

From: Roger Gough, Leader of the Council
David Cockburn, Corporate Director for Strategic & Corporate Services and Head of Paid Service

To: Governance and Audit Committee – 25th January 2022

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 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, including conversations with Corporate Management Team and Cabinet Members and taking into consideration comments made by the Governance & Audit Committee.
- 1.2 The review process has taken place as 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 leading on the development of new ways of working and delivery of services. There has also been continued uncertainty in the operating environment for local government and in the wider external environment, including workforce and materials shortages, cost inflation etc.
- 1.3 The register was reported to Cabinet on 9th December 2021. At that time the Government had just published its Adult Social Care Reform White Paper. Since then, a one-year provisional local government settlement has been announced for 2022-23, while further details are expected early in 2022 on the Fair Funding Review; a White Paper on Health and Social Care integration; and a "Levelling Up" White Paper.

2. Corporate Risk Register summary

- 2.1 The latest version of the Corporate Risk Register is attached at appendix 1. One of the key considerations over the past year has been whether the increases in risk levels for many of the risks triggered by factors associated with Covid-19 were still valid, or whether they had dissipated.
- 2.2 The meetings with Risk Owners 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, the context of the risks continues to evolve, along with the Council's responses.
- 2.3 During the latest refresh process, several new risks are being added to the register, one de-escalated to directorate level, several risks have been merged, while others have been identified where the context has required reviewing and updating. The main changes are summarised below.
- 2.3.1 CRR0009 – Future financial and operating environment for local government.
This risk encapsulates a significant number of risks on the corporate register, as it relates to the funding envelope that the council has to work within, as well as some of the key dependencies the Council has. The Government's Spending Review, announced on 27th October 2021, has given the local government sector more certainty in terms of funding over 3 years, although the recently announced local government finance settlement only covers the one-year period of 2022-23. One of the main aspects of this risk now is whether spending growth pressures facing services across the council, as well as factors such as inflation, can be contained within the Council's core spending power over the medium term. Social care reforms and associated resourcing impacts are relevant, and therefore previous risks relating to social care resourcing implications have now been included as part of this risk. The risk rating has been reviewed in light of the provisional settlement and has consequently been moved down slightly but is still rated as High.
- 2.3.2 NEW: Impacts on fulfilling Statutory Duties due to Capital Programme Affordability – the corporate register has contained risks relating to specific elements of the capital programme, such as Basic Need grant shortfall to enable sufficient school place provision, as well as maintenance and modernisation of the KCC estate, including schools. These risks are now being included in a broader risk relating to the affordability of the capital programme and the potential implications for the achievement of statutory duties. This considers important service areas not explicitly covered before such as highways infrastructure. Details of this new risk are being developed in conjunction with officers in Finance and Infrastructure teams.
- 2.3.3 NEW: Impacts of Climate Change. The Council has a longstanding corporate risk relating to its response to major incidents and emergencies, which includes

our responses with partners to severe weather events such as flooding. However, there are specific, longer term adaptation challenges that will need to be factored into the council's operating model going forward. Hence a corporate risk focused on climate change adaptation has been proposed, with controls and mitigations currently being captured by the Risk and Control Owners.

2.3.4 NEW: Supply Chain and Market Factors. A key theme arising from this process has been external factors affecting KCC's supply chain and markets. A specific risk remains on the corporate register that focuses on the sustainability of the care market. However, workforce shortages are being experienced in key areas across the council such as bus drivers, which presents significant challenges, alongside shortages of materials that are driving associated cost inflation. Therefore, a specific risk covering supply chain factors is being considered. Initially, the Corporate Risk Team is reviewing supply chain exposures across existing corporate risks, liaising with relevant officers such as KCC's Interim Strategic Commissioner, with a corporate risk being drafted.

2.3.5 A risk covering the development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in the Kent and Medway NHS system (CRR0005) has been on the corporate register for some time. The context to this is evolving. A paper was presented to County Council in July 2021 outlining KCC's ambition for Health and Care Partnership working in the wake of the White Paper "Integration and Innovation: working together to improve health and social care for all", which will be enacted by the Health and Social Care Bill currently being considered by Parliament. This clearly stated the importance of local authorities continuing to maintain their capacity to ensure that they are able to discharge their separate and distinct statutory responsibilities, maintain internal control, deliver annually balanced budgets and manage financial risk accordingly, which is understood by partners. This was a key element of this corporate risk previously, and therefore it was proposed that the risk be de-escalated to directorate level on the understanding that should any further risks become apparent via the upcoming Integration White Paper, the risk can be re-escalated up to corporate level.

2.3.6 Technological resilience and information security – the previous risk CRR0014 relating to cyber threats and their implications has been broadened to reflect the importance of ensuring our technology infrastructure remains fit for purpose as an enabler for the achievement of our Technology Strategy, as well as resilient in light of the ever-increasing dependency on technology to conduct day-to-day business. Specific cyber threat consequences remain as a key element of the risk.

2.3.7 The risk rating relating to civil contingencies and resilience (CRR0004) was raised in 2020 to the maximum level to reflect the potential "perfect storm" of simultaneous challenges faced by the council in relation to Covid-19 response and recovery efforts, UK/EU Transition preparedness and other winter pressures. The risk is still judged as high but given the way that the Council

and its partners at local and national level have responded to challenges so far, the risk has been reduced slightly.

2.3.8 There remains specific focus on managing workforce risks and opportunities during this time. A significant majority of the KCC workforce has been working remotely for nearly two years and regular surveys have been conducted during that time, indicating that our staff continue to show tremendous resilience in adapting to new working practices, finding innovative ways to engage with service users and residents and continuing to deliver services. However, there are still potential wellbeing concerns as we move through the winter period. The Corporate Management Team is ensuring regular engagement with staff to monitor the situation and respond appropriately, putting in place further interventions as necessary to supplement pre-existing support to aid health and wellbeing. The risk remains high and also focuses on adaptation to new working practices.

2.3.9 Workforce capacity challenges were also raised throughout the refresh process, with recruitment and retention difficulties being reported, for both KCC staff and those in the supply chain, reflecting some of the wider market conditions.

2.3.10 The corporate risk regarding suitable provision for unaccompanied asylum-seeking children (UASC) is being reviewed in light of the latest developments, in particular the Government's move to temporarily mandate the transfer of children to local authorities nationally.

2.3.11 The Council's Risk Management Policy & Strategy 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.

3. Directorate Risks

3.1 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.

4. Key Risk Indicators and Other Information

4.1 KCC's Risk Management Policy & Strategy emphasises the importance of utilising the information available to support risk analysis and evaluation processes. As part of this, work is in progress to draw together various risk indicators (sometimes referred to as Early Warning Indicators) of relevance to each risk, some of which are already reported in various committees or forums

across the Council. An approach to the development of Key Risk Indicators (KRIs) has now been endorsed by the Corporate Management Team. Management Information teams are currently reviewing key performance and activity indicators for the coming year, and the Risk Team is working with those teams to align our KRI reporting processes with that of existing business planning and performance monitoring arrangements.

- 4.2 As discussed at the previous presentation of the Corporate Risk Register in September 2021, further information highlighting more in-depth coverage of corporate risk areas and their presentation to formal Committees and Council meetings has been added to the corporate risk register.
- 4.3 The Committee also discussed at its last meeting the direction of travel in relation to current risk ratings and their progress towards realistic and deliverable “target” residual ratings. This question was put to Risk Owners as part of the refresh of the autumn Corporate Risk Register refresh, and while there are many external factors that can influence achievement of these target ratings, the proposal is to estimate time bands for them (i.e., within 1 year; 1-3 years; or 3 plus years) according to the nature of the risks. These timescales are being discussed with Risk Owners and Corporate Board, with outputs to be reported to this Committee.

5. Monitoring and Review

- 5.1 The corporate risks led by each Corporate Director are presented to the relevant Cabinet Committees annually in March, alongside existing arrangements for presentation of directorate risks.
- 5.2 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.

6. Recommendation

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

Report Author:

Mark Scrivener, Corporate Risk Manager

Email: mark.scrivener@kent.gov.uk

Relevant Director

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance

Email: David.whittle@kent.gov.uk