

Corporate Risk Management Framework and Policy



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Risk Policy Statement

It is the policy of the Council to adopt a proactive approach to Risk Management consistent with the various conventions and best practice.

The Council acknowledges that risk cannot be totally eliminated, the Council is however committed to the management of “significant” risks in order to:-

- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Maintain cost effective control of public funds
- Preserve and promote the reputation of the Council
- Preserve and enhance the quality of our environment

These objectives will be attained by systematically identifying, analysing and evaluating, effectively controlling and monitoring risk, which may otherwise endanger people, property, or the reputation and financial stability of the Council.

Paul Warren

Chief Executive

Background and Introduction

Corporate Governance

Rochford District Council will employ the underlying principles of openness, integrity and accountability to achieve its objectives, putting the customer and citizen at the heart of everything we do. It will also ensure that its business and strategy is managed in an open manner, with an emphasis on the sustainable use of resources.

The Council's constitution vests the overall responsibility for the management of risk with the Audit Committee.

Introduction

The Council recognises its responsibility to manage internal and external risks and is committed to ensuring the process and culture of risk management is embedded in all operations and service planning processes.

This Register and the Risk Action Plans will be regularly reviewed and updated on an annual basis as a minimum. The register covers significant risks, that is those that, if they materialised, would have a significant impact on the achievement of the Council's ambitions. These include the failure to capitalise on opportunities

The Corporate Risk Register is developed using the notion of residual risk. This notion assumes that controls put in place, will usually lessen the inherent risk.

The Council aims to:-

- Integrate and embed risk management into the culture of the Council
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage, losses and reduce the cost of risk
- Raise awareness of the need for risk management by all involved in the delivery of the Council's services
- Take the action necessary to minimise the likelihood of risks occurring and/or reducing the severity of consequences should risks occur.
- Ensure that identified risks are monitored on an ongoing basis and reported annually to Members.
- Compile an annual assurance statement on the effectiveness of the arrangements for risk management.

The Council aims to achieve these actions by implementing this risk management strategy, and setting out the roles and responsibilities of officers key to its implementation.

Corporate Risk Management Framework and Strategy

1. Process

The development and maintenance of the Corporate Risk Register requires a proactive approach in order to maintain its integrity and currency. To achieve this, the following actions are deemed necessary: -

- The Corporate Risk Group (CRG) will review the corporate Risk Register and any relevant action plans on a regular basis.
- Divisional management teams will identify and assess the risks appropriate to their areas of operation with oversight by the CRG.
- Action plans will be prepared for all significant risks for which additional controls are required.
- CRG will seek Senior Management Team (SMT) and Audit Committee approval of the revised Corporate Risk Register on an annual basis.

2. Monitoring

Progress of the actions contained in the Corporate Risk Register will be monitored on a regular basis by the CRG who will provide an annual report to the Audit Committee showing the compliance with, and any changes to, the risk management framework.

3. Assurance of Controls

In addition to the line management oversight role, Internal Audit will, independently, review the adequacy of the Council's internal controls and the effectiveness of the risk management framework.

4. Risk Champions

The Head of Finance is appointed as the Council's Officer Risk Champion taking overall responsibility for ensuring progress against the agreed actions. In addition, the Head of Finance as the Section 151 Officer is the Senior Information Risk Owner (SIRO) for Information Security and Assurance. A Member Risk and Business Continuity Champion is appointed to raise awareness of risk management amongst Members.

5. Risk Scoring

A summary of the perceived risk rating of each of the risks identified in the Corporate Risk Register is to be found at page 7 of this document. The rating is based on the estimated likelihood and impact of each risk in accordance with the scoring matrix at page 9 of this framework document.

6. Risk Management - Roles and Responsibilities

In order to ensure the successful implementation of this strategy, clear roles and responsibilities for the risk management framework have been established. The key “players” and their role are:-

Elected Members

Elected Members will adopt the role of overseeing the effective management of risk by officers. This includes:

- Agreeing structures for controlling and monitoring risks across the authority
- Approving the risk management strategy, framework and process
- Receiving reports on the management of risk
- Approving the annual report on the risk management processes.

Senior Management Team (SMT)

- Approve and adopt a risk management strategy, framework and process and allocate sufficient resources to ensure its achievement
- Play a lead role in identifying and managing, the strategic risks and opportunities facing the authority
- Review cross cutting risks that may be associated with new policies and service delivery methods
- Determine the Council’s risk appetite and set priorities for action
- Ensure Divisional and line managers can provide effective controls to mitigate risks within service areas
- Approve an annual report for the Audit Committee on the status of the risk management framework, strategy and process (see above).

Corporate Risk Officer

- Manages the implementation of the integrated framework, strategy and process on behalf of the Council and its management team.
- Ensures the processes are implemented and offers guidance and advice.
- Chairs CRG and co-ordinates risk management activity across the Council
- Ensures staff across the Council are adequately trained to undertake risk assessments as required

- Collates divisional risk registers and controls assurance statements for consideration at CRG
- Prepares the annual report to Audit Committee on progress of risk management framework, corporate issues, divisional risk registers, control assurance statements and areas for improvement.
- Liaises with the Council's Emergency Planning Officer in respect of his/her role to oversee Business Continuity Plans.

Corporate Risk Group (CRG)

- Ensure a coherent approach to risk management and business continuity planning
- Undertake a programmed annual review of the corporate and divisional risk registers together with additional reviews when necessary
- Annually review and update the risk management framework to take into account external and internal changes as well as experience.
- Analyse, collate and monitor risk registers and associated action plans (including business continuity planning as appropriate), receiving and reviewing reports from risk owners
- Assist with the annual report for Audit Committee.
- Make recommendations to SMT regarding the generic and cross divisional risks/issues identified from the Divisional assessments of risks.

Heads of Service and Departmental Management Teams

- Identify, analyse and "rate" divisional risks within a register
- Ensure maintenance of the divisional risk register.
- Prioritise action on divisional risks
- Monitor progress on managing divisional risks
- Report the results of the self-assessment to CRG/SMT as appropriate
- Ensure the effectiveness of controls in place to mitigate/reduce risks.
- Co-ordinate annual reviews of controls and divisional risk registers within Divisional Management Teams.

Service Managers

- Identify, analyse, profile and prioritise risks within area of responsibility.

- Prioritise action on service risks
- Monitor progress on managing service risks
- Report the results of self-assessment of risk to divisional management team and, assess the effectiveness of controls in place to mitigate/reduce risks.

Specialist representatives (internal audit, insurance, legal, IT)

- Attend meetings of the Corporate Risk Group as necessary to consider implications of authority wide risks and to provide relevant advice

7. Addition or removal of risks from the Corporate Risk Register.

As risks identified at the corporate level change or develop, it is sometimes appropriate for a risk to be added or removed from the Corporate Risk Register. Addition and removal of such risks will be undertaken as part of the regular risk review processes and these will be identified to the Audit Committee within the reports seeking their approval of revisions to the Corporate Risk framework.

Corporate Risk Register – Summary of Risks - Part 1 – Strategic Risks

Risk	Likelihood	Impact	Risk Rating	Quality of controls*	Review Date(s) #
SR1. The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review.	3	3	Med	Good	October 2011
SR2. The Council could fail to understand and respond to changes in demand for its services resulting from the challenging economic environment	3	2	Low	Good	April 2011 July 2011 Oct 2011
SR3. Risk that the lack of clear national direction could lead to a lack of understanding as to where the Council needs to focus its resources.	3	3	Med	Good	April 2011 July 2011 Oct 2011
SR4a. In awarding contracts, the Council may be challenged by unsuccessful bidders on the grounds that correct procedures (including meeting EU or other legal requirements) were not followed.	3	3	Med.	Good	May 2011 Sept. 2011
SR4b. Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage contracts effectively.	4	3	Med.	Good	May 2011 Sept. 2011
SR5. The Council could fail to implement shared services effectively.	3	3	Med.	Good	April 2011 Sept. 2011
SR6. The Council is at risk of employing unsuitable staff if it does not ensure robust recruitment procedures including screening staff adequately	3	2	Low	Good	Nov 2010 Oct. 2011
SR7a. The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	2	2	Low	Good	Sep. 2011
SR7b. The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.	3	2	Low	Good	Sep. 2011
SR8. The Council fails to respond effectively to an incident.	2	3	Med.	Good	March 2011 Sep. 2011
SR9. The Council may enter into, or continue with, statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.	2	2	Low	Good	Sep. 2011

Corporate Risk Register – Summary of Risks - Part 2 – Corporate Operational Risks

Risk	Likelihood	Impact	Risk Rating	Quality of controls*	Review Date(s) #
OR1 Ineffective internal or external communication.	3	2	Low	Good	July 2011
OR2 Unexpected major financial liability or uninsured loss	1	3	Low	Good	Sept. 2011
OR3 High volumes of staff, client or contractor fraud	2	2	Low	Fair/Good	Feb 2011 Jun. 2011
OR4 Failure to be aware of/comply with, existing or new legislation	1	3	Low	Good	May 2011
OR5 Failure to adapt to climate change (Monitored by CO ₂ reduction)	4	2	Med	Good	April 2011
OR6 Failure to safeguard children	2	3	Med	Fair/Good	March 2011 Sep 2011
OR7 Failure to safeguard vulnerable adults	2	3	Med	Fair/Good	March 2011 Sep 2011
OR8 Misunderstanding or misuse of the Council's investigatory powers	2	2	Low	TBA	March 2012

Quality of Controls:

- * Poor indicates no controls in place or the few that are do not mitigate the risk.
- * Fair indicates that some controls in place and some reduction in risk but still not adequate.
- * Good indicates that controls in place are considered adequate and reduce the risk.
- * Excellent indicates that effective controls in place which reduce the risk considerably.

Review Date(s):

- The "risk" is continually under review by the service manager but the Corporate Risk Register will be reviewed annually

Corporate Risk Map

Impact	4 Catastrophic						
	3 Critical	OR 2,4	SR 8 & OR 6,7	SR 1,3,4a,5	SR 4b		
	2 Marginal		SR 7a,9 & OR 3,8	SR 2,6,7b & OR 1	OR 5		
	1 Negligible						
		1 Negligible	2 Very Low	3 Low	4 Significant	5 High	6 Very High
		Likelihood					

Key	Risk level	Action required
	High	Urgent/imperative to manage down risk – transfer or terminate
	Medium	Seek to influence risk over medium term or transfer out risk e.g. by insuring
	Low	Tolerate and monitor – manage down if possible

Risk Scoring

LIKELIHOOD of event occurring					
Negligible – 1	Very Low – 2	Low – 3	Significant – 4	High – 5	Very High – 6
0% to 5%	6% to 15%	16% to 30%	31% to 60%	61% to 85%	86%to100%

IMPACT of event occurring				
	Negligible – 1	Marginal – 2	Critical – 3	Catastrophic – 4
Financial	£0K - £10K	£10K - £200K	£200K - £1M	£1M- £10M
Service Provision	Minor service delay	Short term service delay	Service suspended/ Medium term delay	Service suspended long term/ Statutory duties not delivered
Project	Minor delay	A few milestones missed	A major milestone missed	Project does not achieve objectives and misses majority of milestones
Health & Safety	Sticking Plaster/first-aider	Broken bones/Illness	Loss of Life/Major illness	Major loss of life/Large scale major illness
Objectives	Minor impact on objectives	Objectives of one section not met	Directorate Objectives not met	Corporate objectives not met
Morale	Mild impact on morale	Some hostile relationships and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention/minor letters	Adverse Local media	Adverse National publicity	Remembered for years!
Government relations	Minor local service issues	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently
Political	No interest / Minor attention	Adverse local media or individual public reaction	Adverse national publicity or organised public reaction	Major political reaction - remembered for years!



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