

From: Mike Whiting, Cabinet Member for Economic Development  
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To: Growth, Economic Development and Communities Cabinet Committee – 10 March 2020

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 Growth, Economic Development and Communities Cabinet Committee, comprising of two 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.
- 1.5 A standard reporting format is used to facilitate the gathering of consistent risk information and a 5x5 matrix is used to rank the scale of risk in terms of likelihood of occurrence and impact. Firstly, the current level of risk is assessed, taking into account any controls already in place to mitigate the risk. If the current level of risk is deemed unacceptable, a 'target' risk level is set, and further mitigating actions introduced with the aim of reducing the risk to a tolerable and realistic level.
- 1.6 The numeric score in itself is less significant than its importance in enabling categorisation of risks and prioritisation of any management action. Further information on KCC risk management methodologies can be found in the risk management guide on the KNet intranet site.

## **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 two 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. The risks are regularly reviewed by directorate and divisional management teams.

CRR0004	Emergency Response and Resilience.	20 (High)	15 (Medium)
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A report providing an overview of KCC’s resilience and emergency planning duties, its current activity and a forward look at emerging risks is being presented to the Growth, Economic Development and Communities Cabinet Committee on 10<sup>th</sup> March 2020.

While there are a large number of robust controls in place for this risk, the level of risk was raised from 16 (High) to 20 (High) in November. 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.” There are several controls in place relating to climate change adaptation, and the context of the risk is to be updated to further reflect resourcing challenges for the future to deal with cost of responses to various events, including severe weather. Unless a major incident is declared KCC services are required to support responses from within existing resources.

CRR0003	Securing resources to aid economic growth and enabling infrastructure.	16 (High)	12 (Medium)
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The risk centres around two concerns, namely an inability to secure sufficient contributions from development to support growth and funders not recognising Kent priorities for investment. There are particular challenges to ensure appropriate infrastructure is in place to support planned housing growth.

KCC is working with District and Borough Council partners to progress an Infrastructure proposition to Govt for infrastructure to support housing growth. There has been no announcement from Government regarding the UK Shared Prosperity Fund as yet, but in the meantime a Kent and Medway Enterprise and Productivity Strategy is being prepared, and e KCC is providing input into the South East Local Enterprise Partnership’s Local Industrial Strategy. Officers continue to develop and submit bids as appropriate e.g. Local Growth Fund, Major Roads Network.

- 2.2 The corporate risk (CRR0042) relating to post-Brexit border systems, infrastructure and regulatory arrangements is being reviewed and refreshed now that the UK has left the EU. The risk is evolving in the current transition period and more information is required to appropriately assess the risk, although it will still reflect potential impacts of friction at the Kent border and working to adjust to a new regulatory framework in the lead up to December 2020 and beyond. Work is underway with partners to mitigate friction at the ports and Eurotunnel, including border checks etc., although not all elements of the risk are in KCC’s control. A revised or new risk will be added to the register relating to transition arrangements for border controls to December 2020 and beyond, after consultation with Corporate Board.

### 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	Transition period, border regulations and impact on public protection regulatory arrangements.	Risk level to be reassessed – further information awaited.	
The nature of this risk is evolving and is closely linked to the broader corporate risk referenced in paragraph 2.1 above. It highlights risks regarding the future UK/EU relationship and the potential to significantly impact on the regulatory environment and KCC's ability to discharge its public protection responsibilities.			

GT0021	Internal services provided to the Directorate do not meet an acceptable standard.	16 (High)	16 (High)
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 the directorate's services are increasingly being involved as key stakeholders in matters of strategy and service design. This is in addition to liaising with corporate services to ensure they can provide expert advice at the right time. The target risk score has been raised to match the current score to reflect the fact that many factors in relation to the risk are outside of the directorate's direct control.			

GT0008	Ash Dieback. Destruction of the Ash species and associated costs to KCC.	12 (Amber)	9 (Medium)
During the past year, monitoring of the spread has shown that Ash Dieback has become more prevalent and spread to parts of the County that had previously been unaffected. The degree of spread has caused concerns over the future of Ash trees in the County as well as cost implications regarding the management of the disease. Most of the mitigations involve multi agency monitoring, which KCC leads, as well as the publication of information to the general public. The risk was considered in more detail at Environment and Transport Cabinet Committee in late 2019.			

GT0003	Directorate Response and Resilience to Severe Weather incidents.	16 (High)	9 (Medium)
This is a directorate-focused version of the corporate emergency response and resilience 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 continue to play an important role in planning for, responding to, and recovering from			

these events. During the winter period 2019/20, the directorate and 3<sup>rd</sup> parties have been responding to a number of severe weather events, which has impacted on operational aspects such as volume of customer enquiries, as well as having cost implications. This has resulted in the current risk score being raised.

GT0024	Information Governance. Management of personal data.	12 (Amber)	6 (Low)
<p>The scope of the risk has been broadened to cover information governance considerations, now that the General Data Protection Regulations are in effect and the required process amendments have been implemented. Staff in the directorate complete the relevant KCC mandatory training. Work is in progress to review and embed GDPR processes, including ensuring Data Protection Impact Assessments are conducted in a timely fashion at the inception of new projects. There are dependencies to be managed regarding 3<sup>rd</sup> party handling of data on our services' behalf.</p>			

GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets.	8 (Amber)	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, but the Directorate participates fully in financial monitoring processes and has developed savings and income proposals that have been fed into the MTFP. Key projects are overseen by the GET Portfolio Board where they are monitored.</p> <p>The risk score has recently been reduced (although still amber) now that the 2020/21 budget has been settled, although the uncertainty beyond that point still presents significant risk.</p>			

GT0001	Health, safety and wellbeing considerations for public, contractors and staff.	10 (Amber)	10 (Amber)
<p>Health and Safety reviews are carried out regularly and after accidents and near misses at sites and regular training for staff takes place as appropriate e.g. Libraries, Registration and Archives staff have received de-escalation of conflict training. During the past year a greater focus has been on the welfare of our own staff, and a Health and Safety Strategy for 2020-2024 is being developed, with an associated route map, to be launched in April 2020. The Strategy will be subject to regular monitoring of progress and impact. Technology to support lone working is being actively progressed.</p>			

GT0004	Skills shortage and capacity issues to apply for and secure funding and manage contracts and projects.	9 (Amber)	6 (Low)
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As part of the external bidding process officers have to submit suitable business cases, which requires staff with the appropriate skill set to manage contracts, projects and for planning applications. It is possible that the directorate would be unable to attract or retain suitably trained project managers as the private sector remains competitive in this area.

A workforce strategy and action plan has been developed and is regularly reviewed, aiming to address key skills gaps. Particular emphasis has been placed on raising project management standards and as a consequence a Portfolio Management Office is being established.

GT0019	Delivery of in-year budget targets.	12 (Medium)	4 (Low)
The level of this financial risk has increased due to recent severe weather events impacting on delivery of the 2019/20 budget, despite the directorate being prudent.			

#### 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
- Implementation of new Highways maintenance contractual arrangements
- Operational risks such as unplanned highway collapses, health and safety concerns in household waste recycling centres

#### 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>

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