

MANCHESTER CITY COUNCIL
REPORT FOR INFORMATION / RESOLUTION

COMMITTEE **Audit Committee**

DATE: **26 September 2008**

SUBJECT: **Risk Management**

REPORT OF: **The City Treasurer**

PURPOSE OF REPORT

To inform Audit Committee of progress in the further development of risk management, most specifically in implementing the recommendations of the External Audit review of risk management completed in June 2008.

To present to Audit Committee the Risk Management Strategy and Policy that has been refreshed and updated during August 2008, in line with agreed annual milestones.

RECOMMENDATIONS

Audit Committee are requested to note progress in implementing the recommendations of the External Audit review and to formally endorse the updated and refreshed Risk Management Strategy and Policy.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS:

None

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BACKGROUND DOCUMENTS

none.

WARDS AFFECTED N/A

IMPLICATIONS FOR KEY COUNCIL POLICIES

<u>Anti-poverty</u>	<u>Equal Opportunities</u>	<u>Environment</u>	<u>Employment</u>
None	None	None	None

1. Introduction

- 1.1 At the last meeting of Audit Committee, held on 27 June 2008, the outcomes of an external audit review of the Council's risk management arrangements, undertaken by Grant Thornton, were considered. It was agreed that quarterly reports on progress with meeting the recommendations would be presented to the Committee. This paper lays out progress in meeting the recommendations, introduces the newly refreshed Risk Management Strategy and Policy and outlines work undertaken to support an increase in capacity to support the delivery of key risk management priorities.

2. Progress with External Audit Recommendations:

- 2.1 Since the last meeting of Audit Committee, significant progress has been made in implementing the recommendations made within the External Audit report. Progress is summarised below. Target dates have been set for the implementation of all recommendations and in all cases work is progressing in line with these target dates. This report identifies each recommendation (italicized and emboldened within the text) and reports on progress made so far.
- 2.2 ***The Council should identify a member to champion risk management, help facilitate member understanding and ownership, and challenge on how it is being embedded.***
- 2.3 This recommendation has been fully implemented. At the last meeting of Audit Committee, Councillor Priest agreed to take responsibility as Executive Lead for Risk Management and to champion risk programmes both within the Executive and with Elected Members.
- 2.4 ***The Council should consider the introduction of a corporate risk management group, with representatives from departments, to help embed risk management throughout the Council.***
- 2.5 Fully implemented. Strategic Management Team have mandated the creation of a senior officer group (SMT Use of Resources and Governance Sub Group), to project manage nine priority areas that will provide the basis of an improved Use of Resources rating. One of these project areas is corporate risk management and the Sub Group has formally adopted the role as the corporate vehicle to steer progress with the delivery of risk management Strategic priorities and to hold officers to account for the delivery of key outputs.
- 2.6 The group was established in August 2008 and is chaired by the Assistant Chief Executive (Performance). Membership is made up of senior corporate and service managers and Project Managers within the Manchester Improvement Programme. All 9 areas are being project managed within tightly drawn, outcome based objectives. For the risk management programme, the

primary outcome objectives are the recommendations of External Audit review.

2.7 The Council should include the following in this year's planned update of the risk management policy and strategy:

- **reflect where arrangements do not operate in accordance with the strategy and alternative arrangements have evolved**
- **take account of any relevant emerging corporate developments, for example in the wider governance framework.**

2.8 The risk management policy and strategy should be supplemented by a more comprehensive set of procedures to clearly identify how those responsible for risk management will perform their functions.

2.9 The Risk Management Strategy and Policy has been fully reviewed and refreshed, in line with the annual risk management work programme.

2.10 The annual refresh was led by the SMT Use of Resources and Governance Sub Group and took into account the recommendations made by External Audit.

2.11 The updated Strategy and Policy was presented to and endorsed by SMT on 12 September 2008.

2.12 The new Strategy and Policy clearly identifies the role of the SMT Sub Group as the lead corporate body supporting SMT in progressing risk management work streams. The annual objectives contained within the Strategy directly capture all the main recommendations of External Audit.

2.13 Audit Committee are requested to review the updated Strategy and Policy (attached at Appendix One) and endorse it as the document that captures key work priorities for the coming year.

2.14 The Council should ensure that departmental risk registers are further developed to more consistently describe risks, consequences and mitigating controls.

2.15 The Council should ensure that departmental risk registers:

- **clearly show how mitigating controls will manage the risk, explain the basis of the judgement on acceptability of residual risk and set out how assurance will be obtained over the effectiveness of operation of mitigating controls**
- **allocate management of the risk to a named individual and set a deadline for implementation of any actions on mitigating controls.**

2.16 The Council should ensure that departmental risk registers are updated throughout the year to evidence ongoing management of risks.

2.17 Significant progress has been made in supporting Heads of Service in further sharpening risk registers within their Business Plans. Further guidance has

been provided within the Business Planning methodology and within the Council's new "Handbook for Leaders", launched on 11 September 2008.

- 2.18 A generic risk training programme is currently under development and will be launched in October/November 2008. In addition, as part of support to the next round of Business Planning, all Heads of Service will be offered corporate assistance in risk assessing their strategic and operational objectives.
- 2.19 As part of the new performance management arrangements introduced in August 2008 by the SMT Use of Resources and Governance Sub Group, it is a requirement of all Heads of Service to provide monthly reports on risks that potentially threaten the delivery of their objectives. These reports are considered by the Sub Group and reported directly to SMT on a monthly basis.
- 2.20 In addition, SMT Sub Group is currently overseeing the development of a suite of minimum standards that lay out expectations placed on services in Business Planning and managing performance; this includes specific minimum service standards for undertaking and reporting on their risks.
- 2.21 Final Business Plans for the period 2008/10 are due to be complete in November 2008. An analysis of the risks identified within them and the overall consistency between services will be provided to Audit Committee at a future meeting.
- 2.22 *The Council should clarify the links between the Corporate Risk Register and the Corporate Plan, so that it can be assured that it has identified the significant risks to the achievement of principal objectives.***
- 2.23 *The Council should review the format and content of the Corporate Risk Register to facilitate the effective management of corporate risks. This would include improved risk scoring, mapping of controls to trigger events, evaluating and testing the effectiveness in controls in managing risks and action planning for additional controls required.***
- 2.24 SMT Sub Group is actively engaged in updating the Corporate Risk Register. This root and branch review has entailed a systematic assessment of potential risks from four main perspectives:
- Analysis of priorities within the Corporate Plan
 - Strategic risks emerging from Business Plans
 - Risks identified within Partnership wording
 - Key strategic concerns identified by members of SMT.
- 2.25 Having identified and agreed a portfolio of key strategic risks, SMT Sub Group will then identify existing controls and prepare an analysis of the strength of the controls framework and recommendations on additional actions required to mitigate the risks. This process will involve critically examining and developing the methodology to make it more robust. The new Corporate Risk Register, along with SMT Sub Group's analysis of the effectiveness of existing controls will be presented to SMT during October

2008. Following discussion at SMT the updated risk register will be presented to Audit Committee at their next meeting on 30 October 2008.

- 2.26 As part of the review process, consideration has been given to amending the format of the Corporate Risk Register in line with External Audit recommendations. The new format clearly links risks to the Corporate Objectives within the Corporate Plan and ensures that potential trigger events are cross linked to the controls framework.
- 2.27 *The Council should address with partners how partnership risk management will work in practice, as part of implementation of actions to clarify and strengthen its own processes.***
- 2.28 Significant progress has been made in progressing strategic risk management within partnerships. Whilst it was recognised that all major partner organisations had within their organisations, broadly similar systems for risk management, there has been less clarity about the approach to the management of risk within the Manchester Partnership.
- 2.29 In order to generate a refreshed Partnership Strategic Risk Register and agree a unified strategic approach to the management of high level risks, an externally facilitated risk workshop was provided for the Public Service Board (PSB) on 9 September 2008. The outcomes of the workshop were the generation of a strategic risk register and the agreement that this needs to be further shaped and represented at the next meeting of PSB in October. There was also agreement that there is a need to construct a definitive Partnership Risk Management Strategy and Policy and determine within it how the on-going scrutiny of risks will be managed and the synergies and linkages between PSB and the Thematic Partnerships.
- 2.30 The Council has identified consultancy support to assist PSB in managing the further development of their systems and it is anticipated that this support will ensure that PSB develops both its risk register and strategy in line with timescales within the External Audit recommendations.
- 2.31 *The Council should evidence that it has considered the risk of fraud and corruption when compiling and updating risk registers.***
- 2.32 This workstream is currently under development and the Council has committed to developing an overall strategic approach, including engagement of Internal Audit by December 2008.
- 2.33 As an interim measure, the new Risk Management Strategy and Policy guides managers to the newly published Association of Local Authority Risk Managers (ALARM) guidelines for the management of fraud.
- 2.34 Processes for managing fraud have been relaunched and included within the "Handbook for Leaders".

- 2.35** *The Council should ensure that risks are being consistently considered and managed across all projects, from initiation to completion.*
- 2.36 Active engagement with the Capital Programmes Team is in progress. Currently a review is being commissioned of the completeness and robustness of risk assessment within projects. Outcomes of the review will be reported upon completion.
- 2.37 In the longer term, a reassessment of methodologies for undertaking risk assessments will be progressed. Although risk management methodologies are consistent in terms of approach and basic structures there are a series of relatively minor inconsistencies in terms of language and techniques. The review of methodologies will include the corporate approach, capital programmes and health and safety; the aim will be to introduce one standard approach understood by all managers contributing to risk assessment, thus enhancing consistency of outcomes.
- 2.38** *The Council should more clearly evidence consideration of risks as part of making strategic policy decisions.*
- 2.39 A review is currently in progress, which aims to produce revised guidelines for managers in addressing risk in strategic decision making.
- 2.40** *The Council should develop a programme of mandatory risk management training and workshops for responsible officers, to develop a more consistent understanding of what is required of them.*
- 2.41** *The Council should increase member understanding of the principles of risk management and the Council's arrangements so that they can lead and challenge the effectiveness of risk management.*
- 2.42 The development of a generic training programme is underway and being managed from within the SMT Sub Group. The Council has committed to establishing a training programme by December 2008 and this target will be met. The initial focus in providing training will be on officers contributing to the Business Planning process and in providing opportunities for elected members to enhance their knowledge. A training team is being established, led by the Risk Manager (Strategy) and using the skills of officers working within Capital Programmes, Corporate Health and Safety and the Manchester Improvement Programme team.
- 2.43** *The Council should improve staff resource to support Strategic Management Team and departmental management in managing risk.*
- 2.44 The primary purpose in establishing the SMT Use of Resources and Governance Sub Group was to provide additional capacity and support to SMT. In addition, the active engagement of the Manchester Improvement Programme team has ensured that there is additional capacity to support managers and services in addressing the development of risk management. Current activity is focussed on specific improvements which can be made

over the short to medium term and it will be necessary to consider the long term support for risk management when methodologies are embedded.

3 Conclusion:

- 3.1 The Council has made strong progress in implementing key recommendations from External Audit and is in line to fully implement all recommendations within agreed timescales.
- 3.2 In addition, the Council, through the establishment of the SMT Use of Resources and Governance Sub Group and the active engagement of Business Analysts and Project Managers from within the Manchester Improvement Programme, have significantly increased the capacity within the risk service to support both the Strategic Management Team and operational Heads of Service in embedding risk management systems and structures.
- 3.3 The SMT Sub Group has been established as the lead corporate group supporting the delivery of risk management priorities in recognition of the need to provide immediate resources to support urgent priorities identified by External Audit. The project management approach over the coming year will have a significant impact on the maturity of risk management structures within the Council and the consistency of its application across services.
- 3.4 Following completion of the project management phase further consideration will be given to the implementation of the Service Improvement Programme recommendations endorsed by Audit Committee at it's last meeting.
- 3.5 Further reports on progress with the implementation of External Audit recommendations will be provided at future Audit Committee meetings on a quarterly basis.
- 3.6 Audit Committee are requested to note the progress made in the further development of risk management within the Council.

APPENDIX ONE:

MANCHESTER CITY COUNCIL

Risk Management Policy and Strategy 2008:

1) Introduction:

- 1.1 Manchester City Council's Risk Management Strategy and Policy has received annual review and refresh since 2005. This fourth iteration of the Strategy and Policy contains the main priorities for development for 2008/09. In constructing the new strategic priorities, the Council has taken into account the outcomes of external audit review, completed in June 2008 and the outcomes of a major Service Improvement Project (SIP) undertaken over the winter and spring months of 2007/08.
- 1.2 This policy and strategy clarifies the Council's intent in further developing risk management, identifies the key component parts of the risk management system, sets out clearly the responsibilities placed on managers at all levels in the Council and identifies the next steps in ensuring further development of risk management as an effective tool in delivering high quality performance and the delivery of the Corporate Objectives.
- 1.3 The Manchester City Council approach to risk management is compliant with standards laid out by the Institute of Risk Management and the Association of Local Authority Risk Managers.
- 1.4 Although ultimate responsibility for ensuring adequate risk identification, treatment and surveillance of key strategic risks lies with the Chief Executive, supported by the Strategic Management Team, managers at all levels are responsible for identifying and managing risks. This responsibility is a mainstream management requirement and represents a key component of the day to day work priorities of all managers within the Council.

2) Risk Management Policy Statement:

- 2.1 Manchester City Council recognises the importance of anticipating and seeking to manage circumstances which could cause death or injury, disrupt services to the public, treat individuals, businesses and organisations unfairly or circumstances which could lead to significant financial loss to the Council or reflect badly on the City, the Council, its partners and employees.
- 2.2 Effective risk management is an integral part of robust performance management within the Council, as effectively managing identified risks and mitigating their potential negative impact helps to ensure the effective delivery of key work streams, developed to deliver the Council's priorities and objectives.

- 2.3 In order to manage its risks the Council has adopted a unified approach to risk management to be used across all services.
- 2.4 The Council acknowledges that risks occur in the day to day delivery of services, in seeking to press forward with individual projects and initiatives and in relation to any important decisions facing the Council and its key partners and that the Council should do what is reasonable to prevent or minimise the impact of these risks.
- 2.5 It is acknowledged that service delivery within a complex environment is a volatile process and not all risks that emerge can be predicted. The underpinning rationale behind the risk management process is that the predictable risks are identified and effective management action is taken to mitigate them, allowing the greatest level of control possible to be put in place. In this sense the risk management process allows managers to free up capacity to deal with the unanticipated risks as they emerge.
- 2.6 With the responsibilities laid out above in mind, the Council will:-
- Identify and effectively manage risks which could jeopardise the achievement of the Council's objectives and the delivery of services.
 - Identify and effectively manage risks which may prevent or inhibit the Council in maximising opportunities to further the Council's objectives.
 - Develop arrangements to manage risks jointly with delivery partners.
 - Provide managers with the necessary training and support to identify, assess and manage risks effectively.
 - Keep its risk management arrangements under ongoing review to ensure the Council is doing all that can reasonably be expected.

3) Components of a Risk Management Framework:

- 3.1 Risk management requires managers to:
- Identify and define potential risks to the delivery of services, objectives, and projects and in relation to strategic and operational decision making
 - Assess the potential consequences of the risk coming to fruition
 - Review and summarise existing controls already in place
 - Use a simple scoring system to produce an objective assessment of the severity of the consequences and the likelihood of the risk emerging
 - Categorise the level of risk (high, medium or low)
 - Reach an objective decision as to whether levels of existing control are acceptable or not
 - Produce action plans to further mitigate the risk where necessary,
 - Allocate managerial responsibility for delivery of the action plan and,

- Provide ongoing scrutiny of progress with risk mitigation escalating risks in circumstances where mitigating action plans do not provide the anticipated levels of enhanced control.
- 3.2 The above points lay out the framework within which managers are required to assess and manage risks. The specific approach used by managers in delivering effective risk management must also be compliant with further specific guidance issued by the Council where it has been provided. For example:
- * Risks relating to disaster management should be addressed using the Council's Business Continuity Guidelines, published in March 2007 and held on the intranet (bcmguidelines2007.doc)
 - * Risks relating to potential fraudulent activity should be managed using best practice guidelines developed by the Association of Local Authority Risk Managers (ALARM) ("Managing the Risk of Fraud" alarm-uk.org/publications.aspx)
 - * Management of financial risks should follow budget monitoring guidance, within the Council's Business Planning guidance, published on the intranet in July 2008 (Bpguidance/budget).
 - * Management of Health and Safety risks should also follow guidance within the Health and Safety Policy published on the intranet in March 2005 (mcc/pmg/hsw/policies/hspolicy.htm).
- 4) **Key Responsibilities Within the Council's Risk Management System:**
- 4.1 Effective Risk Management is an essential component of any system of corporate governance and assists in providing assurance that strategic and operational objectives are delivered within an approach that provides maximum efficiency and value for money. Robust organisation wide risk management is dependent on the risk assessment process being used at a series of levels throughout the Council. When used effectively, risk management assists in ensuring control of strategic, operational and project management risks. It should also be used by managers to support decision making processes within their day to day managerial role. Risk management is dependent on both effective scrutiny and the delivery of mitigating action at all levels within the Council. Key responsibilities are outlined from Section 4.6 below.
- 4.2 The Council acknowledges that, whilst the previous three years have seen significant development within strategic and operational risk management, there is always scope to ensure that risk management is fully embedded at all service levels and contributes to effective governance.
- 4.3 For the coming year, Strategic Management Team (SMT) have mandated the creation of an SMT Use of Resources and Governance Sub Group (The SMT Sub Group) that will steer the project management of a series of key

workstreams to ensure the development of effective and mature governance. One of these workstreams is the development of embedded risk management at both corporate and operational service levels.

- 4.4 The SMT Sub Group will, therefore, take responsibility as the corporate senior officer forum for steering progress with risk management priorities and overseeing the risk management methodology. This was a key recommendation from the recent External Audit review.
- 4.5 The SMT Sub Group consists of senior managers representing corporate management and the main operational service divisions, with additional membership provided from within the Manchester Improvement Programme. The intention is that as well as providing effective project management against agreed, risk assessed objectives, the Sub Group will report directly to SMT on progress made. The specific role of the SMT Governance Sub Group is outlined in Section 4.7, below.
- 4.6 *Chief Executive and Strategic Management Team:*
- 4.6.1 It is the responsibility of the Chief Executive , supported by SMT, to ensure that the Council develops and delivers effective strategies and work programmes to deliver risk management.
- 4.6.2 It is the responsibility of the Council's Strategic Management Team to ensure that key strategic risks to the delivery of the Council's objectives are identified, assessed and mitigated.
- 4.6.3 It is the responsibility of SMT to identify potential risks to the delivery of the Corporate Objectives, laid out on an annual basis within the Corporate Plan.
- 4.6.4 When identified and assessed, these risks are captured within the Corporate Risk Register and SMT will receive quarterly reports from the SMT Sub Group on current risk status and the degree to which mitigating action plans are proceeding in line with agreed timescales and that an acceptable level of control is maintained over the key strategic risks.
- 4.6.5 It is the responsibility of SMT to receive, scrutinise and challenge objective assurance, provided by the SMT Sub Group, that the risks identified continue to be controlled, that they remain the key strategic risks to the organisation and where additional strategic risks start to emerge, these are added to the Corporate Risk Register and are assessed, monitored and mitigated.
- 4.6.6 Strategic Directors also have an operational management function in supporting their Heads of Service in constructing service risk registers against Business Plan objectives and to receive reports of circumstances in which mitigating action plans are failing to deliver the anticipated enhanced control. Strategic Directors will also make decisions with their Heads of Service as to which risks emerging from service Business Planning may warrant inclusion on the Corporate Risk Register.

4.7 *SMT Governance Sub Group:*

4.7.1 It is the responsibility of the SMT Sub Group to assist SMT in discharging their responsibility for managing the Corporate Risk Register. The Sub Group will provide a quarterly report to SMT on the current status of the risks contained within the Corporate Risk Register, this report will

- Provide assurance to SMT that the corporate risks are being actively managed
- Alert SMT when the level of control of risks is viewed to be inadequate
- When necessary, recommend further mitigating actions required in order to increase the degree of control
- Recommend, where appropriate the removal of risks from the register on the basis that they no longer provide a threat to the delivery of the Corporate Objectives
- Identify newly emerging risks that may be considered candidates for inclusion on the Corporate Risk Register in order to ensure that they are actively managed at a strategic level within the Council.

4.7.2 The Sub Group will determine what information needs to be escalated to SMT either formally, on a quarterly basis or through interim reports/alerts to relevant Strategic Directors.

4.7.3 Ongoing scrutiny of the status of risks across the Council may, on occasions lead to the identification of risks that are of significant strategic importance that are emerging despite attempts to mitigate them. In these circumstances, the SMT Sub Group will escalate the risk immediately to the relevant Strategic Director and SMT as a matter of urgency. In order to ensure that it receives immediate consideration.

4.7.4 Sub Group members will act as risk champions within their directorates, holding managers to account for the delivery of mitigating actions and acting as a point of contact within Divisional Management Teams, feeding back to operational services of SMT Sub Group decision making

4.8 *Heads of Service:*

4.8.1 It is the responsibility of nominated Heads of Service to produce an annual Business Plan that lays out the key objectives for the service that contribute to the delivery of the Corporate Objectives.

4.8.1 The Head of Service is responsible for ensuring that:

- * Effective risk assessment and risk management underpins the development and delivery of all service objectives
- * Risks are captured within a service risk register

- * The service register is regularly scrutinised, amended and updated.
 - * Lead managers are allocated for the design and delivery of mitigating action plans where the risk assessment suggests that existing levels of control are insufficient
 - * All lead managers are aware of the risks for which they are responsible.
- 4.8.2 Heads of Service will also ensure that risks receive review on a monthly basis at Divisional Management Team meetings and lead managers provide exception reports that highlight risks that
- *have been mitigated to a point where they no longer provide a threat to delivery of the service objectives,*
 - *circumstances where level of risk is rising,*
 - *circumstances where managers have been unable to implement the agreed mitigating actions*
 - *circumstances where the mitigating action plan is being implemented but is having no material impact on the level of risk.*
- 4.8.3 Heads of Service will ensure that **all** risks are formally reviewed at quarterly performance reporting meetings and that the minutes of both DMT and quarterly performance meetings record the discussions and decision making for audit purposes.
- 4.8.4 Heads of Service will ensure all lead managers are aware of their responsibilities in reporting immediately in circumstances where the risk has emerged to a point where it affects the ability of the service to deliver its objectives or is impacting on service delivery.
- 4.8.5 Heads of Service will ensure that additional risks are added to the register and are risk assessed and treated as and when they emerge.
- 4.8.6 In circumstances where risk review indicates that mitigating action plans are not delivering risk control, the Head of Service will inform the relevant Strategic Director to ensure that consideration is given as to whether the risk requires further intervention by SMT and inclusion on the Corporate Risk Register
- 4.8.7 Heads of Service will ensure their services actively embrace the risk management process and managers are supported in developing their knowledge and skills in order to deliver their responsibilities.
- 4.8.8 The responsibilities placed on Heads of Service in risk identification, assessment, mitigation and scrutiny reflects the crucial importance of the risk management process in ensuring the delivery of the objectives. Effective risk management will provide the necessary assurance both for the Head of Service and Strategic Director that an effective framework exists to manage the delivery of service strategic and operational objectives.
- 4.9 *Service Management Teams:*

- 4.9.1 Service Management Teams are required to undertake regular, monthly performance scrutiny of Business Plans, including Strategic and Operational risk assessments and risk assessment within projects.
- 4.9.2 All risks captured on the service's risk register will have a nominated lead manager responsible for leading the service's response to the identified risks; where appropriate this will include ensuring that the agreed action plan is delivered within agreed timescales.
- 4.9.3 It is the responsibility of Service Management Team members to either take this responsibility themselves or allocate it to an appropriate manager. Service Management Team members will ensure that they are regularly briefed regarding progress and report to the meeting either if the plan is not proceeding in line with agreed timescales, or if it is failing to produce the expected outcomes. Additionally, it is the responsibility of Service Management Team members to alert the meeting when the required mitigating actions have been delivered in full.
- 4.9.4 Managers with lead responsibility for the construction and implementation of identified risk action plans are required to report on progress with risk mitigation.
- 4.9.5 Monthly reports will be provided to the Corporate Risk and Performance Teams on progress with risk mitigation; these reports will be used to compile a composite report for consideration by the SMT Governance Sub Group.
- 4.9.6 It is the responsibility of the Service Management Team to alert the Head of Service of any newly emerging risks to the delivery of the service's objectives and for ensuring that these are fully risk assessed and mitigating actions are put in place as and when required.
- 4.10 Service Heads and Team Leaders:*
- 4.10.1 It is also the responsibility of departmental service heads to undertake risk assessments of work programmes at a departmental level and to use the risk assessment process to support decision making in the delivery of their managerial responsibilities.
- 4.10.2 The annual process of appraisal and objective setting supports the development of service work programmes and it is the responsibility of all line managers to ensure that a full assessment of risks to the delivery of key work programmes is undertaken.
- 4.10.3 It is also the responsibility of line managers to inform their Head of Service of any risks that are deemed to either be inadequately controlled or beyond the scope of the service to manage.
- 4.10.4 In circumstances where the level of control is viewed to be inadequate, line managers will ensure that an action plan is produced to assert further controls. A summary of the action plan will be provided to the Head of Service

in order to allow them to consider whether the risk needs to be included on the Service Management Team risk register.

4.10.5 It is also the responsibility of all service managers to inform their Head of Service if the mitigating action plan is either not fully implemented or is not producing the anticipated level of control.

4.11 Risk Management in Partnerships:

4.11.1 It is the responsibility of all officers contributing to the delivery of shared objectives with Partner organisations to ensure that priorities and objectives are managed using a risk management based approach.

4.11.2 It is the responsibility of the Public Service Board (PSB) to construct and manage a Strategic Risk Register and to determine the content of a Partnership Risk Management Strategy and Policy, which is used to set risk management work programmes and is updated annually.

4.11.3 The PSB is responsible for ensuring its strategic risk register is fully reviewed on a quarterly basis as a minimum standard.

4.11.4 It is the responsibility for lead officers within Thematic Partnerships to ensure that developing objectives and priorities are risk assessed and, when appropriate high level risks are escalated to PSB for additional consideration regarding their strategic importance and, where necessary, the establishment of additional mitigating controls.

4.11.5 Of necessity, Partnership activity engages the Council and Partner organisations in periods of significant change and it is the responsibility of all officers to ensure that risk assessments are reviewed on a monthly basis as a minimum standard in order to reflect the importance of managing potential risks within volatile periods of change.

4.12 Project Management

4.12.1 Project Management within the Council is underpinned by detailed guidance and process mapping published as the "Manchester Method". The same approach to project management is taken for major work programmes, for example, service improvement projects or capital programmes, and smaller, service specific projects.

4.12.2 It is the responsibility of all managers leading projects to ensure that project implementation is supported by comprehensive risk assessment and mitigation.

4.12.3 It is the responsibility of the Senior Responsible Officer (SRO) to ensure that projects are only progressed to the implementation phase when a full risk assessment has been completed. It is also their responsibility to receive assurance that ongoing scrutiny of risk is built into the project management process.

4.12.4 Project managers will manage a project risk register and scrutiny of the register will be undertaken within all project management meetings.

4.12.5 It is the responsibility of the project manager to inform the SRO and the Head of Service of all circumstances where the level of control is deemed to be inadequate and of circumstances in which the mitigating action plan is failing to deliver the anticipated level of control.

4.12.6 Risk analysis at project management meetings will be used to steer project progress and project milestones will be designed and delivered on the basis of the level of underlying risk.

4.12 Elected Members:

4.12.1 The Lead Executive Member for Risk Management will champion the risk management programme and provide liaison between the Executive, Audit Committee, Strategic Management Team and the SMT Governance Sub Group.

4.12.2 It is the responsibility of Executive Members to track progress with risk assessment and risk management through scrutiny of progress within the Business Planning process.

4.12.3 Formal scrutiny of progress with the risk management programme is provided by the Audit Committee as laid out in its Terms of Reference. It is the responsibility of the members of the Committee to receive and critically appraise progress reporting.

4.12.4 Elected members have a key role in providing overview and scrutiny of the effectiveness of the Council's approach to risk management and have a responsibility to assure themselves that risk assessments supporting the delivery of the Council's objectives are effective and robust.

4.12.5

It is the responsibility of all elected members engaged in the scrutiny of either the strategic approach to risk management or the delivery of mitigating actions against identified risks to receive training to support them in discharging their responsibilities.

5) Guidance and Support:

5.1 Undertaking risk assessment is not a complex process and provides a common sense view of predictable risks to the delivery of either strategic or operational priorities; risk assessment should also be used to support management decision making processes.

5.2 It is the responsibility of all managers to follow the approach to risk assessment and management adopted by the Council. Using one uniform approach to risk assessment allows for comparison to be made regarding

levels of risk between services and enables senior managers to make objective decisions about which risks have the highest potential impact on the delivery of objectives and to provide resources accordingly. In some circumstances risk assessment may also inform senior managers in deciding whether the level of risk in following a particular work stream is so high as to make it untenable.

5.3 Guidance has been provided on the methodologies to be adopted to identify and assess risk, to establish mitigating control and to allocate responsibility for the operation, monitoring and evaluation of these controls. This guidance is available on the Council's intranet site to ensure ease of access for all managers and staff (site ref to follow).

5.4 The Council will provide a programme of training and awareness and managers can, more specifically call on assistance from:

- The Risk Manager (Strategy) in relation to the overall approach to the identification of risks in service planning.
- Corporate and departmental Health and Safety teams under the overall control or guidance of the Personnel Manager (Health Safety and Welfare).
- The Insurance and Risk Management Group in relation to the protection and insurance of the councils assets
- The Head of Civil Contingencies Unit in relation to business continuity and disaster recovery
- The Capital Programme Group in Corporate Services in relation to project management.
- The City Solicitor in relation to consideration of legal and contractual responsibilities.
- The Acting Head of Internal Audit in relation to designing and reviewing managerial controls.

5.5 Risk Management arrangements will be subject to an ongoing programme of monitoring via the Internal Audit Section and progress with further implementation will be subject to overview and scrutiny by the Audit Committee.

6) Next Steps in Developing Risk Management:

6.1 During 2007/08, the Council undertook a comprehensive review of underpinning systems to support the delivery of risk management and insurance within a Service Improvement Programme (SIP). An options paper was produced laying out recommended further steps to develop the corporate and operational risk management service.

6.2 In the longer term, the outcomes of the SIP process will provide the template for shaping the risk management service, however, in the short term, the development of the risk management function will be project managed from within the SMT Sub Group using additional resources provided from within the Manchester Improvement Programme.

- 6.3 In line with External Audit recommendations, key outcomes and milestones may be summarised; as follows:
- 6.4 The updated Strategy and Policy will be reported to and agreed by SMT and Audit Committee.
- 6.5 A Partnership risk management strategy will be constructed and agreed by Public Service Board and SMT.
- 6.6 Outline training programmes will be agreed and delivered for responsible officers and elected members .
- 6.7 Risk assessment guidance within the Business Planning framework will be fully reviewed .
- 6.8 Analysis of first draft Business Plans to demonstrate level of consistency across services in terms of quality and completeness will be completed and the lessons learnt will be used to set additional work priorities, agreed by the Governance Sub Group.
- 6.9 The format and methodology supporting the construction and management of the Corporate Risk Register will be fully reviewed and the embedding of new working structures will be overseen by the SMT Governance Sub Group.
- 6.10 The methodology for assessing risks in strategic decision making will be established and implemented.
- 6.11 Risk management arrangements within projects will be reviewed and action plans for improvement agreed.

7) Conclusion:

- 7.1 This policy and strategy lays out the Council's intent in developing risk management, identifies the component parts of the risk management system, clarifies responsibilities placed on managers at all levels and identifies the next steps in ensuring further development of risk management as an effective tool to support corporate, service, partnership and project management.
- 7.2 Success in delivering an effective and robust risk management structure that supports both decision making and service delivery is dependent on managers within the Council, supporting SMT and the SMT Sub Group and actively participating in the programme and processes laid out above.
- 7.3 Risk management is not an "add on" function to be considered retrospectively by managers in delivering their work priorities, rather it is a mainstream core management function and should be understood and used by all managers on a day to day basis. It is the responsibility of all managers to ensure that they integrate risk management principles and practices into their working role.

8) Further Reading:

Technical:

“Worth The Risk: Improving Risk Management in Local Government”.
Audit Commission. July 2001.

“A Risk Management Standard”. Joint publication: Institute of Risk Management,
Airmic, ALARM. 2002.

“Risk Management- Vocabulary- Guidelines for Use in Standards”(2002).
ISO/IEC Guide 73

General:

Bernstein, P.L., (1998) “Against the Gods: The Remarkable Story of Risk”. John
Wiley and Sons Inc