

<b>14 March 2019</b>		<b>ITEM: 8</b>
<b>Standards and Audit Committee</b>		
<b>Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> N/A	
<b>Report of:</b> Andy Owen, Corporate Risk and Insurance Manager		
<b>Accountable Assistant Director:</b> Jonathan Wilson, Assistant Director of Finance		
<b>Accountable Director:</b> Sean Clark, Director of Finance, IT and Legal		
<b>This report is Public</b>		

## **Executive Summary**

One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective.

To enable Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report is presented on an annual basis.

The report provides details of how the Council's ROM arrangements compare against good practice, outlines the current ROM activity, the proposals to maintain/improve the practice across the organisation and includes the updated ROM Policy, Strategy and Framework.

### **1. Recommendations**

- 1.1 That Standards and Audit Committee note the results of the review, the current ROM activity and proposals to maintain and improve the practice across the organisation.**
- 1.2 That Standards and Audit Committee note and approve the updated ROM Policy, Strategy and Framework.**

### **2. Introductions and Background**

- 2.1 Risk and Opportunity Management is an integral part of the Council's Corporate Governance and Performance Management arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.**

2.2 The Council has for a number of years used the ALARM/CIPFA Risk Management Model to test the Council's performance against best practice.

2.3 The ALARM/CIPFA Model resembles the European Foundation for Quality Management model (EFQM) and breaks down risk management activity into seven strands with five focussed on enablers and two focussed on results:

**Enablers criteria for Risk Management**

- A. Leadership & Management
- B. Policy & Strategy
- C. People
- D. Partnerships & Resources
- E. Processes

**Results criteria for Risk Management**

- F. Risk Handling & Assurance
- G. Outcomes & Delivery

2.4 The Enabler section covers what an organisation does and the Results section covers what an organisation achieves. Each strand is covered by a series of questions that are designed to explore where the organisation scores against best practice. The answers to the questions are weighted to reflect their relative impact on performance and collated into a final score for each strand.

2.5 These results are then used to calculate the overall scores for the Enabler and Results sections. A summary of Thurrock's scores against the model is outlined below:

ENABLERS		Score
<b>A</b>	4/4 <b>LEADERSHIP &amp; MANAGEMENT</b>	<b>75/100</b>
1	✓ Information and decision making	24/32
2	✓ Escalation and reporting systems	10/12
3	✓ Accountability and management responsibility	24/32
4	✓ Leading risk management implementation	17/24
<b>B</b>	2/2 <b>POLICY &amp; STRATEGY</b>	<b>75/100</b>
1	✓ Risk management policy	50/60
2	✓ Strategy	25/40
<b>C</b>	4/4 <b>PEOPLE</b>	<b>74/100</b>
1	✓ Culture	20/25
2	✓ Responsibility	14/20
3	✓ Skills and guidance - capability	24/35
4	✓ Communication	16/20
<b>D</b>	3/3 <b>PARTNERSHIPS &amp; SHARED RESOURCES</b>	<b>70/100</b>
1	✓ Partnerships and shared services	35/50
2	✓ Finance	20/30
3	✓ Tools	15/20

ENABLERS		Score
<b>E</b>	6/6 <b>PROCESSES</b>	<b>74/100</b>
1	✓ Links to business/service processes overview	25/35
2	✓ Risk Identification and Analysis	25/30
3	✓ Risk response	10/15
4	✓ Risk reporting and review	4/5
5	✓ Information Risk	5/5
6	✓ Service Continuity	5/10

RESULTS		Score
<b>F</b>	2/2 <b>RISK HANDLING &amp; ASSURANCE</b>	<b>71/100</b>
1	✓ Risk handling	43/60
2	✓ Assurance	28/40

RESULTS		Score
<b>G</b>	2/2 <b>OUTCOMES &amp; DELIVERY</b>	<b>70/100</b>
1	✓ Risk management contribution to overall performance	40/60
2	✓ Contribution to specific outcomes	30/40

Additional Questions	
-	Go to additional questions

**Comparison to Alarm's National Performance Model for Risk Management**

ENABLERS LEVEL KEY	
Level 5 - Driving	85%+
<b>Level 4 - Embedded and integrated</b>	<b>70%+</b>
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score-->

RESULTS LEVEL KEY	
Level 5 - Driving	85%+
<b>Level 4 - Embedded and integrated</b>	<b>70%+</b>
Level 3 - Working	45%+
Level 2 - Happening	20%+
Level 1 - Awareness	0+

Your Score-->

2.6 The Council has retained Level 4 - Embedded and integrated for the Enabler and Results criteria.

### 3. Analysis and Evaluation of Results

3.1 The table below shows Thurrock's scores against the model for the years 2011 to 2018:

Strand	Year							
	2011	2012	2013	2014	2015	2016	2017	2018
A. Leadership & Management	62	62	72	73	75	75	75	75
B. Policy & Strategy	34	63	73	75	75	75	75	75
C. People	59	68	69	71	71	71	71	74
D. Partnership & Shared Resources	56	56	65	70	70	70	70	70
E. Processes	67	70	72	74	74	74	74	74
F. Risk Handling & Assurance	53	64	66	66	66	66	71	71
G. Outcome & Delivery	60	65	68	68	70	70	70	70

3.2 The review has revealed that:

- For all 7 strands the Council has retained Level 4 – embedded and integrated (70%+).
- For 6 of the 7 strands the Council's score is the same as the previous year's results. The current ROM activity to maintain the practice resembles those identified for last year. No significant changes were identified by the review and this has led to the same scores as the previous year.
- For 1 of the 7 strands (People) the Council's scores have improved slightly and the following aspects have contributed to the increased score:
  - Skills & Guidance - Innovation and Risk training module developed and provided to senior managers by Passe-Partout Consulting Ltd, through the Leadership and Management Development Programme.
  - Information Risk – Appropriate arrangements in place to respond to information risks and no issues escalated to the Information Commission Office (ICO), as outlined in the Access to Records Report presented to Standards and Audit Committee September 2018.

3.3 A summary of the current ROM activity and proposals to maintain and further embed the practice across the organisation are included in Appendix 1.

3.4 The challenge facing the Council is to ensure that adequate ROM arrangements remain in place and form part of the decision making process both at operational and strategic levels.

3.5 As part of the review the ROM Policy, Strategy and Framework has been refreshed and some minor changes made to update the document. The updated ROM Policy, Strategy and Framework are included in Appendix 2.

#### **4. Reasons for Recommendation**

- 4.1 To enable Standards and Audit Committee to consider the effectiveness of the Council's ROM arrangements the report is presented on an annual basis.
- 4.2 The report provides details of how the Council's ROM arrangements compare against good practice and outlines the current ROM activity and proposals to maintain and improve the practice across the organisation.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The results of the annual review, outline of the current ROM activity and proposals to maintain and improve the practice across the organisation were reported to Directors Board 26<sup>th</sup> February 2019, via Performance Board representatives 12<sup>th</sup> February 2019.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 ROM is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Dammy Adewole**  
**Management Accountant, Central Services**

There are no direct financial implications as a result of this report. Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of financial claims and/or loss faced by the Council.

##### **7.2 Legal**

Implications verified by: **David Lawson**  
**Assistant Director of Law and Governance**

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of legal claims or regulatory challenges against the Council

##### **7.3 Diversity and Equality**

Implications verified by: **Roxanne Scanlon**  
**Community Engagement & Project Monitoring  
Officer**

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

8. **Background papers used in preparing the report:**

- ALARM/CIPFA Risk Management Model - Review papers.

9. **Appendices to the report:**

- Appendix 1 – Summary of Current Activity and Proposals to Maintain and Embed the Practice
- Appendix 2 – Risk and Opportunity Management Policy and Strategy

**Report Author:**

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