

From: Brian Collins, Deputy Leader
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To: Cabinet – 8th January 2026

Decision No: N/A

Subject: Corporate Risk Register

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: Governance & Audit Committee – 28/01/26

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 is 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 and Cabinet Members.
- 1.2 Once again, the review process has occurred in the midst of a challenging and uncertain operating environment, with KCC, along with the local government sector as a whole, experiencing significant uncertainty and organisational pressures.
- 1.3 The risk landscape is always evolving. During the course of the process, several additional events have occurred, including: the Government's Autumn Budget Statement; the phased introduction of the European Union's Entry / Exit System (EES) on 12th October; submission to Government of business

cases for local government reorganisation in two-tier areas; the Government's Fair Funding review; the provisional local government finance settlement was released in mid-December; and the County Council has approved its new Strategic Statement. All of these events are being factored in to KCC's risk profile.

- 1.4 There has been 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.

2. Corporate Risk Register - summary of changes

- 2.1 There are 18 risks on the corporate risk register, plus one draft risk. The main changes to the register since last reported to Cabinet are summarised below:

NEW RISK

- 2.2 CRR0066: ASCH Recommissioning Programme: A risk was escalated to the corporate risk register early in 2025 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 importance of delivering the required outcomes to an affordable level, the risk now features on the corporate risk register.

INCREASED RISK

- 2.3 CRR0059: Risk of significant adverse variance to the level of savings and income agreed in KCC's budget. The risk rating remains High and had previously reduced during Spring from the maximum rating after the County Council set its budget in February. However, latest financial monitoring has shown a significant in-year forecast overspend, mostly in the Adult Social Care and Health directorate, therefore the rating has increased back up to the maximum level.

RISK REDUCTION

- 2.4 CRR0042: Border fluidity, infrastructure, and regulatory arrangements. The EU's Entry / Exit System (EES) was introduced on 12th October 2025. KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. The risk rating

had previously reduced once it was clear that a phased approach would be employed by the EU and further scenario modelling had been conducted at national level. EES checks commenced at a 10% level starting with freight traffic, and are scheduled to increase to 100% checks for all traffic over the coming months. The risk rating on day one of implementation was assessed as Low, although January sees the introduction of EES checks for passenger traffic, which increases the likelihood of longer queues at channel ports and therefore the current risk rating has been increased to Medium. This will be regularly reviewed as the percentage of checks increases. The risk will stay on the corporate register until at least that point.

- 2.4.1 CRR0045 – maintaining effective governance and decision-making in a challenging financial and operating environment. The risk rating had reduced in early 2025 due to progress being made against recommendations from previous external auditor reports. The risk has been revised further to take account of the most recent KCC Annual Governance Statement.

REVISED RISK

- 2.5 CRR0009 – Future Financial and Operating Environment for Local Government. The Government has announced a multi-year settlement to run from 2026-27 to 2028-29. This is part of the Fair Funding Review 2.0. Details of the settlement for local authorities were due to be announced in the provisional local government finance settlement, which at time of writing was expected imminently. This risk, and any others of relevance, will be reviewed once these details are known and have been analysed.

DRAFT RISK

- 2.6 CRR0069: Local Government Reorganisation (LGR). The Council has a dedicated committee for Devolution and LGR that has been providing space for debate about the LGR process. This has highlighted risks, issues and opportunities. An LGR corporate risk has been drafted to capture the key risks from a KCC perspective at this stage and will be regularly reviewed as the process moves forward.
- 2.7 More detail on the risks and their mitigations are contained in the Corporate Risk Register in appendix 1, with the draft corporate risk on LGR in appendix 2.

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. This allows for more in-depth conversation and scrutiny of the risks and their management with the relevant Risk Owner and Cabinet Member present.

- 3.2 The detailed 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 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.
- 4.2 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.
- 4.3 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 works 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.
- 4.4 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.
- 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 is asked to NOTE the report.

Appendices:

Appendix A - Corporate Risk Register - Summary Risk Profile – December 2025

Appendix 1 - KCC Corporate Risk Register

Appendix 2 – Draft Risk

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