RISK MANAGEMENT

Maturity Model

Risk Management Benchmarking

Closed report for Greater Lincolnshire authorities and their Risk Management maturity level
Version 1.0 2018

	Leadership & Management	Strategy & Policy	People	Partnership, Shared Risk & Resources	Processes	Risk Handing & Assurance	Outcomes & Delivery
Level 5: Driving	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well measured risk-taking	Risk management capability in policy and strategy making helps to drive organisational excellence.	All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well managed risk-taking. Absence of blame culture	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed.	Management of risk and uncertainty is integrated with all key business processes and shown to be a key driver in business success.	Clear evidence that risks are being effectively managed throughout the organisation. Considered risk-taking is part of the organisational culture.	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles.
Level 4: Embedded & Working	Risk management is championed by the CEO. The Board and senior managers challenge the risks to the organisation and understand their risk appetite. Management leads risk management by example.	Risk handling is an inherent feature of policy and strategy making processes. Risk management system is benchmarked and best practices identified and shared across the organisation.	People are encouraged and supported to take managed risks through innovation. Regular training and clear communication of risk is in place.	Sound governance arrangements are established. Partners support one another's risk management capability and capacity.	A framework of risk management processes in place and used to support service delivery. Robust business continuity management systems in place.	Evidence that risk management is being effective and useful for the organisation and producing clear benefits. Evidence of innovative risk-taking.	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive sustained improvement.
Level 3: Working	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the appetite.	Risk management principles are reflected in the organisations strategies and policies. Risk framework is reviewed, developed, refined and communicated.	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities.	Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk.	Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.	Clear evidence that risk management is being effective in all key areas. Capability assessed within a formal framework and against best practice standards.	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas.
Level 2: Happening	Board / Councillors and senior managers take the lead to ensure the approaches for addressing risk are being developed and implemented.	Risk management strategy and policies drawn up, communicated and being acted upon. Roles and responsibilities established, key stakeholders engaged.	Suitable guidance is available and a training programme has been implemented to develop risk capability.	Approaches for addressing risk with partners are being developed and implemented. Appropriate tools are developed and resources for risk identified.	Risk management processes are being implemented and reported upon in key areas. Service continuity arrangements are being developed in key service areas.	Some evidence that risk management is being effective. Performance monitoring and assurance reporting being developed.	Limited evidence that risk management is being effective in, at least, the most relevant areas.

Level 1: Engaging	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve.	The need for a risk strategy and risk-related policies has been identified and accepted. The risk management system may be undocumented with few formal processes present.	Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training.	Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk.	Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified.	No clear evidence that risk management is being effective.	No clear evidence of improved outcomes.

Benchmarking exercise questions– October 2018

Following on from an independent review of Lincolnshire County Council's risk management processes in August 2016, it was felt that it would be useful to complete a similar self-assessment exercise amongst different councils that sit on an external Risk Management Group.

There were 9 members of the group that participated in this exercise.

The assessment is based on a maturity level on a scale of 1-5, where level 5 is the highest level of maturity. The assessment is based upon the principals of best practice in risk management as recognised by;

- The International Standard ISO31000
- The British Standard BS31100:2008
- HM Treasury
- The institute of Risk management, and
- ALARM, the Public Risk Management Association

Each Council has scored their own risk management activities against the criteria shown on page 1 of this document.

The main objective has been to assess the current level of risk maturity across the individual organisations and to also see where areas of good practice are and where there may be areas for improvement amongst the group.

A detailed breakdown of individual scores and comments can be seen on the following pages.

Conclusion in relation to individual assessment criteria

Strand – Leadership & management

Name of authority	Assessment of maturity
Authority A	4
Authority B	4
Authority C	3
Authority D	3
Authority E	4
Authority F	4
City of Lincoln Council	4
Authority G	4
Authority H	4

Key points from areas of best practice

- Some form of management takes the lead to ensure that risk management is applied across the council.
- Responsibilities are set up.
- Risk strategy is up to date.
- Risk appetite is set.
- Regular meetings with Audit Committees and Directors.
- A tone from the top on risk appetite is defined

Key points from areas for improvement

- Clear leadership responsibilities communicated through the entire organisation not just senior management.
- Engagement on risk appetite.

Strand – Strategy & Policy

Name of authority	Assessment of maturity
Authority A	3
Authority B	3
Authority C	4
Authority D	4
Authority E	4
Authority F	4
City of Lincoln Council	4
Authority G	4
Authority H	3

Key points from areas of best practice

- Risk toolkits/guidance in place.
- Regular reviews of policy and strategy.
- Risk registers reviewed regularly.
- Clear escalation process in place for risk management.

Key points from areas for improvement

- Consistency across all departments.
- Make better use of toolkits.

Strand – People

Name of authority	Assessment of maturity
Authority A	3
Authority B	4
Authority C	4
Authority D	4
Authority E	4
Authority F	3
City of Lincoln Council	4
Authority G	4
Authority H	3

Key points from areas of best practice

- Training of risk management to staff.
- Good level of development regarding training of staff.
- Good governance structures in place i.e. Audit Committee and risk groups.

Key points from areas for improvement

- Receive training feedback in order to make improvements.

- Liaise with teams such as H&S, audit and procurement.

Strand – Partnerships, Shared Risks & Resources

Name of authority	Assessment of maturity
Authority A	3
Authority B	2
Authority C	4
Authority D	3
Authority E	3
Authority F	3
City of Lincoln Council	3
Authority G	3
Authority H	3

Key points from areas of best practice

- Key partnerships agreed by management.
- Effective communication of risks between partners.

Key points from areas for improvement

- Create a partnership tab for risks in CAMs system or something similar.
- Establish guidance for partnership risk management that addresses issues with common language.

Strand – Processes & tools

Name of authority	Assessment of maturity
Authority A	4
Authority B	4
Authority C	4
Authority D	4
Authority E	4
Authority F	4
City of Lincoln Council	4
Authority G	4
Authority H	4

Key points from areas of best practice

- Risk appetite is included in the risk management process.

- Informs the decision making process.
- Good use of internal audit.
- Regular review of strategic and operational risks.

Key points from areas for improvement

- Engagement with emergency planning/business continuity.
- Consider how to evidence that risk management is embedded successfully into the process.
- Lessons learnt meetings with the relevant individuals/groups.

Strand – Risk Handling & Assurance

Name of authority	Assessment of maturity
Authority A	3
Authority B	3
Authority C	3
Authority D	3
Authority E	4
Authority F	3
City of Lincoln Council	3
Authority G	4
Authority H	3

Key points from areas of best practice

- Clear risk management process and frameworks available for the escalation (or de-escalation) of risk management.
- Internal audit plans have derived, to some extent, from the risk registers.
- Strong governance structures in place.

Key points from areas for improvement

- Ensure full cooperation with audit in order to make continuous improvements.
- Build risk into the organisational culture where appropriate.
- More work needed on project risk management

Strand – Outcomes & delivery

| Name of authority	Assessment of maturity
Authority A	3
Authority B	3
Authority C	3
Authority D	3
Authority E	4
Authority F	3
City of Lincoln Council	4
Authority G	4
Authority H	3

Key points from areas of best practice

- Risk appetite and management approaches are regularly reviewed.
- Challenges of risk management at Audit Committees.
- Regular performance reports.

Key points from areas for improvement

- Integration of risks throughout all processes that will result in positive outcomes.
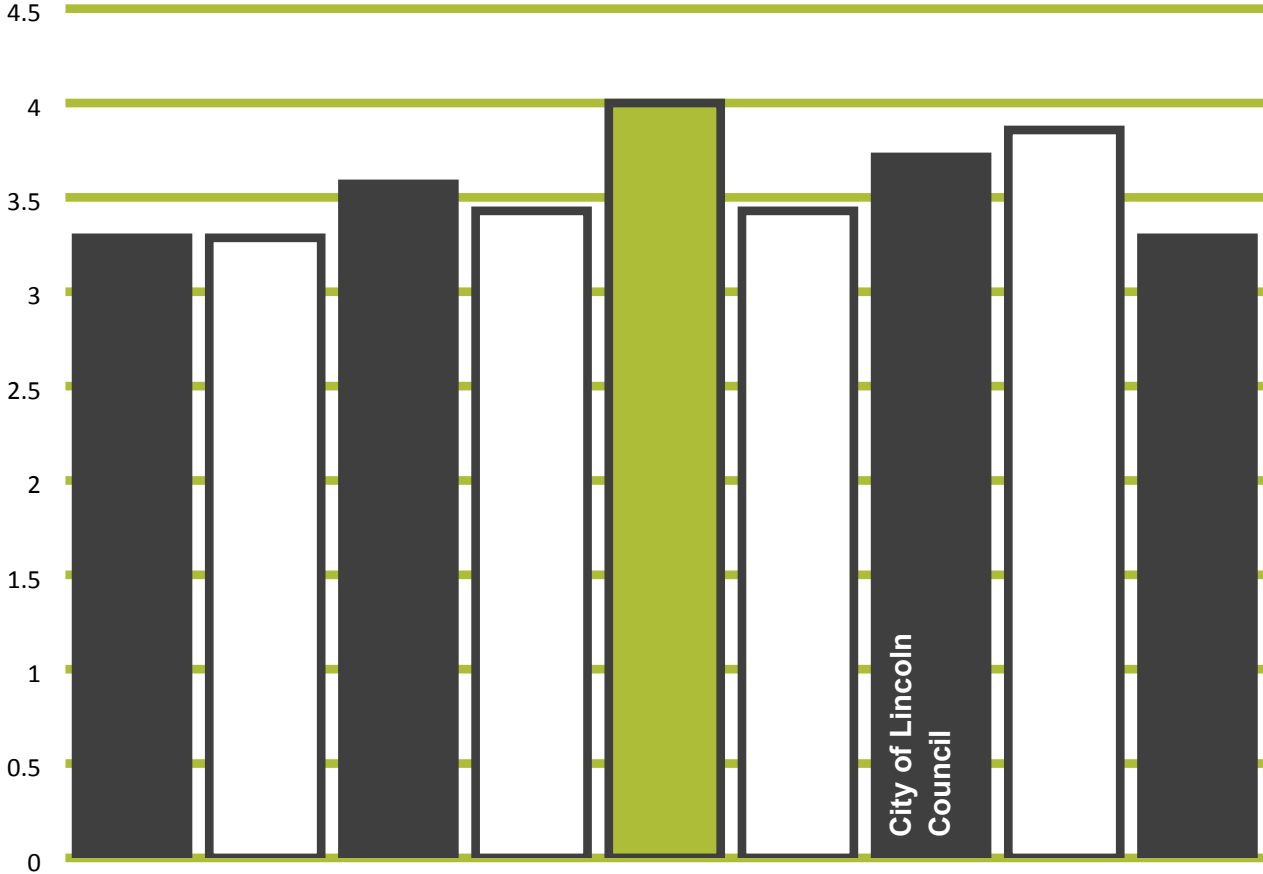
Figure 1

Average score of maturity strands
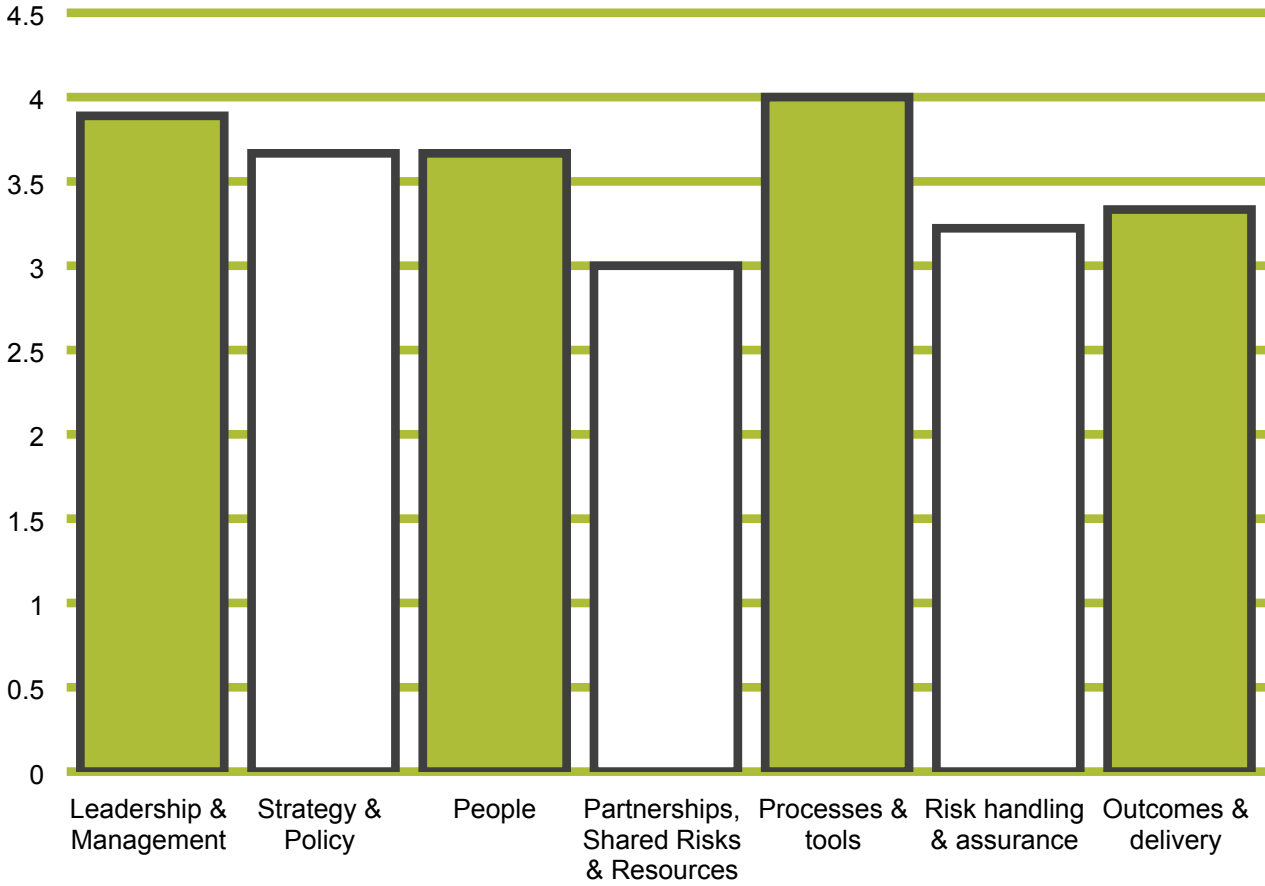
As you can see from the graph, the most embedded strands are Leadership & Management which is closely followed by People, Strategy & Policy and Risk Handling & Assurance. On reflection, the areas to work on are, Partnership, Shared risk & Resources, Processes and Outcomes & Delivery.

Figure 2

Authority overall scores

As you can see from figure 2, the average scores taken from the different strands highlights that the majority of the authorities are at a 'working' level 3.

As a group, it is important to learn from each other especially where there are areas for improvement.