

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

To: Governance and Audit Committee – 26<sup>th</sup> January 2023

Subject: **Review of KCC’s Risk Management Policy, Strategy and Programme**

Classification: Unrestricted

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### **Summary:**

The Governance and Audit Committee reviews the Council’s Risk Management Policy & Strategy and Programme annually.

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

### **FOR DECISION**

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#### **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 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*”; and examples from other organisations. The document was significantly refreshed ahead of its approval by this Committee in January 2021 and consequently only features relatively minor changes this year. The document is attached in appendix 1.
- 1.4 There is a small Corporate Risk and Assurance Team of 4.5 FTE that acts as corporate advisors of risk at a strategic level and has day-to-day responsibility for developing and co-ordinating risk management across the Council, providing advice, support and training and contributing to the ongoing reporting and analysis of risks. This also includes reinforcing KCC’s risk management framework throughout major change activity across the Council. The team looks to continually improve and update corporate risk management procedures based on current best practice and lessons learned and has aligned its work plan with the objectives set out in the Policy & Strategy.

## 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, including a breakdown of risk management processes and other parts of the framework.

## 3. Review of Risk Management Work Programme 2022

- 3.1 The annual review of the KCC Risk Management Programme, set against the objectives and priorities laid out in the Risk Management Policy & Strategy, is outlined below:

Objective / Action from Strategy	Current Position and Latest Developments
<p>Integrating risk management practices into the Council's decision making, business planning, performance and management activities, particularly focusing on robust analysis, scrutiny and evaluation of mitigating controls and further actions.</p>	<p>The Corporate Risk Team engages regularly with senior and middle managers, at an individual level and with management teams at corporate, directorate, divisional and increasingly at service level. This involves facilitation, including challenge, regarding suitability and effectiveness of controls, upcoming actions and risk ratings. More service level registers are being added to our risk management database to help provide improved visibility of more service based, operational risks.</p> <p>Risk Management messages are aligned with business planning processes and timelines. The Corporate Risk function is involved in preparations for the revised business planning approach for the Council in 2023/24.</p> <p>Behavioural factors important for effective risk management are embedded in KCC values and cultural attributes – for example effective risk management features as part of the list of corporate responsibilities outlined for all managers at grade KR 12 and above.</p> <p>The Council's Quarterly Performance Report, reported to Cabinet quarterly and County Council annually, contains a section on the Corporate Risk Register, including progress against mitigating actions.</p> <p>The Corporate Risk Team provides project management briefing sessions to support those looking to attain Association of Project Management (APM) qualifications, helping to build capacity across</p>

	<p>the organisation to manage significant projects.</p> <p>Statements from Directors that build into the overall Annual Governance Statement for the Council are reviewed to give assurance that risk information is being used to feed into them and also to check whether issues being raised represent risks for KCC going forward that require capturing as part of the Council's risk profile.</p>
<p>Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.</p>	<p>The Council's Risk Management database is used to capture business risks across the Council, improving visibility and enabling better corporate oversight. As of the end of December 2022, there were 423 open risks on the system (up from 317 last year) and the number of users with edit access has increased from 63 to 74. In addition, there are over 200 users who can view the system. Preliminary research has taken place regarding a system upgrade that will provide a more user-friendly interface, as well as improved reporting mechanisms. A training webinar has been developed and run to aid effective use of the system.</p> <p>Thematic analysis takes place on cross-cutting risks – examples in 2022 included updating previous analysis on workforce risks, which led in part to the inclusion of a new corporate risk relating to workforce recruitment and retention, as well as ICT related risks that were shared with the Director of Technology when new in post.</p> <p>Further analyses will take place in 2023, with work planned around financial risks across the organisation, reporting findings and insights to senior management. The analysis acts as a prompt for discussions around risk and control ownership and effectiveness of mitigations.</p> <p>MS Teams sites have been set up for key networks relating to Risk and Project Management to offer a platform for people in those areas to share information and collaborate.</p>
<p>Providing a varied risk management training and development offer for both officers and elected Members, as part of KCC's broader Leadership and Management Strategy.</p>	<p>A universal eLearning package relating to risk management continues to be completed by a range of staff across the organisation, with 143 completions during 2022, more than double the amount from the previous year.</p> <p>The eLearning has been complemented by several new webinars in 2022 relating to different aspects of</p>

	<p>how risk is managed at KCC:</p> <ul style="list-style-type: none"> <li>• Managing Risk at KCC overview</li> <li>• Project and Programme Risk</li> <li>• Tools and Techniques for identifying risks</li> <li>• Risk Assessment and Evaluation</li> <li>• Risk Appetite, Tolerance and Escalation</li> <li>• Risk Treatment</li> <li>• Risk Monitoring, Review and Reporting</li> </ul> <p>The webinars attracted 129 live attendances in total and are now available on the Delta learning hub for people to view. A Risks and Issues bitesize session is also being trialled on Delta.</p> <p>Service-specific webinars were provided for HR and strategic commissioning colleagues as part of their Skills and Knowledge sessions, covering how risk management fits into the commissioning life cycle.</p> <p>A briefing session was held for Governance &amp; Audit Committee members on emerging risks, in collaboration with Internal Audit, and opportunities for Member training and development more broadly will be explored in the coming year.</p> <p>Expert input was also provided to the Organisational Development and Learning &amp; Development functions to support the successful launch of the Project Management Hub on Delta.</p>
<p>Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.</p>	<p>The Corporate Risk function works closely with the Strategic Reset Programme (SRP) Team to understand key risk themes, mitigate risks and improve delivery confidence to get programmes working in the right way to deliver successfully. Delivery confidence recommendations are provided on draft business cases to aid their development.</p> <p>The team also has an open invitation to attend SRP Programme Board items where there could be significant risks.</p> <p>SRP, Corporate Risk and Internal Audit also take an integrated assurance approach, working together on risk management, business case development and programme governance.</p>

	<p>There is regular cross-referencing between programme risks and mitigations with the Corporate Risk Register.</p>
<p>Reviewing the Council's risk appetite to ensure it remains aligned with strategic objectives, while promoting a wide understanding of how it translates into tolerance levels within service or programme settings.</p>	<p>The Council's overarching risk appetite statement is outlined in the KCC Risk Management Policy &amp; Strategy.</p> <p>This is supported by practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit.</p> <p>The Corporate Management Team has endorsed an approach to reviewing risk appetite against various categories of risk, which has been trialled for financial risks, with outputs being reviewed collectively by CMT. This approach will be taken forward with other risk categories in the coming year. However, risk appetite conversations are happening as integral aspects of strategy development, budgeting and decision-making on an ongoing basis.</p>
<p>Intelligence sharing and collaboration between risk management and assurance disciplines across all Council activities, consolidating ongoing learning, experience, and knowledge. This includes ensuring understanding of how each of the "three lines of assurance" contributes to the overall level of assurance required and how these can be best integrated and mutually supportive.</p>	<p>The Corporate Risk Team has a positive, collaborative working relationship with the Internal Audit and Counter-Fraud function, sharing intelligence on findings from risk reviews; on activities such as assurance mapping; as well as liaising to prevent duplication and complement each other's work in instances where the Internal Audit function is offering consultancy-type services. The Corporate Risk Manager is a recipient of finalised audit reports to enable reviewing of issues and consideration of the associated risks, including how they feature in the risk profile.</p> <p>As part of a KCC Risk Management network the lead officers for risk specialisms i.e., Health &amp; Safety, Resilience and Emergency Planning, Information Resilience and Transparency, Insurance, as well as Internal Audit and Counter Fraud meet to share intelligence and align activities where possible.</p> <p>Work on Key Risk Indicators is progressing in conjunction with directorate Management Information leads and the corporate Analytics and Performance function, to align with business planning and performance management processes. The Corporate Management Team has endorsed the approach to gathering and utilising the information, although there are some issues of timeliness that require resolution.</p>

	<p>Representatives from the Corporate Risk Team are assigned to working groups associated to key risk areas for oversight and to offer a corporate perspective. Examples include involvement in cross directorate groups relating to information governance, business continuity / resilience and the PREVENT agenda. There has been focused work in 2022 with relevant officers to identify information governance risks across the Council, reporting insights to the Corporate Information Governance Group.</p>
<p>Operating sound and transparent risk management arrangements with our partners and providers, underpinned by a culture that supports collaboration and the development of trust, ensuring clarity of risk and control ownership and striking a proportionate balance of oversight of partner / provider risks without being over-constrictive.</p>	<p>The Risk Team is part of an informal Kent Risk Network along with District Council representatives involved in risk management processes, with part of its remit to focus on place-based risks that are common to local partners across the county.</p> <p>The team has been liaising with the Council's Strategic Commissioner throughout the year on how key commissioning standards are embedded across the organisation.</p> <p>Additionally, the team attends and contributes to the recently established Serious and Organised Crime (SOC) cross directorate working group to support the embedding, understanding and response to SOC as 'business as usual' activity across the Authority in line with national strategy.</p>
<p>Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.</p>	<p>Key messages are communicated via regular engagement with management teams at corporate, directorate, divisional / service levels.</p> <p>Messages are sent out to promote new initiatives or training and Microsoft Teams sites are also being used to communicate targeted messages to Risk or Project Management networks.</p> <p>A Risk Management communications plan has been devised and is being implemented with support from the internal communications team. Links are being explored to risk specialism areas such as counter fraud and health and safety.</p>

<p>Subjecting KCC's risk management arrangements to regular review to determine their continued adequacy and effectiveness.</p>	<p>A Risk Management Position Statement was produced by Internal Audit for 2021/22, which was presented to Governance &amp; Audit Committee in April 2022. A full audit of risk management will be undertaken as part of the 2022/23 plan.</p> <p>KCC chairs a regional Risk Management Network where good practice and ideas are shared, allowing for informal benchmarking against other local authorities. This is also a useful forum for horizon scanning.</p> <p>The Risk Team has membership of the national Association of Local Authority Risk Managers (ALARM), with access to resources, best practice etc, which now includes corporate membership to enable broader sharing of resources.</p>
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3.2 In addition to the summary of activity above, the team is involved in reviews commissioned by senior management to identify lessons to be learned in various areas, supporting the principle from the risk management framework of continual improvement in the management of risk. An example includes engaging with the ICT function regarding its consolidated action plan.

3.3 Work against these medium-term objectives will continue to be built into the Corporate Risk Team's work plans for 2023-24.

#### **4. Recommendations**

4.1 Members of the Governance and Audit Committee are asked to:

- a) APPROVE the Risk Management Policy & Strategy 2023-2026; and
- b) NOTE the report on the Risk Management Programme for assurance

*Report Author:*

*Mark Scrivener*  
*Corporate Risk Manager*  
[Mark.scrivener@kent.gov.uk](mailto:Mark.scrivener@kent.gov.uk)

**Relevant Director:**

**David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance**  
[david.whittle@kent.gov.uk](mailto:david.whittle@kent.gov.uk)