Walsall Council

Risk Management Strategy Review
DRAFT Summary
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01 Introduction and scope

Introduction

Risk Management is the process which aims to assist organisations to understand, evaluate and take action on their risks, with a view to increasing the probability of their success and reducing the likelihood of failure.

Walsall Council's Corporate Management Team (CMT) recognises the importance of effective identification, evaluation and management of all key strategic and operational risks and has in place, a Risk Management Policy Statement and Strategy, which was published in January 2019 and last reviewed in July 2020. According to the Strategy, the Policy should be reviewed every two years to ensure it is still fit for purpose and up to date.

Mazars have been engaged to support Walsall Council in reviewing the Risk Management Strategy and the awareness and implementation of the strategy across the Executive Directorates.

We are grateful to members of the Executive Team, Directors, Risk Champions and all other staff for their contributions and assistance during the review.

Scope and Approach

We performed an independent review to understand the current state of the risk management strategy and identify any gaps, control weaknesses and areas for improvement. We also aimed to provide advice over any key information not currently captured in the Strategic Risk Register.

This review assessed the design of the risk management strategy and Strategic Risk Register at Walsall Council. We performed a desktop review of the Risk Management Strategy document and related key risk management documentation and interviewed 11 key stakeholders, including Executive Directors, Directors and Risk Champions across Directorates. We also assessed the awareness of responsibilities with regards to the risk management strategy.

This was an advisory review which focused specifically on the design of the contents of the Risk Management Strategy and Strategic Risk Register. Other elements of risk management are outside the scope of this review.

Section 02 Observations and Recommendations summarise the 'key themes'.

02 Observations and recommendations

Design and Content of Risk Management Policy Statement and Strategy

The Risk Management Policy Statement and Strategy (Strategy) covers most of the key areas expected, however we identified the following gaps, which should be considered for the next iteration of the Strategy:

- The Council's risk appetite is currently not defined and therefore, there is no criteria for determining the target risk applied in risk registers. Some stakeholders flagged that target risk is set according to 'what can be achieved' rather than what is deemed an acceptable level of risk to the Council. We were advised that the lack of a risk appetite definition was a conscious decision at the time the Strategy was created to allow for other processes to become embedded, but that this should now be incorporated.

- Although the Strategy document states that the council has specific statutory responsibilities, for example, to ensure health and safety risks are effectively managed, it does not specify how the Council meets these statutory obligations.

- The Strategy document states that 'the Council acknowledges that risks around projects and partnerships must be effectively captured and communicated within the risk management framework of the organisation to ensure that a holistic approach to risk management is embedded'. However, it does not detail how this should be done in practice and how the risk management framework for programmes and projects fits in with the overall Risk Management Strategy.

- There is a lack of reference to periodic horizon scanning in the Strategy document to identify emerging risks. It was flagged by stakeholders that there should be more emphasis on horizon scanning among Management going forward, as there is a risk that emerging risks may be missed. One Executive Directorate is currently carrying out a complete revamp of their risk register to address this.

- Although there is an overview of the governance structure within the Strategy document, it is not currently defined how and how often risks are reported and escalated/communicated between the different governance levels and roles within the document.

- The Delivering Strategy section/governance overview could be better aligned with the roles and responsibilities section to ensure it is clear where the individuals and committees sit within the structure and what their responsibilities are.

- Due to changes to structures within the Council, the roles and responsibilities section is no longer fully reflective of current responsibilities and practices. It is also not fully aligned with the governance model and other key documentation (e.g. Reporting Timetable). In particular the role of the Head of Finance and Assurance and the Insurance & Loss Control Advisor are currently unclear.

- The role of Risk Champions should be more clearly defined to ensure consistency across roles and Directorates.

Awareness and Application of Risk Management Strategy

Following review of supporting documentation and interviews with key stakeholders we identified the following gaps in relation to risk management governance and processes.

Governance and roles and responsibilities

- We were advised that risk and risk registers were discussed regularly, at CMT meetings, Senior Management Group/Forum (SMG), the Directors Group and at other forums within Directorates. However, out of the four reviewed, only one of the committees/governance bodies encapsulated its risk management responsibilities in the Terms of Reference (ToR) (albeit not in its the standing agenda). The other ToR and standing agendas provided did not include a reference to risk management.

- Risk Champions do not currently attend any peer group meetings about risk and risk registers. This was recommended on the back of a risk workshop for the SMG in November 2021. Any Risk Champion who is not a Director also has limited visibility of relevant output from the Director's Group meetings.

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02 Observations and recommendations

Processes

▪ Although the majority of the stakeholders interviewed were risk aware and stressed the importance of risk management, there were still variations to approach and understanding within different directorates and there was agreement that more guidelines around processes would be helpful. There are currently no guidelines in place that explain how the controls stated in the Strategy should be implemented in practice, apart from the risk rating guidelines include on the risk register template.

▪ It was flagged by stakeholders that there is no consistent/planned approach for risk management in collaboration with Partnerships.

▪ It was highlighted by some stakeholders that input into Executive Directorate risk registers (DRRs) from Services was inconsistent, with some areas having a better understanding than others

Training and Reporting

▪ Although risk management workshops have been carried out for the Senior Management Group and Audit Committee, risk management is not part of the induction for new starters and there is no other known risk management training available for officers below this level.

▪ It is acknowledged that Risk Champions have a degree of experience and knowledge in this area, however they do not receive any specific training or instruction to help ensure quality and consistency of approach across directorates.

▪ The Directorate Group and CMT reports present a summary of activities, and updates to risk registers since they were last reviewed. However, it was noted that little context was provided around new risks that had been added or risks that had been closed.

Risk Registers

▪ The key risk registers in place at the Council are the Strategic Risk Register (SRR), four Executive Directorship Risk Registers (DRRs) and the risk register for the Proud Programme. However, there is a lack of clarity on the number of risk registers feeding into these and who owns them, leading to the risk of gaps in certain areas.

▪ The current version of SRR and DRRs are in Word format, leading to challenges in effectively analysing, the data and retaining historic information (e.g. closed risks or actions). The Proud Programme risk register is managed within a Microsoft tool and contains more detail and also gives the benefit of filtering and archiving closed risks.

Summary

In conclusion, Walsall Council has in place a Risk Management Strategy, which has been clearly formalised. This is supported by the creation and dissemination of consistent templates such as Risk Registers, and reporting to the Directorate Group, CMT and Audit Committee. There was consensus among the stakeholders interviewed that awareness around the risk strategy and processes had greatly improved over the last year and that more consistency had been achieved. However, to ensure the Council matures further, it is recommended that the Council defines its risk appetite, and that the Strategy is updated to include further details around horizon scanning, particular risk areas, communication and reporting. The strategy should also expand on the definition of roles and responsibilities of both Officers, committees and working groups. The Council would benefit from creating guidelines and risk management training for Officers – particularly for staff below Senior Management level, and using an appropriate tool to maintain its risk registers.

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02 Observations and recommendations

Key Recommendations for Improvements

1. The Council should develop and communicate a Risk Appetite for the key risk areas for the organisation and use this to determine target risk.

2. The Risk Management Policy Statement and Strategy document should be reviewed and updated to ensure:

   ▪ It is made explicit how Health & Safety Risks, Programme/Projects risks and Partnership risks are managed in line with the Strategy.

   ▪ The importance of horizon scanning is highlighted and that this is part of the responsibilities of Management.

   ▪ That the governance and roles and responsibilities sections are up to date, aligned to other process documentation and timetables. The responsibilities of all key officers and committees with risk management responsibilities are clearly stated.

   ▪ Further details are included about how risks are escalated and communicated between the various governance levels and committees.

3. The ToR and standing agendas of relevant committees and working groups should reflect the responsibility and timing of each committee and working group to discuss and report on risk and review risk registers.

4. Regular Peer meetings should be set up between the Risk Champions and any relevant support staff to better enable improved visibility on cross-directorate risks, consistency in approach and continuous improvement. Any Risk Champion who is not a Director should also be included in risk discussions at Directors Group level.

6. Guidelines on how the controls included in the framework should be implemented in practice should be created to help drive quality, consistency and awareness around risk management processes at all levels of the Council. This should include:

   ▪ guidelines on identification and assessment of risks;

   ▪ how to best articulate risks;

   ▪ completion of risks registers;

   ▪ assessment criteria;

   ▪ horizon scanning; and

   ▪ escalation and communication procedures.

Specialist guidelines for Programmes, Partnerships and Health and Safety may be required.

6. An introduction to risk management should be included in the Council's induction for new starters and further e-learning training considered for staff with particular risk management responsibilities.

7. The Council should consider using a tool for all risk registers and move away from Word formats, to ensure the data is available in one place and can be easily analysed, extracted and accessed by Officers.

8. To enable a closer link to the newly created Assurance Map, the Council may also consider adding a column to the SRR to indicate an Assurance Level confidence rating.

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