

 FINANCE AND AUDIT SCRUTINY 03 November 2015		Agenda Item No. 4
Title	Risk Management Annual Report 2014/15	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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 – 30 September 2014. Last report for consideration of Significant Business Risk Register: Executive – 29 September 2015.	
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	8 Oct 2015	Chris Elliott
Head of Service	8 Oct 2015	Mike Snow
CMT	8 Oct 2015	CMT
Section 151 Officer	8 Oct 2015	Mike Snow
Monitoring Officer	8 Oct 2015	Andrew Jones
Finance	8 Oct 2015	As S151 Officer
Portfolio Holder(s)	8 Oct 2015	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)		

1 **SUMMARY**

- 1.1 As part of the ongoing objective to embed risk management within the organisation the report updates the Risk Management Strategy (Appendix A) and details progress in implementing risk management throughout the organisation including the implementation of items in last year's risk management action plan (Appendix B).

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 review of Year Four of the 4-year Action Plan (Appendix B).
- 2.4 That members note the commissioning of an external review of the Council's risk management arrangements.

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 An external review will provide an independent assessment of the Council's risk management arrangements and will identify areas for improvement that can be used as the basis of an action plan.

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.

6 **RISKS**

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

7 **ALTERNATIVE OPTION(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 been recently 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 process 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. The action plan is a 4-year programme that was initiated in 2011/12. The programme has therefore now been completed. 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 through the CIPFA Risk Management Benchmarking Club.
- 9.5 The benchmarking survey is based on ALARM's 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
 - Embedded & Integrated
 - Driving
- 9.9 A strategic action plan has been produced to improve maturity levels for those strands deemed to be at lower levels of maturity i.e. at the "Happening" or "Engaging" levels.
- 9.10 The arrangements to be addressed are those that particularly fall short within those strands.

- 9.11 Previous annual action plans were based on addressing areas for improvement identified by the Key Lines of Enquiry 2.4 under the Comprehensive Area Assessment.
- 9.12 Progress in respect of last year's action plan is set out as Appendix B to this report.
- 9.13 Having in previous years undergone an internal self-assessment of the Council's risk management arrangements, it is proposed that we subject ourselves to an external, independent, assessment.
- 9.14 Furthermore, it is proposed that, for the first time in many years, we do not produce an action plan for the current year but instead focus our attention on the external review.
- 9.15 The review will almost certainly be completed by the end of the current financial year so a new action plan, arising from the findings of the review, will cause an action plan hiatus of only a few months, with a new action plan commencing from next year (2016/17).
- 9.16 As the driver of improvements in risk management arrangements, the focus of the Audit & Risk Manager should be on the review, making sure we get the most out of it, rather than on spending his time compiling an action plan which would almost certainly be out of date upon completion of the external review.
- 9.17 Besides, 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.
- 9.18 In the meantime, there will continue to be plenty of activity on the risk management front e.g. setting up a risk management page on the new re-vamped intranet (when ready), and making the risk registers accessible to all (including Members) as well as all the regular actions such as providing advice and liaising with services and SMT regarding the risk register reviews (both service and corporate).
- 9.19 There will be no direct cost associated with the review as the providers of the review, Zurich Insurance, will complete it from the allocation they offer to the Council for risk management advice.

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 evidence of that being achieved.

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

A 4-year 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 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.

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 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.

¹ This officer is the Deputy Chief Executive (AJ)

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 (defined as more than 25% chance of occurrence in any one of the years covered by the assessment).	<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 (defined as between 2% and 25% chance of occurrence in any one of the years covered by the assessment).	<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.• Is there a history of occurrence?
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (defined as less than 2% chance of occurrence in any one of the years covered by the assessment).	<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 2011/12 to 2014/15

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, a series of questions have been developed which members answer. These answers are weighted to reflect their relative impact on performance and collated into a final "score" for each section. This identifies the level of maturity the organisation has reached.

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

- Engaging
- Happening
- Working
- Embedded & Integrated
- Driving

Our results were as follows:

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

In terms of what this means for us, this is described in the following table. 'Our Level' describes the risk management arrangements that we are currently achieving whilst 'Ahead of us' describes advanced risk management arrangements that we aspire to.

Strand	Behavioural Maturity Level	
	Our Level	Ahead of us
Leadership and management	<p>Working:</p> <ul style="list-style-type: none"> • Senior managers and portfolio holders 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. 	<p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • Risk management is championed by the CEO. • The Board and senior managers challenge the risks to the organisation and understand their risk appetite. • Management leads risk management by example. <p>Driving:</p> <ul style="list-style-type: none"> • Senior management uses consideration of risk to drive excellence through the business, with strong support and rewards for well-managed risk-taking.
Strategy and policy	<p>Working:</p> <ul style="list-style-type: none"> • Risk management principles are reflected in the organisation's strategies and policies. • Risk framework is reviewed, developed, refined and communicated. 	<p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • Risk handling is an inherent feature of policy and strategy making processes. • Risk management system is benchmarked and best practices identified and shared across the organisation. <p>Driving:</p> <ul style="list-style-type: none"> • Risk management capability in policy and strategy making helps to drive organisational excellent.
People	<p>Working:</p> <ul style="list-style-type: none"> • 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. 	<p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • People are encouraged and supported to take managed risks through innovation. • Regular training and clear communication of risk. <p>Driving:</p> <ul style="list-style-type: none"> • All staff are empowered to be responsible for risk management. • The organisation has a good record of innovation and well-managed risk taking. • Absence of a blame culture.

Strand	Behavioural Maturity Level	
	Our Level	Ahead of us
Partnership, shared risks and resources	<p>Happening:</p> <ul style="list-style-type: none"> • Approaches for addressing risk with partners are being developed and implemented. • Appropriate tools are developed and resources for risk identified. 	<p>Working:</p> <ul style="list-style-type: none"> • Risk with partners and suppliers is well managed across organisational boundaries. • Appropriate resources are in place to manage risk. <p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • Sound governance arrangements are established. • Partners support one another's risk management capacity and capability. <p>Driving:</p> <ul style="list-style-type: none"> • Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed.
Processes and tools	<p>Working:</p> <ul style="list-style-type: none"> • Risk management processes used to support key business processes. • Early warning indicators and lessons learned are reported. • Critical services supported through continuity plans. 	<p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • A framework of risk management processes in place and used to support service delivery. • Robust business continuity management system. <p>Driving:</p> <ul style="list-style-type: none"> • Management of risk and uncertainty is well integrated within all major business processes and key driver in business success.
Risk handling and assurance	<p>Happening:</p> <ul style="list-style-type: none"> • Some evidence that risk management is being effective. • Performance monitoring and assurance reporting being developed. 	<p>Working:</p> <ul style="list-style-type: none"> • Clear evidence that risk management is being effective in all key areas. • Capability assessed within a formal assurance framework and against best practice. <p>Embedded & Integrated:</p> <ul style="list-style-type: none"> • Evidence that risk management is being effective and useful for the organisation and producing clear benefits. • Evidence of innovative risk taking.

Strand	Behavioural Maturity Level	
	Our Level	Ahead of us
		Driving: <ul style="list-style-type: none"> • Clear evidence that risks are being effectively managed throughout the organisation. • Considered risk taking is part of the organisational culture.
Outcomes and delivery	Engaging: <ul style="list-style-type: none"> • No clear evidence of improved outcomes. 	Happening: <ul style="list-style-type: none"> • Limited evidence that risk management is being effective in, at least, the most relevant areas. Working: <ul style="list-style-type: none"> • Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas. Embedded & Integrated: <ul style="list-style-type: none"> • Clear evidence of significantly improved delivery of relevant outcomes and evidence of positive and sustained improvement. Driving: <ul style="list-style-type: none"> • Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles.

It is considered that 'Working' is a satisfactory level of maturity for an authority of our size with many advanced arrangements that are characteristic of the higher levels of maturity being unrealistic or not worthwhile in terms of the benefits that would derive from them.

A strategic action plan has been produced to improve maturity levels for those strands deemed to be at lower levels of maturity i.e. at the "Happening" or "Engaging" levels.

The arrangements to be addressed are those that fall significantly short within those strands.

Risk Management Strategic Action Plan

The key questions asked under the benchmarking exercise that led to the maturity assessments are set out below. These will become the areas to investigate and, where possible, address.

Individual action plans will be developed but these will need to be flexible as matters evolve.

The strands, or areas, to address have been prioritised according to their level of assessed maturity. The periods over which to address these areas are also identified below.

Year One: 2011/12

Outcomes & delivery (Engaging)

Risk management contribution to overall performance – The organisation can demonstrate that its risk management arrangements are making a positive contribution to overall performance and service delivery.

Key Questions:

- Is there demonstrable evidence that risk management is contributing to the delivery outcomes?
- Is there demonstrable evidence that risk management is contributing to better financial outcomes?
- Is there demonstrable evidence that risk management is contributing to supporting the reputation of the organisation?
- Is there demonstrable evidence that risk management approaches are having a beneficial effect on how risks to the public are being managed?

Contribution to specific outcomes – Evidence of examples of risk management arrangements having a direct positive effect on the delivery of annual or strategic objectives.

Key Questions:

- Are there examples of risk management arrangements (maximum of three) that have had a significant and direct positive impact on annual or strategic objectives?
- Are there examples of risk management directly contributing to innovative improvements that have improved delivery of services or products to the public?

Partnership, shared risks & resources (Happening)

Year Two: 2012/13

Partnerships – Partnership work is undertaken with appropriate consideration of risk and formal risk management arrangements are in place.

Key Questions:

- Are all key partnerships formally identified and are there consistent and common approaches to managing risks with partners, which cut across organisation boundaries?
- Where different public sector bodies work together to manage risks for shared strategic objectives: Is there an agreed protocol that defines when risk identification and assessments should be carried out jointly and clearly establishes accountability and capacity maintained to monitor performance and take early action in the event of difficulty?
- Where different public sector bodies work together to manage risks for shared strategic objectives: Has the extent to which risks can be transferred to, or shared with, organisations – both public and private – best placed to manage and / or carry them been assessed?
- Are appropriate contingency and service continuity agreements in place with key partners to manage major incidents?

Year Three: 2013/14

Finance – Risk financing arrangements for the organisation ensure that sufficient resources are available to deliver its risk management strategy and to protect itself against insurable losses.

Key Questions:

- Are sufficient resources provided to fund the implementation of the risk management strategy?
- Are additional resources provided when additional risk activities are cost-effective?

Tools – A range of appropriate tools and process are available to the organisation to manage risk.

Key Questions:

- Does the organisation have appropriate tools for collecting and analysing risk information?

Year Four: 2014/15

Risk handling & assurance (Happening)

Risk handling – Risks are handled effectively across the organisation, particularly in terms of cost effectiveness and including arrangements with partner organisations.

Key Questions:

- Are major decisions risk-informed?
- Are strategic risks including risks to the public, risks that cut across service areas, departments, several organisations, etc. and those risks that relate to the delivery of services managed cost effectively - without incurring disproportionate risk management costs or experiencing excessive losses?
- Are there arrangements to ensure that opportunities are taken and managed cost effectively - without incurring disproportionate risk management costs or experiencing excessive losses?
- Are plans and targets risk-based?

Assurance – The organisation has effective arrangements in place to ensure that it can provide itself with assurance that risks are well managed.

Key Questions:

- To what extent does assurance information cover all significant risks?
- Does assurance information cover all key controls and their effectiveness?
- Is an assessment of the performance of the organisation's risk management arrangements reported and to what extent is risk information disclosed to stakeholders?
- Is there a statement from an independent source about whether risk management is effective and carried out as approved?

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			§	§	§	

REVIEW OF PROGRESS FOR EMBEDDING RISK MANAGEMENT WITHIN THE COUNCIL

PROGRESS IN ACHIEVING YEAR 4 OF ACTION PLAN 2011/12 TO 2014/15: RISK HANDLING AND ASSURANCE

Required benchmarks:

Risk handling – Risks are handled effectively across the organisation, particularly in terms of cost effectiveness and including arrangements with partner organisations.

Comment

The Council has structures and systems in place to handle risks effectively. Risks are considered formally and informally. Formally, risks are identified as part of regular risk register reviews, assessed and evaluated. The decision by management teams as to whether to treat, tolerate, transfer or terminate risks depends on a number of criteria including that of cost-effectiveness. Partnership risks are documented on Partnership Questionnaires that, for ongoing partnership arrangements, are reviewed annually.

Assurance – The organisation has effective arrangements in place to ensure that it can provide itself with assurance that risks are well managed.

Comment

All identified risks are recorded on risk registers. Health and safety type risks are recorded on the health and safety management system; operational risks are set out on service risk registers; more strategic or corporate risks are recorded on the Significant Business Risk Register. All these hierarchies of risk recording are reviewed regularly by service management teams, with the service risk registers being done in conjunction either the respective portfolio holder. Service risk registers and the Council's Significant Business Risk Register are scrutinised quarterly by Finance & Audit Scrutiny Committee. Council Committees receive reports detailing the risks of any proposed courses of action. These are discussed in the 'Risks' section of reports and, where appropriate, within the main body of the reports. Internal Audit also provide assurance that risks are well managed through its reviews of Council functions.

OTHER ACTIVITIES UNDERTAKEN DURING THE YEAR TO EMBED RISK MANAGEMENT THROUGHOUT THE ORGANISATION

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 Training

Although outside of the period that the annual report covers, a risk management training session was provided to Members as part of the member training programme. Another session is planned for February next year (2016) for those Members who were unable to attend the earlier session.

Performance Management Information: Risk Management Indicators

Another development during the year has been the introduction of risk management information as key indicators 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:



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.

EXAMPLES OF RISK MANAGEMENT IN SERVICES

Services across the Council are embracing risk management. The following are examples.

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. In doing so, it is anticipated that the programme will remain on target in terms of milestone dates, and within budget.

Contract Management Training

Another example is a corporate one and relates to the provision of training for managing contracts. In order to ensure that employees are managing contracts as effectively as possible across the Council, a one-day training course, delivered by APSE, was organised for all managers who are responsible for managing contracts. The training was intended to provide the relevant officers with the knowledge to ensure that the Council is confident that it is managing contracts in a way that protects the Council from challenge, litigation etc.

Corporate Assets / Health & Safety

Initiated by Health & Community Protection the Corporate Assets Compliance Group was established to address a series of asset-related risks and ensure that the Council had a corporate approach to addressing these risks.

The Group was created as a result of SMT's concerns over the delivery of actions arising from fire risk assessments. Core membership includes Cultural Services, Property Services, Building Control and Health & Community Protection. It monitors the Council's performance on delivering its fire safety, legionella, and asbestos responsibilities amongst others. The Group reports to the Asset Steering Group to ensure accountability and effectiveness.

Housing Benefit Claims: Risk Based Verification

Within Finance a risk management approach was taken to assessing the feasibility and potential effectiveness of "Risk Based Verification" for housing benefit claims. This involves claims being risk-assessed, with the assessment stating the relevant documentation required for that claim at the point of completion. The approach is intended to prevent fraud and error from entering the system at the outset. The benefit for the customer is that, by submitting claims on-line and relaxing the level of verification for low risk claimants, claims should be processed more quickly. For the Council, savings should accrue by reducing the number of customer contacts both face to face and via telephone.

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.

Emergency Planning and Business Continuity Management

The following is a list of emergency planning and business continuity initiatives undertaken during the year that involved risk management.

- ✓ Creation and implementation of Service Area Crisis Plans
- ✓ Update of names and contact details for those named in the Council's Major Emergency and Business Continuity Plans
- ✓ Training for those named in the Council's Major Emergency Plan – Dec 2014
- ✓ Exercise for those named in the Council's Major Emergency Plan – Dec 2014
- ✓ Training – Emergency Media Workshop for SMT and invited guests – March 2015
- ✓ Full update of the Council's Flood Response Plan – August 2015
- ✓ Full update of the Council's Standard Operating Procedures for the 24/7 Emergency Duty Officer based at CCTV – July 2015
- ✓ Warwick District Council / Warwickshire LRF Fuel Contingency Planning – June 2015
- ✓ Full update of technology in the Council's Emergency Centre – July 2015
- ✓ Creation & distribution of Parish & Town Council Emergency Plan Template (joint working with Warwickshire County Council / CSW Resilience) – February 2015
- ✓ Attendance at the multi-agency Warwickshire Local Resilience Forum and Chair of the Warwickshire LRF Resilient Telecoms Group.
- ✓ Exercise – Warwickshire LRF Exercise Churchill (WDC represented at Deputy Chief Executive and Service Head level) – November 2014
- ✓ Exercise - Warwickshire LRF Exercise Fruitbat – Ebola Exercise (WDC represented from officers from Health & Community Protection, Neighbourhood Services and Housing & Property Services) – Dec 2014
- ✓ Exercise – Facilitation of multi-agency Satellite Phone Call Cascade Exercise – June 2015
- ✓ Full update of the Warwickshire Local Resilience Forum Resilient Telecommunications Plan – May 2015

Following an internal audit in March 2015 the auditor was able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect

of Emergency Planning and Business Continuity Management are appropriate and working effectively to ensure that the council fulfils its duties under the Civil Contingencies Act.

Events Management

During the year, the Safety Advisory Group, Chaired by Sam Collins of Health & Community Protection, employing risk management, facilitated a number of multi-agency meetings for a wide range of events both on WDC land and private land to ensure the events were operated safely. The events are listed below.

WDC Land

- Bowls England National Championships
- Leamington Peace Festival
- Leamington Food & Drink Festival
- Warwick Town Bonfire
- Warwick Rocks Film & Food Festival
- Warwick Mop
- Warwick Rocks Midsummer Event
- Kenilworth Carnival
- Warwick Food & Drink Festival
- Warwick Victorian Evening
- Leamington Christmas Lights Switch On
- Kenilworth Christmas Lights Switch On
- Kenilworth High Street Christmas Event

External Events

- Baginton Air Pageant (Coventry Airport)
- British National Show Jumping Championships (Stoneleigh Park)
- Kenilworth Horse Fair
- Crazy Daisy's Music Event
- The Myton Hospice Cycle Challenge
- Kenilworth Bonfire
- Breeze Cycle Challenge (Multi-Region SAG including Coventry and Stratford DC areas)
- Warwick District Parliamentary, District & Parish Elections Count (Stoneleigh Park)
- Your Horse Live (Stoneleigh Park)
- Dirt Bike (Stoneleigh Park)
- Pet Show (Stoneleigh Park)
- The Shooting Show (Stoneleigh Park)
- Kit Car (Stoneleigh Park)
- Catalyst – New Frontiers (Stoneleigh Park)
- Race Retro/MG (Stoneleigh Park)
- Race for Life (Stoneleigh Park)
- Motorcycle Show (Stoneleigh Park)
- Orange Tree Bonfire
- Fleur De Lys Bonfire
- Ricardo Bonfire
- Old Leamingtonians Rugby Club Bonfire