Plymouth City Council
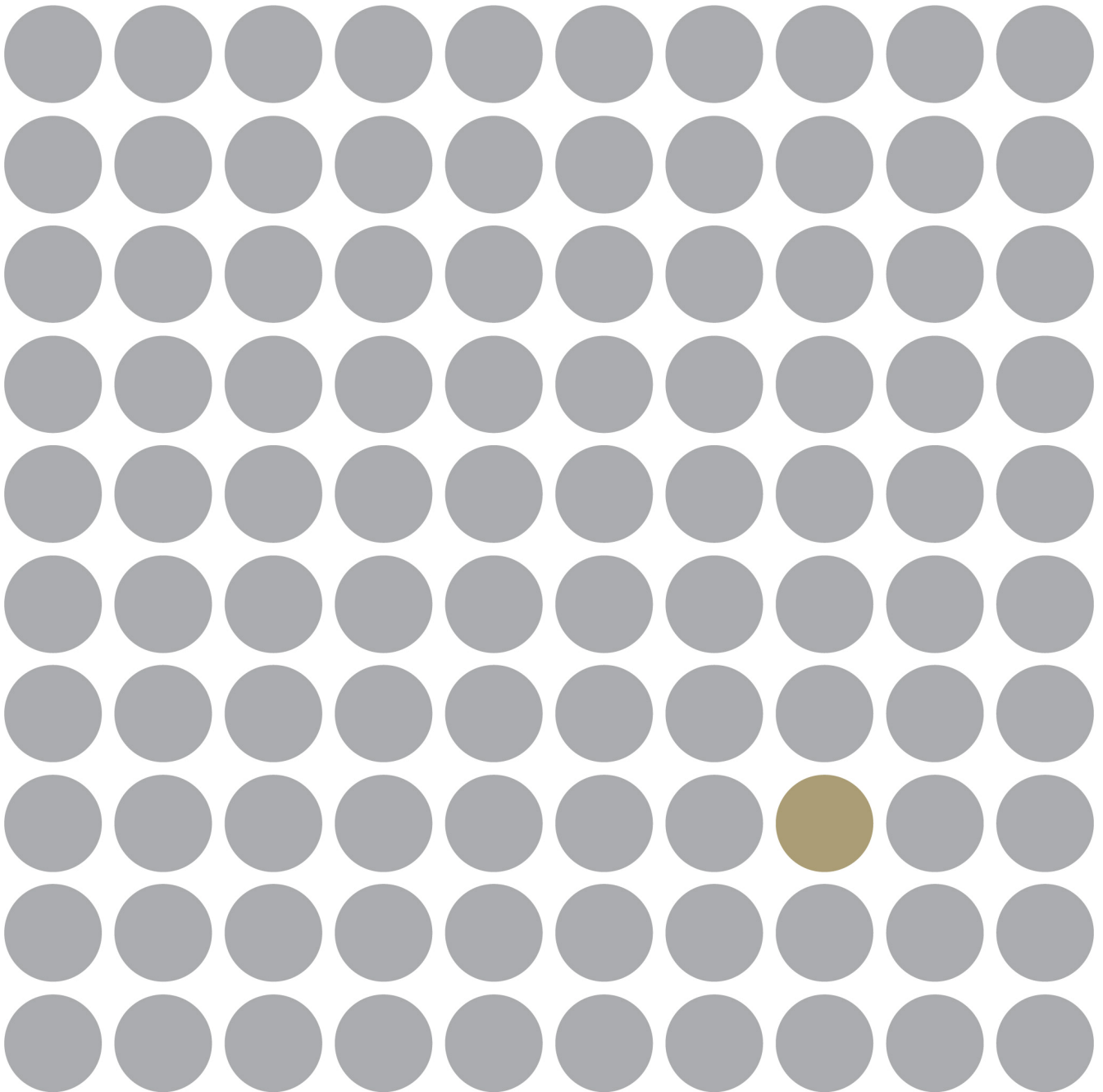
Independent review of the Council's risk management maturity

**Summary of key findings
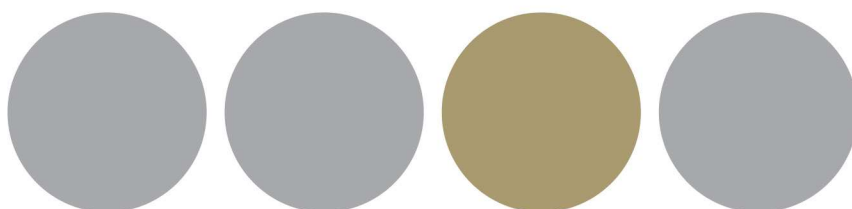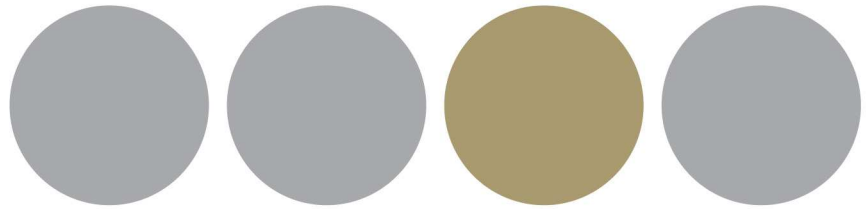January 2011**

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1   Introduction, scope and objectives

Introduction

Heath Lambert was appointed risk management and insurance adviser to the Council on 1 October 2010. One of our first tasks on appointment was to commence an independent review of the framework for risk management (RM). This document sets out the key findings arising from that review.

Scope and objectives of the review

The review has been carried out by Judy Jones, Head of Public Sector Risk Consulting at Heath Lambert. It provides an independent assessment of the Council's risk management maturity based upon the principles of best practice in risk management as defined by: the International Standard ISO 31000; the British Standard BS31100: 2008; HM Treasury and ALARM, the Public Risk Management Association.

The scope has encompassed the following aspects of the risk management process, as defined by HM Treasury in the Treasury Risk Management Assessment Framework (July 2009) and adapted by ALARM in the National Performance Model for Risk Management in the Public Sector:

- leadership and management
- strategy & policy
- people
- partnerships, shared risks and resources
- processes
- risk handling & assurance
- outcomes and delivery.

Our main objective has been to assess the current level of risk management maturity across the Council.
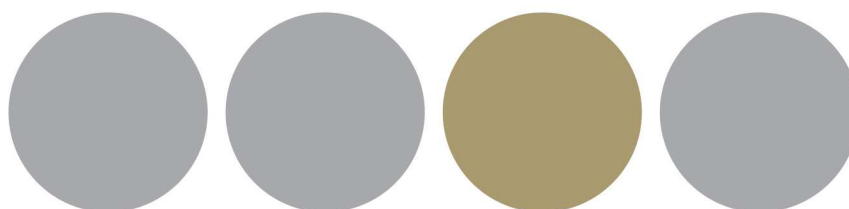
2 Approach to the review

Introduction

Our approach has been based on a comprehensive review of documentation together with a series of interviews.

Initial desktop review

Our initial desktop review of key documentation included the following (please note that this is not an exhaustive list of documents reviewed):

- the current RM Policy and Strategy and related guidance / procedure notes

- guidance relating to governance and RM arrangements in respect of significant partnerships and other forms of collaborative arrangements (including strategic delivery partnerships and outsourced services such as Highways)

- guidance relating to RM arrangements in respect of key projects and programmes (such as the joint PFI Waste Procurement and the new £45m leisure facility)

- details of RM training provided to all stakeholders

- current examples of strategic and operational risk registers (including risk assessments), action-planning and reporting (including examples from significant partnerships and key projects/programmes

- Terms of Reference, agendas and minutes of key groups and committees involved in risk management

- examples of risk reporting to members and officers

- reports arising from the most recent reviews, audits (internal and external) or inspections of risk management at the Council, and

- evidence of integration of RM with other relevant processes (such as business planning, internal audit, governance, performance management etc).

Where appropriate (and sometimes following the interviews referred to below) we also requested additional information.

Interviews with key personnel

We also held a series of meetings with individuals who make a significant contribution to the risk

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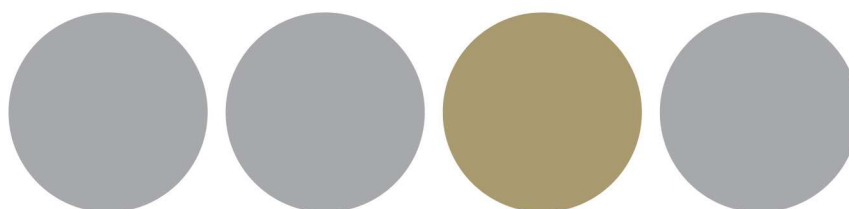
management framework. These are listed below:

- Mike Hocking, the Council's Head of Corporate Risk and Insurance
- Adam Broome, Director for Corporate Support
- Cllr Ian Bowyer, Cabinet Member for Finance, Property, People and Governance
- Angie McSweeney, Finance Risk Champion
- Louise Clapton, Devon Audit Services
- Giles Perritt, Head of Policy, Performance and Partnerships
- Candice Sainsbury, Risk Champion for Children & Young People's Services
- Lynn Clark, Risk Champion for Community Services Directorate
- Tony Hopwood, Project Director for the Life Centre
- Mark Turner, Waste PFI Project Manager
- Tim Howes, Assistant Director for Democracy and Governance and Monitoring Officer
- Dave Shepperd, Head of Legal Services and Deputy Monitoring Officer
- Malcolm Coe, Assistant Director for Finance, Assets and Efficiencies
- Peter Honeywell, 2020 Partnership Programme Manager, and
- Joan Chilcott, Capital Programme & Projects Manager.

Reporting and next steps

Following the completion of the review, we are preparing a report incorporating a prioritised RM Improvement Plan for your consideration. The aim of this is to provide a roadmap for future improvements. In effect, this will create an action-plan designed to further enhance and embed risk management across the authority. This report will be presented to the Audit Committee.

In subsequent years we will review progress made in achieving the Implementation Plan, and liaise with you to refresh the Plan and ensure that the Council's RM framework remains at the forefront of best practice.

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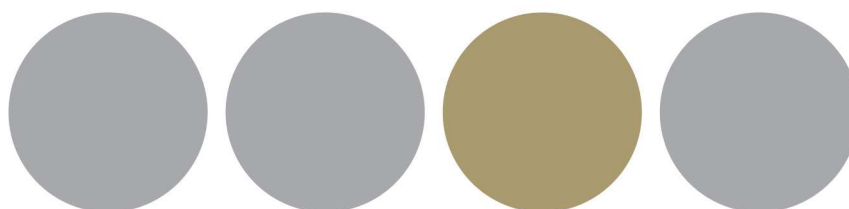
## 3   Summary of key findings and recommendations

Important caveat

Please note that the information provided below is intended to be indicative of the main findings emerging from the review. Full details will be provided in a comprehensive report which is currently in preparation. We wish to point out that some content and emphasis may be subject to change as a result of the peer review process.

Key findings

During the review we have found many examples of very good, even exemplary, risk management practice. These include:

- Clear and effective sponsorship of risk management by senior management and elected members (as evidenced by the proactive roles of the officer and member risk management champions)

- A well defined and current risk management strategy supported by clearly defined roles and responsibilities

- The provision of supplementary guidance to key stakeholders including elected members, risk champions and those involved in partnerships

- Engagement with professional bodies such as ALARM (the Public Risk Management Association) and also with national initiatives such as the ALARM/CIPFA National Benchmarking Club 2010

- Ongoing efforts to integrate risk management with other key systems such as: business planning; procurement; the core competencies framework; the governance and management of partnerships; and the Project Management System (though we recognise that this is yet to be rolled out across the Council)

- Regular and well attended meetings of the Operational Risk Management Group and the active participation of the Risk Champions' network

- Effective use of a Risk Management Fund, accessed by a well-developed bid process

- Regular monitoring and reporting of risk management performance which clearly establishes the value added by risk management to corporate performance

- Positive results arising from historical inspections under the Comprehensive Area Assessment (achieving a score of 3 at the final inspection, reflecting continuing improvement)

- Ongoing development of communication about risk management, including use of the Council's intranet

On the basis of the evidence obtained we have concluded as follows:

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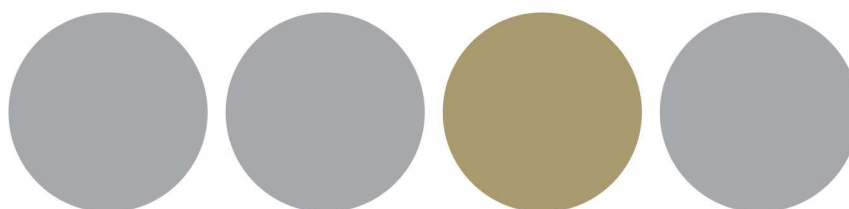
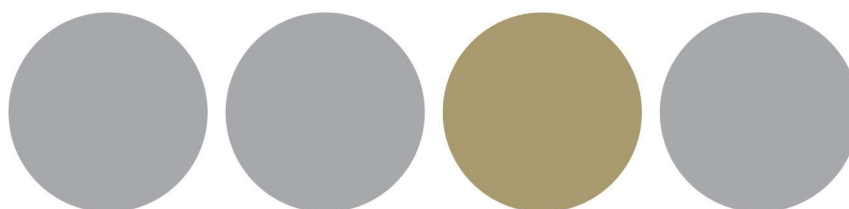| Assessment criteria	Conclusion
Leadership and management	Risk management is supported and promoted effectively by senior management and also by elected members. It is recognised as a key driver for corporate success.
Strategy & policy	Strategies and policies for risk management are clearly defined and subject to ongoing review, development and refinement.
People	Risk management is recognised within the Council's Competency Framework and training is ongoing to ensure that staff are equipped and supported to manage risks well.
Partnerships, shared risks and resources	Arrangements for managing risks with partners are subject to ongoing management action following internal and external reports issued in 2010.
Processes	The management of risk and uncertainty is increasingly integrated with key business processes.
Risk handling & assurance	The usefulness, benefits of and value added by risk management are broadly recognised.
Outcomes and delivery	Risk management is becoming increasingly linked to business plans and planning cycles, and is recognised as making a contribution to the successful delivery of improved outcomes.

Overall conclusion

These lead us to the overall conclusion that the Council's RM framework is relatively mature. As is to be expected, however, we have identified a number of areas where further development is possible.

Key recommendations arising

Our comprehensive report will contain a number of recommendations which we will be pleased to discuss and refine as appropriate. For the purposes of this synopsis we have set out below our key recommendations. We emphasise, however, that these may be subject to change and additional recommendations may also be developed.

Ref.	Details of draft recommendation
1	Risk management training needs across the Council should be formally identified and a training matrix developed to support a systematic approach to "educating to embed". The provision of project risk management training as part of the roll-out of the Project Management System is, in our view, a relatively high priority in view of the potential financial and reputational risks associated with projects.

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Ref.	Details of draft recommendation
2	Greater emphasis should be placed on facilitated risk workshops in the context of business planning and performance management at all levels (strategic, operational, programme/project, partnership). These could be facilitated by the appropriate Risk Champion. Such events could also address specific risks emerging within the Council or in the wider sector, such as Information Governance risks or those associated with the development of shared services. [**Note:** these could also incorporate a training element. This recommendation should be considered, therefore, in conjunction with recommendation 1 above.]
3	Guidance provided to Risk Champions should be refreshed, expanded upon and incorporated within a formally approved process map that will be applied consistently across the Council.
4	Update/refresher training should be provided for Risk Champions to support their ongoing development. This should focus on developing comprehensive understanding of their role in the context of the wider risk management framework, and also encouraging consistency in approach across all Directorates. It should also provide the basis for exchange of good practice and an ongoing support network for Risk Champions across the Council.
5	Consideration should be given to the production of an expanded quarterly "risk report" which builds on the current monitoring report and incorporates additional information relating to: horizon scanning for new and emerging issues; the strategic risk register; the status of operational risk registers; the status of business continuity plans and summary of incidents; emergency planning; health & safety; insurance; and information governance. This report should be presented to the CMT and onwards to the Audit Committee.

Risk management of collaborative arrangements

We recognise that the various recommendations arising from both internal and external audit reports relating to governance and risk management of partnerships are subject to ongoing management action. We also understand the need for a proportionate approach that is appropriate in the context of the Council's Corporate Plan 2010-13 and the Plymouth Report/Plymouth 2020. In the current circumstances, however, this remains an area of **potential** risk exposure to the Council.

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