

From: Brian Collins, Deputy Leader of the Council  
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To: Governance and Audit Committee – 3<sup>rd</sup> July 2025

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

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

## **FOR ASSURANCE**

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### **1. Background**

- 1.1 Under the Accounts and Audit Regulations 2015, the Council must ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk.
- 1.2 The Corporate Risk Register contains the risks deemed most significant to the authority's ability to achieve its objectives and fulfil its statutory duties. The risks are owned by members of the Corporate Management Team. The 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.
- 1.3 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.
- 1.4 The risk landscape is always evolving and will continue to be monitored. For instance, the Government's Spending Review, announced on 11<sup>th</sup> June, has outlined the overall spending envelope for the local government sector from next year, although it will not be until the provisional local government finance settlement is announced at the end of 2025 that further detail will be available. An important, associated element will be the outcome of the current consultation on local government funding reform.
- 1.5 The local government sector also urgently requires clarity on how Government intends to address billions of pounds in accumulated local

authority deficits linked to services for children with special educational needs and disabilities (SEND), which threatens the financial stability of councils. The statutory override that keeps deficits off councils' balance sheets was set to expire at the end of March 2026, but has now been extended to March 2028.

- 1.6 In addition, KCC is working with district councils across Kent, as well as Medway Unitary Authority, to progress a business case for local government reorganisation.

## **2. Corporate Risk Register summary**

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in January 2025. Regular risk updates to senior management have continued throughout the year.
- 2.2 The register contains 18 risks, 13 of which are rated as 'High'. Changes to the risk register since last reported to this Committee are summarised below:

### **NEW RISK**

- 2.3 CRR0066 – Adult Social Care and Health (ASCH) Directorate Recommissioning Programme. It was previously reported to this Committee that a risk relating to the four major contracts currently progressing through the commissioning process, totalling over £600m in current spend, had been added to the Integrated Commissioning divisional risk register in the Adult Social Care and Health (ASCH) directorate. The risk focuses on potential non-delivery of required activity within expected timescales. Given the scale of spend and rating of the risk as High, it has been escalated to the Corporate Risk Register, although at time of report compilation, the commissioning activity is meeting key programme milestones.

### **RISK REDUCTION**

- 2.4 CRR0059 – Risk of significant adverse variance to the level of savings and income agreed in KCC's budget. Achieving the legal obligation to set a balanced budget has proved increasingly challenging in recent years for councils. The KCC Corporate Director for Finance's section 25 assurance statement to County Council in February 2025 outlined the considerable risks facing the authority in delivering a balanced budget due to a number of factors including the current economic environment, the single year finance settlement for local government, the scale of savings required, and the growing demands on core statutory services. Therefore, there is a critical dependency that all of the measures set out in the draft budget and medium term plan, including delivery of savings, managing growth, minimising borrowing, and maximising council tax increases and precepts, are implemented to ensure the Council

continues to demonstrate financial sustainability. All budget savings proposals underwent extensive scrutiny before the budget was approved, and monitoring processes are in place to detect any concerns. Consequently, the risk rating has been brought down from its previous maximum level, although still High.

## REVISED RISKS

- 2.5 CRR0068 - Delivery Against Safety Valve Agreement and CRR0067 – SEND Delivery Improvement. While there was a strong rationale previously to combine the aspects of SEND improvement and High Needs Funding Block deficit, these have now been separated across two risks in order to reflect their evolution and differentiate between their current risk profiles. Significant progress is being made from a SEND improvement perspective, 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.
- 2.6 Risk CRR0042: Border fluidity, infrastructure and resilience (in relation to the introduction of the EU's Entry / Exit System) is to be reviewed in the coming weeks, as updated scenario modelling data from central government is due to be received. This will allow KCC and partners to assess and adjust preparations, including training exercises as necessary, ahead of scheduled implementation from November 2025. There is continued focus on ensuring KCC services are reviewing their business continuity plans in the run up to implementation. A phased implementation approach may well enable the rating of this risk to be reduced.
- 2.7 CRR0052: Adaption of KCC to climate change impacts. This risk has been revised to ensure it relates to the adaptation of the services the Council provides to short, medium and long-term impacts of a changing climate and the need to embed environmental considerations in our operating model to ensure resilience.
- 2.8 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.
- 2.9 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 – June 2025

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

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Jan 2025
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)	⇔
CRR0015	Sustainability of the social care market	High (25)	Medium (15)	⇔
CRR0014	Cyber and information security resilience	High (20)	High (20)	⇔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	⇔
CRR0064	Delivery of effective Adult Social Care services	High (20)	Medium (15)	⇔
CRR0042	Border fluidity, infrastructure and resilience	High (20)	Medium (12)	⇔
CRR0068	Delivery against Safety Valve Agreement	High (20)	Medium (12)	REVISED RISK
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (16)	Medium (10)	⇔

CRR0059	Risk of significant adverse variance to the level of savings and income agreed in KCC's budget.	High (16)	Medium (9)	DECREASE
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	↔
CRR0066	Adult Social Care recommissioning programme	High (16)	Medium (8)	NEW RISK
CRR0052	Adaptation of KCC Services to climate change impacts	High (16)	Medium (12)	REVISED RISK
CRR0039	Information Governance	Medium (15)	Medium (9)	↔
CRR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	Medium (12)	Medium (12)	↔
CRR0067	SEND Delivery Improvement	Medium (12)	Medium (8)	REVISED RISK
CRR0049	Fraud and Error	Medium (10)	Low (5)	↔
CRR0065	Implementation of fit-for-purpose Oracle Cloud System	Medium (10)	Low (5)	↔

\*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.

NOTE: 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)

