



Cabinet

Item
8(ii)

13 October 2021

Report of	Assistant Director of Corporate and Improvement Services	Author	Hayley McGrath ☎ 508902
Title	2020/21 Year End Review of Risk Management		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report provides members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2020 to 31 March 2021.
- 1.2 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which is included in the policy framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register (which is the responsibility of the Senior Management Team), operational risk registers which are produced by each service, project risk monitoring and specific risk mitigation initiatives.
- 1.3 The Risk Management strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.
- 1.4 The key strategic risks are:
 - Covid-19 Pandemic
 - Spending Power
 - Compliance
 - Financial Inequality
 - Cyber Security
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2. Recommended Decision

- 2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April 2020 to March 2021.
- 2.2 Consider and comment on the current strategic risk register.
- 2.3 Approve the proposed risk management strategy for 2021/22 and recommend to Full Council that it be included in the Council's Policy Framework.

3. Reason for Recommended Decision

- 3.1 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.

3.2 During the year progress reports are presented to the Governance and Audit Committee, detailing work undertaken and current issues. This report was presented to the Governance and Audit Committee on 27 July 2021, where they approved its referral to this meeting.

3.3 As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

4. Alternative Options

4.1 There are no alternative options to consider

5. Background Information

5.1 The aim of the Council is to adopt best practice 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.

5.2 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 – the delivery risks of specific initiatives.

5.3 Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. A high score does not mean that a risk has, or will definitely, occur.

5.4 In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise, there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore, some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

6 Work undertaken during the period

6.1 There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2020/21.

6.2 During the year the majority of risk management activity was assisting with the response to the pandemic. Senior Management Team continually reviewed the Council's business continuity plans in response to the emerging information about Covid-19, the economic lockdown and sector-specific guidance affecting operational activities, to ensure that essential services continued to be delivered, with some staff being redeployed where necessary.

6.3 Work has continued to develop the insurance and risk programmes for Colchester Commercial (Holdings) Limited, to ensure that emerging commercial risks are appropriately managed.

6.4 During the year the Council was asked to manage the insurance programme for Colchester Borough Homes (CBH). This included the procurement of insurance and the

management of claims. This has resulted in an overall saving for CBH and has provided better coverage.

6.5 Support continues to be provided, reviewing the risk elements of event plans, to both the Colchester, and the Community Stadium, Safety Advisory Groups.

6.6 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.

7 Strategic Risk Register

7.1 During 2020/21 the strategic risk register was reviewed by the Senior Management Team every quarter and reported to the Governance and Audit Committee every six months. The current register is shown at Appendix 1. These risks have been mapped onto a risk matrix, shown at Appendix 2, that shows the risk profile before, and after, mitigating actions.

7.2 The Corporate Governance Manager reviewed the strategic risks with the Senior Management Team in June 2021 to ensure that the identified risks were still appropriate.

7.3 For the majority of 2020/21 the Council's strategic risks were consistent. The main risk was the impact of the pandemic, including the effect on finances.

7.4 Many of the mitigating activities identified, and implemented, as a direct result of the Council's risk strategy and Strategic Risk Register have helped the organisation, with its partners, to cope with the impacts of Covid-19. For example, strong partnership working, effective communications and prudent financial management.

8. Risk Management Strategy for 2021/22

8.1 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.

8.2 Therefore a review has been undertaken and the strategy has been updated for 2021/22. The revised strategy is attached at Appendix 3. There are no changes proposed to the risk process, with amendments only to external review comments and the updating of external guidance references.

9. Equality, Diversity and Human Rights implications

9.1 There are no equality, diversity or Human Rights implications as a result of this report.

10. Strategic Plan References

10.1 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.

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. Environmental and Sustainability Implications

12.1 There are no environmental or sustainability implications as a result of this report.

13. Other Standard References

13.1 There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices

Appendix 1 – The strategic risk register

Appendix 2 – Risk Matrix

Appendix 3 – Risk Management Strategy for 2021/22

Colchester Borough Council Strategic Risk Register
Draft For Cabinet September 2021

Appendix 1

Ref	Risk Title	Description	Strategic / Recovery Strand	Initial Score			RATING	Consequences	Mitigation	Lead	Residual Score		
				P	I	O					P	I	O
ST4	Covid-19 Pandemic	Ongoing, and recovery, impacts of the COVID-19 pandemic on the council, the communities, our customers and the economy. The uncertainty of planning for future service delivery alongside the threat of further infection waves and restrictions.	Service Provision	5	4	20	Very High	The ongoing and future impacts of the COVID-19 pandemic including service and staff resilience and shortages, including through self-isolation, additional service pressures, short term changes in policy and alert status disrupting delivery of strategic priorities, impacts on service delivery with additional cost pressures and potentially reduced income levels alongside additional work to support recovery.	Delivery of the revised Strategic Plan which incorporates recovery objectives and additional burdens (e.g. outbreak controls). Specific recovery actions, including Reopening of the High Street, being monitored through the project management process. Maximise the use of available government support including income loss grant.	Chief Operating Officer	4	3	12
ST2	Spending Power	Following two single-year spending reviews in 2021 the Government is committed to a Comprehensive Spending Review in 2021. This will impact on Council funding for 2022/23, with the Ministry for Housing, Communities and Local Government not one of the departments with 'protected' departmental expenditure limits (DEL).	Finance	4	4	16	Very High	Changes could be favourable or adverse for the Council's funding. If adverse, the Council could lose the opportunity to develop further, may have enforced changes to service delivery and covid recovery. Adverse impact on local residents / resources. Missed opportunities to boost local economy. Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.	Maintain a constant review of the budget situation, including the impact of decisions from central government. Identify additional actions and areas for increasing income as necessary, including through the Council's Transformation Programme. Reduce reliance on New Homes Bonus to support the base budget. Lobby Government for a fair, multi-year funding settlement.	Chief Operating Officer	4	3	12
SP4	Compliance	Failure to protect public funds and resources – ineffective probity / monitoring systems/legislative breaches. Especially as a result of the rapid changes in service delivery required to respond to the impacts of Covid-19	Finance	3	5	15	Very High	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. Failure to delivered 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.	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. Horizon scanning upcoming legislative / policy changes	Chief Operating Officer	3	4	12
CO3	Financial Inequality	The current, and future, impacts of Covid 19 are likely to increase the number of vulnerable residents leading to greater financial inequality and increasing the number of residents seeking support from the Council.	Community	3	4	12	High	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 supporting customers, to ensure that they are signposted to appropriate providers/partners. AT THE CURRENT TIME, DUE TO THE UNKNOWN IMPACTS OF COVID-19, MITIGATION DOESN'T REDUCE THE SCORE.	Strategic Director, Customers and Relations	3	4	12
SP3	Cyber Security	The Council suffers a successful cyber attack on it's computer systems.	Service Provision	4	4	16	Very High	Potentially severe disruption to core services, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents.	Ongoing review of IT policies and protocols to ensure that they are fit for purpose and implement a training program for all staff and members. Implementing defined action plans to rapidly respond to any attacks on our systems to help minimise any potential damage. <i>CBC suffered a targeted cyber attack in December 2020, which was successful in breaching the security protocols. However the activation of the rapid response plans to lock accounts, reset all passwords and introduce new measures (including multi factor authentication for all users) were effective in limiting the impact and demonstrated the effectiveness of the mitigation measures in place.</i>	Assistant Director, Corporate & Improvement	3	3	9

Ref	Risk Title	Description	Strategic / Recovery Strand	Initial Score			RATING	Consequences	Mitigation	Lead	Residual Score		
				P	I	O					P	I	O
CO1	Partnership Delivery	Failure or inappropriate performance management of one or more strategic partnerships or key contracts E.g. Haven Gateway, LEP, ICS, CBH, Emergency Services	Community	3	4	12	High	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.	Review the 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, Customers and Relations	3	3	9
ST3	Partnership Commitment	Change of direction / policy within key partner organisation and they revise input / withdraw from projects. Increased risk due to partners having to review service provision in response to the impacts of Covid-19 on their business.	Strategic	4	3	12	High	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 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 Ctee process for key partnerships including CBH and the Safer Colchester Partnership.	Strategic Director, Customers and Relations & Strategic Director, Policy & Place	3	3	9
CO2	CBC Function	The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision	Community	4	3	12	High	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, Customers and Relations	3	3	9
CM1	Service Innovation	Not taking or creating opportunities to maximise the efficient delivery of services through shared provision, partnerships or commercial delivery	Service Delivery	4	3	12	High	If not properly managed then either the Council could lose the opportunity to develop further or may have enforced changes to service delivery. Adverse impact on local residents / resources. Missed opportunities to boost local economy. Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.	Clear approach and 'roadmap' for transforming the Council including an 'innovation' strand, monitored by the Senior Management Team and reported to Cabinet as part of the budget process.	Strategic Director, Policy & Place	3	3	9
SP1	Data Protection	Sensitive data, in any format, is not correctly managed, processed or protected from loss or theft in line with GDPR and Data Protection Act requirements.	Service Provision	3	4	12	High	Potentially severe disruption to core services and/or data theft, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents from any breach, potential financial losses, directly or indirectly e.g. ICO fines.	Ongoing review of data security policies and protocols to ensure that they are fit for purpose and implement a training program for all staff and members as required. Provision of secure CBC devices to staff and Members.	Chief Operating Officer	2	4	8
PR1	Budget Strategy	Inability to deliver the budget strategy as planned.	Finance	3	4	12	High	Failure to deliver the planned budget. Unplanned additional use of balances / reserves or to adapt financial plans to deal with impact of changes. May be a need to make in-year budget and service changes.	Ensure effective use of the controls built into the annual budget strategy, to enable the organisation to respond quickly to changes. Regular monitoring of actual spend/income and sensitivity analysis to consider the impact on income streams and the capacity of the organisation to deliver services. Regular and open reporting and updating of the budget position through Cabinet, prudent use of reserves where necessary to mitigate in-year losses. Transformation Programme established early in 2021 to contribute savings to balance the 22/23 and future year's budgets.	Chief Operating Officer	2	4	8

				Initial Score							Residual Score		
Ref	Risk Title	Description	Strategic / Recovery Strand	P	I	O	RATING	Consequences	Mitigation	Lead	P	I	O
OP1	ICT	Major system failure causing significant service disruption	Operational	2	5	10	High	The accelerated use of technology in 2020 and increasing reliance on IT to continue normal business leaves the Council potentially vulnerable to any major system failure, across all service areas.	Continue to shift any remaining legacy systems into more resilient, cloud-based solutions in line with ICT strategy. 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 and provides appropriate safeguards for IT service delivery.	Assistant Director, Corporate & Improvement	2	4	8
SP5	Staff Wellbeing	The sustained response to the pandemic to ensure continued (and additional) service delivery, results in staff reaching their personal resilience levels, leading to organisational fatigue.	Service Provision	3	4	12	High	Decline in service performance. Disengaged and demotivated staff. Efficiency and productivity reduction. Inability to meet changing requirements and needs. Insufficient capacity to deliver the transformation programme. 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. Implement the action plan for the People Strategy; ensuring that performance is regularly monitored. Regularly report the progress of the learning and development strategy, including financial considerations and business behaviours, and exploring training alternatives. Use it as an opportunity to review individuals in the community who could be retrained and reskilled, using processes such as supported internships.	Assistant Director, Corporate & Improvement	2	3	6
EF1	Capacity	The Capital programme contains more projects than the Council has the ability to deliver due to limited resources including specialist staff.	Efficiency	3	3	9	Medium	The Borough Council is unable to deliver the priorities as set out in the strategic plan and key projects are delayed, increase in cost or fail to be delivered. Inability to leverage additional resources.	Manage the recruitment and development processes to ensure that the organisation has the appropriate skills and expertise. Frequently review the Capital Programme to ensure that programmes are realistic and deliverable with available resources and / or identify any additional resources required to deliver key projects. Agile methodology enables project scopes to be adjusted through effective governance processes. Establishment of the Capital Programme Steering Group (informal Cabinet) to oversee the entire capital programme and address any capacity and other risks before they become issues.	Assistant Director, Corporate & Improvement	3	2	6

RISK MATRIX
July 2021



Initial Score Matrix

Scoring 1-5

Risk Tolerance Line

Probability of Occurrence	5 Very High				ST4	
	4 High			CM1 ST3	CO2 SP3 ST2	
	3 Medium			CO5 EF1	CO3 PR1 CO1 SP5 SP1	SP4
	2 Low					OP1
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
Severity of Impact						

Residual Score Matrix

Scoring 1-5

Risk Tolerance Line

Probability of Occurrence	5 Very High					
	4 High			ST4 ST2		
	3 Medium		EF1	CM1 ST3 CO2	CO1 SP3	CO3 SP4
	2 Low			CO5 SP5	PR1 SP1 OP1	
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
Severity of Impact						



Risk Management Strategy 2021/22

**A guide to the Council's approach to
managing risk.**

Draft for committee approval

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 to ensure management of risk is a routine process for all services.

INTRODUCTION

Strategy will ensure that:

1. The management of risk contributes towards ensuring effective service delivery 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 understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.
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 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. Where possible 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.

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.”

A handwritten signature in black ink that reads "A. R. Pritchard." The signature is written in a cursive style with a long, sweeping underline.**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 affect the achievement of 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 ‘Delivering Good Governance in Local Government’ 2016 framework, jointly issued by The Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief states that there are seven core principles of good governance including ‘Managing risks and performance through robust internal control and strong public financial management’. The document goes on to state ‘Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.’

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:

- Provision of a comprehensive strategic register, that is regularly reviewed.
- Provision 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, which 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 2018/19 internal audit of risk management gave a substantial assurance opinion. Six recommendations were raised during the audit relating to embedding the risk management process in Colchester Commercial Holdings Company Ltd, development of e-learning and reporting of operational risk registers.

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 Corporate & Improvement – 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.

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'.

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.

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.

REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to PBM, 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 areas:

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

APPENDIX 1

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 relevant Assistant Director 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 PMB, with interim reports quarterly as required.
- Six monthly review of the operational risk registers and a summary report of these reviews to PMB
- Project risks are reported through the project management process and reported to the project management board. Significant issues will also be included in the reporting process to PMB
- 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 PMB, Governance & Audit and Cabinet.
- Ad-hoc reports need to be provided to PMB 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.

Appendix 3

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 Corporate & Improvement	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.	