

6 March 2018		ITEM 8
Standards and Audit Committee		
Annual Review of Risk and Opportunity Management and the Policy, Strategy and Framework		
Wards and communities affected: All.	Key Decision: Non-key.	
Report of: Andy Owen, Interim Insurance & Risk Manager		
Accountable Assistant Director: N/A		
Accountable Director: Sean Clark, Director of Finance & IT		
This report is a public report.		

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. Recommendation(s)

- 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 framework to test the Council's performance against best practice and for some of those years employed the model to compare scores with other public service organisation results.

- 2.3 For the 2017 ROM review the Council decided that it was not cost effective to sign up to the ALARM/CIPFA model. However the framework has been used to structure the exercise but means there is no benchmarking data available as a result of this approach.
- 2.4 The ALARM/CIPFA framework 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

- 2.5 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.
- 2.6 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
A	4/4 LEADERSHIP & MANAGEMENT	75/100
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	2/2 POLICY & STRATEGY	75/100
1	✓ Risk management policy	50/60
2	✓ Strategy	25/40

C	4/4 PEOPLE	71/100
1	✓ Culture	20/25
2	✓ Responsibility	14/20
3	✓ Skills and guidance - capability	21/35
4	✓ Communication	16/20

D	3/3 PARTNERSHIPS & SHARED RESOURCES	70/100
1	✓ Partnerships and shared services	35/50
2	✓ Finance	20/30
3	✓ Tools	15/20

ENABLERS		Score
E	6/6 PROCESSES	74/100
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	4/5
6	✓ Service Continuity	6/10

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

G	2/2 OUTCOMES & DELIVERY	70/100
1	✓ Risk management contribution to overall performance	40/60
2	✓ Contribution to specific outcomes	30/40

Comparison to Alarm's National Performance Model for Risk Management

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

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

2.7 The Council has attained 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 2017:

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

3.2 The review has revealed that:

- For all 7 strands the Council has attained 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 the Council's scores have improved. The review identified that there is evidence to show that Risk and Opportunity Management approaches are having beneficial effects, contributing to overall performance and delivery outcomes. Examples include:

- * Economic Growth Strategy established to address growth and development of local economy via the formation of growth hubs (e.g. Tilbury). Recognised that there will be dynamic changes to the area brought about by large scale projects like the Tilbury Port Expansion. Tilbury Development Framework established to coordinate the key elements of change that drive place making. A vision, strategic objectives/analysis are incorporated in framework. Key opportunities and development needs identified include - Development of medical centre; development of homes; further development/use of community hub facility and improvements to commercial, recreational, open space and cultural facilities.

Elements of risk/opportunity approaches linked to the above include:

- Economic Growth Strategy outlines priorities, progress, constraints/challenges (risks) and opportunities for growth.
- Tilbury Development Framework outlines objectives and incorporates Strengths, Weaknesses, Opportunities and Threats analysis (SWOT)
- Opportunities for Business/NNDR Growth, Thurrock Regeneration Ltd, Community Hubs and Raising the Borough Profile/Image

incorporated in the Strategic/Corporate Risk and Opportunity Register.

- * Sustainable Health & Social Care System for Thurrock incorporated in the Annual Public Health Report. Report includes strategic analysis of issues and proposed way forward. Number of key measures identified to address position, including – Primary Care Improvement Plan; Implementation of integrated community based approach for 65s and over under the Better Care Fund Programme 2017-19; Enhancing the built environment through the development of modern and specialist housing/residential care homes; Creating single point of access and integration of H&SC services via Thurrock First initiative; Improve access to high quality services by providing integrated medical centres and the development of local micro enterprises linked to hubs to provide services to address supply/demand pressures.

Elements of risk/opportunity approaches linked to the above include:

- Sustainable H&SC System for Thurrock report includes strategic analysis of issues, negative impacts (risks) and proposed measures/opportunities (including positive impacts).
- Risks for H&SC Transformation and Adult Social Care Cost & Quality Standards and opportunity for Community Hubs incorporated in the Strategic/Corporate Risk & Opportunity Register.

- 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 benchmarking exercise, outline of the current ROM activity and proposals to maintain and improve the practice across the organisation were reported to Directors Board 13th February 2018, via Performance Board 29th January 2018.

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

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 & 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: **Rebecca Price**
Community Development 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.

Background papers used in preparing the report:

- ALARM/CIPFA Risk Management Benchmarking Model – Review papers.

Appendices to the report:

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

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