Wiltshire Council

Audit Committee

6 February 2019

Subject: **Performance and Risk**

Cabinet Member: **Cllr Philip Whitehead – Finance**

Key Decision: **No**

Executive Summary

Audit Committee has requested sight of a recent SWAP Audit on Performance and Risk (Appendix A).

The Audit opinion concludes that most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed and there were no significant concerns, however, recommendations have been made in relation to the need to continue to revise the Risk Management Strategy, policies and processes for both performance and risk management and high importance placed on these in order to ensure the framework continues to move forward. The revised Performance and Risk Policy will be considered by Cabinet in March.

SWAP has also recognised that the Council has made significant progress towards revising its robust performance and risk management framework. Much work has been undertaken to improve the processes involved with risk identification, scoring, management and mitigating actions.

This report provides the Committee with some further context in respect to the Council's approach to Risk and Performance.

Proposal

Audit Committee is asked to note the report.

Reason for Proposal

To inform effective decision making and ensure sound Corporate oversight of Performance and Risk.

Robin Townsend – Corporate Services and Digital

Risk Management

1. **Purpose** - Monitoring, managing and responding to risks are pre-requisites if the Council is to have confidence in delivering its Business Plan outcomes and priorities or to continue to improve services.

2. **Ownership** - Risks are identified through service planning, programme management and day-to-day service management. Service level risks are recorded on service risks registers which are owned by individual services but managed by the Corporate Performance and Risk Team. Risks are identified in relation to a service's planned activity and their contribution towards achieving the priorities in the council's business plan.

3. Strategic composite risks (a combined risk for where similar risks exist in a number of different services which would not have a significant impact on the organisation on their own but put together represent a significant impact) are owned by the most appropriate service in the council. For example, the *Staff Capacity: Recruitment and Retention* strategic composite risk is owned by the Human Resource and Organisational Development Directorate.

4. **Process** - Risks are defined using their cause, event and effect. Each risk is defined under one of six primary categories. A secondary category can also be applied if appropriate. The six categories are:
    *   Legal
    *   Service delivery
    *   Staffing/People
    *   Financial
    *   Health and Safety
    *   Reputation

5. Each risk has an owner and a key officer and a response type defined. There are four main response types and the response picked informed the mitigation planned for that risk. The possible responses are:

Treat	Taking action to minimise the likelihood of an event occurring and / or to minimise its impact should it occur. This will require defined actions to be allocated to individuals, implementation dates agreed and progress to be monitored.
Transfer	Transfer the risk to another party either by insurance or through a contractual arrangement. Responsibility for statutory functions cannot be fully transferred. The reputational implications of risks need to be managed since these cannot be transferred.
Tolerate	Decide that the risk is acceptable and make proper financial arrangements should it occur. Current 'ongoing' controls / mitigating actions will need to be monitored.
Terminate	Where feasible, stop doing whatever it is that causes the risk, use alternative products / change processes.

6. Each risk is scored twice during every review. Once as *Inherent* (as the risk currently stands), and once as *Residual* (as if all the mitigating actions were fully applied). On each occasion, an Impact and a Likelihood score is given based on the criteria contained in the guidance. Scores are between one and four. The impact and likelihood scores are multiplied to give a score of between one and 16

7. Mitigating actions are planned and recorded in line with the risk response, the Inherent score and the council's risk appetite. Where the inherent score is above the council's appetite or where the risk appears on the Strategic risk register or contributes to a strategic composite risk, a full action plan is required. The mitigating actions are given a RAG rating to indicate how well they are progressing. Thus, a true representation of each risk is gained from a reading of the inherent score, the mitigation actions RAG and the residual score.

8. Each risk is reviewed every quarter. Scores are required to be entered even if the scoring has not changed since the previous quarter in order to ensure a full review.

9. Risks can be scored and re-scored at any point in the quarter. A snapshot is taken on the last day of the quarter for reporting purposes.

10. **Reporting -** Reporting of performance measures from the Corporate Performance Framework and risk scores from the Strategic Risk Register will happen at three distinct levels.
    - Directorate – quarterly submissions of performance information and risks scores will be reviewed by directorate management teams and signed off by directors. Score cards and risks registers for this purpose are provided by the corporate team.
    - Corporate Director – a scorecard for each Corporate Director will be compiled on a quarterly basis to included key measures and risks. Corporate Directors have the option to use these in meetings including key members of staff and key councillors, specifically cabinet leads.
    - Whole Council – the Cabinet will continue to receive a quarterly report which will summarise the Corporate Performance Framework with selected measures based on progress towards the Business Plan outcomes and will also include the Strategic risk register.

Performance Management

11. Purpose - A continuous cycle of performance management is what drives the decisions on priorities and resource allocation at Wiltshire Council. Performance information informs planning at service, directorate and corporate level. Monitoring of performance at each of those levels leads to revision of what is undertaken in order to deliver the council's strategic objectives.

12. Ownership - The collation and production of information sits within the services. Individual services employ people who, either as their sole role or as part of their role, understand and manage the production and reporting of performance information. Statutory services have performance reporting to central government that sometime, but not always, includes measures that form part of Wiltshire Council's Corporate

Performance Framework. The Corporate Performance and Risk Team collate performance information from across the council's services and report that information.

13. Process - Measures are identified in the service planning process. Service plans ask what activities services will undertake to deliver the council's business plan and how we measure the success of those actions. Each action is linked to a specific action in the business plan. Each business plan action sits under a goal and an overall priority.

14. Those measures of success are then translated, through a process of discussion and negotiation, into Wiltshire Council's Corporate Performance Framework (CPF); a matrix of performance measures that identify progress towards business plan actions. Measures are also grouped by what they tell the organisation. The three groups are:

Volume/Prevalence	The amount of work done or required. A 'number of' or a proportion or ratio for comparison.
Process	How well the system works – are we doing what we said we'd do? Often a measure of output. A measure of efficiency.
Outcome	Achieving intention. The impact that what we do is having, directly related to our expressed ambition. A measure of effectiveness. Can be framed as benefit realisation.

15. It's often the case that outcome measures are not available or it is impossible to draw a cause/event relationship between work done and the outcome and therefore it's essential to be able to use other types of measure.

16. Measures are reported via a set of interrelated workbooks stored on the council's SharePoint system. Measures require detailed definition to help with the understanding and reporting process. Definition includes an explanation of calculation, information about how and when the data is reported, how the data should be read and who the owners of the measure are.

17. There is a calculated assessment of progress resulting in a red, amber or green status after each submission for each measure. The parameters of this calculation are variable in order to take account of different types of measure. The available types of calculation are:
   - Improved performance
   - Specific desired level
   - Performance against comparators
   - Within or above specific quartile
   - Within expected range (no clear polarity)

18. Inputting sheets are completed once a quarter at a minimum by lead officers in service areas. It's understood that not all measure can be updated every quarter and some will be more frequently available than that.

19.   All measures are grouped in a single spreadsheet, including each measures' link to the business plan to enable reporting at all levels.

Proposals

20.   Audit Committee is asked to note the report

Reasons for Proposals

21. To inform effective decision making and ensure sound corporate oversight of Performance and Risk.

Background Papers and Consultation

None

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Appendices:
Appendix A: SWAP Audit Report