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To: Governance and Audit Committee – 25th January 2022

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.

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 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 very 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 2021

- 3.1 The annual review of the KCC Risk Management Programme 2021, 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 in some instances service level. This involves facilitation, including challenge, regarding suitability and effectiveness of controls, upcoming actions and risk ratings.</p> <p>Over the past year there has been greater emphasis on engagement with Heads of Services via divisional management team meetings in order to develop further oversight of operational risks and more of a “bottom-up” picture.</p> <p>Risk Management messages are aligned with business planning processes and timelines.</p> <p>Behavioural factors important for effective risk management are embedded in KCC values and cultural attributes – for example 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 training sessions to support those looking to attain Association of Project Management (APM) qualifications, helping to build capacity across the organisation to manage significant projects.</p> <p>Annual Governance Statements are reviewed to give</p>

	<p>assurance that risk information is being used to feed into them and check whether issues being raised represent risks for KCC going forward.</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 January 2022, there were 317 open risks on the system and the number of users has increased during the past year (63 users with edit access and 225 who can view the system). This reflects a focus on capturing more service-level risks.</p> <p>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 2021 included workforce and information governance risks. The analysis acts as a prompt for discussions around risk and control ownership and effectiveness of mitigations.</p> <p>The Team has also been working with colleagues in the Governance, Law and Democracy division to develop an Information Governance dashboard to help build and monitor trends and patterns and aid decision-making.</p> <p>Risk information is shared with colleagues across the organisation involved in the coordination of risk management activities, including risk registers, via Microsoft Teams site.</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 pre-existing universal eLearning package has been supplemented by new webinars relating to how KCC manages risk; a tutorial on the risk management database; and managing risk in a project environment. From January to December 2021, 67 people had completed the universal package, there were 63 attendees for the Managing Risk in KCC webinar; 24 for the Risk database webinar; and 22 attendees for the project risk session.</p> <p>In addition, there have been 11 attendees at study sessions for Association of Project Management (APM) exams that have been conducted throughout the year.</p> <p>Based on feedback received, a session on Tools and Techniques for identifying risks is planned for January 2022.</p>

	<p>The Risk Management Toolkit has also been refreshed to promote aspects of the Policy & Strategy, with further developments planned, such as 'bitesize' sessions on key topics.</p> <p>In conjunction with the Organisation Development team, Management of Risk (MoR) Foundation and Practitioner courses are now available on the KCC Delta learning and development site.</p>
<p>Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.</p>	<p>An Integrated Assurance approach was endorsed by the Strategic Reset Programme (SRP) Board in February 2021. This has included conducting, advising on and reviewing business cases for projects and programmes in the Strategic Reset Programme as they develop and providing recommendations.</p> <p>There is regular liaison with the Strategic Reset Programme Team on programme-wide risks and how they may connect with existing 'core business' risks.</p> <p>The approach is to be reviewed with the SRP Board in February 2022.</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 & Strategy.</p> <p>During autumn 2021 risk appetite conversations were built into the Corporate Risk Register refresh meetings with Corporate Management Team and Cabinet Members, alongside the budget development process and initial development of next KCC Strategic Statement.</p> <p>There is practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit.</p> <p>Risk appetite has also been discussed as part of major change activity, including task and finish groups when considering development of a Data Strategy for KCC.</p> <p>Further work on risk appetite is planned with working groups in 2022 to review how risk appetite translates into policies and procedures across the council.</p>
<p>Intelligence sharing and collaboration between risk management and</p>	<p>The Corporate Risk Team has a positive, collaborative working relationship with the Internal Audit and Counter-Fraud function, sharing intelligence on</p>

<p>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>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.</p> <p>The Risk Team has also given training to new auditors on Risk Management and how it operates at KCC, including use of the Risk Management database, which aids a more efficient process for reviewing risk registers.</p> <p>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. A quarterly routine has been re-established from January 2022.</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.</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.</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 a newly established, 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 is linking in with officers in the Strategic Commissioning function to ensure a risk management perspective is appropriately fed into the work to refresh commissioning standards for KCC.</p> <p>As a result of the corporate risk register refresh in autumn 2021, there has been increased emphasis on the impacts of risks in the supply chain and markets.</p>

	The Corporate Risk Team will be focusing more on these areas in the coming months.
Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.	<p>Key messages are communicated via regular engagement with management teams.</p> <p>Messages are sent out to promote new initiatives or training and Microsoft Teams sites are also being used to communicate targeted messages e.g. to Risk or Project Management networks.</p> <p>Liaison is taking place with the Internal Communications team regarding timing of risk management messages throughout the year i.e., alongside business planning processes. This includes a planned risk-focused session for the “Challenger” senior manager group, as well as the “T200” middle manager cohort.</p>
Subjecting KCC’s risk management arrangements to regular review to determine their continued adequacy and effectiveness.	<p>There is an annual audit of Risk Management arrangements by Internal Audit as part of its “core assurance” for the Council, which is reported to the Governance & Audit Committee and feeds into the Annual Governance Statement. The 2020/21 Audit Plan focused on the adequacy and robustness of risk management at ‘grass roots’ level. The audit attracted a “Substantial” audit opinion, with “Very Good” prospects for improvement.</p> <p>KCC chairs a regional Risk Management Network where good practice and ideas are shared, allowing for informal benchmarking against other local authorities.</p> <p>The Risk Team has membership of the national Association of Local Authority Risk Managers (ALARM) body, with access to resources, best practice etc.</p>

- 3.2 In addition to the summary of activity above, the team has been involved in conducting several reviews commissioned by the Corporate Management Team to capture lessons learned and support the principle from the risk management framework of continual improvement in the management of risk.
- 3.3 Work against these medium-term objectives will continue to be built into the Corporate Risk Team’s work plans for 2022-23, including any issues arising from the upcoming 2021-22 Internal Audit of Risk Management arrangements.

4. Recommendations

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

- a) APPROVE the Risk Management Policy & Strategy 2022-2025; and
- b) NOTE the report on the Risk Management Programme for assurance

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