

From: Roger Gough, Leader of the Council
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To: Governance and Audit Committee – 23rd January 2025

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes, in addition to more regular updates throughout the year, given the challenging risk environment that the Council is operating within.

This report includes a summary of key points raised from the recent, more formal, refresh of the Corporate Risk Register, which was presented to Cabinet on 9th January 2025.

FOR ASSURANCE

1. Background

- 1.1 The Corporate Risk Register 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.
- 1.2 The Council, along with the local government sector as a whole, continues to operate in the midst of an extremely challenging operating environment, experiencing significant uncertainty and organisational pressures.
- 1.3 The risk landscape is always evolving. During the course of the past few months, several additional events occurred, including the new Government's first Autumn Budget Statement, the delay to the introduction of the European Union's Entry / Exit System (EES) and subsequently, the publication of the English Devolution White Paper and provisional Local Government Finance Settlement, which all need to be factored in to KCC's risk profile.
- 1.4 Recent conversations with Corporate Management Team and Cabinet Members have 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.

- 1.5 As part of the refresh, particular attention was paid to key themes such as budgetary pressures; partnerships and local "system-based" risks; senior level continuity; workforce pressures; and asset management.
- 1.6 Several positive developments were highlighted that demonstrated risks being managed well, including the work to support and accommodate unaccompanied asylum seeking children; independently recognised improvements in delivery of the Special Educational Needs and Disabilities (SEND) agenda; coping with home to school transport pressures; and taking some difficult decisions to support the financial sustainability of the Council.

2. Corporate Risk Register summary

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in May 2024, with several verbal updates received at subsequent meetings, as well as the Corporate Risk Register summary being uploaded to the Governance & Audit Committee MS Teams site in November 2024. Regular risk updates have continued throughout the year to Corporate Board and senior management forums.
- 2.2 Cabinet received an update on the Corporate Risk Register on 9th January 2025. At that meeting, Cabinet (subsequent to debate at an Extraordinary County Council meeting that morning), agreed to apply to join the Devolution Priority Programme, submitting a joint response with Medway on the 10th January. Once Government's decision is known and any more detail on arrangements comes to light, the council's risk profile will be regularly reviewed to ensure it reflects the implications arising and that any transition risks are identified and managed. This will inevitably involve reviewing risks alongside local partners affected by any changes.
- 2.3 Changes to the risk register since last reported to this Committee are summarised below:

NEW RISK

- 2.4 CRR0065: Implementation of Oracle Cloud Programme. This is a critical programme for the organisation, replacing the current outdated infrastructure. It is a large and complex programme, which carries with it significant inherent risk. There have been reports in the public domain about other implementations that have been fraught with difficulties, so it is important that this organisation-wide risk features on the Corporate Risk Register for visibility and that the programme demonstrates robust governance, change and

programme management, especially at a time where organisational capacity is stretched, with several major change activities in train.

WITHDRAWN RISK

- 2.5 CRR0061: Care Quality Commission (CQC) Assurance has been removed from the corporate register for now, reflecting the fact that the first inspection under the Local Authority Assurance Assessment Framework took place at the end of September. This risk will be reviewed again once the outcome is known, as this will indicate whether there are further risks to be captured and at what level within the organisational hierarchy.

DE-ESCALATED RISK

- 2.6 Ahead of the formal refresh, the risk relating to potential unidentified Reinforced Autoclaved Aerated Concrete (RAAC), CRR0060, had already been removed from the corporate risk register, although a risk will remain at Infrastructure divisional level that relates to potentially unsafe building materials that require investigation, rather than focusing on specific defective materials.

RISK REDUCTION

- 2.7 CRR0063: Capacity to accommodate and care for Unaccompanied Asylum-Seeking Children (UASC). This is an area of risk where significant progress has been made to reduce the level of risk faced by the Council, working in partnership with external agencies such as the Home Office and Department for Education. Now that funding agreements are in place, accommodation has been sourced to receive those coming into our care, and improvements in the operation of the National Transfer Scheme (NTS) are being experienced, the risk rating has been reduced from High to Medium. However, it is recognised that certain factors e.g. volumes arriving in Kent and ongoing effectiveness of NTS, are still outside of the Council's direct control and will therefore require continued vigilance.
- 2.7.1 CRR0042: Border fluidity, infrastructure, and regulatory arrangements. The risk has reduced slightly from its maximum rating (although still High) due to the significant work that has been undertaken to plan for service impacts on KCC and providers, as well as the Council contributing to the work of the Local Resilience Forum with partners in preparation for the previous implementation date of 10th November 2024. KCC continues to work on preparedness and awaits further information on any revised implementation date and approach, which will instigate a further review of this risk.

REVISED RISKS

- 2.8 CRR0052: Adaptation of KCC Services to Climate Change impacts. The Council has recently adopted its Adaptation plan, which was the main mitigation previously listed against this risk. Successful delivery of the plan will not be without risk, particularly as it will rely in part on securing external funding, as well as being delivered by staff across the organisation that are required to embed the work into their day-to-day operations in a time of considerable resource constraint. The Adaptation Plan has a 3-year time horizon, which has precipitated a review of the risk and its rating, which now stands at Medium level.
- 2.8.1 CRR0056 SEND Delivery Improvement and High Needs Funding shortfall. This risk encompasses delivery of improvements identified in previous SEND inspections and outlined in the SEND Improvement Notice, as well as the funding challenges faced by KCC (and the sector more broadly) relating to the shortfall in High Needs funding. While it has made sense previously to combine the two aspects due to the intrinsic link between them, there are different drivers for the risks, and also different ratings. From an improvement perspective, there is significant progress being made, evidenced by the Improvement Notice being removed, but financial concerns and the imperative of meeting Safety Valve targets are still prevalent in their own right. Therefore, the two elements will be separated out for future reporting.
- 2.8.2 CRR0053: Capital Programme Affordability (impacts on assets, performance and statutory duties) – the refresh conversations re-emphasised the fact that funding of the capital programme is an issue and a source of risk rather than a risk in itself. Much of the focus was understandably on asset management and degradation of assets over time, whether that relates to the KCC property estate, or community based assets such as highway infrastructure. Therefore, the risk has been retitled and rearticulated to reflect that.
- 2.9 A risk has been drafted for entry onto the Integrated Commissioning divisional risk register in Adult Social Care and Health relating to the four major contracts currently progressing through the commissioning process, totalling over £600m in current spend. It focuses on risk of not delivering the required activity within expected timescales. Given the scale of spend and challenges associated with the recommissioning activity, there is the potential for the risk to feature on the corporate risk register, if the delivery risk is deemed to be high.
- 2.10 Several risks remain at their maximum ratings, including those relating to the financial and operating environment of the council (CRR0009); significant failure to bring forecast budget overspend under control within budget level assumed (CRR0059); and sustainability of the social care market (CRR0015). Particular concerns have been raised regarding the latter risk, with the Budget Statement announcement of increases in employer National Insurance contributions and the National Living Wage impacting on social care providers.

2.11 The Council's Risk Management Policy & Strategy states, "*Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.*" Therefore, the Committee may wish to consider whether any corporate risks, or mitigating controls require more in-depth review for assurance purposes.

2.12 The Corporate Risk Register is attached in appendix 1, along with headline details of directorate risks at appendix 2.

3. Monitoring and Review

3.1 The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported to Cabinet quarterly via the KCC Quarterly Performance Report.

4. Recommendation

4.1 The Governance and Audit Committee is asked to:

a) NOTE the report for assurance.

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Corporate Risk Register - Summary Risk Profile – January 2025

Low = 1-6 Medium = 8-15 High =16-25

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Summer 2024
CRR0009	Future financial and operating environment for local government	High (25)	High (16)	↔
CRR0053	Asset Management and Degradation and associated impacts, linked to Capital Programme affordability.	High (25)	High (16)	Revised Risk
CRR0056	SEND Delivery Improvement and High Needs Funding shortfall <i>(NOTE: Risk assessment to be split between delivery improvement and funding)</i>	High (25)	High (16)	↔
CRR0015	Sustainability of the social care market	High (25)	Medium (15)	↔
CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)	Medium (9)	↔
CRR0014	Cyber and information security resilience	High (20)	High (20)	↔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	DECREASE
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (20)	High (16)	DECREASE
CRR0064	Delivery of Effective Adult Social Care Services	High (20)	Medium (15)	↔

CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (20)	Medium (10)	↔
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	↔
CRR0039	Information Governance	Medium (15)	Medium (9)	↔
CRR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	Medium (12)	Medium (12)	DECREASE
CRR0052	Adaptation of KCC Services to Climate Change impacts	Medium (12)	Medium (9)	REVISED RISK
CRR0049	Fraud and Error	Medium (10)	Low (5)	↔
CRR0065	Implementation of fit-for-purpose Oracle Cloud System	Medium (10)	Low (5)	NEW

*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore, there will be some 'gaps' between risk IDs.

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.

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)