

Warwick District Council Risk Management Strategy

Purpose of strategy

The purpose of the strategy is to embed risk management in the Authority by establishing a risk management framework that provides:

- n an efficient control environment
- n the overt allocation of accountability for risk management throughout the organisation
- n a well-established risk assessment process
- n performance monitoring of risk management activity
- n communications process to support risk management

Definition and scope of risk management

The Council has adopted the Audit Commission's definition of risk and risk management as contained in its Management Paper, 'Worth the risk: improving risk management in local government'. Although the Audit Commission has been recently abolished its definition of risk is still relevant and relied upon by many organisations.

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

The overall process of managing risk can be divided into:

- § *Risk analysis, or assessment, which includes the identification, estimation and evaluation of the risks; and*
- § *Risk management that encompasses the planning, monitoring and controlling activities based on the information derived from risk analysis.*

Aims and objectives

The risk management policy of Warwick District Council is to adopt best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level.

It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks

associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

The risk management objectives of the Council are to:

- § integrate risk management into the culture of the Council
- § manage risk in accordance with best practice
- § consider legal compliance as a minimum standard
- § anticipate and respond to changing social, environmental and legislative requirements
- § prevent injury and damage and reduce the cost of risk
- § raise awareness of the need for risk management.

These objectives will be achieved by:

- § establishing a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all employees
- § including risk management as an agenda item at meetings as appropriate
- § continuing to demonstrate the application of risk management principles
- § providing risk management awareness training
- § maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision
- § maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- § preparing contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the Council and its service delivery capability
- § maintaining effective communication
- § monitoring arrangements on an ongoing basis

Definition of the Council's risk appetite

An organisation's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the organisation's risk appetite provides the strategic framework for effective decision-making. Risk appetites for local authorities will also be lower due to the regulatory nature of most services and because of their stewardship obligations for public resources. However, local authorities may be forced to take risks beyond their choosing to comply with central government directives or to satisfy public expectations of improved services.

Warwick District Council's risk appetite is determined by individual circumstances. In general terms, the Council's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to actions being considered or proposed. Decisions on whether to

proceed with such actions are only taken after the careful assessment of the identified risks and an analysis of the risks compared to the benefits.

However, in all circumstances:

- § The Council would wish to manage its financial affairs such that no action will be taken that would jeopardise its ability to continue to provide services within its available resource; and
- § The Council would wish to secure the legal integrity of its actions at all times.

Roles and responsibilities

The following groups and individuals have the following roles and responsibilities for risk management within the Council.

Executive

To oversee the effective management of risk throughout the Council; to hold the corporate management team accountable for the effective management of risk by officers of the Council.

Finance and Audit Scrutiny Committee

To scrutinise and review the management of risk on behalf of Executive.

Elected Members

To promote the importance of risk management in all that the Council does; to champion the cause of risk management.

Chief Executive

To be the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work.

Senior Management Team

To ensure that the Council manages risk effectively through the development of a comprehensive risk management strategy; to monitor delivery by receiving reports from the Council's Risk Management Group and from the Audit & Risk Manager.

Risk champion¹

To champion the cause of risk management within the Council, particularly at the strategic level; to take personal responsibility for ensuring that the risk management objectives as set out in the policy are achieved.

¹ This officer is the Deputy Chief Executive (AJ)

Risk manager²

To support the Council and its departments and services in the effective development, implementation and review of the risk management strategy.

Risk management group

To determine, implement and review the Council's risk management policy and its risk management strategy. The risk management group is responsible for developing specific programmes and procedures for establishing and maintaining risk management activities. This group will ensure the dispersal of vital information and, where appropriate, provide guidance, interpretation and understanding of the systems involved.

The terms of reference of this group are set out as Annexe 1.

Departmental management teams

To ensure that risk is managed effectively in each service area within the agreed risk management strategy; to report to the Risk Management Group on how hazards and risks have been managed within their service area.

Service managers

To manage risk effectively in their particular service areas; to report on how hazards and risks have been managed to their Departmental Management Team or directly to the Risk Management Group.

Asset Compliance Group

To oversee the legislative compliance requirements for assets, including the health & safety inspection and testing obligations, etc.

Employees

To manage risk effectively in their jobs and report hazards and risks to their service managers

Insurance & Risk officer

To advise on practices which will minimise the likelihood of adverse events occurring and arrange insurance cover where necessary and appropriate.

The responsibilities of the various groups and individuals are summarised in the table that is included as Annexe 2.

² This officer is the Audit and Risk Manager.

Methodology for identifying and assessing risk

Risk Identification and Categorisation

Risks can be categorised under strategic and operational.

Strategic risks are those risks identified as potentially damaging to the achievement of the Council's objectives. These can be sub-classified into:

- Political
- Social
- Legislative
- Competitive
- Economic
- Technological
- Environmental
- Customer/citizen

Operational risks are those risks that should be managed by departmental officers who will be responsible for operating and maintaining the services. These can be sub-classified into:

- Professional
- Legal
- Contractual
- Environmental
- Financial
- Physical
- Information

Risk Assessment

For risk registers, the following definitions are applied for the measurement of risk in respect of probability and consequences:

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul style="list-style-type: none">• Potential of it occurring several times within the specified period (for example - ten years).• Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul style="list-style-type: none">• Could occur more than once within the period (for example - ten years).• Could be difficult to control due to some external influences.• There's a history of occurrence.
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul style="list-style-type: none">• Has not occurred.• Unlikely to occur.

Consequences

Estimation	Description
5: High	<ul style="list-style-type: none">• Financial impact on the organisation is likely to exceed £500K• Significant impact on the organisation's strategy or operational activities• Significant stakeholder concern
4: Medium to High	Apply judgement
3: Medium	<ul style="list-style-type: none">• Financial impact on the organisation likely to be between £100K and £250K• Moderate impact on the organisation's strategy or operational activities• Moderate stakeholder concern
2: Low to Medium	Apply judgement
1: Low	<ul style="list-style-type: none">• Financial impact on the organisation likely to be less than £10K• Low impact on the organisation's strategy or operational activities• Low stakeholder concern

Annexe 1 to Strategy: Risk Management Group - Terms of Reference

The terms of the reference of the risk management group comprises:

Overall aim

- § To ensure that effective Risk Management is in place across the Council.

Membership

- § The Group will comprise representatives from key services across the Council.

Specific Objectives and Responsibilities

- § Promote best practice in the management of risks.
- § Assist in the identification and evaluation of risks that could threaten achievement of the Council's objectives.
- § Help develop, implement and review the corporate risk management strategy and policy.
- § Help managers maintain and develop their risk registers by periodically reviewing them and making recommendations on their improvement.
- § Review events and disseminate information regarding lessons learnt in an attempt to help services improve on the management of risk.
- § Compile and implement an annual work plan that helps to embed risk management in the organisation.
- § Help create a risk-aware culture by, for example, instilling in staff the need to manage risks in their jobs.
- § Identify cross-cutting and strategic risks for the attention of senior management.
- § Make recommendations to management on practices and procedures that it is intended will improve the management of risks within Warwick District Council.
- § Oversee the development and implementation of a consistent approach to risk management across the Council's services.

Annexe 2 to Strategy: Summary of Responsibilities

	Develop the corporate risk management strategy	Agree the corporate risk management strategy	Provide advice and support on strategy development and implementation	Implement the strategy	Share experience of risk and risk management issues	Review the effectiveness of the strategy
Elected members / Executive		§				§
Chief Executive		§		§		§
Senior management team	§	§		§		§
Risk champion	§		§	§	§	§
Audit & Risk Manager	§		§	§	§	§
Risk management group	§		§	§	§	§
Departmental management teams				§	§	§
Service managers				§	§	§
Asset Compliance Group				§	§	
Employees				§	§	
Insurance & Risk Officer			§	§	§	

Review of Progress in Completing Risk Management Strategic Action Plan 2016-18

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
1. Undertake further work to define the risk appetite for the organisation and what that means in terms of decision making.	Commission external expertise to help define organisational risk appetite. Issue paper to SMT recommending that course of action.	May 2016.	Audit & Risk Manager / SMT.	SMT endorsed proposed action and workshop took place in September 2016. Risk appetites across range of services and activities determined.
2. Consider opportunities for integrating risk management and performance management reporting.	Will explore with CMT and Head of Neighbourhood services who leads on performance management reporting.	August 2016.	Audit & Risk Manager.	Risk management indicators incorporated into performance management reporting e.g. no. of risks in red, amber and green zones.
3. Re-iterate the guidance on completion of the risk section within committee papers to drive quality of risk assessments.	Guidance to be extended and re-issued.	By end of June 2016.	Audit & Risk Manager.	Guidance re-written and re-issued.
4. Consider splitting the existing strategy into separate documents covering policy (longer term aims) and framework (tools).	Recommendation considered but not implemented: These elements are clearly identified in the Strategy and it is not apparent what benefit will be gained from creating separate documents.	Consider by end June 2016.	Audit & Risk Manager.	Recommendation considered but rejected on the basis that it would merely cause additional work with little, or no, apparent gain.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
5. Improve communications about risk management principles e.g. through the intranet or desktop guides.	Information and guidance on risk management principles and practices to be communicated to staff and members via new intranet.	Immediately and ongoing.	Audit & Risk Manager.	A significant start has been made on this but other priorities have curtailed progress. To be carried forward.
6. Review the role and effectiveness of the Risk Management Group.	Self-review to be undertaken following recognised good practice.	By end of March 2017.	Audit & Risk Manager Risk Management Group.	The role and effectiveness was reviewed at the Risk Management Group meeting in February 2016. The terms of reference of the Group was debated and consequently updated. A paper is to be issued to SMT to get SMT to approve the ToR, confirm its support for the Group and ensure representation on the Group and attendance at meetings.
7. Allocate individual SMT owners to risks on the significant business risks register.	Senior Management Team to undertake.	By end June 2016.	Senior Management Team.	SMT decided not to do this as at the Council-wide level it was not feasible to isolate the risks in this way. If the risks were to be allocated individually then it was felt that they could only be allocated to the Chief Executive as he has overall responsibility for the corporate and strategic risks.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
8. Consider whether some of the principles applied to contract risk management can be applied equally to partnerships.	Issue to be examined and, if possible, addressed.	September 2017.	Audit & Risk Manager.	Completed. Paper produced for consideration by Deputy Chief Executive (AJ) and Head of Finance noting that many of the principles are common between contract risk management and the operation of partnerships. It was decided that no further action is necessary.
9. Review the mechanisms by which the Insurance & Risk Officer can input further to strategic risks and decision making.	Insurance & Risk Officer to engage more closely in risk management process including issuing quarterly report to SMT on insurance claims and risk management lessons learned.	Immediately and ongoing.	Audit & Risk Manager.	Completed: Insurance & Risk Officer engages more closely in risk management process by issuing quarterly report to SMT on insurance claims and risk management lessons learned.
10. Consider the specific application of risks on the significant business risk register to individual service areas.	SMT to consider at future meeting that reviews SBRR.	By end June 2016.	Senior Management Team.	Completed at SMT meeting.
11. Increase the visibility of risk registers to enable common risk types to be identified across the organisation.	Risk registers to be made available on intranet to all staff and, if possible, councillors.	September 2016.	Audit & Risk Manager.	Other priorities have meant this has not been yet been undertaken. Action to be carried forward.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
12. Review the criteria for evaluating project risks to make it more specific to time, cost and quality of delivery.	Approach to project risk assessment to be reviewed.	September 2017.	Audit & Risk Manager.	Completed. A paper was produced for consideration by Deputy Chief Executive (AJ) and Head of Finance. A report will now be issued to SMT to establish an imbedded approach to project management with the prospect of introducing a Council-wide approach to project risk registers.
13. Include the target risk level in reporting to aid understanding of when additional management actions should and should not be considered.	Issue to be explored as part of risk appetite work.	July 2016.	Audit & Risk Manager.	Issue was explored as part of risk appetite seminar held in September 2016 and in follow-up paper to SMT. SMT deem that it is unnecessary to set target risk levels as risk reduction is implicit.
14. In evaluating risks ensure that the full range of impacts is considered.	Risk assessment criteria to be reviewed with the possibility of extending the range of potential impacts.	By end of July 2016.	Audit & Risk Manager.	Risk assessment criteria reviewed with it being concluded that the current range of impacts is appropriate for evaluating risks and does not need to be extended.

Background to the Risk Management Action Plan 2016-18

The review by Zurich of the Council’s risk management arrangements relied on the application of the CIPFA/ALARM Risk Management Benchmarking tool. Areas for improvement were identified from the analysis and these formed the components of a comprehensive action plan.

The benchmarking is based on ALARM’s National Performance Model for Risk Management in Public Services published in 2009. This in turn has its origins in the “Risk Management Assessment Framework”, developed by HM Treasury in 2002, itself having its genesis in the EFQM approach.

It breaks down risk management activity into seven strands:

- Leadership and management
- Strategy and policy
- People
- Partnership, shared risks and resources
- Processes and tools
- Risk handling and assurance
- Outcomes and delivery

Under each strand the level of maturity the organisation has reached is identified.

The level of maturity is assessed as being at one of the following five levels (in ascending order of maturity):

- Level 1: Risk management is **engaging** with the organisation
- Level 2: Risk management is **happening** within the organisation
- Level 3: Risk management is **working** for the organisation
- Level 4: Risk management is **embedded and integrated** within the organisation
- Level 5: Risk management is **driving** the organisation

In overall terms the review has assessed us at the middle level of maturity, “Working”.

The typical organisational behaviours associated with the “Working” level of maturity are as follows:

Management Activity	Typical Organisational Behaviours
Leadership and Management	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key strategic risks and set the risk Appetite.
Strategy and Policy	Risk management principles are reflected in the organisation’s strategies and policies. Risk framework is reviewed, developed, refined and communicated.

Management Activity	Typical Organisational Behaviours
People	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities
Partnership, Shared Risks and Resources	Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources are in place to manage risk.
Processes	Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans
Risk Handling and Assurance	Clear evidence that risk management is being effective in all key areas. Capability-assessed within a formal assurance framework and against best practice standards.
Outcomes and Delivery	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.

In many ways, this level of assessment was not surprising; embedding risk management fully in any organisation will always be a journey rather than an arrived destination and to achieve near-complete compliance would require bureaucratic processes and a level of staffing that is not desirable, or even feasible, in an organisation of Warwick District Council's size.

Nevertheless, addressing the areas that had been identified for improvement will have helped the Council to have improved its practices significantly.

Other Activities Undertaken During the Year to Embed Risk Management

Corporate Activities

Programme of Service Risk Register Reviews

The Finance & Audit Scrutiny Committee has continued its programme of service risk register reviews. This has proved to be a very effective process and has helped to raise the profile of risk management throughout the organisation as well as the value derived from it. The programme of reviews is now well into the third cycle so the Committee is able to assess the extent of improvements that services have made to their risk registers and to their processes for managing risks.

Risk Management Group

The Council has a Risk Management Group comprising representatives from services whose main purpose is to champion risk management throughout the organisation.

Risk Management Training

Risk management training is provided as and when required. Last year a workshop on risk appetite was run by a consultant from Zurich Insurance to senior managers to equip them further with the skills to fulfil their role.

Committee Reports Risk Template

Committee reports are now required to detail the risk management implications in respect of the issues contained in the report. This requirement raises the profile of risk management and helps to ensure the proper consideration of risks when embarking on new projects or developing strategies and policies.

Project Risk Registers

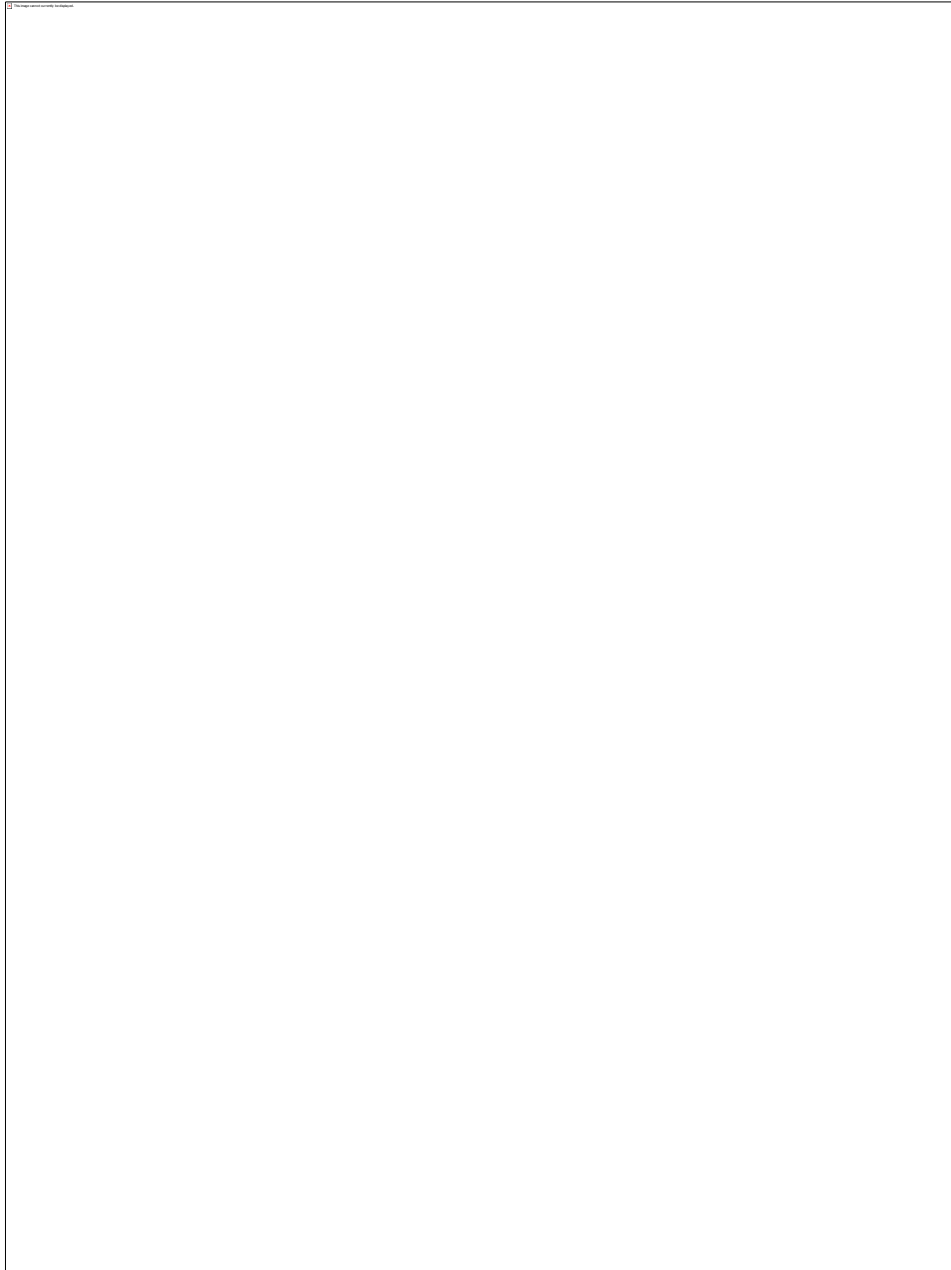
Project risk registers are now routinely in place for specific projects such as the Local Plan and Europa Way. In the case of the Local Plan, until its implementation, this was reviewed by SMT regularly.

Identification of Emerging Risks

SMT now review 'potentially emerging risks' and these are included in the quarterly Significant Business Risk Register report to Executive. Clearly, emerging risks, if they are significant, corporate or strategic, had always been included on the SBRR, but potentially emerging risks had not been highlighted in any way, either on the SBRR or in the covering report. These are risks related to events that may or may not happen such as ideas or proposals. It was felt that, in future, in order to be prudent, such risks should be mentioned in the covering report in order that their possibility is brought to Members' attention. Future reports will describe any developments in respect of these prospective events.

Performance Management Information: Risk Management Indicators

Risk management information is used as a key indicator of organisational performance. The number of red, amber and green risks recorded on the service risk registers (in total) and on the Significant Business Risk Register is monitored by SMT quarterly. The information, together with other Governance data, is presented to SMT in the following way:



Service-led Activities

Procurement exercise for a new software support provider for the housing allocations system

During the last year Housing Services undertook a procurement exercise for a new software support provider for the housing allocations system. Because this was new territory for Housing Services a pre-contract phase was included that would allow the contractor time to familiarise themselves with the software but also allow

Housing Services to assess them in terms of the potential contractor's suitability as a compatible partner and ability to do the job. There was a break clause for both sides at the end of the pre-contract phase. This was an important risk mitigation exercise.

The pre-contract phase progressed slowly at first and, as a result, Housing Services began discussions with ICT about what further support they could give to the exercise and some alternatives were worked up in case either party decided to withdraw, i.e. contingency planning.

In the event the alternatives were not required as the additional support from ICT helped to secure a successful conclusion and Housing Services have gone ahead with the contract. However, the assessment of other options was a necessary and important piece of risk management.

Monitoring of Section 106 Agreements

Section 106 agreements are the legal mechanism by which the infrastructure or other planning-related requirements that are necessary to bring forward a development proposal in an acceptable way are currently delivered. Examples include financial contributions towards educational and healthcare provision arising from proposals for new residential development.

In view of the scale of new development coming forward within the district and the need to ensure that the necessary infrastructure is delivered at the right time and in the right way, there is an increasing need to monitor the delivery of the Section 106 Agreements.

To that end, a risk management initiative is currently being implemented within Development Services and Finance, in partnership with other service areas and colleagues from Warwickshire County Council. This initiative is improving financial controls on receipt and distribution of Section 106 income, is tying down infrastructure by ensuring a formal agreement is in place when money is provided to support infrastructure and is improving monitoring in relation to the progress of specific development projects.

Events Management

The Warwick District Safety Advisory Group for Events has continued to be deployed on a regular basis employing risk management. The group involves a number of multi-agency meetings for a wide range of events to ensure the events were operated safely. Risk management continues to play a central role in the planning of all major events within the Council's remit, including:

- The 2018 Women's Cycle Tour
- The Peace Festival
- National Bowls
- Christmas lights switch-on events

Fire Safety in Council Housing

Prior to the Grenfell Fire Housing Services already had in place a programme of Fire Risk Assessment on its housing blocks of flats and regular testing of fire equipment.

Following the fire there were many enquiries from residents, councillors and the media looking for reassurance as to the safety of our high rise blocks.

Immediately Housing Services wrote to all residents of its high-rise flats to inform them of the measures the Council has in place to ensure their security. A briefing for Members was undertaken and a statement issued to the press.

The Council has not been complacent, however, and hence has increased the focus on fire safety as follows:

- Further checks have been undertaken on the cladding the Council had installed to ensure that these met regulations and that what is in place was fitted as expected.
- A full fire check is now completed each day in all high rise blocks.
- With the Fire Service all the blocks have been inspected to ensure that fire doors, other equipment, signage and compartmentalisation are in place.
- All 400 flats in high rise blocks have been visited to check internal arrangements and deal with any fire hazards as well as to reinforce fire safety messages.
- Signage in housing blocks concerning what to do in the event of a fire in has been updated and improved.
- Works in all blocks has been undertaken to update smoke alarms, update communal area alarms etc.
- Comprehensive works has been agreed to upgrade front doors, communal doors and screens in addition to improvements to the communal areas to improve the look and feel of the high rise blocks. This £2.5m programme has started at Radcliffe gardens and will be rolled out across the other blocks over the coming year.

Officers meet regularly with the Deputy Chief Executive to ensure that whilst works are progressed, safety is paramount and risks are mitigated.

Risk Management Action Plan 2017/18

Action	Timescale	Responsibility/Resources
Issue paper to SMT on the possibility of adopting a standardised risk register for recording project risks.	By end September	Audit & Risk Manager
Finalise paper and have discussion with Andy and Mike on whether some of the principles applied to contract risk management can be applied equally to partnerships before deciding whether paper on topic should be issued to SMT.	By end September	Audit & Risk Manager
Maintain, update and enhance risk management information on intranet (e.g. risk management guides, links to service risk registers, etc.)	By end September and then ongoing in terms of maintenance	Audit & Risk Manager
Investigate possibility of introducing Meta Compliance training for risk management.	By end July	Audit & Risk Manager
Examine feasibility of producing a matrix/quick guide to make it easier to find similar risks in other registers.	By end Nov 2018	Audit & Risk Manager
If it is feasible to have a matrix for such a purpose, introduce one.	By end March 2019.	Audit & Risk Manager
Produce guidance document for maintaining the registers.	By end Oct 2018.	Audit & Risk Manager