

 EXECUTIVE 28 SEPTEMBER 2016		Agenda Item No. 6
Title	Risk Management Annual Report 2015/16	
For further information about this report please contact	Richard Barr Audit & Risk Manager Tel: 01926 456815 email: richard.barr@warwickdc.gov.uk	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance & Audit Scrutiny Committee – 31 August 2016. Last report for consideration of Significant Business Risk Register: Executive – 27 July 2016. Consideration of Risk Management Review Report: Finance & Audit Scrutiny Committee – June 2016.	
Background Papers	WDC risk management policy & guidelines. Minutes of Risk Management Group meetings.	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications	

Officer/Councillor Approval		
With regard to report approval all reports <i>must</i> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive	11 Aug 2016	Chris Elliott
Head of Service	11 Aug 2016	Mike Snow
CMT	11 Aug 2016	CMT
Section 151 Officer	11 Aug 2016	Mike Snow
Monitoring Officer	11 Aug 2016	Andrew Jones
Finance	11 Aug 2016	As S151 Officer
Portfolio Holder(s)	11 Aug 2016	Councillor Andrew Mobbs and Councillor Peter Whiting
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below) N/A		

1 **Summary**

- 1.1 This report updates the Risk Management Strategy (Appendix A) for implementing and embedding risk management throughout the organisation. The report also contains details of an external review that was performed during the year. The review provided an independent assessment of the Council's risk management arrangements leading to the identification of areas for improvement that provides the basis of an action plan.

2 **Recommendations**

- 2.1 That Members note the report and its contents, in particular that which sets out members' responsibility for risk management.
- 2.2 That Members affirm the Council's Risk Management Strategy (Appendix A).
- 2.3 That Members confirm they are satisfied with the progress being made in embedding risk management in the Council, noting the activities undertaken during the year that help to embed risk management (Appendix B) and the progress made to date in completing the current Risk Management Strategic Action Plan (Appendix C).

3 **Reason for Recommendations**

- 3.1 Members are responsible for overseeing the organisation's risk management arrangements – see Section 8, 'Responsibility for Risk Management', below.
- 3.2 The external Review of Risk Management was reported to Finance and Audit Scrutiny Committee in June. The action plan coming out of this review is proposed to form the basis of the updated Risk Management Action Plan.
- 3.3 Within Appendix C, Members will note that a number of planned actions have been rescheduled. This is largely due to the re-prioritisation of the Audit & Risk Manager's work, principally undertaking the investigation into the procurement of the electrical maintenance & repair contract.

4 **Policy Framework**

- 4.1 Although there are no direct policy implications, risk management is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective risk management framework helps to ensure that the Authority manages its

resources and achieves its objectives economically, efficiently and effectively.

- 5.2 There was no direct cost associated with the review referred to in the report as the providers of the review, Zurich Insurance, completed it from the allocation they offer to the Council for risk management advice.

6 **Risks**

- 6.1 The purpose of the report is to comment on the Council's effectiveness in managing its risks.

7 **Alternative Options(s) Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8 **Responsibility for Risk Management**

- 8.1 In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers. Although the Audit Commission has since been abolished its guidance is still relevant.

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in

practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility.”

9 **Progress to Date**

- 9.1 The overriding objective for risk management is to embed it within the organisation so that it is a seamless, but fundamental, part of the organisation’s processes and not viewed as a separate bureaucratic activity with little value. However, as with all objectives of this nature, there is no specific picture of what a fully risk-embedded organisation looks like and the goal of embedding risk management is an ongoing journey rather than one with a definite ending.
- 9.2 To help achieve the objective of embedding risk management the Council has a Risk Management Strategy, set out as Appendix A to this report.
- 9.3 Within the Strategy is an action plan that details the tasks necessary to advance risk management. Members are required each year to review the Strategy and review the progress made in the action plan. The action plan is set out as Annexe 1 within Appendix A.
- 9.4 The action plan is based on the areas for improvement identified from a recent appraisal of the Council’s risk management arrangements undertaken by a risk management consultant within Zurich Insurance.
- 9.5 The evaluation was based on assessing the Council against the ALARM’s¹ National Performance Model for Risk Management in Public Services that 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
- 9.6 Under each strand, answers to a series of questions identify the level of maturity the organisation has reached.
- 9.7 Further details are set out in Annexe 1 to Appendix A.
- 9.8 The level of maturity is assessed at one of the following (in ascending order of maturity):
- Engaging
 - Happening
 - Working

¹ Association of Local Authority Risk Managers

- Embedded & Integrated
- Driving

- 9.9 In previous years an annual action plan was based on an internal self-assessment of the Council's risk management arrangements. Although this had been useful, in order to provide greater rigour it was felt that we should submit ourselves to an external, independent, assessment.
- 9.10 With a review planned during the year and that forming the basis of future years' actions for improvement, it was proposed in last year's Risk Management Annual Report that, for the first time, we did not produce an action plan for that year but instead focus our attention on the external review.
- 9.11 It was also considered, as described in the Annual Report for last year, that drawing up an action plan whilst a review is about to start, or is in progress, could be seen as pre-judging, and thereby prejudicing, the outcome of the review.
- 9.12 Now that the review has been completed the action plan resulting from it is to be used to drive improvements over the next few years.
- 9.13 The results of the external review together with the accompanying action plan have already been reported to Finance & Audit Scrutiny Committee. This was on 1 June 2016. The action plan, forming, as it does, the action plan for the Risk Management Strategy, is set out as Annexe 1 to Appendix A.
- 9.14 As with previous Risk Management action plans, Members will receive annual updates on progress in implementing this action plan. A review of the progress to date is set out as Appendix C. It should be noted that the Action Plan is strategic in nature and that several of the actions are not scheduled for completion in the short term.
- 9.15 There are, of course, numerous activities being carried out on a day-to-day basis that follow risk management principles or that help to embed risk management in the organisation. These activities are summarised in Appendix B and are divided into corporate initiatives and service-led initiatives.

10 **Conclusions**

- 10.1 The accepted wisdom is that risk management arrangements should be embedded in the culture of the organisation and not separate 'bolt on' activities. Clearly this is not an easy objective to achieve and with the philosophy that "risk management is an ongoing journey rather than one with a fixed destination" it is important that we continue to make good progress in implementing risk management within the Authority. This report provides strong evidence of that.

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

An action plan to advance risk management in the organisation is set out as Annexe 1.

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 risk management group.

Risk champion²

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.

² This officer is the Deputy Chief Executive (AJ)

Risk manager³

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 2.

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.

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 3.

³ 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: Risk Management Strategic Action Plan

Through the CIPFA Risk Management Benchmarking Club the Council's risk management arrangements were appraised. 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 is based on 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.

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 is not surprising; embedding risk management fully in any organisation will always be a journey rather than an arrived destination and to achieve near-full 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 have been identified for improvement will help the Council improve its practices significantly.

The action plan overleaf summarises the findings and recommendations from the review and sets out the actions planned to address them together with target dates for completion.

Risk Management Strategic Action Plan

Recommendation	Action	Timescale	Responsibility / Resources
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.
2. Consider opportunities for integrating risk management and performance management reporting.	Opportunities to be explored and discussions to be had with Organisational Development Team.	August 2016.	Audit & Risk Manager.
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.
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.	Considered June 2016.	Audit & Risk Manager.
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.
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.

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.
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.	By September 2017.	Audit & Risk Manager.
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.
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.
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.
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.

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.
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.

Annexe 2: 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 3: 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				§	§	§
Employees				§	§	
Insurance & Risk Officer			§	§	§	

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 that has raised significantly the profile of risk management throughout the organisation and the value derived from it. The programme of reviews is now well into the second cycle so Committee are 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 key aim is to champion risk management throughout the organisation.

Risk Management Training

Although outside of the period that the annual report covers, a risk management training session was provided to members of the Risk Management Group to further equip them 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 the England Bowls. In the case of the Local Plan, this is reviewed by SMT regularly.

Identification of Emerging Risks

When reviewing and updating the Significant Business Risk Register earlier in the year SMT took the decision to include 'potentially emerging risks' in the covering report to Executive. Clearly, emerging risks, if they are significant, corporate and 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 the developments 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

Leisure Development Programme

One very good example can be found in Cultural Services and concerns the Leisure Development Programme. This comprises the combination of a series of corporate projects, each of which carry significant risks. In order to manage the risks in a coordinated way, a risk log was produced for the Programme, managed by the Programme Manager and overseen by the Programme Board of senior officers who

meet monthly. The risk log is updated each month prior to the Board meeting, when new risks are identified or following significant changes to the status of a predetermined risk.

Local Plan Risk Register

A risk register for the Local Plan continues to be used by Development Services.

Preparing the Local Plan is a complex and lengthy process which involves balancing a large number of competing factors some of which are within the Council's control and some of which are not. It involves not only thinking about local, regional and national dimensions but also requires a fine balance to be struck between local political priorities and the findings of technical evidence.

This complexity means that there are always uncertainties which carry risks for the Plan's timetable and soundness. Risk management is playing an important part in the management of the Local Plan process as a way of ensuring both officers and members are aware of the risks and to enable different possible scenarios to be mapped and discussed in the context of a good understanding of potential consequences.

The key elements of the approach to risk management of the Local Plan are:

- a) A risk register that is updated at least monthly. This is reported to Senior Management Team and is often used as the basis for the regular portfolio holder briefings on the Local Plan
- b) In the context of the risk register, a weekly meeting is held between Development Services staff and Corporate Management Team to discuss plan progress and risks. At this meeting the main risks to the Plan are discussed and mitigation strategies mapped out. Examples might include political risks where mitigation involves thinking through how and when to brief members or risks arising from the plans of neighbouring authorities, where mitigation might involve complex discussions at officer, senior management or political level.
- c) Frequent briefings for Executive and Group Leaders: for the most part, the risk register is used overtly and proactively to shape these briefings and inform discussion, but even when the risk register is not used overtly, these discussions are framed around risk management to encourage members to think about possible consequences of different ways forward.
- d) Briefings for all members: whilst these are less frequent the discussion is usually framed to help members think about the risks and consequences associated with different courses of action so that informed decisions can be made at formal Council meetings.

Whilst there are always many uncertainties associated with the Local Plan, it is hoped that the risk management approach taken by the Council can ensure that issues can be avoided or resolved effectively and opportunities exploited quickly.

Monitoring of Section 106 Agreements

Section 106 agreements are the legal mechanism by which the infrastructure or other planning-related requirements which are necessary to bring forward a development proposal in an acceptable way are currently delivered. For example,

highway improvements; open space and financial contributions towards educational and healthcare provision arising from proposals for new residential development are provided in this way.

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 those requirements, as set out in a significant number of such legal agreements in an effective way in order to minimise the risk of difficulties arising from the absence of the provision of that infrastructure as developments progress.

To that end, a risk management initiative is currently being implemented within Development Services in partnership with other service areas and colleagues from Warwickshire County Council which monitors the progress of specific development projects as they are being constructed and tracks the key points within that development at which financial contributions are triggered or other specific requirements are needed.

Some of the benefits of this proactive approach are:

1. That for the first time, all of the relevant information about current and permitted development projects is available at a glance in one place.
2. That information is also publically available via the Council's website to enable members of the public; Councillors and all interested parties to be aware of the infrastructure that is being delivered, the associated benefits to their communities; and that its delivery is being actively monitored.
3. That the risk of developments coming forward without the required infrastructure being delivered at the right time has been significantly reduced.
4. Increased clarity as to the timescales within which financial contributions are required to be spent on the delivery of infrastructure in order to eliminate the likelihood of contributions being reclaimed by the developer after that period has expired.
5. The use of this information to enable service providers to plan for the delivery of infrastructure in an increasingly coordinated and proactive manner.

Emergency Planning and Business Continuity Management

The following emergency planning and business continuity initiatives were undertaken during the year involving risk management.

- Updating and maintenance of service specific crisis plans for each of the Council's six service areas
- Creation of crisis procedures for HR, ICT and Democratic Services

Events Management

During the year, the Warwick District Safety Advisory Group for Events, chaired by Sam Collins of Health & Community Protection, employing risk management facilitated a number of multi-agency meetings for a wide range of events to ensure the events were operated safely. Notable events include:

- Warwickshire Pride
- Leamington, Warwick and Kenilworth Christmas Lights Switch-ons
- Kenilworth Carnival
- Leamington Peace Festival
- Warwick Town Bonfire
- Bowls England National Championships
- Leamington Carnival
- Crazy Daisy's Music Event
- Warwick Food Festival
- Two Castles Run
- Warwick Thai Festival
- Kenilworth Half Marathon
- Warwick Mop
- Kenilworth Bonfire
- Support for events at Coventry Airport and the NAEC (Stoneleigh).

Legal challenge to licensing fees

Health & Community Protection identified that they could be challenged if they were unable to demonstrate that income from licences issued under a particular regime were not ring fenced for that regime or that they had not made a profit or loss in that individual licence regime.

They undertook a review of the licensing accounts for the previous six full calendar years (licence fees are set as calendar years) in order to demonstrate that the regimes were ring-fenced and to demonstrate how the accounts for each regime stood. This was undertaken by the Regulatory Manager and audited by Finance staff.

Health & Community Protection completed the exercise, demonstrating that the fees made losses and profits but were accounted for in following years. The service will continue to take any losses into the account in the next fee setting period.

The service received a FOI request from a licenced Private hire operator questioning the fees and asking it to ensure the ring fencing of the income received in private hire operator licensing. As the service had completed the accounts review it was able to demonstrate the ring fencing of the income and the correct calculation of the fee.

Review of Progress in Completing Risk Management Strategic Action Plan

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 has been organised for 9 September 2016.
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.	Other priorities have meant this has not yet been undertaken. Re-scheduled for completion by end of October 2016.
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.	Other priorities have meant this has not yet been undertaken. Re-scheduled to be completed by end of September 2016.
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.
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.	On schedule to be completed by end of March 2017 as planned.
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.
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.	By September 2017.	Audit & Risk Manager.	On track to be completed by end of September as planned.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
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.	SMT to review at its next review of the SBRR (31 August).
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. Re-scheduled for completion by end of December 2016.
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.	On track to be completed by end of September 2017 as planned.
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 to be explored as part of risk appetite seminar on 9 September.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
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.	Other priorities have meant this has not yet been undertaken. Re-scheduled for completion by end of September 2016.