

Enterprise Risk Management Health Check – Summary Report

London Borough of Tower Hamlets



1. Executive summary

The key findings are:

- The council is on the first steps of a long journey to restore risk management processes, frameworks and communication channels. In addition, there is also an intention to challenge a strongly embedded culture of being risk averse. However, the steps already taken are seen as strong and positive and there is a possibility for a rapidly maturing programme if given the right time, attention and resources.
- Leadership in risk management was not currently clear for all interviewees although there is strong focus in the area and the leadership mantle of corporate risk champion is being taken by Corporate Director of Resources. This should be made official and a dedicated communications plan should be implemented to strengthen the profile of both risk champion, risk lead and risk officer. There is an intention of changing the risk culture and empower officers to take more risk. This includes creating a sense of support from senior leadership and a concerted effort of not assigning individual blame, should risks realise. To achieve this, the example will have to be set from the top including ensuring to dedicate sufficient time and attention to risk management.
- The risk strategy contains most of the elements that you would wish to see but it is severely out of date and in need of a review. With a new leadership team in place, this should happen with consultation and be accompanied by discussion at top level around how risk management will be used in the management and decision making of the council. Risk appetite should be explored further and should be articulated and integrated in the risk management framework. Risk appetite definition is best done in extension of establishing working relationships between senior leaders and should only be considered once the leadership team have had a chance to settle in and have started to understand interpersonal commonalities and differences in attitudes to risk.
- There is a need to strengthen the governance and oversight process with a particular focus on members' understanding of their roles and responsibilities. In addition, there should be stronger emphasis on risk review and discussion at senior leadership level within the framework. Risks are seen to be discussed and addressed, but more on an ad hoc basis than through dedicated risk management time. This area will be organically strengthened as leadership settles into a new normal and establishes consistency. The need to keep risk registers up to date, even outside of the review cycle, should be emphasised. This includes officers and managers taking more ownership of the process instead of relying on the risk function to chase and update risk entries.
- The risk management methodology contains the elements you would expect to see. However, there are doubts about the application of these. There should be an increased focus on dedicated risk identification sessions to ensure risk registers are up to date and current. Controls should be monitored more closely with reviews focussed on establishing accountability for risk owners. It would also be recommendable to review the use of the current risk management software provider and either upskill users to have better familiarity with the system or explore if there is a more suitable way to record and manage risk documentation.
- There is a good level of confidence in individual skill levels at leadership positions but less certainty around the general knowledge of risk management amongst officers. The available training is perceived to be inconsistently distributed and is not considered mandatory. Members should receive further training to be aware of the process as a whole and their role in it. It would be beneficial to reinstate some form of the risk champions network to have super users embedded in each directorate.
- There is a framework in place for project and programme management that includes how to manage risks, but it is not consistently applied. There should be an increased focus on documentation of risks in relations to partnerships and contracts as well as an increased focus on supply chain risks and management of same.

In summary, Senior Leadership should have dedicated discussions on how to apply risk management while the risk function reviews the updates the risk management framework accordingly. The Council is going in the right direction, but it will take time before ambitions of being best in class is achieved. There should be a concerted effort to drive and establish a new risk management culture and influence officer behaviour.

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List of recommendations



Recommendations:

1. Consider officially assigning a corporate risk champion with terms of reference and specific responsibilities. This person will drive risk management conversations, set the tone and be the example to follow for both fellow senior level managers and officers at all levels.
2. Ensure risk management is a standing item on leadership team meetings at both corporate, directorate and management boards (especially for statutory officers).
3. Create a communications plan detailing expectations of officers in terms of responsibility and accountability for risks and illustrate how risk information is used in decision making.
4. Revisit the risk management strategy and it's place among other frameworks. Determine if there are opportunities to include risk management as an integrated part of working rather than an add-on requiring specific resources.
5. Once the new/updated risk management strategy is in place, discussions should start around defining risk appetite levels and statements across different risk categories. Even though the council is not ready for this formal process, there can still be initiatives to change the mind set of officers as the direction of travel is clearly towards a more open risk appetite.
6. Develop on the current foundations and governance structures with a focus on:
 - a. A more dynamic and live approach where risks can be de-escalated more freely and the risks are kept current and relevant.
 - b. A clearer link to internal control processes to provide official assurance around risk management
7. Create a template for risk reporting beyond the data that exists in the risk register presented as a printout. This should include risk profiles, heat maps and a narrative around what has and is changing since last.
8. Ensure that members, and audit committee representatives in particular, receive risk management training that include clear descriptions of their remit and responsibilities.
9. Initiate dedicated risk identification sessions at both both directorate and corporate level to increase proactive risk identification and expand the timeline available to manage risks by being proactive rather than reactive.
10. Establish risk ownership for each risk and provide support for these to understand responsibilities and expectations.
11. Ensure controls are SMART and that risk owners complete follow-ups. Risk should have practical roadmaps to desired risk score.
12. Take consultation with stakeholders on the needs for the risk management platform and determine if JCAD is right for both risk owners and the risk team.
13. Mandate training sessions for elected members and officers – whether as an e-learning or as sessions with the risk officer or external support.
14. Consider if there are officers within teams that could have capacity to receive extra training and be integrated risk champions or super users in each service.
15. Capture experiences and skills that senior leaders in particular bring from other organisations and sectors.
16. Increase knowledge of and familiarity with the PPPM framework and ensure there is a consistent approach to support procurement and project management practices.
17. Implement documented processes for joint risk management with partners and ensure there is documentation for how risks are managed in these relationships.

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List of interviewees and documents reviewed

Name	Title	Date
Andrea Stone	• Civil Contingencies and Business Continuity Co-Ordinator	07/06/2024
David Dobbs	• Head of Internal Audit, Anti-Fraud and Risk	10/06/2024
Simon Baxter	• Corporate Director of Communities	10/06/2024
Steve Reddy	• Corporate Director of Children's Services	10/06/2024
Hemanth Shanthigrama	• Interim Director of IT	11/06/2024
Bharat Mehta	• Deputy Head of Internal Audit	13/06/2024
Paul Patterson Tracey Gray	• Corporate Director of Housing and Regeneration • Interim Director of Housing Integration	17/06/2024
Robin Beattie	• Interim Director of Strategy, Transformation and Improvement	17/06/2024
Linda Walker	• Interim Director of Legal Services and Monitoring Officer	24/06/2024
Stephen Halsey	• Chief Executive	24/06/2024
Julie Lorraine	• Corporate Director of Resources, Deputy Chief Executive and S151 Officer	27/06/2024
Charlotte Webster	• Independent Person of the Audit Committee	25/07/2024

Documents

RISK MANAGEMENT STRATEGY 2020 – 2025 DRAFT MARCH 2020

Corporate portfolio, programme, and project management (PPPM) framework

AUDIT COMMITTEE ToR

Risk Register Examples - Capital Delivery and Property Maintenance

Printed minutes 23042024 1830 Audit Committee

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Action Plan in response to Health Check Recommendations

	Recommendation	Response	Responsible Officer	Target Date
1.	Consider officially assigning a corporate risk champion with terms of reference and specific responsibilities. This person will drive risk management conversations, set the tone and be the example to follow for both fellow senior level managers and officers at all levels.	We will seek to identify a Corporate Risk Champion at the Corporate Director/Director level.	HoIA	31/01/25
2.	Ensure risk management is a standing item on leadership team meetings at both corporate, directorate and management boards (especially for statutory officers).	This is in place for all Directorates with the exception of the Chief Executive's Directorate.	HoIA	31/03/25
3.	Create a communications plan detailing expectations of officers in terms of responsibility and accountability for risks and illustrate how risk information is used in decision making.	We will draft and implement a 'Risk Management Communications and Outreach Plan'.	HoIA / RO	31/01/25
4	Revisit the risk management strategy and its place among other frameworks. Determine if there are opportunities to include risk management as an integrated part of working rather than an add-on requiring specific resources.	The Risk Management strategy and framework is under review and will be published [with supporting collateral] once complete. We will use the Communications and Outreach Plan to help embed the strategy and new working practices.	HoIA / RO	30/06/25
5.	Once the new/updated risk management strategy is in place, discussions should start around defining risk appetite levels and statements across different risk categories. Even though the council is not ready for this formal process, there can still be initiatives to change the mind set of officers as the direction of travel is clearly towards a more open risk appetite.	The new Risk Management Strategy will define risk appetite levels, with the intention of integrating these into the updated operational risk framework.	HoIA / RO	30/06/25
6.	Develop on the current foundations and governance structures with a focus on: <ul style="list-style-type: none"> • A more dynamic and live approach where risks can be de-escalated more freely and the risks are kept current and relevant. 	This is an ongoing workstream which is being progressed by the Risk Officer. To better link assurance and risk, reporting to DLTs will be co-ordinated to provide a joined-up assurance landscape to key stakeholders	RO	Ongoing

	<ul style="list-style-type: none"> A clearer link to internal control processes to provide official assurance around risk management 			
7.	Create a template for risk reporting beyond the data that exists in the risk register presented as a printout. This should include risk profiles, heat maps and a narrative around what has and is changing since last.	This is in progress with the JCAD vendor. A number of reporting templates have been identified and developed – these will be rolled-out in the coming weeks.	RO	Ongoing
8.	Ensure that members, and audit committee representatives in particular, receive risk management training that include clear descriptions of their remit and responsibilities.	Risk Management training is already offered to the Audit and Overview & Scrutiny Committees (most recently on 15 th April). This will continue to be offered at least annually.	HoIA	Implemented.
9.	Initiate dedicated risk identification sessions at both directorate and corporate level to increase proactive risk identification and expand the timeline available to manage risks by being proactive rather than reactive.	This is an ongoing workstream which is being progressed by the Risk Officer (DLT level) and the Head of Internal Audit (CMT level).	RO	Ongoing
10.	Establish risk ownership for each risk and provide support for these to understand responsibilities and expectations.	This is an ongoing workstream which is being progressed by the Risk Officer.	RO	Ongoing
11.	Ensure controls are SMART and that risk owners complete follow-ups. Risk should have practical roadmaps to desired risk score.	This is an ongoing workstream which is being progressed by the Risk Officer.	RO	Ongoing
12.	Take consultation with stakeholders on the needs for the risk management platform and determine if JCAD is right for both risk owners and the risk team.	A review of JCAD functionality is underway and this will ultimately determine whether the Council should continue to use this software or procure an alternative Risk Management platform.	HoIA / RO	30/06/25
13.	Mandate training sessions for elected members and officers – whether as an e-learning or as sessions with the risk officer or external support.	We will continue to make Risk Management training <u>available</u> to the Audit and Overview & Scrutiny Committees. We will further consider how to take forward Risk Management training for officers.	HoIA / RO	31/03/25
14.	Consider if there are officers within teams that could have capacity to receive extra training and be integrated risk champions or super users in each service.	This possibility of reinstating ‘Risk Champions’ is under consideration as part of the new Strategy. In the meantime, we will continue to identify users who are best placed to co-ordinate risk activities at the Directorate and Service level.	RO	Ongoing
15.	Capture experiences and skills that senior leaders in particular bring from other organisations and sectors.	We will look to capture such experiences as part of the development of the new Strategy.	HoIA / RO	30/06/25

16.	Increase knowledge of and familiarity with the PPPM framework and ensure there is a consistent approach to support procurement and project management practices.	This will be incorporated within the new Risk Management Strategy.	HoIA / RO	30/06/25
17.	Implement documented processes for joint risk management with partners and ensure there is documentation for how risks are managed in these relationships.	This will be incorporated within the new Risk Management Strategy.	HoIA / RO	30/06/25

Responsible Officers:

RO: Risk Officer

HoIA: Head of Internal Audit, Anti-Fraud and Risk