Title	External Review of Council's Risk Management Arrangements
For further information about this report please contact	Richard Barr Audit & Risk Manager Tel: 01926 456815 email:richard.barr@warwickdc.gov.uk
Wards of the District directly affected	Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	Not applicable
Background Papers	WDC Risk Management Policy & Strategy

Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		No
Included within the Forward Plan? (If yes include reference number)		No
Equality & Sustainability Impact Assessment Undertaken		N/A: no direct service implications

Officer/Councillor Approval		
With regard to report approval all reports _must_ be approved as follows		
Title	**Date**	**Name**
Chief Executive/Deputy Chief Executive	15 May 2016	Chris Elliott/Andrew Jones
Head of Service	15 May 2016	Mike Snow
SMT	18 May 2016	
Section 151 Officer	15 May 2016	Mike Snow
Monitoring Officer	15 May 2016	Andrew Jones
Finance	15 May 2016	As per S151 Officer
Portfolio Holder(s)	15 May 2016	Cllr Andrew Mobbs/Cllr Peter Whiting
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1   **Summary**

1.1   This report sets out the findings from a review of the Council's risk
         management arrangements by David Penter of Zurich.

2   **Recommendations**

2.1   That Finance & Audit Scrutiny Committee should note the results of the review
         of the Council's risk management arrangements (Appendix 1) and the actions
         to be taken to address the issues arising (Appendix 2) and make observations
         as appropriate.

3   **Reason for the Recommendations**

3.1   To enable members to fulfil their role in managing risk.

4   **Policy Framework**

4.1   Risk management is a key part of the Council's corporate governance
         framework. Effective risk management helps the Council to achieve its
         corporate priorities and key strategic projects that are contained in Fit for the
         Future.

5   **Budgetary Framework**

5.1   Although there are no direct budgetary implications arising from this report,
         risk management performs a key role in corporate governance including that
         of the Budgetary Framework. An effective control framework ensures that the
         Authority manages its resources and achieves its objectives economically,
         efficiently and effectively.

6   **Risks**

6.1   The risks relate to the consequences of not addressing the recommendations
         in the review. In short, if the recommendations arising from the review are not
         addressed an opportunity will be lost to improve risk management in the
         Council.

7   **Alternative Option(s) Considered**

7.1   This report is not concerned with recommending a particular option in
         preference to others so this section is not applicable.

8   **Background**

8.1   The overriding objective for risk management is to embed it within the
         organisation so that it is a seamless, but fundamental, part of the
         organisation's processes and not viewed as a separate bureaucratic activity
         with little value. However, as with all objectives of this nature, there is no
         specific picture of what a fully risk-embedded organisation looks like and the
         goal of embedding risk management is an ongoing process rather than one
         with a definite ending.

8.2   To advance risk management in the Council a 4-year programme of improvements was initiated in 2011/12. The 4-year programme has now ended and so it is timely to develop a fresh set of actions that will take the Council further forward in its risk management arrangements. It was decided that these actions should come from an external review of the Council's risk management arrangements and so a review was commissioned.

8.3   This was performed by David Penter of Zurich, the international insurance and risk management company. Mr Penter spent a week at the Council reviewing documentation and interviewing staff and members. Mr Penter also attended meetings of the Senior Management Team and the Finance & Audit Scrutiny Committee to observe how both bodies dealt with risk management, in particular how they reviewed corporate and service risk registers.

8.4   The review evaluated the organisation against the National Performance Model for Risk Management in Public Services produced by the Association of Local Authority Managers (ALARM).

8.5   This categorises management activity into seven strands:

        Leadership and management
        Strategy and policy
        People
        Partnership, shared risks and resources
        Processes and tools
        Risk handling and assurance
        Outcomes and delivery

8.6   Under each strand the level of maturity the organisation has reached is identified.

8.7   The level of maturity is assessed as being at one of the following five levels (in ascending order of maturity):

        • Level 1: Risk management is **engaging** with the organisation
        • Level 2: Risk management is **happening** within the organisation
        • Level 3: Risk management is **working** for the organisation
        • Level 4: Risk management is **embedded and integrated** within the organisation
        • Level 5: Risk management is **driving** the organisation

8.8   In overall terms the review has assessed us at the middle level of maturity, "Working".

8.9   The typical organisational behaviours associated with the "Working" level of maturity are as follows:

Management Activity	Typical Organisational Behaviours
Leadership and Management	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key strategic risks and set the risk Appetite.

Strategy and Policy	Risk management principles are reflected in the organisation's strategies and policies.
	Risk framework is reviewed, developed, refined and communicated.
People	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework.
	Staff are aware of key risks and responsibilities
Partnership, Shared Risks and Resources	Risk with partners and suppliers is well managed across organisational boundaries.
	Appropriate resources are in place to manage risk.
Processes	Risk management processes used to support key business processes.
	Early warning indicators and lessons learned are reported.
	Critical services supported
	through continuity plans
Risk Handling and Assurance	Clear evidence that risk management is being effective in all key areas.
	Capability-assessed within a formal assurance framework and against best practice standards.
Outcomes and Delivery	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.

8.10   In many ways, this level of assessment is not surprising. Embedding risk management fully in any organisation will always be a journey rather than an arrived destination and to achieve near-full compliance would require bureaucratic processes and a level of staffing that is not desirable, or even feasible, in an organisation of Warwick District Council's size.

8.11   Nevertheless, actioning the areas that have been identified for improvement will help the Council improve its practices significantly and will therefore be extremely worthwhile.

8.12   Mr Penter's report is set out as Appendix 1.

8.13   Appendix 2 summarises the findings and recommendations from the review and sets out the actions planned to address them together with target dates for completion.

8.14   In essence, the review will form, or be the driver for, the risk management improvement programme for the next three years. The action plan will also

form part of the Finance Service Area Plan for 2016/17 and be reviewed by F&A as part of the Annual Risk Management Report.