

AUDIT COMMITTEE – 20th January 2016

RISK MANAGEMENT UPDATE REPORT 2015 / 16

Executive Summary:

Key Issues:

- I. The Risk Management Framework was reviewed in April 2015, and was subsequently endorsed by the Cabinet Spokesperson for Corporate Services and the Chief Executive in June 2015 (section 3);
- II. The Council's Strategic Risk Register has been updated in October 2015, and is to be reported to the Audit Committee at their meeting 20th January 2016 (section 5.1);
- III. The Council's Operational Risk Registers are now aligned to the Future Council operating model (section 5.3)
- IV. The Risk and Governance Manager has supported the development of risk management arrangements for the South Yorkshire Fire Authority as well as the Sheffield City Region / Combined Authority (section 9);
- V. The Annual Governance Review (AGR) process was significantly reviewed during the early part of 2015 / 16, which resulted in a streamlined AGR process, and the production of an evidence based Annual Governance Statement, which was approved by full Council in September 2015 (section 11.3);
- VI. The Outcomes of the recent ALARM / CIPFA Benchmarking exercise suggests the outputs and overall maturity of the Council's Risk Management arrangements are broadly in line with similar Councils and Peers (section 11.7 and Appendix Three);
- VII. The Risk Management Workplan for 2015 / 16 is being regularly monitored and reviewed to ensure the delivery of the identified actions within this document (section 12.1 and Appendix One).

AUDIT COMMITTEE – 20th January 2015

RISK MANAGEMENT UPDATE REPORT 2015 / 16

1. Purpose of Report

- 1.1 The purpose of this report is to outline the progress made to date in 2015 / 16 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 robustness of assurances provided;**
- ii. **Considers whether any aspect of this report requires a more detailed report or briefing at a subsequent meeting; and,**
- iii. **Continues to receive periodic reports during the year to monitor the progress in achieving the actions identified for 2015 / 16.**

3. Risk Management Framework

- 3.1 The Risk Management Framework was comprehensively reviewed and updated, and presented to the Audit Committee at their meeting dated 22nd April 2015. A brief précis of the significant elements of that review are detailed in the sections below:

3.2 Risk Management Policy

- 3.3 The requirement to embed risk management arrangements into Business Units as part of the Future Council Programme was maintained following the review of the Risk Management Policy in April 2014.
- 3.4 The Risk Management Policy was subsequently endorsed by the Chief Executive and the Cabinet Spokesperson for Corporate Services in June 2015.

3.5 Risk Management Strategy

- 3.6 The Risk Management Strategy was revised in 2015 to include the consideration of opportunity Risk Management. The 'Roles and Responsibilities' section of the Strategy was also revised to reflect significant changes to the structure of the Risk Management Section. The Strategic Plan which signposts future risk management activity within the Council has also been updated to provide assurances regarding the progress against these actions.

4. Roles and Responsibilities

4.1 Risk Champions

- 4.2 The Risk Champions Group last formally met in March 2015. The hiatus in meetings has been a direct result of the move to the Future Council structure, along with developments relating to the Corporate Assurance Group (CAG), detailed in section 11.5 of this report.

4.3 Risk and Governance Section

- 4.4 The Risk and Governance Section now comprises of one officer, and now holds responsibility for leading on the development and review of Risk Management arrangements within the Council, along with responsibility for the Annual Governance Review, and production of the Council's statutory Annual Governance Statement.

5. Risk Management Process

5.1 Strategic Risk Register (SRR)

- 5.1.1 A robust and dynamic SRR sets the tone and culture 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 SRR was last undertaken in October 2015, and is to be reported to the Audit Committee at their meeting dated 20th January 2016 and subsequently to Cabinet at their meeting dated 10th February 2016.
- 5.1.3 The main outcomes of this review were as follows:

SRR Risks that have got worse since the last review:

- 3034 – Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings') – this is due to the uncertainties that surround the forthcoming Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November. The subsequent Local Authority settlement will identify a clearer financial position for the Council.

SRR Risks logged as being 'Red':

- Risk 3026 – Failure to achieve a reduction in health inequalities within the Borough;
- Risk 3030 – Failure to be prepared for an emergency response or business continuity threat; and,
- Risk 3022 – Inability to direct corporate strategy (The Director, Legal and Governance has requested SMT consider the risk concern rating allocated to this risk, in light of particular activities within Ward Alliances which have required the direct intervention by the Director. The risk was allocated a 'Concern Rating' of 3, and SMT has been asked to re-consider the grading of this risk. For the purposes of reporting within section 6 of this report, this risk has been retained with its original 'Concern Rating' of 3).

5.2 Key SRR Risks

5.2.1 The table below sets out the distribution of SRR risks across the six 'Concern Rating' classifications, as at October 2015, along with a further table, detailing the overall direction of travel for SRR risks during the last six reviews:

Concern Rating	Number of Risks (as at Oct 2015)	Percentage (as at Oct 2015)	Number of Risks (as at Feb 2015)	Percentage (as at Feb 2015)
1	0	0%	0	0%
2	2	12%	2	13%
3	6	35%	6	40%
4	8	47%	5	34%
5	1	6%	2	13%
6	0	0%	0	0%
Total	17	100%	15	100%
Average Risk Category Score	3.47		3.5	

(Note: SRR Risks are reported on the 'Concern Rating' applied to each risk, rather than the traditional risk assessment)

5.2.2 The above table demonstrates a very slight worsening of the SRR risk profile which is directly attributable to:

- The identification of a new risk regarding the Council's trading and commercial arm (risk 3699 'Failure to ensure the Council's commercial / trading arm is effective in its operations and is a well governed organisation');
- The inclusion within the SRR risk profile of the risk regarding the Customer Services Organisation Programme (risk 3514 'Failure to be able to deliver the ambitions and outcomes associated with the CSO programme'); and,
- A worsening of the risk associated with the delivery of the Council's Medium term Financial Strategy (risk 3034 'Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings'))).

Period						
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015
Average Risk Concern Rating	3.70 ➔	3.47 ↓	3.47 ➔	3.35 ↓	3.5 ↑	3.47 ↓

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

5.3 Operational Risk Registers (ORRs)

5.3.1 These risk registers relate to the key risks to the provision of Council services. During the latter part of 2014 / 15, and the early part of 2015 / 2016, a significant amount of effort has been applied to aligning these risk registers to the new Future Council Structure. Alongside the realignment of risks, Business Units have been requested to update these risk registers on a bi-annual basis, to ensure that risks remain relevant, and that appropriate progress is being made towards the effective mitigation of them. The risks logged within ORRs are aligned to corporate priorities and Service Delivery Planning and Business Unit plans.

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.

5.4 Project 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 project and programme related risks.

5.4.2 Direct liaison with a number of significant projects and programmes by the Risk and Governance Manager continues, and includes:

- Cooper Gallery redevelopment;
- Better Barnsley Programme;
- Superfast South Yorkshire Broadband programme;
- Strategic Business Parks; and,
- Property Investment Fund.

5.4.3 Assurance continues to be sought from the Council's key partners regarding their own Risk Management arrangements. The details of identified partners are included within the Risk Management workplan, attached as Appendix One to this report.

6. Risk Profile and Statistics

6.1 The Risk Management database, Morgan Kai Insight (MKI) allocates a category score to each risk, based on a combination of likelihood and impact. Category One (red) is the most severe risk category score, and Category Six (green) being the least.

6.2 SRR and ORR Statistics

6.2.1 A breakdown of SRR and ORR risks by Category, as at the 5th November 2015 is detailed below:

SRR and ORR Statistics								
Risk Category	Nov 2015		May 2015		Nov 2014		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	21	7	28	9	50	14	67	18
2	47	16	49	16	46	13	71	19
3	69	23	55	18	59	17	55	13
4	86	29	77	25	85	24	81	22
5	73	24	93	31	108	25	99	26
6	2	1	2	1	2	1	3	1
Total	298	100	304	100	350	100	373	100
Ave. Risk Category	3.5		3.54		3.46		3.25	

(Note: SRR Risks are reported on the 'Concern Rating' applied to each risk, rather than the traditional risk assessment)

6.2.2 The latest statistics demonstrate a continuation of the trend evident from previous years, which shows a continuing reduction in the overall number of active risks logged in MKI, which is mainly attributable to the impact of significant restructuring activity, following the transition to the Future Council operating model.

6.2.3 The proportional split between category scores continues to evolve. A slight decrease in the percentage split of category one risks (9% as at May 2015 compared to 7% as at November 2015) has resulted in slight increases of risks logged as being category three and four (18% and 25% as at May 2015, compared with 23% and 29% as at November 2015). Similarly, a slight decrease in category five risks (31% as at May 2015 compared to 24% as at November 2015) has also contributed to the increase in amber risks.

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 in MKI within the defined period. The principle behind reporting this metric is to identify, and where possible influence any trend in terms of the overall risk category score being more 'acceptable'. The closer this metric aligns to 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.

6.2.5 Within the period (from May 2014 to November 2015) the average risk category score has moved from 3.25 to 3.5, i.e. lowering the risk profile of the risks included within the SRR and ORRs.

6.3 Project and Partnership Statistics

6.3.1 A breakdown of Project and Partnership risks by Category, as at the 5th November 2015 is detailed below:

Project and Partnership Statistics								
Risk Category	Nov 2015		May 2015		Nov 2014		May 2014	
	No.	%	No.	%	No.	%	No.	%
1	8	3	11	5	12	9	6	5
2	34	15	32	16	18	13	22	18
3	52	22	49	24	32	24	23	19
4	65	28	53	26	31	23	36	29
5	72	31	57	28	38	29	35	28
6	2	1	1	1	2	2	1	1
Total	233	100	203	100	133	100	123	100
Ave. Risk Category	3.71		3.57		3.53		3.61	

6.3.2 The overall number of project and partnership risks has again seen a slight increase compared to May 2015, which is mainly attributable to several new project and partnership risks being logged in MKI, as per section 5.4.2 of this report.

6.3.3 The profile between May 2015 and November 2015 shows slight decreases in the percentage split of red risks, and corresponding increases in the percentage split of amber and green risks.

6.2.4 Within the period (from May 2014 to November 2015) the average risk category score has moved from 3.57 to 3.71, i.e. lowering the risk profile of the risks included within the Project and Partnership risk registers.

7. Risk Acceptance

- 7.1 The Council's Risk Acceptance model was revised as part of the overall refresh of the Council's Risk Management Framework, and was considered by the Audit Committee at their meeting dated 22nd April 2015.

8. Risk Recording

- 8.1 The Council's Risk Management database, MKI was successfully updated to version 9.1 in March 2015. The roll out of this new version of the system has been complemented by the production of a revised user guide produced by the Risk and Governance Manager.

9. Guidance, Training and Facilitation

- 9.1 A Risk Management Learning and Development awareness session was delivered to Members of the South Yorkshire Fire Authority in November 2015, with positive feedback having been received from that event.
- 9.2 A detailed Risk Management Workshop has also been delivered to members of the Sheffield City Region (SCR) Executive Team to assist in the strengthening of their own internal control and governance arrangements.
- 9.3 Other Risk Management training and support has been provided in respect of:
- Millhouse Primary – developing risk management arrangements;
 - The Dearne ALC – supporting the review of risk management arrangements and risk register; and,
 - Athersley South - developing risk management arrangements including training to School Governing Body.
- 9.4 A review of the E-Learning offer available to Elected Members via the Barnsley Online Learning Development platform (BOLD) has been undertaken in 2015, and the revised offer to members is being prepared by colleagues within the Organisation and Workforce Development business unit.
- 9.5 The Risk and Governance Manager has also been involved in a series of risk based surveys at Cannon Hall and Elsecar Heritage Centre, with surveys to the remaining cultural sites programmed for the latter part of 2015.
- 9.6 The Risk and Governance Manager was elected as a Fellow of the Institute of Risk Management in July 2015.

10. Assurance and Performance Management

10.1 Integration with other Processes

- 10.2 The Risk and Governance Manager meets with members of the Internal Audit function on a regular basis to provide information that may influence and affect the Internal Audit plan for the year. During these meetings, consideration is given to key issues arising from operational risk register reviews, strategic risk register updates and the developing Corporate Assurance Framework.

10.3 Annual Governance Review and Annual Governance Statement

10.4 During 2014 / 15, the Risk and Governance Manager has led on the development of the revised Annual Governance Review (AGR) process, and the subsequent production of the Council's statutory Annual Governance Statement (AGS). The revised AGR process was reported to the Audit Committee at their meeting dated 25th March 2015, and the AGS itself at their meetings dated 22nd July 2015 (draft AGS) and 18th September 2015 (final AGS).

10.5 It is envisaged that the AGR process will be further strengthened in 2015 / 16 with the re-convening of the Corporate Assurance Group (CAG) with revised terms of reference to include assisting in the development, implementation and maintenance of the Council's corporate governance and control framework.

10.6 Performance Management

10.7 Details of performance as at quarter three is attached as Appendix Two to this report.

10.8 Benchmarking

10.9 The Council subscribed to the CIPFA / ALARM Local Authority Risks Management benchmarking club for 2015 / 16.

10.10 An initial analysis of the benchmarking results has been undertaken, and these now contribute towards the measurement of performance for Risk Management activities. An Executive Summary of the benchmarking outcomes is attached as Appendix Three to this report.

11. Culture

11.1 The prime objective of the Council's Risk Management framework is to facilitate the management of risks (and benefits 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, activities designed to meet this ambition are included in the Risk Management Workplan (attached as Appendix One to this report).

12. Risk Management Considerations

12.1 The most significant risk to the Council arising from this report is the Council's failure 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 this risk.

13. Financial Implications

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

14. Employee Implications

14.1 Again, whilst there are no direct implications arising 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.

15. Appendices

Appendix One: Risk Management Workplan 15 / 16
Appendix Two: Risk Management Performance Indicators (as at Q3)
Appendix Three: Risk Management Benchmarking Executive Summary 15 / 16

16. Background Information

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

Contact Officer: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 7th January 2016

Objective	Action	Date for Completion	Status	Comment / Update
Develop, implement and improve the Risk Management Framework	Review of Strategy	22/04/2015	Completed	Considered and approved at AC 22/04/2015;
	Review of Policy Objective Statement			Considered and approved at AC 22/04/2015;
	Review of Risk Acceptance Model			Considered and approved at AC 22/04/2015;
	Review of Risk Champion Role			Not updated – no need at this stage;
	Review of Risk Challenge process			Not updated – no need at this stage;
	Review of Project Risk Protocol			Not updated – no need at this stage;
	Review of Cabinet Report Writing guidance			Updated and passed to SD Governance 25/08/2015;
	Review of Risk Training Strategy			Not updated – no need at this stage;
Provision of Assurance in relation to corporate Governance and Internal Control responsibilities	Risk Management Framework Report to AC	22/04/2015	Completed	AC considered and approved report 22/04/2015;
	Risk Management Framework Report to Cabinet	20/05/2015	Completed	Considered and approved at Cabinet 20/05/2015;
	Risk Management Annual Report to AC	10/06/2015	Completed	Considered and approved at AC 10/06/2015;
	AGS (Draft) to SMT	31/05/2015	Completed	Approved;
	AGS (Draft) to AC	30/06/2015	Completed	Approved;
	AGS Update to BLT	31/08/2015	Completed	Presentation delivered 20/10/2015;
	AGS Update to AC	31/12/2015		
	SRR Review (Oct 15) Report to SMT	24/11/2015		
	SRR Review (Oct 15) Report to AC	09/12/2015		
	SRR Review (Oct 15) Report to Cabinet	13/01/2016		
	Risk Management Update Report to AC	09/12/2015		Due at AC meeting 09/12/2015 – due to Council Governance 27/11/2015;
	SRR Review (Feb 16) Report to SMT	28/02/2016		
	SRR Review (Feb 16) Report to AC	31/03/2016		
	SRR Review (Feb 16) Report to Cabinet	31/04/2016		
Integration of Risk Management into Corporate business processes	ORR Q1	01/04/2015		ORR Q1 opened 10/04/2015;
	QA ORR Q1	31/07/2015		Complete;
	ORR Q2	01/06/2015		ORR Q2 opened 02/07/2015;
	QA ORR Q2	31/10/2015		Complete;
	ORR Q3	01/09/2015		SRR Q3 opened 15/10/2015;
	QA ORR Q3	31/01/2016		
	ORR Q4	01/01/2016		
	QA ORR Q4	31/04/2016		

Objective	Action	Date for Completion	Status	Comment / Update
	Risk Register Challenges	31/03/2016		No challenges booked; Detailed review of BU 17 completed;
	SRR Review (Oct 15)	01/10/2015		Complete;
	SRR Review (Feb 16)	01/02/2016		
	Provision of Risk information to feed Audit Planning	31/12/2015		
	Analysis of Internal Audit Reports	31/03/2016		<p><u>2014/15 Internal Audit Reports:</u></p> <ul style="list-style-type: none"> ▪ IT Security Controls (including SAP and Civica Icon) – 14/04/2015; ▪ Cash Receipting and Banking Core System – 07/05/2015; ▪ Pay and Employee Admin – 15/05/2015; ▪ SYMAS – 20/05/2015; ▪ TPT – 26/05/2015; ▪ Purchase to Pay Core System – 04/06/2015; ▪ Income Core System – 03/06/2015; ▪ Business Continuity Planning (Themed) – 17/06/2015; <p><u>2015/16 Internal Audit Reports:</u></p> <ul style="list-style-type: none"> ▪ Communities – CSO Programme – 23/07/2015; ▪ Finance – Deferred Payment Scheme – 23/07/2015; ▪ Place – Assets – 31/07/2015; ▪ Legal and Governance – Delegated Decisions – 12/08/2015; ▪ Place – Cannon Hall Unannounced Cash Count – 17/08/2015; ▪ Legal and Governance – Contract Procedure Rules – 17/08/2015; ▪ Spring Lane Children's Home – 24/08/2015; ▪ Schools Forum – High Needs Block – 10/09/2015; ▪ Benefits and Taxation – E-Forms – 17/09/2015; ▪ Unannounced Cash Audit – Cannon Hall and Cooper Gallery – 12/10/2015; ▪ DOLS – 21/10/2015;

Objective	Action	Date for Completion	Status	Comment / Update
				<ul style="list-style-type: none"> Area Council Governance – 14/10/2015; Procurement Cards – 20/10/2015;
Support and encourage Risk Management activity throughout the Council, and its partners	Support to Project and Programme Managers	31/03/2016		
	Review of Berneslai Homes Risk Management arrangements	31/12/2015		Email to BH requesting register and strategy 11/11/2015;
	Review of Barnsley Premier Leisure Risk Management arrangements	31/12/2015		Email to BPL requesting register and strategy 11/11/2015;
	Review of Norfolk Property Services (Barnsley) Risk Management arrangements	31/12/2015		Email to NPS requesting register and strategy 11/11/2015;
	Review of Barnsley Norse Risk Management arrangements	31/12/2015		Email to Norse requesting register and strategy 11/11/2015;
	Review of other partners Risk Management arrangements	31/12/2015		Partnership Governance Protocol drafted – due to be presented to SMT 15/12/2015 with ED Legal and Governance;
	Risk Champion meeting June 2015	30/06/2015		Corporate Assurance Group to supersede Risk Champions;
	Risk Champion meeting September 2015	30/09/2015		
	Risk Champion meeting December 2015	31/12/2015		
	Risk Champion meeting March 2016	31/03/2016		
	Support to external Clients (Fire, Pensions etc.)	31/03/2016		Fire Audit Committee Training delivered 03/11/2015; CA Risk Workshop delivered 19/10/2015; CA follow up workshop 16/11/2015;
Development and delivery of training schemes to improve core competencies in Risk Management	Development of 'Think Risk 5' – Officers	31/12/2015		Part presentation prepared for IR to consider August 2015;
	Delivery of 'Think Risk 5' – Officers	31/03/2016		
	Development of 'Think Risk 5' – Elected Members	31/12/2015		
	Delivery of 'Think Risk 5' – Elected Members	31/03/2016		
	Development of E-Learning packages	31/03/2016		No E-Learning Packages planned; Review of E-Learning packages undertaken with Workforce Development Officers;
	Review of intranet site – June 2015	30/06/2015	Completed	
	Review of intranet site – September 2015	30/09/2015	Completed	
	Review of intranet site – December 2015	31/12/2015		

Objective	Action	Date for Completion	Status	Comment / Update
	Review of intranet site – March 2016	31/03/2016		
Provision of an effective platform for the consistent recording and management of Risk	Implementation of new versions of MKI as they become available	31/03/2016		
	Provision of user-guides and support to MKI users	31/03/2016		
	Provision of assurance regarding risk information contained in other systems	31/03/2016		
	Alignment of other systems that have the ability to record risk to MKI process	31/03/2016		Meeting with Programme Office re P2 25/08/2015; Email to PO 25/08/2015; Chased 23/10/2015; Chased 11/11/2015;
Delivery of a revised and proportionate Corporate Governance Framework for the Council	Development of Part One – IA recommendations	30/03/2015	Completed	Information received from IA and checked in MKI – OK;
	Development of Part Two – themed IA recommendations	30/03/2015	Completed	Information received from IA and checked in MKI – OK;
	Development of Part Three – ‘other areas of assurance’	30/03/2015	Completed	Majority of information received from ICGF Leads – draft of BU13 AGR correspondence passed to HoFS 21/04/2015;
	Development of individual AGR Action Plans	30/03/2015	Completed	Draft Action Plan for AGS;
	Update report to AC	25/03/2015	Completed	Presented to AC 25/03/2015;
	AGR emails out to SD's / ED's	01/05/2015	Completed	
	Development of AGS (Draft) and submission to AC	01/07/2015	Completed	Approved by Full Council 24/09/2015;
	Development of AGS (Final) and inclusion in Final Accounts	01/09/2015	Completed	
	Development of Corporate Assurance Framework and Map	31/03/2016		Map drafted; Corporate Assurance Group ToR's drafted and circulated to BLT 21/10/2015;
Effective sectional management to ensure a well governed and quality service	Regular review of the RMS Workplan and escalation to Head of Financial Services	31/03/2015		Draft of 15/16 Workplan passed to Head of Financial Services 13/04/2015;
	Delivery of Internal Audit recommendations following Internal Audit of Risk Management 14/15	31/12/2015		Draft report received and recommendations drafted;
	Delivery of Benchmarking recommendations following participation in ALARM / CIPFA	31/12/2015		Benchmarking completed - HoFS to approve before sending;

Objective	Action	Date for Completion	Status	Comment / Update
	Benchmarking Club 15 / 16			Sent 17/09/2015; Comparators sent 13/11/2015; Draft Exec Summary passed to HoFS;
	Annual PDR Process, and bi-annual review	30/09/2015		PDR completed 27/04/2015; Update meeting due Nov / Dec 2015;
	Review of filing / Shortwood	31/12/2015		
	Review of RMD E&D Action Plan	31/12/2015		

Appendix Two: Risk Management Performance Indicators (as at Q3)

Indicator	Quarter One: 01/04/2015 – 30/06/2015	Quarter Two: 01/07/2015 – 30/09/2015	Quarter Three: 01/10/2015 – 31/12/2015	Quarter Four: 01/01/2016 – 31/03/2016
Process:				
% of Business Units completing Operational Risk Register Reviews on time	36% (4/11) Completed within timescale 46% (5/11) Completed outside of timescale 18% (2/11) Incomplete	22% (2/9) Completed within Timescale 56% (5/9) Completed outside of Timescale 11% (1/9) Incomplete 11% (1/9) Deferred	-	-
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Leadership and Management	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 81) ⬆ 2015 / 16: Assessed Level – ‘5 – Driving’ (Actual Score 85)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Policy and Strategy	2014 / 15: Assessed Level – ‘5 – Driving’ (Actual Score 88) ➡ 2015 / 16: Assessed Level – ‘5 – Driving’ (Actual Score 82)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to People	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 75) ➡ 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 79)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Partnerships and Resources	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 63) ➡ 2015 / 16: Assessed Level – ‘3 – Working’ (Actual Score 64)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Processes	2014 / 15: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71) ➡ 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71)			
Changes to Risk Profile:				
Deviance from previous Average Risk Category Score (ALL REGISTERS)	3.55 (no deviance)	3.6 (.05 improvement)	-	-
Outcomes:				
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Risk Handling	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 64) ➡ 2015 / 16: Assessed Level – ‘3 – Working’ (Actual Score 68)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to Outcomes and Delivery	2014 / 15: Assessed Level – ‘3 – Working’ (Actual Score 60) ⬆ 2015 / 16: Assessed Level – ‘4 – Embedded and Integrated’ (Actual Score 71)			

Risk Management Benchmarking 2015 / 16
Summary Report November 2014

1. Introduction

1.1 A risk management benchmarking exercise was carried out in August 2015 in liaison with the Association of Local Authority Risk Managers (ALARM) and CIPFA. The results of this exercise have been received and are detailed below.

2. Benchmarking Process

2.1 The Council 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 results of these question sets are detailed below.

2.2 It is important to note the subjective nature of this element of the benchmarking exercise, in so far as there are few, if any 'hard' metrics that allow for a more quantitative benchmarking exercise 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 detailed below.

2.3 Where appropriate, the Council's Risk Champions were consulted on questions where it was clear the opinion from a cross section of the Council's employees was required. The remaining questions have been completed by the Council's Risk and Governance Manager, with moderation being undertaken by the Head of Financial Services (Acting).

3. Benchmarking Results

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

Area		2013/14 Results	2014/15 Results	2015/16 Results
Enablers	Leadership and Management	Level 4 Embedded and Integrated -	Level 4 Embedded and Integrated →	Level 5 Driving ↑
	Policy and Strategy	Level 5 Driving -	Level 5 Driving →	Level 5 Driving →
	People	Level 5 Driving -	Level 4 Embedded and Integrated ↓	Level 4 Embedded and Integrated →
	Partnerships and Resources	Level 3 Working -	Level 3 Working →	Level 3 Working →
	Processes	Level 4 Embedded and Integrated -	Level 4 Embedded and Integrated →	Level 4 Embedded and Integrated →
Results	Risk Handling and Assurance	Level 3 Working -	Level 3 Working →	Level 3 Working →
	Outcomes and Delivery	Level 3 Working -	Level 3 Working →	Level 4 Embedded and Integrated

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(Key: Level 1 – Awareness; Level 2 – Happening; Level 3 – Working; Level 4 – Embedded and Integrated; Level 5 – Driving)

- 3.2 A more detailed breakdown of the results for Barnsley Council is detailed in the following table, which includes a comparison against the average scores provided by other Local Authorities:

Area		BMBC Results	Average Results	Deviance
Enablers	Leadership and Management	85%	83%	- 2%
	Policy and Strategy	91%	82%	+ 9%
	People	79%	77%	+ 2%
	Partnerships and Resources	64%	70%	- 6%
	Processes	79%	81%	- 2%
Results	Risk Handling and Assurance	68%	75%	- 7%
	Outcomes and Delivery	71%	68%	+ 3%

4. Benchmarking Outcomes

- 4.1 Any direct comparison between the current benchmarking results for 2015 / 16 with the results from previous years must be undertaken with a degree of caution, in so far 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 2015 / 16 has enabled an action plan to be developed that is specific to the Council. This plan takes into account particular areas of weakness, and identifies proportionate opportunities to improve various elements of the Risk Management Framework. A copy of this action plan is attached as Appendix One to this report. Elements of this plan will be built into the existing Risk Management Workplan for 2015 / 16, which is monitored by, and regularly reported to the Council's Audit Committee.
- 4.3 Due to the subjective nature of the benchmarking exercise, the benchmarking outcomes should be used as a guide only, and therefore whilst an action plan has been developed, only those actions that will add a tangible value will be pursued.

5. Actions Required / Recommendations

- 5.1 It is recommended that the outcomes of the benchmarking exercise are approved, and the Risk and Governance Manager is authorised to amend the exiting Risk Management Workplan to include appropriate benchmarking actions.

6. Appendices

Appendix One: Risk Management Benchmarking Action Plan 2015 / 16

7. Background Information

ALARM / CIPFA Benchmarking Action Plan
BMBC Benchmarking Return 2015 / 16

Officer Contact: Risk and Governance Manager
Telephone: 01226 77 3119
Date: 12/11/2015

Appendix One: Benchmarking Action Plan 2015 / 16

Ref.	Action	Comment	To Include in RM Workplan?
4	As part of the annual Internal Audit review of Corporate Risk Management, Internal Audit could consider: <ul style="list-style-type: none"> ▪ Effectiveness of Controls; and, ▪ Systems of Internal Control / Mitigations 	These issues are being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council's Corporate Assurance Framework is already included.
6	Outstanding area of 'challenge' relates to the reporting of 'critical controls and control weaknesses'		
7	Outstanding area relates to the Risk and Governance Manager's job profile regarding 'ensuring adequate resources are allocated to Risk Management'	This responsibility lies with the Head of Financial Services (Acting).	No - this responsibility lies with the Head of Financial Services (Acting).
14	Outstanding area relates to the identification of Internal Control 'owners' Some weakness identified regarding the ownership and accuracy of Business Continuity Plans (BCPs) following the transition to Future Council	This issue is being considered as part of the developing Corporate Assurance Framework. The issue of BCP's is included within the SRR (Risk 3030) and the AGS Action Plan for 2015 / 16.	No – the development of the Council's Corporate Assurance Framework is already included. No – already included in SRR and AGS Action Plan.
20	Outstanding areas relate to the development of a Partnership Governance Framework	The development of a Partnership Governance Framework is included in the AGS Action Plan for 2015 / 16.	No – already included in AGS Action Plan.
21			
28	Outstanding area relates to the auditing of key Internal Controls	This issue is being considered as part of the developing Corporate Assurance Framework.	No – the development of the Council's Corporate Assurance Framework is already included.
35	Outstanding area relates to the assurances provided by key Internal Controls		