

AUDIT COMMITTEE – 10th December 2014

RISK MANAGEMENT UPDATE REPORT 2014 / 15

Executive Summary

Key Issues:

- I. The Risk Management Framework was substantially reviewed in April 2014, and was previously considered by the Audit Committee at the meeting dated 30th April 2014;
- II. The Council's Strategic Risk Register (SRR) has benefitted from its fourth full review. The key significant risks identified in the SRR relate to Engagement, Health Inequalities and Business Continuity preparedness / Resilience arrangements;
- III. The Council's corporate risk management system, Morgan Kai Insight (MKI) has been upgraded to a new version, with significantly enhanced functionality and improved usability for users of the system;
- IV. Risk Management awareness training was attended by over 50 officers during the summer of 2014, with positive feedback having been received from 98% of attendees.
- V. Changes to the Annual Governance Review process will be provided to the Audit Committee in 2015; and,
- VI. The outcomes of recent Benchmarking activity suggest the outputs and overall maturity of the Council's Risk Management arrangements are broadly in line with similar unitary and metropolitan Authorities elsewhere in the UK.

AUDIT COMMITTEE – 10th December 2014

RISK MANAGEMENT UPDATE REPORT 2014 / 15

1. Purpose of Report

- 1.1 The purpose of this report is to outline the progress made to date in 2014 / 15 towards the achievement of the goals set out in the Council's Risk Management Policy, and to signpost further work to be undertaken in the year.
- 1.2 This report seeks to provide suitable assurances that the Risk Management Framework remains fit for purpose.

2. Recommendations

2.1 It is recommended that the Audit Committee:

- I. Considers the Risk Management Update Report, and the assurances provided as part of its overall consideration of the Council's control framework for the purposes of the Annual Governance Statement;**
- II. Considers whether any aspect of this report requires a more detailed report at a subsequent meeting; and,**
- III. Continues to receive periodic reports during the year to monitor the progress in achieving the actions identified for 2014 / 15.**

3. Risk Management Framework

- 3.1 The Risk Management Framework was comprehensively reviewed and updated in the latter part of 2013 / 14, and was presented and approved by the Audit Committee in the meeting dated 30th April 2014. A brief précis of the significant elements of this review are detailed in the sections below.
- 3.2 Risk Management Policy**
- 3.3 The Risk Management Policy has been refreshed, and now includes specific reference to the support required to ensure the Future Council Business Units are enabled to take managed risks in the pursuit of their own business objectives.
- 3.4 The Risk Management Policy was subsequently endorsed by the Chief Executive and the Cabinet Spokesperson for Corporate Services in June 2014.

3.5 Risk Management Strategy

3.6 The Risk Management Strategy has been substantially refreshed following the identification of a number of improvement actions from the CIPFA / ALARM Benchmarking Club. Significant revisions include:

- A forward to the Strategy, produced and endorsed by a member of SMT;
- Amendments to the language within the Strategy, to include consideration of 'up-side' or opportunity management;
- Details of how potential conflicts would be resolved;
- A three year strategic plan for the Risk Management Section (RMS); and,
- Development of the Council's 'Risk Acceptance' model.

3.7 Full details of the revised Risk Management Framework are contained within the report to Audit Committee dated 30th April 2014, under item 6.

4. Roles and Responsibilities

4.1 Risk Champions

4.2 The role of Risk Management Champions is essential to the development of an informed and managed risk taking culture within the Council. In essence, Risk Champions promote and support Risk Management within their own Directorates. Regular quarterly meetings are facilitated by the RMS in which Champions are able to report on the effectiveness of Risk Management activities within their Directorates, report on progress and activities being taken to further promote Risk Management, and to share experiences and practices in relation to Risk Management.

4.3 At the last Risk Champions Group meeting, the RMS supplied all Champions with a 'Knowledge and Skills self-assessment', which requires Champions to consider the main activities that they are expected to contribute towards, and to identify any gaps in their own training or competencies. It is envisaged that these self-assessments will be analysed and further up-skilling and capability building for Champions will focus on areas identified within this process.

4.4 Risk Management Section

4.5 The RMS benefits from an annual workplan, detailing the key tasks and activities for the year. This workplan is subject to programmed monthly reviews. The workplan is attached as Appendix One to this report.

5. Risk Management Process

5.1 Strategic Risk Register (SRR)

5.1.1 A robust and dynamic SRR sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process, through the ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.

5.1.2 A full review of the 'zero-based' SRR was last undertaken in September 2014, and was reported to the Audit Committee in the meeting dated 5th November 2014.

5.1.3 The main outcomes of the SRR review were as follows:

SRR Risks that have worsened since the last review:

- 3023 – Failure to engage with Stakeholders; and,
- 3030 – Failure to be prepared for an emergency response or business continuity threat

SRR 'Red' Risks:

- 3023 – Failure to engage with Stakeholders;
- 3026 – Failure to achieve a reduction in health inequalities within the Borough; and,
- 3030 – Failure to be prepared for an emergency response or business continuity threat

5.2 Key SRR Risks

5.2.1 The tables below sets out the distribution of the SRR risks across the six 'concern rating' classifications, as at November 2014, along with a further table, detailing the overall direction of travel for SRR risks during the last four reviews:

Concern Rating	Number of Risks (as at Sept 2014)	Percentage (as at Sept 2014)	Number of Risks (as at Feb 2014)	Percentage (as at Feb 2014)
1	0	0%	0	0%
2	2	12%	1	6%
3	9	53%	9	53%
4	4	23%	5	29%
5	2	12%	2	12%
6	0	0%	0	0%
Total	17	100%	17	100%
Average Risk Category Score	3.35		3.47	

5.2.2 The above table demonstrate a slight worsening of SRR risks, since the last review in February 2014. A slight increase in the number of 'red' risks (from one to two) and a corresponding decrease in 'amber' risks (from 14 to 13) reflects this slight worsening. The specific risk that has worsened relates to engagement, and was recently considered by the Audit Committee, in the meeting dated 5th November 2014.

Period				
Average Risk Category Score	May 2013	Oct 2013	Feb 2014	Sept 2014
	3.70 →	3.47 ↓	3.47 →	3.35 ↓

5.2.3 The above table provides a trend analysis of the average risk category score for all SRR risks, since the 'zero-based' review in May 2013. The overall direction of travel suggests a slight worsening of strategic risks over the period.

5.3 Operational Risk Registers (ORR)

5.3.1 These Risk Registers relate to the key risks to the provision of Council services. During 2014 / 15 these registers have been formally reviewed on a half yearly basis, to ensure risks are still relevant and risk mitigation actions are being implemented. The risks contained within the ORR's are aligned to corporate processes, and in particular, Service Delivery Planning.

5.3.2 Following the completion of each review, there is a requirement to ensure 'red' risks are reported to Directorate Management Teams, in accordance with the Risk Acceptance Model.

5.3.3 The RMS will continue with a rolling programme of detailed risk register reviews to ensure the approaches to risk identification and mitigation are consistent. In addition, these reviews will 'challenge' whether the registers do contain those risks which directly influence the achievement of service and corporate objectives, and reflect the implications of the Future Council.

5.4 Projects and Partnership Risk Registers

5.4.1 The Council continues to use the project and programme management system, P2.net, to record and manage a significant number of risks.

5.4.2 Direct liaison with a number of significant projects and partnerships by the RMS continues, and includes:

- Superfast Broadband Programme;
- Better Barnsley Programme;
- Newcomen Beam Engine project;
- Enterprising Barnsley; and
- Strategic Business Parks.

5.4.3 Assurance continues to be sought from the Council's key partners, relating to their own risk management arrangements. The details of the identified partners are contained within the RMS workplan, attached as Appendix One.

6. Risk Profile and Statistics

6.1 The Risk Management software system, MKI, allocates a category score to each risk, based upon a combination of likelihood and highest scoring impact; Category One (red) being the most severe, and Category Six (green) being the least.

6.2 SRR and ORR Statistics

6.2.1 A breakdown of the SRR and ORR risks by Category, as at the 7th November 2014 is shown below:

SRR and ORR Risk Statistics								
Risk Category	Nov 2014		Nov 2013		May 2013		May 2012	
	No.	%	No.	%	No.	%	No.	%
1	50	14	73	17	85	17	119	18
2	46	13	78	19	139	27	168	26
3	59	17	59	14	61	12	72	11
4	85	24	101	24	100	19	129	20
5	108	31	105	25	126	24	151	23
6	2	1	3	1	2	1	5	1
Total	350	100	419	100	513	100	644	100
Ave. Risk Category	3.46		3.23		3.06		3.06	

6.2.2 The latest statistics are a continuation of the trend evident from previous years, which shows a continuing reduction in the number of active risks, which is mainly attributable to the impact of Directorate restructures, leading to the realignment of risks by Services.

6.2.3 The activities undertaken by the RMS in respect of service risk register challenges, and data cleansing of the MKI system prior to migration to the new iteration of the system (see section 8) has also influenced the resulting decrease in active risk numbers, as a number of risks, and risk registers have been archived following the completion of service risk register challenges. The proportional split between categories of risk continues to evolve; the general trend being an ongoing *reduction* in the number of Category One and Two risks (down 3% and 6% respectively) with a corresponding *increase* in the number of Category Three and Five risks (up 3% and 6% respectively).

6.2.4 The average risk Category Score metric (included at the bottom of the table), details the average risk score for all SRR and ORR risks logged within MKI within the defined period. The principle behind this metric is to identify, and where possible, influence any trend, in terms of the overall risk Category Score becoming more 'acceptable'. The closer this metric aligns to the Category Six (being the most 'acceptable' risk Category Score), the more assured the Council can be in ensuring risks are being managed to acceptable levels.

Within this reporting period (from May 2012 to November 2014) the average risk Category Score has moved from 3.06 to 3.46, i.e. lowering the overall risk profile of the risks included within ORRs.

6.3 Project and Partnership Statistics

6.3.1 A breakdown of Project and Partnership risks by Category, as at the 7th November 2014 is shown below:

Project and Partnership Risk Statistics								
Risk Category	Nov 2014		Nov 2013		May 2013		May 2012	
	No.	%	No.	%	No.	%	No.	%
1	12	9	14	15	18	17	15	11
2	18	13	13	14	17	16	35	26
3	32	24	16	17	22	20	20	15
4	31	23	23	24	21	19	34	25
5	38	29	28	29	28	26	25	18
6	2	2	2	1	2	2	8	6
Total	133	100	96	100	108	100	137	100
Ave. Risk Category	3.53		3.45		3.27		3.31	

6.3.2 The overall number of project and partnership risks has seen a slight increase, compared to May 2014, which is mainly attributable to several new projects such as the Better Barnsley Programme benefiting from its risks being managed in MKI.

6.3.3 As expected in dynamic project environments, the number of risks logged in MKI relating to projects fluctuates. Allied to this is the continued use by the Council of the P2.net system to manage a significant number of projects and programmes (which includes provision for the management of risks in P2.net also). The profile between November 2013 and November 2014 shows slight decreases in the number of risks assessed as Category One and Two, with corresponding increases in the number of Category Three and Four risks.

7. Risk Acceptance, Escalation and Reporting

7.1 The Council's Risk Acceptance model was revised as part of the overall refresh of the Risk Management Framework, and was subsequently report to the Audit Committee in the meeting dated 30th April 2014.

8. Risk Recording / Morgan Kai Insight (MKI)

8.1 The Council's corporate Risk Management database, Morgan Kai Insight (MKI) was successfully updated to version 8.1 in September 2014. The overall 'look and feel' of the system has been significantly improved, as well as improvements to the usability of the system. The system has been successfully rolled-out to all users of the system, who have been supported with one-to-one sessions where appropriate, as well as the introduction of a revised user guide, produced by the RMS.

8.2 A small amount of refinement to the system remains outstanding, relating to the production of reports and outputs from the system. These refinements are in

hand, and are being progressed satisfactorily by the RMS, and the suppliers of the system, Morgan Kai.

- 8.3 It is envisaged that following the development and acceptance of the output reports, a user satisfaction survey will be undertaken, and subsequently reported to the Audit Committee as part of the Risk Management Annual Report, due for consideration by the Audit Committee in 2015.

9. Guidance, Training and Facilitation

- 9.1 A series of Risk Management awareness / training sessions have been delivered during June and July 2014. Over 50 senior officers attended a session, which focused on the Risk Management framework, process and benefits and outcomes.
- 9.2 Feedback from these events was positive, with around 98% of attendees finding the session either 'of some use' or 'very useful'.
- 9.3 A number of workshops have also been facilitated by the RMS, including support to the following projects and partnerships:
- Better Barnsley – risk identification and ownership workshop for the town centre re-development project;
 - Little Don Trail – risk identification workshop for partners;
 - Barnsley Children's Safeguarding Board (BCSB) – risk identification workshop and subsequent presentation to the full BSCB;
 - Information Governance Board – risk management overview, with focus on information governance strategic risk; and,
 - Independent Living at Home Service (ILAHS) – risk identification workshop regarding trading services and commercial opportunities;
- 9.4 The RMS has also been involved in a number of operational surveys, including the following:
- Dearne Playhouse – operational risk survey of buildings and management practices of this organisation, which the Council acts as a trustee; and,
 - Moorland Plastics – operational risk survey, in light of findings identified by Internal Audit and external consultants that have influenced recent decisions making regarding the future of this Council service.
- 9.5 The suite of Schools Risk Management papers has been updated and reviewed in October 2014.

10. Assurance and Performance Management

10.1 Integration with other Processes

- 10.2 The RMS contributed towards the regular audit planning meetings, held between audit managers and Executive and Assistant Directors. This included providing key risk information, issues relating to known area of non-compliance and key questions relating to individual services risks registers, learning, training and communicating issues relating to risk, and any opportunities to improve.

10.3 In order to provide the Internal Audit Division with reliable and meaningful risk information to feed into the annual audit planning process, all significant 'red' risks have been labelled with a theme for both the 'trigger' to the risk, as well as a theme for the 'impact' of the risk. This will allow risks to be better aligned to audit assignments and audit findings and recommendations.

10.4 As part of the transition to Future Council, the annual Fraud Risk Self Assessment (FRSA) process has ceased. Instead, the RMS are ensuring all operational risk owners and managers consider fraud related issues as part of the bi-annual review of operational risk registers. It is envisaged that the Principal Auditor (Fraud and Investigations) will be able to use the risk information contained within MKI to contribute towards, and influence the plan of activity for 2015 / 16.

11. Annual Governance Review

11.1 The corporate review of the Annual Governance processes has resulted in a much reduced process regarding the capturing and analysis of governance related issues. Revisions and improvements to this process will be reported to the Audit Committee at a future meeting in early 2015.

12. Performance Management

12.1 A revised set of performance metrics was attached to the Risk Management Annual Report, as Appendix four and was considered by the Audit Committee at the meeting dated 11th June 2014.

12.2 Details of the actual performance for quarters one and two are attached as Appendix two to this report.

13. Benchmarking

13.1 The Council subscribed to the CIPFA / ALARM Local Authority Benchmarking club for 2014 / 15.

13.2 An initial analysis of the benchmarking results has been undertaken, and these contribute towards the measurement of performance for Risk Management activities. Appendix Two and Three detail the current benchmarking outcomes against previous year's results. Whilst the outcomes of this activity remain fairly static, it is important to note that the Benchmarking question set changes and evolves year on year, and any direct comparison with current Benchmarking outcomes against previous years should be taken with a degree of caution.

13.3 An Executive Summary of the benchmarking outcomes is attached as Appendix Three.

14. Culture

14.1 The prime objective of the Council's Risk Management Framework is to facilitate the management of Risks (and benefit or opportunities arising) in accordance with best practice, through a culture where responsible, informed

and controlled Risk taking is encouraged. In order to achieve this objective, the activities detailed below have formed the main thrust of work for this year:

15. Risk Management Considerations

- 15.1 Clearly the most significant and obvious risk to the Council is failing to embrace Risk Management as a vehicle to help deliver objectives in a cost effective and efficient manner. Adopting and constantly improving the Risk Management arrangements for the Council is a clear mitigation against risk.

16. Financial Implications

- 16.1 Whilst there are no direct implications from this report, the impact of Risk Management should be recognised as a major contributor to overall value for money and the effective use of resources.

17. Employee Implications

- 17.1 Again, whilst there are no direct implications from this report, the Risk Management process relies entirely on all employees having a good awareness of their responsibilities for Risk Management and for those specifically tasked with Risk Management functions, it is essential they are trained and supported to fulfil that role.

18. Appendices

Appendix One: Risk Management Workplan 2014 / 15

Appendix Two: Performance Indicators Q1 and Q2

Appendix Three: Executive Summary of the Benchmarking outcomes 14 / 15

19. Background Information

Previous Audit Committee Reports
Risk Management Framework
MKInsight – Risk Registers
Training Records and Feedback

Contact Officer: Principal Corporate Risk Management Officer
Telephone: 01226 77 3119
Date: 28th November 2014

Risk Management Workplan 2014 / 2015

Objective	Action	Date for Completion	Lead Officer	Comment / Update
Develop, implement and improve the Risk Management Framework	Review of Risk Management Strategy	Completed	AH	Risk Management Framework reviewed; Considered and approved by AC on 30/04/2014; Considered and approval by Cabinet on 04/06/2014.
	Review of Risk Management Policy Statement		AH	
	Review of Risk Acceptance Model		AH	
	Review of Risk Champion Role		AH	
	Review of Risk Challenge Process	31/03/2015	AH	
	Review of Project Risk Protocol	31/03/2015	AH	
	Review of Cabinet Report Writing Guidelines	31/03/2015	AH	
	Review of Risk Management Training Strategy	Completed	AH	Updated and published on intranet site 11/09/2014.
	Policy and Strategy to AC - 30/04/2014	Completed	AH	
	Risk Management Annual Report to AC - 11/06/2014	Completed	AH	Considered and approved by AC on 11/06/2014.
Provision of assurance in relation to corporate governance and internal control responsibilities	SRR Report to SMT	Completed	AH	Considered by SMT 21/10/2014
	SRR Report to AC - 05/11/2014	Completed	AH	Considered by AC 05/11/2014
	SRR Report to Cabinet	Completed	AH	Considered by Cabinet 19/11/2014
	Risk Management Update Report to AC - 10/12/2014	Completed	AH/IW	In development
	SRR Report to SMT	10/12/2014	AH/IW	
	SRR Report to AC - 25/03/2015	<25/03/2015	AH	
	SRR Report to Cabinet	25/03/2015	AH	
	SRR Report to Cabinet	>25/03/2015	AH	
	Policy and Strategy to AC - 22/05/2015	22/05/2015	AH	
	Provision of RMS Satisfaction Survey and analysis of results to feed Annual Report	Completed	IW	Questionnaire circulated 01/04/2014, reminder circulated w/c 28/04/2014, deadline for returns 09/05/2014; Information included in Annual Report 11/06/2014.
Culture of effective and efficient management of risk	Q1 - ORR (30/06/2014: CYPF, DEC, Corporate Services (Legal & Governance))	Completed	IW	Done.
	Quality Assurance of Q1 ORR	Completed	IW	Done.
	Q2 - ORR (30/09/2014: A&C, Public Health, Corporate Services (Finance & Property and HR & Comms))	Completed	IW	Analysis undertaken and forwarded to respective risk champions.
	Quality Assurance of Q2 ORR	30/11/2014	IW	
	Q3 - ORR (31/12/2014: CYPF, DEC, Corporate Services (Legal & Governance))	31/01/2015	IW	
	Quality Assurance of Q3 ORR	28/02/2015	IW	
	Q4 - ORR (31/03/2015: A&C, Public Health, Corporate Services (Legal & Governance))	30/04/2015	IW	
	Quality Assurance of Q4 ORR	30/04/2015	IW	
Integration Risk Management into Corporate business process	Review of Risk Management Strategy	Completed	AH	Risk Management Framework reviewed; Considered and approved by AC on 30/04/2014; Considered and approval by Cabinet on 04/06/2014.
	Review of Risk Management Policy Statement		AH	
	Review of Risk Acceptance Model		AH	
	Review of Risk Champion Role		AH	
Review of Risk Challenge Process	31/03/2015	AH		
Review of Project Risk Protocol	31/03/2015	AH		
Review of Cabinet Report Writing Guidelines	31/03/2015	AH		
Review of Risk Management Training Strategy	Completed	AH	Updated and published on intranet site 11/09/2014.	
Policy and Strategy to AC - 30/04/2014	Completed	AH		
Risk Management Annual Report to AC - 11/06/2014	Completed	AH	Considered and approved by AC on 11/06/2014.	
SRR Report to SMT	Completed	AH	Considered by SMT 21/10/2014	
SRR Report to AC - 05/11/2014	Completed	AH	Considered by AC 05/11/2014	
SRR Report to Cabinet	Completed	AH	Considered by Cabinet 19/11/2014	
Risk Management Update Report to AC - 10/12/2014	Completed	AH/IW	In development	
SRR Report to SMT	10/12/2014	AH/IW		
SRR Report to AC - 25/03/2015	<25/03/2015	AH		
SRR Report to Cabinet	25/03/2015	AH		
SRR Report to Cabinet	>25/03/2015	AH		
Policy and Strategy to AC - 22/05/2015	22/05/2015	AH		
Provision of RMS Satisfaction Survey and analysis of results to feed Annual Report	Completed	IW	Questionnaire circulated 01/04/2014, reminder circulated w/c 28/04/2014, deadline for returns 09/05/2014; Information included in Annual Report 11/06/2014.	
Q1 - ORR (30/06/2014: CYPF, DEC, Corporate Services (Legal & Governance))	Completed	IW	Done.	
Quality Assurance of Q1 ORR	Completed	IW	Done.	
Q2 - ORR (30/09/2014: A&C, Public Health, Corporate Services (Finance & Property and HR & Comms))	Completed	IW	Analysis undertaken and forwarded to respective risk champions.	
Quality Assurance of Q2 ORR	30/11/2014	IW		
Q3 - ORR (31/12/2014: CYPF, DEC, Corporate Services (Legal & Governance))	31/01/2015	IW		
Quality Assurance of Q3 ORR	28/02/2015	IW		
Q4 - ORR (31/03/2015: A&C, Public Health, Corporate Services (Legal & Governance))	30/04/2015	IW		
Quality Assurance of Q4 ORR	30/04/2015	IW		

Objective	Action	Date for Completion	Lead Officer	Comment / Update
	Services (Finance & Property and HR & Comms) Quality Assurance of Q4 ORR	31/05/2014	IW	
	Risk Register Challenges (Full)	31/03/2015	AH	<ol style="list-style-type: none"> 1. IA & RM Integration – final report not issued following agreement with HoIA; 2. HR, Communications, P&P - challenge completed (final report not issued due to disparate nature of challenge process); 3. SYJS Pensions - email dated 12/06/2014 – challenge completed; 4. Strategic Property & Procurement – final report issued 12/06/2014; 5. ASSD to be contacted w/c 23/06/2014; 'mini' challenge agreed 29/07/2014.
	Risk Register Challenges (Mini)	31/03/2015	IW	ASSD – see above (the mini-challenge will be linked to A&C ORR).
	Review of SRR (Sept / Oct 2014)	Completed	AH	Completed
	Review of SRR (Jan / Feb 2015)	28/02/2015	AH	
	Review of AGR Questions Set	Completed	AH	Completed
	Provision of risk information to feed Audit Planning	31/12/2014	IW	<p>All Red Risks allocated a 'trigger'; PCRMO undertaken QA – all OK. Awaiting request for information from IA.</p> <ul style="list-style-type: none"> ▪ Trans Pennine Trail - 05/06/2014 (no recommendations) ▪ Worsbrough Mill: themed audit (cash) – 07/08/2014 (1 rec re Dave Robinson) ▪ SYPA Doncaster District – 07/08/2014 (no recommendations) ▪ Wentworth Trust – 13/08/2014 ▪ Public Health – 12/09/2014 (one significant recommendation but no action taken due to date of 06/15) ▪ Worsbrough Mill – 15/09/2014 (one significant recommendation but noted as 'already actioned'); ▪ SYJS – Purchase Ledger Transactions – 16/10/2014 (no Fundamental or Significant recommendations)
	Analysis of Internal Audit Reports	31/03/2015	AH	
	Analysis of FRSA outcomes and F&C workplan for consideration in ORRs	Completed	AH	Meeting with PA (Fraud) 09/06/2014 – agreed to include message re Fraud in next ORR email (Q2 2014/15) and updated challenge papers.

Objective	Action	Date for Completion	Lead Officer	Comment / Update
Support and encourage Risk Management activity throughout the Authority and its partners	Provision of support to Project and Programme Managers	31/03/2015	AH / IW	Email to Principal Projects and Funding officer to close job. S106 Workshop delivered 15/05/2014 - output drafted and sent; Better Barnsley Workshop delivered 19/05/2014 - output to be presented to board w/c 07/07/2014; H&WB draft risks agreed with A&C Wellbeing Coordinator 21 st October 2014; partner input via SSDG to be confirmed. Little Don Trail workshop delivered 08/09/2014 – output presented to project steering group 09/10/2014; Superfast BB to be refreshed with new Programme Manger (BMBC & AM). Support to the DMC Project Group (Managing transitional arrangements) - 30/09/2014 & ongoing 2014/15. Assurance information received 16/09/2014. To be analysed.
	Provision of assurance regarding key partners: Berneslai Home	30/09/2014	IW	Assurance information requested 27/08/2014 – received. To be analysed.
	Provision of assurance regard key partners: BPL	30/09/2014	IW	Assurance information requested 27/08/2014 – received; awaiting corporate confirmation of cessation of relationship with Bull.
	Provision of assurance regard key partners: Bull / TCL	30/09/2014	IW	Norse assurance information received 05/08/14; NPS information received 16/09/2014; to be analysed.
	Provision of assurance regard key partners: NPS / Norse	30/09/2014	IW	Norse assurance information received 05/08/14; NPS information received 16/09/2014; to be analysed.
	Review of Risk Champion activity / Risk Champion Meetings	26/06/2014	IW / AH	Minutes uploaded to the RM Intranet 21/07/2014.
		25/09/2014	IW / AH	Minutes uploaded to the RM Intranet 14/10/2014.
		11/12/2014	IW / AH	
		12/03/2015	IW / AH	
		31/03/2015	AH	
		Completed	AH	06/06/2014, 20/06/2014, 23/06/2014 and 27/07/2014;
		30/09/2014	AH	
	Development and delivery of training schemes to improve core competencies in Risk Management	Development of 'Think Risk V' - Officers	31/03/2015	AH
Delivery of 'Think Risk V' - Officer		30/09/2014	AH	
Development of 'Think Risk V' - Elected Members		31/03/2015	AH	
Delivery of 'Think Risk V' - Elected Members		31/03/2015	AH	RM Process to be completed;
Development of E-Learning packages		Completed	IW	Review completed 03/06/2014.
	Review of Intranet Site	Completed	IW	Review completed 26/09/2014.

Objective	Action	Date for Completion	Lead Officer	Comment / Update
Provision of an effective platform for the consistent recording and management of Risk		31/12/2014	IW	
		31/03/2015	IW	
	Implementation of new versions of MKI (v8.1)	Completed	AH	Language changes passed to MK 05/06/2014 – chased 24/06/2014; MK completed changes 07/07/2014 – with Audit Manager to review implications for IA. Report issue passed to MK 05/06/2014 – chased 20/06/2014; scheduled for completion October 2014. Rolled out v8.1 to users 02/10/2014; URL link uploaded to the RM Intranet 02/10/2014.
	Provision of user guides and support to MKI users	31/03/2015	AH	User guide uploaded to the RM Intranet 02/10/2014. Reporting guidance to be developed.
	Provision of MKI Satisfaction Survey and analysis of results	31/03/2015	IW	
	Provision of assurance regarding risk information contained in other systems	31/03/2015	AH	Email to NPS Director 23/06/2014 regarding Contract Management Review; Email to NPS Director 13/08/2014 regarding Transport Review;
	Alignment of other systems that have the ability record risk to MKI processes	31/03/2015	AH / IW	Possible carry forward into 15/16 plan?
	Regular review and delivery of RMS Workplan 2014 / 15	31/03/2015	AH	Ongoing;
	Delivery of Internal Audit recommendations following CRM Audit 2013 / 14	Completed	AH	All actions complete.
	Delivery of Benchmarking recommendations following participation in CIPFA / ALARM Benchmarking 2014 / 15	Completed	AH	Sent to ALARM 05/09/2014. Awaiting feedback / comparator reports
Effective sectional management to ensure a well governed and quality service	Annual PDR Process and bi-annual review	Completed	AH	Completed.
	Administration of Risk Management Fund including review of Application Form and Guidance Note	28/02/2015	AH	
	Review of Filing / Racking / Shortwood	31/03/2015	IW	Update for schools circulated via Bulletin Board 11/04/2014; Fund for 2014/15 confirmed at £17k;
		Completed	IW	Scheduled w/c 30/06/2014
		31/12/2014	IW	
	Review of E&D Action Plan	30/06/2014	AH	Updated and included on intranet update June 2014;
		31/12/2014	AH	

Risk Management Performance Indicators Q1 and Q2

Indicator	Q1 01/04/2014 – 30/06/2014	Q2 01/07/2014 – 30/09/2014	Q3 01/10/2014 – 31/12/2014	Q4 01/01/2015 – 31/03/2015
Process:				
% of Services completing Operational Risk Register Reviews on time	100%	100%	Data not yet available	Data not yet available
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Leadership and Management	2013 / 14: Level 4 'Embedded and Integrated' 2014 / 15: Level 4 'Embedded and Integrated'			
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Policy and Strategy	2013 / 14: Level 5 'Driving' 2014 / 15: Level 5 'Driving'			
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to People	2013 / 14: Level 5 'Driving' 2014 / 15: Level 4 'Embedded and Integrated'			
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Partnerships and Resources	2013 / 14: Level 3 'Working' 2014 / 15: Level 3 'Working'			
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Processes	2013 / 14: Level 4 'Embedded and Integrated' 2014 / 15: Level 4 'Embedded and Integrated'			
Changes to Risk Profile:				
Deviance from previous Average SRR & ORR Risk Category Score (Positive Number = Positive Trend)	-	+0.23	Data not yet available	Data not yet available
Outcomes:				
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Risk Handling	2013 / 14: Level 3 'Working' 2014 / 15: Level 3 'Working'			
Maintenance / improvement of ALARM / CIPFA benchmarking scores relating to Outcomes and Delivery	2013 / 14: Level 3 'Working' 2014 / 15: Level 3 'Working'			

Risk Management Benchmarking 2014 / 15

Summary Report to FDMT

1 Introduction

- 1.1 A risk management benchmarking exercise was carried out in August 2014 in conjunction with the Association of Local Authority Risk Managers (ALARM) and CIPFA. The results of this exercise have been received and are detailed below. Some 32 other Local Authorities have also participated in this exercise for 2014 / 15, which is three down from the number of participating Authorities in 2013 / 14.

2 Benchmarking Process

- 2.1 The Authority was required to answer 39 qualitative questions relating to 'Enablers' (Leadership and Management, Policy and Strategy, People, Partnerships and Resources and Processes) and 'Results' (Risk Handling and Assurance and Outcomes and Delivery). The result of these question sets are detailed below. It is important to note the subjective nature of this benchmarking exercise, in so far as there are few, if any, 'hard' metrics that allow for a quantitative benchmarking assessment to be carried out.
- 2.2 A number of more quantitative questions were also included as part of the benchmarking exercise, relating to 'Resources', which are also included below.
- 2.3 Where appropriate, the Authority's Risk Champions were consulted on questions where it was clear the opinion from a cross section of the Authority's employees was required. The remaining questions have been completed by the Risk Management Section (RMS), with moderation from the Head of Internal Audit and Risk Management.

3 Benchmarking Results

- 3.1 The results of the benchmarking exercise for the Authority are detailed below:

Area		Level				
Enablers	Leadership and Management	Awareness	Happening	Working	<i>Embedded and Integrated</i>	Driving
	Policy and Strategy	Awareness	Happening	Working	Embedded and Integrated	<i>Driving</i>
	People	Awareness	Happening	Working	<i>Embedded and Integrated</i>	Driving
	Partnerships and Resources	Awareness	Happening	<i>Working</i>	Embedded and Integrated	Driving
	Processes	Awareness	Happening	Working	<i>Embedded and Integrated</i>	Driving
Results	Risk Handling and Assurance	Awareness	Happening	<i>Working</i>	Embedded and Integrated	Driving
	Outcomes and Delivery	Awareness	Happening	<i>Working</i>	Embedded and Integrated	Driving

3.2 A more detailed breakdown of the results for the Authority are as follows, with comparisons relating to the average scores provided by other participating Local Authorities:

	Area	BMBC Score	Average Score	Deviance
Enablers	Leadership and Management	81%	75.8%	+ 5.2%
	Policy and Strategy	88%	77.8%	+ 10.2%
	People	75%	74.7%	+ 0.3%
	Partnerships and Resources	63%	69.9%	- 6.9%
	Processes	71%	76.3%	- 5.3%
Results	Risk Handling and Assurance	64%	69.2%	- 5.2%
	Outcomes and Delivery	60%	66.8%	- 6.8%

3.3 The results relating to the quantitative 'Resources' questions are as follows:

Employee Structure (FTE)	Number	Per 1,000 FTE	Average	Deviance
Formal Risk Management Role	2.00	0.44	0.33	+ 0.11
Support Risk Management Role*	3.00	0.67	0.51	+ 0.16

(* - support roles for BMBC estimated on directorate risk champions, MKI users and other employees involved in the delivery of the Risk Management Framework)

4 Benchmarking Outcomes

- 4.1 Any direct comparison between the current benchmarking results for 2014 /15 with the results from previous exercises must be undertaken with a degree of caution, insofar as the question sets and scoring methodology for each year reflect an increasing awareness and maturity in terms of risk management arrangements. It is therefore impossible to provide an accurate analysis against previous years benchmarking results.
- 4.2 However, analysis of the benchmarking results for 2014 / 15 has enabled an action plan to be developed that is specific to the Authority. This plan takes into account particular areas of weakness, and identifies proportionate opportunities to improve the various elements of the Risk Management Framework. A copy of this action plan is attached as Appendix One, and appropriate elements of this plan will be built into the existing RMS Workplan for 2014 / 15, which is monitored by, and regularly reported to the Authority's Audit Committee.
- 4.3 Due to the subjective nature of the exercise, the benchmarking outcomes should be used as a guide only, and therefore, whilst an action plan has been developed, only actions that will add a tangible value for services or corporately will be pursued.

5 Actions Required / Recommendations

- 5.1 It is recommended that consideration of the benchmarking outcomes are considered in detail later, following the restructuring of the Financial Services Business Unit, due to structural changes affecting the strategic management of the RMS.
- 5.2 It is recommended that FDMT approve the outcomes of the benchmarking exercise, and authorise the RMS to deliver the actions detailed in the Risk Management benchmarking action plan following the restructuring of the Financial Services Business Unit

6 Appendices

Appendix One: Risk Management benchmarking action plan

7 Background Information

ALARM / CIPFA Benchmarking Questionnaire 2014
BMBC Benchmarking Return 2014

Officer Contact: Principal Corporate Risk Management Officer
Telephone: 01226 77 3119
Date: 30th September 2014

Risk Management Benchmarking Action Plan 2014

Number	Action	How?	Who?	Extra Resources Required?	Outcome
1	Ensure SRR continues to reflect Corporate Priorities and 'We Will' Statements; Further evidence regarding proactive ownership, engagement, debate and action taken by SMT;	Review of Corporate Priorities and 'We Will' Statements undertaken September 2014 for SRR; SMT programmed to consider SRR October 2014;	RMS	None	Completed
2	Further evidence regarding engagement, debate and action taken by SMT;	SMT programmed to consider SRR October 2014;	RMS / SMT	None	Email to CX PA requesting SMT slot
3					
4	Internal Audit review of Risk Management could also include effectiveness of controls, systems of internal control, employee training and CPD; More evidence of engagement regarding review of Risk Management by SMT;	Scope of future Internal Audit reviews will be reviewed to ensure consideration of these elements; Director of F,P&IS is client sponsor for Internal Audit of Risk Management – PCRMO to liaise with Director of F,P&IS following next Internal Audit review;	RMS / Internal Audit	None	Included on RMS workplan
5	Director of F,P&IS could be more involved in providing strategic direction on the appropriate recognition of risk in decisions and setting risk appetite; Director of F,P&IS could be more involved in ensuring Risk Management delivers for the organisation through measurement; Director of F,P&IS could be more involved in the analysis of the effectiveness of the Risk Management framework;	Currently appropriate engagement with Director of F,P&IS for risks in decisions and setting appetite; Benchmarking summary prepared for consideration by FDMT; PCRMO to liaise with Director of F,P&IS following next Internal Audit review;	RMS	None	Included on RMS workplan
6	Elected Members / SMT should consider risk appetite, significant risks and control weaknesses;	Future SRR and Annual Reports / Update Reports will contain details of significant risks; Issues regarding control weaknesses to	RMS	None	Included on RMS workplan

Number	Action	How?	Who?	Extra Resources Required?	Outcome
		be addressed via the development of the Authority's Corporate Assurance Framework;			
7	SMT could consider ensuring adequate resources are allocated to Risk Management; Consideration of impact of structural changes and 'location' of RM - ability to support other functions / SMT?	Considered via Future Council activities and evidenced by structural changes affecting RMS in 2015 / 16;	SMT	None	Completed
8	SMT to consider attending Risk Champions group; Organisation could consider opportunity management;	Open invitation to Risk Champions Group for Director of F,P&S; PCRMO has quarterly briefing with Director of F, P&S; Opportunity Management to be developed in 2015 / 16;	RMS / Director of F, P&S	None	Included on RMS workplan
10	The Risk Management Framework elements must have been in place for three years, and effective improvement can be identified;	Current iteration of Risk Management Framework due for review April 2014;	RMS	None	Included on RMS workplan
11	The Risk Management Framework could consider links between the strategy and organisational objectives - i.e. RM delivers the organisational competence to deliver objectives; The Risk Management Framework could consider key activities for developing risk management capacity i.e. training;	Future iteration of Risk Managements Framework will consider links to Corporate Priorities; Risk Management Framework includes a Training Strategy that will consider links to Corporate Priorities;	RMS	None	Included on RMS workplan
12	Need evidence of SMT 'going out of their way' to encourage employees to raise risk issues, and that ...managers act responsibly regarding risks that have been raised...	Talkabout events provide opportunity for employees to raise risk issues directly with SMT – evidence of outcomes required;	RMS / SMT	None	'Gap' accepted – SMT will not have resources to provide evidence to RMS
13	More evidence required for risk responsibilities being discussed in individual's PDR's;	Future Council arrangements include 'managed risk tasking and innovation' as key behaviours – these need to be reflected in future PDR arrangements;	RMS / HR	None	Await Future Council PDR process

Number	Action	How?	Who?	Extra Resources Required?	Outcome
14	More evidence of non-champions (employees) escalating risk;	A significant amount of RMS advice results in recommendations being made that involve escalating risks / issues – evidence of outcomes required;	RMS / Services	None	'Gap' accepted – services will not have the resources to provide evidence to RMS
15	Need more evidence regarding SMT communicating directly to employees regarding risk management;	SMT communication regarding Future Council activity is 'risk-based' – evidence of outcomes required;	RMS / SMT	None	'Gap' accepted – SMT will not have resources to provide evidence to RMS
16	Need to identify, analyse and improve on Elected Members training needs;	PCRMO met with Cllr Ennis in September to begin consideration of Elected Member training needs – Scrutiny session planned for December 2014;	RMS / Elected Members	None	Scrutiny session planned for December 2014
17	Consider a structured methodology for sharing risk information and publishing 'top-ten' risks;	Future SRR and Annual Reports / Update Reports will contain details of significant risks;	RMS	None	Included on RMS workplan
18	Need to consider joint risk management policy or protocol for significant partners and third party service providers; (Scoring amended from 12/20 to 15/20 on the basis of 'extra' guidance from ALARM); The most significant partnerships - well risk managed - less confidence in other relationships, contractors and partners;	The most significant partnerships - well risk managed - less confidence in other relationships, contractors and partners – issues regarding partnership governance weaknesses to be addressed via the development of the Authority's Corporate Assurance Framework;	RMS	None	Included on RMS workplan
19	Need to consider joint risk management policy or protocol for significant partners and third party service providers;				
20	The organisation must show flexibility in the funding of risk management activities, and must not rigidly set risk management funding based on historic levels;	Considered via Future Council activities and evidenced by structural changes affecting RMS in 2015 / 16;	RMS / SMT	None	Completed
21	Need to report operational risk management to Members / SMT; (Scoring amended from 9/10 to 7/10 on the basis of 'extra' guidance from ALARM)	Elected members / SMT unlikely to be concerned with Operational issues; RMF likely to be reviewed in 2015 / 16;	RMS	None	'Gap' accepted – Elected Members / SMT unlikely to be concerned with

Number	Action	How?	Who?	Extra Resources Required?	Outcome
22	<p>Consider RMF as part of FC activity;</p> <p>Could do more with QRA / modelling / CBA; More on 'communicating risk information' via MKI users/champions?</p>	<p>QRA / modelling / Cost Benefit Analysis inappropriate and out of proportion for current Risk Management maturity; Communications to be developed in 2015 / 16;</p>	RMS	None	Operational issues; Included on RMS workplan
23	<p>Decision Making (4) - cab and other delegated reports - consider making RM section mandatory, and any reports not containing such a section could be rejected;</p> <p>Major Investment Decisions (3) - TM Risk Management and cab reports - developing relationship between TM and RM - attendance at TMP Sept 14 booked;</p> <p>Strategic Planning (3) - SRR links to strategic priorities - need to align ORRs to priorities;</p> <p>Financial Planning (3) - SDP processes - need more evidence from corporate finance reports;</p> <p>Policy Making and Review (3) - cab and other delegated reports - see decision making;</p> <p>Policy and Project implementation (4) - project risk management - need more engagement with projects;</p> <p>Performance Management (3) - SRR links to we will statements - SRR reports now aligned to Performance reports - need to identify more opportunities to 'join-up' possibly via a shared report?</p>	<p>Consider making Risk Management Consideration section of Cabinet Reports mandatory;</p> <p>Developing relationship between TM and RM;</p> <p>Need to align ORRs to Corporate Priorities;</p> <p>Continue to review Corporate Finance reports - now presented to Cabinet and AC in synergy with RM reports;</p> <p>Engagement with Project Managers improving and Project Best Practice prompts being developed;</p> <p>Development of a 'shared' report with Performance and Risk;</p>	RMS	None	Included on RMS workplan
24	<p>Risk assessments undertaken and solutions put forward are better then would have been otherwise (2/3);</p> <p>New controls identified (2/3);</p> <p>Significant number of new controls identified (1/3);</p> <p>New risks identified as a result (2/3);</p> <p>Controls being removed because they are too excessive (1/3);</p> <p>Additional actions are innovative (2/3);</p>	<p>Issues regarding control weaknesses to be addressed via the development of the Authority's Corporate Assurance Framework;</p>	RMS	None	Included on RMS workplan

Number	Action	How?	Who?	Extra Resources Required?	Outcome
25	Risks and their potential impacts may change or new risks may arise. It is important to identify as early as possible the new or changed impacts;	All 'red' risks now linked to themed triggers and impacts	RMS	None	Completed
26	Formal audit required to ensure key risk controls and in place, and effective;	Issues regarding control weaknesses to be addressed via the development of the Authority's Corporate Assurance Framework	RMS	None	Included on RMS workplan
27	Need to consider the review of risk profiler/key risks, progress with actions, risks are within appetite and whether risks are closed;	More formal 'audit' of risks logged in MKI required, and consideration of a process to 'close' risks required;	RMS	None	Included on RMS workplan
28	Need to ensure policies are up to date and an IG assessment framework is in place;	Issues regarding control weaknesses to be addressed via the development of the Authority's Corporate Assurance Framework;	RMS	None	Included on RMS workplan
29	Consider recording that a risk has been escalated, and what the outcome of the escalation was;	Consideration of a process to record escalation, and outcomes in MKI required;	RMS	None	Included on RMS workplan
30	Cost Benefit Analysis of all mitigations; Cost Benefit Analysis of all opportunities;	Cost Benefit Analysis inappropriate and out of proportion for current Risk Management maturity;	RMS	None	'Gap' accepted
31	Need further engagement with some champions Need to broaden expertise of champions to 'all' staff;	Ensuring as many employees benefit from Risk Management training awareness as possible – liaison with HR regarding BOLD training becoming mandatory;	RMS / HR	None	Email to HR requesting consideration of mandatory BOLD training
32	Consider independent assurance reporting for all key controls identified at strategic and operational level;	Issues regarding control weaknesses to be addressed via the development of the Authority's Corporate Assurance Framework;	RMS	None	Included on RMS workplan

Number	Action	How?	Who?	Extra Resources Required?	Outcome
33	Are outcomes from the audit of Risk Management reviewed by SMT?	Director of F,P&IS is client sponsor for Internal Audit of Risk Management – PCRMO to liaise with Director of F,P&IS following next Internal Audit review;	RMS	None	Included on RMS workplan
34	Capacity for RMS to deliver lessons learnt? - consider enabling others to do these things...?	Capacity available for significant lesson learnt reports being developed by RMS in place – TdF, Civic;	RMS	None	Included on RMS workplan
35	Need to identify direct contribution of Risk Management into 'innovative improvements';	SMT communication regarding Future Council activity is 'risk-based' – evidence of outcomes required;	RMS	None	'Gap' accepted – SMT will not have resources to provide evidence to RMS