

**Manchester City Council
Report for Information**

Report To: Overview and Scrutiny Governance Sub Group – 9 December 2010

Subject: Risk Assessment in Business Plans

Report of: City Treasurer

Summary

The Subgroup requested a review of the risk management components of service business plans. This report provides a review of the current completeness and content of risk assessments, synthesizing emerging themes and providing a comparison with the quality of content in previous years.

Recommendations

Members are requested to comment on the report.

Wards Affected: All

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Background documents (available for public inspection):

None

1. Introduction

- 1.1. Thirty Heads of Service are required to produce and update service business plans on an annual basis. The deadline for the receipt of the latest draft plans was 14 October 2010. In order to provide effective support and challenge to Heads of Service in further developing their plans, a team of specialist officers was established to critique the main sections of the delivery plan which were:
- Performance.
 - Transformation.
 - Finance.
 - Workforce.
 - Equalities.
 - Risk Management.
 - Business Continuity.
 - Communications.
- 1.2. The objectives of the review were as follows:
- To identify examples of best practice in business planning.
 - To identify consistent gaps or issues within plans.
 - To identify specific gaps or issues within plans.
 - To highlight links and potential opportunities for joint working across services.
- 1.3. This report highlights the headline findings of the review in relation to risk management. It covers the main themes emerging in relation to areas for improvement in business plan risk assessment and the corporate approach to supporting effective risk management. This includes the next steps to be taken to ensure that risk assessments within are fully developed to assist services in the effective mitigation of the key risks to the delivery of their objectives.

2. Headline Findings

- 2.1. This is the fourth year in which risk assessments within business plans have been formally reviewed. Each year has demonstrated some degree of improvement in the risk assessments contained, albeit, initially from a low base. This year has seen some significant improvements in the overall quality of risk assessments within plans
- 2.2. The development of further guidance and provision of training sessions on all aspects of the business plan has contributed to this improvement. The additional resources in the corporate risk management team has also allowed for more focused support and challenge to services during the year.
- 2.3. Bearing in mind that the assessments are still in draft format, there is growing evidence of a clearer articulation and assessment of risks that link to service objectives. There is always a challenge in reviewing the completeness of risk assessments as it is incumbent on the service to identify and record the risks that they consider are most relevant to their objectives. Whilst it is not

appropriate corporately to make definitive statements as to whether all risks have been captured, the emerging registers do, on the whole, appear to capture the types of risk that would be seen as relevant and current.

- 2.4. The overall quality of the risk assessment does vary between plans and it is clear that some services, at this point in the design phase of their draft plans, have not yet given a concerted focus to their risk assessment. What is apparent in reviewing all the plans is that the quality of the risk assessment is significantly improved when services have engaged in a risk workshop approach, either individually as a team (for example, Corporate Finance) or with the corporate risk management team (for example, Revenue and Benefits). This reaffirms the principles that facilitation enhances group thinking and that the engagement of a broad range of experienced officers brings a wider range of perspectives and issues to the assessment process.
- 2.5. The corporate risk management team is committed to assisting services in the process of moving their risk assessments from draft to final status. This task is supported by the allocation of named risk managers from within the corporate team to specific services. These three officers work directly with service management teams and the specific issues they help to address include:
- The consistent application of the corporate risk management standard across service plans. This is important because the application of the same principles and style of risk assessment allows for accurate comparisons to be made between services, many of whom either share the same risks or have differing perspectives of the potential impact of an area of risk shared across services.
 - Ensuring consistency in risk scoring methodologies between services ensuring a commonality of understanding as to what constitutes a categorisation of a risk as high, medium or low.
 - The identification of risk owners for all risks, who will lead the process of risk mitigation and provide assurance that plans are being implemented and having an impact in controlling the risk.
 - Validation of risk assessments, providing a sense check to services through support and challenge that provides assurance that the registers correctly capture the main risks to the delivery of service objectives.
 - Ensuring that all service objectives, in all business plans, have been subjected to risk assessment.

3. Risk Assessment: Main Themes

- 3.1. Risks identified within service plans are, rightly, focused at the specific risks to which the service considers it is potentially exposed. There are, however, a series of emerging themes that are shared between services as follows:
- Uncertainty regarding future financial settlements in light of the current economic climate. Some services have recognised the need to review their registers following the Comprehensive Spending Review and in light of the final budget settlement in December.

- Vulnerability of priorities/objectives to changes in national policy emerging following a change in government.
- High dependence on ICT.
- Challenges in assuring a skilled and appropriately experienced workforce to deliver key workstreams.
- The need for critical workforce activities (for example, m people) to provide the required staffing resources within timescales required to deliver workstreams.
- Ability to provide safe services in light of the significant policy changes and constrained resources.
- Uncertainties in establishing and delivering through partnership working as partners are also vulnerable to the economic and policy uncertainties and may reduce or remove their commitment to the delivery of objectives shared across partnerships.

3.2. Different service plans have captured these risks from different perspectives that reflect their main concerns and their areas of vulnerability, however, from a corporate perspective, it is reassuring that services are capturing these main themes in constructing their plans. These areas of risk are also reflected within the Corporate Risk Register, which was refreshed and updated and endorsed by SMT in September.

4. Assuring the Corporate Approach and Supporting Services

- 4.1. The next iteration of delivery plans are due to be submitted to Corporate Performance by 16 December. It is acknowledged that this presents an ongoing opportunity to further support services in updating, completing and refining their risk assessments.
- 4.2. In part, this was addressed through the provision of integrated, formal feedback to Heads of Service on the key components of their business plans. These processes was coordinated by Corporate Performance and completed within agreed timescales. This allowed time for services to use the feedback to reconsider and revise their plans.
- 4.3. For risk management purposes, this integrated feedback has been augmented by the provision of more detailed feedback direct to the Heads of Service, providing both general and technical feedback that identifies specific issues for consideration and/or amendment. A blank copy of the feedback matrix used is attached at Appendix 1.
- 4.4. Specific risk management feedback has also included an invitation for Heads of Service and their teams to engage directly with the corporate risk management team and, for services where the amount of additional work required is still substantial, an offer to provide external facilitation of a risk workshop or validation of the current register.
- 4.5. During 2010, following on from the Service Improvement Review previously reported to Resource and Governance Overview and Scrutiny Committee and Audit Committee, three additional risk managers have been recruited. This

means there is now a team of four. These appointments have created sufficient capacity to actively support Heads of Service and their management teams in the effective management of risk. Individuals have taken responsibility for specific services so that management teams across the Council have both a named specialist to provide advice, consultancy, support and challenge and the opportunity to establish long term working relationships in driving forward their risk management work programmes.

- 4.6. The corporate risk management team have also undertaken a full assessment and synthesis of the risks identified within draft business plans. This will be circulated to Heads of Service before the completion of final plans for context and consideration and will also be used to inform the next refresh of the Corporate Risk Register, allowing for a formal assessment of the corporate view of the key strategic risks from the perspective of individual services.

5. Conclusion

- 5.1. Overall, the corporate risk management team is assured that the quality of risk assessments in business plans in draft format has improved significantly since last year. Well articulated risks that are relevant to services objectives have been captured by the majority of services and a series of plans have been identified as examples of good practice. It is acknowledged that some plans still require additional work to make them effective tools for the scrutiny and mitigation of key risks to the delivery of their objectives. The corporate risk management team is fully committed to engaging directly with services to enhance the quality and effectiveness of their planned risk management programmes.
- 5.2. During 2011 the corporate risk management team will also review progress with the plans seeking assurance from services that the plans are in use, undergoing regular update and review and mitigating actions are being delivered within agreed timescales. This is crucial because the effectiveness of embedded risk management can only be assured if the risk assessments are regularly used in operational service delivery. This directly reflects the Council's stated strategic priority of ensuring that risk management is developed as a core managerial competency supporting operational and strategic decision making and service delivery.

APPENDIX 1

Business Plan Review 2010 – Risk Management

Business Plan : _____

Reviewer : _____

Date : _____

Overall Analysis	
Description	Comments
Summary – are the articulated risks valid within the overall context of the business plan ?	
Does the Risk Register information demonstrate a clear link with the objectives? (Overall and Strategic)	
Has the service considered the consequences across all relevant categories? (eg financial, reputational, people, resources, political)	
Is there evidence running through the business plan of how the service will carry out risk mitigation, and embed Risk Management within its operations?	

Quality & Completeness		
Heading	Guidelines	Comments
Risk Description	Is there clear identification of the cause of the risk and the impact ? Is the risk understandable to a peer from outside the service ?	
Existing Controls	Have controls been documented, or a comment made if there are none in place? Are they commensurate with the risk per the information in the Risk Description?	
C / L	Have these columns been completed and do the scores look reasonable ?	
Risk Rating	Has the risk rating calculation been carried out correctly ie C*L ?	
Additional Controls / Notes	Has this column been completed, and do the actions look proportionate to the Risk Rating ?	
Lead for Mitigating Plan	Has a single and suitable individual been identified for each risk who has the relevant seniority to provide assurance to the Head of Service / DMT regarding progress of the Risk Mitigation Action Plan ?	

Feedback Information for Corporate Performance