Appendix K: Budget Risks Register 2026-27

TOTAL £m	410.3	353.5

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
Significant Risks (over £10m)							
CYPE	High Needs Spending	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers. Whilst the Government have indicated Local Authorities will not be expected to top-up future SEN cost from the General Fund from 2028-29. This is contingent on Local Authorities being able to demonstrate they are taking steps to move to a financially sustainable position (presumably within reformed grant funding). The Council is currently part of Safety Valve programme, the Government's previous initiative to support Local Authorities to manage the system more effectively in return for additional funding to support paying off accumulated deficits.	The Council's actions fail to deliver the planned reduction in the in-year deficit for supporting children with high needs, resulting in a higher accumulated deficit, outside of the Government's future expectations. While progress in 2022–23 and 2023–24 was positive and ahead of target, 2024–25 and 2025-26 has been more challenging. The Council is 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 DSG accumulated deficit at the end of 2025-26 is forecast to be around £135m with an in-year deficit of over £65m. This shortfall is due to a combination of rising prices, continual demand for more specialist provision and increased demand for financial support in mainstream schools. The Government have not confirmed whether future Safety Valve payments will continue in line with the original agreement or the value of any future financial assistance to cover either historic or future overspends. Therefore, if satisfactory plans to deliver compensating savings cannot be achieved and/or these pressures persist in future years, the Council is still at risk that when the statutory override ends in March 2028 the Government could deem the Council's plans as insufficient. This could mean any future funding from central government may not be sufficient to clear any outstanding balances, with the outstanding deficit needing to be reflected in the Council's accounts in 2028–29.	The Department for Education may withhold its contribution towards the accumulated deficit and/or the increased overspend may leave a residual deficit. Current government policy requires the total deficit on the schools' budget to be carried forward and does not permit authorities to offset amounts above those included in the Safety Valve agreement from general funds without explicit approval from the Secretary of State. 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 continues to pose a significant risk to the Council. If the statutory override is removed and no additional funding is provided to clear the residual deficit, the accumulated deficit will form part of the Council's accounts, potentially preventing the Council from setting a balanced budget.	4		238.5
ASCH	Adult Social Care and Health (ASCH) Financial Sustainability and Strategy Risks	ASCH remains the single largest financial risk to the Council, with historic overspends exceeding £45m in 2024–25 and £49.7m forecast for 2025–26 (Q3 forecast). Pressures arise from rising demand and complexity, market fragility, workforce shortages, and inflationary cost drivers. To address the budget gap for 2026–27, ASCH has adopted a new strategy focused on reducing growth through measures such as limiting provider price uplifts (0–3.6%), resisting demand growth, and securing additional income. While this approach aims to stabilise finances, it introduces risks around provider sustainability, service capacity, and delivery of statutory duties.	The strategy may not deliver the planned savings if demand continues to rise, providers exit the market, or legal challenges occur. Reduced fee uplifts could exacerbate recruitment and retention issues, leading to contract hand backs and higher-cost placements. Failure to achieve savings or manage demand will result in significant overspends and increased reliance on reserves, which are already insufficient.	Persistent overspends in ASCH will severely constrain the Council's ability to set a balanced budget, requiring reductions in other services or emergency measures. Market instability could increase costs and reduce service quality, while failure to meet statutory duties risks legal challenge and reputational damage. Overall, this represents one of the most critical threats to the Council's financial resilience in 2026–27.	4	68.0	

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Non-Delivery of Agreed Savings and Income	Delays or failure in delivering agreed savings and income targets due to changes in circumstances, operational challenges, or external factors. This includes slippage on planned savings programmes and inability to implement cost reduction measures at the expected pace.	Inability to progress with plans to generate savings or additional income as scheduled, resulting in shortfalls against the Medium-Term Financial Plan.	Overspend on the revenue budget, requiring alternative compensating in-year savings or temporary unbudgeted funding from reserves. Persistent under-delivery creates recurring budget pressures for future years.	4	57.6	
ALL	Future Financial Sustainability and Reserves Resilience	The Council's financial resilience is under pressure due to repeated overspends, rising demand-led costs, and uncertainty over future funding settlements. Current forecasts indicate that general reserves could fall below the Council's preferred minimum of 5%. This position reflects the cumulative impact of prior year overspends met from the General Reserve, in-year overspends, slippage on savings, and reliance on one-off measures.	If reserves continue to be drawn down to cover budget gaps without required replenishment, the Council will have insufficient capacity to manage future financial shocks or unforeseen pressures.	Reduced reserves weaken the Council's ability to absorb risk, fund transformation, and maintain financial stability. This increases vulnerability to external funding changes and demand growth, and may require significant corrective action in future years.	4	50.0	
GET	Ageing Waste Infrastructure and Insufficient Capacity to Meet Growth Demands	Several of KCC's Household Waste Recycling Centres (HWRCs) and Waste Transfer Stations (WTSs) are life-expired (35–40 years old) and require major repair, replacement, or reconfiguration. District Local Plan housing targets and population growth will increase waste volumes, creating capacity pressures. While Council Tax income covers inflation, demographic tonnage increases, and legislative changes, it does not provide for upgrading or building new or enlarged facilities. Additional investment would require significant capital borrowing.	KCC may fail to secure sufficient Section 106 developer contributions and be forced to fund the replacement or upgrade of existing facilities, as well as construct new sites to accommodate increased housing and population. If funding is not secured, more waste will need to be processed at the Allington Energy from Waste plant, which has among the highest gate fees in Kent. This approach conflicts with the waste hierarchy, which prioritises recycling, processing, and diversion to more efficient disposal methods.	The Council may need to provide full or match funding for new or reconfigured sites, resulting in additional borrowing and associated financing costs, which would place further pressure on the revenue budget.	4		50.0
ASCH	2025-26 potential overspend impact on reserves	Significant in-year overspend in Adult Social Care for 2025–26, currently forecast at £49.7m (Q3), driven by undelivered savings, higher-than-forecast demand and complexity, and market fragility.	If the recovery plan does not succeed in reducing the overspend by year-end, the shortfall will need to be met from reserves, significantly reducing financial resilience.	Insufficient reserves will remain to manage risks in 2026–27 and beyond, increasing the likelihood of emergency measures or statutory intervention. Persistent overspends will also create structural budget gaps for future years.	4	49.7	

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET/DCED	Impact of Policy Change and Reduced Government Funding for Net Zero Initiatives	KCC has formally withdrawn its commitment to deliver Net Zero targets for 2030 and 2050 and no longer recognises a Climate Change Emergency. This coincides with a shift in Government policy on Net Zero funding: previously, the Public Sector Decarbonisation Scheme (PSDS) funded up to 100% of costs with minimal (0–20%) match funding. Current requirements now demand at least 50% match funding, which would require significant KCC resources.	Government may introduce punitive measures or financial penalties for failing to meet national Net Zero targets. Alternatively, KCC may need to provide substantial match funding to deliver these targets, despite the absence of budget provision.	The Council could face significant unbudgeted costs either through penalties or by having to allocate match funding for capital projects. This would require borrowing or use of reserves, increasing revenue costs and adding to the financing budget, which is currently unaffordable. If funding cannot be secured, KCC may need to seek alternative compliance measures, which could also incur costs.	4		30.0
ALL	Local Government Reform – Pre-Implementation Costs	Local Government Reform is expected to require significant preparatory work before implementation. At this stage, no budget provision has been made for pre-implementation costs, which are likely to be incurred over several years and could be substantial.	If pre-implementation costs arise without allocated funding, the Council will need to identify unplanned resources or divert funds from other priorities, creating additional financial pressure.	Unbudgeted expenditure could weaken financial resilience and increase the risk of overspends or the need for emergency measures. This may also delay preparatory work, impacting the Council's ability to meet statutory deadlines for reform.	4	30.0	
ALL	Failure to Replace One-Off Measures with Sustainable Alternatives	Reliance on one-off measures, such as use of reserves or temporary funding solutions, without identifying and implementing permanent alternatives. This risk is heightened by the scale of one-off solutions used in recent budgets to balance the position.	Inability to replace one-off measures with sustainable base budget savings or income streams, leaving a structural gap in the budget.	Future years' budget planning start with an underlying deficit, increasing the risk of significant savings requirements, service reductions, and potential failure to set a balanced budget.	4	25.0	
ALL	Demand & Cost Drivers	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Non inflationary cost increases (cost drivers) continue on recent upward trends particularly but not exclusively in adult social care, children in care and home to school transport above the current MTFP assumptions and the Council is not able to supress these	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	10.0	
CYPE	Market Sustainability	Availability of suitable placements for looked after children.	Continued use of more expensive placements, where it is difficult to find suitable placements as no suitable alternative is available.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	10.0	
CYPE	Home to School Transport	Lack of suitable local education placements for children with Special Education Needs	Parents seek alternative placements outside of their locality requiring additional transport support	Additional transport costs incurred resulting in an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves and potential recurring budget pressure for future years; or seek to demonstrate that the available local placements are suitable for the child's needs	3	10.0	

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
Other Risks (under £10m - individual amounts not included)						**100.0**	**35.0**
DCED	Oracle Cloud Programme – Cost and Timescale Overruns	The implementation phase of the Oracle Cloud Programme (formerly Enterprise Business Capabilities) is experiencing cost pressures and potential timescale overruns. Current forecasts indicate an overspend of £4.9m, with the total estimated overspend at risk of increasing should there be further slippage to the programme schedule. Approximately £2.5m of this is expected in 2026–27.	Unforeseen or higher-than-budgeted costs continue to arise due to delayed go-live or during implementation, exceeding the reserve set aside for the project.	Additional unfunded costs beyond the allocated reserve could lead to financial pressure. However, mitigating actions are in place: Current overspends are being funded from reserves and underspends within IT base budgets. Additional costs not reported to the Oracle Cloud Programme Board are expected to be funded from the IT reserve and therefore have not been included in the MTFP for 2026–27. The programme team is actively monitoring costs and implementing controls to minimise further overruns.	5		
ALL	Increasing Development Appeals and Associated Cost Pressures	There is a growing number of viability challenges to both strategic and smaller developments, leading to an increase in planning appeals.	Appeals create significant cost pressures due to additional legal fees and the diversion of staff resources for preparation and response. This includes time for case preparation, drafting, court attendance, reviewing determinations, and responding to outcomes, alongside further legal costs. Currently, there is no agreed process for allocating these additional legal fees, although GET is developing a proposal for Corporate Management Team (CMT) approval. No service has budget provision for these escalating costs, which are increasing in line with viability challenges.	Additional unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves. This may also create a recurring budget pressure in future years if the trend continues. Mitigation includes continuing to defend appeals robustly to protect the Council's position, funding unavoidable costs from reserves in the short term, and considering the inclusion of ongoing pressures in the MTFP for future years.	5		
DCED	Aborted Property Strategy Costs	The Council's Property Accommodation Strategy requires significant upfront investment in feasibility studies, design work, compliance upgrades, and enabling works for both temporary and permanent office solutions. There is currently no dedicated funding for abortive costs, and the Council does not hold sufficient reserves to absorb them, meaning any write-off would directly impact the revenue budget.	The accommodation strategy has been revised, and abortive costs for professional fees, compliance works, and preparatory activities will need to be paid. These costs are no longer speculative and will be charged to revenue.	Abortive costs will create an unplanned pressure on the General Fund, reducing financial resilience and potentially requiring compensatory savings or temporary funding from reserves. However, costs will be funded from the abortive costs reserve, reducing the immediate impact on the revenue budget.	5		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
DCED	Sessions House Decant and Building Reliability	Following the decant from Invicta House, staff are now accommodated in Sessions House, a listed building with ageing infrastructure and life-expired systems. While compliance works have enabled temporary occupation, critical elements such as lifts, heating, and hot water systems remain vulnerable to failure. The building's listed status limits modernisation options, and alternative evacuation procedures are in place due to non-fire-rated lifts. The cost of restoring Sessions House has been RAG-rated: Red risks (£4m) – essential works that will happen and are included in the Capital Plan. Amber risks (£16m) – not currently budgeted; include potential critical failures (e.g., boiler system) that could become urgent if machinery expires. Green risks – not included in the risk register. Amber risks could escalate to red over time.	Failure of essential building systems or compliance issues could require urgent remedial works or temporary relocation of staff. Amber-rated risks, if realised, would create significant unbudgeted costs and operational disruption.	A major failure could result in service disruption, health and safety risks, and additional expenditure beyond the approved capital allocation. This may require drawing on reserves or diverting funds from other priorities. However, mitigating actions are in place to manage exposure.	4		
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4		
ALL	Council Taxbase & Collection Fund assumptions	Collection authorities assume lower collection rates (increased bad debts) and/or change local discretionary discounts/premiums	Reduced council tax funding continues into 2027-28 and beyond	The existing smoothing reserve earmarked for this is insufficient to cover the ongoing base shortfall beyond 2026-27	4		
ALL	Full year effect of current overspends	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Increases in forecast current year overspends on recurring activities resulting in higher full year impact on following year's budget than included in current plan meaning services would start the year with an existing deficit (converse would apply to underspends). This risk is less significant than in previous year budget risk register due to a lower amount of base budget changes required in 2025-26 draft budget compared to 2024-25 budget	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4		
GET	Financial Pressure from Increased ENCTS and Kent Travel Saver Journey Levels	ENCTS journeys declined significantly during the pandemic, leading to budget reductions of £3.4m in 2022–23 and £1.9m in 2023–24. If patronage returns to pre-COVID levels, this would create a £5.3m budget shortfall. As this is a national scheme, KCC must reimburse operators.	Journey levels exceed revised budget assumptions, creating financial pressure. Towards the end of 2024–25 and into 2025–26, patronage increased, resulting in an unbudgeted overspend of £1.3m, which is being realigned in the 2026–27 budget. If pre-COVID activity resumes, this could lead to an annual pressure of around £4m, compounded by operator appeals over reimbursement factors and rising fare costs. Current Medium-Term Financial Plan (MTFP) provisions may be insufficient.	Additional unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves. If current activity and pricing trends persist, this may create a recurring budget pressure in future years.	4		
GET	Absence of a Fully Funded Highways Asset Management Plan – Growing Maintenance Backlog and Risk of Critical Failures	KCC has a costed highways asset management plan, but funding remains static and does not keep pace with inflation, reducing purchasing power year on year. This underinvestment creates a 'managed decline' scenario, adding to the maintenance backlog and preventing proactive works. Steady-state principles require annual inflationary uplifts of around £3.5m to maintain current levels of activity, yet these are unfunded. In addition, the lack of sufficient capital investment is driving revenue pressures from reactive works and urgent Category 1 defects, including sinkholes, road collapses, and structural failures. While some bids for additional capital funding have been partially met, significant risks remain unfunded, accelerating deterioration across the network.	Without adequate funding and a comprehensive plan, preventative maintenance will continue to reduce, increasing the likelihood of major defects and failures. Reactive repairs will escalate as assets fail well before their expected life, creating operational and financial strain.	The highways maintenance backlog will grow significantly, increasing revenue pressures and reliance on emergency repairs. This approach is less cost-effective than proactive asset management and risks service disruption, safety concerns, and reputational damage. Failure to address this gap will undermine the Council's ability to maintain a safe and reliable network.	4		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Waste income, tonnage and gate fee prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages), as well as increased gate fees due to the double digit inflation seen in 2023 (majority of Waste contracts are RPI which was 12% during the year). The proposed budget includes significant price pressures for contract inflation, gate fees, HWRC management costs as well as provision for additional tonnages/demography due to significant housing targets within District Local Plans and which generate additional waste with population of Kent increasing year on year.	Projected levels of income fall, or gate fees/contractual price uplifts are above budgeted levels which leave an unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		
GET	Insufficient Revenue and Capital Funding for Drainage in Adverse Weather Conditions	Persistent heavy rainfall and increasingly frequent storm events are placing significant pressure on drainage services. Current revenue and capital budgets are insufficient to meet both reactive and proactive demands.	If adverse weather patterns continue, additional unbudgeted funding will be required to address drainage issues and maintain service levels.	Unfunded costs could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves.	4		
GET	Insufficient Investment in the Public Rights of Way (PROW) Network	Funding for the PROW network is inadequate to maintain assets to a steady-state standard. The estimated shortfall compared to asset management principles is approximately £2.5m per annum.	The condition of the PROW network continues to deteriorate due to under-investment, a situation worsened by the significant increase in usage during the COVID-19 restrictions and national lockdowns.	There is an increased risk of claims against the Council for injury and from landowners, as well as the need for urgent, unplanned works. This could lead to overspends on the revenue budget, requiring compensating in-year savings or temporary, unbudgeted funding from reserves.	4		
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties.	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation.	Higher than budgeted capital/revenue costs resulting in overspends unless that can be offset by specification changes.	4		
CYPE	Use of Grants	Grants have been used to support spend on existing services rather than investment in new or extended services. Detailed grant conditions have yet to be confirmed.	The Grant conditions may require a higher level of investment in new services than budgeted.	Insufficient funding for existing services. Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ALL	Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects/revenue transformation costs.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects which would require additional forward funding, or would lead to a pressure on the revenue budget.	3		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Inflation rises above the current forecasts leading to price increases on commissioned goods and services rising above the current MTFP assumptions and we are unsuccessful at suppressing these increases.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ALL	Business Rates Growth and Safety Net Exposure	Under the new settlement from April 2026, the Business Rates retention system and pool have been reset, removing historic growth benefits. The risk now relates to future levels of Business Rates growth. If growth slows significantly, Kent could fall towards the safety net threshold, reducing retained income. Conversely, if growth exceeds certain limits, the Council could face levy payments, reducing the benefit of any additional growth.	Future Business Rates growth is lower than forecast, or volatility in the tax base results in Kent tipping into the safety net. This would trigger a government top-up but at a much lower level of retained income than historically achieved. Alternatively, strong growth could lead to levy payments, reducing the net benefit to the Council.	Reduced retained income would increase reliance on council tax and government grants, exacerbate budget gaps, and require further savings or service reductions. The loss of historic growth advantage means the Council is more exposed to fluctuations in the local economy.	3		
CYPE	Central Services for Schools - Historic Commitments Grant	The Department of Education are planning to reduce the grant for Historic Commitments by 20% per year. This is used to contribute towards historic school related pension costs. The Local Authority has successfully applied for an exemption to this reduction however, the criteria continues to be tightened each year. Awaiting confirmation for 26-27.	The DfE do not agree to protect this historic grant at the same rate as previous years. The total spend on historic pension costs does not reduce in line with the reduction in the historic pension costs.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ALL (except ASCH)	2025-26 Overspend in Other Directorates (excluding ASCH) Impact on Reserves	Under delivery of recovery plan to bring 2025-26 revenue budget into a balanced position by 31-3-26.	If these overspends are not mitigated, they will require additional use of reserves alongside the Adults position.	Further depletion of reserves reduces flexibility to manage unforeseen risks and increases vulnerability in future years, though the financial impact is lower than the Adults risk.	3		
Non Attributable Costs	Volatility on Investment Income	The budget for investment income relies on assumptions about short-term interest rates, the amount of cash available for investment, and the performance of investments. While the budget already factors in a reduction in interest rates, a faster or more significant decline than anticipated could result in actual returns falling short of expectations.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Capital - Galley Hill Cliff Collapse – Uncertainty Over Ownership and Remedial Costs	A privately owned cliff face at Galley Hill, Swanscombe collapsed, causing significant damage to the road above, which is KCC's responsibility. The road has been closed and diversions implemented. Discussions are ongoing with businesses at the base of the cliff to establish site ownership and determine liability for remedial works.	Costs incurred to date total £1.162m (since 2023–24), funded through a mix of reserves and forecast overspend within the GET directorate for 2024–25. These costs were not met from reserves in full and required offsetting through one-off savings within the directorate. The full cost of reinstating the cliff, repairing the road, and implementing other necessary measures has not yet been quantified, nor has liability been established.	There is a risk that costs to date will not be recovered and that KCC may be liable for future capital works to restore and reopen the road. At this stage, the likelihood and total cost remain uncertain, as estimates cannot be provided until quotes are obtained and liability is clarified. The damage occurred due to the cliff collapse rather than a surface defect, making it too early to determine cost, timing, or likelihood with certainty.	3		
CYPE	Unaccompanied Asylum Seeking (UAS) Children	Home Office Grant for Unaccompanied Asylum Seeking Children and (former UAS Children) Care Leavers permanently residing in Kent has not increased for inflation for several years	The Grant no longer covers the full cost of supporting UAS Children and Care Levers permanently residing in Kent. The Home Office does not increase the rates with inflation.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
ASCH (PH)	Uplift in Public Health Grant	The 'real' increase in the Public Health grant is insufficient to meet additional costs due to i) price increases (particularly those services commissioned from NHS staff where pay has increased) and/or increased demand; and/or ii) costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. (ii) Public Health Reserves could be exhausted	3		
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	3		
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
DCED	Capital Investment in Modernisation of Assets	Unless the Council estate asset base is reduced sufficiently, there is risk of insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	2		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	IFRS 9 – Impact of Statutory Override Expiry on Pooled Fund InvestmentsIFRS 9 – Impact of Statutory Override Expiry on Pooled Fund Investments	Local authorities are currently protected by a statutory override that allows unrealised gains or losses on pooled investment funds to be transferred to an unusable reserve until the asset matures. This override, in place since 2018, is scheduled to end in 2029–30. If it ceases as planned, councils will be required to recognise these gains or losses in the General Fund under IFRS 9. Any new investments made after 1 April 2024 must already comply with IFRS 9.	If the override ends, any unrealised losses caused by adverse stock market performance will directly impact the General Fund. This represents a significant financial risk, as gains would be beneficial but losses would create budget pressures.	A substantial unrealised loss would reduce the General Fund, weaken financial resilience, and potentially affect the Council's ability to set a balanced budget. This could lead to service reductions, increased reliance on reserves, and reputational risk regarding financial management.	2		
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children's social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2		
ALL	VAT Partial Exemption	The Council VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by the Council result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	1		
DCED	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	1		
DCED	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	1		

Likelihood Rating

Very Likely	5
Likely	4
Possible	3
Unlikely	2
Very Unlikely	1