

Committee(s)	Dated:
Audit and Risk Management Committee	18/01/2021
Subject: Risk Management Health Check	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Paul Dudley – Corporate Risk Manager	

Summary

The purpose of this report is to provide Members with the outcome of the recent external review of risk management, conducted by Risk Management Partners and set out the next steps agreed by Executive Leadership Board at their meeting on 25 November 2021.

The Chamberlain commissioned Risk Management Partners to undertake a Health Check (an external Risk Management Review) in Mid-2021. This involved a review of risk documentation, interviews with Members, Chief Officers, senior managers, and departmental risk co-ordinators. Its main aim was to provide assurance to ELB and to the Audit and Risk Management Committee as to the effectiveness of risk management arrangements, provide evidence to support to Annual Governance Statement and contribute to the Head of Audit Opinion to the Audit and Risk Management Committee as well as identifying further improvement opportunities.

The report has concluded *“that the City Corporation’s risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness”*.

A total of seven recommendations have been identified within the report which focus of ensuring consistency in embedding risk management across the City Corporation including risk reporting to Service/Grand Committees, ensuring better understanding and use of risk appetite, agreement on how cross cutting risks should be handled, sharing lessons of where risks have been or may not have been managed well and improving risk management training for Members, managers, and staff.

ELB, at their meeting on the 25 November 2021, noted the positive findings of the report and agreed that ELB would discuss risk appetite at a future ELB away day in early 2022. They also agreed for further work on the assessing the potential inconsistencies highlighted in the report including risk reporting to Service Committees. This work is currently underway with Chief Officers. The Town Clerk

also asked for the report to be circulated to all Chief Officers for their consideration and which has now been done.

Under the Target Operating Model (TOM), the post of the Corporate Risk Manager is being transferred to the Town Clerk's department (Chief Strategy Officer) from 1 April 2022. The current Corporate Risk Manager will retire on the 31 March 2022. ELB agreed that the report and the seven recommendations be considered and taken forward by the Chief Strategy Officer.

Recommendation(s)

Members are asked to:

1. Note the Health Check (external Risk Management Review) report produced by Risk Management Partners.
2. Note that the Executive Summary and seven recommendations outlined in the report will be taken forward by the Town Clerk's Department (Chief Strategy Officer)

Main Report

Background

1. The City Corporation's risk management arrangements have been reviewed a number of times in recent years (2010, and 2016) and each time incremental improvements have been made.
2. The Chamberlain commissioned, in mid-2021, a Health Check (an external risk management review – not including the COLP) by Risk Management Partners. The same risk consultant undertook the 2016 review and which had the advantage of him being familiar with the City Corporation and its risk management framework.
3. The overall aim on the Health Check was to provide assurance to ELB and to the Audit and Risk Management Committee as to the effectiveness of risk management arrangements, evidence to support to Annual Governance Statement and contribute to the Head of Audit Opinion as well as identifying further improvement opportunities.
4. The Health Check is based upon the best practice advice and guidelines presented by the HM Treasury document "Risk Management Assessment Framework - a tool for departments".
5. A copy of the executive summary and recommendations from the external risk management review report is attached as appendix 1. The full report has been circulated separately to Members.

Health Check - External Risk Management Review 2021

6. The Health Check review process comprised the following stages.

- a) A desktop assessment of existing risk management information/documents including the Corporate Risk Management Policy and Strategy 2021 and other risk guidance located on the City Corporation's risk management intranet site.
- b) A series of 18 one-hour interviews/discussions with a number of Members (Chair of Audit and Risk Management Committee and Deputy Chairmen and Chair of Finance Committee), Chief Officers, senior managers, and departmental risk co-ordinators.
- c) An on-line risk management survey of the Senior Leaders' Forum. A total of 46 out of 80 officers responded (57.5%).
- d) Producing the report for the City Corporation.

Key findings

7. The overall conclusion of the report was:

"The City Corporation recognises it has created a very solid foundation on which to build and improve. It has done this with professional expertise at the centre and the co-operation and support of officers in all departments and institutions.

To this end, the report would serve to make a number of recommendations in order to make further improvements:

- *Achieve further clarity of understanding of the organisation's risk appetite.*
- *Ensure that risk management is truly and consistently embedded into all normal business processes.*
- *Encourage greater collaboration between departments in the management of cross-cutting risks.*
- *Adopt a corporate 'black box' approach to risk management performance, whereby organisational lessons can be learned from both success and failure.*

Overall, the Health Check review found that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness".

8. The report highlighted the important role of the Audit and Risk Management Committee in fulfilling its role of the oversight of risk management across the City Corporation. – *"it should be recognised as best practice by which all such committees should operate....."*

9. In addition, the report noted the *"commitment of senior management to ensuring that risk management is integrated into all organisational activities and demonstrates leadership and commitment....."* This view was supported by the risk consultant from Zurich Risk Engineering who commented on the *"positive, active involvement and the commitment of the Executive Leadership Board (ELB)*

to review and revise the corporate risk register at the recent corporate risk workshop (13 October 2021)”.

10. The Head of Internal Audit and Risk Management has indicated that the report does provide positive evidence to support the annual audit opinion as well as the Annual Governance Statement, recognising good progress has been made and that this was a journey of continuous improvement.

Benchmarking

11. RMP were requested to provide an assessment of the City Corporation's risk maturity and commented that “ *Acknowledging that the uniqueness of the City Corporation renders any direct comparison with any other organisation extremely challenging, it would be a fair reflection of the report to suggest that, of all those organisations that have participated in the RMP Risk Management Health Check, the City Corporation has made the most significant progress towards the adoption of best practice principles and practices.*”

Health Check Recommendations and Action plan

12. A total of seven recommendations have been made and these are set out on pages 5 and 6 of the report.
13. Under the Target Operating Model (TOM), the post of the Corporate Risk Manager is being transferred to the Town Clerk's department (under the Chief Strategy Officer) from 1 April 2022. The current Corporate Risk Manager will retire on the 31 March 2022 and as a consequence ELB agreed that the seven recommendations included in the report be considered and taken forward by the new Corporate Risk Manager.
14. The report highlighted a number of potential inconsistencies and communication issues, that subject to checking with Chief Officers, could quickly be resolved. This work is now underway.

Conclusion

15. The report has confirmed the “*that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness*”.
16. There are seven recommendations identified in the report. Given the pending retirement of the existing Corporate Risk Manager and this post transferring to the Town Clerk's department it is suggested that the recommendations be taken forward by the Chief Strategy Officer/corporate risk manager.
17. In advance of this happening Chief Officers have been requested to make basic checks on the application of the risk management process within their departments.

Corporate & Strategic Implications

18. Risk management in an integral part of the City Corporation's governance arrangements.

Appendices

- Appendix 1 – Executive Summary and Recommendations from the External Risk Management Review (Health Check) produced by Risk Management Partners

Paul Dudley

Corporate Risk Manager, Chamberlain's Department T: 07710 092546

E: Paul.Dudley@cityoflondon.gov.uk