DRAFT – v0.4

RISK MANAGEMENT POLICY

Performing, Improving

WIRRAL

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Appendices

1. Policy Statement

We accept that uncertainty and risk are inevitable features of the environment in which the Council seeks to deliver its ambitious vision for Wirral. We believe that how successful we are at dealing with the risks we face can significantly impact on the achievement of our priorities and the trust placed in us by the community and we will work to manage these risks down to an acceptable level.

However, we appreciate that uncertainty also presents opportunities and that we must innovate if the Council is to meet the challenges that it faces. We believe that risk management should not stifle innovation, but rather should support the taking of risks, provided that they are understood, actively managed and justified.

We also recognise that the increasing pace and complexity of the environment in which the Council operates could create combinations of events that cannot reasonably be envisaged. So we will also act to improve agility and organisational resilience.

Our goal is to become a risk aware organisation, in which risk management is fully embedded in all aspects of the Council's business.

We plan to achieve this goal by:

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management;
- Encouraging maturity and candour in discussions between officers and members about the uncertainties associated with our objectives
- Incorporating risk management into the Council's decision making and operational management processes;
- Reinforcing the importance of effective management of risk through training and provision of opportunities for shared learning;
- Incorporating risk management considerations into Service and Business Planning, Commissioning, Shared Services, Project Management, Partnerships, Service Delivery Vehicles & Procurement Processes;
- Monitoring our risk management arrangements on a regular basis;

LEADER OF THE COUNCIL   CHIEF EXECUTIVE

Cllr Phil Davies   Eric Robinson

Risk Management Policy

2. Background

In its Corporate Plan, the Council has set out an ambitious vision for the borough in the years ahead.
"Wirral should be a place where the vulnerable are safe and protected, where employers want to invest and local businesses thrive, and where good health and an excellent quality of life is within the reach of everyone who lives here".

Everything we do is focused on achieving this vision and ensuring that we deliver the best possible outcomes for the community, whilst ensuring that we provide good value for our stakeholders.

Effective governance arrangements are essential to help us achieve that vision and risk management is a key element of those arrangements. How successful we are at dealing with the risks that we face has a major impact on our ability to deliver our Corporate Plan.

We recognise that our plans and objectives have to be delivered within a complex and increasingly dynamic environment. The interplay of social, political, economic and technological change creates uncertainty which poses threats to the delivery of the Council's vision, but also presents us with opportunities. Effective risk management will help ensure that we are resilient and able to withstand any threats that emerge and exploit opportunities for improvement.

3 Drivers for Change and Improvement

Over the past two years, the authority has made significant progress with improving the incorporation of risk management into the governance of the Council. This point was evidenced in a 2014 CIPFA Risk Management benchmarking exercise, which concluded that risk management was *"working"* across the organisation. However, further improvements are needed to ensure that the Council keeps pace with developments in good practice and derives the maximum benefit from the time, energy and resource invested in managing risk.

In a local authority context, good risk management is largely concerned with helping Members and officers to make better strategic and tactical choices. The scale of the decisions which need to be taken in the coming years, about the very nature of our organisation, its role and how it relates to the community, make it more critical than ever for the Council to have a robust approach to addressing risk and uncertainty.

This corporate policy will ensure that there is clarity on what we are trying to achieve with, and through, risk management and an agreed corporate process by which risk management is carried out.

In revising this policy we have drawn on the guidance contained in the current British Standard for risk management, as well as output from Internal Audit reports and the 2014 CIPFA Risk Management benchmarking exercise.

4. Why we need a risk management policy

It is important that we have a clear policy so that -

- Everyone has a good understanding of what we mean by risk and risk management
- Everyone has a common understanding about the purpose, structure and approach to risk management
- Everyone is clear about their responsibilities in relation to risk management
- There is a consistent methodology to identify and assess the key risks and opportunities associated with our aims and objectives
- There is clarity around the arrangements for reporting information on risks
- Risk management is embedded into all our business processes.

5. What are the aims of our policy?

- To embed risk management into the culture of the Council.
- To support the Council's value of being 'risk aware, not risk averse'
- To integrate risk management with other management practices to ensure that risks are managed effectively at strategic and operational level and for all key programmes / projects and partnerships.
- To identify and effectively manage the key risks facing the Council.
- To maximise the opportunities for the achievement of objectives and minimise the risk of service failure.
- To ensure that we learn from risk failures to improve risk management awareness, systems and processes.
- To support Members and officers in carrying out their responsibilities.
- To support the decision making process at all levels within the Council.
- To ensure that effective risk management arrangements are in place to support the Annual Governance Statement and Corporate Governance arrangements.
- To support compliance with the requirements of the Account & Audit Regulations 2011.

6. What are the principles that underpin our policy?

- **Risk management should be systematic and structured**: The approach should be consistently applied within the Council. To help ensure that outputs are both reliable and comparable and to give managers increased confidence to make effective decisions.

- **Risk management should be based on the best available information**: The inputs should be based on available information sources such as experience, subject knowledge, expert judgement and projected forecasts. Managers should be aware of any limitations to the data or divergence of opinion among specialists.

- **Risk management should explicitly address uncertainty**: It should be used to help clarify the nature of uncertainty affecting decisions and how it might be treated.

- **Risk management should be part of decision making**: To help Members and Managers choose the option that is most appropriate for the Council in terms of its risk appetite and ability to manage risks effectively.

- **Risk management should take into account organisational culture, human factors and behaviour**: It should recognise the capabilities, perceptions and intentions of external and internal people that might hinder attainment of Council objectives.

- **Risk management should create and protect value**: It should contribute to the demonstrable achievement of objectives and maximize overall business and commercial benefits. It should support corporate governance, be integrated with management processes, provide assurance to stakeholders and reflect legislative and compliance requirements.

- **Risk management should be tailored**: It should be proportionate and scaled to address the internal and external circumstances.

- **Risk management should be transparent and inclusive**: Management and stakeholders should be actively involved so that risk management remains relevant and up to date.

- **Risk management should be dynamic, iterative and responsive to change**: It should continually identify and respond to changes effecting the operating environment by having an open, positive culture that encourages managers to disclose, discuss and respond to risk.

7. What benefits can we expect to see?

Improved business planning: through the use of risk-based decision making processes for establishing priorities and objectives

Enhanced corporate performance: by identifying and addressing threats to achievement there is an increased likelihood of achieving corporate objectives. More informed decision-making, added value across service areas and improved service delivery that matches organisational priorities, an increased number of targets achieved and improved internal controls

Improved financial performance: improved forecasting and support for a balanced approach to the setting of balances and reserves, more effective allocation and use of resources for risk treatment, providing value for money, assets safeguarded, reduced level of fraud and increased capacity through a reduction in decisions that need reviewing or revising

A more balanced approach to risk: as well as understanding and tackling the most significant threats to the Council's objectives, there would be a greater awareness of the opportunities which are available and an increased willingness and ability to exploit them fully

Better outcomes for the community: as risk management focuses us to consider potential impacts if the risk were to occur for the council and the wider Borough. So, if risks are successfully managed, this could lead to improved customer relations and increased public satisfaction, confidence and trust

Improved corporate governance and compliance: greater adherence to legal and regulatory requirements, fewer regulatory visits, reduction in legal challenges and an improved corporate governance statement

Improved insurance management: reduction in the number and costs of claims and uninsured losses, leading to a reduction in insurance premiums.

Improved organisational resilience: fewer disasters and surprises and an enhanced ability to recover quickly from those that might occur

More effective partnership arrangements: maximising the benefits from our relationships with public, private and voluntary sector partners

8. How Risk Management is Governed

Ultimate responsibility for the effective management of risk rests with Cabinet and the Leader of the Council as part of their wider responsibilities for effective corporate governance. The Cabinet Member for Governance, Commissioning and Improvement is responsible for improving the effectiveness of the risk management framework.
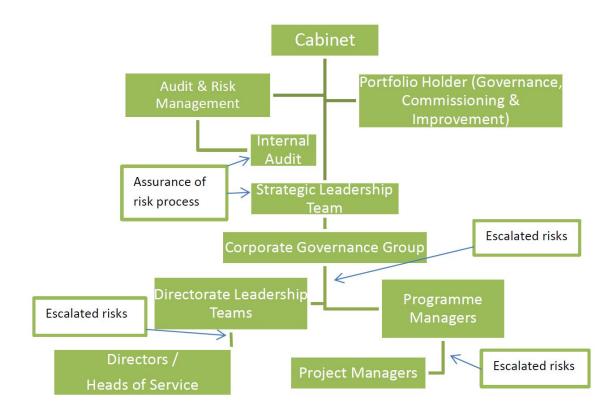
The Risk Management Policy and action plan are approved by the Strategic Leadership Team and by Audit & Risk Management Committee and are adopted by Cabinet on behalf of the Council. They are subject to review on an annual basis and will be communicated to all those with a responsibility for managing risk.

The Council's Annual Governance Statement is informed by a review of the governance framework undertaken by Internal Audit, which includes a review of the effectiveness of the risk management framework. The Chief Executive and Leader of the Council endorse the statement and this is presented to the Audit and Risk Management Committee for approval. Strategic Directors comment on their risk management arrangements within the Assurance Statements required as part of the Annual Governance Statement Review.

Internal Audit undertakes an annual assessment of the Council's risk management maturity using a CIPFA framework. The audit programme is directly informed by the Council's key risks

Individual officers are responsible for managing the risks associated with their service or project objectives, but will escalate specific risks in accordance with the risk escalation criteria.
Cabinet maintains an overview of the Council's risk profile.

Cabinet

Audit & Risk Management

Portfolio Holder (Governance, Commissioning & Improvement)

Internal Audit

Assurance of risk process

Strategic Leadership Team

Corporate Governance Group

Escalated risks

Directorate Leadership Teams

Programme Managers

Escalated risks

Directors / Heads of Service

Project Managers

Escalated risks
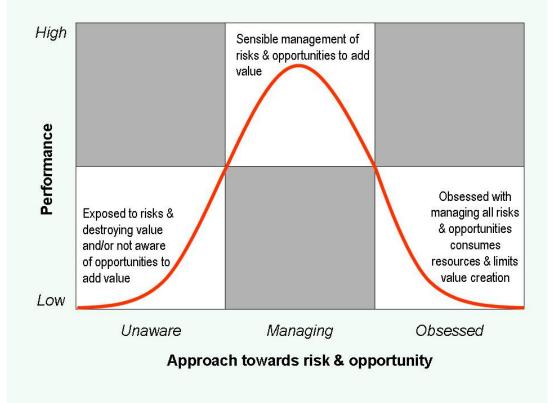
9. Application of the Policy

This policy applies to Council Members and to Officers at all levels.

The management of risk applies to all of the Council's business processes and should inform all areas of activity, including, but not limited to:

- Setting strategic objectives → Corporate Plan
- Setting business objectives →Directorate and Service plans
- Budget setting process→ investment and savings decisions, establishing levels of balances, evaluating bids for capital funding
- Developing policies and strategies
- Programme and project planning and management
- Establishing and managing partnerships and joint working arrangements
- Workforce planning
- Procurement exercises

10. The Risk Management Process

The risk management process is intended to ensure that the key risks to achieving our objectives are identified and managed. Too little awareness and management of these key issues can adversely affect our performance. But attempting to mitigate all possible risk could divert too many of our limited resources away from providing services. Between these two extremes is a turning point, a balanced area of high performance through the sensible management of risk. This is the status the Council aims to achieve through implementation of its Risk Management Policy.

Communication and Consultation

The risk management process cannot exist without an appropriate level of communication between all internal and external stakeholders. This will require consultation with all those who have an interest in the risks to our objectives, at whatever level we are assessing. This may include the public, partners, project boards, sponsors, management teams and other specialists, whose assistance may be beneficial when identifying and evaluating risks. Communication and consultation should occur at all stages of the risk management process.
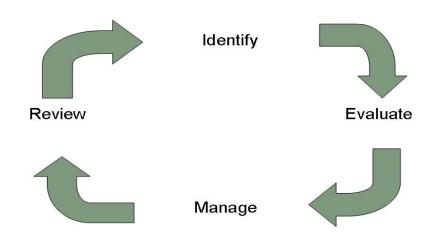
Establishing the Context

Establishing the context defines the basic parameters for managing risk and sets the scope and criteria for the rest of the process. This first stage is an essential precursor to core process. It should involve consideration of:
- The external and internal operating environment
- What we are looking at, strategic or service objectives, project or partnership objectives, budgets or policies, procurement or commissioning, options for decisions.
- Who will be involved, be they internal or external stakeholders. They should all be considered as they may have an interest in or a valuable contribution to add to the rest of the process
- Who will be responsible for the process: define responsibilities for review, monitoring and reporting
- The risk criteria and appetite, whether it is political, economic, legal, environmental, etc. The impact criteria to be included and how they will be measured
- If looking at partnership risk, which partner's processes will be adopted

The Core Risk Management Process

The Council has a four-stage process for managing risks, shown in the graphic below.

The Risk Management Process

Identify

Evaluate

Manage

Review

This process provides Officers and Members with an improved understanding of the risks that could affect the achievement of their objectives and the adequacy and effectiveness of existing controls. It also provides the basis for decisions about the most appropriate approach to be used to tackle risks.

The process will be applied to all key business processes, including:

- Setting strategic and service objectives and priorities
- Creating business cases for programmes and projects
- Managing partnerships and shared service delivery
- Procuring and/or commissioning goods or services
- Setting of short and medium term budgets
- Establishing or refreshing policies and strategies

The core process should be dynamic and applied continuously.

Stage 1: Identification

The Council defines a risk as:

"An uncertainty that could have adverse or beneficial effects on the achievement of objectives"

This initial stage of the process sets out to identify the exposure to these uncertainties. Risks will be identified in relation to the objectives for the service, project, partnership or activity. So it is important that those objectives are clear and meaningful.

Risk identification should be a continuous process. However, there are times when formal identification exercises should be undertaken. The table below indicates when they should be carried out, why they are necessary and who should undertake this task.

Activity	When	By Whom
Corporate Plan	A strategic risk analysis will be undertaken as part of a strategic options appraisal, to inform decisions about priorities and objectives.	Strategic Leadership Team
Directorate Plan	After directorate objectives have been set, the key threats to their delivery and corporate / directorate plan indicators will be identified.	Directorate Management Team
Service Plans	After service area objectives have been set, to establish the key threats to their delivery.	Head of Service
Establishment of programmes and projects	During the development of business cases the key risks to	Programme or project sponsor

	delivery of the project will be identified, to inform the decision as to whether to proceed.	
Development of partnerships and shared services	Prior to establishment, to inform the decision as to whether to proceed.	Officer(s) responsible for development
Alternative service delivery mechanisms	During the development of business cases, to inform the decision as to whether to proceed.	Officer(s) responsible for development
Procurement or commissioning exercises	During the development of business cases, to inform the decision as to whether to proceed and how the exercise will be conducted.	Officer(s) responsible for the exercise
Development/updating of policy or strategy	During the drafting of the document, to give decision-makers an understanding of the threats to its delivery	Officer responsible for producing the document
Resource allocation	During the development of options for investment or reducing resources, to inform decisions around which to select	Officer responsible for developing the options
Producing Committee reports on key decisions	Prior to drafting of the report, to give Members an understanding of the risks and benefits associated with different options.	Report author

A variety of tools are available to complete the identification stage of the process, including brainstorming workshops, one-to-one interviews and reviewing lessons learnt logs. Reference to standard risk categories can also be helpful and a list of these is shown in **Appendix B**.

Each risk identified will be allocated to a risk owner who is accountable for its management. In respect of Corporate risks, the risk owner will be a member of the Strategic Leadership Team.

Stage 2:   Evaluation

In order for us to make informed decisions about how best to use our limited resources to tackle risks, we need to understand their relative significance. This will be done by evaluating risks in relation to their likelihood and their impact.

The significance of all risks will be evaluated using the 5 by 5 likelihood and impact matrix adopted by the Council shown below. Evaluation of project delivery risks may use different

impact factors to those for used for risks to programmes and corporate, directorate and service plans.

Wherever possible, evaluation will be undertaken by a range of stakeholders with an interest in the service, project, partnership or other initiative and a consensus reached. This will help to avoid the assessment being skewed by the views any one individual.

Impact ⟶

	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	**5** Very low impact but very high likelihood	**10** Low impact but very high likelihood	**15** Medium impact but very high likelihood	**20** High impact and very high likelihood	**25** Very high impact and very high likelihood
High (4)	**4** Very low impact but high likelihood	**8** Low impact but high likelihood	**12** Medium impact but high likelihood	**16** High impact and high likelihood	**20** Very high impact and high likelihood
Medium (3)	**3** Very low impact and medium likelihood	**6** Low impact and medium likelihood	**9** Medium impact and medium likelihood	**12** High impact but medium likelihood	**15** Very high impact and medium likelihood
Low (2)	**2** Very low impact and low likelihood	**4** Low impact and low likelihood	**6** Medium impact and low likelihood	**8** High impact but low likelihood	**10** Very high impact but low likelihood
Very Low (1)	**1** Very low impact and very low likelihood	**2** Low impact and very low likelihood	**3** Medium impact and very low likelihood	**4** High impact but very low likelihood	**5** Very high impact but very low likelihood

Likelihood (vertical axis, arrow pointing up)

Step 1 – Current Risk

Once the risk has been identified and defined, the current (also called residual) risk score will be calculated. This score is a measure of the risk as it is today, taking account of what is currently in place to manage (i.e. mitigate) it. Understanding what controls are already in place and their effectiveness is a vital part of the evaluation and these will be considered before judgements are made on impact and likelihood.

The potential impact of a risk will be judged in relation to its consequences (effects) and the current controls, action or management arrangements in place. The likelihood of a risk

occurring will be judged by considering the risk description and the current controls, action and management arrangements that are in place.

The results of the evaluation of impact and likelihood will be recorded in the risk register.

<u>Step 2 - Unmanaged Risk</u>

Once the current risk score has been calculated, the risk will be re-evaluated to consider the position if there were no controls, actions or management arrangements in place. This is done to establish the unmanaged (sometimes called inherent) risk rating. The difference between the Unmanaged and the Current risk scores helps to demonstrate the value of the controls, but should prompt consideration of whether all of the controls are required. It may be possible to identify risks which are over-controlled and where resources presently used for control could be freed up.

Stage 3:   Management

Under the management stage, responses (controls) are selected for risks and plans are developed to implement those controls.

The broad nature of the possible responses to a given risk is shown in the following table:

Risk Management Response Strategies
Mitigate – Reducing the scale of the risk in order to make it more acceptable, by reducing the likelihood and/or impact.
Accept – Recognizing that some risks must be taken and responding either actively by developing appropriate contingency arrangements or passively doing nothing except for monitoring the status of the risk.
Transfer – Identifying another stakeholder better able to manage the risk, to which the responsibility can be passed.
Avoid – Eliminate the uncertainty by making it impossible for the risk to occur (e.g. discontinue activity), or by executing a different approach to eliminate the risk.

Resource and Cost / Benefit Analysis

The responses to the risks identified need to be appropriate, achievable and affordable. There will be some occasions when the cost of the response will outweigh the benefits to be gained from the proposed course of action. So an assessment of the cost / benefit of implementing the response will be carried out as part of the management stage. The resourcing of risk controls should be considered as part of service and financial planning.

Any control selected for implementation will be made the responsibility of a given individual (the control 'owner'). The owner and the planned implementation (target) date will be recorded in the relevant risk register.

Target Risk

When the management response and implementation plans have been determined the risk will then be re-evaluated to determine the Target Risk Rating. This evaluation will take into account all of the controls (existing and additional) that were identified earlier in the management stage.
This provides a target of the future rating that will be achieved when all the controls (both existing and planned) have been implemented. This information will also be recorded in the risk register.

For any risk whose current score places it into the 'red' category on the Council's likelihood and impact matrix, the risk owner will produce an action plan designed to achieve the target level of risk. This will be forwarded to the Directorate risk champion and used in the review process. A template action plan is shown at **Appendix C**.

Stage 4:   Review

The environment in which the Council operates is dynamic and the management of risk needs to be also. To support the performance management process service, project and other risk registers will be kept up to date.

The reviews of risk registers will involve;

- Identifying potential new risks and the controls already in place to help mitigate them. Considering whether additional controls are needed.
- Reviewing the effectiveness of the existing controls for risks already on the register.
- Reviewing control actions that were scheduled to be carried out and considering whether any additional actions should be implemented.
- Re-evaluating the current and target scores for likelihood and impact in relation to existing risks, by reference to the effectiveness of the existing controls and progress in implementing additional controls.
- Reviewing contingency arrangements in response to changing internal and/or external events
- Considering whether any risks on the register no longer present a threat and should be removed
- Considering whether any risks on the register should be escalated (or de-escalated) in accordance with the criteria shown below.

Responsibilities for Review

The following table highlights how the Council's review process will operate

What	By Whom	When
Corporate Risk Register	Strategic Leadership Team	Quarterly
Directorate and Service Risk Registers	Directorate and Service Management Teams	Monthly
Programme Risk Registers	Programme Board	As indicated in the relevant governance arrangements. But no less than once a month.
Project Risk Registers	Project Management Team	As indicated in the relevant governance arrangements. But no less than once a month.
Partnership Risk Registers	Partnership Managers	As indicated in the relevant governance arrangements. But no less than once a quarter.

In undertaking reviews, those responsible will take account of the results of internal and external audit reports.

Following each review, the relevant risk register will be updated. A copy of each updated Directorate risk register will be provided to the Risk & Insurance Officer.

In addition to the continuous review process outlined above, Directorate and service risk registers will be reviewed annually as part of the corporate planning process.

11. How We Will Record Risks

Information on risks will be recorded in risk registers. The different levels of risk register that we will maintain are shown below -

Corporate risk register
This register is the responsibility of the Chief Executive Strategy Group and will be maintained by the Risk & Insurance team.

Directorate risk register
These registers are the responsibility of each Directorate management team and will be maintained by the directorate risk champion.

In preparing and maintaining the register the management team will scrutinise and challenge information provided by heads of service. Through the annual Assurance Statement, the relevant Strategic Director will confirm that the register reflects the most significant threats to the achievement of the directorate's objectives.

Service
These registers are the responsibility of the respective Head of Service.

Programme
These registers are the responsibility of the relevant Programme Board

Project
These registers are the responsibility of the Project Sponsor and will be maintained by the project manager

Partnership
These registers are the responsibility of the partnership manager / lead.

To help ensure that risk information is captured in a consistent format, a standard risk register template will be used. A copy of the template is shown at **Appendix D**.

Programme and project risk registers will be maintained in the Council's 'Concerto' system.

12. How We Will Determine Whether Risks Are Acceptable

It is vital that we have a consistent approach to evaluating the significance of risks and that those responsible for managing them understand the boundaries of acceptability and the thresholds for escalation and for reporting to senior managers and to Members.
Two factors will be used to judge the significance of a risk – its likelihood and its impact.

We will develop a set of risk criteria, informed by the leadership's views of the Council's critical success factors and will use these to determine at what scales of impact and likelihood risks need to be escalated and / or reported. Those scales will be included in a revised risk matrix.

13. Escalation of Risks

Critical to the effective management of risks is the reporting of information to the appropriate level of management. To ensure that risks are considered at the appropriate level, the following criteria have been established:

Corporate Risks
Risks at this level will be managed by the Strategic Leadership Team (SLT) and will have the following characteristics: • Risks identified by the SLT and/or Members which impact directly on the Corporate Plan priorities or objectives. • Corporate or cross cutting issues that are likely to impact upon more than one service. • Strategic issues that are likely to have an impact on the medium to long term goals and tend to link to the Corporate Plan priorities and objectives. • Risks at departmental/service, programme/project or partnership level that if realised would impact on the Corporate Plan priorities and objectives and/or which need intervention by SLT or Cabinet. • Risks with significant financial, service or reputation impact that require SLT overview and management.

Directorate/Service Risks
Risks at this level tend to be identified and managed by the Directorate and/or service management teams. Risks assigned to this level will have the following characteristics: • Risks identified by directorate or service management teams that are likely to have an impact on short term goals and tend to link to Directorate / service level objectives and plans. • Risks identified at project or partnership level that are likely to have an impact on service objectives and need Directorate or service management team intervention.

Programme Risks
Risks at this level tend to be identified and managed by Programme Boards. Risks assigned to this level will have the following characteristics: • Risks that have a wide-ranging impact on the objectives of the programme as a whole but which can be managed by the Programme Board • Risks with a significant impact on the objectives for a particular project but which require Programme Board intervention.

Project/Partnership Risks
Risks at this level tend to be identified and managed by project/partnership boards or teams. Risks at this level will have the following characteristics: • Risks that impact on individual project/partnership objectives but which can be managed by the project / partnership board, manager or team. • Risks that impact on departmental objectives and targets but can be managed by the project / partnership board, manager or team.

The escalation of risks to the Corporate Risk Register is considered by the Strategic Leadership Team in its quarterly review of Audit, Risk and Performance. The Team will review the issue against the escalation criteria and take appropriate action. This may include:

- Escalating the risk and adding it to the Corporate Risk Register for monitoring and reporting to Members.
- Incorporating the risk into an existing entry on the Corporate Risk Register if the risk is related to it, for ongoing management and review.
- De-escalating the risk to Directorate/Service or Project/Partnership level for ongoing management and review.

14. How Risks will be reported

It is important that we are clear about what information on risks and opportunities is to be reported, the format for this and to whom and when it should be reported. The following table summarises our reporting arrangements:

Stakeholder(s)	What information do they need?	How will this be provided?	When will this be provided?
The community	• An understanding of the strategic risks facing the Council and how it is seeking to address them.	Inclusion of the Corporate Risk Register in the Corporate Plan	Annually (in line with the business planning process)
Cabinet	• A detailed, current knowledge of the principal risks and opportunities facing the Council, the principal controls and their effectiveness	Inclusion of key risks in the Corporate Performance Report. Updates on management of the Corporate risks Inclusion of a risk assessment in the Medium Term Financial Strategy	Quarterly (in line with the Performance Management Framework) Four times a year (following each review of Audit, Risk and Performance) Annually
	• A working knowledge of the corporate risk management framework and its effectiveness	Publication of the Corporate Risk Management Policy document. Publication of the Annual Governance Statement	Annually Annually (in September)
Audit & Risk Management Committee	• A detailed, current knowledge of the principal risks and opportunities facing the Council, the principal controls and their effectiveness	Inclusion of the Corporate Risk Register in the Corporate Plan Updates on management of the Corporate risks	Annually (in line with the business planning process). Each meeting of the committee.

	• A detailed knowledge of the corporate risk management framework and its effectiveness	Publication of the Corporate Risk Management Policy document	Annually
		Regular updates of progress towards implementation of the risk management action plan	Each meeting of the committee
		An assessment of the Council's risk management maturity from Internal Audit	Annually
	• An understanding of individual service areas compliance with the corporate risk management policy	Publication of the Annual Governance Statement	Annually
		Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit programme
Policy & Performance committees	• A good, current knowledge of the principal risks associated with the service areas for which they are responsible for providing scrutiny, the principal controls and their effectiveness	Publication of Directorate Plans	Annually
		Confirmation of significant movements in the risk register within the Performance Report	Quarterly (in line with the Performance Management Framework)
Portfolio Holder (Governance & Improvement)	• A detailed knowledge of the corporate risk management framework and its effectiveness	Publication of the Corporate Risk Management Policy document	Annually
		Updates of progress towards implementation of the Risk Management Strategy	Each meeting of Audit & Risk Management Committee
		Publication of the Annual Governance Statement	Annually (in September)

	• An understanding of individual service areas compliance with the corporate risk management policy	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan
Strategic Leadership Team	• A detailed, current knowledge of the principal risks facing the Council the principal controls and their effectiveness	Updates on progress in managing existing Corporate risks (from the review of Audit, Risk and Performance)	At the end of each quarter
	• An understanding of significant emerging risks	A summary of significant new risks (from the review of Audit, Risk and Performance)	At the end of each quarter
	• A good knowledge of the corporate risk management framework and its effectiveness	Publication of the Annual Governance Statement An assessment of the Council's risk management maturity from Internal Audit	Annually (in September) Annually (in September)
Strategic Directors	• A detailed, current knowledge of the principal risks and opportunities associated with the service areas for which they are responsible, the principal controls and their effectiveness • An understanding of significant emerging risks and opportunities	Summaries of risks from Directors / Heads of Service / Project Managers and Internal Audit reports	Monthly
	• A good understanding of their directorate's adherence to the corporate risk management policy	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan

Directors	• A detailed, current knowledge of the principal risks and opportunities associated with the service areas for which they are responsible, the principal controls and their effectiveness • An understanding of significant emerging risks and opportunities	Summaries of risks and opportunities from Heads of Service and Project Managers, where relevant. Internal Audit reports.	Monthly
	• A good understanding of their directorate's adherence to the corporate risk management policy	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan
Programme Boards	• A good understanding of the principal risks and opportunities presented by the programme	An assessment of risks and benefits	As part of developing the business case for the programme
	• A detailed, current knowledge of the principal risks to delivery of the programme	Presentation of the programme risk register	As determined by the Programme governance arrangements, but not less than once a month
	• A good understanding of the risk management arrangements	Inclusion of risk management arrangements in the Outline Business Case	As part of the business case.
Partnership boards	• A good understanding of the principal risks and opportunities presented by the partnership	An assessment of risks and benefits as part of the business case for establishing the partnership	As part of developing the business case for the partnership
	• A detailed, current knowledge of the principal risks to delivery of the partnership's objectives	Presentation of the partnership risk register	As determined by the Programme governance arrangements, but not less than once every 3 months

	• A good understanding of the risk management arrangements	Inclusion of risk management arrangements in the Outline Business Case	As part of the business case.

15. Roles and Responsibilities

The Council is a large and complex organisation. So it is important that we are clear about what should be done and who it should be done by. The table below details the roles and responsibilities in relation to risk management for all stakeholders.
We will communicate these through the distribution of this policy, the provision of training and the issue of guidance.

Stakeholder	Role and Responsibilities
Council Leader and Cabinet Members	**Role: To oversee the effective management of risk as part of good corporate governance.**
	Responsibilities • Adopt the Council's risk management Policy and ensure that risk management is delivered on behalf of the Cabinet by the Chief Executive and the Chief Executive Strategy Group. • Drive the effective management of risk and a positive risk culture from the top of the organisation • To work with SLT to define the Council's risk appetite and risk criteria • Ensure that a corporate risk register is established and that this is regularly monitored. • Consider risk management implications when taking decisions.
Portfolio Holder – Governance and Improvement	**Role: To lead and co-ordinate the work of Portfolios and Departments in improving the Council's corporate governance** **Responsibilities** • Oversee the development, implementation and review of the Council's risk management arrangements
Audit & Risk Management Committee	**Role: To provide independent assurance of the Council's risk management framework and associated control environment. To act as the Member champion for risk management (Chair).**
	Responsibilities • Consider the risk management policy, strategy and associated action plan • Monitor, review and scrutinise the effectiveness of the Council's risk management framework and its implementation. • Consider the effectiveness of risk management arrangements and any improvements required as indicated in the Annual Governance Statement • Consider the adequacy of the authority's insurance and risk financing arrangements • Receive and challenge quarterly reports on the Corporate Risk Register from the Chief Executive Strategy Group • Approve the Internal Audit Plan • Receive and consider Internal Audit reports on risk management • Receive assurances that action is being taken to mitigate key risks identified by internal and external auditors

Corporate Governance Group	**Role: To support the embedding of strong governance arrangements across the Council** **Responsibilities** • Review and challenge corporate performance and risk management arrangements, and support SLT in ensuring that performance and risk management are aligned with the aims, priorities and objectives contained in the Council's policy framework, strategies and plans • Consider areas of good practice and propose improvements to the Council's risk management framework • Challenge senior management on how Directorate risks are identified, defined, evaluated and managed, including the plausibility of mitigating actions. • Support SLT in refreshing the Corporate Risk Register and recommend potential changes to SLT at least on a quarterly basis. • Propose the escalation of risks from Directorate and Programme level to the Corporate Risk Register.
Policy and Performance Committees	**Role: To oversee the effective management of risk in those areas of service for which they provide scrutiny.**
	Responsibilities • Receive and challenge reports on risk management, including relevant risk registers • Gain an understanding of the key risks affecting the service areas for which they provide scrutiny and ensuring that sufficient action is being taken to control them. • Consider risk management implications when making recommendations to Cabinet
Chief Executive and Strategic Directors	**Role: To ensure that the Council manages risk effectively.**
	Responsibilities • Agree the risk management framework and the arrangements for the management of strategic/corporate risks • Lead and co-ordinate the delivery of the risk management framework, including the nomination of a SLT lead on risk management. • To work with Cabinet to define the Council's risk appetite and risk criteria. • Identify, monitor and take ownership of strategic / corporate risks • Establish a culture and working practices which promote openness and learning in relation to the management of risk • Review the effectiveness of the risk management framework and make arrangements to address any improvements needed • Advise Members on effective risk management and ensuring that members receive regular monitoring reports.
Directors	**Role: To manage risk within their directorate in line with the Council's risk management policy.**

	Responsibilities • Take ownership of risks within their Directorate and responsibility for the completion of the Directorate risk register and the allocation of resources to control/minimise risk. • Scrutinise and sign off the risk register for their respective directorate. • Review key risks for the directorate and the effectiveness of their associated controls on a regular basis • Report significant risks to the Risk & Insurance Officer to be considered by the Strategic Leadership Team for possible escalation to the Corporate Risk Register • Provide regular reports on significant directorate risks to the relevant Policy & Performance Committee. • Take responsibility for the production, testing and maintenance of Business Continuity plans and allocation of resources. • Appoint a Risk Champion as part of the governance arrangements for the Directorate and authorise him/her to progress effective risk management that adheres to the corporate policy, across the Directorate. • Ensure that a culture of risk awareness is embedded across their Directorate.
Heads of Service	**Role: To manage risk within their area of responsibility in line with the Council's risk management policy.**
	Responsibilities • Ensure that risks to the objectives for their areas of responsibility are identified and evaluated and that action on them is prioritised and initiated. • Approve the risk registers for their service areas and ensure that they are reviewed regularly. • Report significant risks to the Directorate management team in line with the Council's risk escalation criteria. • Report systematically and promptly to the Directorate Management Team any major failures in existing controls. • Ensure that a culture of risk awareness is embedded across their respective service areas
Risk & Insurance Officer / team	**Role: To support the effective management of risk throughout the Council.**
	Responsibilities • Design and drive the implementation of the Council's risk framework, policy, strategy and process. • Provide the Council with consultancy and advice on risk management. • Lead, co-ordinate and develop risk management activity across the Council with the support of the Risk Champions. • Ensure that officers and Members are adequately trained in risk management tools and techniques. • Facilitate risk identification and evaluation workshops. • Assist management teams to identify evaluate and record key risks to service, project and partnership objectives. • Provide quality assurance and challenge of risk information provided by directorates and services.

	• Ensure that the corporate risk register is regularly reviewed by the Strategic Leadership Team. • Collate and manage the Council's Corporate Risk Register. • Undertake an annual review and update of the Risk Management Policy and Strategy for consideration by the Strategic Leadership Team and Audit & Risk Management Committee. • Ensure that the Council's approach to risk management fits within the Council's overall policy, strategy and performance ethos.
Risk Champions	**Role: To provide a focus for and co-ordinate risk management activity throughout the Directorate.**
	Responsibilities • Provide support on risk management across the directorate. • Encourage staff within their directorates to embed risk management principles into their daily work • Identify their directorate's training needs in relation to risk management and reporting these to the Risk & Insurance team • Co-ordinate information on risks and opportunities • Maintain the directorate risk register • Share examples of good risk control practice and lessons learned
Managers	**Role: To effectively manage risk in their service area in line with the Council's risk management policy.**
	Responsibilities • Ensure that risks to the objectives for their service are identified, evaluated and addressed. • Produce and regularly review a register of those risks, including the implementation of control measures. • Guide their staff in risk assessing their priorities at the beginning of the year and ensuring they identify risks that may affect their ability to deliver their objectives. • Communicating the corporate approach to risk management to staff. • Support the Risk Champion with identifying the training needs of staff. • Ensure that they and their staff are aware of the corporate requirements and seek clarification from the Risk Champion, when required.
Programme and Project Boards	**Role: To oversee the effective management of risk within programmes and projects.**
	Responsibilities • Set and confirm the programme/project's risk appetite • Understand the key risks to delivery of the programme/project objectives and ensure that sufficient action is being taken to manage them • Make decisions as regards risk response options proposed by project managers • Maintain oversight of the continued viability of the programme or project's business case. • Propose the escalation of risks to the corporate level in line with the

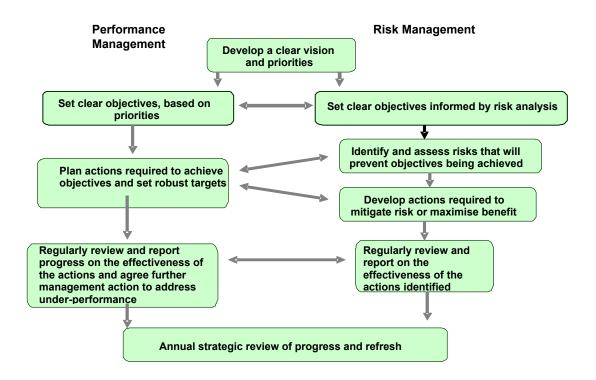|	
	Council's risk escalation criteria.
Project Managers	**Role:** **To effectively manage risks to the project in line with the Council's risk management policy.**
	Responsibilities • Identify and evaluate risks of and to any proposed project as part of the development of the business case. • Ensure that key risks to project objectives are identified, evaluated and managed • Undertake regular reviews of the project risk register throughout the lifecycle of the project. • Report key risks and potential responses to the Project Board on a regular basis • Identify and propose the escalation of risks to the programme level in line with the Council's risk escalation criteria.
Internal Audit	**Role:** **To provide independent and objective assurance in relation to the Council's risk management arrangements.**
	Responsibilities • Conduct reviews into the effectiveness of the risk management framework and its application. • Undertake an annual evaluation of the Council's risk management maturity. • Produce a risk based audit plan that takes into account key strategic, operational and project risks across the Council • Ensure robust risk management techniques in their audit work.
Employees	**Role: To contribute to the effective management of risk.**
	Responsibilities • Contribute to the identification and evaluation of key risks for their service area. • Contribute to risk control measures, where appropriate. • Report promptly to management potential new risks or failures in existing control measures. • Supporting continuous service delivery and any response to business disruption.

16. Performance Management and Risk Management

Performance Management is *"…an on-going, systematic approach to improving results through evidence based decision making, continuous organisational learning, and a focus on accountability for performance"* (Audit Commission)

By contrast, risk management is the process of identifying and managing issues that could impact on the achievement of objectives. Although, both processes are different in emphasis, they share the same goal - the achievement of organisational objectives. Risks cannot be identified without understanding priorities, objectives and targets. Equally, the setting of performance targets needs to be informed by an understanding of the risks which may threaten performance.
So it is important, that the risk management framework is developed to take account of and to support the Council's performance management framework.

The links between the performance management process and risk management are detailed in the following diagram:

Performance Management   **Risk Management**

```
                        ┌──────────────────────┐
                        │ Develop a clear vision│
                        │     and priorities    │
                        └──────────────────────┘
```

Develop a clear vision and priorities

Set clear objectives, based on priorities ⟷ Set clear objectives informed by risk analysis

Identify and assess risks that will prevent objectives being achieved

Plan actions required to achieve objectives and set robust targets

Develop actions required to mitigate risk or maximise benefit

Regularly review and report progress on the effectiveness of the actions and agree further management action to address under-performance ⟷ Regularly review and report on the effectiveness of the actions identified

Annual strategic review of progress and refresh

17. How does this policy relate to other Council policies?

Corporate Health & Safety Policy: sets out the Council's broad approach to the management of risks to health and safety

Business Continuity Policy: defines the approach to and requirements for managing risks to the continuity of Council services

ICT Security Policy: indicates the Council's broad approach to the management of information security and sets out the key control actions to be undertaken to manage risks to information security and ICT equipment.

Financial Regulations: cross reference the corporate Risk Management Policy and set out the requirements for managing resource-related risks

Council Constitution:
Contract Procedure Rules: – confirm the rules around procurement which act as controls in relation to procurement risk
Financial management: – confirms the key controls adopted to ensure effective financial planning and management
Risk Management and Control of Resources: – confirms the need for effective risk management and the controls intended to achieve this.
External Arrangements: - requires an agreement to be in place for each partnership, the development of which is to be subject to a risk management process to establish and manage all known risks

Code of Corporate Governance: summarises how the Council will deliver the six principles of effective governance and how the risk management framework contributes to this.

Performance Management Framework: sets out the Council's approach to performance management and its links with risk management.

18. What Level of Capability Do We Want to Achieve?

Our current ambition is to increase the number of enablers evaluated as Embedded & Integrated (Level 4 of the ALARM National Performance Model for Risk Management) by 2016.

19. What Additional Actions Are We Going to Take to Achieve This?

The following have been informed by the output from the 2014 ALARM/CIPFA Benchmarking exercise and the January 2015 Internal Audit report on risk management.

Action	Target Date
Risk Culture	
Ensure that development of the cultural change programme and people strategy supports the Council's corporate vision of being 'risk aware, not risk averse'	March 2016
Risk Appetite	
Agree an approach for determining the Council's appetite for risk	Summer 2015
Arrange for the leadership to consider the Council's risk appetite	Autumn 2015
Business Continuity	
Conduct audit of compliance with Business Continuity Policy and review results	December 2015
Conduct test of each critical service's business continuity plan	January 2016
Partnerships	
Check the 'risk management' content of the partnership toolkit	June 2015
Review and update the Constitution in terms of partnership risk management arrangements	June 2015
Agree how compliance with risk management requirements for partnerships will be assured	June 2015
Managing Risk Information	
Conduct a pilot of Concerto plans, performance and risk information within Transformation & Resources directorate	April to June 2015
Evaluate the outcome and pursue roll out of Concerto across the Council, or procurement of an alternative system	Autumn 2015
Reporting Risk Information	
Agree requirements for reporting risk information to Policy & Performance committees	June 2015
Risk Process	
Quality assure refreshed Directorate risk registers for 2015/16	May 2015
Training and Development	
Roll out E-Learning modules for managers and staff	April 2015 onwards

20. What Resources Will We Need?

We recognise that, particularly in the current financial environment, our Policy will need to be delivered within existing resources. Key officer resources will be the Risk & Insurance team and the Risk Champions within each directorate. However, implementation of the Policy will also require input from functions across the Council, including Internal Audit, Policy, Strategy, Performance Management, Risk and Resilience and the Change Team.

The development and delivery of a programme to equip Members and Officers with the knowledge and skills to embed the Policy will need particular support from the Organisational Development team.

21. How Will We Evaluate Our Progress?

Progress reports on the above actions will be provided to each meeting of the Council's Audit & Risk Management Committee.

Internal Audit will undertake an annual assessment of the Council's risk management maturity, using the framework contained in the CIPFA document - "It's a Risky Business: A Practical Guide to Risk Based Auditing". This will be reported to the Strategic Leadership Team and to Audit & Risk Management Committee.

Appendix A - Glossary

Control
A measure that mitigates a risk, including any process, policy, device, practice, or other action

Control Owner
Individual responsible for the maintenance of an existing control or the implementation of a additional control

Corporate Governance
The systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Current risk score
Assessment of the combined scores, for the likelihood and impact of the risk happening, **after** taking into account any controls in place to manage the risk.

Impact
The evaluated effect or result of a particular risk happening

Likelihood
A qualitative description of the probability or frequency of the risk happening

Risk
An uncertainty that could have adverse or beneficial effects on the achievement of the Council's objectives

Risk Appetite
The amount and type of risk that an the Council is prepared to seek, accept or tolerate in pursuing its objectives

Risk Management
Co-ordinated activities to direct and control an organization with regard to risk

Risk Management Policy
A statement of the overall intentions and direction of the Council related to the management of risk

Risk Matrix
A graphical table which facilitates the risk analysis process, shows the scales of likelihood and impact and plot risk scores

Risk Owner
The person responsible for the objective which would be affected by the risk

Risk Register

A summary of information relating to the risks to the achievement of an objective or set of objectives

Unmanaged risk score

Assessment of the combined scores, for the likelihood and impact of the risk happening, **before** taking into account any controls in place to manage the risk.

Appendix B – Risk Categories

Categories are widely used to identify sources of risk. Some will be of greater concern at the corporate/strategic level and some at the departmental/service level. However there is no clear distinction and all levels of management should be concerned, to varying degrees, with the majority of categories.

The categories below will assist at the risk identification stage in order to provide prompts to help identify risks. Risks can of course fall into one or more categories.

External

Category	Definition	Examples
Political	Associated with the political environment in which the Council operates	• New political arrangements • Member support / approval • Electorate dissatisfaction • Impact of electoral changes
Economic	Associated with changes in the economic environment, their impact on the community and Council's own financial position.	• National and regional economic situation • HM Treasury – investments, reforms, budget cuts • Key employment sectors (current and future) • Borrowing, lending situations, investments and interest rates • Inflation
Social	Relating to the effects of changes in demographic, residential or socio-economic trends.	• Residential patterns / profile (state of housing stock, public / private mix) • Health trends / inequalities • Demographic profile (age, race etc.) • Lifelong learning • Crime statistics / trends
Legal / Regulatory	Associated with current or potential changes to legislation and the regulatory environment at national and international level.	• Government policy • Inspection / regulation (e.g. Ofsted) • European Directives (e.g. procurement) • Legal challenges • Statutory duties / deadlines (e.g. FoI)

Technological	Associated with the impact of the pace/scale of technological change on the community and the Council, or our ability to use technology to address changing demands.	• Technology driving demand – customer needs and expectations • Digital exclusion • Increasing reliance on technology • Resilience of key IT systems • Capacity to deal with change
Environmental	Relating to the environmental consequences of realising our objectives and the impact of environmental change on the Council and the community.	• Impact of planning and transport policies • Nature of environment (urban / rural) • Land use – green belt, brown field sites • Contamination, pollution • Storage / disposal of waste • Climate change and impact of severe weather

Internal

Financial	Arising from the financial planning and control framework	• Quality of financial forecasting, profiling and cost/benefit analysis • Effectiveness of financial controls • Lack of investment • Failure to prioritise budgets • Level of financial skills and knowledge • Adequacy of financial reporting • Management of budgetary pressures
Customer / Citizen	Arising from the need to meet the changing needs, choices and expectations of customers and citizens	• Effectiveness of safeguarding • Relations with community leaders and groups • Extent and nature of consultation • Managing expectations • Reputation management • Management of complaints and compliments • Visibility of services (e.g.

		refuse collection)
Partnership / Contractual	Arising from the ability of contractors and partnership arrangements to deliver services or outcomes to the agreed cost and specification	• Resilience of partners / supply chains • Accountability frameworks and partnership boundaries • Managing performance • Experience and expertise in commissioning • Governance arrangements
People	Arising from the capability, competency and capacity of those who work for the Council and their welfare and safety.	• HR / employment policies • Quality of industrial relations • Reliance on key staff • Recruitment and retention • Health and safety duties • Level of staff morale • Adequacy of skill set
Tangible Assets (Physical)	Relating to the availability, security, safety and adequacy of land, buildings, plant and equipment	• Nature and state of asset base • Resilience and service continuity arrangements • Maintenance practices and policies • Security arrangements
Processes & Professional Judgements	Arising from internal protocols management processes and the nature of individual professions	• Quality of professional judgements • Effectiveness of project management and performance management processes
Managerial / Leadership	Arising from managerial ability and the quality of leadership	• Stability of officer structure • Quality of internal communications • Professional standing of key officers • Management culture • Workforce planning • Authority
Data and Information	Arising from data or information which the Council uses or manages. Access to, the management of and effectiveness of, information generated or required by the organisation.	• Data security • Data processing arrangements • Data reliability / quality • Effective use and interpretation of information • E-government

Governance	Relating to the adequacy of the Council's governance arrangements and adherence to them	• Speed / effectiveness of decision-making processes • Clarity of purpose • Level of accountability and openness • Limits of authority • Standards of conduct and behaviour • Enforcement of corporate policies / standards

Appendix C

RISK ACTION PLAN TEMPLATE

This template is to be completed for ALL risks in the Directorate Risk Register currently evaluated as red in the Council's risk scoring matrix.

RISK OVERVIEW	
Risk Description	
Risk Owner	
Directorate Lead	

CURRENT SITUATION: Detail the current risk score and reason/s why it is considered to be so significant	
Current Score : (Likelihood x Impact)	
Why is the risk considered to be so significant?	

ACTIONS: This describes what is necessary or how to reduce the risk score. This way everyone is clear on what is required and when; knows the expected outcome and how to achieve it.	
What (is required)	
How (will it be achieved)	*Are there any resource allocation required for specific activities?*
Who (will be responsible) i.e. the control owner	
When (will results be realised)	*Date required.*
What (should the score be when the action(s) are implemented)	

Signed………………………...Manager responsible for the service

Date ……………………..

Signed ………………………………………………………Head of Service:

Appendix D – Risk Register Template

Priority / Objective	Risk Ref.	Risk Description	Unmanaged Scores			Risk Category	Risk Owner	Existing Controls	Current Scores			Risk Review Frequency	Planned Additional Controls	Control Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ◄ ◻)	Risk Action Update
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)					Likelihood	Impact	Total (LxI)		
					0				1	2	2	HY							0	
					0				1	2	2	HY							0	
					0				4	5	20	M							0	
					0				3	4	12	Q							0	