

By: Roger Gough, Leader of the Council
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To: Governance and Audit Committee – 20th March 2025

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 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 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 2024/25

- 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 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.</p> <p>In 2024, an exercise was conducted to categorise controls listed against risks on the corporate risk register, with findings reported to the Corporate Management Team. Next steps involve assessing key controls for KCC's material risks in relation to purpose, design and operation.</p> <p>Risk Management messages are aligned with business planning processes and timelines. The Risk and Delivery Assurance function has been involved with preparations for the 2025/26 business planning approach for the Council.</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,</p>

	<p>including progress against mitigating actions.</p> <p>The Head of Risk and Delivery Assurance and Chief Analyst have been conducting performance and risk related 'deep dives' for Corporate Board, to focus on areas of connection or interdependency. One example is a review of implementation risks and opportunities relating to the telecoms industry-led Public Switched Telephone Network (PSTN) switchover, and assessing progress to date.</p> <p>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.</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 at 12th March 2025, there were 611 open risks on the system (up from 515 last year). Internal Auditors can view the system to aid their audit activity.</p> <p>After its significant upgrade in 2024, a training and support package was rolled out to aid effective use of the system. The upgrade included an Application Programming Interface (API) link to the database information, which has enabled the development of a suite of Power BI Dashboards for CMT and directorates that aids visibility and analysis of risks.</p> <p>Thematic analysis takes place on cross-cutting risks, acting as a prompt for discussions around risk and control ownership and effectiveness of mitigations.</p> <p>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.</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 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:</p>

	<ul style="list-style-type: none"> • 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. <p>Bespoke risk management briefings / training sessions are provided either on request, or where the Head of Risk & Delivery Assurance feels it would be beneficial.</p> <p>Risk Management is planned to be part of the induction development sessions for Members post elections in 2025.</p>
<p>Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.</p>	<p>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.</p> <p>The team also has an open invitation to attend the Corporate Management Team SRP Programme Board items where there could be significant risks discussed.</p> <p>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.</p> <p>One example from 2024/25 is the collaboration between the Risk and Audit functions on the Oracle Cloud Programme audit, with the Risk function inputting intelligence to aid the audit activity, as well as conducting 'critical friend' reviews of the OCP risk register, and supporting the Programme Team's ongoing risk quantification work, reporting to the Oracle Cloud Programme Board.</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 & Strategy.</p> <p>This is supported by practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit. The setting of 'Target' residual ratings for each risk also prompts discussion regarding risk appetite with Risk Owners, with the context taken into consideration.</p> <p>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.</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 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.</p> <p>The Risk and Delivery Assurance function now routinely attends Internal Audit's Relationship Management meetings for each directorate, to enable joint liaison with Corporate Directors regarding emerging risks, as well as audit activity. The team also attends Internal Audit team meetings regularly.</p> <p>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.</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.</p> <p>Further work is to be conducted in the coming year to more explicitly link key risk indicators to risks and controls.</p> <p>Representatives from the Risk and Delivery Assurance Team are assigned to working groups associated to key risk areas for oversight and to offer</p>

	<p>a corporate perspective. Examples include involvement in cross directorate groups relating to information governance, business continuity / resilience and the PREVENT agenda, as well as Serious and Organised Crime.</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>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.</p> <p>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, such as those related to the recommissioning of several key contracts in ASCH directorate.</p> <p>The Team supported the recent ISO14001 Environmental Management Audit in which KCC was given full accreditation with zero negative findings. Positive feedback was received of sound practice of risk management being embedded within the environmental management framework and processes.</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>Subjecting KCC's risk management arrangements to regular review to determine their continued adequacy and effectiveness.</p>	<p>An audit of Risk Management Culture was conducted by Internal Audit during 2024 and presented to Governance & Audit Committee. A "Substantial" audit opinion was given, with "Good" prospects for improvement.</p> <p>The Head of Risk and Delivery Assurance chairs a regional Risk Management Network where good practice and ideas are shared, allowing for informal benchmarking of corporate / strategic risks against other local authorities. This is also a useful forum for</p>

	<p>horizon scanning.</p> <p>During the past year the team has analysed risks outlined by Government departments to look for relevant connections to risk profiles at local level.</p> <p>The Risk and Delivery Assurance Team has membership of the national Association of Local Authority Risk Managers (ALARM), with access to resources, training events and best practice.</p>
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3.2 Work against these medium-term objectives will continue to be built into the Risk and Delivery Assurance function's work plans for 2025-26, 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 2025-2028; and
- b) **NOTE** the report on the Risk Management Programme for assurance.

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