

Risk Management – Development Plan

The following outcomes reflect a combination of best practice together with a consideration of those outcomes and proportional actions that will demonstrably 'add value'. The suggested actions are intended to support the Council in moving toward a more 'risk aware' approach. The aim is for risk management to be used in a proportional way to support informed decision taking (by both officers and managers) and be perceived by management teams as tool that can be used to support the delivery of key outcomes and priorities including consideration of business or commercial opportunities.

The Cabinet Member for Finance will be briefed regarding the agreed actions arising from this paper and a report is to be presented to the Governance Committee on 13th February 2017, setting out the refreshed and reconfigured approach to risk management.

The agreed actions will be managed via an action plan with periodic progress reports to both the Council's Management Team and the Governance Committee.

1. OUTCOME: Decision makers are provided with relevant and proportional information regarding the risks that may be associated with the activity, project or initiative in order to support informed decision taking.

CURRENT ARRANGEMENT:

- The need to identify and communicate key risks forms part of the Decision Making: Corporate Standards & Guidance for Officers which requires report authors 'to consider whether there are any significant risks associated with the idea/proposal and how these might need to be presented'.
- The 'Details' section of the corporate report template is expected to be used to highlight any key risks associated with the proposal, or alternatively a risk register may be included as an appendix to the report.
- There is 'Decision Risk' guidance on the intranet which is intended to enable the report author to self-assess the appropriate level of information regarding risk that should feature within, or accompany, a decision making report. See the following link:
<http://staffinfo.southampton.gov.uk/finance-procurement/risk-insurance/risk-management/decision-making-risk.aspx>
- In practice, reports tend not to make specific reference to risk, other than those relating to certain 'key decisions' where a risk register may be provided.

BEST PRACTICE

- a Corporate (Decision Making) Report template that includes a standard 'Risk' section in which any significant risks associated with the decision can be brought to the attention of the decision taker.
- b Proportionate and relevant risk information is provided to the decision taker in order to support and facilitate informed decision taking.

ACTION

- i Corporate Report Template and the associated Decision Making: Corporate Standards & Guidance for Officers to be amended and republished.

- ii Existing 'Decision Risk' guidance document to be amended.
- iii Training / support for report authors to be made available.
- iv Members, in their capacity as the decision takers, should be advised of the reasons for change to the corporate template and what they can reasonably expect to receive in terms of risk information and what this information is intended to communicate.

2. OUTCOME: The Council has identified and understands the key risks that may impact on the delivery of its key priorities and outcomes and appropriate action is taken to manage or mitigate the risk where it is considered to be unacceptable

CURRENT ARRANGEMENT:

- A Strategic Risk Register is in place.
- 'Risk Owners' are required to provide a quarterly update to the Service Lead – Risk, Insurance, Assurance and Audit.
- The Council Management Team previously undertook periodic 'risk review workshops' where the strategic risks were reviewed and considered, however the last such formal joint review was in early 2016.
- The development of a Strategic Risk Register for the new financial year would consider any new or emerging risks and would be informed by 'Core Cities' strategic risks.
- The updated Risk Register had previously reported to the Governance Committee for noting (currently deferred)
- Business cases and outcome plans both include reference to risk.

BEST PRACTICE

- A** The identification and management of risk is embedded and forms an integral part of key business and organisational management processes.
- B** The Senior Management Team undertakes an exercise to identify and understand the key risks that may impact on the delivery of its key priorities and outcomes (and/or reviews the existing strategic risks in order to assess whether they are still relevant and appropriate).
- C** Strategic risks are aligned with the Council's key priorities / outcomes (Council Strategy).
- D** The Senior Management Team undertakes a periodic review, ideally quarterly, but no less than bi-annually, of the organisation's key Strategic Risks. The review process considers any new or emerging risks.
- E** The review process includes a summary of service (operational) risks and considers whether there are any common or recurring themes arising from Service Risk Registers that may be identified as requiring corporate oversight.
- F** Service Directors are expected to alert the Senior Management Team of any significant new or emerging risks that may impact on the delivery of the Council's key priorities and outcomes.
- G** The timing of the review process is aligned with (Governance) Committee cycle.

- h The Governance Committee is provided with a periodic report providing assurance that appropriate arrangements are in place in respect of the adequacy of the risk management framework.

ACTION

- i Annually, as part of the business planning process, CMT should review and consider the Council's strategic risks for the forthcoming period and consider what it requires in terms of output/information in respect of risk which, in turn, should reflect the Council's risk appetite.
- ii Strategic Risk Register to be managed by the Strategy and Operations Hub Management Teams via a quarterly review process. Updated document to be circulated to CMT for noting.
- iii Review meetings should consider any 'significant service risks' and/or any new or emerging risks.
- iv A corporate risk reporting cycle to be adopted in line with the business planning and monitoring timetable.

3. OUTCOME: Individual service areas have identified and understand the key risks that may impact on the delivery of key priorities and outcomes

CURRENT ARRANGEMENT:

- The corporate Service Business Plan template requires service areas to identify Risks, Opportunity, Assumptions and Dependencies.
- There is 'Service Risk Register' information and guidance on the intranet, including a template risk log, Q&As, review checklist etc. See the following link:
<http://staffinfo.southampton.gov.uk/finance-procurement/risk-insurance/risk-management/service-risk-registers.aspx>
- The Council's Financial Procedure Rules require that Service Directors take responsibility for risk management including ensuring that there are regular reviews of risk with their service areas.

BEST PRACTICE

- a The identification and management of risk is embedded and forms an integral part of key business and organisational management processes.
- b Service Management Teams undertake an exercise to identify and understand the key risks that may impact on the delivery of its key priorities and outcomes.
- c The 'risks section' within the Service Business Plan template is used to inform and support the development of a Service Risk Register which itself is aligned with the key services priorities / outcomes
- d Service Management Teams undertake a periodic review, at least quarterly, of the key risks identified.
- e As part of the review process the Service Management Team considers any new or emerging risks that may impact on the service.

- f Service Management Teams nominate a 'risk lead/sponsor' from within their management team to be responsible for promoting and supporting a consistent approach to the management of risk.
- g Individual Service Leads/Managers are expected to alert the Service Management Team of any significant new or emerging risks as they arise.
- h The timing of the review process is aligned with Senior Management Team risk review cycle.

ACTION

- i Service Management Teams to engage/re-engage with the process and adopt an explicit and transparent approach in respect of the management of risk.
- ii A risk reporting cycle to be aligned with the corporate risk reporting cycle.
- iii Service Management Teams to nominate a 'risk lead/sponsor'.
- iv Appropriate training / support to be made available.

4. OUTCOME: Cabinet Members have an awareness and understanding of the key risks associated with their portfolio

CURRENT ARRANGEMENT:

- The information provided to Cabinet Members regarding risk is on an ad hoc basis and tends to relate to individual projects or initiatives
- There is currently no consistent approach in terms of how and what information is presented to individual cabinet members.

BEST PRACTICE

- a Cabinet Members are presented with information regarding the key risks associated with their portfolio.
- b The timing is aligned with the Corporate Risk Reporting Cycle.

ACTION

- i Both the Strategic and Service Risk Register to include reference to the portfolio(s) to which the risks relate.
- ii Risk reporting cycle should be included as part of the normal performance monitoring cycle.
- iii Service Lead - Risk, Insurance, Assurance & Audit to provide advice and support to service areas in terms of the risk information that is presented at Cabinet Member Briefings.

5. OUTCOME: There is a consistent and well understood corporate approach in respect of how risk is managed

CURRENT ARRANGEMENT:

- A revised and updated Policy and Strategy has been drafted for 2016-17 taking into account the output of a best practice review undertaken by risk management consultants from the Council's insurers in Q4 2015-16.
- This document was intended to be presented to CMT for approval in the Q2 2016-17 however this was deferred on the basis that other policies were also being presented to CMT later in the year.
- The 2015-16 version of the Risk Management Policy and Strategy is published on the intranet See the following link: <http://staffinfo.southampton.gov.uk/finance-procurement/risk-insurance/risk-management/policy-and-strategy.aspx>

BEST PRACTICE

- a The Risk Management Policy and Strategy positions risk management as part of its overall approach to governance and delivery by establishing a comprehensive framework for risk that complements its business strategies. The document seeks to articulate the organisation's appetite for risk taking or risk aversion.
- b The Policy and Strategy provides a clear and concise outline of the organisation's requirements for risk management, a description of where risk management is positioned as part of the organisation's overall approach to governance, the accountabilities and responsibilities for managing risk, the processes, methods and resources available to be used for risk management and the way in which risk management performance will be measured and reported.
- c The Risk Management Policy and Strategy is approved and 'owned' by the Senior Management Team.
- d The Policy and Strategy is subject to an annual review and approval process.
- e An 'annual RM Action Plan' accompanies the draft RM Policy & Strategy.
- g The risk management policy is effectively communicated and understood throughout the organisation as management of risk is relevant in every function and at every level.

ACTION

- i The current draft Risk Management Policy should be refreshed for 2017-18 and presented to both CMT and the Governance Committee (April 2017 meeting) for approval.
[NOTE: CMT considered that the Risk Management Policy should be aligned with the Council's Medium Term Financial Plan in terms of the period that it covers, as opposed to being an annual document].
- ii The Policy should include an annual 'Risk Management Action Plan'.
- iii The Risk Management Policy should be published on the intranet.
- iii The Risk Management Policy should be included in the strategy and policy framework

(recognising that it will need to follow the corporate template in order that it meets the design standards for the council).

- iv The documents to be cleared by the Senior Leadership Team / Council Management Team and Cabinet Member in order to escalate the importance and it then hosted on the new policy hub.
- v Communication and training options should be identified including consideration of e-learning for new or existing staff.
- vi The new staff 'Performance Contracts' and the monitoring arrangements should provide the opportunity to reinforce expectations in respect of responsibilities for managing risk and to dispel any perceptions in respect of a 'blame culture'.

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