

3.1.2 CRR0062: Provider failure (Adult Social Care) (Medium). The current social care system is under significant strain as a result of the challenging economic environment with increasing costs, inflationary pressures, increasing interest rates, rising energy costs, complexity of demand for services and constrained local authority budgets all having an impact on providers. There is a risk that one or more provider(s) is/are unable to continue to provide a service, or that

that they fail to do so to the required level or required quality standard. There is also the potential for providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.

3.1.3 <u>CRR0063:</u> <u>Capacity to accommodate and care for Unaccompanied Asylum-Seeking Children (UASC) (High)</u> – this risk re-entered the Corporate Risk Register in the summer of 2023 in light of a High Court Judgement meaning that a protocol between KCC and the Home Office to ensure KCC did not need to take more children than it could safely accommodate, could no longer be applied in its current form. This means that the Council is required to accommodate and look after all UAS children arriving into the County, pending transfer to other local authorities under the National Transfer Scheme. This presents numerous pressures on an already stretched service, and for the council as a whole. The risk is being reviewed again in light of latest developments from the High Court and KCC's legal action against the Home Office due to the deficiency of the National Transfer Scheme.

3.1.4 <u>CRR0064: Delivery of effective adult social care services (High).</u> This risk broadens the scope of the previous adult safeguarding risk, which it replaces, to acknowledge the risk of failing to deliver effective Adult Social Care services, with the council impacted by factors such as increasing demand (and cost of demand) for services, market factors, recruitment and retention of staff etc.

3.2 More recently, as a result of the refresh process, a number of changes have been proposed to the Corporate Risk Register, which are summarised below:

3.2.1 Three corporate risks that are now at their 'target' residual level are proposed to be delegated to directorate or divisional level, with an emphasis on the Risk Owner to escalate if the level of risk increases. These are:

- <u>CRR0004 – Simultaneous emergency response, recovery and resilience.</u> The Council has well established arrangements for these matters and is currently redesigning its resilience and emergency planning resources to ensure that more is available to support teams and services. KCC has also been engaging with the independent review of the Kent Resilience Forum. Work is in progress to ensure clarity of KCC's role, contribution and responsibilities as a partner within the KRF from April 2024 onwards. Providing these new arrangements do not increase the risk exposure, this risk can be removed from the corporate register in the Spring.

- <u>CRR0050 – CBRNe incidents, communicable diseases and incidents with a public health implication.</u> This risk was initially escalated from the Public Health register as the Coronavirus pandemic emerged and has now reduced to its target level. There is continued vigilance required in relation to Covid-19 and other communicable diseases, particularly during winter, therefore it is proposed that the risk is removed from the corporate register in April, provided no further concerns are raised. The risk can then be held on the Public Health risk register again and escalated by the Director of Public Health if necessary.

- CRR0001 – Safeguarding Vulnerable Children. There will always be a need for vigilance and no complacency regarding this risk. However, there are comprehensive controls in place that have received independent assurance. Therefore, it is proposed that unless the recent events regarding UAS children (see CRR0063) adversely impact this risk, it can be delegated to directorate level, with the emphasis on the Director of Children's Services to escalate to CMT if required.

3.2.2 CRR0057 – Home To School Transport Pressures. The predominant risk now relates to increases in costs for Home To School Transport (SEND and Mainstream). The risk was previously more focused on operational concerns in the wake of a major network re-tendering exercise, for which the Internal Audit function has conducted a lessons learned review. There is a question of whether this stays on the corporate register as a standalone risk, or whether the cost pressures and plans being progressed to mitigate them can be sufficiently covered in the budgetary corporate risks and the SEND delivery improvement and high needs funding shortfall risk.

3.3 A number of other revisions are planned to risks on the register to reflect their evolution. For example, greater emphasis is being put on supply chain threat and mitigations for the cyber security risk (CRR0014); and the governance risk (CRR0045) is to be reviewed and updated in light of the latest Annual Governance Statement, due to be presented to Governance & Audit Committee later in January.

3.4 More detail on the risks and their mitigations are contained in the Corporate Risk Register in appendix 1, which will be revised further with Risk Owners to take into account the revisions proposed above.

4. Monitoring and Review

4.1 The corporate risks led by each Corporate Director are presented to the relevant Cabinet Committees annually, alongside existing arrangements for presentation of directorate risks. This allows for more in-depth conversation and scrutiny of the risks and their management with the relevant Risk Owner and Cabinet Member present.

4.2 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.

4.3 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.

5. Conclusions

5.1 The refresh process has taken place against a continually challenging background in the Council's financial and operating environment. Many key themes arising last year are still valid, particularly the need to regularly prioritise (and de-prioritise where necessary) activity given the increasingly challenging risk environment and constraints such as workforce capacity.

5.2 The fact that a number of our corporate risks are not entirely within our gift to control or manage is demonstrated by the 'target' residual risk ratings that are listed against each risk. The majority of them are Medium or High ratings, which is indicative of the fact that even with further mitigation, the Council will have to accept holding significant levels of risk going forward.

5.3 Several of the programmes and projects within the Council's Strategic Reset Programme (SRP) aim to mitigate elements of our corporate risk profile. Therefore, it is important that there is visibility of any significant risks and issues that could affect their successful delivery. The Risk & Delivery Assurance function is working closely with the SRP Team and others to offer support, advice and guidance to these programmes as they progress, as well as assessing delivery risk.

5.4 As risks evolve and new risks emerge, there is the need to consider the continued effectiveness of controls and any further mitigations that may be required.

5.5 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.

6. Recommendation

6.1 Cabinet Members are asked to NOTE the report.

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