

From: **Roger Gough, Leader of the Council**

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To: **Cabinet – 2<sup>nd</sup> December 2019**

Decision No: **N/A**

Subject: **Corporate Risk Register**

Classification: **Unrestricted**

**Past Pathway of Paper:** N/A

**Future Pathway of Paper:** Governance and Audit Committee – 22<sup>nd</sup> Jan 2020

**Electoral Division:** ALL

**Summary:** This paper presents a ‘snapshot’ of the Corporate Risk Register for the Authority, summarising the main changes since last presented.

Cabinet Members are asked to NOTE the report.

## **1. Background**

1.1 The Corporate Risk Register is a ‘living document’ and 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. It is subject to a more formal review each autumn.

## **2. Corporate Risk Register (appendix 1)**

2.1 The latest version of the Corporate Risk Register is attached at appendix 1. It has been refreshed to reflect key themes arising from meetings with individual Corporate Management Team, Cabinet Members and Directorate Management Teams during the autumn. Comments arising from presentation of corporate risks to Cabinet Committees and the Governance & Audit Committee during the year have also been taken into account.

2.2 The meetings during the autumn demonstrated a strong 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, as

always, the context of the risks continually changes, and as a result the corporate risk register has been revised to reflect the points made.

2.3 The main changes to the register since last presented to Cabinet are summarised below:

### 2.3.1 New Risks

- CRR0046 – Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – implementation of Kent Local Area SEND Written Statement of Action. At last year's refresh, a directorate SEND risk was escalated to the corporate risk register, covering concerns relating to High Needs funding and adequacy of support for children with SEND. However, given the severity of both elements of the risk, it has been split into two corporate risks. Therefore, risk CRR0044 is now more tightly focused on the High Needs Funding risk, while this risk concentrates on the practice elements.
- CRR0047 – Maintenance and Modernisation of KCC Estate: While there has been significant investment in parts of our property estate over time, there continues to be strain on the Authority's capital budget due to ongoing demands for additional statutory and discretionary spend. As our property assets age, it is becoming increasingly challenging to ensure that they continue to be maintained to a sufficient standard, so that they remain safe, avoid significant business disruption, and are fit-for-purpose, in terms of supporting new ways of working and meeting our environmental objectives.
- CRR0048 – Fraud and Error: In any organisation, particularly a large and complex organisation such as KCC, there is an inherent risk of fraud and / or errors that result in financial loss for the council. The Counter-Fraud team is conducting further proactive work with directorates, raising awareness and assisting services with fraud risk assessments. While a number of controls are in place, complacency must always be guarded against, and a corporate risk has been created to ensure visibility, particularly until the current tranche of organisation-wide work has been completed and reviewed, to ensure any key areas of risk are identified, assessed and proactively managed.

### 2.3.2 Changes to risk ratings for existing risks

- CRR0002 – Safeguarding – protecting vulnerable adults: This risk has been reassessed from a 'high' rating of 20 to a 'medium' rating of 15 after review by the Corporate Director and her Directorate Management Team. This reflects the confidence in controls in place and is now at the same level as the children's safeguarding risk.
- CRR0039 – Information Governance: This risk has been raised from 'medium' to 'high' in the light of the increasing obligations and implications caused by the adoption of the Data Protection Act 2018 and the General Data Protection Regulation. Improved reporting procedures and awareness have led to increasing numbers of reported data breaches across the organisation which in addition to the

continued high risk to data security posed by cyber threats means the overall risk is now considered “high”. As part-mitigation, the Council is investigating options to optimise automated controls where appropriate, as well as reviewing methods for recording and identification of patterns or trends.

- CRR0016 – Delivery of new school places is constrained by capital budget pressures and dependency on the Education and Skills Funding Agency. This risk remains ‘high’ and has been raised from a score of 16 to 20, to reflect uncertainty due to ongoing debate with the Department for Education regarding the revised Basic Need funding formula and the lack of a confirmed Basic Need allocation for 2021/22.
- CRR0040 – Financial, Governance and Service Delivery risks associated with KCC’s Local Authority Trading Companies. The risk has been re-titled to more accurately reflect the risk events, while the level of risk has come down slightly, from a score of 12 to 9, to reflect confidence in the risk mitigations so far. The risk will be subject to further review once implementation of holding arrangements for KCC’s companies is finalised.
- CRR0004 – Civil Contingencies and Resilience. The level of risk has been reassessed and given a risk rating of 20, up from 16. This is due to the impact score being revised from 4 ‘serious’ to 5 ‘major’, to reflect the fact that a consequence of the risk could be, “Potential increased harm or loss of life if response is not effective.” This links to a wider review of all corporate risks to ensure that any consequences relating to serious harm to people are listed first and attract a maximum impact score of 5 out of 5.

### 2.3.3 Risks removed from the corporate register

- CRR0013 – Delivery of in-year savings within agreed budgets. The financial environment continues to be challenging, requiring continued savings to be made and no room for complacency. However, ensuring the council delivers its budget each year is essentially a ‘business as usual’ task, with well established, robust monitoring and reporting mechanisms in place that enable mitigating action to be taken when necessary. While this risk is to be removed, the medium-term financial and operating environment risk (CRR0009) remains on the register as a ‘high’ rated risk.
- CRR0041 – Maintaining a healthy and effective workforce. KCC’s workforce makes a vital contribution to the delivery of the Council’s strategic outcomes, through its energy, commitment and hard work and staff across the organisation need to be healthy, motivated and have the right skills to help the organisation to develop. To reflect this importance, there are a number of approaches and tools in place to engage staff and support their wellbeing and resilience. The council’s comprehensive staff survey asks a number of questions relating to capacity and wellbeing, and while there will be variations across the organisation, the overall KCC picture has been positive. Therefore, rather than continue with a generic risk such as this, it is felt that the focus should be on risks flagged at directorate or

divisional / service level that are more specific, with further analysis to be conducted to highlight any patterns or trends that require a corporate response. It should also be noted that workforce related risks and issues are embedded within several existing corporate risks i.e. recruitment and retention of qualified social workers etc.

- CRR0011 – Embedding KCC’s strategic commissioning approach and consistency of commissioning standards. This risk was originally added to the corporate risk register several years ago as the Authority announced its intention to become a strategic commissioning authority and set out a list of 10 commissioning principles that have been adopted. While there are still packages of work in progress, i.e. to fully embed consistent commissioning standards, this is becoming ‘business as usual’ work and more value can be added by monitoring and corporate oversight of any more specific risks at directorate or divisional / service level.
- 2.4 Several risks have also been updated as part of usual practice, to reflect contextual changes, new controls or new risk owners. For instance, CRR0005, Implementation of Local Care and Prevention agenda in Kent, is being significantly revised to take account of the latest health and social care integration landscape.
- 2.5 While not formally entering onto the Corporate Risk Register at this stage, conversations with CMT and Cabinet also covered risks and opportunities associated with the environment agenda; as well as ensuring safe working environments for staff - areas that will be explored in more detail as the corporate register evolves. It is also possible that a strategic risk relating to markets, where they are not capable of meeting KCC requirements in terms of cost and / or quality could be added, subject to further analysis.
- 2.6 This corporate risk register refresh has taken place against a backdrop of significant uncertainty at national level and a number of these risks will require revisiting in the coming weeks, as a new Government forms and matters of relevance to our corporate risks move forward.
- 2.7 Further details of these corporate risks, including scores, controls and mitigating actions, are contained in appendix 1.

### **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.
- 3.2 The 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.

- 3.4 Assurance Mapping – The Internal Audit and Corporate Risk functions are collaborating to map what assurances exist against existing controls listed for the council's corporate risks, with benefits to include highlighting any gaps in assurance or potential duplicative work. This will help guide future audit planning and ensure that the listed controls are effective mitigations that support the risk ratings stated.

#### **4. Recommendation**

- 4.1 Cabinet is asked to NOTE the refreshed Corporate Risk Register.

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