By:	Roger Gough, Leader of the Council
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To:	Governance and Audit Committee – 19th March 2024

| Subject: | **Review of KCC's Risk Management Policy, Strategy and Programme** |
| Classification: | Unrestricted |

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 and **note** the review of the risk management programme.

FOR DECISON

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 is attached in appendix 1.

1.4 The Council's Risk and Delivery Assurance Team 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 2023

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
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.	The Risk and Delivery Assurance 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. Risk Management messages are aligned with business planning processes and timelines. The Risk and Delivery Assurance function has been involved with preparations for the 2024/25 business planning approach for the Council. 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. 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. Further work is planned, in conjunction with the Council's Chief Analyst, to align performance and risk perspectives and reporting. The Risk and Delivery Assurance Team provides project management briefing sessions to support

	those looking to attain Association of Project Management (APM) qualifications, helping to build capacity across the organisation to manage significant projects. This has included colleagues in the Strategic Reset Programme Team.
Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.	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 February 2023, there were 515 open risks on the system (up from 423 last year) and the number of users has increased, with 85 edit access users and over 250 users who can view the system (including Internal Auditors to aid their audit activity). In February 2024, the database was significantly upgraded, providing a more user-friendly interface, as well as improved reporting capabilities. A training and support package has been developed and run to aid effective use of the system. Thematic analysis takes place on cross-cutting risks, acting as a prompt for discussions around risk and control ownership and effectiveness of mitigations. MS Teams sites are established for key networks relating to Risk and Project Management, to offer a platform for people in those areas to share information, dilemmas and collaborate.
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.	A universal eLearning package relating to risk management is available to staff across the organisation, which is complemented by several webinars relating to different aspects of how risk is managed at KCC that are available to view on the Delta learning hub: • Managing Risk at KCC overview. • Project and Programme Risk. • Tools and Techniques for identifying risks. • Risk Assessment and Evaluation. • Risk Appetite, Tolerance and Escalation. • Risk Treatment. • Risk Monitoring, Review and Reporting. Bespoke risk management briefings / training sessions are provided either on request, or where the Head of Risk & Delivery Assurance feels it would be beneficial e.g. a briefing was provided for the SEND Partnership Delivery Group, outlining the proposed risk management arrangements relating to delivery of

	the Accelerated Progress Plan, and the roles and responsibilities of that group and the supporting SEND Transformation Team.

In February 2024, a briefing session was held for Governance & 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. |
| Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance. | The Risk and Delivery Assurance 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 business cases whilst in development.

The team also has an open invitation to attend the Corporate Management Team SRP Programme Board items where there could be significant risks discussed.

The SRP, Risk and Delivery Assurance and Internal Audit teams also take an integrated assurance approach, working together on risk management, business case development and programme governance. One example is collaboration between the Risk and Audit functions on the Enterprise Business Capabilities Programme.

There is regular cross-referencing between programme risks and mitigations with the Corporate Risk Register. |
| 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. | The Council's overarching risk appetite statement is outlined in the KCC Risk Management Policy & Strategy, and this has been updated to build in key risk considerations arising from the Council's Budget Recovery Strategy – *Securing Kent's Future*.

This is supported by practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit.

It is important that conversations about risk appetite continue as our risk environment evolves, as integral aspects of strategy development, budgeting and decision-making on an ongoing basis. |

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.	The Risk and Assurance Function 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 Head of Risk and Delivery Assurance 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. As part of a KCC Risk Management network the lead officers for risk specialisms i.e., Health & 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. 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. Further work will be taking place in 2024/25 to more explicitly link these indicators to risks and controls. Representatives from the Risk and Delivery Assurance 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.
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.	The Team has been liaising with the Council's Commercial and Procurement function, as well as Commissioning teams in directorates, to ensure continued visibility of key risks since the Commissioning and Procurement redesign. Many of our corporate / strategic risks involve working with partners and providers to mitigate risks. For example, members of the Risk and Delivery Assurance Team have been liaising with KCC senior management and partners on risks relating to the SEND agenda, as well as those involving market pressures / forces e.g. in social care settings.

Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.	Key messages are communicated via regular engagement with management teams at corporate, directorate, divisional / service levels. 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. A refreshed Risk Management communications plan is being devised.
Subjecting KCC's risk management arrangements to regular review to determine their continued adequacy and effectiveness.	A comprehensive audit of Risk Management arrangements was conducted by Internal Audit during 2023 and presented to Governance & Audit Committee. A "Substantial" audit opinion was given, with "Good" prospects for improvement. Planning for the next audit is underway. The Head of Risk and Delivery Assurance 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. The Risk and Delivery Assurance Team has membership of the national Association of Local Authority Risk Managers (ALARM), with access to resources, best practice etc, which includes corporate membership to enable broader sharing of resources.

3.2   Work against these medium-term objectives will continue to be built into the Risk and Delivery Assurance function's work plans for 2024-25, as it looks to target its resources on areas of greatest value.

4.   Recommendations

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

a)   **APPROVE** the Risk Management Policy & Strategy 2024-2027; and

b)   **NOTE** the report on the Risk Management Programme for assurance

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