Risk Management Health Check Report Cambridgeshire County Council

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April 2018

Zurich Municipal

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Introduction & Methodology

Zurich have been commissioned by LGSS to review the effectiveness of Cambridgeshire County Council's risk management arrangements. In order to measure the maturity of risk management a Performance Model has been used which breaks down risk management activity into six categories that contribute towards effective risk management arrangements within an organisation:

Leadership & Management	Do senior management and Members support and promote risk management?
Strategy & Policy	Are there clear strategies and policies for risk?
People & Training	Are your people equipped and supported to manage risk well?
Processes & Tools	Does the risk management processes support the business effectively?
Risk Handling & Assurance	Are risks handled well and does the organisation have assurance that risk management is delivering successful outcomes and supporting creative risk-taking?
Partnership, Shared Risks & Projects	Are there effective arrangements for managing risks with partners and in projects?

The model enables an assessment to be made around the extent to which risk management is having a positive effect on the organisation. The five levels of maturity are as follows:

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

A series of observations and recommendations are outlined in the following slides for consideration.

Executive Summary

There is clear evidence that the organisation recognises the need to engage in risk management and has the appropriate tools and methodologies to do so. The interviews supported the documentation, however it was evident that there were some areas of the organisation that were struggling with the articulation of risk, which in turn had a knock on effect on the information that was reported through the organisation. As part of this review we were provided with the Corporate Risk Register and the Public Health Risk Register, all remaining risk registers were under review.

The County Council is supported by LGSS on risk management however the arrangements for doing so and who has responsibility for what is not explicitly clear.

Although some of the baseline assessments may appear low, there is evidence that improvements are relatively easy to implement and would see higher maturity levels being easily attained if the current momentum and desire for engaging and embedding risk management is continued and supported. We have identified on the chart, a "To Be" level of maturity, that could be reached if key actions are undertaken.

There are five priority areas for improvement:

1. Develop an overarching Risk Management Policy / Strategy that clearly articulates the roles and responsibilities of those within the County Council and LGSS

2. Complete the risk register review process to ensure that each DMT has an up to date register in place

3. Develop a reporting cycle that incorporates Corporate and DMT risks to improve visibility of emerging risks

4. Review how risks within projects and partnerships is included within the Corporate Risk Management arrangements.

5. Develop a robust risk appetite methodology to enhance decision making
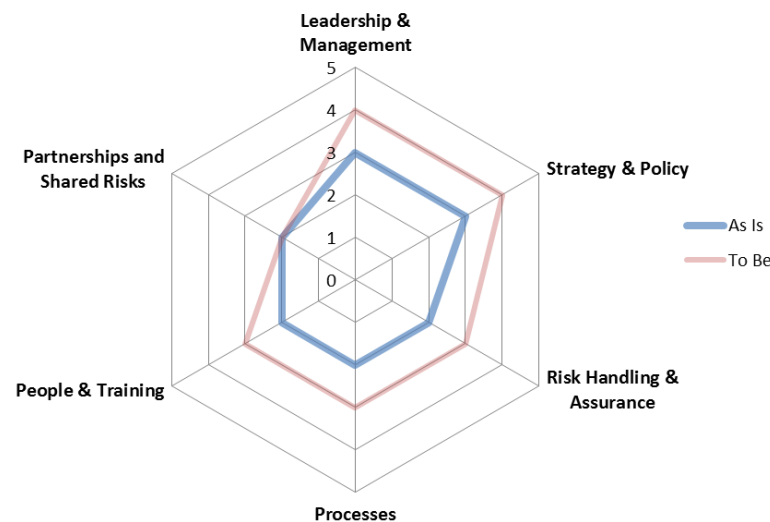
Within these key areas there are several suggested steps which could help the organisation to further embed robust risk management processes and attain higher levels of maturity, some of which are easy to implement and would see quick progress.

The following pages provide further detail around our conclusions together with recommendations for improvement.

Observations & Recommendations

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Leadership & Management

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether senior management support and promote risk management

Through the interviews undertaken it was apparent that there were good levels of risk management leadership. This was demonstrated through the discussions held with the senior management and Risk Champions.

Each directorate has a risk champion in place, to support senior management in leading on risk management. All interviewees came across as being engaged and knowledgeable about risk and able to articulate the process, framework and risks faced.

During the review it became apparent that the roles and responsibilities between LGSS and CCC were not wholly understood or clear.

To drive informed risk based decision making through leadership, an organisation must have a clearly defined risk appetite methodology to apply to the risks that it faces. CCC does not have fully defined risk appetite methodology, the current mechanism is through the risk scoring matrix. By having a senior management agreed risk appetite, decision making and risk tolerance can be defined and driven forwards allowing for resources to be prioritised and focussed.

To progress along the risk maturity scale in this area the Council should consider the following:

1. Agree on the roles and responsibilities of LGSS and CCC and ensure that these are clearly documented in a corporately approved risk management policy / strategy.

2. Develop a robust view of organisational risk appetite and communicate throughout the council to support considered risk taking.

Strategy & Policy

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether clear strategies and policies exist for risk management

The organisation has a variety of guidance documents in place to outline the risk management process and framework. There is however no overarching risk management policy / strategy that holds the documents together as they all cover slightly different elements.

The "Short Guide" covers sufficient information to provide users with information on an introduction to risk management at CCC.

From reviewing the documents and interviews it is apparent that there is an understanding of the processes and methodologies that the organisation has adopted and that these are followed in the main. The lack of an organisation wide risk management policy / strategy will hinder the raising of awareness and understanding of risk with those officers who are less involved with the day to day risk roles.

There is a Corporate Risk Group (CRG) in place that oversees the risk management framework and processes that are in place. The CRG provides a forum through which Directorate risk registers are reviewed and individual risks considered for escalation on to the Corporate Risk Register.

The following should be addressed:

1. Develop an overarching strategy / policy with the objective of simplifying terminology, streamlining the contents where possible and clearly articulating the objectives of risk management.

2. Consider the CRG Terms of Reference to ensure that it operates effectively as a gatekeeping and scrutiny group.

Observations & Recommendations

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Processes & Tools

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether the organisation has effective risk processes to support the business

Through this review it has been ascertained that apart from the lack of an overarching risk management policy, there are appropriate processes and tools in place for risk to be managed effectively. From the documents provided it is our view that the application of the processes and tools is inconsistent across the organisation and not fully embedded.

There is an Integrated Finance and Performance Reporting process in place that incorporates the reporting of risk information. This approach is in line with best practice and allows for the triangulation of risk information with other key sources of data to help inform decision making. One consideration for future development is the inclusion of emerging operational risks so that these can be identified early on.

The Public Health Directorate utilise a dashboard approach to monitoring operational risk which shows the movement of risk over time and seeks to ensure that risks are reduced effectively and in a timely manner where appropriate. This is not an approach consistently used across other Directorates.

Risk information and registers are stored on GRACE, a risk management IT application. This is currently utilised by the Risk Champions and is due for wider roll out this year (2018).

The recommendations already outlined within the other sections of the review will help support the organisation in moving to a higher level on the maturity spectrum.

Risk Handling & Assurance

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether risks are handled well and the organisation has assurance that risk management is delivering successful outcomes and supporting creative risk-taking

The risk registers are maintained at Corporate and Directorate level within CCC and these include the typical information that would be expected on scoring, mitigations and action planning.

Whilst there was evidence that some were managing risk well, it is apparent that the application of effective risk management is inconsistent across council. At the time of this review a number of risk registers were being reviewed and were therefore not considered for inclusion as part of the documentation provided. Those that were provided were of a good standard, with well articulated risk information.

One area that has been identified for enhancement is the linkage between corporate and operational risks. It is important that when corporate risks are being reported, any operational risks that could impact upon their materialisation are aligned and identifiable. This will assist the users of the reports in gaining a fuller and wider understanding of the risk profile in question.

Therefore, recommendations in this area include:

1. Ensure that all Directorates have risk registers in place that are timely and relevant.

2. Develop a process through which operational risks can be aligned to corporate risks as this will aid horizon scanning and decision making.

Observations & Recommendations

People & Training

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether people are equipped and supported to manage risk well

It was generally felt that risk management expertise and capabilities across those interviewed was of a good standard. There are some key individuals in place in both LGSS and CCC, who can provide expertise where required.

Documentary evidence was provided to demonstrate training that had taken place over the last couple of years, however this was undertaken on an ad-hoc basis. A deep dive into specific risks was undertaken for one of the examples, this appeared to be a useful method for demonstrating how risk was managed and handled at CCC.

Considerations include:

1. Development of a risk management training needs analysis. This should identify the expected level of risk management capability for key levels within CCC. i.e. Members, Senior Managers, all staff. This should then be developed into a regular pro-active training schedule. e.g. annual refresher for relevant members, induction for new managers etc.

2. The creation of an e-learning module for officers which could support the above.

Partnerships, Shared Risks & Projects

Level 1 Engaging	Level 2 Happening	Level 3 Working	Level 4 Embedded	Level 5 Driving

This section seeks to determine whether there are effective arrangements for managing risks with partners and within projects

During the interviews, the processes for managing risks within contracts and partnerships was discussed.

From a risk management perspective, it important to understand how risk is to be managed within such arrangements and how the risk governance and reporting aspects feed back into CCC.

Whilst interviewees provided some level of assurance that risks were well understood and managed, it was clear that a structured framework and methodology was not consistently in place and is something that CCC should consider.

Similarly, assurance was given that risks within projects are largely managed effectively but that a process of escalating risks into the wider CCC risk framework should be considered.

In order to drive improvements in this area CCC should consider the following:

1. Develop specific guidance for managing risks within partnerships and projects which should then be referenced within the risk management policy.

2. Undertake further work to understand the common/shared risks within partnerships. Maintain joint risk registers with key partners to monitor key issues.

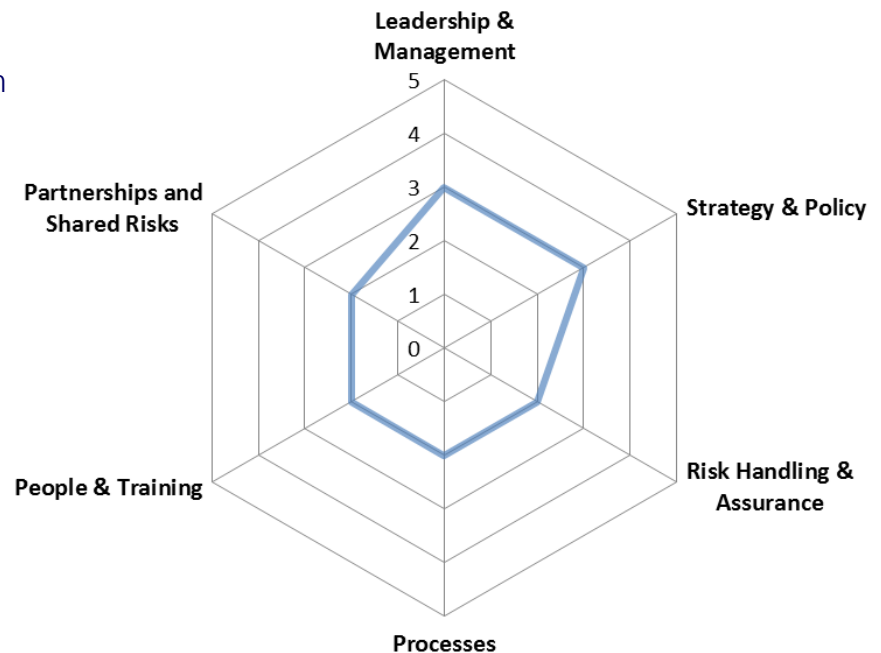*This score is based on limited information and needs to be validated.*

Strengths & Development Areas

Key Strength(s):

- ✓ CCR Format - Quality of Content and Layout
- ✓ Risk Champions - Knowledge and Engagement
- ✓ CRG Concept
- ✓ Member Attendance at DMT Committee Meetings
- ✓ Integrated Finance and Performance - Presentation of Risk in Strategic Context
- ✓ Public Health Risk Movement Dashboard

Areas to focus development:

- CRG Effectiveness and Terms of Reference
- Clarity of Roles and Responsibilities for LGSS & CCC in Risk Management arena
- Availability (Visibility) of Risk Training and Support
- Approach to Risk Appetite - Ability to review and allow for flexibility
- Risk Communications and Reporting
- Visibility of Operational Risks outside of DMTs
- Contract Risk Management - Lack of a consistent approach
- Risk Deadlines and Review Dates Discussed at CRG for CRR - Sufficiency of Challenge from SMT

Potential Additional Areas of Zurich Support

Focus Area	Deliverables
Risk register refresh (Corporate and Directorate / Service)	Facilitation of an independent discussion on risk that challenges, refreshes and validates the current risk register content. The output from the exercise will be an updated risk register that will be taken forward by the DMTs. We will seek to refresh the risk descriptions, scores, mitigations and actions as well as identify new risks and remove those that are no longer relevant.
Risk Appetite	A project aiming to identify the CCC's risk appetite, so that it can be used to inform risk reporting and decision making. It focuses on the concept of current risk exposure vs future risk appetite.
Risk in Partnerships	Development of guidance around managing risks within partnerships and creation of joint risk registers for key partners.
e-Learning	Technical content for the inclusion within an eLearning module.

Appendix 1 – List of Interviewees

Name	Role
Sue Grace	Director of Corporate and Customer Services
Graham Hughes	Executive Director of Place & Economy
Cllr Mike Shellens	Chairman of Audit & Accounts Committee
Tom Kelly	Head of Finance
Mairead Kelly	Audit & Risk Manager
Tess Campbell	Performance & Project Manager, Public Health (Risk Champion)
Tom Barden	Head of Business Intelligence (Risk Champion)
Stewart Thomas	Head of Emergency Planning (Risk Champion)
Dee Revens	Executive Officer, People and Communities (Risk Champion)
Tamar Oviatt-Ham	Business Development Manager (Risk Champion)