

From: Roger Gough, Leader of the Council
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To: Policy & Resources Cabinet Committee – 5th March 2025

Subject: **Risk Management: Chief Executive and Deputy Chief Executive Departments**

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 Chief Executive and Deputy Chief Executive Departments, in addition to the risks featuring on the Corporate Risk Register that fall within the relevant Cabinet portfolios.

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. The process of developing the registers is therefore important in underpinning service delivery planning, performance management and operating standards. Risks outlined in risk registers are taken into account in the development of the Internal Audit programme for the year.
- 1.2 Directorate risks are reported to Cabinet Committees annually and contain strategic or cross-cutting risks that potentially affect several functions across the Chief Executive and Deputy Chief Executive Departments, and often have wider potential interdependencies with other services across the Council and external parties.
- 1.3 Chief Executive and Deputy Chief Executive Department Directors also lead or coordinate mitigating actions in conjunction with other Directors across the organisation to manage risks featuring on the Corporate Risk Register. The Directors in the Chief Executive and Deputy Chief Executive Departments are designated 'Risk

Owners' (along with the rest of the Corporate Management Team (CMT)) for several corporate risks.

- 1.4 The majority of these risks, or at least aspects of them, will have been discussed in depth at 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. Corporate risks led by the Chief Executive and Deputy Chief Executive Departments.

- 2.1 There is continued uncertainty in the local government operating environment with the Council facing issues relating to the cost-of-living crisis, economic volatility, workforce shortages and cost inflation all of which impact financial sustainability.
- 2.2 There is one new risk on the corporate risk register (CRR0065) 'Implementation of Oracle Cloud Programme'. This is a critical programme for the organisation, replacing the current outdated infrastructure. It is a large and complex programme, which carries with it significant inherent risk.
- 2.3 There are nine corporate risks of particular relevance to this Committee. A summary, including changes over the past year, are outlined below, with more detail of the risks and their mitigations contained in appendix 1.
- 2.4 These risks are reviewed regularly throughout the year and were presented to Cabinet along with the rest of the corporate risk register on 9th January 2025. In addition, the risk register will be presented to Governance and Audit Committee for assurance on 20th March 2025.

Risk Reference	Risk Description	Current Score	Target Score
CRR0009	Future financial operating environment for Local Government.	High (25)	High (16)

The risk focuses on the Council's ability to operate effectively within an extraordinarily challenging external environment and uncertainty around sufficiency of the council's core spending power when faced with service demand and other pressures. The risk rating has been at the maximum rating of 25 since September 2023.

Following the Chancellor's autumn 2024 budget and local government provisional finance settlement for 2025-26, the Council is set to receive around £30m more than the previous year, however this is still insufficient to deal with the pressures being faced. In addition, policy decisions relating to the national living wage, national minimum wage and the changes to Employers National Insurance contributions will place further pressure on providers of social care, a sector under immense strain. A balanced budget can only be achieved with significant savings and income generation as spending growth is likely to continue to exceed the funding available from the government settlement and local taxation.

The Government's Autumn Budget 2024 statement and subsequent Local Government Finance Settlement only covered 2025-26, with no indicative allocations for subsequent years, although there was a promise of multi-year settlements from 2026-27 onwards. This means that the forecasts for later years are speculative, consequently planning has to be sufficiently flexible to respond accordingly.

Risk Reference	Risk Description	Current Score	Target Score
CRR0014	Cyber and Information Security Resilience	High (20)	High (20)

This risk focuses on cyber and information security threats and the potential of malicious (intentional) actions against KCC from individuals, cyber criminals and state sponsored attacks, including within the Council's supply chain.

Each year, the National Cyber Security Centre's (NCSC) [Annual Review](#) details the key developments in cyber security nationally and abroad including an overview of emerging threats, risks and vulnerabilities which the Council reviews and takes the necessary action required to mitigate the risk.

The risk is at its target rating and remains a high rated risk. The risk rating reflects constantly evolving threats that require controls to remain effective and fit-for-purpose to protect the Council from threats to its information security.

CRR0039	Information Governance	Medium (15)	Medium (9)
<p>This risk is focused on the obligations of the Council to meet requirements of the UK General Data Protection Regulations (GDPR) and ensuring that the appropriate processes, procedures and behaviours are embedded to meet requirements.</p> <p>The Council continues to monitor and report on performance against targets for responding to increasing volumes of Freedom of Information and Subject Access Requests, and continues to improve its response rates while balancing the priorities of front line services.</p> <p>Controls in relation to mapping organisational data that is shared internally and externally have been strengthened.</p> <p>In response to innovative technological developments, the Council has developed a policy to provide direction on the use of Artificial Intelligence, ensuring that personal sensitive data from either residents, or people who use our services and commercially sensitive data is used correctly and appropriately.</p> <p>Since this risk was last reported to this Committee, there has been significant progress made on improving response rates to Freedom of Information Requests, this is reflected in the performance monitoring reports for quarter three of 2024/25. There has been a focus on improving Subject Access Requests processes, and there has been improvement in performance in this area, as reported to this Committee in January. The risk rating will be reviewed when the performance monitoring metrics are in line with regulatory requirements.</p>			
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (16)	Medium (10)
<p>This risk focuses on the need for effective governance and decision making as well as robust internal control mechanisms to support timely and challenging policy decisions.</p> <p>The external auditor stated several areas of improvement during the year, including workshops, a review of written governance processes and a Member development survey, although they also noted that culture, behaviours and standards should keep pace with improvement work.</p> <p>The risk rating has been reduced, which acknowledges the positive direction of travel highlighted by the external auditors, although a Key Recommendation and improvement recommendation was made in the 2023/24 Annual Auditor's report that the council is responding to.</p>			

CRR0049	Fraud and Error	Medium (10)	Low (5)
<p>This risk acknowledges the risk of fraud and/or error that exists within any organisation and the need for the council, like all public bodies, to be attuned to the risks facing their organisations and the public sector.</p> <p>The Counter Fraud team recently reported that cyber enabled fraud continued to be a risk for all organisations.</p> <p>The direction of travel for this risk has remained static, and the Counter Fraud team have been delivering several fraud awareness sessions and are part of the Serious and Organised Crime cross directorate working group.</p>			
CRR0053	Asset Management and Degradation and associated impacts, linked to Capital Programme affordability.	High (25)	High (16)
<p>This risk is focused on the degradation of organisational assets due to financial pressures, affordability of the capital programme, and the uncertainty surrounding grant funding for capital expenditure, with particular concern relating to impacts on our ability to meet operational requirements and/or statutory duties and invest in infrastructure. The major risks and issues associated with the capital programme have been discussed as part of the budget process.</p>			
CRR0058	Capacity and capability of the workforce	High (16)	Medium (12)
<p>This risk is focused on the capacity and skills of the workforce. The Council continues to experience high demand for services, with the strain on the existing workforce impacting their capacity. The number of workforce related risks identified across the organisation equates to approximately third of all risks being monitored by the Council, maintaining the position from last year.</p> <p>Continuation of skill shortages nationally in key areas, create challenges with attracting suitably qualified and capable staff, retaining them to ensure sufficient capacity and capabilities to deliver services continues to be reported as a challenge across directorates.</p> <p>The organisation continues to be subject to significant change across services while delivering 'business as usual' services.</p>			

CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)	Medium (9)
<p>This risk is focused on the Council’s legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. The most significant overspends (and budgeted spending growth) in both 2022-23 and 2023-24 are in adult social care and children’s services.</p> <p>The Council has set the budget recovery strategy – <i>Securing Kent’s Future</i> – to address the in-year and future years financial pressures the council is facing and the specific and broader action that can be taken to return the council to financial sustainability.</p> <p>Finance and performance monitoring progress reports are being considered at every Cabinet meeting to ensure the focus on <i>Securing Kent’s Future</i> remains until the council’s financial position is stabilised.</p> <p>The position in Adult Social Care & Health continues to be the main focus and the forecast overspend as at Quarter 3 of 2024-25 has increased by £2.9m and is now £35.4m. The rest of the Council is generally underspending, which partly offsets the overspend in ASCH. A rapid review of current savings plans with ASCH has been undertaken to identify where savings may be accelerated and where new savings may at least partly offset the projected overspend in this financial year.</p> <p>Following reporting of quarter three financial performance to Cabinet in January and in light of the overspend focused in the ASCH directorate, this risk will be reviewed.</p>			
CRR0065	Implementation of fit-for-purpose Oracle Cloud system.	Medium (10)	Low (5)
<p>This risk is focused on the implementation of a fit-for-purpose Oracle Cloud system.</p> <p>This is a critical programme for the organisation, replacing the current outdated infrastructure. It is a large and complex programme, which carries with it significant inherent risk.</p> <p>It is essential that the programme demonstrates robust governance, change and programme management, especially at a time where organisational capacity is stretched, with several major change activities in train.</p>			

3. Chief Executive’s and Deputy Chief Executive’s Departments’ risk profile

3.1 The Chief Executive’s and Deputy Chief Executive’s Departments hold a total of six risks between them on their departmental registers.

Table 1 - Deputy Chief Executive' Department Risk Register Summary

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since March 2024
DCED0006	Border controls – Entry and Exit system	Medium (15)	Low (5)	New Risk
DCED0004	External supplier resource capacity	Medium (12)	Low (4)	↔
DCED0003	Departmental resource capacity	Medium (12)	Medium (9)	↔
DCED0002	Anti-bribery and corruption	Low (4)	Low (4)	↔

Table 2 - Chief Executive' Department Risk Register Summary

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since March 2024
CED0003	Departmental resource capacity	High (16)	Medium (9)	New Risk
CED0004	Modernisation of financial operations	High (16)	Medium (8)	New Risk

- 3.2 There is one new risk in the DCED department (DCED0006) which is focused on the pending changes to border controls, primarily the entry and exit system (EES) at Dover docks. The responsibility for a number of controls and mitigating actions sit in services within the DCED department, therefore this risk is held on the departmental register for monitoring purposes. It should be noted that implementation of EES has been delayed by the EU due to a lack of readiness of core systems in three key countries. EES will now be a gradual rollout with the European Travel Information and Authorisation System (ETIAS) being implemented six months later.
- 3.3 Two risks have been added to the CED department risk register since risks were last reported to this Committee in March 2024. A high rated risk (CED0003) refers to the capacity pressures being experienced within several services in the department. Lastly, CED0004 is focused on the need for the Council to modernise its approach to financial management to improve efficiency, accuracy and timeliness of financial processes.

- 3.4 The departmental risk registers have been reviewed and amended during the year with quarterly reporting into the Departmental Management Teams, with the most recent review and discussion in January 2025.

4. Recommendation

Recommendation:

The Policy & Resources Cabinet Committee is asked to **consider** and **comment** on the risks presented.

5. Background Documents

- 5.1 KCC Risk Management Policy and associated risk management toolkit on KNet intranet site. <https://kentcountycouncil.sharepoint.com/sites/KNet>

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