

Corporate Policy and Strategy Committee

10am, Tuesday 3 December 2013

Risk Management Policy and Framework

Item number 7.5
Report number
Wards

Links

Coalition pledges
Council outcomes [CO25](#)
Single Outcome Agreement

Alastair Maclean

Director of Corporate Governance

Contact: Carol Campbell, Head of Legal, Risk & Compliance

E-mail: carol.campbell@edinburgh.gov.uk | Tel: 0131 529 4822

Executive summary

Risk Management Policy and Framework

Summary

Following his appointment in September 2011, the Director of Corporate Governance highlighted underlying concerns regarding risk management arrangements and in early 2012 commissioned an external assessment of the Council's risk function. The objectives of the assessment were to evaluate the maturity of the existing risk framework, compare risk management practices against best practice and identify opportunities to improve the effectiveness, alignment and ownership of risk management across the Council.

The findings of the review by EY supported the internal view that the existing risk function was not adequate for an organisation of the size, nature and complexity of the Council. The assessment also confirmed that the existing risk management practices were operating at a basic level, with a pressing need to improve visibility, accountability and transparency across a range of areas.

In November 2012, following a procurement exercise, Council approved the appointment of PwC as preferred bidder to deliver internal audit and risk management services on a co-sourced basis, and the contract for service delivery was signed in April 2013

In August 2013, the Director of Corporate Governance commenced a project, as part of the co-sourced audit and risk management arrangements with PwC, to re-design the Council's risk management arrangements to ensure these are fit for purpose, fully integrated into Council business activities and that risk is integral to decision making going forward.

The first phase of the design and build process has identified the need for a new risk management framework and policy to be applied consistently across the Council. This report now seeks approval for the proposed new City of Edinburgh Council Risk Management Policy and Framework (the "Framework") set out in appendix one.

Recommendations

1. To approve the Risk Management Policy and Framework
2. To refer the report to the Governance, Risk and Best Value Committee ("GRBV") for scrutiny in accordance with the agreed work programme

Measures of success

The Framework is applied consistently throughout the Council leading to strengthened governance and accountability in relation to the Council's key risks.

Financial impact

None.

Equalities impact

None.

Sustainability impact

None.

Consultation and engagement

There has been consultation and engagement with the Corporate Management Team in relation to the Framework.

Background reading / external references

[Operational Governance update report](#) Governance, Risk and Best Value Committee, 6 November 2012

Risk Management Policy and Framework

1. Background

- 1.1 Following his appointment in September 2011, the Director of Corporate Governance highlighted underlying concerns regarding risk management arrangements and in early 2012 commissioned an external assessment of the Council's risk function. The objectives of the assessment were to evaluate the maturity of the existing risk framework, compare risk management practices against best practice and identify opportunities to improve the effectiveness, alignment and ownership of risk management across the Council.
- 1.2 The findings of the review by EY supported the internal view that the existing risk function was not adequate for an organisation of the size, nature and complexity of the Council. The assessment also confirmed that the existing risk management practices were operating at a basic level, with a pressing need to improve visibility, accountability and transparency across a range of areas.
- 1.3 In November 2012, following a procurement exercise, Council approved the appointment of PwC as preferred bidder to deliver internal audit and risk management services on a co-sourced basis and the contract for service delivery was signed in April 2013
- 1.4 In August 2013, as part of the co-sourced audit and risk management arrangements with PwC, the Director of Corporate Governance commenced a project to re-design the Council's risk management arrangements to ensure these are fit for purpose, fully integrated into Council business activities and that risk is integral to decision making going forward.
- 1.5 The first phase of the design and build process has identified the need for a new risk management framework and policy to be applied consistently across the Council. This report now seeks approval for the proposed new City of Edinburgh Council Risk Management Policy and Framework set out in appendix one.

2. Main report

- 2.1 Purpose
 - 2.1.1 The purpose of the Framework is to implement comprehensive risk management arrangements across the Council and applies to all Council risks. Detailed procedural guidance will be developed to support the Framework.

2.2 Objectives

2.2.1 The objectives of the Framework are to:

- Integrate risk management across the Council so that it is part of the Council's culture
- Anticipate and respond to changing risks and improve the Council's risk resilience
- Prevent injury, damage and losses, and reduce the cost of risk
- Raise awareness of risk with all involved in the delivery of Council services
- Protect the Council's reputation through strengthened governance and accountability

2.3 Approach

2.3.1 The Framework is designed to give clear guidance on how risks should be grouped with an explicit framework for scoring risks based on likelihood (1-5) and impact (1-5) that is designed to highlight high risk areas to the Council.

2.3.2 In addition, there is a scoring methodology based on the overall risk: High (red), Medium (amber) and Low (green).

2.3.3 This methodology, when consistently applied across the Council, should allow senior management and elected members to focus on the high risks, leading to more informed decision making.

2.3.4 The Council's response to risk will reflect the potential impact on the Council's ability to meet its statutory requirements and strategic outcomes, likely reputational impact and potential financial implications. Depending on the risk identified, effective internal controls will need to be in place and operating effectively to reduce the Council's exposure. Where a high risk requires treatment an appropriate action plan with timescales needs to be established. Arms length organisations/companies risks will be built into the Council's identification and mitigation of risks process under the Framework.

2.3.5 The Framework is intended to create an approach to risk management which is aligned to the Council's strategic vision and objectives, recognising that risks are constantly changing.

2.3.6 The Framework sets out clear roles and responsibilities for risk management across the Council, promoting ownership of risk at a leadership level with risk awareness and accountability shared by all staff throughout the Council.

2.3.7 Risks will be captured across all areas of the Council in line with the determined risk universe. Risks will be centrally captured and grouped according to Team, Service, Directorate or Corporate risk with a process established for escalating

risks. There will be clear roles and responsibilities at all levels regarding ownership of the risk and any subsequent actions.

2.4 Reporting

2.4.1 The Framework will be supported through agreed reporting with a greater focus on high risk, new risks and changing risks, and on mitigating actions and timescales. Regular reports on the Council's corporate risks will be presented to CMT and GRBV, with risk a standing agenda item at CMT on a monthly basis.

2.5 Governance

2.5.1 The CMT is ultimately responsible for overseeing risk management within the Council with scrutiny by GRBV. The responsibility for risk management across the Council rests with all staff.

2.6 Implementation

2.6.1 The success of the risk management project will be dependent on the consistent implementation of the Framework and continued buy-in from senior management and elected members to endorse the importance of risk management throughout the Council.

2.7 Once approved the Framework will be circulated on the Orb. Current risks recorded on the Council's risk registers will be updated to reflect the Framework and new risks will be captured in line with the Framework. A process will be established to clearly determine which risks need to be escalated up through the Directorate Registers to a single Corporate risk register based on clearly defined criteria to ensure Council wide risks are identified promptly. The Framework will be followed up with relevant training and a clear training programme on risk management. The Framework will be reviewed on an annual basis.

3. Recommendations

3.1 To approve the Risk Management Policy and Framework

3.2 To refer the report to the Governance, Risk and Best Value Committee for scrutiny in accordance with the agreed work programme

Alastair Maclean

Director of Corporate Governance

Links

Coalition pledges

Council outcomes CO25 – the Council has efficient and effective services that deliver on objectives

Single Outcome Agreement

Appendices Appendix one – Draft Risk Management Policy and Framework

Policy statement

The Council is aware that certain risks will exist and will never be eliminated. The Council recognises that it has a responsibility to manage risks (both positive and negative) and supports a structured, systematic approach to managing risks through the creation of this risk management framework, promotion of a risk culture and management behaviours.

The objectives of the risk management framework are to:

- Integrate risk management across the Council so that it is part of the Council's culture
- Anticipate and respond to changing risks – improve the Council's resilience
- Prevent injury, damage and losses, and reduce the cost of risk
- Raise awareness of risk with all involved in the delivery of Council services
- Protect the Council's reputation through strengthened governance and accountability

Scope

This policy applies to all Council staff and should be applied consistently across the Council.

Definitions

Risk is defined an event which can affect, positively or negatively, the delivery of the Council's agreed outcomes, pledges and objectives.

Risk management is the culture, processes and structures that are directed towards the effective management of adverse events and opportunities. Risk management provides tools and techniques to manage the threats to the Council achieving its strategic outcomes. Overall the Council seeks to minimise threats and maximise opportunities to delivery its strategic outcomes and objectives.

Policy content

The policy sets out the Council's risk management arrangements across the 5 aspects of the risk management cycle:



Identify: Identification and classification of risk into key groupings to facilitate collation of risks, reporting and escalation.

Analysing and assessing – Scoring framework for risk on a scale of 1 -5 for impact and likelihood, including clear criteria for what constitutes a score of 1 compared with a score of 5. This will promote consistency in risk assessment.

Respond and manage – Based on a total risk score (Impact times likelihood) risks will be rated as either High (Red), Medium (Amber) or Low (Green). This will determine the further action needed to consider the risk, based on a model of: Treat, terminate, transfer or tolerate.

Monitor – Risk management is an ongoing, iterative process. Risks are required to be reviewed and updated by a risk owner. Risk will be a standing item on the agenda of the Corporate Management Team and each Directorate will seek assurance from the individual risk owners that risk in their service areas are being adequately monitored and action being taken as agreed in action plans.

Report – Sets out reporting at a monthly level across the Council, GRBV and also yearend risk confirmations.

Risk Management Governance Arrangements

The Corporate Management Team (CMT) is ultimately responsible for overseeing risk management within the Council, directly reporting to the Council’s Governance, Risk, and Best Value Committee on a routine basis. The CMT who have the ability to consider Council wide risks and where required support a multi-Directorate response to a potential risk event.

In summary risks are reporting upwards across the Council and the key governance framework is:

Risk Governance overview	
Strategic / Policy	Operational
Council approval of the CG framework	CMT Quarterly
Corporate policy & strategy approves risk framework	Risk steering group monthly
GRBV scrutiny of effectiveness of risk management and corporate risk register	Risk co-ordinators (within Directorates)
Executive Committees Consider risk implications in report and overall service risks of a red nature and associated action plans	Directorates

Risk Team supports the Council's operational and strategic arrangements through challenge, review and regular management reporting.

Related Documents

A risk management procedural manual is being prepared to support the implementation and delivery of the Risk Management Framework.

Equalities and Impact Assessment

No equalities impact identified

Strategic Environmental Assessment

Council is compliant with Strategic Environmental Assessment.

Implementation

Once approved the policy will be circulated and reflected on the Orb. Current risks recorded across the Council will be updated to reflect the new framework, and new risks will adopt the new framework. The policy will be followed up with relevant training and a clear training programme on risk management.

Risk assessment

The identification, management and mitigation of risk is key to effective risk management. An assessment methodology will be used to ensure that all Council risk is continuously assessed and effectively managed.

Review

Policy owned by Director of Corporate Governance. To be reviewed on an annual basis, by end of December.

City of Edinburgh Council
Risk Management Policy and Framework

Contents

	Page
Section 1 Introduction	7
<ul style="list-style-type: none">• The Council's risk management cycle	
Section 2 Identify	9
Section 3 Analysing and Assessing risk	10
Section 4 Responding and managing risk	13
Section 5 Monitoring risks	16
Section 6 Reporting arrangements	17
Section 7 Governance arrangements	18

Introduction

The purpose of this strategy is to implement comprehensive risk management arrangements across the Council, and applies to all Council risks. This strategy will be supported by detailed procedural guidance.

Risk Management Policy Statement

The Council is aware that certain risks will exist and will never be eliminated. The Council recognises that it has a responsibility to manage risks (both positive and negative) and supports a structured, systematic approach to managing risks through the creation of this risk management framework, promotion of a risk culture and management behaviours.

The objectives of the risk management framework are to:

- Integrate risk management across the Council so that it is part of the Council's culture
- Anticipate and respond to changing risks – improve the Council's resilience
- Prevent injury, damage and losses, and reduce the cost of risk
- Raise awareness of risk with all involved in the delivery of Council services
- Protect the Council's reputation through strengthened governance and accountability

Overview of risk management

Risk is defined an event which can affect, positively or negatively, the delivery of the Council's agreed outcomes, pledges and objectives.

Risk management is the culture, processes and structures that are directed towards the effective management of adverse events and opportunities. Risk management provides tools and techniques to manage the threats to the Council achieving its strategic outcomes. Overall the Council seeks to minimise threats and maximise opportunities to delivery its strategic outcomes and objectives.

Benefits to the Council through adopting the risk management framework:

- Greater focus by the Council, Committees, Corporate and Directorate Management Teams on the significant business issues facing the Council;
- Reduction in surprise events or time spent "fire fighting";
- Greater internal focus on doing things in the right way to get it right first time; and
- More informed risk taking and decision making across the Council.

Risk management should be integrated with the Council's performance management arrangements and aligned to the Council's strategic planning approach. This risk management policy and framework is owned by the Director of Corporate Governance, supported by a risk management team led by the Head of Legal, Risk and Compliance. The policy will be reviewed on an annual basis.

The Council's Risk Management Cycle



1. Identify

Risk identification is an ongoing activity, with individual risks and the impact and/or likelihood of risk changing regularly. Risk identification is the process of determining what service outcomes you are seeking to achieve and identifying what can threaten the achievement of these objectives.

Risks can be identified from a number of sources including: managers reviewing activities; development of objectives and implementation; information from publications; other organisations or partnership risks (horizon scanning); or team workshops. Risks can also emerge in a period of change and transformation or via significant project risk assessments.

To facilitate risk reporting and ensure consistency across the Council, risks will be categorised as follows:

Level 2 Sub categories	Level 1: Overarching risk categories		Level 2 Sub Categories
Partnerships	Strategic	Staff	Recruitment and Retention
Council vision, values, outcomes, objectives			Workforce Planning
Transformational Change			Capability and Capacity
Reputation			Conduct
External Environment			Morale/Wellbeing
Future Sustainability			Industrial relations
Budgeting			Financial
Capital planning	Stakeholders		
Procurement	Reputation		
Efficiency savings	Governance		
Financial sustainability	Organisational change		
Fraud	Integrity/Hazard		
Legal and Compliance			
Health and Safety compliance			
Resilience			

This approach allows the categories of risk across the Council to be captured and analysed.

2. Analysing and assessing risk

Once a risk is identified the risk is assessed. Risks are assessed consistently across the Council considering – **Likelihood** of the risk occurring, and if that risk was to occur, what the **impact** on the Council would be.

Likelihood

Likelihood is assessed on a 1 to 5 scoring basis:

Score	Description	%Occurrence	Chance of Occurrence
1	Rare	0-15	Hard to imagine event happening - only happen in exceptional circumstances. If it does occur would be greater than 10 years.
2	Unlikely	15-35	Not expected to occur but might - unlikely to happen. If it does will be between 5 and 10 years
3	Possible	35-60	May occur - reasonable chance of occurring. Likely to occur within 3 to 5 years
4	Likely	60-80	More likely to occur than not. Likely to occur within 1 to 3 years
5	Almost Certain	80-100	Hard to imagine event not happening. Likely to occur within 1 year

Impact (consequences)

The impact of the risk on the Council if it was to occur is determined on a scale of 1 to 5 across the 5 overarching risk categories: Strategic, Financial, Staff, Operational and Hazard.

Score	Description	Strategic	Financial	Staff	Operational	Integrity/Hazard
1	Negligible	Minor impact on Council objectives and outcomes. Can easily recover. Internal Only. No interest to the press or damage to public reputation. No damage to reputation with stakeholders/customers. Future sustainability not impacted.	Corporate - £1 to £250,000. Services - £1 to £100,000	No obvious harm to staff. Minimal disruption to staff - retention remains as expected. Very minor delays in recruiting staff. No impact on the Council's workforce planning arrangements. Staff morale and wellbeing maintained at agreed levels. No impact on industrial relations.	Negligible impact - still achieve service performance outcomes. Limited impact on customer/citizen relationships or service delivery. Governance arrangements still operate as intended. Organisational change can still progress as planned.	No obvious harm to staff. Minimal disruption to staff. No death or no injury requiring hospital treatment. No legal or regulatory fine.
2	Minor	Council objectives/outcomes partly achieved but can recover within the short term. Some adverse publicity and embarrassment. Minor damage to reputation with stakeholders [quantify group/number]. Transformational projects deliver but in a slower than expected timeline	Corporate - £250,001 to £750,000. Services - £100,001 to £300,000	Minor staff complaint. Small number of staff not informed, trained, involved in decisions, treated fairly and consistently. Decrease in retention rates/some loss of staff but limited impact on workforce or succession plan. Capacity and capability easily maintained. Minor impact on staff morale but can easily be rectified.	The achievement of 1 or 2 outcomes at risk but can still be delivered just in a longer period of time. Minor impact on service delivery impacting customers and citizens but short term and easily resolved. Impact on governance but can be rectified with limited additional resources.	Minor H&S complaint due to working practices. Minor staff complaint. Injury requiring minor hospital treatment. Non-compliance with Council procedures but no associated legal or regulatory findings (internal impact only).
3	Moderate	Council objectives/outcomes partially achieved but the more significant outcomes will take a longer period to achieve. Regional media but longer term impact of publicity. Moderate reputational impact with stakeholders resulting in embarrassment and loss of confidence. Raised with Scottish Government. Transformational change does not deliver certain aspects as intended impacting on Council vision. Moderate impact on future sustainability - Council redesign required to address.	Corporate - £750,001 to £5 million. Services - £300,001 to £1million.	Moderate number of staff not informed/trained/involved in decisions/treated fairly and consistently. Staff unrest and small pockets of industrial relations breakdown. Key posts vacant for some time impacting on capacity and capability to deliver in short to medium term.	Failure to achieve certain agreed performance objectives. Changes in service provision moderately impact on citizens as differing service provided to fewer individuals. Stakeholders become less engaged in key projects impacting service delivery. Impact on intended organisational change resulting in change not occurring at a quick enough pace/moderate risk of failure to deliver change.	H&S incident with some harm. Staff unrest. Serious injury. Non-compliance with Council procedures leading to a fine and regulatory damage (internal and external impact).
4	Major	Significant impact on Council wide service provision. Some non-recoverable aspects of service. Scottish Media and adverse publicity less than 5 days. Major impact with customers/stakeholders nationally. Major loss of confidence. Scottish Government concern/action. Future sustainability impacted - Certain	Corporate - £5 million to £20 million. Services - £1 million to £5 million	Industrial action. Unable to recruit skilled staff to key roles for an extended period. Serious non compliance with policies and procedures due to an absence of training, monitoring of training, staff without capability or capacity in unsuitable role. Staff disengaged, acting outwith corporate policies and poor morale impacting on services provided.	50% of performance outcomes at service level are not delivered. Organisational change programmes fail to deliver the necessary service change resulting in poor or reduced services. Examples where services can no longer be provided or are unsustainable. Governance failure which impacts across the Council.	Industrial action. Serious injury leading to death. Serious breach of Council policy resulting in legal action against the Council and substantial fines/activities stopped.
5	Catastrophic	Unable to fulfil Council statutory obligations. Extended disruption. UK wide/International media greater than 5 days. Ministerial concern - public inquiry, enforcement, court action. Severe impact on customers/stakeholders and severe loss of confidence. Highly damaging - public outcry. Complete failure to deliver outcomes.	Corporate - £20 million to £75 million. Services - £5 million to £25 million.	Prolonged industrial action ceasing Council services. Sustained loss of key staff groups. Staff not informed/trained/involved in decisions/treated fairly or consistently. Severe non compliance with agreed policies and procedures resulting in widespread disciplinary action and loss of experienced staff which cannot be replaced.	Complete failure to achieve agreed performance objectives at service level. Services unable to be delivered putting customers/citizens at significant risk. Complete failure of governance leading to a lack of transparency, accountability. Organisational change not delivered.	Death causing termination of operations. Prolonged industrial action. Significant legal action ceasing Council activities.

Likelihood and impact scores are multiplied together to get a total risk score e.g. Likelihood of 5 and an impact of 5 would be $5 \times 5 = 25$ total risk score.

Risk Registers

Risk registers are a key risk management tool. The register supports the capture, assessment, and monitoring of risk, providing useful reporting on risk trends, action planning and the sharing of lessons learned across the Council.

The Council’s risk universe (the level to which risks should be captured and recorded in risk registers) is:

Corporate Risk Register		Maintained and owned by CMT
Directorate Risk Register		Owned by Director
Individual Service area per Directorate		Owned by Head of Service
Team Risk Registers		Owned by individual service teams , led by the relevant manager

The required risk register format **must** be used and includes: a named risk owner; an evaluation of the risk, including the mitigating controls; and an action plan. Risk registers will be used as the basis for monitoring the risk management process across the Council. Directorate risk registers should capture the risks in relation to Council companies for which the Director is responsible.

3. Responding to and managing risk

Based on the score allocated for likelihood and the impact score, a total risk score will be calculated:

		Likelihood					
		Rare	Unlikely	Possible	Likely	Almost Certain	
		Score	1	2	3	4	5
Impact	Catastrophic	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5

Risk Rating	Combined Score	Action	Treatment
High	15 through to 25	Poses a serious threat. Needs immediate action to reduce/mitigate the risk	Treat/Transfer or terminate
Medium	9 through to 12	Poses a threat and should be pro-actively managed to reduce/mitigate the risk over the medium to longer term (within 1 year)	Treat/Transfer
low	1 through to 9	Poses a low threat and should continue to be monitored	Tolerate

High (red) – Score of 15 or greater

These risks will need to be addressed as a matter of urgency and are likely to require action to reduce the impact and/or likelihood to an acceptable level. These risks will be actively monitored at a senior level.

Medium (amber) – Risk scores of between 8 and 14

Steps should be taken to address these risks as soon as possible, and medium term plans should be put in place to treat the risk – normally this is within 1 year but dependent on the risk identified.

Consideration should be given to whether likelihood or consequences can be reduced in a cost effective manner, on a timely basis and resources appropriately targeted.

Low (green) – Risk score of up to 7

These risks will not be a priority for treatment and in some cases it may be acceptable for no mitigating action to be taken. However, the status of these risks should still be reviewed periodically to ensure no changes which would result in the risk increasing.

Based on the risk score, Council risks will be treated in one of four ways:

Terminate

The risk is terminated by deciding not to proceed with the activity that generates the risk, or by carrying out the activity in a different way.

Transfer

This involves another party bearing or sharing all or part of the risk. For example:

- Partnerships
- Joint ventures
- Obtaining performance guarantees or specific contractual terms
- Considering insurance arrangements

Treat

i) Reducing likelihood

This involves taking action that will reduce or control the likelihood of the event occurring. Examples may include:

- Introducing procedure manuals where all staff must comply
- Documented authorisation procedures and limits
- Regular review and compliance checking to evidence procedures being followed
- Specification of contract conditions to mitigate potential Council exposure
- Staff training to raise awareness of the risk and controls required

ii) Reduce impact

Taking action to reduce or control the consequences should the event occur. For example:

- Business Continuity and emergency planning
- Public relations and media handling
- IT Back up arrangements in case of systems failure

After treatment a risk may still remain. A decision will then be taken as to whether the remaining risk is at a tolerable level or further action is still required.

Tolerate

It may not always be necessary or appropriate to take action to treat risks for example where the cost of avoiding or treating the risk is considered to outweigh the potential benefits, or the risk at the current time is acceptable to the Council and resources should be invested elsewhere.

In determining whether a risk can be tolerated a decision will be taken in the context of the Council's overview of risk tolerance.

Risk tolerance

The factor that will drive the Council's response to risk is the degree to which the risks are deemed to be tolerable.

A risk is considered *acceptable* if the Council is content with the expected outcomes. If the Council is not content with an outcome but has decided that the Council is prepared to live with that outcome, the risk is considered to be *tolerable*.

Overall the Council is a publically accountable organisation, operating in a statutory and regulated environment. The Council must meet its statutory targets and comply fully with all regulatory requirements. This is balanced with certain Council activities

operating in a commercially orientated environment, creating differing risks and opportunities. Therefore, impact of risk and decisions reached will reflect the following:

- Would this impact on the Council's ability to meet its statutory or other regulatory requirements
- Would this activity damage the reputation of the Council
- Is the potential financial implication considered tolerable

Decisions as to what risks are tolerable will take into account the overall impact the risk would have on the Council's strategic outcomes and objectives.

In general terms the Council's target will be to minimise or optimise the risk depending on the seriousness of the expected outcomes.

Managing risks - Mitigating controls

The Council's control environment is critical to its response to risk. Depending on the risk identified, effective internal controls will need to be in place and operating effectively to reduce the Council's exposure to risk. For example internal controls that may exist include:

- Segregation of duties so one staff member performs the control and this is reviewed by a different individual
- Limits of authorisation based on role to ensure appropriate approvals
- Pre-employment staff screening to ensure core competencies and skill sets are met and evidenced.
- Password and access controls to IT systems
- Staff rotation so one member of staff is not individually responsible for a key area for a long period of time
- Accessible, detailed written formal policies and procedures which apply consistently
- Training to ensure understanding of procedures are in place and operated effectively
- Reconciliations e.g. bank reconciliation
- Whistle blowing policy
- Management reporting to identify exceptions

4. Monitoring risks

Risk management is an ongoing process, embedded in everyday Council activity. In order to remain effective, the process will be reviewed on a regular basis.

Each risk will be frequently reviewed by the risk owner to identify if any revision to the risk is required, for example the assessment of impact and likelihood or the planned mitigating actions.

Risk will be a standing item on the agenda for the Corporate Management Team and Directorate Senior Management Team meetings. As a minimum, on a quarterly basis, each Directorate will seek assurance from the individual Risk Owners that the risk in their service areas are being adequately monitored and action is being completed as agreed in formal action plans.

Through the Risk co-ordinators and the Corporate Risk Management Steering Group risks will be reviewed and challenged on a monthly basis, including a review of the high risks facing the Council and mitigating action plans. This group will link directly with the Corporate Management Team.

Action planning

Where a risk is classified as to be treated, and scores either amber or red an action plan needs to be established. The action plan is where the risk owner records the actions to be taken, including the controls that need to be established and/or strengthened. The action plan should reflect whether the actions are to reduce likelihood and/or reduce impact; the action owner, and the timescale for implementation.

Action updates should be provided at least monthly detailing progress against agreed actions to date, including those that are past the implementation date alongside an explanation as to why the anticipated action has not taken place.

Risk escalation

All staff are responsible for identifying risk throughout the Council.

To ensure that risks are managed effectively, they must be escalated to the appropriate levels within the Council. Each Director has overall responsibility for ensuring their high risks (red) are escalated to CMT with immediate effect for possible inclusion on the Corporate Risk Register.

5. Reporting arrangements

The Council's risk management framework will be supported through agreed reporting arrangements, including:

Monthly risk reporting

Monthly risk reports will be produced by the Risk Team, and considered at the Corporate Management Team (via the Risk Management Steering Group). Reports will include:

- Status of all high risks, including actions taken
- New risks
- Changed risks from previous report, in particular where risk is increasing
- Risks escalated from Directorate registers to the Corporate Risk Register
- Risks removed
- Profile of risks across the Council: number of High, Medium, Low and the categories of those risks.

Governance, Risk and Best Value Committee Reporting

The Council's Governance, Risk and Best Value Committee (GRBV) are responsible for monitoring the effectiveness of the Council's risk management arrangements, including "monitoring internal financial control, corporate risk management and key corporate governance areas". Regular reports on the Council's risk management arrangements and corporate risks will be presented to GRBV.

On a routine basis GRBV will receive updates on the Council's risk management framework and the Council's corporate risks. Reporting will include:

- Risk management framework and the Council's overall approach to risk;
- Council's approach to risk tolerance;
- The Council's corporate risk register including associated action plans for the higher rated risks; and
- Reports on the changing risk profile of the Council including areas of increasing risk, where controls are considered not to be effective and horizon scanning for areas of possible future risk.

Financial year end risk confirmation process

During the last quarter of each financial year, each Head of Service will submit a report to their Director, along with the service area assurance statement, confirming that:

- All the major service risks within their remit have been identified; and
- Measures have been taken to manage those risks in accordance with the requirements of the Council's Risk Management Framework.

These reports will be collated and submitted to the Council Risk Manager, who will report to the Council's Corporate Management Team.

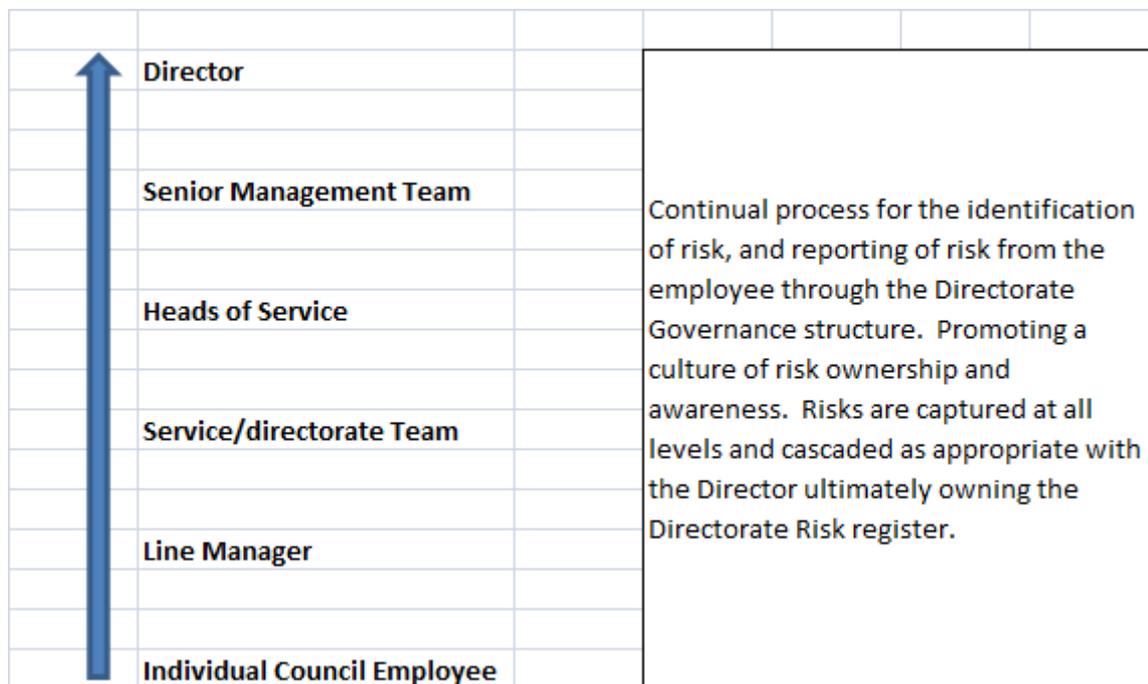
6. Governance arrangements

There are 3 core levels of governance (3 lines of defence), with risk management operating as a second line of defence:

- Front line management;
- Risk oversight and challenge – a risk and compliance function responsible for providing an overview of risk management across the Council and a challenge function
- An independent perspective – Internal Audit assurance

The Corporate Management Team (CMT) is ultimately responsible for overseeing risk management within the Council, directly reporting to the Council’s Governance, Risk, and Best Value Committee on a routine basis. The CMT who have the ability to consider Council wide risks and where required support a multi-Directorate response to a potential risk event.

In summary risks are reporting upwards across the Council:



Risk Governance overview			
Strategic / Policy		Operational	
Council approval of the CG framework		CMT Quarterly	Risk Team supports the Council's operational and strategic arrangements through challenge, review and regular management reporting.
		Risk steering group monthly	
Corporate policy & strategy approves risk framework		Risk co-ordinators (within Directorates)	
		Directorates	
GRBV scrutiny of effectiveness of risk management and corporate risk register			
Executive Committees Consider risk implications in report and overall service risks of a red nature and associated action plans			

The responsibility for risk management across the Council rests with all members of staff. A summary of the key roles and responsibilities is set out below:

Operational Arrangements		
		Frequency
Staff	<p>All staff have a responsibility to report events, incidents or accidents which have or could lead to the Council being exposed to risks.</p> <p>Responsibility includes:</p> <ul style="list-style-type: none"> • Following the Council's risk management framework • Being open and honest about reporting risks identified as part of your day to day remit • Reporting to line Managers, Heads of Service, Directors where applicable to ensure that risk registers are kept up to date • Developing your own risk awareness by completing all risk training and maintaining a risk mindset at all times 	Daily

Risk Owner	<p>The risk owner is the designated individual to manage and monitor the risk. For corporate risks reflected on the Corporate Risk Register this must be a Director. The risk owners role includes:</p> <ul style="list-style-type: none"> • Managing all aspects of risk assigned to them including maintaining an action plan; • Obtaining Heads of Service/directorate support where necessary; • Ensuring risks assigned to them are kept up to date; and • Determining the actions needed to mitigate the risk. 	Monthly as a minimum
Risk Co-ordinators	<p>Risk Co-ordinators are Heads of Service (or suitably senior) who are nominated by their Director to support and be integral to the risk management framework, including:</p> <ul style="list-style-type: none"> • Supporting the Council's risk management framework • Being a key reference point for staff for advice and support on risk management • Working with other risk co-ordinators to ensure consistency of approach across the Council • Challenging risk registers in relation to the identification of risk, the assessment of risk and proposed mitigating actions and action plans • Raising the profile of risk management and risk awareness within their teams • Actively participating in the Corporate Risk Management group 	Routinely and monthly meetings
Governance and accountability for risk management		
GRBV Committee	<ul style="list-style-type: none"> • To scrutinise the Council's risk management framework and review this on an annual basis • To review and challenge the Council's corporate risk register including action plans • To scrutinise the Council's approach and tolerance to risk • Monitor and review the effectiveness of risk management and its contribution to corporate governance 	Quarterly

Corporate Management Team (CMT)	<ul style="list-style-type: none"> • Responsible for the completeness and accuracy of the corporate risk register, taking a bottom up and top down approach to risk identification • Approve and recommend to Elected Members the Council's risk management framework • Determine the Council's overall approach to risk and risk tolerance (risk appetite) • Review and challenge red (high) risks based on management information including: trends, horizon scanning, areas of increasing risks, risks where controls are not sufficient. • Review corporate risks including approach (Treat/Tolerate/Transfer/Terminate] and mitigating action plans • Challenge progress against risk action plans holding those to account for agreed actions • Risk to be a standing agenda item 	Monthly
Directors and Directorate Senior Management Teams (SMT)	<ul style="list-style-type: none"> • Ensure that all identified risks are captured in the relevant risk register and Directorate Register where appropriate • Actively manage the risks identified through the identification of mitigating controls, taking necessary action and regularly discussing and reporting on risks at SMT meetings • Ensuring risk management is a standing agenda item on team meetings • Ensuring the importance of risk management is escalated and creating an appropriate risk management culture within the Directorate 	SMT and Team meetings
Key risk management support activities		
Risk Management Function	<ul style="list-style-type: none"> • To facilitate the risk management framework process • Develop and introduce best practices in risk management • Monitor and track risk management implementation across the Council • Report on a routine basis to Corporate 	

	<p>Management Team on the delivery and effectiveness of risk management arrangements</p> <ul style="list-style-type: none"> • Produce and share risk management monthly reporting information including risk trends, actions, horizon scanning and areas of risk for further focus • Challenge the risk process including identification, assessment, mitigating controls and action planning across the Council • Assist in the promotion of a risk awareness culture across the Council 	
Organisational Development	<ul style="list-style-type: none"> • Develop suitable risk management training material for all Council staff roles and maintain training records to ensure all staff trained • Risk management staff induction training to be provided to all new Council employees • Provide examples of risk management personal objectives to be incorporated into all personal development plans and ensure reflected in objectives based on staff roles. • Routinely review core competencies to ensure they sufficiently reflect risk awareness and compliance • Define what good risk behaviours are and actively promote these in training and engagement with staff • Updated staff roles and responsibilities to reflect where risk management is integral to their responsibilities • Maintain an ongoing training programme which encompasses feedback and lessons learned on risk • Ensure an effective link with governance, risk and compliance in the Council's values and competencies. 	Ongoing activity throughout the year
Communications	<ul style="list-style-type: none"> • Communicate risk management activities across the Council to raise profile and awareness • Promote good risk management behaviours • Promote a culture of shared learning • Promote risk as part of day to day business activities, explicitly linked to 	Ongoing activity throughout the year.

	Council strategy, including the positive promotion of risk and the opportunities risk brings	
--	--	--