PROJECT CLOSURE

Project / activity name:	Review of Strategic Risk Management		
Programme:	Business Transformation Programme		
Workstream:	Business Tools and Processes		

Head of Service:	Alan Smith	Lead member:	Paul Marfleet
Service area:	Business Planning & Performance	LM Portfolio:	Council Modernisation
Form completed by:	Iolo McGregor	Date:	02/05/12

Date of project handover / completion:	09 November 2011

PROJECT CLOSURE REPORT GOALS

1. To review and validate the success of the project at the completion / handover stage.
2. Confirm outstanding issues, risks, and recommendations.
3. Outline tasks and activities required to close the project
4. Identify project highlights and best practices for the future.
5. Handover from the Project Board to the relevant service area.

BACKGROUND INFORMATION

Risk Management is an important tool for the council. Within our business there are risks that are inherent to the work that we do, and we have a duty to manage these in a balanced, structured and cost effective way. The identification, assessment, management and reporting of risk information must be timely, accurate, relevant and give adequate coverage of the key risks in order to support management decision making, and to ensure that we meet our desired outcomes at a corporate, service and project level. If we fail to identify, assess and manage our risks it may result in considerable unbudgeted expenditure, damage to our reputation, and confidence in the community.

The system the council previously used to manage strategic risk was not properly embedded in the organisation. The process of Service Performance Challenges highlighted that services were not using the risk management system consistently or proactively. There was also confusion between risks and issues. Strategic risk management had been part of the Audit Function within the council and the disproportionate responsibility for monitoring service risk fell on the Risk and Audit Manager. Feedback from the Senior Leadership Team was that the system was overly complicated and not easy to use.

The management of risk is an important part of performance management and the council needs to be sure that it is undertaken effectively at both the operational and strategic level. This area of work formed part of the work programme of the Business

Transformation Board, and was a key part of Improving the way the council works. The project focussed on:

- A review of the current system.
- Engagement with managers and services to improve the current arrangements.
- Ensuring that the new system is embedded in the organisation.

Achieving cultural change was a key part of this project, and the review focussed on that. Because of this, external support from Richard Baker, Director of Governance & Risk Management for Caerus Consulting was required to help facilitate change and bring in an element of challenge to the review. Richard Baker had previously conducted a similar review for Conwy County Borough Council. Training was provided for the Corporate Executive Team, the Senior Leadership Team, and the Middle Management; as well as the Corporate Improvement Team that would be responsible for the integration and coordination of effective risk management with the council's business planning processes going forward.

The purpose of this project was therefore to implement the recommendations of the review, including the practical arrangements required to make the transition between the old and new systems. On November 9, 2011 a report that accompanied a new Risk Management Guidance and Policy was submitted for the consideration of the Corporate Governance Committee, which resolved that:

a) *it approves the content of the accompanying Risk Management Guidance document and Policy Statement;*
b) *it agrees its role and responsibilities as outlined in the Risk Management Guidance document under section 2.4 and 4.1; and*
c) *agrees that reference to staff training issues be included in Paragraph 2.5 of the Risk Management Guidance document.*

Assurance as to the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the council will continue to fall within the purview of the Internal Audit team, which will produce an annual review for the Corporate Governance Committee. Internal Audit will also use the information from the risk management framework to inform their risk-based audit plan.

This closure report represents the views and recommendations of the workstream established to undertake the work of the Risk Management Review, as well as an evaluation of progress to date. With the Corporate Governance Committee's acceptance of the new risk management system, the project is now closed, and any outstanding actions will be part of business as usual.

PROJECT HIGHLIGHTS AND BEST PRACTICE

Project highlights include:

- A clear and consistently applied system throughout the council, with better accountability and engagement by officers.
- A simple but effective risk register template.
- A reduction in the size of risk registers, brought about by the clear separation of risks and issues, and the removal of duplication.

- A new Corporate Risk Register for which Corporate Directors and Cabinet Members are more clearly accountable.
- Comprehensive training delivered to the Corporate Executive, Senior Leadership and Middle Management teams, as well as elected Members (including Cabinet, Corporate Governance, and Performance Scrutiny).
- 42 new service risks and 6 new corporate risks identified.
- Where joint services are concerned, it was agreed with Conwy County Borough Council's corporate centre that Denbighshire's Risk Register template would be used.
- The final adoption of the new Guidance and Policy by Corporate Governance.

The project has demonstrated best practice in the following ways:

- A thorough review, which has included a desktop assessment of our systems; interviews with key stake-holders; workshops for the Corporate Executive and Senior Leadership teams.
- Good communication of the principles of the new system throughout.
- Strong working relationships between the Corporate Improvement Team and lead performance officers in services, providing reliable support and guidance as needed to help in the production of new service registers.
- Good communication between Corporate Improvement Officers, providing a useful forum to assess the strengths and weaknesses of service registers at every stage.
- The implementation of a significant culture change without disruption to the council's work.

PROJECT OUTPUT

- A new system that more clearly distinguishes between risks and issues, avoiding 'objective traps' where there is no uncertainty or event that would undermine delivery.
- Relevant plans and arrangements have been put in place to support this, including clear reporting and scrutiny mechanisms.
- Better integration of risk management with existing business planning processes, developing clear links with service plans.
- Strong support mechanisms through the relationship management role of Corporate Improvement Officers.
- The adoption of a 4-RAG system to better score risk severity.
- A system of risk categorisation.
- A system that allows for more independent challenge through Internal Audit to ensure the principles and requirements of managing risk are consistently adopted throughout the council.
- Risk registers that are clear and easy to follow.
- A Corporate Risk Register that accurately captures Corporate Risks, placing clear accountability with Corporate Directors and Cabinet Members.

REVENUE COST

The introduction of the new Risk Management system has resulted in some marginal cost savings. By virtue of the simplified template, the reduction in the size of the registers by some four-fifths has resulted in a saving of at least £270 annually in printing costs for the Service Performance Challenge programme. This figure is based on black-and-white costs only, not colour as has sometimes been the case, and does not take into account any additional copies printed within the services throughout the year.

There are no additional cost implications as a result of this project, and it is anticipated that a more focussed risk process will mean greater added value and better use of resources, as well as officer and Member time.

TIMESCALES

For the full project delivery plan, please see appendix II.

Project Stage		Start Date:	Finish Date:
0	**Project Brief**	02/03/11	11/05/11
1	**Project Business Case**	N/A	N/A
2	**Project Delivery Plan**	02/03/11	23/05/12
3	**Implementation**	06/07/11	08/02/12
4	**Project Closure / Evaluation**	02/05/12	23/05/12

QUALITY / SPECIFICATION

The implementation has been delivered within timescales and the desired outputs have been achieved within the scope of the project and without any additional impact or disruption to the work of the council or budget. The new service registers were well-received during the Service Performance Challenge programme, and members and officers have praised the new style and methodology for its simplicity. A report to the Corporate Governance Committee on February 8, 2012 introduced the new Corporate Risk Register, which was developed from the new service registers and focussed sessions with the Corporate Executive Team. The committee resolved that:

a) *it receives the report;*
b) *confirms that it is satisfied that the process for developing, monitoring and reviewing the Corporate Risk Register is robust.*

However, the Corporate Improvement Team has identified further work that is needed to fully embed the new system (see appendix III), there being some continuing issues around cultural change and the way in which the council understands 'risk'. In particular there is more work to be done in understanding the controls that are in place and applying

consistent risk scoring in the registers. Corporate Improvement Officers will be addressing these issues during their meetings with Heads of Service and lead performance officers prior to the next round of service performance challenges. The continued progress of the new risk management system will be monitored through the reporting systems that are in place, including an annual review by Internal Audit.

BENEFITS

- A modernised, more integrated and effective Risk Management system that is fit for purpose and simple to understand.
- A clear template that has contributed to the reduction in the size of the risk registers (see appendix III) by some four-fifths (401 pages to 80), making the registers easier to follow, and allowing for savings in printing across the authority.
- A significant reduction in the number of objective traps and issues from 172 to 30 (see appendix III). All 35 instances of duplication were also eliminated from the registers.
- A proactive and continuous risk aware culture across all parts of the council, which reduces the possibility of unplanned activity or financial costs and their effect on the council's reputation, and maintains and improves customer confidence in our ability to deliver on our commitments.
- Clear accountability and reporting procedures in place.
- Services are encouraged to take a whole-service approach to their registers, allowing for greater focus, less duplication and fewer issues being reported.
- A dedicated team in the Corporate Improvement Officers that coordinate risk consistently throughout the council.
- Resources, including member and officer time, can be used more effectively.
- The relationship between the Corporate Risk Register and the service risk registers is better defined, aligning more clearly the responsibility for those risks with Director and Cabinet portfolios.
- A system that mirrors that which is used by our colleagues at Conwy County Borough Council, which makes for easier planning where joint services are concerned.

OPERATIONAL HANDOVER

Training was rolled out to the Corporate Executive, Senior Leadership and Middle Management teams throughout July 2011, and to elected members in September 2011. On September 9, 2011, the Corporate Improvement Team met with Richard Baker to agree the practical arrangements going forward for the full implementation of the new risk management methodology. Between then and the Service Performance Challenge round held in October / November 2011, a new Risk Management Guidance and policy was written (accepted by the Corporate Governance Committee on November 9, 2011), and Corporate Improvement Officers met with each service to give shape to their new registers. Following the service challenges, the Corporate Improvement Team Manager met with each Corporate Director individually and facilitated a workshop session to agree on the content of the new Corporate Risk Register (accepted by the Corporate Governance Committee on February 8, 2012). CET will review the register every 6 months after up-dated registers have been submitted to the twice-annual rounds of service performance challenges.

The new Risk Management system is already well established and embedded into our

business planning framework and monitoring systems, and the workstream is satisfied that the project can now be closed. The Corporate Improvement Team will continue their dialogue with services throughout the year to ensure that their registers are up-to-date and relevant, and that risk management is firmly and consistently part of business as usual. Special consideration to the controls that are in place and the risk scoring will be given ahead of the next round of service performance challenges. Any persistent issues or 'objective traps' will also be looked at again. The new system's progress will be monitored through existing business systems that are in place, including an annual report by Internal Audit to the Corporate Governance Committee, which will identify any weak areas that need to be strengthened to improve the process.

LESSONS LEARNT

What happened?	How did we react?	Action for the future
1. A significant quality issue was identified with the Risk Register for the Joint Highways & Infrastructure Service. The register was created by applying Conwy County Borough Council's methodology, which, although the same as Denbighshire's, differed in its application and consistency with other Denbighshire services.	The Corporate Improvement Officer responsible for that service arranged a joint meeting between Denbighshire and Conwy, which included the Head of Service, to explain the principles of the risk management methodology and agree new content for the Service's register.	Although in this case there was a timing issue that meant Denbighshire's Corporate Improvement Team was unable to have an input to the register before its submission to the Joint Service Performance Challenge, every effort should be made in future to ensure that documents are approved by both sides before submission to any panel. It is also important in any service that the Head of Service takes responsibility.
2. On occasion risks would not be clearly defined in their description, or often confused with the impact / consequence of some other event.	Corporate Improvement Officers met often with services to review the content of the registers as they were developed, providing any feedback and guidance as appropriate.	Officers must continue to share each other's work in this way and converse often with the services to ensure that the highest standards are being achieved.
3. Some services independently of each other would score similar risks differently.	Corporate Improvement Officers were aware that this is something that was likely to happen, but are well placed to discuss these differences with the services and reach a consistent score where appropriate, also taking into account the scoring used in the Corporate Risk Register.	As the system progresses there will be a greater bank of knowledge and precedence to call on and share with services where differences occur.
4. New or continuing issues and objective traps persisted within the new risk registers	Corporate Improvement Officers approached the creation of the new service	The model needs to have some discretionary flexibility to accommodate the needs

at the insistence of services.	registers with tact, and recognised that at this early stage of implementing the new methodology, services would be reluctant to remove some issues that were of significant concern to them.	of the service as appropriate, but should be consistently applied as far as possible.
5. The analysis of the old and new registers (see appendix III) has highlighted potentially legitimate risks that were not included on the new registers, possibly because they were no longer of concern, or had no significant impact.	The Corporate Improvement Officers will be considering these risks again with services during their forthcoming meetings to see whether or not there are any continuing concerns in these areas.	Officers should proactively evaluate their position, the work they have done, and any new developments to keep everything up-to-date.

FUTURE OPERATION – OUTSTANDING ACTIONS

Task	Responsibility	Date for completion
Assurance to be given to the Corporate Governance Committee as to the robustness of the Risk Management System (Annual Governance Statement).	Ivan Butler	13/06/12
Corporate Improvement Team to meet with all services ahead of the next round of service performance challenges to review the content of the service registers, addressing any identified inconsistencies (see appendix III), or weaknesses in controls / scoring.	Tony Ward	12/07/12
The content of the Corporate Risk Register to be reviewed by the Corporate Executive Team, taking into consideration any changes to service registers, and again any weaknesses in controls / scoring.	Tony Ward	31/08/12
Audit of Risk Management	Ivan Butler	31/03/13

VERIFICATION:

I certify that all the information in this report is accurate at the time of production.

Signature:	Alan Smith	**Position:**	Head of Business Planning & Performance
Name:	Alan Smith	**Date:**	02/05/12

APPENDIX I – RISK REGISTER

Project Name:	Risk Management Review
Date of report:	02/05/12

Risk No:	Date identified	Date last reviewed	Risk description & Mitigating Action	Risk Owner	Likelih'd Score	Impact Score	Risk Score	Risk Trend	RAG Status
RM1	02/03/11	02/05/12	Culture change not fully successful, so that benefits may not be fully achieved. Mitigation: 1. Corporate Improvement Officers to continue dialogue with services to ensure that risk management is consistently applied. 2. Promotion of the risk management system through the Intranet. 3. Internal Audit to provide an independent assessment of the new system.	AS	2	3	6	⇩	GREEN
RM3	02/05/12	-	New members do not understand the Risk Management system. Mitigation: 1. Training to be delivered to new members as part of their induction training on the Business Planning Framework. 2. Corporate Improvement Officer support available to all members as needed.	AS	3	3	9	⇩	AMBER
RM5	02/05/12	-	Risks are overlooked or lost within the new system Mitigation: 1. Registers are reviewed twice-annually as part of the Service Performance Challenge programme. 2. Corporate Improvement Officers are in continuous dialogue with services throughout the year. 3. Internal Audit will review all registers as part of their annual report to Corporate Governance. 4. All staff within the council have the responsibility for identifying risks.	AS	1	4	4	⇩	GREEN

CYNGOR Sir Ddinbych Denbighshire COUNTY COUNCIL

Risk Management Review
Project Plan 2011-12

Action	Lead	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Communication Plan	Alan Smith	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Agree parameters of review	SLT	■														
Agree consultancy support for review	Alan Smith / Bethan Jones	■														
Agree programme of work	Alan Smith / Bethan Jones	■	■													
Desktop review & interviews with stakeholders	Alan Smith / Richard Baker			■												
Strategic Risk Workshop	Alan Smith / Richard Baker			■												
Proposal for revised system	Alan Smith / Richard Baker			■	■											
Agreement of new strategic risk system	Business Transformation Board				■											
Implementation of revised Strategic risk system	Tony Ward						■	■	■	■	■	■	■			
Rollout of new system through training with officers	Alan Smith / Richard Baker					■										
Develop new Risk Management Guidance and Policy Statement							■	■								
Member Training	Alan Smith / Richard Baker							■								
Corporate Improvement Team Training	Tony Ward / Richard Baker							■								

APPENDIX II – PROJECT DELIVERY PLAN

Action	Lead	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Meetings with services to develop new risk registers	Corporate Improvement Team							▓	▓	▓						
Approval of new Risk Management Guidance and Policy	Corporate Governance Committee									▓						
Development of new Corporate Risk Register	Tony Ward / Richard Baker										▓	▓				
Acceptance of new Corporate Risk Register	Corporate Governance Committee												▓			
Evaluation of Risk Management implementation and project closure	Tony Ward														▓	▓

APPENDIX III – RISK REGISTER ANALYSIS

Old Risk Management Methodology Year-End 2010-11	No. of Pages	Total Registered	Total number of Objective Traps	Total number of Issues	Instances of Duplication	Number that were Duplicated	Objective Traps Removed	Issues Removed	Risks Removed	Total Removed	Risks not in New Registers
Corporate	36	28	17	4	0	0	12	4	4	20	4
Adults & Business Services	8	4	2	0	0	0	1	0	0	1	0
Business Planning & Performance	18	13	8	4	2	1	7	3	1	11	1
Children & Family Services	12	6	5	0	0	0	4	0	1	5	0
Customer Services	30	22	16	0	3	1	14	0	3	17	1
Environment Services	50	27	17	1	6	1	16	0	7	23	2
Finance & Assets	40	29	16	0	5	2	15	0	8	23	4
Highways & Infrastructure	29	24	12	5	0	0	11	3	3	17	2
Housing Services	26	14	10	0	3	1	4	0	2	6	0
Legal & Democratic Services	22	13	11	2	0	0	10	2	0	12	0
Leisure, Libraries & Community Development	28	22	11	0	0	0	10	0	7	17	7
Modernising Education	18	10	5	0	0	0	1	0	1	2	1
Planning, Regeneration & Regulatory Services	40	23	11	0	14	2	8	0	10	18	1
School Improvement & Inclusion	18	8	4	2	0	0	2	2	1	5	1
Strategic Human Resources	26	14	5	4	2	1	5	4	3	12	2
	401	**257**	150	22	35	9	120	18	51	189	26

New Risk Management Methodology Mid-Year 2011-12	No. of Pages	Continuing Risks from Old Register	Continuing Objective Traps	Continuing Issues	Redefined Risks	Newly Registered Risks	Newly Registered Objective Traps	Newly Registered Issues	Total Objective Traps / Issues	Total Registered
Corporate	8	8	0	0	5	6	0	0	0	14
Adults & Business Services	4	3	1	0	0	2	0	0	1	5
Business Planning & Performance	4	2	0	1	1	1	0	0	1	3
Children & Family Services	4	1	1	0	0	5	0	4	5	6
Customer Services	4	5	2	0	0	0	0	0	2	5
Environment Services	6	4	0	1	1	5	0	2	3	9
Finance & Assets	6	6	1	0	0	4	0	1	2	10
Highways & Infrastructure	6	7	2	0	0	7	4	0	6	14
Housing Services	6	8	2	0	4	0	0	0	2	8
Legal & Democratic Services	4	1	0	0	2	3	0	2	2	4
Leisure, Libraries & Community Development	6	5	0	0	1	2	0	0	0	7
Modernising Education	6	8	2	0	2	0	0	0	2	8
Planning, Regeneration & Regulatory Services	8	5	0	0	3	11	0	4	4	16
School Improvement & Inclusion	4	3	0	0	2	1	0	0	0	4
Strategic Human Resources	4	2	0	0	0	1	0	0	0	3
	80	68	11	2	21	48	4	13	30	**116**

The detailed work behind this data is available as a separate excel workbook from the Corporate Improvement Team.