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To: Governance and Audit Committee – 21st July 2020

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary:

Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes. On this occasion, the register is presented to the Committee along with an overview of the main Coronavirus (Covid-19) risks and issues identified so far and their impact on KCC's corporate risk profile.

In addition, following on from discussion at the last presentation of the Corporate Risk Register to this Committee, the outline of a risk workshop for the Committee is presented for comment and agreement.

FOR ASSURANCE

1. Introduction and background

- 1.1 The Corporate Risk Register is maintained by the Corporate Risk Team on behalf of Cabinet and the Corporate Management Team. The register is formally reviewed annually each autumn but is a 'living document' and is reviewed and updated in-year to reflect any significant new risks or changes in risk exposure that may arise due to internal or external events; and to track progress against mitigating actions.
- 1.2 Given the Coronavirus pandemic, the register is being significantly updated, and will require regular update and review as further events unfold.

2. Coronavirus (Covid-19) Risks and Issues

- 2.1 As the organisation has been working tirelessly to respond to the Covid-19 emergency, the focus has quite rightly been working with partners at local and national level to deal in 'real-time' with the immediate issues, risks and challenges being faced. A paper outlining the work of the Kent Resilience Forum and KCC in responding to the Coronavirus pandemic so far was presented to [Scrutiny Committee](#) on 7th July.
- 2.2 Rather than seeking to duplicate the capture of those service-based risks and issues e.g. Sourcing appropriate volume and specification of Personal Protective Equipment (PPE), the Corporate Risk function has been keeping abreast of events by scanning KCC Situation Reports (SitReps), outputs from the Covid-19 KCC Business Continuity Task Group and liaising with colleagues that have been heavily

involved in supporting response and recovery work, in order to gather intelligence and compile a list of Covid-19 risks and issues that are predominantly focused on risks to KCC as a corporate body and subsequent impacts on the corporate risk profile as we plan the approach to recovery.

2.3 Key risks and issues identified were 'sense checked' with the Corporate Management Team and Cabinet Members at an early stage to gather views on any risks or issues already outlined and their mitigations, or any that they felt were missing at that point in time. The risks and issues related to:

- Insufficient Government funding to cover additional costs, lost income and delayed savings plans, and affordability and viability of capital programme. These have been subject to detailed reports to Cabinet and Scrutiny Committee.
- Initial cash flow concerns for District Councils, the County Council, voluntary and community sector organisations etc.
- Supply chain failure (short and longer term)
- Increase in supply chain costs.
- Safety of staff – particularly those in frontline roles.
- Broader workforce risks – such as strain on capacity, health and wellbeing
- Strain on organisational capacity and resources for prolonged response to, and recovery from, the Covid-19 pandemic and other events running simultaneously i.e. potential for future wave(s) of pandemic and end of UK/EU transition arrangements, plus potential severe weather events.
- Ensuring clarity over roles and responsibilities in the event that localised 'lockdown(s)' should be required.
- Increasing volume of cyber-threats
- Latent demand for services and the potential for 'hidden harm' in a safeguarding context– i.e. initial reductions in 'front-door' social care referrals with no obvious reduction in need, potential for increasing instances of domestic abuse.

3. Impact of Coronavirus on KCC risk profile (appendix 1)

3.1 Due to the scale of the public health emergency and the unprecedented nature of the risks and issues the council is facing through this pandemic, it is unsurprising that the majority of Covid-19 risks and issues identified so far, when fed into the Corporate Risk profile, are significantly increasing KCC's aggregate risk exposure. While the situation is extremely fluid, the headline changes at time of reporting are:

- 10 corporate risks will have increased risk scores. 5 of these were already classified as 'high' and have increased further.
- 18 out of 22 will be classified as 'high' risk, compared to 11 out of 19 in February.
- 5 risks will have a maximum rating of 25.
- The previous generic workforce health and wellbeing risk has been replaced by a new risk, taking account of the current environment and its opportunities and challenges.

- Three risks are being further revised to take account of the changing risk landscape and will be reassessed in the coming weeks.
 - A corporate risk relating to implications of increased numbers of Unaccompanied Asylum-Seeking Children (UASC) has been re-opened due to the latest pressures, although the latest news from Government regarding uplift in UASC funding is positive in helping to mitigate some aspects of the risk going forward.
- 3.2 A visual comparison of the risk ratings from February 2020 versus their ratings in early July, with accompanying headline rationales, is listed in appendix 1, while a 'snapshot' of the risks in more detail is listed in appendix 2.
- 3.3 There is always a subjective element to the assessment of these risks, with statistical evidence more readily available as indicators of risk for some than others. The Corporate Risk function will continue to liaise with colleagues across the organisation to build this local picture in the coming weeks e.g. mechanisms to model potential pent-up demand for social care.

4. Implications of an Increased Risk Exposure

- 4.1 While there is value in capturing these high-level risks and issues in one place to aid effective oversight and prompt constructive scrutiny and debate, the key purpose is to ensure that the appropriate responses to the risks / issues are in place, so far as is possible given that not all elements are within the Council's direct control.
- 4.2 Given the increase in risk exposure, Cabinet and CMT are being asked to reconsider what are tolerable 'target' residual levels of risk for the corporate risks outlined, taking into account what we can directly control and the finite resources available. KCC's Risk Management Policy states that 'high' risks should lead to the development of mitigations to bring the risk level down, but this may not now be possible, at least not in the short to medium term. Therefore, a strategy to maintain risks at current levels may need to be employed for several risks.
- 4.3 The appropriate time horizons to achieve the stated target levels of risk will be another important factor – some risks could decrease back to February levels in a matter of a few months, but for others, the effects of Coronavirus could be felt for several years to come. Therefore, as more information is gathered, it will be important for realistic timescales to be set to reach an acceptable target risk level for each risk, subject to regular review.
- 4.4 While there are many threats to KCC objectives presented by the pandemic, there may also be opportunities arising that can be built upon, in terms of how we work, how we utilise technology, how services are provided for our residents and how we build environmental considerations into our recovery, to name but a few.
- 4.5 The corporate risk profile provides a backdrop for KCC's budget and strategy development in the coming months, including the interim Strategic Plan for the Council and the KCC Strategic Reset.

5. Next Steps

- 5.1 The Corporate Risk Register will continue to be updated as the situation evolves, and more information becomes available. Even though there has unsurprisingly been more changes to the Corporate Risk Register in-year than usual given the significance of the Coronavirus pandemic, it is expected that the more formal annual Corporate Risk Register refresh process will still be required in the late autumn, alongside upcoming budget and strategy formulation activities across the Council, the output of which will be reported to the Corporate Management Team, Cabinet and Governance & Audit Committee.
- 5.2 Views from the Governance & Audit Committee are welcome to feed into this review.

6. Risk Management Workshop

- 6.1 At the last presentation of the Corporate Risk Register to this Committee, it was agreed that a risk workshop would be developed for Committee members, to address the points raised as part of the discussion.
- 6.2 Content for this interactive workshop has been developed, with the outline as follows:
- Re-cap on the Committee's role regarding risk management arrangements.
 - Overview of KCC's risk management framework, including processes for risk identification, assessment, response and review and priorities for further development.
 - Connections to external regional and national networks and intelligence gathering / horizon scanning.
 - Risk Reporting arrangements – both the current picture and exploring options for change, including depth and scope.
- 6.3 The outputs from this workshop will then be fed into the development of the Risk Management Framework, including Risk Management Policy and Strategy, going forward.

7. Recommendations

- 7.1 The Governance and Audit Committee is asked to:
- a) NOTE the report for assurance; and
 - b) COMMENT on the proposed outline of the Risk workshop developed.

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