

Audit Committee

Revised Risk Management Strategy & Framework Item no: 07

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Summary

This report outlines the changes proposed to London Councils' Risk Management Strategy and Framework following a review of the document, which was last updated in 2012. The proposed approach to risk management comprises the following elements;

- **Strategy:** what are we intending to achieve, what is our approach to risk, what is our risk appetite;
- **Short guide to risk management:** for general information and to develop general knowledge of risk management;
- **Guide to completing London Councils risk register:** to assist staff in completing or reviewing a risk register, also offering alternative tools to assist in identifying risks.

The Strategy, Framework and guides are revised versions of the existing documents. The proposed revisions are intended to meet London Councils current needs and to formalise what is already in practice and working successfully, recognising that risk management is embedded in the workings of the organisation.

Full versions of all the documents are attached as appendices:

- Appendix 1 – Revised London Councils Risk Management Strategy & Framework – September 2016;
- Appendix 2 – Short guide to risk management;
- Appendix 3 – Guide to completing London Council's risk register.

Recommendations

That Audit Committee approves the revised Risk Management Strategy and Framework and guides

Revised Risk Management Strategy & Framework

1. Background

1.1 London Councils approach to risk management was originally agreed in September 2004 by Elected Officers. The strategy and framework documentation was revised and approved in 2012 by the Audit Committee.

1.2 A recent internal audit on Risk Management (including business continuity) which reported in May 2016, recommended that the Strategy should be reviewed every three years. Management's response, as reported to Audit Committee in June 2016 was that it should be reviewed in 2016/17 and then periodically thereafter, as appropriate.

2. Current Position

2.1 A review has now been undertaken of all the risk documentation. The review was carried out based on an assessment of current practice against the existing strategy and the continued relevance of the staff guidance documents. London Councils subscribes to ALARM - the Public Risk Management Association – and their risk management toolkit was also used as part of the review.

2.2 The Strategy and Framework for Risk Management have been updated and revised to meet London Councils current needs and in recognition of the fact that risk management is embedded in the workings of the organisation. The revised documents with the proposed changes tracked, are attached as Appendices 1, 2 and 3, comprising the following elements;

- **Strategy;** what are we intending to achieve, what is our approach to risk, what is our risk appetite;
- **Framework;** how are we going to achieve what we set out in our strategy, how will we identify, score and manage risks, how often will the registers be reviewed, what are the roles and responsibilities' for Officers/groups within the organisation;
- **Short guide to risk management;** for general information & to develop general knowledge of risk management
- **Guide to completing London Councils risk register;** to assist staff in completing or reviewing a risk register, also offering alternative tools to assist in identifying risks.

3. Consultation

3.1 The revised Strategy and Framework and supplementary guides were discussed at the Corporate Governance Group meeting on 15 July 2016. Further comments were received following the meeting and were taken into account. The proposed updates were also presented to the Corporate Management Board on 16 August 2016 and the comments received have been taken into account in the Appendices attached to this report.

4. Risk Management Strategy – summary of changes

4.1 Strategy and Framework

- Inclusion of ALARM membership in the Introduction section (Page 1)
- Addition of risks relating to information management in the overall risk management framework (Page 2)
- Greater clarity of the difference between ‘risks’ and ‘issues’ (Page 4)
- Inclusion of a new section on ‘Controls in Place’ to differentiate between existing controls to mitigate against risk and ‘Additional Controls’ needed to improve mitigation, and itemising of specific examples of existing controls (Pages 6 -7)
- Emphasis on the need for individual officers to familiarise themselves with the staff guides (Appendices 2 and 3) (Page 10)

4.2 Short Guide to Risk Management

- Change to wording of first section ‘What is Risk Management?’ to help clarify the importance of risk management across the organisation (Page 1)
- Reduction of the examples in the ‘What’s the difference between a risk and an issue?’ section (Page 1)
- Additional wording in the section ‘Identifying and managing risks’ to assist staff in the identification of risk’ (Page 2)
- Change to wording of section ‘Should I be using a formal risk register for my work?’ to include reference to project management (Page 3)

4.3 **Guide to completing London Councils Risk Register**

- Inclusion of reference to Project Management section of the Intranet (Page 1)
- Removal of 'How do I define a risk?' section as this duplicates information in the **Short Guide to Risk Management** (Page 2)
- Change of heading from 'How do I score a risk?' to 'Risk Scoring' (Page 3)

5. **Communication**

The Guides, the Strategy and Framework and the current version of the corporate risk register will be made available on the intranet. While the proposed updates to the Strategy and Framework do not require staff to take any new action in terms of risk management, making this information accessible will raise awareness of the risk management process.

6. **Implications**

Equalities Implications for London Councils

There are no specific equalities implications arising from the recommendations, although when compiling the divisional and corporate risk registers, equalities issues may be identified and will be recorded, reported and managed as necessary.

Financial Implications for London Councils

There are no financial implications arising from this report.

Legal Implications for London Councils

There are no legal implications arising from this report.

7. **Recommendations**

7.1 The Audit Committee is asked to:

- Approve the revised risk management strategy and framework and guides.

Appendices:

- Appendix 1 – Revised London Councils Risk Management Strategy & Framework – August 2016;
- Appendix 2 – Short guide to risk management;
- Appendix 3 – Guide to completing London Council's risk register.