



Audit Committee

23 September 2013

Report Title	Risk Management – Benchmarking	
Classification	Public	
Cabinet Member with Lead Responsibility	Councillor Andrew Johnson Resources	
Accountable Strategic Director	Keith Ireland, Delivery	
Originating service	Delivery/Risk Management and Insurance Services	
Accountable officer(s)	David Johnston	Head of Risk Management and Insurance
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Recommendation(s) for noting:

The Committee is recommended to:

1. Note the outcome of the Council's participation in the Alarm CIPFA Risk Management Benchmarking Club.

1.0 Purpose

- 1.1 To advise the Committee of the results of the Council's participation in the ALARM CIPFA Risk Management Benchmarking exercise.
(ALARM – The Public Risk Management Association: CIPFA – the Chartered Institute of Public Finance and Accountancy).

2.0 Background

- 2.1 The benchmarking exercise is an assessment of an organisation's standard of risk management practice when compared to the ALARM National Performance Model for Risk Management. It consists of a series of 39 questions broken down into seven areas which are weighted to produce an individual assessment of each of those areas. The results of that exercise for Wolverhampton, which show that the organisation is operating at the high level of predominantly Embedded and Integrated, are enclosed in an abridged form.

3.0 Progress

- 3.1 The report highlighted two particular areas where our practice had just fallen short of the Embedded and Integrated level.
These were in respect of two questions relating to:
- a) managing risk within partnerships
and
 - b) independent review of the risk management framework.
- 3.2 Action has been taken to address these matters and ensure improvement;
- a) Councillors will recall that **Partnership Governance** is an item noted in the Annual Governance Statement and the course of action to address that issue is ongoing and will address managing risks within partnerships.
 - b) In respect of an independent review – **Risk Management and Annual Governance Statement follow up** - is an item on our external auditors work programme for this year.

4.0 Financial implications

- 4.1 There are no financial implications arising from this report.
[GE/10092013/R]

5.0 Legal implications

- 5.1 There are no legal implications arising from this report.
[FD/11092013/C]

6.0 Equalities implications

6.1 There are no equalities implications arising from this report.

7.0 Environmental implications

7.1 There are no environmental implications arising from this report.

Alarm CIPFA Risk Management Benchmarking Club 2013

Wolverhampton City Council

compared with

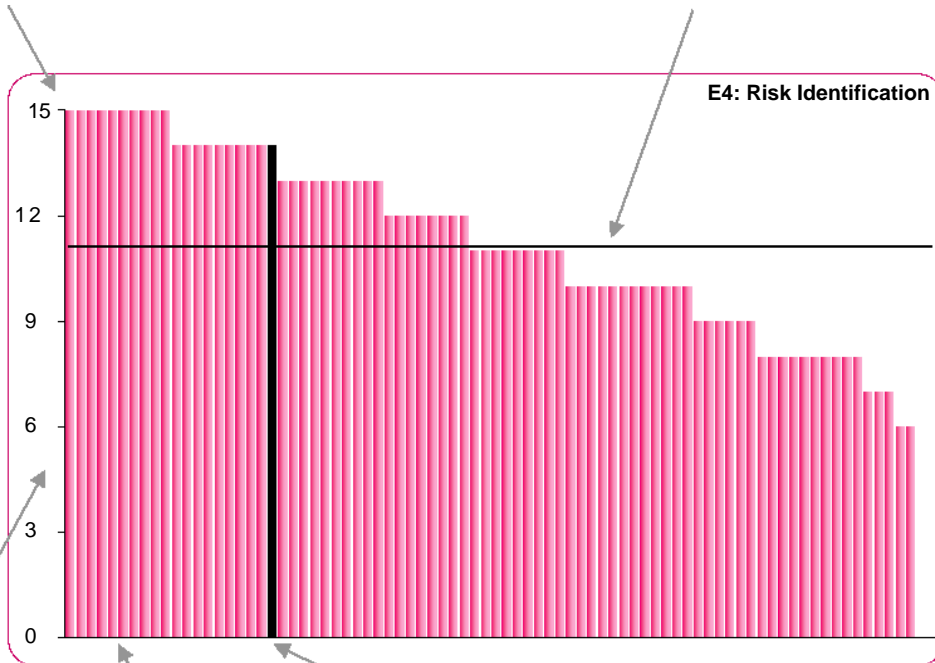
31 Other Club Members



Understanding Our Charts

The scale is set so the top of the scale is the maximum possible score.

The horizontal line shows the average score for the organisations compared.



Introduction

Welcome to your 2013 Risk Management benchmarking report. This is the fourth year of this Benchmarking Club and we hope members have found it useful and felt that the changes made have made the exercise simpler and better.

The exercise has been designed as a performance improvement tool. It's about helping you raise the standards of risk management within your organisation. It is based on Alarm's National Performance Model for Risk Management in Public Services published in 2009. This is available to download from www.alarm-uk.org.

This Benchmarking Club was initially conceived by an Alarm Special Interest Group, comprising of professional, practising risk managers, and developed into its final version in collaboration with leading risk management consultants, Det Norske Veritas (DNV).

The National Performance Model is based on the highly respected tool developed by HM Treasury in 2002, "Risk Management Assessment Framework", itself having its genesis in an EFQM approach. It breaks down risk management activity into seven strands:

- Leadership and management
- Policy and strategy
- People
- Partnerships, shared services and resources
- Processes
- Risk handling and assurance
- Outcomes and delivery

Under each strand, a series of questions have been developed which members have answered. These answers are weighted to reflect their relative impact on performance and collated into a final "score" for each section. This identifies the level of maturity the organisation has reached. This report provides the initial findings of yours and comparator organisations.

We expect that you will be using the results contained within this report as the basis of the evidence that you will use to provide your organisation with assurance of the standard of risk management that it has reached, along with comparison with others within the public sector.

Thanks

Alarm and CIPFA would like to thank this year's steering group for their work in reviewing and revising the question set and tightening up the guidance:

Stephen Andreassen - Norfolk County Council
John Allsop - London Borough of Ealing

Peter Andrews - Hampshire County Council

Robert Ford - Dorset Fire & Rescue
Susan Gibson - London Borough of Lambeth

Summary

Here is an overview of your results in each area. Please see later sections for breakdowns of these results.

Enablers	Leadership & Management	Awareness	Happening	Working	Embedded & Integrated	Driving
	Policy & Strategy	Awareness	Happening	Working	Embedded & Integrated	Driving
	People	Awareness	Happening	Working	Embedded & Integrated	Driving
	Partnerships & Resources	Awareness	Happening	Working	Embedded & Integrated	Driving
	Processes	Awareness	Happening	Working	Embedded & Integrated	Driving
Results	Risk Handling & Assurance	Awareness	Happening	Working	Embedded & Integrated	Driving
	Outcomes & Delivery	Awareness	Happening	Working	Embedded & Integrated	Driving

Level Guide:

Awareness	<20%
Happening	20 - 45%
Working	45 - 70%
Embedded &	70 - 85%
Driving	85% +

Section A: Leadership & Management

This section is concerned with:

- Risk judgements
- Clear direction
- Risk appetite
- Understanding key risks
- Accountability and responsibility
- Driving improvement
- Challenge to levels of risk acceptance
- Stakeholder engagement

The questions deal with:

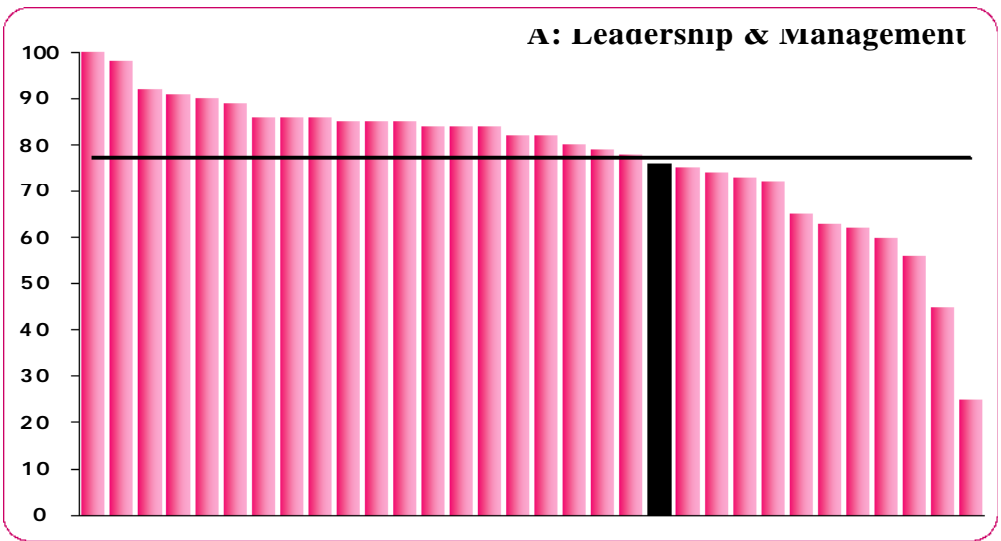
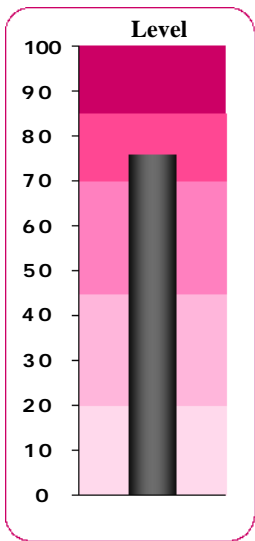
- Information and decision making
- Escalation and reporting systems

- Accountability and management responsibility
- Leading risk management implementation
- Stakeholders' engagement

There should be evidence to demonstrate the extent to which the leadership of the organisation:

- Uses risk management to develop effective policies at the policy making stage.
- Uses risk management to achieve better outcomes
- Provides clear direction on the management of risk

- Enables unanimity on the key strategic risks
- Sets the criteria/arrangements for the organisation's appetite for taking risks
- Encourages innovation through well-managed risk taking
- Supports staff when things go wrong (i.e. avoids a blame culture)
- Ensures clear accountability for managing risk
- Drives implementation of improvements in risk management
- Uses the principles of good governance to manage risks



Do Senior Management and the Executive Board support and promote risk management?

Assessed Level: Embedded & Integrated

Score provided: 76

Average score: 77.3

Summary of Behavioural Progress toward Leadership & Management Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve.</p>	<p>Board/Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented.</p>	<p>Senior managers take the lead to apply risk management thoroughly across the organisation.</p> <p>They own and manage a register of key strategic risks and set the risk appetite.</p>	<p>Risk management is championed by the CEO.</p> <p>The Board and senior managers challenge the risks to the organisation and understand their risk appetite.</p> <p>Management leads risk management by example.</p>	<p>Senior management uses consideration of risk to drive excellence through the business, with strong support and rewards for well-managed risk-taking.</p>

Section B: Policy & Strategy

This section is concerned with:

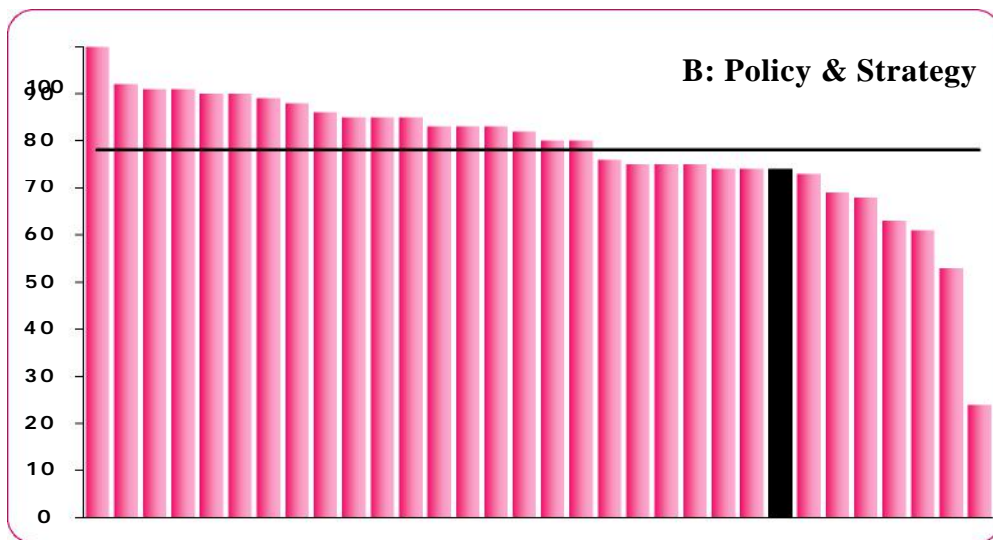
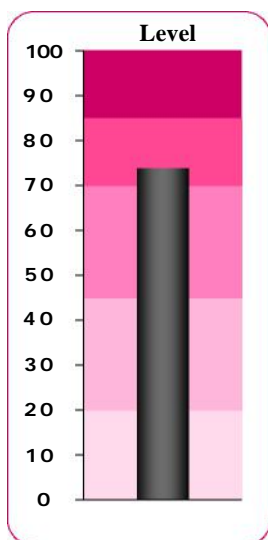
- A strategic approach to the management of risk and increasing its effectiveness
- Policies

The questions deal with:

- Strategy development
- Risk management policy (including risk appetite)
- Risk management framework and strategy implementation

For this section, you should have evidence to demonstrate the extent to which the organisation has:

- Set a clear direction for the scope and priorities of its risk management
- Set the organisation's requirements of risk management as part of its overall approach to governance
- Designed and implemented a risk management framework



Are there clear strategies and policies for risk?

Assessed Level: Embedded & Integrated

Score provided: 74

Average score: 78

Summary of Behavioural Progress toward Strategy & Policy Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>The need for a risk strategy and risk-related policies has been identified and accepted.</p> <p>The risk management system may be undocumented with few formal processes present.</p>	<p>Risk management strategy and policies drawn up, communicated and being acted upon.</p> <p>Roles and responsibilities established, key stakeholders engaged.</p>	<p>Risk management principles are reflected in the organisation's strategies and policies.</p> <p>Risk framework is reviewed, developed, refined and communicated.</p>	<p>Risk handling is an inherent feature of policy and strategy making processes.</p> <p>Risk management system is benchmarked and best practices identified and shared across the organisation.</p>	<p>Risk management capability in policy and strategy making helps to drive organisational excellent.</p>

Section C: People

This section is concerned with:

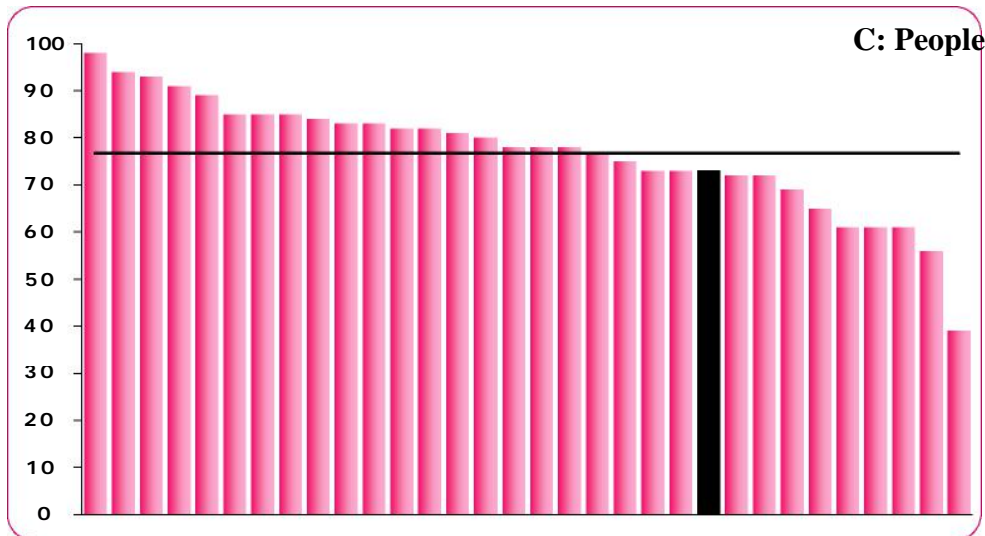
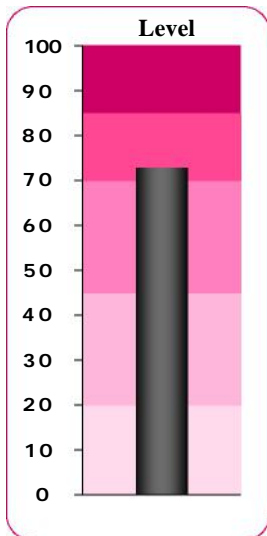
- Culture
- Roles and responsibilities
- Skills, training and guidance
- Communications

The questions deal with:

- Risk management culture
- Responsibility
- Skills and guidance 5 capability
- Communications

For this section, you should have evidence to demonstrate the extent to which there is:

- A risk-aware culture as opposed to a risk-averse culture at all levels within the organisation
- Responsibilities for risks are allocated to individuals to manage
- There are arrangements to ensure appropriate risk management awareness, knowledge, experience and skills among:
 - Governors/Executive Members
 - Senior Management
 - Staff



Are people equipped and supported to manage risk well?

Assessed Level: Embedded & Integrated

Score provided: 73

Average score: 76.8

Summary of Behavioural Progress toward People Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training.</p>	<p>Suitable guidance is available and a training programme has been implemented to develop risk capability.</p>	<p>A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework.</p> <p>Staff are aware of key risks and responsibilities.</p>	<p>People are encouraged and supported to take managed risks through innovation.</p> <p>Regular training and clear communication of risk is in place.</p>	<p>All staff are empowered to be responsible for risk management.</p> <p>The organisation has a good record of innovation and well-managed risk taking.</p> <p>Absence of a blame culture.</p>

Section D: Partnership & Resources

This section is concerned with:

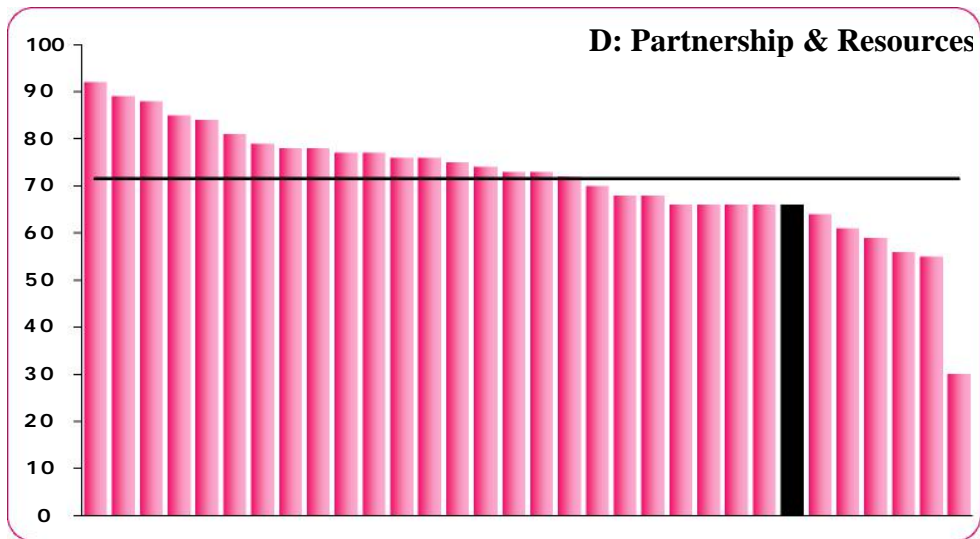
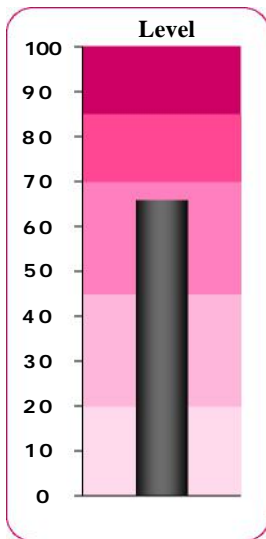
- Managing risk to and within partnerships
- Area specific risks
- Shared risks
- Risk faced by the community
- Local resilience
- Partnership guidance
- Joint risk registers
- Resources available to manage risk effectively

The questions deal with:

- Partnerships and shared risks
- Risk finance
- Information and knowledge
- Tools

For this section, you should have evidence to demonstrate the extent to which:

- There are agreed mechanisms for identifying, assessing and managing risks in each key partnership
- There is a common risk language which creates shared understanding of the key partnerships' risk appetite
- There are appropriate mechanisms for provision and testing of contingency arrangements
- There are appropriate mechanisms for identifying and addressing the implications of sharing risk amongst those best placed to manage them



Are there effective arrangements for managing risks with partners?

Assessed Level: Working

Score provided: 66

Average score: 71.5

Summary of Behavioural Progress toward Partnerships & Resources Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk.</p>	<p>Approaches for addressing risk with partners are being developed and implemented.</p> <p>Appropriate tools are developed and resources for risk identified.</p>	<p>Risk with partners and suppliers is well managed across organisational boundaries.</p> <p>Appropriate resources are in place to manage risk.</p>	<p>Sound governance arrangements are established.</p> <p>Partners support one another's risk management capacity and capability.</p>	<p>Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed.</p>

Section E: Processes

This section is concerned with:

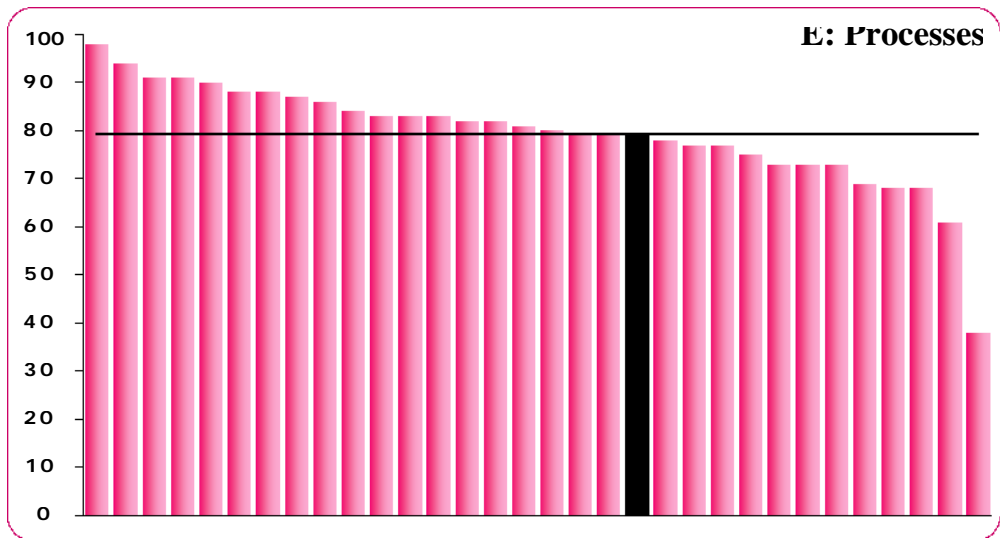
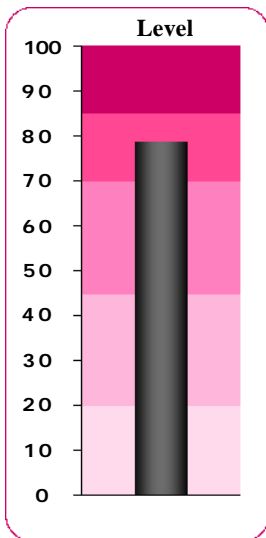
- Embedding risk management in organisational management processes
- Identification and evaluation criteria
- Risk controls
- Action planning and reporting
- Use of risk management in strategic and financial planning, policy making and review, performance, and project and contract management
- Use of risk management in decision making
- Risk management integration into key business processes

The questions in this section deal with:

- Risk management process overview
- Links to business/service processes
- Risk context
- Risk identification
- Risk assessment
- Risk response
- Risk reporting and review
- Investigation and root cause analysis
- Service continuity management

For this section, you should have evidence to demonstrate the extent to which risk management contributes to the success of the following business processes in your organisation:

- Policy making
- Performance management
- Governance arrangements
- Financial management; and the extent to which:
- Risk processes support a lessons learnt culture
- There is an effective business continuity framework in place to support service delivery



Does the organisation have effective risk management processes to support the business?

Assessed Level: Embedded & Integrated

Score provided: 79

Average score: 79.3

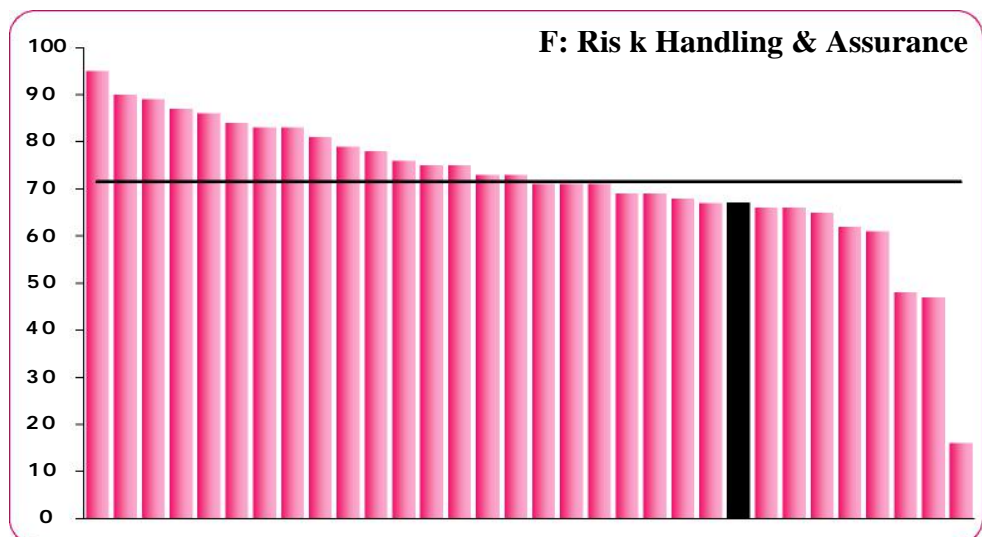
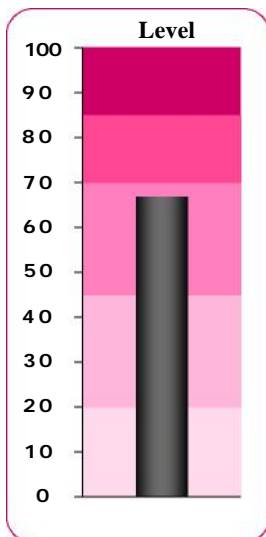
Summary of Behavioural Progress toward Processes Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>Some standalone risk processes have been identified and are being developed.</p> <p>The need for service continuity arrangements has been identified.</p>	<p>Risk management processes are being implemented and reported upon in key areas.</p> <p>Service continuity arrangements are being developed in key areas.</p>	<p>Risk management processes used to support key business Processes.</p> <p>Early warning indicators and lessons learned are reported.</p> <p>Critical services supported through continuity plans.</p>	<p>A framework of risk management processes in place and used to support service delivery.</p> <p>Robust business continuity management system in place.</p>	<p>Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success.</p>

Section F: Risk Handling & Assurance

Are risks handled well and does the organisation have assurance that risk management is delivering

<p>This section is concerned with:</p> <ul style="list-style-type: none"> • Successfully seizing opportunities • Considered risk-taking • Supporting innovation • Challenges to preconceptions of risk • Assurance of the organisation's level of compliance against the risk management strategy 	<p>The questions deal with:</p> <ul style="list-style-type: none"> • Risk handling • Assurance and performance <p>For this section, you should have evidence to demonstrate the extent to which risk management-related activity has contributed to:</p> <ul style="list-style-type: none"> • Delivering innovation • Effective anticipation and management of strategic risks • Effective decision making 	<ul style="list-style-type: none"> • Effective policy making • Effective handling of cross-cutting issues • Effective review of business planning and target setting • Effective management of risks to the public • Effective risk allocation • Better management of risks to delivery • Greater efficiency/reduced costs • Information integrity and asset security
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successful outcomes and supporting creative risk taking?

Assessed Level: Working

Score provided: 67

Average score: 71.6

Summary of Behavioural Progress toward Risk Handling & Assurance Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated
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Level 5
Driving

<p>No clear evidence that risk management is being effective.</p>	<p>Some evidence that risk management is being effective.</p> <p>Performance monitoring and assurance reporting being developed.</p>	<p>Clear evidence that risk management is being effective in all key areas.</p> <p>Capability assessed within a formal assurance framework and against best practice standards.</p>	<p>Evidence that risk management is being effective and useful for the organisation and producing clear benefits.</p> <p>Evidence of innovative risk taking.</p>	<p>Clear evidence that risks are being effectively managed throughout the organisation.</p> <p>Considered risk taking is part of the organisational culture.</p>
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Section G: Outcomes & Delivery

This section is concerned with:

- Risk management efforts making a contribution to successful outcomes
- Learning from best practice and continuous improvement

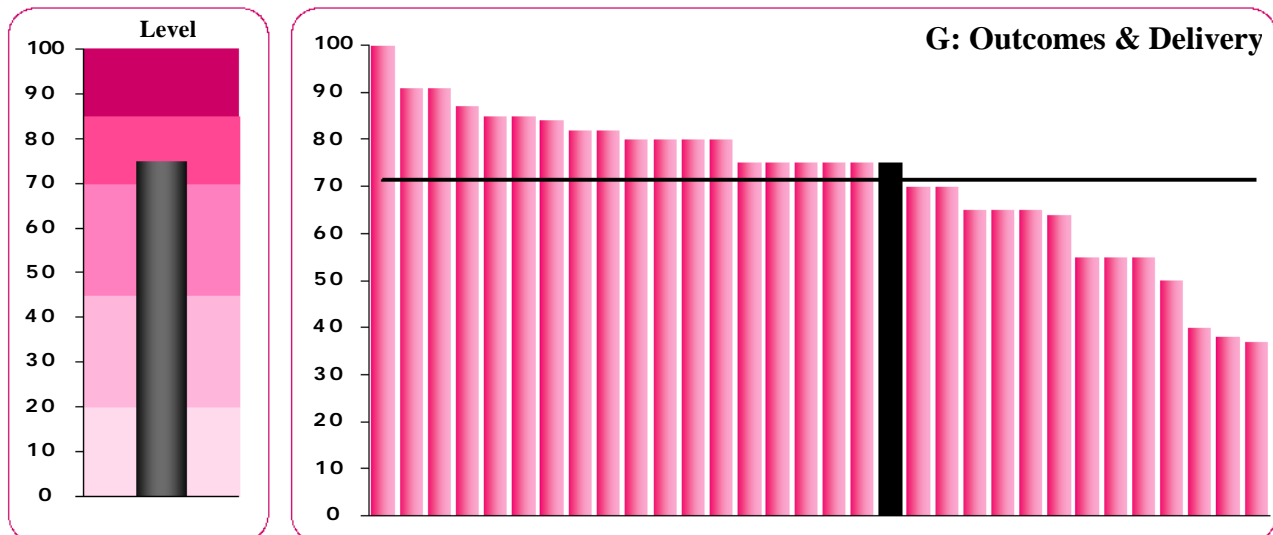
The questions deal with:

- Risk management contribution to overall performance
- Risk management contribution to specific outcomes

In this section you should have evidence to demonstrate the extent to which risk management action contributes to:

- Successful delivery of improved outcomes for local people/the community
- Meeting planned financial outcomes
- Increased public confidence that risks are well-managed
- The high reputation of the organisation
- Successful innovation

Assessed Level: Embedded & Integrated



Does risk management contribute to achieving outcomes?

Score provided: 75

Average score: 71.4

Summary of Behavioural Progress toward Outcomes & Delivery Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
No clear evidence of improved outcomes.	Limited evidence that risk management is being effective in, at least, the most relevant areas.	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.	Clear evidence of significantly improved delivery of relevant outcomes and evidence of positive and sustained improvement.	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles.