

From: Derek Murphy, Cabinet Member for Economic Development

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To: Growth, Economic Development and Communities Cabinet Committee – 6th March 2025

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 on the Corporate Risk Register that fall within the relevant Cabinet portfolios, plus a summary of key risks from within the Growth, Environment and Transport 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 Corporate and 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. If the current level of risk is acceptable, the target risk level will match the current rating.
- 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, on behalf of the Corporate Management Team, for several of the council's corporate risks that fall within the Economic Development or Community and Regulatory Services Cabinet portfolios. A brief summary of changes over the past year are outlined below, with full details contained in the risk register extract attached at Appendix 1. The risks are regularly reviewed by directorate and divisional leadership teams.

Risk Reference	Risk Description	Current Score	Target Score
CRR0003	Securing resources to aid economic growth and enabling infrastructure.	High (20)	High (16)

The Council actively seeks to secure the resources/funding necessary to provide the infrastructure required to support growth, which often need to be bid for in very tight timescales and are increasingly subject to the drive to deliver economic impact, housing and employment outputs.

The risk specifically highlights gaps in funding at local level between the overall costs of the infrastructure required and the Council’s ability to secure sufficient funds through the current funding systems, including Section106 contributions, Community Infrastructure Levy and other growth levers and the consequential impacts.

KCC has led the development of a Kent and Medway Economic Framework with partners, setting out a high-level strategy that will guide activity to support the sustainable growth of the county’s economy through to 2030. One key ambition is to “secure resilient infrastructure for planned, sustainable growth, supporting joint work across Kent and Medway to maintain a dynamic understanding of the county’s infrastructure needs, and making the case for investment in its national connectivity infrastructure and the resilience of local business-critical infrastructure.”

Other mitigating controls are in place such as the recently adopted Local Transport Plan 5, the updated Developer Contributions Guide and the Kent Design Guide is being refreshed to ensure consistency with national policy and legislation supporting the delivery of high-quality design in new development. These updated controls have enabled a reduction in risk rating, although this still remains High.

CRR0042	Border fluidity, infrastructure and resilience. <i>(Current risk rating reduced but remains High and target rating reduced to Medium)</i>	High (20)	Medium (12)
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The UK operates a full, external border as a sovereign nation and controls are now placed on the movement of goods and people between the UK and the EU.

New border controls for people, including the Entry/Exit System (EES) which sees non-EU citizens fingerprinted and photographed at borders, were originally due to be introduced in October 2024. This implementation date was subsequently delayed and then put formally on hold due to a lack of preparedness from several bordering nations.

The KCC Resilience team have undertaken various internal resilience activities to plan for and prepare responses to potential impacts arising. They have also undertaken several external partner activities to ensure preparedness and collaborative working is sufficient to mitigate foreseen risks.

KCC continues to work with KMRF partners and government in anticipation of the new implementation date for EES. This is dependent on revised EU legislation allowing for a phased introduction of the levels of checks over a period of several months, anticipated to begin at some point between May and November 2025.

3. Growth, Environment and Transport Directorate risk profile

3.1 The current risks present on the GET Directorate risk register are shown below:

Risk Reference	Risk Description	Current Score	Target
GT0025	Capital Investment and Asset Management. (Current risk rating increased)	High (25)	High (16)
<p>This risk relates to financial pressures and the increase in costs of backlog of works and the resulting challenges to the sufficiency of capital funding for Highway Asset Management and Infrastructure growth, as well as achieving Net Zero for the KCC estate by 2030 (cross-reference to GT0026 below).</p> <p>The risk has increased in rating in the past year to ongoing and increased financial pressures.</p> <p>More external funding will need to be secured, which presents risks related to resources required to develop feasibility / bids for these, alongside any “abortive costs” if bids are not successful, plus the sometimes onerous and challenging grant conditions that come with the funding that could expose KCC to financial risk.</p> <p>Shortfalls in capital funding that impact on the KCC estate can also present implications for services in the directorate that operate from KCC buildings.</p> <p>An ever-increasing risk is the annual shortfall in funding to achieve “steady state” in terms of asset management and the impact of significant inflationary pressures in recent years. Actions continue to take place to source additional capital funding with ongoing oversight within the directorate.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0031	Recruitment and Retention challenges for key roles.	High (20)	High (16)
<p>This risk relates to the directorate’s recruitment shortfalls and retention challenges and has remained high over the past year.</p> <p>There are a number of key or specialist roles across the directorate for which the postholders often have skillsets that are transferrable to other sectors, which presents risks to the recruitment and retention of suitably trained and experienced staff. It is particularly challenging to compete with salary demands for some key specialist roles.</p> <p>The risk carries potential consequences for workforce capacity, capability and morale. This is regularly reviewed alongside the Directorate Organisational Design Group. Succession planning is another mitigation in place.</p>			

Risk Reference	Risk Description	Current Score	Target
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets.	High (20)	High (16)

This risk relates to the directorate's responsibilities to the MTFP and has remained high over the past year due to increasingly challenging financial pressures, particularly with ongoing uncertainty over the medium-term funding envelope for the council and the fact that there are significant levels of savings still to be identified.

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 that require timely decision-making to ensure successful delivery. Key projects are monitored and managed by the GET Directorate Leadership Team.

Risk Reference	Risk Description	Current Score	Target
GT0027	Provision of suitable ICT systems and reliance on KCC technology projects.	Medium (12)	Medium (12)

The directorate is increasingly reliant on information held electronically and would be impacted by staff being unable to continue working remotely due to equipment or network failure. Business Continuity Plans have been updated to include plans to mitigate against this risk and equipment is upgraded when available and necessary.

This risk rating has remained the same over the past year.

Risk Reference	Risk Description	Current Score	Target
GT0021	Availability and quality of resources provided to the directorate.	Medium (12)	Medium (12)

The directorate liaises regularly with other organisational services to ensure they can provide expert support and advice to services at the right time. However, it is acknowledged that there are capacity challenges elsewhere across the organisation that can impact on the level and timeliness of support available. The risk has therefore not changed over the past year.

The Directorate Leadership Team is also continually liaising with KCC commissioners on any issues 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.

Risk Reference	Risk Description	Current Score	Target Score
GT0001	Health and Safety considerations.	Medium (10)	Medium (10)

Services across the directorate need to pay due regard to potential health and safety

issues due to the nature of the work they undertake and this risk has remained static over the past year.

Recommendations from health & safety reviews are monitored, with any improvements made as required. Sound health & safety systems are maintained at waste sites, including reviews of any accidents or near misses, while services work with Facilities Management regarding regular risk assessments of directorate sites and testing for hazards.

A Health, Safety and Wellbeing Board for the directorate has been established and is reviewing the priority areas for action, including reporting mechanisms. The risk is in the process of being revised to incorporate wellbeing factors or creating a separate risk if deemed required in this area.

3.2 There are two additional risks within the GET Directorate Risk Register that are not applicable to the Growth, Economic Development and Communities portfolios. These are GT0036 - UK Emissions Trading Scheme (UKETS) and GT0026 - Net Zero and insufficiency of funding.

3.3 Previously reported risk GT0019 - Delivery of in-year budgets has been withdrawn due to being classified as an issue that is being managed by the directorate. At the time of reporting to Cabinet on 30th January 2025, the GET directorate was forecasting a £6.3m overspend for the 2024-25 financial year, largely due to the English National Concessionary Travel Scheme, Waste Facilities & Recycling Centres and Highways Asset Management.

4. Recommendation

The Cabinet Committee is asked to **CONSIDER** and **COMMENT** on the risks presented in this report.

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