

From: Roger Gough, Leader of the Council
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To: Governance and Audit Committee – 22nd September 2021

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes.

FOR ASSURANCE

1. 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. The register presented to this Committee is a 'snapshot' in time.
- 1.2 The coronavirus pandemic led to a significant revision of the register during the summer of 2020, which was reported to Cabinet and Governance & Audit Committee. The organisation continues to balance ongoing response and recovery from the Covid-19 emergency with delivery of more "business as usual" type activities, while also developing the approach to flexible working and progressing the KCC Strategic Reset Programme. In this context, it is a good time to review how the prolonged response and recovery activity has impacted on the Authority's risk profile so far.

2. Monitoring, Review and Reporting of the Corporate Risk Register

- 2.1 The Council has a Risk Management Policy & Strategy, which is reviewed by this Committee annually each January. It contains information about KCC's organisational Risk Management Framework, including the process for monitoring of key risks across the Authority and the hierarchy of risk registers. It is available on KCC's intranet site.

- 2.2 There is a small Corporate Risk Team supporting directorates to ensure that the Corporate Risk Register is underpinned by directorate and divisional / service risk registers, from which risks will be escalated in accordance with KCC's Risk Management Policy.
- 2.3 Corporate risks of relevance to each Cabinet Committee are reported to them annually, along with directorate risks, allowing for discussion and scrutiny of these risks with the relevant Risk Owners and responsible Cabinet Members present.
- 2.4 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 quarterly to Cabinet via the Quarterly Performance Report.

3. Corporate Risk Register summary

- 3.1 The Corporate Management Team is being asked to give particular consideration as to whether any corporate risks that have been exacerbated by Covid-19 are reducing back to previous levels, or whether there are medium to long-term implications to be managed. This includes considering whether any controls to mitigate aspects of risks introduced by the pandemic have now been implemented successfully.
- 3.2 While there has been little change to the overall position of the risk register since last reported to this Committee in January 2021, the context of the risks continues to evolve, along with the Council's responses.
- 3.3 The risk rating for two risks has changed since last reported to this Committee, although in both cases it has not changed the overall classification of "high":
 - 3.3.1 CRR0007: Resourcing implications arising from serious and complex Children's Services demand (excludes SEND) – The risk rating has reduced slightly but still remains high. The Coronavirus pandemic has presented a number of challenges to delivering services and due to the 'lockdown' situations KCC has not been able to provide the support to children in the usual way. Consequently, there was a reduction in the spend of the revenue budget for the previous year which has driven the reduction in the rating of this risk. There are still many unknowns about future demand and impact and there is the potential for an increase in under 5's coming into care of the Authority as a result of the pandemic. This is a longer-term risk to be kept under review.
 - 3.3.2 CRR0016: Delivery of new school places is constrained by Basic Need allocation and the Education and Skills Funding Agency (ESFA). The risk rating was raised after conversation with the Risk Owner in liaison with CYPE Directorate Management Team because of the current significant budget gap.

- 3.4 When the corporate risk register was last presented to this Committee, it expressed the view that it still wished to receive the detailed version of the register, which is attached at appendix 1.
- 3.5 The Corporate Risk Register is about to undergo its more comprehensive refresh during the autumn, involving consultation with all CMT and Cabinet Members. This includes asking questions such as:
- a) Are the key risks still relevant?
 - b) Is the scope of the risks appropriate?
 - c) Has anything occurred which could impact upon them?
 - d) Have risk appetite or tolerance levels changed?
 - e) Are related performance / early warning indicators available and appropriate?
 - f) Are the controls in place effective?
 - g) Has the current risk level changed and if so, is it decreasing or increasing?
 - h) How realistic is the 'target' level of risk and over what period is it expected to be achieved (if not already)?
 - i) If the risk is increasing what further actions might be needed?
 - j) If risk exposure is decreasing can controls be relaxed?
 - k) Are there risks that need to be discussed with, or communicated to, other functions across the Council or with other stakeholders?
- 3.6 There are a number of significant external events due this autumn that may have a bearing on the corporate risk profile. For example, the 3-year Government Spending Review and autumn budget is due to be announced on 27th October. More information relating to social care reform is also due before the end of the calendar year.
- 3.7 Views from Governance and Audit Committee are welcome to feed into the review.
- 3.8 The Council's Risk Management Policy & Strategy, approved by this Committee in January 2021, states, "*Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.*" Therefore, the Committee may wish to consider whether any corporate risks require more in-depth review for assurance purposes.

4. Directorate Risks

- 4.1 A headline summary of directorate risks is reported to this Committee, to give it oversight of risks that are being regularly monitored and reviewed by Directorate Management Teams. These are attached at appendix 2 and are reported in more detail to Cabinet Committees annually, with accountable Risk Owners present.

5. Risk Management Internal Audit

- 5.1 As part of the 2020/21 Audit Plan it was agreed that Internal Audit would undertake a review of risk management in the Council to provide an opinion on the adequacy and robustness of risk management at 'grass roots' level. The approach taken was to assess risk management in a number of the planned audits in the 2020/21 Audit Plan and identify themes in an overall report at the end of the year.
- 5.2 The audit attracted a "Substantial" audit opinion, with "Very Good" prospects for improvement. No issues were raised in this audit. There is one action outstanding from the 2019/20 audit, relating to the refresh of KCC's risk management toolkit and training offer. This is built into the current workplan and will be completed during autumn 2021.

6. Committee Member Development

- 6.1 The Corporate Risk Manager will liaise with Statutory Officers and the Chair of this Committee regarding risk management input into the Committee's training and development offer.

7. Recommendation

- 7.1 The Governance and Audit Committee is asked to:
- a) NOTE the report for assurance.

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