

MANAGEMENT BOARD

Risk Management

Paper from the Head of the Office of the Chief Executive

Purpose

1. This paper sets out the proposed new Board level risks, the proposed delegation of the current corporate risks to departments and a proposal on how the Board will retain visibility of those delegated risks.

Actions for the Board

2. The Board is asked to:
 - I. Agree the new board level risks and allocation of ownership to Board members (paragraphs 4 to 6 and Annex A);
 - II. Agree the delegation of the current corporate risks to departments (paragraphs 7 to 10 and Annex B);
 - III. Consider how the MB will retain visibility of those corporate risks (paragraph 13).

Background

3. As part of the process of embedding risk management within the House service, the Management Board met in January 2011, to consider its proposed Board level risks. The timing coincided with the development of the new strategic plan and provided an opportunity for the Board to consider its key risks as an integral part of that process.

New Board Level Risks

4. Annex A sets out the proposed new board levels risks, with proposed Board risk owners, based upon discussions at the recent strategy and risk workshop. The Board has had an early sight of the proposed risks in order to allow initial comment on whether they are content with the wording, that they capture the real risks and that they are content with the allocation of the risks to risk owners. This paper takes account of comments received.
5. The allocation of Board level risks has been done in a way which reflects existing functional areas. The Board may wish to consider whether they are content with this or whether the risks should be allocated outside of functional responsibilities to allow a challenge function to develop.
6. The Board may also wish to further consider Risks 2 & 5 (Terrorism & Staff Morale). Both have been included based on our understanding of the Board's requirements from the recent workshop:
 - Risk 2: Terrorism - it has been suggested that this risk should be managed outside of the current risk management framework and that assurance be given directly to the Board by the Security Co-Ordinator. The remaining security risk concerning the safety of the Estate and its perimeter should be managed by DCCS.

- For Risk 5: Staff Morale - it has been suggested that this risk might sit more appropriately under the capability risk.

Current Corporate Risks

7. The Board is also asked to agree the allocation of the current corporate risks to departments as set out in Annex B. The current ten corporate risks have been allocated to departments based upon the principles set out in the single platform risk management pyramid structure whereby risks should be allocated and managed at the appropriate level.
8. On that basis, the proposed allocation is as follows:
 - Risks 1, 2a, 2b, 3a, 4, 5, 7 will be delegated to departments;
 - Risk 8 has been subsumed by Board risk 1b.
9. There are four risks however which do not fit easily into a particular department. They are:
 - Risk 3a: Failure to develop IT systems to meet business needs - is this PICT or does this risk relate more to the capability of the organisation and would therefore be more suited to Dept of HR & Change?
 - Risk 6: Projects risk - should this go to Dept of HR & Change or Dept of Facilities?
 - Risk 9: Member risk- does this fall within the stakeholder management risk held at Management Board level? If so, does that risk need slight redrafting?
 - Risk 10: Information risk - does this fall to Department of Information Services or should the security aspect of this risk be given to Dept of HR & Change (IRIS) who is responsible for the protective marking scheme, Fol etc with other appropriate aspect(s) delegated to DIS?
10. The Board is asked to consider where they judge these risks would be best placed.

Next Steps

11. The Corporate Risk Management Team (CRMT) and I will communicate these changes to departments and ensure they are aware of their responsibilities under the new single platform risk management system. Especially their requirement to provide appropriate levels of assurance across the organisation (based upon rigorous quantitative measurement) to the identified risk owner.
12. We will hold bi-lateral meetings with DGs to work on the form and make-up of the new board level risks, including how they might be scored.
13. The CRMT will work to develop an appropriate 'risk architecture' which will ensure that those former corporate risks (now owned at departmental level) remain clearly visible to the Management Board. This development is one of the main tools in embedding risk management across the organisation.

Matthew Hamlyn

Head of the Office of the Chief Executive, February 2011

ANNEX A:

[s.36(2)(b) and s.36(2)(c)]

ANNEX B:

[s.36(2)(b) and s.36(2)(c)]