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| <b>Committee:</b>                         | <b>Date:</b>               |
| Audit and Risk Management Committee       | 4 <sup>th</sup> March 2014 |
| <b>Subject:</b><br>Risk Management Update | <b>Public</b>              |
| <b>Report of:</b><br>Chamberlain          | <b>For decision</b>        |

### **Summary**

This report presents the Audit and Risk Management Committee with a draft Risk Management Strategy, a Risk Management Policy and recommendations for the Strategic Risk Register following the risk workshop held with the Chief Officers Group on 4<sup>th</sup> December 2013.

In line with the Cabinet Office's 'Management of Risk (M\_O\_R)' principles a Risk Management Policy and a Risk Management Strategy has been drafted to communicate how risk management will be used and implemented throughout the organisation. Once approved, the Risk Management Strategy will be a public document containing guidance on how to define risks, the new 4x4 risk matrix, and the process by which risks will be escalated to the Audit and Risk Management Committee. The Risk Management Strategy will be brought to this Committee in May 2014 for approval. At this meeting, approval is sought for the Risk Management Policy Statement (Appendix 1) and comments on the draft Strategy are invited so that they can be incorporated in the final version for May 2014.

Following the Chief Officers risk workshop and approval at the Summit Group meeting, Members are asked to approve the recommendations for the Strategic Risk Register. These include the creation of a Workforce planning risk, removal of three risks (SR4: Planning Policy, SR5: Flooding in the City and SR6: Project Risk) the merger of SR3 (Financial Stability) with SR14 (Longer Term Financial Uncertainty) and SR1 (Terrorism) with SR14 (Public order and protest) and rephrasing of SR16 (Data Protection) in to a wider Information Security risk.

A revised timetable for the cyclical review of risks has been drafted based on the revised Strategic Risk Register. As such, and in accordance with the rolling review of risk, two strategic risks are considered in detail at this Committee. These are SR11: Pond Embankment Failures and the new Strategic SR17: Safeguarding Risk.

### **Recommendations**

Members are asked to:

- review and approve the Draft Risk Management Policy Statement (Appendix 1);
- comment the Draft Risk Management Strategy (Appendix 2);
- approve the changes to the Strategic Risk Register following the Chief Officers Workshop (Para 9); and
- note the updated cyclical review of Strategic Risks (Para 11).

## **Main Report**

### **Background**

1. As part of the risk management improvement plan the Risk Management Handbook was reviewed. The risk management handbook will be renamed the Risk Management Strategy, falling in line with the terminology used commonly in other organisations as well as the Cabinet Office's Management of Risk principles. This also complies with the terminology used within the Terms of Reference for the Audit and Risk Management Committee.

### **Risk Management Policy (Appendix 1)**

2. The risk management policy is a signed statement of intent for risk management. It has been drafted to fit in line with the requirement of the Management of Risk (M\_O\_R) principles.
3. Its purpose is to communicate how risk management will be implemented throughout the organisation to support the realisation of our objectives and includes a brief statement on our appetite for risk.
4. Members are asked to review and approve this statement, which will be included within the Risk Management Strategy.

### **Risk Management Strategy (Appendix 2)**

5. The Risk Management Strategy builds on the previous risk management handbook providing guidance on how risk management is used and how it will operate within the Corporation. Development of this document also fits in line with the M\_O\_R principles.
6. The Strategy has been developed in consultation with the officers who form the Risk Management Group and has been reviewed by the Summit Group, which is chaired by the Town Clerk, to ensure wide engagement and ownership.
7. The Strategy contains guidance on how to define risks, the new 4x4 Threats and Opportunity risk matrices and also the escalation route for the Corporate Risk Register, which will be the new name for the Strategic Risk register. The scoring guidance, which will be attached as an appendix to the Strategy, is under review and will be attached with the final version of the Strategy.

8. The Risk Management Strategy is intended to be a public document and will be made available on our internet after the final version is approved by the Committee in May.

### **Chief Officers risk workshop**

9. A workshop to refresh the Strategic Risk Register took place on 4<sup>th</sup> December 2013 with the Chief Officers Group. Key outcomes of the workshop have been reviewed and the recommendations have been noted below for approval:
  - i. To create a new Strategic Risk 17 relating to the protection of children and adults at risk, defined as an adult with social care needs, who is or may be at risk of significant harm. This risk is being reported at this Committee for deep dive review.
  - ii. To create a new Strategic risk for Workforce planning. The Workforce Planning risk is proposed to make reference to the ageing workforce and the risks posed to new ways of working.
  - iii. To remove SR4: Planning Policy, SR5: Flooding in the City and SR6: Project risk, moving them into their respective departmental registers. None of these risks were mentioned as priority areas of focus for the Chief Officers.
  - iv. To merge the two financial risks, SR3 (Financial Stability) and SR14 (Longer Term Financial Uncertainty) creating a more holistic, overarching finance risk.
  - v. To merge SR1 (Terrorism) and SR14 (Public order and protest) in to a single Resilience related risk.
  - vi. To rephrase the SR16 (Data Protection) to encapsulate the wider Information Security/Cyber Risk area.
10. Members are asked to approve these recommendations, following which a revised Strategic (Corporate) Risk Register will be provided at the next Audit and Risk Management Committee meeting in May.

## Cyclical Review of Strategic Risks

11. A structured approach to reviewing the City's strategic risks has been adopted, in order to promote full coverage and review. Based on the recommendations for the Strategic Risk Register the schedule of reviews for the Audit and Risk Management Committee has been updated for 2014, shown below:

| <b>Forthcoming reviews</b>            | <b>Date</b>               | <b>Committee Responsible</b>    |
|---------------------------------------|---------------------------|---------------------------------|
| SR17 Safeguarding                     | 4 <sup>th</sup> Mar 2014  | Community & Children's Services |
| SR11 Pond Embankment Failure          | 4 <sup>th</sup> Mar 2014  | Hampstead Heath/Open Spaces     |
| SR2 Supporting the Business City      | 13 <sup>th</sup> May 2014 | Policy & Resources              |
| SR16 Information Security             | 13 <sup>th</sup> May 2014 | Finance                         |
| SR9 Health and Safety                 | 9 <sup>th</sup> Sep 2014  | Establishment                   |
| SR18 Workforce Planning Risk          | 9 <sup>th</sup> Sep 2014  | Establishment                   |
| SR8 Reputation Risk                   | 4 <sup>th</sup> Nov 2014  | Policy & Resources              |
| SR10 Adverse Political Developments   | 4 <sup>th</sup> Nov 2014  | Policy & Resources              |
| SR3 Financial Stability and Viability | 8 <sup>th</sup> Dec 2014  | Finance                         |
| SR1 Resilience Risk                   | TBC Jan 2015              | Policy & Resources              |
| SR11 Pond Embankment Failure          | TBC Jan 2015              | Hampstead Heath/Open Spaces     |

## Conclusion

12. The Strategic Risk Register continues to be reviewed actively and updated by risk owners, in line with the requirements stipulated by the Risk Management Handbook. Work is continuing to enhance further the effectiveness of managing and reporting risks throughout the organisation.

## Appendices

- Appendix 1 – Risk Management Policy Statement
- Appendix 2 – Risk Management Strategy

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