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To: Governance and Audit Committee – 21st January 2021

Subject: **Review of KCC’s Risk Management Policy & Strategy**

Classification: Unrestricted

Summary:

The Governance and Audit Committee is responsible for the annual review of the Council’s Risk Management Policy & Strategy.

The Governance and Audit Committee is asked to approve the Risk Management Policy & Strategy.

FOR DECISION

1. Introduction and background

- 1.1 As part of the Governance & Audit Committee’s terms of reference, KCC’s Risk Management Policy & Strategy is reviewed annually to ensure that it remains up to date and relevant.
- 1.2 The document covers a rolling 3-year period to reflect the medium-term nature of the strategy. This has not affected the requirement for the Policy & Strategy to be reviewed and approved annually.
- 1.3 KCC’s Risk Management Policy & Strategy has been independently judged as sound in previous risk management audits and there has been minimal change to the Policy & Strategy for the past five years. However, it is important that the document continues to align with the external and internal context to remain fit for purpose, and given the evolving risk environment, the Policy & Strategy has undergone a more significant ‘refresh’ this year.
- 1.4 The document draws on best practice from several sources, in particular the UK implementation of the international standard for risk management, *ISO 31000:2018 Risk management - Guidelines*; the HM Treasury and Government Finance Function’s “*Orange Book: Management of risk – Principles and Concepts*” revised in July 2019; and examples of policies and strategies from other organisations. This is in addition to input from KCC’s Governance & Audit Committee at a Risk workshop in October 2020.
- 1.5 The overall structure of the previous Policy & Strategy has been retained, although the main changes to this year’s version can be summarised below:

- A more specific Statement of Commitment has been introduced at the beginning of the document to set a clear “tone from the top.”
- The context, risk management objectives and priorities have been updated to ensure continued relevance.
- The risk management principles and framework have been remodelled.
- More detail has been inserted on expectations for risk management processes, covering identification, analysis and evaluation.
- The risk reporting section emphasises a move away from risk assessment being determined by traditional institutional administrative cycles to one based on how fast risks are emerging and the level of their materiality.
- There is more detail on monitoring and reporting arrangements and expectations.

1.6 The document is attached in appendix 1.

2. Supporting Procedures, Communication and Review

2.1 The Risk Management Policy & Strategy is supported by a Risk Management Toolkit containing more detailed advice and guidance for managers in a number of areas, including a breakdown of risk management processes and other parts of the framework. The Toolkit is being reviewed and updated in the coming months to reinforce key messages within the Policy and Strategy and ensure continued relevance, alongside regular communications to promote awareness.

2.2 Progress against the risk management work programme, derived from the objectives and priorities set out in the Policy & Strategy, will be reported to this Committee each time it reviews and considers it for approval. The work programme for 2021/22 is being finalised as part of 2021/22 business planning process.

3. Recommendation

3.1 That members of the Governance and Audit Committee, on behalf of the County Council, APPROVE the Risk Management Policy & Strategy for the coming year.

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