

## APPENDIX 2

### Risk Management: The Degree of Embeddedness

(As measured against ALARM's 7 Embedding Tests and scored on a scale of 1 to 5)

Test	Is Risk Management	Current Status	Level of Embedding	Actions
1	<b>Sponsored</b> (i.e. it has Executive and Board Level Support)	Risk Management is supported by the Leadership Team and the two Strategic Directors form part of the Risk Management Group (RMG). This can be evidenced in the minutes of the RMG. However, the RMG has met infrequently in recent times.	<b>4</b>  Approaches are adopted and improving but not fully embedded.	The RMG has recently been reconvened and will meet on a quarterly basis. In addition, regular reports will be presented to the Audit Sub-Committee to consider the Council's Risk Framework under its terms of reference.
2	<b>Owned</b> (i.e. each risk has an owner)	All risks are assigned an owner. However, it is not clear that individuals feel the associated accountabilities and the degree of influence regarding the monitoring and mitigation of the risk. This is usually evidenced in the performance process, for example, linking risk to personal (PDR) development reviews and personal objectives.	<b>3</b>  The framework is in place but greater evidence needs to be shown to demonstrate compliance.	The PDR process is currently being reviewed. This issue will form part of that review.
3	<b>Decisive</b> (i.e. risk is assessed in major decisions)	<p>The Business Case template has a specific section to consider risk. This has been acknowledged by Audit. However, when Internal Audit tested information presented to Policy Committees, it found that in a majority of Committee reports sampled, risk did not appear to have been assessed.</p> <p>An analysis of options and the consideration of risk maybe inherent or obvious in a report without reference to "Risk Management". In addition, an assessment of risk may not be applicable in some reports – the ALARM question focuses on <b>major decisions</b>.</p>	<b>4</b>  Approaches are adopted and improving but not fully embedded	<p>The current Committee template points the Author of a report to discuss risk implications in the Corporate Implications Section, in addition to other implications regarding HR, legal, equalities and environmental impact, etc.</p> <p>It would be better if these implications were broken out separately (similar to financial implications). This would prompt authors to consider these key issues if they are applicable and have not been included in the main detail of the report.</p> <p>A revised reporting template and guidance has now been implemented.</p>

4	<p><b>Communicated</b> (i.e. risk management is cascaded down to all staff)</p>	<p>Besides the RMG, the Framework allows risk to be openly discussed at the Leadership Team, Performance Board and Directorate Management Teams. This is evidenced in minutes of these meetings.</p> <p>However, there is no definitive feel that this is shared throughout the organisation, albeit on a proportionate basis.</p>	<p><b>3</b></p> <p>The framework is in place but greater evidence needs to be shown to demonstrate compliance</p>	<p>It is considered best practice that all staff have an awareness of RM, how it affects them and how they can escalate issues. To a certain extent, the Employee Forum is a process to do this.</p> <p>However, it is considered that some general awareness is required for all staff. The method for undertaking this is being reviewed by the Leadership Team.</p>
5	<p><b>Integrated</b> (i.e. is it incorporated into Business Planning and the Budget Cycle)</p>	<p>Yes it is. The consideration of risk is incorporated in the Corporate Planning process, service development and business transformation frameworks and the Medium Term Financial Plan.</p>	<p><b>5</b></p> <p>Approaches to managing risk are fully embedded in major plans</p>	<p>None</p>
6	<p><b>Valued</b> (i.e. do management value the outcomes of risk information)</p> <p><i>This is the “golden test” and to satisfy it means other tests will have been satisfied to some extent in a meaningful way.</i></p>	<p>Risk registers and risk planning are integral to the performance management process, and increasingly being discussed at Officer level, together with improvements in place regarding other tests.</p> <p>However, there is limited evidence that risk is challenged regularly by the Policy Committees.</p>	<p><b>4</b></p> <p>Approaches are adopted and improving but not fully embedded.</p>	<p>Performance reports to the Policy Committees are being amended to include references to risk.</p> <p>In addition, a separate recommendation for Committees to formally consider risk will be inserted with the aim of encouraging the Committees to challenge risk.</p> <p>This has been implemented from quarter two monitoring reports 2018/19.</p>
7	<p><b>Sustained</b> (i.e. are processes resilient to loss of key people)</p>	<p>The process is no longer vested in one person and the RMG are now in a position to ensure that knowledge is shared and disseminated.</p>	<p><b>4</b></p> <p>Approaches are adopted and improving but not fully embedded.</p>	<p>The Council’s insurer has been requested to provide some training and briefings on risk management to senior managers and Members. It is considered that this will help to disseminate knowledge and therefore increase sustainability.</p>