	Cabinet			**Item** **10(i)**
	06 September 2017			
Report of	**Assistant Director Policy & Corporate**	**Author**	**Hayley McGrath** ☎ **508902**	
Title	**2016/17 Year End Review of Risk Management**			
Wards affected	Not Applicable			

> **This report concerns the review of the Risk Management work undertaken for the period 1 April 2016 to 31 March 2017.**

1. Decision(s) Required

1.1 Note the risk management work undertaken during 2016/17.

1.2 Note the current strategic risk register.

1.3 Approve the proposed risk management strategy for 2017/18 and recommend to full Council that it be included in the Council's Policy Framework.

2. Reason for decision

2.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.

2.2 During the year progress reports are presented to the Governance & Audit Committee detailing work undertaken and current issues. This report was presented to the Governance & Audit Committee on 25 July 2017, where they approved its referral to this meeting.

2.3 The Risk Management Strategy is one of the key corporate governance documents that supports the Constitution of the Council and forms part of the Policy Framework. Accordingly any amendments have to be approved by Full Council.

3. Key Messages

➢ The main risks on the register continue to be the potential impact of future central government decisions to reduce public funding, failure or inappropriate management of a strategic partner and the potential impact of the European Union referendum result. These are all outside of the direct control of the Council. However the impact of these risks can be mitigated, and risks identified in section 6 - Assets and Resources - are a reflection of the work that is undertaken to ensure that the organisation can respond to these challenges.

➢ Risk Management principles continue to be reinforced and embedded in the organisation. The 2015/16 Annual Audit Report, issued by the Council's external auditors, Ernst & Young, in December 2016, did not include any findings of anticipated risks occurring. This is further demonstrated by the 2016/17 internal audit review which provided a substantial assurance level.

4. Supporting Information

4.1 The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

4.2 In broad terms risks are split into three categories:
➢ Strategic – those risks relating to the long term goals of the Council
➢ Operational – risks related to the day-to-day operation of each individual service
➢ Project – consideration of the risks relating to specific initiatives

4.3 Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to dramatically change welfare processes. Strategic risks are owned by members of the Senior Management Team.

4.4 Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service. These registers are reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them are reported to Senior Management Team on a quarterly basis, as these assist in the formulation of the strategic risk register.

4.5 Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and high level issues are reported to the senior management team.

4.6 The Year End Review of Risk Management was considered by the Governance and Audit Committee at its meeting on 25 July 2017 and the minute of the Governance and Audit Committee is at Appendix 4 (to follow).

5.0 Summary of 2016/17

5.1 Health and Safety is a key part of manging operational risks and work continues to ensure that the Health and Safety framework is embedded across the organisation. A more detailed report will be provided to committee later in the year however key projects have included reviewing the support for lone workers and managing challenging customers.

5.2 Work has been undertaken supporting the Community Stadium and football club with their Safety Advisory Group (SAG), in particular with regards to the recent Olly Murs concert. Officers also support the Colchester SAG, reviewing the risk elements of event plans.

5.3 There were no fundamental changes to the processes used to identify and control risk, during 2016/17.

5.4 An audit of the risk management function was carried out in January 2017. This produced four level two recommendations. These related to managing the operational risk registers and

5.5 The risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

6. Strategic Risk Register

6.1 During 2016/17 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance & Audit Committee every six months. The current register is shown at appendix 1. These risks have been mapped onto a risk chart as shown at appendix 2.

6.2 The Corporate Governance Manager reviewed the strategic risks with each member of the Senior Management Team in March 2017, and in June the Performance Management Board (PMB) comprehensively reviewed the register to ensure that the identified risks were still appropriate.

6.3 A separate exercise was undertaken to review the actions highlighted on the register to ensure that they are suitable to control the identified risks and an audit review was carried out to verify that actions were being implemented.

6.4 A new risk has been added at 3.e – increase in challenging behaviour from customers, when the Council cannot meet the customer's expectations. Alongside partners being unable to provide support or having incorrectly signposted the customer to the Council.

6.5 There were no changes made to the scores following the review.

7. Risk Management Strategy for 2017/18

7.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.

7.2 Therefore a review has been undertaken and the strategy has been updated for 2017/18. The revised strategy is attached at appendix 3. There are no fundamental changes proposed to the risk process with amendments only to external review comments and the updating of role titles.

8. Proposals

8.1 To note and comment upon:
- the Councils progress and performance in managing risk during 2016/17, and
- the current strategic risk register.

8.2 To endorse the submission of the revised Risk Management Strategy for 2017/18 to Full Council for inclusion in the Policy Framework.

9. Strategic Plan References

9.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

10. Equality, Diversity and Human Rights Implications

10.1 Whilst there are no direct equality, diversity or Human Rights implications from this report, the risk management process recognises the impact of the legislation and

controls have been implemented, including the completion of Equality Impact Assessments, to mitigate the risk.

11.   Risk Management Implications

11.1   The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

12.   Other Standard References

12.1   There are no particular references to Consultation, Publicity, Financial, Community Safety or Health and Safety implications as a result of this report.

Colchester Borough Council – Corporate Strategic Risk Register
July 2017 – September 2017

1. AMBITION										
Specific Risks		SCORE						Consequences	Actions	Owner	
		Current			Previous						
		P	I	O	P	I	O				
1a	In a period of public sector resource reductions the ability to have ambition and to deliver on that ambition.	3	2	6				Major changes needed to the town would not be delivered thus affecting the quality of life of its residents and businesses. Major downturn in public sector resourcing over the next few years will hamper the speed of delivery across the services provided. Poorer external assessments by independent agencies and loss of Council reputation.	Ensure the KPI and SPAP reporting processes are effectively used to inform senior management and politicians about the performance and direction of the organisation.	Assistant Director Policy and Corporate	Sept 2017
1b	Unrealistic internal and external expectations on the speed of delivery.	3	3	9					Ensure that the organisation has a clear strategy for working effectively with businesses in the borough, to develop the economy.	Strategic Director of Policy and Place	Sept 2017
1c	The Council is unable to effectively influence changes in the Borough economy.	3	4	12							
1d	Over reliance on a limited number of people limits ability to deliver our ambition.	3	3	9				The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.	Manage the recruitment and development processes to ensure that the organisation has the appropriate skills and expertise.	Chief Executive	Sept 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

				SCORE								
	Specific Risks	Current			Previous			**Consequences**	**Actions**	**Owner**	**Timing**	
		P	I	O	P	I	O					

2. CUSTOMERS

	Specific Risks	P	I	O	P	I	O	Consequences	Actions	Owner	Timing
2a	The expectations of our customers, set alongside the financial constraints will create challenges to service delivery, our channel shift ambitions and the reputation of the authority.	4	3	12				The Authority fails to deliver the standards of service and delivery which our customers expect, especially in relation to self-service and the reliance on IT capabilities.	Monitor the engagement and consultation processes, to ensure customers are able to inform service priorities and delivery, whilst managing their methods of interaction with the organisation. This will be evidenced by reporting the pattern of usage of the routes used by customers and savings achieved.	Strategic Director of Customer and Relationships	Sept 2017
2b	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	3	3	9				The Council suffers from a loss of reputation as customers' expectations are not met. There is increased demand on existing services leading to a reduction in standards of delivery.	Ensure that Cabinet set a clear and consistent message about the role of CBC for customers and partners.	Strategic Director of Customer and Relationships	Sept 2017
2c	Impact of Welfare Reform will pose challenges to our resources in responding to rising customer need.	2	4	8				The Council fails to support our most vulnerable residents leading to an increase in crisis intervention.	Regularly monitor the impact of the resources allocated to the welfare reform project, to ensure that customers are supported with signposting to appropriate providers/partners.	Strategic Director of Customer and Relationships	Sept 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

		SCORE									
		Current			Previous						
Specific Risks		P	I	o	P	I	O	Consequence	Actions	Owner	Timing
3a	Unable to compete with the private sector in the recruitment (and retention) of staff with key marketable skills	4	3	12				Decline in service performance

Disengaged and demotivated staff

Efficiency and productivity reduction | Communicate job opportunities and benefits of working at CBC clearly and imaginatively. | Assistant Director Policy and Corporate | Sept 2017 |
| | | | | | | | | | Review opportunities to do things differently for key posts including considering the value of trading companies. | Assistant Director Policy and Corporate | Sept 2017 |
| 3c | Staff motivation declines with an impact on service delivery, our capacity to make changes and implementation of budget efficiencies | 3 | 4 | 12 | | | | Inability to meet changing requirements and needs

Customer perceptions decline as we deliver less

Loss of key staff | Monitor staff morale and trends using staff surveys and by monitoring the People Dashboard; and ensure good communications with staff, exploiting new technologies such as yammer. | Assistant Director Policy and Corporate | Sept 2017 |
| | | | | | | | | | Implement the action plan for the People Strategy; ensuring that performance is regularly monitored. | Assistant Director Policy and Corporate | Sept 2017 |
| | | | | | | | | | Regularly report the progress of the learning and development strategy, including financial considerations and business behaviours, and exploring training alternatives. | Assistant Director Policy and Corporate | Sept 2017 |

The title "3. PEOPLE" spans the top of the table.

P - Probability   I – Impact   O – Overall score

June 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

		SCORE									
		Current			Previous						
Specific Risks		P	I	o	P	I	O	Consequence	Actions	Owner	Timing
3e	There is an increase in challenging behaviour from customers, towards officers, when the Council cannot meet the customer's expectations. Alongside partners being unable to provide support or having incorrectly signposted the customer to the Council.	3	3	9				Officers suffer potential mental and physical issues as a result of confrontations. The ability to assist the customer is reduced. Service delivery declines	Ensure that the Health & Safety reporting process is used to record instances of violence and aggression, with regular reporting to senior management. Develop an on-line training tool for staff, for managing difficult situations. Liaise with partners, such as Police and health, about expectations for vulnerable customers. Both in terms of emergency response to issues and services that the Council can, and cannot, provide.		

3. PEOPLE

Specific Risks		SCORE						Consequence	Actions	Owner	Timing
		Current			Previous						
		P	I	o	P	I	O				
4a	To continuously assess future challenges to ensure Council is fit for future purpose	2	4	8				If not properly managed then either the Council will lose the opportunity to develop further or will have enforced changes to service delivery.	Regularly monitor national trends and policy changes, ensure that CBC is represented on specialist network groups.	Strategic Director of Customer and Relationships	Sept 2017
4b	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	4	3	12				Adverse impact on local residents / resources. Missed opportunities to boost local economy.	Identify and maintain skill set required to meet future challenges, maintain partnership relationships	Strategic Director of Policy and Place	Sept 2017
4c	Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation.	3	3	9				Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.	Ensure that responses are considered and provided for consultations. Utilise specialist officer knowledge and ensure CBC representation on relevant working groups.	Assistant Director Policy and Corporate	Sept 2017
4d	Potential impact of future central government decisions to reduce public funding, including that of our partners	5	4	20					Maintain a constant review of the budget situation, incl impact of decisions from central government. Identify additional actions and areas for spending as necessary.	Chief Operating Officer	Sept 2017
4e	The outcome of the referendum to leave the European Union is leading to a number of uncertainties. At the moment it is unclear how this will impact on the Council, our communities and businesses. However, it does raise a potential set of risks that will need to be monitored.	5	3	15					Continue to monitor the progress of the exit from the EU, ensuring that there is a formal process for reporting potential impacts.	Strategic Director of Policy and Place	Sept 2017

P - Probability   I – Impact   O – Overall score

June 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

5. PARTNERSHIPS										
Specific Risks		SCORE					Consequence	Actions	Owner	Timing
		Current			Previous					
		P	I	O	P	I	O				
5a	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, Health, CBH	4	4	16				The cost of service delivery is increased however quality decreases.

Failure to deliver key priorities.

Reputational and financial loss by the Authority.

Failure to deliver expected outcomes through partnerships

Requirement to repay external funding granted to partnership – taking on the liabilities of the 'withdrawn' partner.

External assessment of the Councils partnerships are critical and score poorly. | Set an assessment process for proposed strategic partnerships (to ensure that they will satisfy the Council's objectives) that needs to be signed off by EMT before commitment to new partnerships is made. | Strategic Director of Customer and Relationships | Sept 2017 |
5b	Change of direction / policy within key partner organisations and they revise input / withdraw from projects.	4	3	12					Set a formal relationship / performance review process to be used by all partnerships and ensure results are reported to senior management. Ensure that Exec Board and Leadership review partnerships on a regular basis. Embed Scrutiny Cttee process for key partnerships including CBH and the Safer Colchester Partnership.	Strategic Director of Customer and Relationships	Sept 2017
5c	Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance.	3	4	12							
5d	Working across the partners for delivery of the garden communities project encounters delay. The partners - Colchester BC, Tendring DC, Braintree DC, Essex CC and the landowners fail to agree objectives and actions	2	4	8				The project fails to deliver its objectives leading to increased costs as there would be delays in local plan progress and loss of reputation, as well as the long term effect on ability to generate investment into the area and meet housing and employment needs.	There is a joint shadow delivery Board that allows the Authorities to co-ordinate their actions and resolve issues.	Strategic Director of Policy and Place	Sept 2017

Specific Risks		SCORE						Consequence	Actions	Owner	Timing
		Current			Previous						
		P	I	O	P	I	O				
6a	Failure to protect public funds and resources – ineffective probity / monitoring systems	3	4	12				Service delivery failure Financial and reputational loss by the Authority Personal liability of Officers and Members. Legal actions against the Council Loss of stakeholder confidence in the Borough Inability to sustain costs	Ensure the outcomes of the assurance systems that form the internal control environment, (including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management) are appropriately reported so that issues and concerns are managed and variances are spotted at an early stage.	Chief Operating Officer	Sept 2017
6b	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	3	4	12				Failure to deliver a balanced budget as planned. A need to use balances / reserves or to adapt financial plans to deal with impact of changes. Required to use Reserves & Resources to fund capital priorities Severe impact on cash-flow leading to negative effect on performance targets	Review the budget monitoring process to ensure it reflects the structure and co-ordinates finances across the whole Council not just individual service areas. Ensure the continued development of the Revolving Investment Fund (RIF) and ensure that assets are used to their full commercial potential.	Chief Operating Officer Strategic Director Policy and Place	Sept 2017 Sept 2017

Continued.

P - Probability   I – Impact   O – Overall score

June 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

6. ASSETS & RESOURCES										
Specific Risks		SCORE						Consequence	Actions	Owner	Timing
6c	Inability to deliver the budget strategy as planned.	3	4	12					Ensure effective use of the controls built into the annual budget strategy, to enable the organisation to respond quickly to changes. Include sensitivity analysis to consider the impact of potential changes to external funding/ income streams and the capacity of the organisation to deliver services. Consider income risks as part of budget strategy / budget plans.	Chief Operating Officer	Annual exercise. Council approves budget in Feb annually
6d	Failure to set aside sufficient capital funds for strategic priorities	3	4	12					Monitor the review processes for the medium term financial outlook, capital programme and HRA business plan processes, to ensure they are kept up to date and realistic.	Chief Operating Officer	Sept 2017
6e	Significant reliance on our ICT presents challenges in maintaining customer service in the event of service interruptions.	2	5	10					Ensure that the IT Disaster Recovery plan, and service plans, adequately reflect the organisation's requirements and provide an effective framework for maintaining service provision. Regularly review the IT development strategy to ensure it continues to support the organisations ambitions.	Assistant Director Policy and Corporate	Sept 2017

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

6. ASSETS & RESOURCES								
Specific Risks		SCORE				Consequence	Actions	Owner	Timing
6f	Increasing demands around information security create a risk in the event that security breaches occur	2	5	10			Review the IT security policies to ensure that they are fit for purpose and implement a training program for all staff.	Assistant Director Policy and Corporate	Sept 2017

SCORE DEFINITIONS	1 Very Low	2 Low	3 Medium	4 High	5 Very High
Impact	Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Minor interruption to service delivery or minimal effect on Corporate Objectives.	Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	Major interruption to overall service delivery or severe effect on Corporate Objectives.	Inability to provide services or failure to meet Corporate Objectives
Probability	10% May happen – unlikely	10 -25% Possible	26 – 50% Could easily happen	51 – 75% Very likely to happen	Over 75% Consider as certain

Risks Removed

1e The resource implications, including ICT, staffing and financial, of the UCC FSR are greater than anticipated. Removed July 15.

1f The organisation fails to recognise the tensions between aspirations and statutory functions. Removed June 17

3b Failure to sustain adequate resource to support training and development because of the financial situation. Removed July 15.

3d Failure to provide effective and visible political and managerial leadership. Removed July 15

Low = 1 – 4   Medium = 5 – 9   High = 10 – 25

RISK MATRIX
JUL 17 - SEP 17

Low Risks	Medium Risks	High Risks

Scoring 1-5

Risk Tolerance Line

Probability of Occurance

	5 Very High			4e	4d	
	4 High			2a 3a 4b / 5b	5a	
	3 Medium		1a	1b 1d / 3e / 2b 4c	1c 5c 6a / 3c / 6b 6c 6d	
	2 Low				2c 4a / 5d	6e 6f
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high

Severity of Impact

Removed Risks

1e The resource implications, including ICT, staffing and financial, of the UCC FSR are greater than anticipated. Re

3b Failure to sustain adequate resource to support training and development because of the financial situation. Rem

DRAFT
Risk Management Strategy 2017/18

A guide to the Council's approach to managing risk. Draft for review.

July 2017

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RISK MANAGEMENT STRATEGY

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance on developing risk management as a routine process for all services.

INTRODUCTION

The Council undertakes that this strategy will ensure that:

1. The management of risk is linked to performance improvement and the achievement of the Council's strategic objectives.

2. Members and the Senior Management Team own, lead and support on risk management.

3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.

4. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including strategic, programme, project and operational

5. All members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.

6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.

7. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.

8. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.

9. The Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.

10. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

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Endorsement by Adrian Pritchard, Chief Executive

"*Colchester Borough Council is committed to ensuring that risks to the effective delivery of its services and achievement of its overall objectives are properly and adequately controlled. It is recognised that effective management of risk will enable the Council to maximise its opportunities and enhance the value of services it provides to the community. Colchester Borough Council expects all officers and members to have due regard for risk when carrying out their duties.*"

WHAT IS RISK MANAGEMENT

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long and short term objectives of the Council are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could effect the achievement of our objectives and develop actions to control or reduce those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.

'The Good Governance Standard for Public Services' issued by The Independent Commission on Good Governance in Public Services states that there are six core principles of good governance including 'Taking informed, transparent decisions and managing risk'. The document goes on to state 'Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective'.

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BACKGROUND

A process for managing risks was first adopted by the Council in 2003 and since then has been developed to ensure that it continues to be an effective management system. This strategy defines Colchester Borough Council's definition of risk and the processes to be followed.

In broad terms risks are split into three categories:
➢   Strategic – those risks relating to the long term goals of the Council
➢   Operational – risks related to the day-to-day operation of each individual service
➢   Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives

The following are some of the practical ways that risks are managed and how effectiveness is measured:
➢   Creation of an overall strategic register.
➢   Creation of operational risk registers for all service areas.
➢   Consideration of risk in Committee reports.
➢   Development of a comprehensive risk register for the project management programme and consideration of risk as a project management tool.
➢   Successful internal and external assessment.
➢   Provision of advice to other authorities regarding our management of risk.

This has led to a practical and workable approach to managing risk and has resulted in the Council becoming more risk aware and actually taking more risks, as demonstrated by the comprehensive project risk register. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2016/17 internal audit of risk management gave a substantial assurance opinion. Three recommendations were raised during the audit relating to the update and reviewing of operational risk registers.

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OWNERSHIP

The responsibility to manage risk rests with every member and officer of the Council however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

Appendix 3 is from the CIPFA/SOLACE risk management guide, Chance or Choice. It is a generic map of responsibility for each part of the risk management process.

The following defines the responsibility for the risk management process at Colchester:

Cabinet – Overall ownership of the risk management process and endorsement of the strategic direction of risk management.

Portfolio Holder for Resources – Lead Member for the risk management process

Governance and Audit Committee – Responsible for reviewing the effectiveness of the risk management process and reporting critical items to Cabinet as necessary.

Performance Management Board (PMB) – Ownership of the strategic risks and overview of the operational risks. Actively support the Risk Management Strategy and framework.

Chief Operating Officer – Lead officer for the risk management process, demonstrating commitment to manage risk.

Assistant Director Policy & Corporate – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

All Assistant Directors – Ownership, control and reporting of their service's operational risks. Contribute to the development of a risk management culture in their teams.

All Employees – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

Internal Audit, External Audit and other Review Bodies – Annual review and report on the Council's arrangements for managing risk throughout the Council, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the control environment.

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AIMS & OBJECTIVES

The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

The risk management objectives of Colchester Borough Council are to:

➢   Integrate risk management into the culture of the Council
➢   Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
➢   Manage risk in accordance with best practice
➢   Anticipate and respond to changing social, environmental and legislative requirements
➢   Prevent injury, damage and losses and reduce the cost of risk
➢   Raise awareness of the need for risk management by all those connected with the Council's delivery of services.
➢   Ensure that opportunities are properly maximised through the control of risk.
➢   Reduce duplication between services in managing overlapping risks and promote 'best practise'.

Risk Management forms an important part of the Council's system of Internal Control. Previously the Audit Commission assessed the function as operating at level 3 as part of their 'Use of Resources' review… However, the Use of Resources assessment is no longer carried out but the criteria laid down for each assessment level, set out in Appendix C, still provides a robust framework for delivering an effective service.

STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Senior Management Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter. The strategic risks will be reported to the Governance & Audit Committee at least twice a year.

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OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council. Each service area will have their own operational risk register that details the risks associated with providing the service. These registers will be reported, in summary format, to the Senior Management Team and committee on an annual basis. High risks and the success in controlling them will be reported to Senior Management Team on a quarterly basis, as these will help in the formulation of the strategic risk register.

LINKS

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture it has to be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

➢   The Strategic Plan
➢   Service Plans
➢   Revenue and Capital Budgets
➢   Annual Internal Audit Plan

ACTION REQUIRED

The following actions will be implemented to achieve the objectives set out above:

➢   Considering risk management as part of the Council's strategic planning and corporate governance arrangements.
➢   Ensuring that the responsibility for risk management is clearly and appropriately allocated
➢   Maintaining documented procedures for managing risk
➢   Maintaining a corporate approach to identify and prioritise key services and key risks across the Council and assess risks on key projects.
➢   Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
➢   Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
➢   Including risk management considerations in all committee reports
➢   Providing risk management awareness training to both members and officers.
➢   Developing risk management performance indicators.
➢   Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
➢   Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Council and its business capability.
➢   Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.
➢   Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

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REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to P.M.B., Governance & Audit Committee and Cabinet. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

➤   The inclusion of risk management principles within Service Plans and budgets.

➤   The development of the Internal Audit plan based on the risk issues.

➤   Achievement against identified performance indicators.

➤   Members consistently ensuring managing risk is considered as part of the decision making processes within the Council.

➤   Service managers making recommendations that regard risk as an opportunity as well as a threat.

➤   Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.

➤   Changes in risk being independently identified and assessed by Service Managers

➤   Compliance with the use of resources criteria and self assessment requirements.

Suitable opportunities to benchmark the risk management service against other organisations should also be explored to ensure that it is effective and the work carried out by the Council conforms to best practise.

The three appendices attached give greater detail of key issues:

Appendix 1 – Outline of the risk management process
Appendix 2 – Details of how Risk Management will be reported.
Appendix 3 – CIPFA guidance on Risk Management Responsibilities

The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

Stage 1 – Risk Identification
Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the Head of Service who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews then it is reported to the Risk & Resilience Manager for information and the Head of Service is responsible for managing the risk.

Stage 2 – Risk Analysis
Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

Stage 3 – Risk Control
Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

Stage 4 – Risk Monitoring
The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

APPENDIX 2

Reporting

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

Types of Report

➢ The strategic risk register is reviewed a minimum of twice yearly by P.M.B., with interim reports quarterly as required.

➢ Six monthly review of the operational risk registers and a summary report of these reviews to P.M.B.

➢ A six monthly report is provided to Committee (Governance and Audit) detailing the current strategic and high level operational risks and the progress made in controlling them.

➢ An annual report reviewing Risk Management activity and an action plan for the coming year – taking into account changes in methodology and results of internal and external reviews. Going to P.M.B., Governance & Audit and Cabinet. This needs to cover all of the three areas of risk

➢ Ad-hoc reports need to be provided to P.M.B. when new, significant risk issues arise.

The reports can be summarised as follows:

	Services	**P.M.B.**	**Governance & Audit**	**Cabinet**
Quarterly		Review of strategic risk register		
6 Monthly	Review of operational risk register	Summary of operational review from services	Progress report of strategic & high level operational risks	
Yearly		Scrutiny of annual progress report to cttee on R.M.	Endorsement of annual progress report on R.M.	Summary of past years work on R.M.

Risk Management Responsibilities – CIPFA / SOLACE Guidance

	Framework, Strategy and Process	Identifying risk	Analysing Risk	Profiling risk	Prioritising action based on risk appetite	Determining action on risk	Controlling risk	Monitoring & Reporting	Reporting to external stakeholders.
Members	Agreeing the Framework, Strategy and Process Determined by Officers	Identifying risk	Analysing Risk	Profiling Risk	Determining the risk appetite and prioritising risk. Agreeing the priorities determined by officers			Reviewing the effectiveness of the risk management process.	Reporting to external stakeholders on the framework, strategy, process and effectiveness .
Risk Management Team	Providing advice And support to the executive Management Team and Members	Providing advice and support.	Providing Advice and support	Providing advice and support	Providing advice and support			Co-ordinating the results for reporting to the corporate management team and members	
Senior Management Team	Determining the framework, Strategy and Process	Identifying strategic and cross-cutting issues	Analysing Strategic and cross-cutting issues.	Profiling strategic and cross-cutting issues.	Determining the risk appetite and prioritising strategic and cross-cutting issues	Determining action on strategic and cross-cutting issues. Delegating responsibility for control.		Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process. Reporting to members.	Reporting to external stakeholders on the framework, strategy, process and effectiveness.
Assistant Director Policy & Corporate	Providing Advice and Support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Co-ordinating the results for reporting to the executive management team and members	Preparing draft reports for the corporate management team and members to issue.
Service Managers / G.M.T's		Identifying service Risks	Analysing Service risks.	Profiling service risks.	Prioritising action on service risks.	Determining action on service risks. Delegating responsibility for control.		Monitoring progress on managing service risks. Reporting to the group management team	
Employees, contractors And partners		Maintaining awareness of risks and feeding these into the formal process.	Maintaining awareness impact of risks and feeding information into the processes				Controlling risk in their jobs.	Monitoring progress on Managing job related risks Reporting to the service manager.	