



EAST RIDING

OF YORKSHIRE COUNCIL

Risk Management Strategy

UPDATE – July 2015

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Risk Management Strategy

1. Introduction

- 1.1. As part of its aim to be a well managed authority, East Riding of Yorkshire Council recognises the importance of risk management. Our first formal risk management strategy, setting out the Council's overall arrangements, was published in 2003. The strategy was reviewed and updated in 2005, 2009, 2011 and 2014, and has continued to develop in response to changes within the Council and in the external environment. This latest version of the risk management strategy reflects that process of continuous improvement.
- 1.2. Risk Management is about business viability focussing on sound decision making and taking advantage of opportunities, exposure to risk is therefore inevitable.
- 1.3. Risk Management is an integral part of Corporate Governance.

2. Definitions of Risk and Risk Management

- 2.1. For the purpose of this strategy, risk is defined as “a condition, an act, situation or event with the ability or potential to impact on the Council by either enhancing (opportunity) or inhibiting (risk) performance, attainment of objectives or meeting stakeholders' expectations” (*Office of Government Commerce and the British Standards Institute*).
- 2.2. A risk normally comprises:
 - An event that might happen;
 - The potential causes of that event; and
 - The potential consequences of that event.
- 2.3. Risk management is defined as “the process by which the Council systematically identifies and addresses the risks associated with its activities”.
- 2.4. A glossary of key terms can be found in section 11 of this strategy

3. Objectives and Outcomes

- 3.1. The objectives of this risk management strategy are to:
 - Fully integrate risk management into the culture of the Council
 - Manage risk consistent with best practice
 - Minimise the likelihood of injury, damage and loss

3.2. The implementation of this risk management strategy will contribute towards:

- **Improved outcomes for local people**, by helping to focus the Council's attention on the things that really matter and delivery of corporate priorities
- **Sound corporate governance**, by improving understanding of risk at all levels and embedding risk management within the decision making process. Ensuring that all areas of significant risk have been considered in the annual governance statement and that the effectiveness of the risk management arrangements themselves have been scrutinised.
- **The financial resilience of the Council**, by reducing insurance costs and ensuring the robustness of plans to reduce expenditure.
- **The delivery of transformational change and innovation**, by considering and managing risk.
- **Protection of the Council's reputation**, through identifying, assessing and managing risk.

4. Links to Corporate Processes

4.1. Risk management is an integral part of our planning framework, enabling the Council to be a top performing authority and to identify and overcome any barriers to the achievement of corporate priorities. The corporate priorities are:

Maximising our potential – Working with others to support sustainable economic growth and strong communities, ensuring the East Riding is a great place to invest in, live, work and visit

Valuing our environment – Responding to climate change, developing our infrastructure and safeguarding our heritage

Supporting vulnerable people, reducing inequalities – Supporting in times of need, protecting from harm and improving the quality of life

Promoting health, wellbeing and independence – Helping people to stay healthy, strong and fit for the future

Reducing costs, raising performance – Developing our workforce and working with partners to provide excellent service, effective governance and value for money

4.2. The Council Business Plan identifies the key strategic risks which will impact upon the achievement of its strategic objectives.

4.3. The Medium Term Financial Plan as part of the budget setting process identifies a number of key financial risks and opportunities.

4.4. The Budget Reduction Strategy papers which are considered by members as part of the financial planning and budget setting process include, for each savings option, an assessment of the risks.

- 4.5. Service plans require Heads of Service to sign that they have undertaken an assessment of the key risks for each of their priority outcomes.
- 4.6. The Council's performance management arrangements (which include employee development reviews, scorecards of performance indicators and quarterly exception reports) ensure that the risk of underperformance against agreed targets is quickly identified, enabling timely corrective action to be taken.
- 4.7. Other key strategies, which underpin the Business Plan and include an assessment of the risks to their delivery are:
- Capital Investment and Asset Management Strategy
 - ICT Strategy
 - Procurement and Commissioning Strategy
 - Workforce Strategy
 - Older Peoples Strategy
 - Children and Young Peoples Plan
 - Treasury Management Strategy
- 4.8. The Council's guide to the production of Strategies includes the need to undertake a risk assessment as part of the process.
- 4.9. The Counter Fraud and Corruption Policy sets out the Council's commitment to countering fraud and corruption, to ensure public funds are protected from the risk of fraud and that the Council's affairs continue to be conducted with integrity, honesty and openness.
- 4.10. Other keys areas where risk management, and the principles in this strategy, are integral to their operation include:
- Health & Safety
 - Emergency Planning
 - Business Continuity Planning
 - Environmental management system (EMS)
 - Project Management
 - Partnership Management

5. Risk Appetite

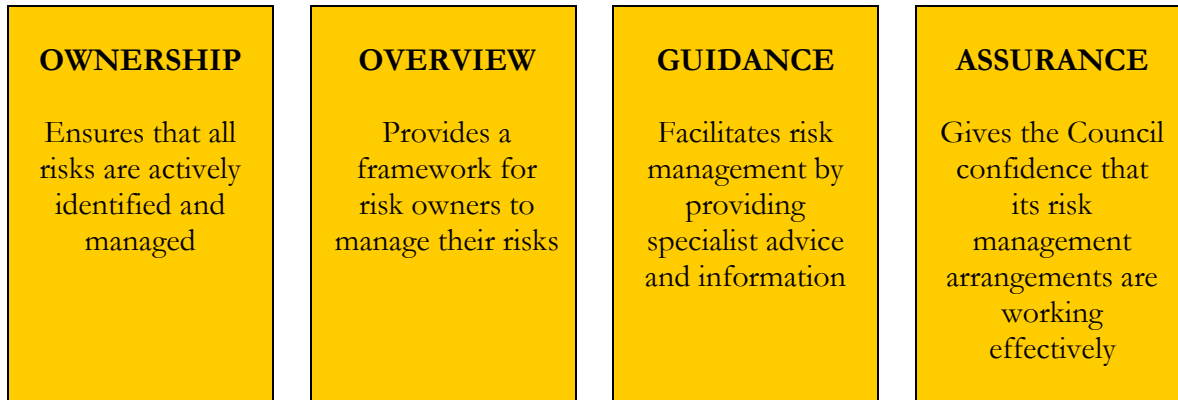
- 5.1. The Cabinet, in making decisions and advising the Council on corporate policies, plans and strategies, will determine the organisation's overall risk appetite, that is the amount and type of risk that it is prepared to seek, accept, or tolerate. This appetite will be reviewed through the regular quarterly updates of the strategic risk register and through the decision making process.
- 5.2. Officers will consider the overall risk appetite in evaluating strategic alternatives, setting related objectives and developing mechanisms to manage related risks. The risk evaluation process set out in section 7.5 and Appendix D shows how decisions about the Council's tolerance for particular risk are escalated to the appropriate level for decision making and the risk governance framework described in section 6 below provides checks and balances to ensure that this happens on a consistent basis.

6. Risk Governance Framework

6.1. One of the six core principles enshrined in the Council’s Code of Corporate Governance is:

“Taking informed and transparent decisions which are subject to effective scrutiny and manage risk.”

6.2. Good risk governance helps to fulfill this aim by ensuring that there is an effective risk management system, with clear roles, responsibilities and lines of communication. There are four pillars that support the Councils’ risk governance framework:



6.3. **Ownership**, responsibility for the active identification and management of risks, is delegated from the Council to the Cabinet, from the Cabinet to the Corporate Management Team (CMT) and then to the appropriate management level in the organisational structure.

6.4. **Overview**, the operation of the framework within which risk owners manage their risks, will be exercised by the Cabinet and CMT and facilitated by the Director of Corporate Resources, the Head of Finance and the Audit and Technical Manager.

6.5. **Guidance** on the management of particular categories of risk will be provided by the relevant specialist officers, though the risks will not be owned by these officers.

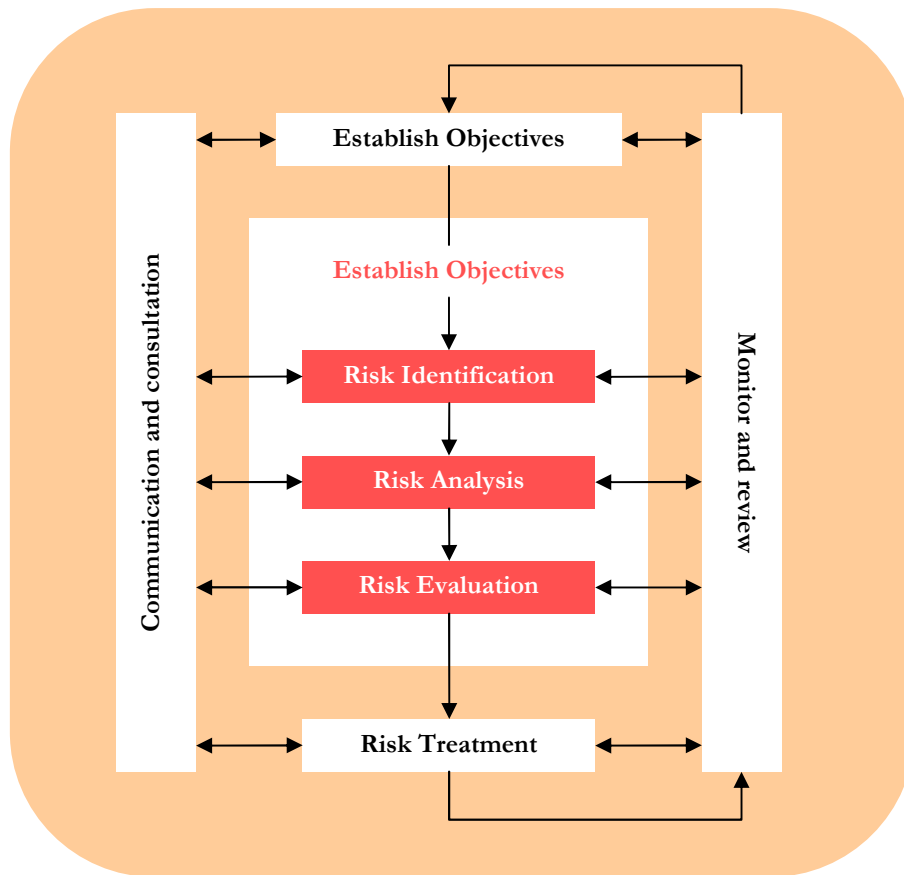
6.6. **Assurance** on the effectiveness of the Council’s risk management arrangements will be provided by the Audit Committee, after reviewing and challenging the assurances that they receive from various internal and external sources.

6.7. The main lines of communication are illustrated in Appendix A, (though it should be noted this does not show all lines, just those which are considered key) and the roles and key responsibilities within each of these four pillars are detailed in Appendix B.

7. Risk Management Process

7.1. Overview

7.1.1. The seven key stages in the Council's risk management process are illustrated below:



Source: *A structured approach to Enterprise Risk management (ERM) and the requirements of ISO 31000*, AIRMIC, Alarm, IRM (2010).

7.2. Establish Objectives

7.2.1. The first stage in the process, establishing the context, is about defining the Council's objectives and understanding the factors that might influence the achievement of those objectives. The primary means of doing this will be through the business, financial and service planning processes.

7.2.2. The business plan identifies priority outcomes for each of the five corporate priorities shown in paragraph 4.1. These outcomes, together with the resources allocated in the financial plan, provide the framework within which service plans are developed. Service plans identify priority outcomes for each service, together with the main risks to the achievement of those outcomes.

7.3. Risk Identification

7.3.1. The second stage in the process, risk identification, is to establish the exposure of the Council to risk and uncertainty. As risk owners, managers are responsible for recognising the current and emerging risks arising from the activities of their service and the environment within which that service is delivered. This should be done in a systematic way, to ensure that all functions, systems, processes, projects and partnerships are covered.

- 7.3.2. To ensure a consistent approach across the Council, risks will be classified under the headings shown in Appendix C. However, it is recognised that these categories are not mutually exclusive and there may be some overlap between them.
- 7.3.3. A distinction will also be made between:
- Operational risks and opportunities, which are encountered by managers and staff in the daily course of their work and achievement of service objectives; and
 - Strategic risks and opportunities, which represent a significant threat to the achievement of or ability to enhance the achievement of the objectives in the Council Business Plan.
- 7.3.4. Managers will be assisted in this process by the Audit and Technical section within Finance, who will:
- Implement risk management software to facilitate the recording and analysis of risks.
 - Facilitate risk management workshops
 - Meet with Directors, Heads of Service and their management teams when required
 - Advise managers on areas of risk and opportunities that may have been overlooked
 - Provide advice on appropriate data analysis techniques
- 7.3.5. Specialist guidance on particular categories of risk will be provided in accordance with the schedule of key responsibilities in Appendix B.

7.4. **Risk Analysis**

- 7.4.1. The third stage in the process, risk analysis, is to develop an understanding of each risk and the effectiveness of the controls which are designed to manage that risk.
- 7.4.2. For each risk, the risk owner will:
- Measure the inherent risk (by calculation of the inherent risk score), that is what the risk would be if there were no controls in place to mitigate this risk.
 - Define the controls that are in place to reduce (mitigate) the impact or likelihood of that risk.
 - Measure the residual risk (by calculation of the residual risk score). That is the risk that would remain, even if all of the controls were operating effectively.
 - Consider setting a target score for each risk, which is consistent with the Council's overall risk appetite.
- 7.4.3. The target score for each risk does not necessarily need to be lower than the residual score. In setting the target score an assessment of the economic, efficiency and effectiveness of controls in place needs to be undertaken to ensure that they represent value for money and that the benefits of control do not outweigh the costs. As part of the assessment risk owners should determine whether the Council/Service is able to accept a higher level of risk.
- 7.4.4. Risks will be measured in two ways:
- The likelihood of the risk event occurring
 - The impact on the Council should the risk event occur
- 7.4.5. The likelihood of the risk event occurring will be given a score from 1 to 5, using the following criteria.

Likelihood	Score	Description	Criteria
Almost certain	5	The event is expected to occur in most circumstances	Probability of occurring in the next year > 90%
Likely	4	The event will probably occur in most circumstances	Probability of occurring in the next year = 60% to 90%
Possible	3	The event will occur at some time	Probability of occurring in the next year = 30% to 60%
Unlikely	2	The event is not expected to occur	Probability of occurring in the next year = 10% to 30%
Remote	1	The event may only occur in exceptional circumstances	Probability of occurring in the next year < 10%

7.4.6. The potential impact of the event on the Council will also be given a score from 1 to 5, for each of four domains, using the criteria shown in Appendix G as a guide. The overall impact score will be deemed to be the highest of the four domain scores.


7.4.7. The Audit and Technical team, as part of their overview role, will monitor the application of these criteria, to ensure consistency across the Council.

7.5. **Risk Evaluation**

7.5.1. The fourth stage in the process, risk evaluation, is to evaluate the risks and decide which ones are priorities for the Council to manage. Scores for inherent, residual and target risk will be mapped on to the ‘heat map’ matrix below.

IMPACT				
Insignificant	Minor 2	Moderate 3	Major 4	Catastrophic 5

		1				
LIKELIHOOD	Almost Certain 5	Green	Green	Amber	Red	Red
	Likely 4	Green	Green	Amber	Red	Red
	Possible 3	Green	Green	Amber	Red	Red
	Unlikely 2	Green	Green	Green	Amber	Red
	Remote 1	Green	Green	Green	Amber	Red



Acceptable Level – Risks below this value will generally attract minimal effort and resource

 Tolerance Level – Risks above this level will generally attract increased levels of effort and resource

7.5.2. The management of all strategic risks, regardless of their position on the heat map, will be overseen by CMT and monitored by the Cabinet.

7.5.3. The approach to managing operational risks will be determined by the position of their inherent, residual and target risk scores on the heat map and the management response flowchart shown in Appendix D.

7.6. Risk Treatment

7.6.1. The fifth stage in the process, risk treatment, involves:

- Identifying the range of options for treating risk;
- Assessing those options;
- Preparing action plans; and
- Implementing those action plans.

7.6.2. Further treatment is only required where further action over and above those controls already in place is considered appropriate to further reduce the residual risk score.

- 7.6.3. Risk treatment options can be considered under four headings, sometimes known as the four Ts:
- *Tolerate.* After evaluating the residual risk level, it is decided to accept the risk and not to take any further action to control it. For example, where the cost of control would exceed the potential loss, then tolerating the risk would be the most cost effective option.
 - *Terminate.* Avoid the risk by not continuing with the activity that has given rise to it. This option is obviously not possible for statutory services.
 - *Transfer.* Arrange, through insurance or contractual arrangements, for a third party to bear all or part of the risk.
 - *Treat.* Where it is cost effective to do so, strengthen the controls that reduce either the likelihood or impact of the risk.

7.6.4. In practice, risk treatment may involve a combination of two or more of these options. It should be noted that although risk treatment mitigates risks, it can rarely eliminate risk completely.

7.7. **Monitoring, Review and Reporting**

7.7.1. The results of the risk identification, analysis, evaluation and treatment stages in the risk management process will be recorded in strategic and operational risk registers. These will be reviewed at least once a quarter by the risk owners.

7.7.2. Operational risk registers are currently maintained in word documents by Heads of Service, though software has been purchased which will facilitate the monitoring, review and reporting of risks and also provide a link to Internal Audit planning and reporting.

7.7.3. It is expected that Heads of Service should discuss their risks at least quarterly at their management team meetings and be recorded in the minutes of these meetings. Further guidance on review frequencies is included in appendix D.

7.7.4. Operational risks will be reported to DMT's on at least a quarterly basis. This will form part of a wider quarterly report by the Audit & Technical Manager on Governance, Risk, Fraud, Insurance and Audit Issues.

7.7.5. The Audit and Technical team in Finance will coordinate risk oversight across the Council. As well as ensuring that the risk owners are fulfilling their key responsibilities, they will, in conjunction with management, prepare appropriate reports for DMT's, CMT, the Cabinet and the Audit Committee, based on the decision table shown in appendix D.

7.7.6. The Audit Committee will also, with the Cabinet, monitor and review the effectiveness of the risk management process, and provide assurance to the Cabinet.

7.7.7. Along with monitoring and reviewing the strategic risk register the Cabinet will monitor and review the effectiveness of the risk management process based on the assurance received from the Audit Committee.

7.7.8. A risk register template is included at appendix E.

7.7.9. A shortened risk register template is also included at appendix F for reporting purposes to allow for shorter presentation of the risks. This shortened risk register template should only be used for reporting purposes and where a full register has been completed for each risk.

7.8. **Communication**

- 7.8.1. The key points from this strategy will be reinforced through the use of the intranet, training, workshops, and visits to management teams. As shown in the diagram in paragraph 7.1, the feedback from this communication will inform the continuing improvement of the risk management process.

8. **Implementation and Resources**

- 8.1. The implementation of this strategy will be co-ordinated by the Audit & Technical Manager and overseen by the Head of Finance. Support will also be provided by officers within the Audit & Technical section to assist managers at all levels in complying with this strategy's requirements.
- 8.2. An action plan will be developed and reviewed on an annual basis by the Audit & Technical Manager with progress being reported to the Cabinet and Audit Committee as part of the Annual Risk Management Report.

9. **Arrangements for Monitoring and Review of the Strategy**

- 9.1. As part of their annual review of the effectiveness of risk management, the Audit Committee will consider any changes that may be required to this strategy and make recommendations to the Cabinet. In between these annual reviews, the Audit Committee will monitor the implementation of the action plan.
- 9.2. The Cabinet, through their ongoing role in relation to risk management or when receiving the annual review of effectiveness of risk management, will consider any necessary changes to the strategy.

10. **References**

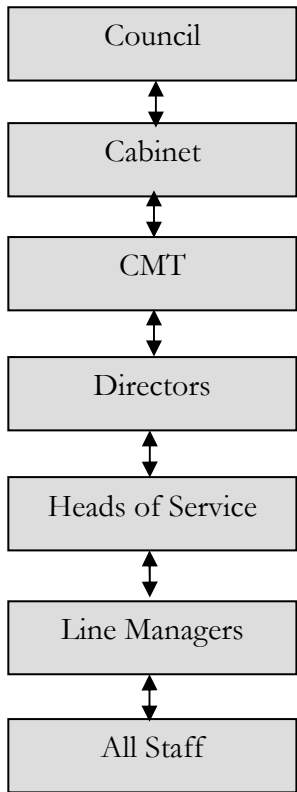
- 10.1. The following documents were particularly helpful in informing the development of this strategy:
- *A structured approach to Enterprise Risk management (ERM) and the requirements of ISO 31000*, AIRMIC, Alarm, IRM (2010).
 - *The Alarm National Performance Model for Risk Management in the Public Services*, Alarm (2009)
 - *Risk Management Guidance Notes and Risk Management Toolkit*, CIPFA Better Governance Forum (2004 to 2010)
 - *Guidance on the 8th EU Company Law Directive article 41*, FERMA/ECIIA (2010)

11. **Glossary of Terms**

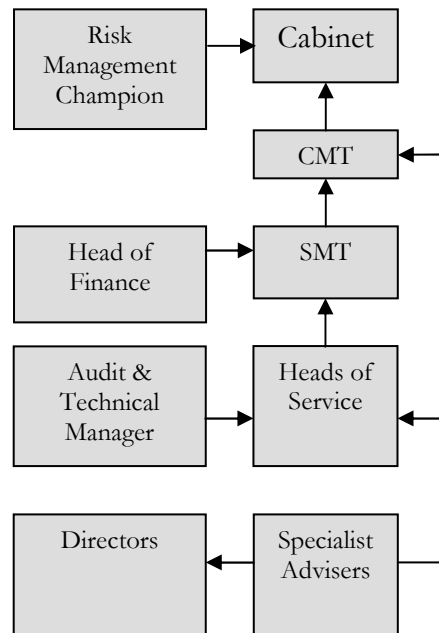
Assurance	An evaluated opinion, based on evidence gained from review, on the Council's governance, risk management and internal control framework.
Business continuity	The ability to maintain critical operations/services in the face of a business disruption
Control	Any action taken to manage risk.
Emergency planning	The development and maintenance of agreed procedures to prevent, reduce, control, mitigate and take other actions in the event of an emergency.
Exposure	The consequences, as a combination of impact and likelihood, which may be experienced by the Council if a specific risk is realised.
Impact	The probable consequences for the Council if a specific risk is realised.
Inherent Risk	The exposure arising from a specific risk before any action has been taken to manage it.
Likelihood	The probability of a risk event happening within a given time period.
Operational Risks	Those risks encountered by managers and staff in the daily course of their work.
Residual Risk	The exposure arising from a specific risk after action has been taken to manage it, assuming that the action is effective.
Risk	The effect of uncertainty on outcomes
Risk Appetite	The amount and type of risk that the Council is prepared to seek, accept, or tolerate.
Risk Assessment	The evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised.
Risk Management	The process by which the Council systematically identifies and addresses the risks associated with its activities
Risk Profile	The documented and prioritised overall assessment of the range of specific risks faced by the Council.
Risk Treatment	The process of deciding how to treat a risk once it has been identified using the 4T's approach.
Strategic Risks	Those risks that represent a significant threat to the achievement of the objectives in the Council Business Plan.
Target Risk	The intended exposure arising from a specific risk, taking into account all planned action once it has been implemented.

Main Lines of Communication in relation to Risk Management

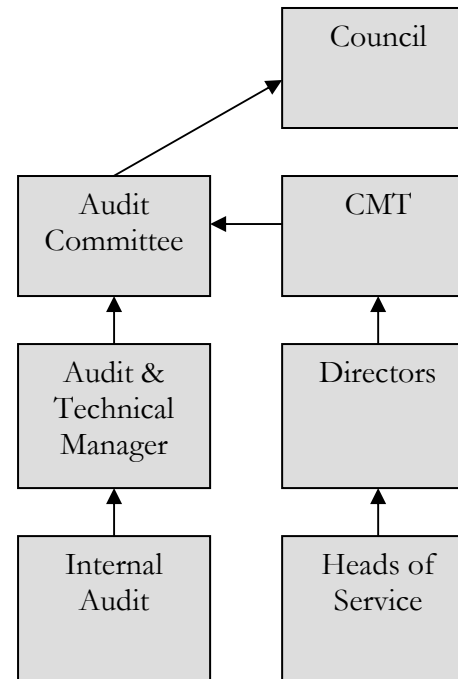
Ownership



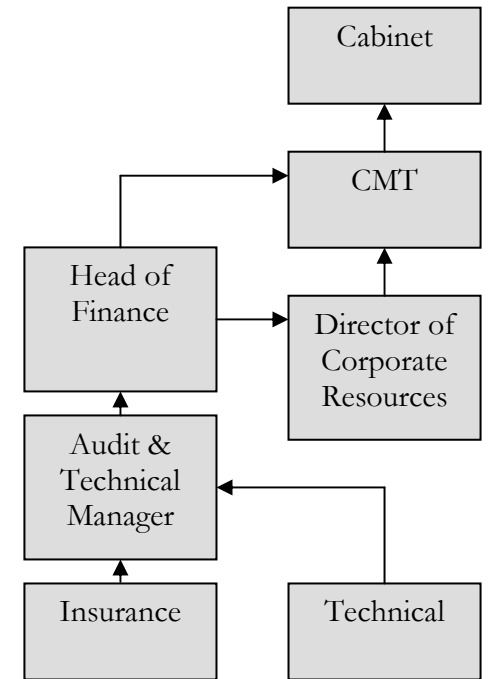
Guidance



Assurance



Overview



RISK GOVERNANCE: Roles and Responsibilities

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
Cabinet Provide direction on risk management.	<ul style="list-style-type: none"> Ensure that risks are considered within the decision making process and in all of the Council's key corporate plans, strategies and processes. Monitor the Council's strategic risks and ensure that officers respond appropriately. 	<ul style="list-style-type: none"> Guide the Council in the formulation of its risk management strategy, including the determination of its overall risk appetite. Ensure that officers maintain an effective risk management framework. Monitor the implementation of the risk management strategy and action plan. Liaise with the Audit Committee to exchange relevant information on risk. 		
Audit Committee Provide challenge and assurance on the Council's risk management arrangements.				<ul style="list-style-type: none"> Monitor and review the effectiveness of the Council's risk management arrangements. Comment on proposed changes to the Council's risk management strategy. Review the management

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
				<p>of key areas of risk.</p> <ul style="list-style-type: none"> • Consider reports from internal and external audit and seek assurance that action has been taken to manage the risks identified in them. • Review the audit plan and ensure that it reflects the risks faced by the Council. • Review the Annual Governance Statement (AGS) and the assurances upon which it is based.
<p>Risk Management Champion Promote the value of good risk management among members</p>			<ul style="list-style-type: none"> • Ensure that risk management is considered within the work of all key committees and decisions. • Assist members to develop their understanding of risk management and its benefits. 	

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
<p>Chief Executive & Corporate Management Team (CMT) Oversee the Council's risk management framework.</p>	<ul style="list-style-type: none"> Ensure that all risks (including those which relate to partnerships and projects) which might adversely affect the achievement of the Council's priority outcomes are identified, assessed and responded to, in accordance with the Council's risk management strategy. 	<ul style="list-style-type: none"> Advise the Cabinet on the formulation of the Council's risk management strategy. Provide the Cabinet with timely and relevant reports on risk management. Ensure that risks are considered within all of the Council's key corporate plans, strategies, processes and activities. Understand the risks facing the Council and ensure that appropriate action is taken. Regularly monitor the effectiveness of risk management arrangements across the Council. 		<ul style="list-style-type: none"> Provide assurance on the overall effectiveness of risk management arrangements to the Audit Committee. Review and challenge the assurances provided by Directors and Heads of Service. Review and challenge the Annual Governance Statement (AGS) prior to consideration by the Audit Committee.
<p>Senior Management Team (SMT) Advise CMT on risk management.</p>		<ul style="list-style-type: none"> Review strategic risks, as required by CMT 	<ul style="list-style-type: none"> Advise CMT on cross-cutting issues in relation to risk management within their respective areas of specialism. 	

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
<p>All Directors Manage risks within their directorate</p>	<ul style="list-style-type: none"> Promote a risk aware culture within their directorate. Sign off reports to Cabinet for their respective areas ensuring that the report has considered the risk implications of all recommendations. Ensure that all risks (including those which relate to partnerships and projects) which might adversely affect the achievement of their directorate's priority outcomes are identified, assessed and responded to, in accordance with the Council's risk management strategy. Assign risk management responsibilities to Heads of Service within their directorate. Ensure that the operational risks for the services within their directorate are reviewed by the Directorate 			<ul style="list-style-type: none"> Regularly monitor the effectiveness of risk management arrangements within their directorate. As part of the process of preparing their annual assurance statement, review and challenge the assurances provided by their Heads of Service.

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
	<p>Management Team (DMT) at least once a quarter.</p> <ul style="list-style-type: none"> • Inform CMT promptly of any significant changes to the risk profile of their directorate. 			
<p>Director of Corporate Resources Champion risk management among officers</p>		<ul style="list-style-type: none"> • Sign off reports to Audit Committee, ensuring that the report has considered the risk implications of all recommendations. • Manage the Head of Finance, ensuring that she promotes the effective governance of the Council. 	<ul style="list-style-type: none"> • Ensure the provision of financial, legal, and other relevant professional advice to all parties in the decision making process. 	
<p>All Heads of Service Manage risks within their service</p>	<ul style="list-style-type: none"> • Promote a risk aware culture within their service. • Ensure that all risks (including those which relate to partnerships and projects) which might adversely affect the achievement of the priority outcomes in their service plan are 	<ul style="list-style-type: none"> • Ensure that risks are considered when developing and reviewing all policies, procedures, strategies, guidance and other such documentation for their area of expertise and responsibility. 	<ul style="list-style-type: none"> • Advise on risks relating to their area of expertise and responsibility. • Advise on risks relating to the purchase of supplies, services and works in relation to their area of expertise and responsibility. 	<ul style="list-style-type: none"> • Regularly monitor the effectiveness of risk management arrangements within their service. • Within their annual assurance statement, provide an assessment of the effectiveness of risk management arrangements within

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
	<p>identified, assessed and responded to, in accordance with the Council's risk management strategy.</p> <ul style="list-style-type: none"> • Assign responsibility to line managers for the day-to-day management of operational risks. • Ensure that operational risk registers for their service are kept up to date and reviewed by their management team at least once a quarter. • Inform their Director promptly of any significant changes to the risk profile of their service. • Improve services and reduce costs by taking well managed risks. 			their service.
<p>Head of Finance Promote the effective governance of the Council through the development and maintenance of arrangements to identify and manage risks.</p>		<ul style="list-style-type: none"> • Ensure that there are robust systems of risk management and internal control, including appropriate measures to protect the Council's assets from fraud and 	<ul style="list-style-type: none"> • Advise on the management of financial risks • Advise on risks relating to fraud and corruption 	<ul style="list-style-type: none"> • Provide an annual assurance statement as Chief Finance Officer. • Certify the Statement of Accounts

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		<p>loss.</p> <ul style="list-style-type: none"> • Ensure that the risk implications of all significant policy initiatives, projects and partnerships are analysed and appropriately addressed. • Ensure that relevant and timely risk management information is reported to CMT, SMT, Cabinet and Audit Committee. • Promote the development of risk management skills throughout the Council, so that members and officers can discharge their responsibilities. • Ensure that CMT and SMT understand the financial implications of risks. • Ensure that the Council has proper arrangements for securing financial resilience and that the financial planning process is integrated with other corporate planning 		

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		<p>processes.</p> <ul style="list-style-type: none"> • Ensure that recommendations in budget reduction strategies include an assessment of the risks involved. • Ensure that financial monitoring and forecasting takes due account of risk. • Ensure that the Council's level of reserves and balances is appropriate to the risks that it faces • Manage the Audit & Technical Manager, ensuring that he promotes awareness of best practice in governance and risk management. • Ensure that risk is considered when reviewing the Finance Procedure Rules and Finance Manual of Guidance. • Ensure that risks are considered when reviewing the 		

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		effectiveness of the Counter Fraud and Corruption Policy, the and Whistle Blowing Policy.		
Head of Legal & Democratic Services Advise on the management of legal and regulatory risks.		<ul style="list-style-type: none"> Ensure that risks relating to the statutory duties of Monitoring Officer are identified and monitored. 	<ul style="list-style-type: none"> Advise on compliance with laws and regulations. Advise on the impact of actual and potential changes in the legislative and regulatory framework within which the Council operates. 	<ul style="list-style-type: none"> Provide an annual assurance statement as Monitoring Officer.
Head of Customer Services Advise on the management of business continuity planning.		<ul style="list-style-type: none"> Ensure that the Council has the ability to respond to major emergencies Oversee the implementation of the Emergency Planning and Business Continuity Strategy. 	<ul style="list-style-type: none"> Advise on the development of business continuity arrangements. 	

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
Head of Infrastructure and Facilities Advise on the management of supply chain risks		<ul style="list-style-type: none"> Ensure that risks are considered when reviewing the effectiveness of the Procurement and Commissioning Strategy 	<ul style="list-style-type: none"> Advise on the risks arising from the process of acquiring supplies, works and services from third parties. 	
All managers	<ul style="list-style-type: none"> Manage, on a day to day basis, the risks relating to the functions, systems, processes, projects and partnerships for which they have delegated responsibility. Inform their Head of Service promptly of any significant changes to the risk profile of their service. Identify opportunities to improve services and reduce costs by taking well managed risks. 			
Audit & Technical Manager		<ul style="list-style-type: none"> Promote awareness of best practice in governance and risk management. Develop the Council's risk management strategy and coordinate the 	<ul style="list-style-type: none"> Advise on risks relating to fraud and corruption Provide appropriate advice, guidance and training on risk management. 	<ul style="list-style-type: none"> Provide an independent, objective and evidence based opinion on all aspects of governance, risk management and internal control. Manage the Internal

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		<p>delivery of the risk management action plan.</p> <ul style="list-style-type: none"> • Prepare an annual risk management report and the Annual Governance Statement. • Report on the strategic risk register • Manage the Audit and Technical Section 		<p>Audit team (To ensure that the role of the Audit and Technical Manager in the overview of risk management does not compromise his role in providing assurance, the planning, delivery and reporting of internal audit work on the effectiveness of risk management will be overseen by the Head of Finance.)</p>
Audit & Governance – Audit and Technical Section		<ul style="list-style-type: none"> • Coordinate risk management arrangements across the Council. • Support the Audit and Technical Manager in the development of the Council's risk management strategy and coordinating the delivery of the risk management action plan. • Research good practice in risk management and promote it within the 	<ul style="list-style-type: none"> • Encourage, support and advise services in managing their risks • Facilitate risk management training and workshops 	<ul style="list-style-type: none"> • Develop a risk based audit plan. • Objectively assess the adequacy of governance and the management of existing risks, commenting on responses to emerging risks and proposed developments. • Report on the risk exposure faced by the Council as a result of any significant control weaknesses.

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		<p>Council.</p> <ul style="list-style-type: none"> • Seek to integrate risk management more fully with other corporate strategies, plans and processes. • Coordinate and report on the strategic risk register • Coordinate the maintenance of operational risk registers • Act as administrators for the Council's risk management software • Provide risk management information to inform the internal audit plans. • Consider the implications of material audit recommendations for risk management and ensure that they are reflected in risk registers • Prepare reports for Members, including the Cabinet, the Audit Committee and the Member Risk Management Champion. • Prepare reports for managers, including 		

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
		<p>CMT, SMT and Directorate Management Teams (DMT's).</p> <ul style="list-style-type: none"> • Support the Audit and Technical Manager in the preparation of the annual risk management report and drafting of the relevant sections of the Annual Governance Statement. 		
Insurance – Audit and Technical Section		<ul style="list-style-type: none"> • Ensure that the Council receives value for money from its risk financing arrangements. • Manage the Council's self insurance reserve and provisions. • Procure external insurance to cover those risks that the Council does not wish to retain, or where it is required to meet statutory obligations. • Provide a claims handling service. 		
All staff	<ul style="list-style-type: none"> • Understand risks and controls in their area of 			

ROLES	KEY RESPONSIBILITIES			
	OWNERSHIP	OVERVIEW	GUIDANCE	ASSURANCE
	<p>work and comply with policies, procedures and guidance.</p> <ul style="list-style-type: none"> • Report incidents and near misses promptly to their line manager. • Report ineffective, inefficient, or unnecessary controls to their line manager. • Use the whistle blowing policy if serious concerns have not been acted upon. 			

RISK CLASSIFICATION

Main Categories	Sub-Categories
<p>Political risks Those risks associated with changes in the political environment</p>	<ul style="list-style-type: none"> • National • Local
<p>Socio-economic risks Those risks arising from demographic, social or economic trends</p>	<ul style="list-style-type: none"> • Demographic • Social • Economic
<p>Environmental risks Those associated with changes in the physical environment</p>	<ul style="list-style-type: none"> • Natural • Man Made
<p>Legal and Regulatory risks Those relating to compliance with, or changes in, the legal and regulatory framework within which the Council operates</p>	<ul style="list-style-type: none"> • Legal and regulatory compliance • Legislative change • Audit and inspection
<p>Customer risks Those relating to the Council's ability to meet the needs and expectations of its customers</p>	<ul style="list-style-type: none"> • Demand • Access to Services • Satisfaction • Communication
<p>Financial risks Those relating to the safeguarding of public money and ensuring its appropriate, economic, efficiently and effective use.</p>	<ul style="list-style-type: none"> • Monitoring and reporting systems • Funding • Efficiency • Fraud • Financial management
<p>People risks Those associated with the Council's employees</p>	<ul style="list-style-type: none"> • Health and safety • Workforce capacity • Organisational change • Misconduct
<p>Partnership/ Contractual Those associated with any of the Council's partners or contractors</p>	<ul style="list-style-type: none"> • Supply Market • Commissioning and Procurement • Contract management • Outsourcing • Performance

Main Categories	Sub-Categories
<p>Physical Asset risks Those arising from threats to the Council's buildings and equipment</p>	<ul style="list-style-type: none"> • Property • Plant and equipment • Vehicles
<p>Information risks Those relating to the integrity and use of the Council's data</p>	<ul style="list-style-type: none"> • ICT systems • Data security • Data quality
<p>Technological Risks Those arising from technological change and the organisational technological situation</p>	<ul style="list-style-type: none"> • Reliance • Technology partners • Failure of key system
<p>Competitive Those associated with the competitiveness of services</p>	<ul style="list-style-type: none"> • Value for money • Position in league tables • Relationships with neighbours/partners

Management of Operational Risks & Opportunities

Appendix D

Inherent Score	Residual Score	Target Score	Response Required	By Whom	Minimum Review Frequency	Reporting Options
Green	Green	Green	Manage by routine procedures, unlikely to need additional specific or significant application of effort and resources	Senior Management	Quarterly	DMT and Service team meetings
Amber	Green	Green				
Amber	Green	Amber				
Amber	Amber	Green	Managed by implementation of suitable procedures with regular monitoring taking place. Effective implementation of controls should mean that minimal additional effort and resources will be needed.	Senior Management and Heads of Service	Quarterly	DMT and Service team meetings
Amber	Amber	Amber				
Red	Green	Green	Management attention is required with suitable controls being put in place to ensure the risk continues to mitigate to an acceptable level. Actions plans may also be needed to further mitigate the risk	Heads of Service	Quarterly	DMT and CMT and SMT if appropriate
Red	Green	Amber				
Red	Amber	Green	Management attention is required with suitable additional controls being put in place to ensure the risk continues to mitigate to an acceptable level. Actions plans may also be needed to further mitigate the risk	Directors and Heads of Service	Bi-Monthly	DMT and CMT and SMT if appropriate
Red	Amber	Amber				
Red	Red	Green	Immediate action required to ensure risks are mitigated to an acceptable level. Clear action plans will need to be put in place. Increased levels of effort and resources will generally be needed to manage the risk.	Directors and Heads of Service	Monthly	DMT, SMT, CMT and Cabinet if appropriate
Red	Red	Amber				
Red	Red	Red				

Risk Register Template

Risk Ref.	<i>Number generated by software</i>		Directorate	
Date	Created		Last Edited	
Risk Category			Service	
Risk Sub Category			Section	
Risk Level	<i>Strategic, or Operational</i>	Risk Status	Team/Function	
Risk Level	<i>Strategic, or Operational</i>	Risk Status	Risk Owner	<i>Name and job title of officer responsible</i>
Action By	<i>Current action level</i>		Control Owners	

Objective
<i>Narrative of objective which risk impacts upon</i>

Risk
<i>Narrative of risk</i>

Causes	
1	
2	
3	

Consequences	
1	
2	
3	

Risk Score

	Impact					Likelihood	Total Risk Score (IxL)	Action By
	Service Delivery	Financial Impact	Health & Safety	Damage to Reputation	Highest Impact			
Inherent Score	1-5	1-5	1-5	1-5	Highest score	1-5	1-25	
Residual Score	1-5	1-5	1-5	1-5	Highest score	1-5	1-25	
Target Score	1-5	1-5	1-5	1-5	Highest score	1-5	1-25	

Existing Controls			
Details of Control	Reduces Likelihood, Impact or Both	Control Update	Control Owner
<i>Description of control</i>		<i>Monthly/ quarterly update including comments on the effectiveness of the control</i>	<i>Title of responsible officer (is not necessarily the same and the officer responsible for the risk)</i>

Action Plan			
Detail of Action	Action Update	Action Owner	Implementation Date
<i>Description of proposed action</i>	<i>Monthly/ quarterly update on progress of implementation</i>	<i>Title of responsible officer (is not necessarily the same and the officer responsible for the risk)</i>	

Shortened Risk Register

Ref	Objective	Risk	Inherent Score			Controls	Residual Score			Target Score			Actions
			L	I	T		L	I	T	L	I	T	

Note: This shortened risk register template should only be used for reporting purposes and where a full register has been completed for each risk.

Risk Impact Scoring Matrix

Appendix G

Impact	Score	Domain			
		Service Provision	Financial Loss	Health & Safety	Public confidence & Reputation
Catastrophic	5	Total failure of a critical service. Major long term consequences to delivery of corporate objectives.	> £6.5m	Multiple fatalities.	Full public enquiry or critical external assessor report of key functions. Total loss of public confidence.
Major	4	Service level reduced by : <ul style="list-style-type: none"> • Critical service : > 25% • Minor service: > 60% Significant long term consequences to delivery of corporate objectives. Impact on organisation absorbed with some formal intervention.	£3.5m to £6.5m	Fatality or major injuries. Injuries resulting in permanent disability.	Sustained adverse publicity in national media. Independent external enquiry. Long – term reduction in public confidence.
Moderate	3	Service level reduced by : <ul style="list-style-type: none"> • Critical service: 10 - 25% • Minor service: 30 - 60% Medium long term consequences to delivery of corporate objectives. Impact on organisation absorbed with significant intervention.	£1m to £3.5m	Single major injury. Injuries resulting in an absence off work longer than or equal to three days. (As defined under RIDDOR)	Significant adverse publicity in national media. Extended local press. Short – term reduction in public confidence.
Minor	2	Service reduced by : Critical service: 5 - 10% Minor service: 15 - 30% Short term consequences to delivery of corporate objectives. Impact on organisation rapidly absorbed.	£100k to £1m	Incident requiring medical treatment. Less than a three day absence.(As defined under RIDDOR)	Significant adverse publicity in local media. Potential for public concern.
Insignificant	1	Service level reduced by: <ul style="list-style-type: none"> • Critical service: < 5% • Minor service: < 15% No long term consequences to delivery of corporate objectives. Minimal disruption to service activity.	< £100k	Minor incident or near miss resulting in no injuries. (As defined under RIDDOR)	Minor adverse publicity in local media. Issue of no public concern.

Note: For each risk, each domain is considered separately and the highest score in any one domain is used as the impact score.

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