

From: Roger Gough, Leader of the Council
David Cockburn, Chief Executive Officer

To: Governance and Audit Committee – 18th May 2023

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes.

FOR ASSURANCE

1. Background

- 1.1 The Corporate Risk Register 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.
- 1.2 There is still a challenging backdrop of continued uncertainty in the local government operating environment, with the Council facing implications relating to geo-political factors, the cost-of-living crisis, broader economic volatility, workforce shortages and cost inflation.

2. Corporate Risk Register summary

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in July 2022. Since that time, Cabinet received an update on the register in January 2023. The main changes reported at that time were as follows:
 - 2.1.2 CRR0039: The risk rating was to reflect the Information Commissioner's Office (ICO) revised approach to public sector enforcement, which focuses on increased use of the ICO's wider powers, including warnings, reprimands and enforcement notices, with fines issued in only in the most serious of cases. This does not negate the need for the Authority to continue its rigorous efforts to mitigate information governance risks, including automating processes where appropriate.
 - 2.1.3 CRR0058 – The previous risk relating to hybrid working was closed and replaced by a risk that focuses more specifically on workforce recruitment and

retention in relation to key roles across KCC. Notable consequences include workforce capacity challenges. The risk is rated as High.

2.1.4 CRR0045 – Maintaining effective governance and decision making in a challenging financial and operating environment for local government. The risk level was increased to reflect both the increasingly challenging financial environment and the subsequent pressure it puts on decision-making. The risk is to be reviewed to consider any broader areas of relevance arising from the Council's Annual Governance Statement.

2.1.5 CRR0014 Cyber and Information Security – The target residual rating for the risk was raised to match the current level of 20, reflecting that despite continuing improvements to the council's security environment, the risk level will remain high due to constantly evolving threats that require controls to remain effective and fit-for-purpose. The risk reflects controls of a technical nature as well as those that provide training and awareness raising of cyber threats for our workforce.

2.1.6 CRR0055 – Impacts of the 'People at the Heart of Care' Social Care Reform White Paper was added earlier in 2022, but as the key reforms were delayed as part of the Autumn Statement, the corporate risk was withdrawn and will be reassessed pending further information on their implementation. However, one area of reform still progressing is the Care Quality Commission (CQC) Assurance Framework. Discussions are taking place with the Corporate Director for ASCH and CMT as to how this risk should be fed into the corporate profile.

2.2 There have been changes to the ratings of two corporate risks since the register was reported to Cabinet in January 2023:

2.2.1 CRR0050 Preparedness and response to Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) incidents, communicable diseases, and incidents with a public health implication. The risk has been in the context of Coronavirus response and recovery. Monitoring of the position continues and as a result of a reduction in the prevalence of covid-19 cases in Kent and nationally, the relatively low severity of infections, and the effectiveness of the national vaccine programme the risk rating has been reduced to a medium rated risk.

2.2.2 The rating for CRR0004 Simultaneous Emergency Response and Resilience was raised to High when the Authority was under significant strain dealing with Covid-19 response and recovery, incidents relating to the borders in Kent and severe weather risks. Over the past 2-3 years in particular, the Authority has become accustomed to effectively managing simultaneous events and

incidents with its partners and therefore the risk rating has been reduced to Medium.

- 2.3 In addition to the Council's medium term financial and operating environment risk (CRR0009), there is a more specific risk being drafted relating to the potential for significant adverse variances to the latest agreed budget, reflecting the challenges of carrying forward an overspend from 2022-23 into the current financial year and the extremely challenging level of savings requiring delivery, as well as the need to resist spending growth and cost pressures.
- 2.4 CRR0054 Supply Chain and Market Factors has so far been focused on organisation-wide approaches to commissioning, including standards and procurement regulations. However, supply chain and market factors are relevant to a significant number of existing corporate risks e.g., CRR0015 regarding the care market, CRR0053 relating to the capital programme and CR0057 relating to Home To School Transport, and it could be argued that these risks are best managed in their relevant contexts. Therefore, Corporate Board's view is being sought as to whether this risk is removed from the Corporate Risk Register, with the potential to revisit this position once KCC's new commissioning model has been finalised.
- 2.5 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.
- 2.6 The Corporate Risk Register is attached in appendix 1, along with headline details of directorate risks at appendix 2.

3. Cabinet Committee Summary

- 3.1 Corporate risks are divided and presented to the relevant cabinet committees annually, along with summaries of the latest positions for directorate risks and a few headline risk areas from divisional registers. This provides an opportunity for Members to scrutinise the key risks with the relevant Cabinet Member and Corporate Director present. The reports covered the latest position with the corporate risks, how they were evolving and key mitigations.
- 3.2 Members at each committee took the opportunity to ask several questions of Cabinet Members, Corporate Directors and other lead officers. The two most common themes across the committees were cyber security and workforce issues, including recruitment and retention. The cyber risk is acknowledged as a continually evolving picture, with the need to keep controls relevant and be mindful of cyber security issues in the supply chain. A detailed report on cyber risk was presented to the Policy & Resources Cabinet Committee in March.

4. Managing Risk in the Current Context

- 4.1 One common theme arising was the need to regularly prioritise and reprioritise given the increasingly challenging risk environment. This applies to the corporate risk profile, with the majority of corporate risks rated as high, and is very much a live conversation with the Corporate Management Team to develop a deeper understanding of the drivers of each risk, the proximity of potential impacts, and the effective prioritisation and sequencing of mitigations, within resourcing constraints.
- 4.2 The fact that a number of our corporate risks are systemic and complex in nature, and not entirely within our gift to control or manage, is demonstrated by the 'target' residual risk ratings that are listed against each risk. The majority of them are medium or high ratings, which is indicative of the fact that even with further mitigation, the Council will have to accept holding significant levels of risk going forward.

5. Timescales to Target Residual levels of risk

- 5.1 Approximate timescales for the management of risks to "target" residual risk ratings are now integrated into summary profile of the register as well as being listed against each risk. The baseline for the timescales is summer 2022 unless otherwise stated. Risk Owners for the corporate risks are regularly asked to review these timescales. Any changes will be reported back to this Committee.

6. Monitoring and Review

- 6.1 The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported to Cabinet quarterly via the KCC Quarterly Performance Report.

7. Recommendation

- 7.1 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