

## Risk Management Action Plan 2017

### 1.0 Introduction

- 1.1 The external review of risk management which took place in the summer/autumn 2016 indicated that systems and processes that support the City Corporation's risk management framework had significantly improved over the last two years. There was recognition that there was more work to be done to embed risk management within the City Corporation. A total of thirteen recommendations were made and these have now been categorised as follows - priority and other recommendations.
- 1.2 The following sets out the response to the recommendations in both categories. Attached to this document is a summary of each recommendation with a brief note explaining the action being taken.

### 2.0 Priority recommendations

#### **Risk management strategy and risk appetite (Recommendations 1,2,4 and 5)**

- 2.1 These recommendations relate to the need to review and regularly update the risk management strategy. The strategy should acknowledge successful risk taking as well as providing support for officers in the event of failures if risks were well managed. In addition a risk appetite and tolerance statement should be developed to positively guide and influence officer dispositions to the handling of risks.
- 2.2 The development of a risk appetite and tolerance statement (and a process which underpins that) is an essential requirement for the completion of a revised risk management strategy. The strategy informs and influences many other recommendations.
- 2.3 The Institute of Risk Management in their guide on risk appetite (2011) recognised that setting a risk appetite(s) for an organisation can be a complex issue. They suggested that it was better to recognise this at the outset and develop an appropriate risk appetite and tolerance process for the organisation rather than adopt a simplistic approach (e.g. a simple statement on risk appetite).
- 2.4 As a result, research was undertaken to identify how other public sector organisations had undertaken the setting of their risk appetite(s). Most appeared to have adopted an approach of placing a simple statement in their risk process guide with little guidance on how to do it. However a number of London local authorities have recently engaged ZM Risk Consultancy to work with chief officers, senior managers and elected members in jointly agreeing a risk appetite process. The process sets agreed risk appetite levels for various categories of risk and maps this against the risk matrices for the organisation. This practical approach has a number of benefits including:
  - Exercise appropriate oversight and corporate governance by defining the nature and level of risks it considers acceptable (and unacceptable)
  - Improved risk reporting – able to show variances from risk appetite.
  - Bring focus to higher priority issues (i.e. area where appetite thresholds are under threat).
  - Ensure it is only taking a level of risk – and the type of risks – it is comfortable with.

- Officers are empowered and have the tools to make judgements about which risks are acceptable and which are not.

- 2.5 A proposal from ZM Risk Consultancy to undertake a risk appetite setting process is currently being considered. If a decision is made to engage ZM then careful consideration needs to be given as to when this should take place. Given that the process is likely to include consultation with elected members and that there has been several recent changes in Chief Officers and senior managers, it is suggested that the exercise is planned for May or June 2017. This will give time for the new member induction process to be completed and provide time for new senior managers to become familiar with their key risks.
- 2.6 An update to the existing risk management strategy is currently being drafted to take account of the changes to risk governance that have occurred since 2014. Although there are several changes to be made they will not in total result in a significant change to the existing document. The updated document should be completed by February 2017 and will then be made known to officers through the usual communication channels. Should a decision be made to engage ZM then the outcome of the risk appetite process will be incorporated into a new risk management strategy. The revised strategy will be presented to Summit Group in summer 2017 for approval.

#### **Managing risk in contracts and partnerships (Recommendation 9)**

- 2.7 Risk management will form part of the new corporate Supplier Performance Management reporting for the City Corporations top 30-50 suppliers and there will be guidance/advice as part of the contract management toolkit that is being developed. Both of these will go live 1st April 2017.
- 2.8 The guidance will include a general introduction to risk management e Learning course that is being developed to support contract managers. It will include or have a linked module on contract risk management. The introduction to risk management eLearning course will also have wider use within the City Corporation and contribute to recommendation 8 (staff risk management training). It is intended that this product will be available in time for the go live date of 1 April 2017.
- 2.9 In addition contract managers will be trained in the use of Covalent risk system so that they can record and report on contract management risks and actions in relation to the top 30-50 supplier contracts. This training will follow the completion, by contract managers, of the eLearning course. Delivery of this training and subsequent use of the Covalent system is likely to be completed by May/June 2017.

#### **Consistent approach to managing risk (Recommendation 10)**

- 2.10 This recommendation relates to ensuring that there is a consistent approach to managing risk in business planning as well as programmes and projects.

## **Business Planning**

- 2.11 At Summit Group and Chief Officer Group meetings held on 21 and 22 December 2016 respectively an update on corporate and business planning was delivered by the Head of Corporate Strategy & Performance. Agreement was reached on the approach to current and future years' business planning, which will now include projects and development plans and point to outcomes in order to demonstrate links to the corporate plan. The corporate plan is being refreshed in parallel and a draft will be discussed with the Resource Allocation Sub Committee in June 2017.
- 2.12 Existing corporate guidance on producing departmental business plans already includes the necessity to identify risks to the successful delivery of departmental objectives and for these risks (and relevant actions) to be recorded on the Covalent risk system. Any risks identified during this process should appear on departmental risk registers, and due to the changes noted above, this will now also include project risks.
- 2.13 Departmental business plans for 2017/8 are currently being produced with the aim of reporting to the appropriate service committees from February – June 2017. Chief Officers should therefore take into account the risks to the successful delivery of departmental objectives. A reminder has been sent to all departmental business planners to ensure that risks are assessed against departmental objectives.
- 2.14 During the development of a new corporate plan, which will commence shortly, Chief Officers will be requested to undertake an assessment of the key risks associated with the successful delivery of the corporate priorities/objectives. This will lead to a revision of the current corporate risk register and this is expected to take place once the corporate plan has been approved by Members in the Spring of 2018. A revised corporate risk register will then be prepared and reported to the Audit and Risk Management Committee at the next available meeting.
- 2.15 The Corporate Risk Adviser is working closely with the Head of Corporate Strategy & Performance to ensure that there is a consistent approach to the identification, assessment and management of risk during the development of the corporate and departmental business planning processes.
- 2.16 It should be noted that the Chief Officer Risk Management Group regularly reviews, on behalf of the Summit Group, the existing corporate risk register and considers new corporate risks suggested for consideration by Chief Officers. The Group also reviews possible corporate risks which it has identified and refers them to the relevant chief officer for consideration. This function is part of the City Corporation's continuous risk governance arrangements. It ensures that the corporate risk register reflects, in the judgment of Chief Officers, the most significant risks faced by the City Corporation in the discharge of its responsibilities/functions.

## **Project management**

- 2.17 At any one time there are a multitude of projects being undertaken in the City Corporation, with various degrees complexity and resource requirement, supporting or delivering on departmental/corporate objectives. The external risk management report indicated that there was some inconsistency in the way project risks were identified, assessed, managed and recorded. In the post-report debrief, the external

risk consultant feedback was that these comments related, in part to the capital schemes/projects. (Currently there are 300 live capital projects with approved budgets in excess of £400 million).

- 2.18 The Town Clerk's Corporate Programme Office provides services to Members and officers involved in the development and delivery of capital, supplementary revenue and larger routine revenue projects. They work particularly closely with the Chamberlain's Capital Team, the Town Clerk's Policy Team and Project Directors and their programme functions where they exist. As part of their role they provide advice and guidance on the City Corporation's Project Procedure and how to navigate through the gateway process.
- 2.19 It has been agreed with the Corporate Programme Manager that the existing risk management guidance available to project managers on CoL Net will be revised/enhanced by end March 2017. This will provide more detailed guidance in the use of risk management in capital projects but will also be of use to officers who are involved in other non-capital projects. In addition the use of Covalent risk system to record capital project risks and actions and provide management information to the Project sub Committee is being explored but it is too early to confirm if the system will meet the needs of project managers and the Sub Committee.

### **Risk management training (Recommendation 8)**

- 2.20 This recommendation relates to the development of risk management knowledge for all levels (Senior managers/managers and staff) of the City Corporation. In responding to this recommendations use will be made of a mixture of face to face as well as on line training/guidance.
- 2.21 It is intended to deliver face to face risk management training sessions to senior managers (est 120). The sessions (approximately 10) will be delivered by Gallagher Bassett and are likely to take place before June 2017.
- 2.22 The Corporate Risk Advisor currently delivers monthly business risk management training for staff and managers (Grade G and below). These are planned up until March 2017 and further sessions will be planned for 2017/18.
- 2.23 The general risk management eLearning course developed as part of the contract management framework (see para 2.8 above) will be used as a means of introducing the topic of risk management to all staff. This is expected to be ready by April 2017. It will be brought to their attention of all staff upon their commencement with City Corporation.

### **3.0 Other recommendations**

- 3.1
- **Recommendation 3** – Responsibility for cross cutting risks. This is more a technical recommendation in relation to Covalent risk system in allowing officers from different departments to update risks and actions where there is cross cutting risks. Expected Covalent guidance update March 2017.
  - **Recommendation 6** – Risk culture survey. Review in January 2018.
  - **Recommendation 7** – Re-publicise the risk management is part of the

performance development scheme. Discussions are taking place with Director of HR. (February 2017).

- **Recommendation 11** – Risk Specialism Group. Work is in hand to hold an initial meeting with risk specialisms to discuss potential synergies (January/Feb 2017). The following two recommendations were suggested in the report as ones which should be considered once a suitable level of risk management maturity had been achieved. These recommendations will be reviewed in in January 2018 to assess whether it is appropriate to initiate action.
- **Recommendation 12** – Opportunity Risk Management
- **Recommendation 13** - Use of key risk and control indicators (KRI and KCI)

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See attached list of recommendations