

Summary Sheet

Council Report:

Audit Committee 8th February 2017

Title:

Risk Policy and Strategy Update

Is this a Key Decision and has it been included on the Forward Plan?:

No

Strategic Director Approving Submission of the Report:

Shokat Lal (*Assistant Chief Executive*)

Report Author(s):

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Ward(s) Affected:

None

Executive Summary:

The Council introduced a completely revised Risk Policy and Guide in late 2015. This Policy and Guide was approved by the Audit Committee on 24th November 2015 and is available to all staff through the intranet. At the time of the refresh, the Policy and Guide represented a significant change to the Council's approach to Risk Management and this Guide has been the foundation underpinning the changes to Risk Management over the past 12 months.

This report is designed to make the Audit Committee aware of the proposed changes to the Policy and Strategy and seek their comments.

The changes to the Policy and Guide have been kept to a minimum. This is because the Council's Risk Management processes have been working effectively for less than a year and it is the view of the Risk Champions group that implementing significant change at this point would be unnecessarily disruptive to the development of risk management in the Council.

In summary the changes to the Policy and Strategy are:

- Changes to remove references to posts and structures that no longer exist (for example the post of Managing Commissioner has been replaced by the Chief Executive)
- Inclusion in the Guide of changes in practice that have been introduced in the light of operational experience (for example the requirement to update Directorate and Service Risk Registers monthly as requested by Strategic Leadership Team (SLT) as opposed to quarterly as required by the current Guide)
- Minor changes to improve risk management practice in the Council (for example the requirement for deadline dates to be added to Risk Mitigation actions)

Paragraphs 3.5 and 3.6 set out the detail of the changes to the Policy and Guide and the Policy and Guide itself are attached at Appendix 2.

Recommendations:

- **The Audit Committee is asked to consider and note the attached revision of the Risk Policy and Strategy, and**
- **After consideration, advise of any further development work to be added to the items already noted.**

List of Appendices Included:

Appendix 1 – Diagram of Risk Management Arrangements

Appendix 2 - Proposed updated Risk Policy and Guide

Background Papers:

Report to Audit Committee; 23 September 2015 and 24 November 2015, Risk Management Policy and Guide

Report to Overview and Scrutiny Management Board, 26th February 2016.

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

See above. This paper is not intended to be circulated to other Council Committees or Panels.

Council Approval Required:

No

Exempt from the Press and Public:

No

Title:

Risk Management Arrangements

1. Recommendations:

- **The Audit Committee is asked to consider and note the attached revision of the Risk Policy and Guide, and**
- **After consideration, advise of any further development work to be added to the items already noted.**

2. Background

- 2.1 The Council introduced a completely revised Risk Policy and Guide in late 2015. This original Policy and Guide was approved by SLT in July 2015 and, after revision, by the Audit Committee on 24th November 2015.
- 2.2 The Policy and Guide underpin the Council's approach to risk management and have formed the basis of all training and Risk Registers since its approval almost 12 months ago. The Policy and Guide is available to all staff through the intranet and all managers are referred to it when they complete their risk management training.
- 2.3 When it was first introduced, the Policy and Guide represented a significant change to the Council's approach to risk management and SLT and the Audit Committee have received regular reports on the development of risk management since its adoption.
- 2.4 This report is designed to make the Audit Committee aware of the proposed changes to the Policy and Guide and seek their comments.
- 2.5 The changes to the Policy and Guide have been kept to a minimum. This is because the Council's Risk Management processes have only been working effectively for less than a year and it is the view of the Risk Champions that bringing in significant change at this point would be unnecessarily disruptive. An overview of the Council's current process for updating Risk Registers is attached for information at Appendix 1.
- 2.6 This paper endeavours to set out the key changes and the process that has been adopted as part of this update process. Specifically, it describes:
 - The process that has been followed to update the Risk Policy and Guide;
 - The detail of the specific changes to the Risk Management Policy and Guide that are being proposed;
 - The areas that need to be developed further during the next cycle

3. The Update Process

- 3.1 There have been three main elements to the process to amend the Risk Policy and Guide to date. These are:

- Review of the Policy and Guide to remove references to posts and structures that no longer exist (for example the post of Managing Commissioner has been replaced by the Chief Executive);
- Inclusion in the Guide of changes in practice that have been introduced in the light of operational experience (for example the requirement to update Directorate and Service Risk Registers monthly as request by SLT as opposed to quarterly as required by the current Guide);
- Consideration by the Risk Champions Group of minor changes to improve risk management practice in the Council (for example the requirement for deadline dates to be added to Risk Mitigation actions).

3.2 For information, the Risk Champions Group consists of the following members of staff:

Directorate	Risk Champion
Children and Young People	Service Lead – School Planning, Admissions and Appeals
Adult Care and Housing	Change Manager
Public Health	Public Health Specialist
Finance and Customer Services	Insurance and Risk Manager
Regeneration and Environment	Regeneration and Environment Liaison Manager
Assistant Chief Executive	HR Service Centre Manager
Assistant Chief Executive	Corporate Risk Manager
Assistant Chief Executive	Assistant Chief Executive

3.3 Each of the areas have now been completed and the revised Policy and Guide now includes all elements of current operational risk management practice. A further refresh and revision is planned for summer 2017, although the extent of this revision will depend on progress in identifying improvements to the current risk management system.

Significant Changes to the Policy and Guide

3.4 As mentioned above, changes to the Policy and Strategy have been kept to a minimum so that the Council is able to consolidate the progress it has made in refreshing risk management without significant disruption. The proposed revised Policy and Guide is attached at Appendix 2.

- 3.5 The changes to the Policy are minimal and are limited to:
- Recognition in paragraph 2.1 that the Council is now in a second phase of its Improvement Plan;
 - Rewording of paragraph 2.2 to refer to “supporting” rather than “reinstating” risk management;
 - Expansion of paragraph 4.2 to refer to risk appetite;
 - Replacement of the Managing Commissioner’s signature with that of the Chief Executive.
- 3.6 There are a number of small typographical changes to the Risk Management Guide and some small changes to reflect the Council’s changed circumstances. These are not listed in this report. However, the more significant changes in the guide are as follows:
- Paragraph 11.2.1 now includes specific references to the Council’s Performance Management Process and also sets out the detail of how risks are to be referenced on risk registers;
 - Paragraph 11.2.2 now includes reference to the risk scoring matrix – which had not previously been included as an integral part of the Guide;
 - Paragraph 11.2.3 now includes the Council’s guidance on responding to risk. This was previously held separately and now also refers to risk appetite. Additionally, this paragraph now requires that mitigation actions include a date when the mitigation will be in place;
 - Paragraph 11.2.5 now includes basic guidance on the type of risks that should not be escalated to the Strategic Risk Register;
 - Paragraph 16.1 now includes specific references to the Council’s Quarterly performance monitoring process and an expectation that Risk Registers should be clearly linked to the quarterly process;
 - Paragraph 17.4 has been added which recognises the existence and role of the Risk Champions and the Risk Champions group;
 - Paragraph 18.2 now stresses that Risk Management training is compulsory for all staff of grades M2 and higher.
- 3.7 The Risk Guide includes two appendices, D and E, which are not new but have not yet been used in our Risk Management process. It is proposed that these appendices will be used in future to record the Strategic Risk Register. These will enable a great focus on the movement of risks between periods as well as the introduction of risk “heat maps” in place of the current “target risks”. This revised process should enable a greater focus on the reduction and management of risk at a strategic level rather than mere risk recording.

Future Developments

- 3.8 Any future refresh of the Risk Policy and Strategy will need to take account of operational experience over the next 12 to 18 months. More refined definitions of Risk Appetite and an improved Risk recording process are both areas that may be included in a future Policy and Guide, but progress on these areas will require significant additional work.

Next Steps

- 3.9 The Audit Committee are invited to comment on any aspect of the Risk Policy and Guide attached to this report at Appendix A.

4. Options considered and recommended proposal

- 4.1 As this paper only considers the refresh of the Risk Management Policy and Guide, no specific options have been considered. The Audit Committee could choose to not refresh the Policy and Guide if they so wished, however the Committee should be aware that the current Policy and Guide is out of date.

5. Consultation

- 5.1 The refreshed Risk Management Policy and Guide was considered by a joint workshop of SLT and Assistant Directors on 15th December 2016, and also includes comments that the Risk Champions Group raised at their meeting on 11th October 2016.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Corporate Risk Manager will be responsible for ensuring that the Policy and Strategy are implemented once approved.

7. Financial and Procurement Implications

- 7.1 The Risk Policy and Strategy does not require additional cost at this time. There are no procurement issues. The risks contained in the Council's risk registers require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to Strategic Leadership Team, Commissioners and elected Members for consideration.

8. Legal Implications

- 8.1 There are no direct legal implications arising from our risk management arrangements. Any actions taken by the Council in response to risks identified will take into account any specific legal implications.

9. Human Resources Implications

- 9.1 There are no Human Resources implications directly associated with the paper.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 Risk Management Arrangements are designed to identify Children and Young People's Services and Adult Services risks where appropriate.

11. Equalities and Human Rights Implications

- 11.1 Proposals for addressing individual risks captured by our arrangements incorporate equalities and human rights considerations where appropriate.

12. Implications for Partners and Other Directorates

- 12.1 We are currently working with our partners towards developing a joint risk register which will be owned by the Partnership Chief Executive Group.

13. Risks and Mitigation

- 13.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. SLT review and update the risk register on a six-weekly basis to ensure risks relating to the Council's key priorities are effectively monitored and managed by SLT, Commissioners and elected Members. SLT will also be required to consider a review of the risk management policy later in the year.

14. Accountable Officer:

- 14.1 Shokat Lal (*Assistant Chief Executive*)

Approvals Obtained from:-

Assistant Director of Financial Services: Stuart Booth

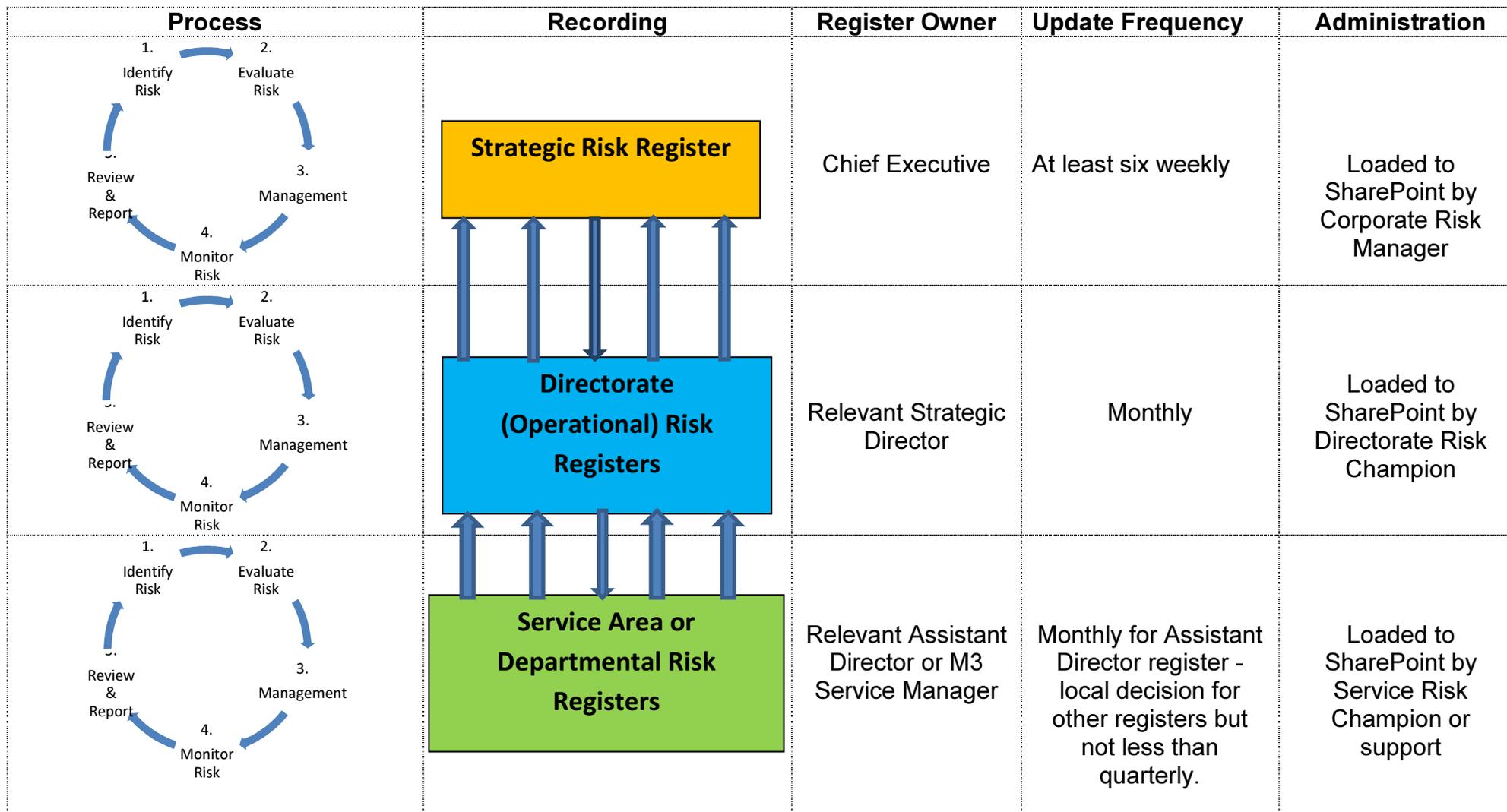
Assistant Director, Legal Services: Dermot Pearson

Simon Dennis
Corporate Risk Manager

This report is published on the Council's website or can be found at:
<http://modern.gov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Appendix1

Diagram of Risk Management Arrangements



Appendix 2 Risk Policy and Guide attached as separate document