Committee Name: Audit

Committee Date: 21/09/2021

Report Title: Risk Management Policy & Strategy

Portfolio:	Councillor Kendrick
Report from:	Executive director of corporate and commercial services (S151 officer)
Wards:	All wards
OPEN PUBLIC ITEM	

Purpose

To enable members to review the proposed risk management policy and risk management strategy prior to their presentation to cabinet for approval.

Recommendation:

To recommend cabinet to approve the council's risk management policy and strategy.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets all the corporate priorities

This report addresses healthy organisation strategic action in the Corporate Plan

Report Details

Background

1. The council's risk management strategy and corporate risk register are key elements of the corporate plan delivery structure, ensuring that risks to the achievement of the council's corporate and service priorities are identified and effectively managed. A risk management policy & strategy is a fundamental element of the risk management framework and contains the process and governance arrangements that all staff are expected to follow.

2. Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.

3. The risk management policy was last updated in November 2017 and is due for review.

4. The previous Interim Internal Audit Manager completed a review of the two documents and amalgamated all the key features into a single revised policy and strategy document. The aim being to bring the information into one accessible and informative format.

5. The draft risk management policy and strategy was reviewed by the Internal Audit Manager and comments incorporated, The document was then considered by the Corporate Leadership Team on 8 September. The latest version is attached at **Appendix 1**.

Key features

6. The document contains a definition of risk, the principles and benefits of risk management, and a scoring matrix based on the widely accepted 5 x 5 grid.

7. The policy also refers to the council's appetite for risk, and cabinet will be recommended to agree a maximum level of residual risk which it is prepared to accept as 15 on the scoring matrix, ie there should be no 'red' risks after mitigating controls have been taken into consideration. However, in exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16.

8. The document is intended to guide officers through the identification, recording, scoring and action planning for the mitigation of risks, and can be used at the corporate, directorate, project and service level.

9. One specific change is the approach to scoring risks. The previous strategy included a two-stage approach:

   - inherent risk level: an initial base level which ignores any controls which might already be in place

   - residual level: an assessment after taking into account of any controls already in place

10. The updated document scores risk on the following bases:

- Current residual risk level. The risk assessment taking into consideration the effectiveness of existing controls that are already in place that will have an impact on the likelihood and impact of the risk occurring.

- Target risk level. If the identified risk requires mitigation, actions will be identified that reduce the likelihood or impact of the risk. A target risk assessment should evaluate the risk exposure as if all the identified actions have been completed, reflecting how the planned actions are expected to reduce the overall risk rating.

11. The rationale for the change is to emphasise the current scores (with controls in place) and then the target score once any identified actions have been completed. This focuses on the expected impact of identified actions and can better show a direction of travel.

12. For new projects, inherent risks (assuming no existing key controls in place) will still be considered at the planning stage while controls are being identified and implemented.

13. There is a template for any risk register entry which sets out the key controls, current residual and target risk scores, together with any additional actions that managers consider necessary to further manage the risks.

14. Appendix 2 of the draft document details the roles and responsibilities in risk management. This includes the role of audit committee, which is:
- Monitoring adherence to the risk management policy

- Reviewing risk management policy

- Reviewing reports on the council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment

- Raising any concerns on risk management with cabinet

15. Following approval of the revised policy and strategy and plan for communication and training will be developed.

Summary

16. Effective risk management is a key element in delivering the council's corporate plan.

17. The proposed risk management policy and strategy are based on best practice.

Consultation

18. The draft Risk Management Policy & Strategy has been reviewed by the Corporate Leadership Team.

19. The purpose of this report is to enable Audit Committee members to review the proposed risk management policy and risk management strategy prior to its presentation to cabinet for approval.

Implications

Financial and Resources

20. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget. There are no proposals in this report that would reduce or increase resources.

Legal

21. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	No direct implications.
Health, Social and Economic Impact	No direct implications.
Crime and Disorder	No direct implications.
Children and Adults Safeguarding	No direct implications.
Environmental Impact	No direct implications.

Risk Management

Risk	Consequence	Controls Required
A risk management policy is a fundamental element of the risk management framework and contains the process and governance arrangements that all staff are expected to follow.	Without an effective policy in place, the Council is at risk of being unable to demonstrate that it has designed a process for effectively managing risks that threaten the achievement of its objectives.	Effective Risk Management Policy & Strategy which is regularly monitored and embedded into business processes.

Other Options Considered

22. There are no alternative options to this report.

Reasons for the decision/recommendation

23. To recommend cabinet to approve the council's updated risk management policy and strategy.

Background papers:

None

Appendices:

Appendix 1 – Draft Risk Management Policy and Strategy

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Risk Management Policy & Strategy

Document control

Version	Author	Date	Summary of changes
V1.0	G Jones	3/2021	Merge of policy & strategy & removal of LGSS references and old templates
V1.1	H Simpson	06/2021	Introduction wording & foreword
V1.2	H Simpson	09/2021	Inclusion of feedback from IA manager including: Clarification on residual and target risk Risk appetite

Next review date:	September 2024

Foreword by Chief Executive

This risk management policy is fully supported by myself and other members of the corporate leadership team who are accountable for the effective management of risk within the council. Our Councillors have also shown during my time with the authority that they understand the importance of effective risk identification and mitigation and have been supportive of steps we've taken as a council to improve our approach over the past 18 months.

All officers of the council have a responsibility to recognise and manage risk in accordance with this policy and the associated risk management strategy. **Risk management is everyone's business.**

In Norwich City Council, risk management is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing operational activities.

I am committed to the effective management of risk at all levels of this council. This policy is an important part of ensuring that effective risk management takes place. It's important that we remain agile in our approach and treat effective risk management as an ongoing process of improvement – learn for both successes and mistakes.

Stephen Evans
Chief Executive

Introduction

This document encompasses the Council's policy and strategy in relation to risk management. It is intended to provide a framework for the management of risk and explain how the Council will ensure that it is managing risk effectively to increase the likelihood that business objectives will be achieved. It aims to:

- increase overall awareness of risk throughout the council and to enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas.
- define roles and responsibilities to help ensure the risk management process is understood and owned across the council
- provide advice on best practice and describe the different elements that need to be managed in order that risk management methodology is embedded in every layer of the council.

The Accounts and Audit Regulations 2015 state:

A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

Norwich City Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need. The council is a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result, it needs to ensure the way it acts, plans and delivers is carefully thought through both on an individual and a corporate basis.

There are, however, many factors which might prevent the council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks which might be faced. This approach is a fundamental element of the council's code of governance and is explained in the following extracts:

- *The council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of the Council.*
- *The council ensures that responsibilities for managing individual risks are clearly allocated, and the Corporate Risk register is reported to and reviewed by the Council's Corporate Leadership Team, Audit Committee and Cabinet on a regular basis.*

It is important to recognise that the council is not seeking to 'factor out' all risk, as this would not be a cost-effective use of scarce resources, but instead to manage risk in a proportionate manner relative to the severity of the risk. It is also important to remember that risks must be managed, but not avoided to the extent that innovation and opportunities are stifled.

What is risk?

1. The council's definition of risk is:
   "Factors, events or circumstances that may prevent or detract from the achievement of the council's priorities and service plan objectives."

2. Risk is an event, which if it crystallises, could adversely impact on the work of the Council. It may be a one-off event, repeated events or progressive continuum.

Risk management objective

3. Risk management is the process by which risks are identified, evaluated and controlled within the council's risk appetite. It is a key element of the council's governance framework.

4. The council will operate an effective system of risk management which will seek to ensure that risks which might prevent the council achieving its plans are identified and managed on a timely basis in a proportionate manner. In practice this means that the council has taken steps to ensure that risks do not prevent it from achieving its priorities or objectives.

Risk management principles

5. The policy establishes the following risk management principles:

   - The risk management process should be consistent across the council, clear and straightforward and result in timely information that helps informed decision making
   - Risk management should operate within a culture of transparency and openness where risk identification is encouraged, and risks are escalated where necessary to the level of management best placed to manage them effectively
   - Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment
   - The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality
   - Risk management should be embedded in everyday business processes and risks managed in line with the council's risk appetite.
   - Officers of the council should be aware of and operate the council's risk management approach where appropriate
   - Directors should be aware of the council's risk management approach and of the need for the decision-making process to be informed by robust risk assessment.

Appetite for risk

6. With limited resources it is inappropriate for the council to seek to mitigate all of the risk it faces. The council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its

senior managers. The main types of risk areas the Council will face are detailed in Appendix 2.

7. Risks will be taken in a considered and controlled manner to ensure exposure to risks is kept to a level deemed acceptable by the Council. CLT has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 in line with the scoring matrix attached at Appendix 1. CLT will apply judgement when determining which risks are monitored via the corporate risk register, which may mean lower scoring risks are included, for example where there is a high reputational risk.

8. The acceptable level may vary from time to time and some risks may be accepted above the agreed acceptable level because:

   - The likelihood of the risk occurring is deemed to be sufficiently low

   - There is the potential to enable the realisation of considerable reward/benefit

   - They are considered too costly to control given other priorities

   - The cost of controlling them would be greater than the cost of the impact should they materialise

   - There is only a short period of exposure to them

   - They are considered essential to the achievement of aims and objectives

9. Other areas of risk, such as small projects or health and safety, may have a different risk appetite depending on the circumstances, but only if they do not impact on council priorities or service plan objectives.

10. All employees should systematically and promptly report to their manager any perceived new risks or failures of existing control measures for consideration.

Benefits of risk management

11. Benefits include:

   - Alerting directors and officers to key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks or minimise impact should they occur.

   - Ensuring that directors and officers are fully aware of any key risk issues associated with proposals being considered at the point of decision making.

   - Greater risk awareness and an improved and cost-effective control environment, which should mean fewer incidents and other control failures and better service outcomes by allowing senior management to focus and prioritise mitigation of the most significant risks and opportunities.

   - Providing assurance to directors and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.

   - Allowing the council to take informed decisions about exploiting opportunities, ensuring that we get the right balance between rewards and risks.

Risk management approach

12. The risk management approach adopted by the council is based on identifying, assessing, managing and monitoring risks at all levels across its activities. This approach is based upon the standard management cycle shown in the diagram below. The detailed stages of the council's risk management approach are shown in **Appendix 3**.
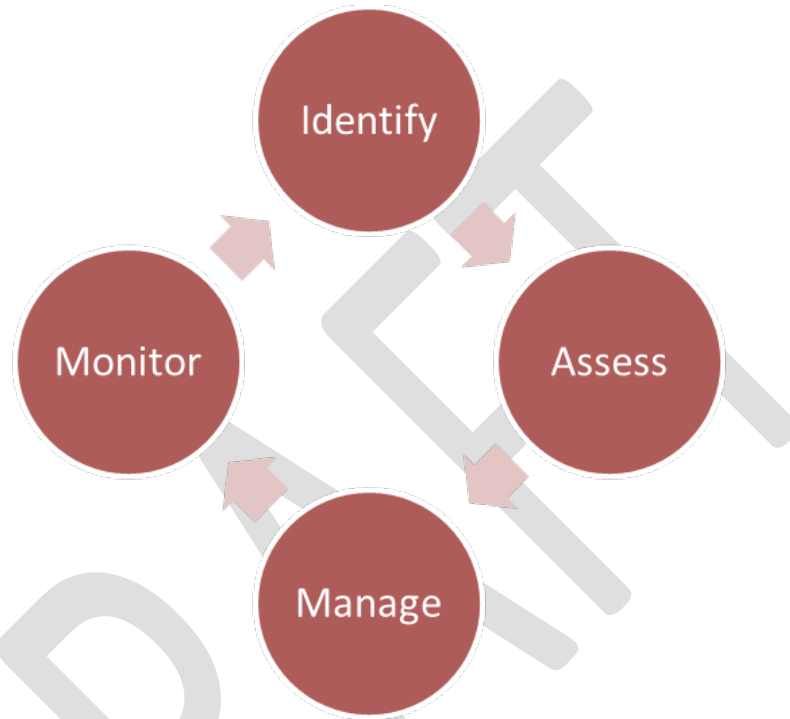
Awareness and development

13. The council recognises that the effectiveness of its risk management approach will be dependent upon the degree of knowledge of the approach and its application by officers and directors.

14. The council is committed to ensuring that all directors, officers, and partners where appropriate, have sufficient knowledge of the council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels. More information can be obtained by contacting the Head of Finance, Audit & Risk.

Conclusion

15. The council will face risks to the achievement of its plans. The risk management approach detailed in this policy should ensure that the key risks faced are recognised, and effective measures are taken to manage them in accordance with the defined risk appetite.

Scoring matrix

Impact							
	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Colour	Score	Detail
Red	16 +	Risks scored here represent a severe threat to the delivery of the Council's objectives and service delivery and are outside of the risk appetite of the Council. Risks scored at this level should be treated as a priority and actions identified to address the risk. Such risks should be escalated through the management reporting line to CLT. Reporting on progress will be required quarterly to CLT and Cabinet and twice yearly to Audit Committee.
		In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16.
Amber	5 to 15	Risks scored here represent a moderate threat to the delivery of the Council's objectives and service delivery. They are within the risk appetite of the Council with some proportionate mitigation and regular monitoring required. Risks will be monitored quarterly through Directorate Risk Registers. For items escalated to the corporate risk register these will be monitored quarterly by CLT and reported to through to Cabinet and Audit Committee.
Green	1 to 4	Risks here represent a minor threat to the delivery of the Council's objectives and service delivery and are within the risk appetite. Review required to ensure risk score does not change/increase, however these risks can be managed at operational/service level.

Impact guidance

The following table provides examples for the scoring of the impact of a risk:

	Negligible 1	Low 2	Medium 3	High 4	Very High 5
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/ or local public enquiry	Major civil litigation setting precedent and/ or national public enquiry	Section 151 or government intervention or criminal charges
Financial	<£50k	<£100k	<£250k	<£500k	>£500k
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
People and Safeguarding	Slight injury or illness	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the council has a responsibility	Death of an employee or individual for whom the council has a responsibility or serious mistreatment or abuse resulting in criminal charges
Reputation	No reputational impact	Minimal negative local media reporting	Significant negative front page reports/ editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to the council's policies and/or sustained negative media reporting in national media
Project	Minimal effect on budget or overrun	Project overruns or over budget	Project overruns or over budget affecting service delivery	Project significantly overruns or over budget	Project failure
Sustainability and Environment	Minimal or no impact on environment or sustainability targets	Minor impact on environment or sustainability targets	Moderate impact on environment or sustainability targets	Serious impact on environment or sustainability targets	Very serious impact on environment or sustainability targets

Roles & Responsibilities

Who	Risk Management Role
Cabinet	• Ensuring corporate risks are identified and effectively managed across the council • Approving the risk management policy including the risk appetite • Ensuring periodic review of the policy is undertaken • Considering risk in its decision making • Receiving reports on significant risk issues
Audit Committee	• Monitoring adherence to the risk management policy • Reviewing risk management policy • Reviewing reports on the council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment • Raising any concerns on risk management with cabinet
Chief Executive	• Overall responsibility and accountability for leading the delivery of an effective council-wide risk management approach • Ensuring that the corporate risk register and service risk registers are subject to regular review
Corporate Leadership Team	• Ensure consideration of risk setting the council's direction of travel. • Approve the risk management policy for onward approval by cabinet and ensure periodic review is undertaken • Be aware of and consider risk relating to their area of responsibility • Overall responsibility and accountability for leading the delivery of an effective council wide risk management approach • Ensuring that the council's risk register and directorate risk registers are subject to regular review. • Owning and leading the council risk management process • Reviewing significant council risks • Receiving urgent risk reports as necessary • Ensuring that risk is given due consideration in all management processes

Who	Risk Management Role
Executive Director Corporate & Commercial Services	• Championing and taking overall responsibility for seeking to ensure that effective risk management processes operate throughout the council
Execuitve Directors	• Reviewing area risk registers on a quarterly basis with heads of service. • Ensuring that risk is given due consideration in all management processes • Ensuring that risks identified within their area are managed at an appropriate level, including escalation to CLT level where appropriate • Working with staff within their area to use the risk management approach in assisting the delivery of outcomes • Driving the development and embedding of effective risk management across their area • Information exchange on emerging risks
Head of Finance, Audit & Risk	• Providing guidance, advice & support on the council's risk management approach • Coordinating risk management across the council • Maintaining the central record of the corporate risk register • Arranging risk management awareness, support and training for managers, staff and members • Compiling reports as appropriate for the corporate leadership team, cabinet and the audit committee
All Staff	• Understanding their accountability for individual risks • Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures • Completing any risk management training relevant to the post.

Who	Risk Management Role
Internal Audit Manager	- Providing guidance, advice & support on the council's risk management approach - Facilitating risk workshops - Performing quality and performance checks on risk management documents - Arranging risk management awareness, support and training for managers, staff and members - Planning and delivering internal audit reviews of the internal control environment which helps to provide independent assurance on the risk management process - Developing a risk-based Internal Audit Programme

Risk Management Processes

Risk Recording

3.1 It is important that all stages of the risk management process are recorded to allow risks to be managed effectively on a dynamic basis. A standard risk register template is shown at Appendix 5.

Risk Identification

3.2 The identification of risk is the most difficult aspect of risk management as once a risk is identified the structured process of risk management should mean that the risk is fully evaluated and managed appropriately. Officers are therefore encouraged to devote sufficient time to it such that all key risks are recognised and appropriately managed.

3.3 There are several risk perspectives:
- Corporate - Those risks, which if they occurred, would have a major impact on the organisation or delivery of its priorities. Corporate risks also include cross cutting risks that impact across directorates.
- Change related (Programme / Project) – where the council is exposed to risks that could affect its ability to successfully complete the desired transformational outcomes or deliver projects objectives.
- Operational – where we are exposed to risks that could affect our control and ability to successfully and continually deliver or commission services to our service users / residents.

3.4 Risk identification should include consideration of any risks associated with missed opportunities, e.g. failure to take advantage of external funding opportunities.

3.5 Risk is best identified by means of a risk workshop at management team level where each team member is able to identify their perspective of risk without influence from other team members, although the outputs from this process are then subject to full team review to give a consensus on the main risks faced by that team. Other risk identification approaches can also be effective, e.g. open discussion at team meetings.

3.6 Risk registers should be prepared down to the lowest appropriate level in each directorate at management discretion but usually with a minimum of two levels in accordance with best practice.

3.7 The detailed responsibilities of support roles can be found in **Appendix 2**.

3.8 To assist risk identification, **Appendix 4** lists the types of risks which might be faced. However, it should be recognised that this list is simply a guide and is not exhaustive.

3.9   Risks should be clearly articulated to ensure there is a clear understanding of the risk. Risk descriptions should be expressed in negative terms and will refer to risks arising either from council actions or from external factors, e.g. 'The council does not ………'; 'The council fails to …….' Failure to ……'; 'Supply chain failure'; 'Industrial action'.

Cause and Effect

3.10 At the point of risk identification, the possible causes of the risk and the likely effects if the risk were to occur should be identified to give a good understanding of the dynamics of the risk:

- Cause naturally leads to the identification of the mitigating actions necessary to either prevent the risk occurring or to recover quickly from the risk should it occur;

- Effect assists in understanding the impact of the risk and hence it's scoring.

Risk Ownership

3.11 The effective management of risk requires that each risk should have a named owner (post title). Ownership should be vested at individual post level and not team level.

Escalation of Risk

3.12 In the interests of empowerment each risk should be managed at the lowest appropriate level of management. However, if it is considered that a risk identified at one management level cannot be effectively managed at that level, the risk should be escalated up the management chain until it reaches the level at which it can be effectively dealt with.

3.13 All risks scoring above the risk appetite (score above 15) should be escalated to CLT for monitoring and consideration for inclusion on the Corporate Risk Register.

Scoring of Risk

3.14 In order to assess the impact of risk in a consistent manner a scoring methodology has been adopted which takes account of the two distinct aspects of risk:

- The likelihood of the risk occurring.

- The impact if it does occur.

3.15 The scoring methodology is expressed in the 5x5 scoring matrix as attached at Appendix 1. The matrix itself is supported by descriptors, over various elements, for the impact element of the risk. The impact score selected will be the highest score for any of the descriptor elements (N.B. not all may apply).

3.16 The risk will be scored in two stages:

- **Current residual risk level.** The risk assessment taking into consideration the effectiveness of existing controls that are already in place that will have an impact on the likelihood and impact of the risk occurring.

- **Target risk level.** If the identified risk requires mitigation, actions will be identified that reduce the likelihood or impact of the risk. A target risk assessment should evaluate the risk exposure as if all the identified actions have been completed, reflecting how the planned actions are expected to reduce the overall risk rating.

3.17 For new projects, inherent risks (assuming no existing key controls in place) will still be considered at the planning stage while controls are being identified and implemented.

Risk Mitigation

3.18 Mitigations in place, and known to be operating effectively, should be identified. Future actions to mitigate identified risks should be detailed along with the action owners and timescales for completion.

3.19 Identifying gaps in existing controls and identification of the actions that are needed to improve the mitigation of risks in line with both Council's risk appetite will involve employing either one or a mix of the following:

Acceptance	Where the level of the risk falls below the Councils risk appetite and a conscious decision is made to accept that risk and to take no further action other than ongoing monitoring and periodic review. Sometimes referred to as tolerate.
Avoidance	Where the actions causing the risk are avoided; for example, withdrawing from a particular activity, project or service.
Reduction	Take action to reduce the level of risk by reducing either the impact or the likelihood of the risk event occurring.
Transferring	Transferring most or some of the risk to a third party. The main types are insurance and outsourcing.
Sharing	Risk sharing is the distribution of risk to multiple organisations for example during a project with a number of stakeholders involved.

3.20 However, it is not appropriate for the council to attempt to manage all the risks which it faces – sometimes it is more effective to **terminate** the risk. This may mean ceasing the activity likely to trigger the risk or simply doing something in a different way that eliminates the original risk.

Action Planning

3.21 The residual risk score should be evaluated and an assessment made if this level of risk is appropriate.. The council has defined its maximum risk appetite as not accepting a residual risk score of 16 or more unless actions are planned to

reduce the score to below this level on a timely basis. In exceptional circumstances the CLT can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16.

3.22 Otherwise the appropriate level of residual risk should be based on the experience of the manager responsible for managing the risk.

3.23 In determining the mitigation required to manage a risk, regard must be had to the proportionality of the cost of the mitigation to the cost impact if the risk occurs, i.e. it would make no sense if the cost of the control exceeded the cost of the impact.

3.24 If the risk score is deemed to require adjustment, i.e. either reduction or increase, actions should be designed accordingly which must be assigned to a named owner and set an achievable specified target completion date.

Risk Monitoring

3.25 A full review of risk should be undertaken on a quarterly basis at all levels of management, i.e. CLT, directorate and team, to ascertain:

- If all relevant risks are included;

- If any risks can be closed;

- The progress in implementing agreed actions.

- If residual risk scores should be re-evaluated, e.g. to reflect completed actions.

3.26 Managers should have regard to potential risks at all times and should use the risk management approach to help them analyse and manage such risks at the point they are identified. Managers should not wait for the next quarterly CLT review.

Risk Reporting

3.27 The corporate leadership team (CLT) will, on a quarterly basis, review the council's risk profile and details of business areas' residual risks in excess of the council's risk appetite (red risks).

3.28 The Corporate Risk Register will be reported to Cabinet on a quarterly basis as part of the Combined Performance Report.

3.29 In addition to its inclusion in the quarterly performance monitoring reports, a risk management report will be provided to the audit committee twice yearly so that the committee can fulfil its oversight function.

3.30

Risk Management in other Business Processes

3.31 The risk management processes defined in other business processes should be complied with. Other business processes include:

- **CLT decision making**

It is critical for effective decision making that the decision makers are provided with details of the risks associated with each proposal being considered.

- **Service planning**

  As with CLT decision making it is critical that senior managers and ultimately directors understand the risks associated with the plans being designed by the council at the point of design.

  - Service plans should have a risk section and require the service to identify risks and how they will be managed.

  - Presentations to CLT on budget proposals should highlight key risk issues.

- **Project management**

  Risk (and issue) management is a key element in delivering an effective project management methodology.

- **Contracts and collaborative relationships**

  Effective contract and relationship management is of vital importance.

- **Health and safety**

  The council's health and safety policy is also a key component of the structure of controls contributing to the management and effective control of risks affecting staff, contractors and the general public.

- **Business continuity planning**

  It is important for the council to establish business continuity management arrangements to ensure that it can continue to deliver business critical services if business disruption occurs.

Risk identification

4.1 The checklist below is an aid to managers in risk identification. However, the checklist cannot be exhaustive, and you may identify other areas where you foresee there might be risks or opportunities.

4.2 Managers should recognise that the use of the "right" categorisation is not critical and is simply an aid to assist the identification of risk. The critical factor is that all key risks are identified and then managed effectively.

4.3 The first stage of risk identification is making sure that the objectives of the area being assessed are clearly understood in accordance with the council's risk definition:

"Factors, events or circumstances that may prevent or detract from the achievement of the council's priorities and service plan objectives".

4.4 A risk may relate to the non-achievement of all or a number of council priorities or a single priority.

4.5 Please note that, depending on how a risk is worded, you may wish to reflect areas detailed below as the cause of a risk rather than a risk in its own right, e.g. 'Changes in demography' may be recorded as a cause of 'Customers are not provided with the services they need'.

Risk category	When thinking about possible risks that could affect the different categories you might like to consider the following areas:
Customer Perspective	- Effects on social wellbeing, e.g. changes in economic conditions - Environmental issues, e.g. the effects of climate change, progressing the council's strategic objectives e.g. the disposal of waste
Finance and Resources	- Ineffective financial planning including budget preparation - Weaknesses in workforce planning - Ineffective budget management - Loss or reduction in funding - Missed opportunities for obtaining additional funding - Failure to manage the council's cash assets effectively, i.e. treasury management function - Failure to manage non-cash assets effectively

Processes and Systems	**Regulators:** • Non-compliance with regulatory expectations • Non-compliance with legislative requirements, e.g. health and safety, equalities, data protection, environmental legislation, employment law, etc. • The council does not act within its statutory/legal powers. **Partners/Suppliers:** • Poor partnership agreements/arrangements/relationships • Suppliers/partners do not provide effective, efficient and economic services to the council, e.g. a major contract fails **General** • Weakness in procedures/systems that could lead to breakdown in service • Criminal or corrupt activity • Incorrect/unreliable/untimely information
Learning and Growth	• Not having staff with the right skills and experience • Failure of key projects and programmes

Template register

Current template:

Risk:			Owner:				Category:		Risk Direction:	
				Current Residual Risk				**Target Risk**		
Description/Triggers	**Impact**	**Mitigation**	Date Raised	Impact	Likelihood	**Score**	**Risk Strategy**	Impact	Likelihood	**Score**
•	•	•								
				Risk Control Action						
			Action	**Owner**	**Target Date**	**Update**				
			Comments:							