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To: Governance and Audit Committee – 29<sup>th</sup> January 2015

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

Classification: Unrestricted

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### **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 revised 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 Since the December 2013 review, the County Council has published and consulted on its Commissioning and Outcomes Frameworks, and our attitude and approach to risk as an Authority has been highlighted as one of nine key enablers of change. The financial landscape for local authorities still remains bleak, with significant challenges ahead. Therefore, the main proposed changes to the policy are:
  - Section 4: Risk Strategy – several contextual paragraphs have been added to this section, emphasising the scale of the financial and operational challenges facing KCC and the consequent increase in risk in the environment.
  - Section 4: Risk Strategy – a paragraph has been added referencing the move to a Strategic Commissioning Authority and how the focus on risk management is moving from process-based to 'softer' human factors as our risk maturity increases.
  - Section 4: Risk Strategy – several new objectives and tasks have been added to reflect commissioner / provider governance arrangements.
  - Section 9: Risk Appetite, Tolerance & Escalation – previously this section highlighted our 5x5 risk matrix, pointing out that any 'high' rated risks are to

be escalated to the next management level for review. Further information has been added on KCC's risk appetite, giving examples of what could be seen as 'intolerable' risks, but pointing out that an organisation as large and diverse as KCC will not have just one application of appetite. The added text reflects conversations about KCC's approach to risk that began in November 2013.

- Section 11: Reporting – a section has been added on risk reporting, making explicit the requirements for management review of risks and reporting of strategic risks.

- 1.3 For ease of reference, the changes to the policy have been tracked.
- 1.4 A small, dedicated risk management team works with Members and Officers across the Authority to implement the objectives outlined within the policy & strategy.
- 1.5 Cabinet Members and the Corporate Management Team have considered and endorsed the refreshed Policy & Strategy (appendix 1) and now seek Governance and Audit Committee approval for its implementation.

## **2. Recommendations**

- 2.1 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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