From:	Roger Gough, Leader of the Council
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To:	Governance and Audit Committee – 16th May 2024
Subject:	**CORPORATE RISK REGISTER**
Classification:	Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes, and will now receive more regular updates throughout the year, given the challenging risk environment that the Council is operating within.

This report includes a summary of key points raised from the recent presentation of the corporate risks to relevant Cabinet Committees for scrutiny.

FOR ASSURANCE

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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. At the Governance & Audit Committee meeting on 19th March, the latest Risk Management Policy and Strategy for the Council was reviewed and approved, which included key messages relevant to risk management from KCC's budget recovery strategy, *Securing Kent's Future*, taking into account the difficult environment the Council is operating within and the approach required to respond effectively.

2. Corporate Risk Register summary

2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in May 2023. Since that time, Cabinet has received an update on the register in January 2024. Regular risk updates have continued throughout the year to Corporate Board and senior management forums.

2.2 Changes to the risk register since last reported to this Committee are summarised below.

Risks added to the register:

2.2.1 CRR0061: Care Quality Commission (CQC) Assurance Readiness (Medium)- As part of the Health and Care Act 2022 the CQC have new regulatory powers to oversee the quality and performance of both local authorities and Integrated Care Systems (ICS) using a single assessment framework alongside the existing inspection responsibilities they hold for providers of regulated activity. The CQC will apply the Local Authority Assurance Assessment framework and the review will focus on how well KCC is meeting its duties under Part One of the Care Act. KCC is preparing for this new regulatory regime.

2.2.2 CRR0064: Delivery of effective adult social care services (High). This risk broadens the scope of the previous adult safeguarding risk, which it replaces, to acknowledge the risk of failing to deliver effective Adult Social Care services, with the council impacted by factors such as increasing demand (and cost of demand) for services, market factors, recruitment and retention of staff.

2.2.3 CRR0063: Capacity to accommodate and care for Unaccompanied Asylum-Seeking Children (UASC) (High) – this risk originally re-entered the Corporate Risk Register in the summer of 2023 in light of a High Court Judgement meaning that a protocol between KCC and the Home Office to ensure KCC did not need to take more children than it could safely accommodate, could no longer be applied in its current form. This means that the Council is required to accommodate and look after all UAS children arriving into the County, pending transfer to other local authorities under the National Transfer Scheme. This presents numerous pressures on an already stretched service.

KCC is now working with the Home Office to ensure there is funding in place to secure sufficient temporary accommodation for all expected new UAS Children arrivals moving forwards. Several possible sites across the county have already been identified and local residents informed. While the funding aspect of the risk is likely to reduce, the operational risk is still high for several months until suitable accommodation is secured.

Risk Rating Increase

2.3 CRR0045 – Maintaining effective governance and decision making in a challenging financial and operating environment. 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, particularly in light of recent examples from other local authorities.

In October 2023 the External Auditors issued a report on governance arrangements at the Council, which identified 22 recommendations, including those which related to strategic arrangements for delivering priorities, effective challenge to, and scrutiny of, decisions and the Council's structure, systems and behaviours. The External Auditors referred to their October 2023 report in their Annual Report of 2022/23, raising a key recommendation in regard to weaknesses in arrangements for governance, and noted that the same recommendation had been made in 2021/22. This was supported by findings in the Monitoring Officer's Annual Governance Statement. The External Auditor stated that that there have been areas of improvement during the year including workshops, review of written governance processes and a Member development survey, however they also concluded that the culture, behaviours and standards should also keep pace with improvement work. Therefore the risk rating has been raised for a time, until actions in the Annual Governance Statement action plan have been satisfactorily implemented.

Risks Removed from the Register

2.4 CRR0001: Safeguarding Vulnerable Children. There will always be a need for vigilance and no complacency regarding this risk. However, there are comprehensive controls in place that have received independent assurance. Therefore, the risk has been delegated to directorate level, with the emphasis on the Director of Children's Services to escalate to CMT if required.

2.4.1 CRR0057 Home To School Transport Pressures. This was previously a corporate risk relating to Home To School Transport on the Corporate Risk Register that focused on operational concerns in the wake of a major re-tendering exercise, for which the Internal Audit function has conducted a lessons-learned review that has been followed by a management action plan, overseen by the Governance & Audit Committee. This has been removed as a standalone corporate risk, as the predominant risk now relates to increases in costs for Home To School Transport (SEND in particular). Therefore, the cost pressures and plans being progressed to mitigate them are to be included as part of the corporate budgetary and SEND delivery improvement and high needs funding shortfall risks. Any more operational risks on this topic are captured at directorate / divisional level.

2.4.2 CRR0004 - Simultaneous Emergency Response and Resilience. Ensuring that the Council works effectively with partners to plan for, respond to, and recover from, emergencies and service disruptions is becoming increasingly important. Throughout the past year, KCC has been engaging with an independent review of the Kent Resilience Forum to provide clarity on KCC's role, contribution and responsibilities as a partner within the KRF. One key outcome from this was the redesign and strengthening of KCC's Emergency Planning and Resilience Service. The Council has proven to be adept at handling numerous incidents concurrently in recent years, with this becoming "business as usual". Therefore, the risk has been delegated to directorate level, from which the Risk Owner (Director of Infrastructure) can escalate if there are particular concerns. Standalone corporate risks still remain for specific threats, such as cyber-attacks and the upcoming introduction of the EU's Entry Exit System (EES).

2.4.3 CRR0050 - CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency. Following the annual review and refresh of the corporate risk register at the end of 2023 it was proposed that providing there were no further concerns regarding communicable diseases over the winter period, this risk be deescalated to the Public Health risk register in April 2024. The risk continues to be monitored by the Director of Public Health and can be re-escalated to the corporate risk register should the risk profile change.

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, or mitigating controls 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, and a summary list of items relating to corporate risk areas that have been discussed at Committee meetings over the past six months (appendix 3).

3. Cabinet Committee Summary

3.1 Corporate risks are divided up 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. These included:

- requests for risk assurance for risks that are due to be deescalated from corporate to directorate level.
- requests for more information on mitigating actions.
- suggestions to consider further consequences for risks.
- questioning of the efficacy of controls listed against the risks presented.

- requests to consider change in scope to risks.
- querying of risk ratings.
- highlighting linkages between risks, aggregation and scenario modelling of cumulative impacts.
- highlighting of secondary risks, where new risks are potentially introduced through our mitigations. This linked to conversations relating to risk "trade-offs."

3.2.1 Several corporate risk areas already receive focus as part of substantive items at Cabinet Committees. For example, there were specific items on implications of the upcoming EU Entry / Exit System (EES) at two Committees, with further items to be presented ahead of their planned introduction in October 2024.

4. Managing Risk in the Current Context – Criteria for Inclusion

4.1 The Corporate Risk Register has grown significantly over the past few years given the challenging environment in which the Council is operating. With an increasing number of risks and the majority of them still rated as High, it has prompted a review of the criteria for what risks appear on the Corporate Risk Register, as well as the criteria for risks to come off the register. This approach was endorsed by Cabinet in January 2024.

4.2 As a result, several principles have been developed to aid or reinforce decision-making for inclusion onto or off the Corporate Risk Register. They are:

- *Risks are not automatically added to the Corporate Risk Register because they involve or affect more than one department of the Council.* The risks we are required to manage are becoming increasingly complex and systemic in their nature. If all risks with council-wide implications were featured on the Corporate Risk Register, it would lead to an exponential increase in size of the number of risks on the register.

- *Risks should be deescalated from the corporate risk register to directorate level once the 'target' residual level is judged to have been reached, unless the residual risk exposure is rated as "High".* The risks are not closed, and can be re-escalated by the Risk Owner if the risk profile should change.

- *Risks should not be added to the corporate register purely as a demonstration that we are taking them seriously.* Any tendency to satisfy stakeholder (e.g. auditor or regulator) expectations by including a risk that it is felt they would expect to see, should be resisted. Each risk on the register is there due to the evaluation of a risk assessment, the output of which demonstrates that the current level of risk exposure (taking into account existing controls) warrants inclusion.

4.3 Risks deescalated to directorate level will still be subject to regular review by Directorate Management Teams, and directorate risks will still be reported to Cabinet Committees and Governance & Audit Committee as part of established reporting cycles.

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. Risk Owners for the corporate risks are regularly asked to review these timescales, but as the majority of risks assigned were 1-2 year timescales during 2022, a more specific “stock take” of progress will be conducted as part of the individual meetings with CMT and Cabinet Members in autumn 2024.

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.

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Corporate Risk Register - Summary Risk Profile – May 2024

Low = 1-6	Medium = 8-15	High =16-25

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Summer 2023	Timescale to Target (baseline summer 2022 unless otherwise stated).
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (25)	High (16)	⇔	3+ Years
CRR0009	Future financial and operating environment for local government	High (25)	High (16)	⇔	1-2 Years
CRR0014	Cyber and information security resilience	High (20)	High (20)	⇔	At Target
CRR0015	Sustainability of the social care market	High (25)	Medium (15)	⇔	3+ Years
CRR0039	Information Governance	Medium (15)	Medium (9)	⇔	1-2 Years
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (25)	High (16)	⇔	1-2 Years
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (20)	Medium (10)	⇔	1-2 Years
CRR0049	Fraud and Error	Medium (10)	Low (5)	⇔	Within 1 Year
CRR0052	Adaptation of KCC Services to Climate Change impacts	High (25)	High (16)	⇔	3+ Years

CRR0053	Capital Programme affordability (impacts on assets, performance and statutory duties)	High (25)	High (16)	⇔	3+ Years
CRR0056	SEND Delivery Improvement and High Needs Funding shortfall	High (25)	High (16)	⇔	3+ Years
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	⇔	1-2 Years
CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)	Medium (9)	⇔	Within 1 Year (baseline June 2023)
CRR0060	Reinforced Autoclaved Aerated Concrete	Medium (15)	Low (5)	⇔	Within 1 Year (baseline June 2023)
CRR0061	CQC Assurance	Medium (15)	Medium (10)	New Risk	Within 1 Year
CRR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	High (25)	High (20)	Re-Entry	TBC
CRR0064	Delivery of Effective Adult Social Care Services	High (20)	Medium (15)	New Risk	Within 1 Year (baseline December 2023)

*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore, there will be some 'gaps' between risk IDs.

NB: Current & Target risk ratings: The 'current' risk rating refers to the current level of risk taking into account any mitigating controls already in place. The 'target residual' rating represents what is deemed to be a realistic level of risk to be achieved once any additional actions have been put in place. On some occasions the aim will be to contain risk at current level.

Likelihood & Impact Scales					
Likelihood	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Impact	Minor (1)	Moderate (2)	Significant (3)	Serious (4)	Major (5)