



## Performance and Contract Management Committee

5 January 2016

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| <b>Title</b>                   | <b>Risk Management Framework</b>  |
| <b>Report of</b>               | Interim Chief Operating Officer   |
| <b>Wards</b>                   | All   |
| <b>Status</b>                  | Public  |
| <b>Urgent</b>                  | No  |
| <b>Key</b>                     | No  |
| <b>Enclosures</b>              | Appendix A – Risk Management Framework  |
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### Summary

This report presents the council's updated Risk Management Framework for the Committee to discuss, following its approval of the Framework at its November meeting. The Framework sets out the detail of the council's approach, embedding important tenets and implementing findings from the 2016 internal audit report. It includes the risk management process; the various levels of risk registers; criteria for assessing risk; the respective roles of officers, senior managers, members and partners; and how the arrangements apply to commissioned services, programmes and projects.

This report highlights the main elements in the risk management process, and the Committee's oversight role in relation to risk management.

### Recommendations

1. That the Committee notes and comments on the Risk Management Framework.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 Following the recent review of Barnet's approach to risk management, an updated Risk Management Framework has been developed. This was approved by the Committee at its meeting on 15<sup>th</sup> November 2016, where Members requested that it be brought back for further discussion at this meeting.
- 1.2 The Framework identifies the steps that are carried out in managing a risk, including:
  - Identification
  - Assessment
  - Response
  - Monitoring
  - Reporting, and
  - Escalation.
- 1.3 Risk assessment involves scoring a risk using criteria included in the Framework. This consists of scoring the likelihood of it occurring from one to five, and the same for its impact, with an overall score calculated by multiplying the two together (for a maximum of 25). A decision is then taken on how best to respond (i.e. treat, terminate, tolerate or transfer the risk). If treating it, controls and/or mitigations should be put in place.
- 1.4 Monitoring is carried out on a regular basis by the risk owner, and at a minimum of once per quarter, as part of the council's overall quarterly performance monitoring arrangements.
- 1.5 Any risks scored as 12 or above will be escalated for review by Strategic Commissioning Board, where additional actions or resources may be agreed to further mitigate or control the risk in the future.
- 1.6 The Framework also identifies the key role of this Committee in overseeing the new arrangements, in recognition of its specific responsibility for risk management (outlined in its Terms of Reference). This role includes:
  - Approving the Risk Management Framework and ensuring it is aligned to council policy
  - Overseeing and challenging the effectiveness of the organisation's approach to risk management, and
  - Ensuring action taken to manage strategic risks/opportunities is adequate and effective.
- 1.7 The Committee additionally reviews the Corporate Risk Register each quarter, as part of the Performance Monitoring Report. This consists of the council's Strategic Risk Register, and any service risks scored as 15 or above.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The report is for noting, following earlier approval of the Framework by the Committee.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 As the Framework has been approved by the Committee, no alternative options have been considered.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 The Framework has been implemented following the Committee's approval.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The overarching aims of the Framework are to improve the organisation's ability to deliver its strategic objectives by managing risk, creating a risk culture that adds value to operational activities; and achieving sustained benefit across the portfolio of activities.

- 5.1.2 The Framework supports the organisation's strategic objectives, based on the core principles of fairness, responsibility and opportunity, to make sure Barnet is a place:

- Of opportunity, where people can further their quality of life
- Where people are helped to help themselves, recognising that prevention is better than cure
- Where responsibility is shared, fairly, and
- Where services are delivered efficiently to get value for money for the taxpayer.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The Risk Management Framework seeks to ensure that risks of all types are adequately managed by the organisation (and, where relevant, jointly with its partners). These include risks to business continuity, compliance, finance, health and safety, information management, and staffing and culture.

- 5.2.2 The role of risk champions has been augmented to facilitate this more effectively. These roles have been allocated to appropriate officers within Delivery Units, and are therefore being discharged within existing resources.

### **5.3 Legal and Constitutional References**

- 5.4 Performance and Contract Management Committee have specific responsibility for risk management.

## **5.5 Risk Management**

5.5.1 This is the driver for the Framework, and is covered in detail throughout this report and the Framework at Appendix A.

## **5.6 Equalities and Diversity**

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups, and
- foster good relations between people from different groups.

5.6.2 The broad purpose of this duty is to integrate considerations of equality into day-to-day business and keep them under review in decision making, the design of policies and the delivery of services.

5.6.3 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.6.4 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.
- This is also what we expect of our partners.

5.6.5 The Risk Management Framework will help to ensure that the council meets the duty. Where there is a risk that it will not, this should be identified, e.g. as a compliance risk.

## **5.7 Consultation and Engagement**

5.7.1 The Risk Management Framework is a management tool which has been developed internally (with input from commissioned risk specialists from PricewaterhouseCoopers).

## **6. BACKGROUND PAPERS**

- 6.1 Performance and Contract Management Committee, 15 November 2016 (Decision Item 7) – approved Risk Management Framework  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=8796&Ver=4>