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To: Governance and Audit Committee – 28th January 2026

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes.

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, continues to operate amid an extremely challenging operating environment, 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. KCC has also published its draft budget for 2026-27 and Medium-Term Financial Plan 2026-2029. These events are being factored into 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

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in July 2025, with a verbal update received at the October meeting. Regular risk updates have continued throughout the year to senior management forums.
- 2.2 Cabinet received an update on the Corporate Risk Register on 8th January 2026.
- 2.3 Changes to the risk register since last reported to this Committee in July 2025 are summarised below:

INCREASED RISK

- 2.4 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, 2025-26 financial monitoring to date has shown a significant in-year forecast overspend, mostly in the Adult Social Care and Health directorate, therefore the rating was increased back up to the maximum level.
- 2.5 CRR0068: Delivery Against Safety Valve Agreement. This risk was already rated as High on the Corporate Risk Register. However, with the Council no longer on target to eliminate the in-year deficit, or to clear the accumulated deficit from previous years, by the end of current Safety Valve Agreement in 2027-28, the risk has been raised to the maximum rating. The draft 2026/27 budget risk register highlights that the DSG accumulated deficit at the end of 2025-26 is forecast to be approximately £135m, with an in-year deficit of over £65m. Whilst Government have indicated they intend to provide additional assistance for those local authorities that cannot manage within their local resources, this is not a guarantee, therefore there continues to be a significant risk to the Council.

DE-ESCALATED RISK

- 2.6 CRR0063 – Capacity to Accommodate and care for Unaccompanied Asylum Seeking (UAS) Children. The risk has been at its target level for over twelve months and the latest review highlighted that the situation continues to be managed. Therefore, the risk has been de-escalated to CYPE directorate level for future monitoring.

RISK REDUCTION

2.7 CRR0068: SEND Delivery Improvement. The risk focuses on the sufficiency of improvement by KCC in areas identified by Ofsted in previous inspections and the demonstration of continued progress against the Accelerated Progress Plan (APP). The council has been making continued progress in this area, which has been acknowledged by the Department for Education, who are monitoring Kent's improvement journey. Therefore, the risk has been reduced to its 'target' residual level.

2.7.1 CRR0009: Future financial and operating environment for Local Government.

The 2026-27 budget and the medium term to 2028-29 are likely to continue to be exceptionally challenging and will require further spending reductions and/or income generation and ultimately difficult decisions over Council Tax rates. Even though overall net cash is increasing, this is not sufficient to keep pace with forecast spending demands. Central Government have re-introduced a multi-year settlement covering 2026-29 and the risk rating has been reduced to reflect this. However the overall amount of funding from central government and local taxation continues to be less than spending pressures, while there is also no certainty that additional central government funding to address spending pressures in social care will be clearly identified in future settlements, adding additional demands on core funding. The risk therefore remains at a High level.

2.7.2 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.

DRAFT RISK

2.8 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.

- 2.9 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.
- 2.10 The Corporate Risk Register is attached in appendix 1, with the draft LGR risk in appendix 2. A listing of recent committee items relevant to corporate risks are in appendix 3, while headline details of directorate risks are in appendix 4.

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 2026

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

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Summer 2025
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)	↔
CRR0068	Delivery against Safety Valve Agreement	High (25)	Medium (12)	Increase
CRR0059	Risk of significant adverse variance to the level of savings and income agreed in KCC's budget.	High (25)	Medium (9)	Increase
CRR0014	Cyber and information security resilience	High (20)	High (20)	↔
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	Decrease
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)	↔
CRR0052	Adaptation of KCC Services to the impacts of a changing climate	High (16)	Medium (12)	Revised Risk

CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	↔
CRR0066	Adult Social Care recommissioning programme	High (16)	Medium (8)	↔
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (16)	Medium (8)	↔
CRR0039	Information Governance	Medium (15)	Medium (9)	↔
CRR0067	SEND Delivery Improvement	Medium (8)	Medium (8)	Decrease
CRR0049	Fraud and Error	Medium (10)	Low (5)	↔
CRR0065	Implementation of fit-for-purpose Oracle Cloud System	Medium (10)	Low (5)	↔
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	Medium (9)	Low (6)	Decrease
CRR0069	DRAFT RISK: Implementation of Local Government Reorganisation	Medium (15)	Medium (10)	

*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)