

From: Mike Whiting, Cabinet Member for Planning, Highways, Transport and Waste
Mike Hill, Cabinet Member for Community and Regulatory Services
Barbara Cooper, Corporate Director, Growth, Environment & Transport

To: Environment and Transport Cabinet Committee – 19th March 2019

Subject: Risk Management: Growth, Environment and Transport Directorate

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Division: All

Summary:

This paper presents the strategic risks relating to the Environment and Transport Cabinet Committee, comprising of three risks featuring on the Corporate Risk Register for which the Corporate Director is the designated 'Risk Owner' on behalf of the Corporate Management Team; plus a summary of key risks from within the directorate.

Recommendation(s):

The Cabinet Committee is asked to consider and comment on the risks presented.

1. Introduction

- 1.1 Risk management is a key element of the Council's internal control framework and the requirement to maintain risk registers ensures that potential risks that may prevent the Authority from achieving its objectives are identified and controlled.
- 1.2 Directorate risks are reported to Cabinet Committees annually and contain strategic or cross-cutting risks that potentially affect several functions across the Growth, Environment & Transport directorate, and often have wider

potential interdependencies with other services across the Council and external parties.

- 1.3 Corporate Directors also lead or coordinate mitigating actions in conjunction with other Directors across the organisation to manage risks featuring on the Corporate Risk Register.
- 1.4 The majority of these risks, or at least aspects of them, will have been discussed in depth at the relevant Cabinet Committee(s) throughout the year, demonstrating that risk considerations are embedded within core business.

2. Growth, Environment and Transport led Corporate Risks

- 2.1 The Corporate Director for the Growth, Environment and Transport directorate is the lead Director for three of the council’s corporate risks. A brief summary of changes over the past year are outlined below, with full details contained in the risk register attached at appendix 1.

Risk Reference	Risk Description	Current Score	Target Score
CRR0042	Post Brexit border systems, infrastructure and regulatory arrangements	25 (High)	20 (High)
<p>The main concerns relating to this risk have been stated in a number of comprehensive reports over the past year, including to County Council (July and December 2018); the Growth, Economic Development and Communities Cabinet Committee (January 2019, September 2018 and July 2018); Environment and Transport Cabinet Committee (November 2018); and Cabinet (January 2019).</p> <p>At time of writing, the external environment in relation to this risk is still uncertain, and the risk has been raised from 20 to 25 in February 2019.</p> <p>While KCC is not in a position to influence the likelihood of the risk occurring, we continue to work intensively with partners at local and national level to prepare for potential impacts and mitigate them as far as possible, accepting the fact that not all elements are within our control. This work has involved a comprehensive review of service business continuity plans across the organisation.</p> <p>A section 31 financial grant of £28.81m has been awarded to KCC by the Department for Transport for Kent’s road network to support Operation Brock and significant activity is underway.</p> <p>Other direct costs incurred by KCC services are currently being captured.</p>			

CRR0003	Access to resources to aid economic growth and enabling infrastructure	16 (High)	12 (Medium)
<p>The risk centres around three concerns, namely an inability to secure sufficient contributions from development to support growth; funders not recognising Kent priorities for investment; and / or a lack of resources to continuously shape and determine bids.</p> <p>KCC is engaging with stakeholders to develop an Enterprise and Productivity Strategy. A UK Shared Prosperity Fund (UKSPF) will replace EU structural funds, with further clarity to be provided on how to access, and links with Local Enterprise Partnerships and the development of Local Industrial Strategies. A Government consultation on the UKSPF was due in December but has been delayed.</p>			
CRR0004	Civil contingencies and resilience	16 (High)	12 (Medium)
<p>While there are a large number of robust controls in place for this risk, the level of risk was raised from medium to high due to the continued uncertainty surrounding potential implications of a 'no-deal' Brexit scenario and the potential for Brexit contingency planning to detract focus from other, more 'routine' exercising of controls.</p>			

3. Growth, Environment and Transport risk profile

3.1 The current risks in the GET Directorate risk register are shown below. Risks are presented in order of significance (highest first).

Risk Reference	Risk Description	Current Score	Target Score
GT0023	Post-Brexit public protection regulatory arrangements.	20 (High)	16 (High)
<p>This is closely linked to the corporate risk referenced above and highlights risks regarding the future UK/EU relationship post-Brexit and the potential to significantly impact on the regulatory environment and KCC's ability to discharge its public protection responsibilities. As part-mitigation, KCC has appointed further Trading Standards resources to respond to the risk.</p>			
GT0021	Internal services provided to the Directorate do not meet an acceptable standard.	16 (High)	9 (Medium)
<p>The Directorate Management Team is continually liaising with KCC commissioners on any issues that arise regarding performance of service providers (e.g. KCC Local Authority trading companies or outsourced services) and ensuring that there is appropriate involvement of Growth Environment and Transport (GET) representatives in shaping specifications and contract monitoring. This is in addition to liaising with corporate services at the council to ensure they are able to provide expert advice at the right time.</p>			

GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets.	16 (High)	4 (Low)
<p>The directorate is required to make its contribution to the challenging savings targets required by the council over the medium term. There is a reduced ability for the directorate to mitigate year-on-year. For example, there is a significant capital programme for the directorate to support, and in addition a number of services rely on significant external funding, grants and partner contributions. Demand for some services can also fluctuate.</p> <p>The directorate participates fully in the KCC medium term financial planning and financial monitoring processes and a directorate portfolio board reviews and governs significant project and programme proposals that will deliver significant savings, in addition to business as usual efficiency savings.</p>			
GT0022	Information Governance - Embedding the General Data Protection Regulations (GDPR).	12 (amber)	8 (Medium)
<p>The General Data Protection Regulations came into effect on 25 May 2018 and have a significant effect on how data is managed in KCC. A significant effort has been made by all services in the directorate to bring their data protection processes into line with the new regulations, with a directorate working group overseeing progress. The directorate is now ensuring the embedding of the regulations into core business.</p> <p>A directorate guide to GDPR processes and procedures has been devised, to complement existing corporate guidance. This is now being adopted corporately.</p>			
GT0003	Directorate Response and Resilience to Severe Weather incidents	12 (amber)	6 (Low)
<p>This is a directorate-focused version of the corporate civil contingencies risk. The number of severe weather events affecting the county has increased in the past few years, which can have a significant impact on all GET services, businesses and the Kent community. Services within the directorate must continue to play an important role in planning for, responding to, and recovering from these events. This includes the annual development, execution and review of the winter plan for Kent's highways, as well as liaison with Kent Resilience Forum partners to ensure preparedness for weather related incidents.</p>			
GT0019	Delivery of in-year budget targets.	4 (Low)	4 (Low)
<p>The budget report to Cabinet (28 Jan 2019) outlined a forecast overspend of +£0.105m, which was a net improvement of -£0.118m from the last reported position. Latest information would support the assertion that the directorate will achieve a balanced budget at year-end.</p>			
GT0001	Health and Safety considerations	10 (amber)	10 (Medium)
<p>Many of the directorate's services are 'frontline' in their nature in the heart of Kent's communities. This brings inherent risks to the safety of the public, KCC staff or contractors, which need to be well controlled with robust processes that are subject to continual review.</p> <p>As well as service-specific work, a GET Health & Safety group has oversight of health and safety matters, reporting to the Directorate Management Team regularly.</p>			

GT0004	Skills shortage and capacity issues to apply for funding and manage contracts and projects	9 (amber)	6 (Low)
<p>This is a sub-set of the corporate risk regarding access to aid economic growth and enabling infrastructure. KCC needs to submit suitable business cases in order to bid successfully for funds and requires staff with the appropriate skill set to manage contracts and projects. It is possible that the Authority could be unable to attract or retain suitably trained project managers as the private sector remains competitive in this area.</p> <p>A workforce strategy and action plan has been developed and is regularly reviewed, aiming to address key skills gaps.</p>			

3.2 Brexit-related risks: Clearly, the fluid national picture relating to the UK's exit from the EU means that significant uncertainty surrounds a number of risks that have been identified by services across the directorate. This may well mean that the risk profile alters between point of drafting this paper and the date of presentation to the Committee. If so, the risk owner(s) will provide a verbal update to the Committee.

4. Key Divisional Risks

4.1 The Corporate and Directorate risks are underpinned by risks at a divisional level that are typically more operational in nature. The Directorate Management Team has regular oversight of significant divisional risks, which currently includes those relating to:

- ensuring services continue to comply with significant policy changes at national level and meet service delivery standards in challenging financial context;
- sufficiency of capital funding for highway asset management;
- successful delivery of major projects and service transformation;
- operational risks such as unplanned highway collapses, health and safety concerns in household waste recycling centres;
- Longer term risks such as climate change impacts.

5. Recommendation

The Cabinet Committee is asked to consider and comment on the risks presented in this report.

6. Background Documents

- 6.1 KCC Risk Management Policy and associated risk management toolkit on KNet intranet site. <http://knet/ourcouncil/Management-guides/Pages/MG2-managing-risk.aspx>

Contact details

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Growth Economic Development and Communities Cabinet Committee
GET-Led Corporate Risks

Corporate Risks - Summary Risk Profile

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

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since March 2018
CRR0003	Access to resources to aid economic growth and enabling infrastructure	16	12	↔
CRR0004	Civil Contingencies and Resilience	16	12	↑
CRR0042	Post-Brexit border systems, infrastructure and regulatory arrangements	25	20	↑

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.

The overall risk score is derived from multiplying the likelihood and impact scores.

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)

Risk ID	CRR0003	Risk Title	Access to resources to aid economic growth and enabling infrastructure			
Source / Cause of Risk		Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact
<p>The Council seeks access to resources to develop the enabling infrastructure for economic growth, regeneration and health.</p> <p>However, in parts of Kent, there is a significant gap between the costs of the infrastructure required to support growth and the Council's ability to secure sufficient funds through s106 contributions, Community Infrastructure Levy and other growth levers to pay for it.</p> <p>At the same time, Government funding for infrastructure is limited and competitive and increasingly linked with the delivery of housing and employment outputs.</p> <p>A UK Shared Prosperity Fund will replace EU structural funds, with further clarity to be provided on how to access, and links with Local Enterprise Partnerships (also being reviewed) and the development of Local Industrial Strategies.</p>		<p>Inability to secure sufficient contributions from development to support growth.</p> <p>Funders do not recognise Kent priorities for investment.</p> <p>Lack of resources to continuously shape and determine bids.</p>	<p>Key opportunities for growth missed.</p> <p>The Council finds it increasingly difficult to fund KCC services across Kent (e.g. schools, waste services) and deal with the impact of growth on communities.</p> <p>Kent becomes a less attractive location for inward investment and business.</p> <p>Our ability to deliver an enabling infrastructure becomes constrained.</p> <p>Reputational risk.</p>	<p>Barbara Cooper, Corporate Director Growth, Environment and Transport (GET)</p> <p>Responsible Cabinet Member(s): Mark Dance, Economic Development Mike Whiting, Planning, Highways, Transport & Waste</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Serious (4)</p> <p>Target Residual Impact Serious (4)</p>
Control Title					Control Owner	
Growth and Infrastructure Framework for Kent and Medway published, setting out the infrastructure needed to deliver planned growth					Stephanie Holt-Castle, Interim Director Environment Planning & Enforcement (EPE)	

Environment Planning & Enforcement and Economic Development teams working with each individual District on composition of infrastructure plans including priorities for the CIL and Section 106 contributions, from which gaps can be identified	David Smith, Director Economic Development / Stephanie Holt-Castle, Interim Director EPE	
Coordinated approach in place between Development Investment Team and service directorates	David Smith, Director Economic Development	
Dedicated team in Economic Development in place, working with other KCC directorates, to lead on major sites across Kent	David Smith, Director Economic Development	
Strong engagement of private sector through Kent and Medway Economic Partnership (KMEP), Business Advisory Board and Kent Developer Group	David Smith, Director Economic Development	
Strong engagement with South East LEP and with central Government to ensure that KCC is in a strong position to secure resources from future funding rounds	Dave Hughes, Head of Business and Enterprise	
KCC is actively engaged in preparation of local plans across Kent and Medway, responding to all consultations	Tom Marchant, Head of Strategic Planning & Policy	
Local Transport Plan 4 produced and approved by County Council	Tom Marchant, Head of Strategic Planning & Policy	
Organisation Development plan is targeting gaps in resources to support bids.	GET Directorate Management Team	
KCC has responded to the Government's 'Strengthened Local Enterprise Partnerships' review	David Smith, Director Economic Development	
KCC has contributed to the refresh of the Strategic Economic Plan, now entitled 'Economic Strategy Statement'	Barbara Cooper, Corporate Director Growth, Environment and Transport	
Action Title	Action Owner	Planned Completion Date
Engage with stakeholders to draw up an agreed Enterprise & Productivity Strategy 2018-2050	David Smith, Director Economic Development	March 2020
Respond to consultation on Government's UK Shared Prosperity Fund	David Smith, Director Economic Development	TBC – consultation delayed

Work with LEP partners to implement new LEP arrangements arising from the 'Strengthened Local Enterprise Partnerships' review as appropriate

David Smith, Director
Economic Development

April 2020

Risk ID	CRR0004	Risk Title	Civil Contingencies and Resilience				
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	Target Residual Likelihood	Target Residual Impact
<p>The Council, along with other Category 1 Responders in the County, has a legal duty to establish and deliver containment actions and contingency plans to reduce the likelihood and impact of major incidents and emergencies.</p> <p>This includes responses associated with the Government's Counter-terrorism Strategy (CONTEST) 2018.</p> <p>Ensuring that the Council works effectively with partners to respond to, and recover from, emergencies and service interruption is becoming increasingly important in light of recent national and international security threats, severe weather incidents, threats of 'cyber attacks' and uncertainties around implication of a 'no-deal' Brexit.</p>	<p>Failure to deliver suitable planning measures, respond to and manage these events when they occur.</p> <p>Critical services are unprepared or have ineffective emergency and business continuity plans and associated activities.</p> <p>Lack of resilience in the supply chain hampers effective response to incidents.</p> <p>Focus on 'no-deal' Brexit contingency planning means less opportunity to progress other aspects of emergencies and resilience agenda.</p>	<p>Potential increased harm or loss of life if response is not effective.</p> <p>Serious threat to delivery of critical services.</p> <p>Increased financial cost in terms of damage control and insurance costs.</p> <p>Adverse effect on local businesses and the Kent economy.</p> <p>Possible public unrest and significant reputational damage.</p> <p>Legal actions and intervention for failure to fulfill KCC's obligations under the Civil Contingencies Act or other associated legislation.</p>	<p>On behalf of CMT:</p> <p>Barbara Cooper, Corporate Director Growth, Environment & Transport (GET)</p> <p>Responsible Cabinet Member(s):</p> <p>On behalf of Cabinet:</p> <p>Mike Hill, Community & Regulatory Services</p>	<p>Likely (4)</p> <p>Target Residual Likelihood</p> <p>Possible (3)</p>	<p>Serious (4)</p> <p>Target Residual Impact</p> <p>Serious (4)</p>		
Control Title				Control Owner			
<p>Legally required multi-agency Kent Resilience Forum in place, with work driven by risk and impact based on Kent's Community Risk Register. Includes sub-groups relating to Health and Severe Weather</p>				<p>Mike Overbeke, Head of Public Protection (for Kent Resilience Team Activity)</p>			

The Director of Public Health works through local resilience fora to ensure effective and tested plans are in place for the wider health sector to protect the local population from risks to public health	Andy Scott-Clark, Director of Public Health
Management of financial impact to include Bellwin scheme	Cath Head, Head of Finance (Operations)
Implementation of Kent's Climate Adaptation Action Plan	Carolyn McKenzie, Head of Sustainable Business and Communities
Local multi-agency flood response plans in place for each district / borough in Kent, in addition to overarching flood response plan for Kent	Fiona Gaffney, Head of Resilience and Emergency Planning and Kent Resilience Team Manager (KCC)
On-going programme of review relating to ICT Disaster Recovery and Business Continuity arrangements. ICT resilience improvements are embedded as part of the ICT Transformation Programme	Rebecca Spore, Director of Infrastructure
Kent Resilience Team in place bringing together personnel from KCC, Kent Police and Kent Fire and Rescue Service in an integrated and co-located team to deliver enhanced emergency planning and business continuity in Kent	Mike Overbeke, Head of Public Protection
Multi-Agency recovery structures are in place at the Strategic and Tactical levels & working effectively over the short term	Stephanie Holt-Castle, Interim Director Environment Planning & Enforcement (EPE)
KCC and local Kent Resilience Forum partners have tested preparedness for chemical, biological, radiological, nuclear and explosives (CBRNE) incidents and communicable disease outbreaks in line with national requirements	Andrew Scott-Clark, Director Public Health
Emergency planning training rolled out at strategic, tactical and operational levels. KCC Resilience Programme in place to deliver further training opportunities and exercises regularly conducted to test different elements of KCC emergency and business continuity arrangements with partners	Stephanie Holt-Castle, Interim Director EPE
Updated and expanded Duty and Recovery Director rota introduced	Stephanie Holt-Castle, Interim Director EPE
KCC Business Continuity Management Policy and overarching Business Continuity Plan in place, underpinned by business continuity plans at service level	Stephanie Holt-Castle, Interim Director EPE

Prevent Duty Delivery Board established to oversee the activity of the Kent Channel Panel, co-ordinate Prevent activity across the County and report to other relevant strategic bodies in the county	Penny Southern, Corporate Director ASCH	
Kent Channel panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being drawn into terrorism) established at district and borough level	Nick Wilkinson, Prevent and Channel Strategic Manager	
Ongoing development of a counter-terrorism local profile	Nick Wilkinson, Prevent and Channel Strategic Manager	
Quality Assurance approach introduced for business continuity plans to emphasise service accountability. This includes the testing of interdependencies between KCC business continuity plans and those of 3 rd parties	Stephanie Holt-Castle, Interim Director EPE	
Fire Safety Guidance provided by KCC reviewed and updated	Flavio Walker, Head of Health & Safety	
Local procedures have been and are being continually reviewed and refined for occasions the national threat level increases to critical. This includes an update of the Corporate Business Continuity Plan	Stephanie Holt-Castle, Interim Director EPE	
New approach to Business Continuity Governance arrangements implemented, to enable increased focus on directorate issues and complement KCC's cross-directorate Resilience group	Fiona Gaffney, Head of Resilience and Emergency Planning and Kent Resilience Team Manager (KCC)	
Kent Resilience Forum Local Authorities Emergency Planning group's mutual aid arrangements with District Councils and other councils across the region undertaken	Fiona Gaffney, Head of Resilience and Emergency Planning and Kent Resilience Team Manager (KCC)	
Action Title	Action Owner	Planned Completion Date
Building resilience into multi-agency recovery structures for a longer time response	Stephanie Holt-Castle, Interim Director EPE	March 2019
KCC services to review business continuity arrangements, taking potential no-deal Brexit scenarios into consideration (cross-reference to CRR0042)	Service Managers	March 2019 and ongoing

Risk ID	CRR0042	Risk Title	Post-Brexit border systems, infrastructure and regulatory arrangements			
Source / Cause of risk The personnel, procedures, systems and physical infrastructure necessary to provide sufficient capacity and capability for fast and efficient flow of goods and people through the Dover / Continental Ports and Eurotunnel in accordance post-Brexit requirements are not in place as required. KCC is reliant on coherent, coordinated governance across Government to aid the Local Authority and partners locally in planning their contingency arrangements.		Risk Event That the 'implementation period' agreed between UK leaving the EU is not enacted leading to immediate third country status for the UK on 29 March 2019.	Consequence Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing Dover Ports and Eurotunnel.	Risk Owner Barbara Cooper, Corporate Director Growth, Environment & Transport	Current Likelihood V. Likely (5)	Current Impact Major (5)
		That the implementation period agreed between the UK and EU is insufficient to develop the personnel, procedures, systems and physical infrastructure in time to support post-Brexit border arrangements.	Temporary closure or permanent changes to all or part of the M20 or M26 to support Operation Stack / Brock and other mitigations for port delays.	Responsible Cabinet Member Mike Whiting, Planning, Highways, Transport & Waste Mike Hill, Community Services	Target Residual Likelihood V. Likely (5)	Target Residual Impact Serious (4)
		That a customs arrangement between the UK and EU is not agreed and there are delays in the physical transport of people / goods across the border.	Significant reduction in the capacity of the Kent Highway Network, with consequential increase in local and pan-Kent road journey times, impacting on local residents and businesses.			
		That the Government does not provide sufficient capital and revenue financial support to departments, agencies, local authorities and other infrastructure stakeholders necessary to address the personnel, procedures and physical infrastructure to support post-Brexit border arrangements.	Significant long-term detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents.			

Control Title	Control Owner	
Regular engagement with senior colleagues in relevant Government Departments on the impacts and implications of Brexit on KCC's regulatory responsibilities relating to Trading Standards and the resilience of Kent highways	Barbara Cooper, Corporate Director GET	
KCC membership and co-chair of the Kent Border Planning Steering Group and associated working groups such as Emergency Planning, Infrastructure etc.	Barbara Cooper, Corporate Director GET	
Internal KCC co-ordination through a Brexit Co-ordination Group and Informal Members Group	David Whittle, Director SPRCA	
KCC leads and manages the Kent Strategic Freight Forum	Barbara Cooper, Corporate Director, GET	
KCC membership and support to the Kent Resilience Forum	Fiona Gaffney, Head of Resilience and Emergency Planning	
KCC involvement in Operation Fennel Strategic and Tactical Groups (multi-agency planning group for potential disruption at Port of Dover and Eurotunnel)	Barbara Cooper, Corporate Director, GET (KCC lead)	
Action Title	Action Owner	Planned Completion Date
KCC services to review business continuity arrangements, taking potential no-deal Brexit scenarios into consideration	Service Managers	March 2019 and ongoing
Operation Fennel strategic plan submitted, to be approved by the Secretary of State for Transport	Barbara Cooper, Corporate Director, GET	March 2019
KCC to make a case for further funding from the Ministry for Housing, Communities and Local Government (MHCLG) for direct costs of the impact of Brexit in the county.	Barbara Cooper, Corporate Director, GET	April 2019
KCC contribution to multi-agency communications plan in the 'response' phase, and leadership of communications in the 'planning' and 'recovery' phases	Christina Starte, Head of Communications	March 2019 and ongoing