

Council – 20 April 2009

Corporate Risk Management

Service: Resources Directorate – Finance
Corporate Risk and Insurance

Wards: ALL

Summary of report

This is the fourth annual report to Council outlining the council's risk management strategy. Audit Committee and Cabinet endorsed the Corporate Risk Management Strategy on 13 January and 4 February 2009 respectively, thereby recognising the overarching corporate commitment to risk management and the contribution it makes to sound corporate governance and delivery of the council's services and vision.

The effectiveness of the council's approach to risk management was measured within the Comprehensive Performance Assessment (CPA) and from 2009 will be measured within the 'Managing the Business' category of the Use of Resources Key Lines of Enquiry 2009 (UoR – KLOE 2009) specifically, although it is inherent throughout the document. In December 2006 and December 2007 the Council received the maximum possible score of 4 for our arrangements, recognising its strength in this area. This level was maintained for 2008.

A great deal of work has been undertaken over the past year to develop and enhance the robust risk management structure currently in place. A number of these key areas are detailed at **Appendix 1**. This list is not exhaustive as much work is undertaken at operational level throughout the organisation. The revised corporate risk management strategy is attached at **Appendix 2**.

Recommendations

1. Note the contents of the report and Appendix (1) which set out the range of activities that have embedded risk management in all council activities.
2. Note the activity undertaken in further embedding risk management across the organisation in 2008/09.
3. Endorse the resolution of Audit Committee and Cabinet that the Corporate Risk Management Strategy (CRMS) be accepted and support the application of the revised strategy and allied processes,
4. Acknowledge the work undertaken by Audit Committee and Cabinet in ensuring that risk is being actively managed within the organisation.

Background information

Corporate Risk Management Strategy

The audit commission require that the risk management process, which is included within this document, is reviewed and updated at least annually and that members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being identified and

managed. This includes reporting to full Council as appropriate and provides the basis for this report. The council's risk management strategy was presented to and noted by Council in April 2008. This strategy has been revised (Appendix 2) and was approved by CMT in December 2008, Audit Committee in January 2009 and fully endorsed by Cabinet in February 2009. This document also takes account of the prevailing internal and external environment.

Resource and legal considerations

Risk management is a key aspect of our governance framework and an integral part of service and financial planning. It enables resources to be targeted appropriately, projects to be managed effectively and the council's risk exposure to be minimised, while ensuring we are able to seize and maximise opportunities. Effective risk management can also assist in reducing insurance costs and mitigating legal claims. It also ensures that the council meets its statutory requirements under regulation 4(1) and 4(2) of the Accounts and Audit Regulations 2003.

Citizen impact

Proactive risk management enables the council to maximise opportunities and minimise risks to service users, residents and other stakeholders. A cohesive and comprehensive approach to risk management through the continued revision of the risk management strategy will provide positive assurance that there is a joined up approach to risk and will aid the council and its partner organisations in delivering key services to the people of Walsall.

Community safety

The management of risk ensures the wellbeing and safety of all who live, work and carry out their business within Walsall and in achieving the council's vision.

Environmental impact

Effective risk management in all services, including those delivering environmental services, supports continuous improvement and influences risk management outcomes, regulation, audit and inspection findings and satisfaction with the council.

Performance Management and Risk Management

The revised risk management strategy takes account of many factors currently affecting the organisation, such as the re-alignment of services to reflect changing national and local agendas; increased partnership working. In addition the Use of Resources Judgements currently within CPA will continue but their score will be included in the new Comprehensive Area Assessment (CAA) framework which will come into effect on 1 April 2009. Our risk management arrangements are formally reviewed annually by our external auditors under Use of Resources – Key Lines of Enquiry (KLOE) which have now been split into three main categories: Managing Finances, Governing the Business, Managing Resources.

The revised strategy seeks to develop, strengthen and refine the processes. It defines the roles, responsibilities, implementation, and how it connects with corporate and service planning, project management, partnership working and evidence of compliance.

Audit Committee and Cabinet's endorsement is clear evidence of the recognition of the importance and value of risk management and further emphasises the council's commitment to continuous improvement; focusing on outcomes and issues that will make a difference not only to the organisation but to the community it serves. Whilst Audit Committee have the regulatory responsibility for risk management it is the responsibility of Cabinet to ensure that the council identifies and effectively manages corporate business risks in line with its risk management strategy which strengthens our strategic approach to the council's policy-making activities.

By having a robust risk management strategy and framework in place the council has significantly reduced its vulnerability due to heightened awareness of current and future exposure and by reducing the likelihood of financial and reputational losses and criticism. This makes service delivery more secure and opportunity maximisation greater.

Equality implications

Fair and equal access to all services is supported by effective risk management. The risk management strategy supports services by providing a risk management framework that embraces and fully supports delivering of equality.

Consultation

Audit Committee has overall responsibility for ensuring there is effective risk management across the council and it comprises a major component of their work programme. Members, managers and colleagues at all levels across the council are involved in the preparation of risk registers and the effective management of identified risks. All directorates have a number of identified risk champions and there is also an identified member champion for risk management. A core risk champions group has been established which considers best practice, new initiatives and information and disseminate throughout the directorate risk champions.

The council also consults with external bodies such as brokers, insurers, external consultants and recognised bodies such as ALARM, IRM and CIPFA.

Background Papers

CMT report – 18 December 2008
Audit Committee report – 13 January 2009
Cabinet report 4 February 2009

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Rory Borealis
Executive Director (Resources)

Date: 27 March 2009



Councillor J O'Hare
Leader of the Council

Date: 27 March 2009

Risk Management Activity 2008/09

- The Corporate Management Team held the first of two facilitated risk workshops in June 2008 where they fully reviewed the effectiveness of risk management across the council's activities. They also reviewed and fully updated the corporate risk register (CRR) to ensure that it remained relevant to the organisation and that it reflected the truly corporate risks that could affect the council. The session gave rise to a number of recommendations which have given rise to the opportunity of further developing the corporate risk management approach.
- CMT and the core risk champions held a joint meeting in August 2008 to fully discuss the recommendations, sense check the updated corporate risk register and consider the next steps required to ensure the corporate risks continue to be effectively managed. The group also discussed further improvements to the existing risk management approach and agreed that each executive director would ensure that this approach would be adopted within their respective directorates.
- Strategic risks continue to be prioritised and actions agreed. CMT have managed 78 key strategic risks since the establishment of the corporate risk register in May 2003. The risks within the top six boxes from each directorate's risk matrix are reported to CMT for consideration and, where appropriate, elevated to the corporate risk register (CRR).
- A corporate project register has been developed (which is split between strategic and other projects). The Walsall Project Approach (WPA) has also been developed, a significant part of which relates to risk management. An audit of risk within strategic projects has been undertaken with all strategic projects now complying with the corporate approach to managing risk. This initiative has been further developed to include the requirement to consider whether or not a Sustainability Impact Appraisal (SIA) needs to be undertaken especially for major projects. These appraisals consider the economic, social and environmental impact of the project following which, should the project commence, any identified risks arising from the appraisal will continue to be managed via the project plans.
- A corporate group was established in February 2008 to review partnership arrangements across the council. The outcome of the Partnership Governance Group (PGG) resulted in the development of a partnership protocol and toolkit which has received CMT and Audit Committee approval. A partnership register has also been developed and is continually being revised and updated. The management of risk forms an integral part of these documents and, where possible, partners will be encouraged to adopt the council's methodology.

In ensuring that procedures are put in place which allows the risks to be identified and managed within partnerships the council will have strengthened its position not only in ensuring that risks are managed but that the overall partnership governance arrangements are also well managed. The partnership register will give an overview of how this framework is being applied. The Assistant Director of Finance/Chief Finance Officer is currently the custodian of this protocol.

- We continue to have a member champion for risk management who remains proactive in driving the risk management agenda, particularly amongst members, and acting as a catalyst for change and improvement in relation to risk.

- Further risk awareness training for staff has been undertaken including the following:
 - Risk management in projects training sessions have been delivered to 173 officers.
 - Risk management awareness sessions (35 more trained this year making a total of 358 staff trained to date).

This training has provided officers at all levels across the organisation with the skills to identify, analyse and prioritise risks within all areas of work which, in turn, enhances the overall performance of the organisation and the effective delivery of services to all. It also encourages managers to become pro-active rather than reactive thereby enabling problems to be identified and action taken at an early stage to either prevent the situation happening or lessening the impact if it does.

- There are 30 risk champions spread across the directorates including the member risk champion. Their role is one of promoting, supporting and facilitating the benefits of risk management.
- The corporate risk management strategy has been updated (Cabinet approved this on 4 February 2009) to include issues raised at both CMT risk workshops, comments from the Core Risk Champions Group, recommendations arising within the reports produced following the CMT workshops and the final Use of Resources – Key Lines of Enquiry 2009 (UoR KLOEs 2009).
- A core risk champions group was established June 2007 and comprises of heads of service/assistant directors representing each of the directorates together and the member risk champion. Their role is to provide strategic leadership of risk management ensuring that it is adequately progressed within directorates, supporting executive directors and liaising with the risk management team on progress and developments. This group continues to meet and is actively involved in assisting the CMT to manage risk both operationally and strategically. It also ensures that progress is being made within directorates.
- The council's approach to risk management enabled an extremely successful outcome to the tender for the council's insurance arrangements in 2008/09 which indicates insurer confidence in the way in which the council manages its risks (both strategically and operationally). This equated to approximately £1.2m saving over three years. This is the second year of the long term agreement and insurer confidence remains high through a successful renewal process.
- Scrutiny chairs and vice chairs received risk management training in November 2008 as to how this can be used as both a proactive and reactive tool in the scrutiny process. The outcome of this will be to establish a risk management toolkit for scrutiny members.
- The strategic audit plan is risk assessed and areas with high risk ratings such as key financial systems will be audited as a priority. The annual audit plan is endorsed by CMT and Audit Committee and approved by the Section 151 officer.
- Any irregularity work (eg suspected fraud) is also risk assessed to ensure proper weighting/priority is allocated to the work.
- Based solely on the work undertaken by internal audit during the year, the Chief Internal Auditor provides an annual opinion on the overall adequacies of the internal control environment. This contributes directly to the annual governance statement

(AGS) considered by the Audit Committee which is signed by the leader, chief executive and the s151 officer.

- Following each internal audit review, an audit report is produced, providing an independent and objective opinion on the control environment, including risk management, of the area under review. Each audit report outlines the findings of audit's review and the risks associated with those findings, for example, lack of control or loss of value for money. Audit report actions (recommendations), which are agreed by management prior to the issue of the final audit report, are prioritised within the audit report to clearly identify actions to target higher priority risks.
- Internal audit provides assurance to the organisation that the risk management processes in place are operating as intended; that risk management processes are of sound design; and that a robust system of internal control is in place to sufficiently mitigate risks to an acceptable level.
- Audit Committee continue to receive regular updates of the corporate risk register and select strategic risks for further scrutiny which sometimes requires the attendance of the lead officer(s) responsible for managing the risk to explain how that particular risk is being managed. This ensures effective scrutiny of the council's corporate risks and that they are being actively managed.

Corporate Risk Management Action Plan (CRMAP)

This continuous improvement plan is informed by our own professional knowledge, emerging best practice and findings from audits and inspections. It also includes actions required to respond to the new Use of Resources – Key Lines of Enquiry 2009 inspection framework. This provides assurance to Audit Committee, Cabinet, the Corporate Management Team and other stakeholders that risk is being proactively managed at all levels within the organisation and that processes and outcomes continue to be developed and streamlined to meet organisational needs.

UoR KLOE 2009

Following the publication of the final Use of Resources KLOEs in October 2008 a review has been undertaken to identify and highlight any potential areas for improvement across the organisation. This is the remit of the Use of Resources Task Group which has been established to ensure that the organisation maintains its external inspection judgement with lead officers being identified to gain evidence for their respective work streams.

Audit Committee development

Audit Committee undertook a facilitated risk workshop (September 2008) where they received risk management training and identified the risks to them achieving their own objectives which they considered may prevent them delivering on their areas of responsibility. At this workshop they also agreed their risk appetite (tolerance) to risk. This will continue to be monitored and reviewed at subsequent Audit Committees.

Opportunity management

Opportunity management (Analysis) is a structured process to identify, prioritise and manage the opportunities facing an organisation so that the benefits are exploited to the advantage of the organisation and its stakeholders.

Opportunity management considers the positive side of risk management where the management of a potential threat can, in fact, lead the organisation into taking the opportunity of doing things in a different way and achieving positive outcomes. The core risk champions group undertook a workshop to explore this process with a view to introducing this within the organisation. It is proposed that opportunity management becomes mainstreamed and included within service plans in the forthcoming year.

This is currently being considered for 'roll out' across the organisation.

Looking ahead

- Actions from the corporate risk management action plan will continue to be monitored, reviewed and updated to ensure continuous improvement and development. The way in which awareness of risk management is raised with all members is being considered and discussions will be held with the member champion for risk management to consider how this can be achieved. Consideration is currently also being given to the way in which operational risk management is undertaken.
- Building Schools for the Future – this important area of work which relies on the co-operation and dedication of many services to ensure educational transformation already has its own risk register. This will continue to evolve throughout the lifecycle of this project.



Corporate Risk Management Strategy

Version 1.1
January 2009



Walsall Council

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Foreword

This is the fifth edition of the Council's Corporate Risk Management Strategy (CRMS). The main objective of the strategy is to set out how the council manages its risks and seizes opportunities in an objective and mainstreamed way in order to facilitate delivery of the council's vision, aims and objectives.

The CRMS is very much a part of the council's mainstream activity. Whilst this document seeks to bring together in one place the major components of the strategy, in practice elements of it are evident in a range of council documents such as the corporate plan, capital strategy, financial and performance monitoring reports, and of course in our activities, processes and culture.

Walsall Council has long embraced risk management as an integral and important part of our business processes. We recognise the concept and its practices to be a key element in the management of the council and it is an integral part of our governance culture. The principles of corporate governance apply as much (if not more) in the public sector as they do in the private sector in exercising our community leadership role, working with a wide range of partners, providing diverse and sensitive services and making decisions that impact on the lives of residents, visitors, businesses and other stakeholders. We aim to build on our past success to ensure that the council is well prepared to take on the challenges of new legislative and policy requirements such as the local government white paper – strong and prosperous communities, and the future transition from Comprehensive Performance Assessment (CPA) to Comprehensive Area Assessment (CAA).

The strategy enables everyone involved with the delivery of council services to have a thorough understanding of how important the management of risk is to them achieving the objectives of their service in serving the people of Walsall.

Comprehensive risk management processes used throughout the organisation supports our effective and efficient use of resources, ensuring continuous improvement in our services and ensuring positive outcomes for all those who use our services. Everyone within the organisation has a role to play. By fully implementing this policy a major contribution will be made to the overall corporate governance agenda within Walsall council.

This strategy has been endorsed by the Corporate Management Team (CMT) and the Audit Committee (AC).



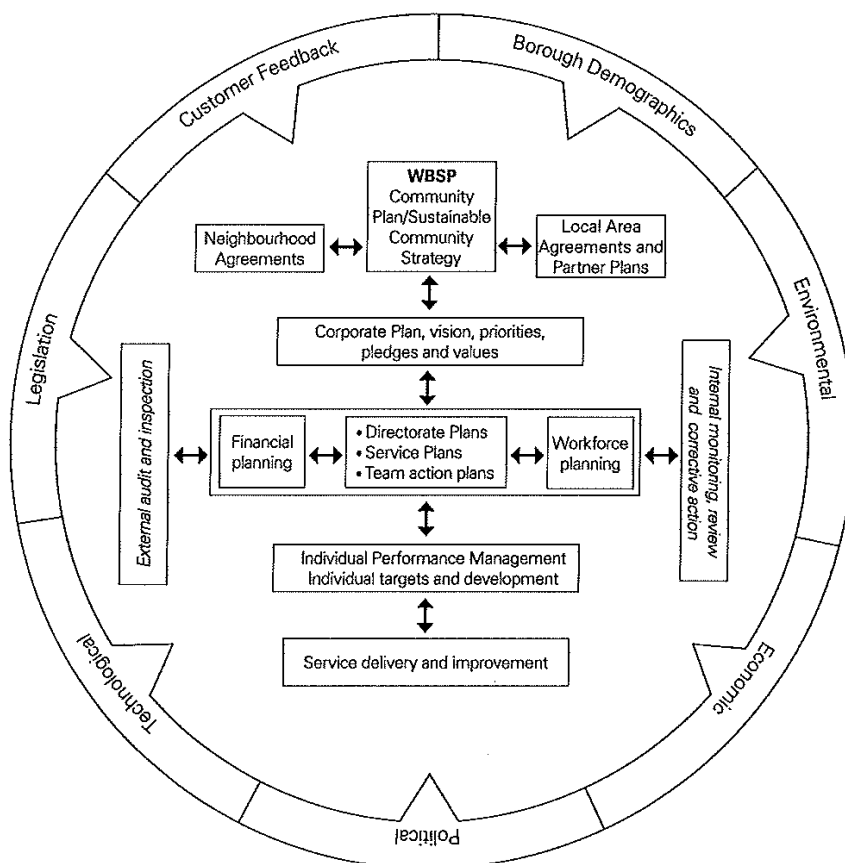
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January 2009

1. INTRODUCTION

Walsall Council's Corporate Risk Management Strategy (CRMS) supports our Corporate Integrated Planning & Performance Framework (CIPPF) set out below.



At the heart of the council's Corporate Plan is the council's long-term vision for the borough of Walsall and for its people. The council has worked with the Walsall Partnership to develop a new shared vision which is set out in the Sustainable Community Strategy (SCS). The council, together with its strategic and other partners, is committed to delivering this strategy. The SCS is the council's vision for the borough and provides the strategic focus for all that we do.

To enable the council to deliver its commitment to achieving its vision for the borough of Walsall, an outcomes framework and key organisational drivers have been developed and adopted by cabinet and council which comprises of seven citizen outcomes, supportive of the shared vision for the borough as set out in the SCS. These provide a tightly drawn framework through which this council can set out its priorities and, working with our partners, deliver the outcomes of the SCS. These citizen outcomes are focussed on action to ensure that citizens are:

- Healthy
- Safe and secure
- Aspiring and achieving
- Enjoying a high quality of life – clean, green, and mobile
- Active - contributing to their communities
- Financially & materially secure - achieving economic well-being

- Free from discrimination or harassment

These customer facing citizen outcomes are underpinned by three internal drivers to provide the momentum to deliver the council's commitment to the SCS, the shared vision, and our citizen outcomes. These are:

- Effective use of resources
- Delivering quality services and meeting customer expectations
- Taking forward the transformation agenda

The shared vision, set out in the SCS and the council's own Corporate Plan, together with the council's outcomes framework, provides the focus and structure for directorate, service and team plans for 2009/10 and beyond. They also inform and are reflected in the other council plans and strategies.

The CRMS provides the framework to manage business and operational risks in the performance of all council activities and to support sound corporate governance. The anticipation and assessment of risks to the delivery of these objectives and targets is a vital part of our activities. It is also important that the changing nature of how we deliver services is acknowledged within the risk management process. In particular, the increasing use of partnership working provides fresh risks and opportunities for us to manage, control and exploit. Effective risk management is essential for an organisation and its partners to achieve strategic objectives and improve outcomes for local people.

We have set out a framework which enables and encourages the management of risks, which includes the requirement to produce a statement on internal control. The risk management service has provided advice to directorates through the CRMS, risk management methodology documents, and risk management guidelines.

Our objectives relate to the whole of the borough and contribute to those of the Black Country sub region, West Midlands region and the Birmingham, Coventry and Black Country City Region. As a result they can be influenced by an enormous variety of risks and opportunities.

The CRMS demonstrates our commitment to maintaining a systematic approach to risk management ensuring that we effectively manage the risks that the council faces and maximise opportunities. Risk management performed vigorously and comprehensively assists in maintaining stability and directly contributes to service provision.

Embedding the framework for dealing with all these risks will be achieved by building on a regular process of risk assessment. This process identifies and scores key risk factors, and results in a register of key risks. This enables managers to maintain controls and plans which respond to those risks, and learn from experience. Transparency and accountability are of paramount importance.

It would be impossible to identify every theoretical or actual risk and opportunity. It is therefore important to focus on receiving early warning of risks before they become more imminent or start to impact and enable us to optimise our position to take full advantage of opportunities.

The CRMS will be reviewed annually to take account of our evolving objectives, changing legislation, government initiatives, best practice and experience gained within the council.

2. CONTEXT

Risk management is an integral part of corporate governance, which requires the maintenance of a sound system of internal control. The Accounts and Audit Regulations 2006 require the Council to have in place arrangements for the management of risk.

Regulation 4(1) states *"the relevant body shall be responsible for ensuring that the body has a sound system of internal control which facilitates the effective exercise of the bodies functions and which includes arrangements for the management of risk"* placing responsibility with all directors for risk management and maintaining sound systems of internal control within their area of service delivery.

Regulation 4(2) states *"the relevant body shall conduct a review at least once a year of the effectiveness of its systems of internal control and shall include a statement on the internal control with any financial statements the body is required to publish"* and requires the directors to make an annual assurance statement on risk management and internal control which is embraced in a single statement made by the Leader of the Council, the Chief Executive and the Chief Finance Officer (CFO) as an integral part of the Annual Statement of Accounts.

The Council's risk management strategy's objectives are to:

- Integrate risk management into the culture of the organisation;
- Manage risk in accordance with best practice;
- Anticipate and respond to changing social, political, environmental and legislative requirements;
- Prevent injury, damage and losses and reduce the cost of risk;
- Raise awareness of the need for risk management by all those connected with the council's delivery of services.
- Ensure that risk management is used as an effective business tool focussed on improving outcomes for local people whilst maintaining an effective and easily auditable process.

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the council for risk management;
- Providing opportunities for shared learning on risk management across the council;
- Offering a framework for allocating resources to identified priority risk areas;
- Reinforcing the importance of effective risk management as part of the everyday work of employees by offering training;
- Incorporating risk management considerations into all levels of service planning;
- Monitoring of arrangements, at all levels, on an on-going basis by management.

The effectiveness of risk management is assessed as an integral part of our external auditor's work into the Use of Resources. As at December 2008 our arrangements scored the maximum possible 4.

The need for a risk management strategy

Mandatory codes of governance exist in the private sector and other parts of the public sector. The CIPFA/SOLACE document; *"Corporate Governance in Local Government – A Keystone for Community Governance"*, which comprises a framework and guidance notes, is adopted as best practice. The framework comprises five themes, with risk management being one of them.

The management of risk is now considered best practice in both the public and private sectors. Greater involvement and awareness of risk management regarding the implications of decisions taken by members is essential to improve corporate governance and risk management. The emphasis is on being risk aware rather than risk averse.

Use of Resources (UOR) and Comprehensive Area Assessment (CAA)

Use of Resources is an Audit Commission assessment of how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people.

From 2009 this assessment will form part of the new comprehensive area assessment (CAA) framework as well as other relevant performance assessment frameworks.

Auditors will produce a judgement for each of the following three themes:

- **managing finances** – focussing on sound and strategic financial management;
- **governing the business** – focussing on strategic commissioning and good governance; and
- **managing resources** – focussing on the effective management of natural resources, assets and people

Auditors will reach judgements on these themes by considering specified key lines of enquiry (KLOE).

Risk management is a key component of the 'governing the business' theme and focuses strongly throughout all of the key lines of enquiry (KLOE) and throughout the comprehensive area assessment (CAA). It is essential, therefore, that the council's policies and strategies are robust to deal with the challenges presented by these assessments.

The benefits of having a risk management strategy

- Risk management will alert the Corporate Management Team (CMT) and other stakeholders to the main service and financial issues. This will allow early and proportionate management handling.
- It contributes to better decision making and the process of achieving objectives. When embedded within existing planning, decision taking and option appraisal processes, risk management provides a basis for ensuring implications are thought through, the impact of other decisions, initiatives and projects are considered, and conflicts are balanced. This will influence success and improve service delivery.
- It provides assurance to members and management on the adequacy of arrangement for the conduct of business and the use of resources. It demonstrates openness and accountability of various inspectorate bodies and stakeholders more widely. This links

in to the completion of assurance statements whereby directors must annually certify the effectiveness of the internal controls within the service area. Risk management can inform this process as it can be used to demonstrate that senior officers are actively identifying key risks, reviewing the appropriateness and effectiveness of key controls against these risks, and are able to highlight areas of significant control weakness.

- It leads to greater risk awareness and an improved control environment, which should mean fewer incidents and other control failures. In some cases this can result in lower insurance premiums.

By identifying risks earlier, by making sure processes are not over engineered and are fit for purpose, and achieving a behavioural shift, risk management will produce a cultural change that will pay for itself many times over.

The council's approach to risk management, which underpins the strategy and provides a vision of what we are aiming for, is summarised below:

Risk management is not simply a compliance issue, but rather a way of viewing our operations with a significant impact on long-term viability. It is critical to success and is a focal point for senior management and members. It helps us to demonstrate openness, integrity and accountability in all of our dealings. It is also focussed on outcomes by ensuring that risks are identified and managed before they become issues thus ensuring less service interruption, timely delivery of services and projects and better outcomes for local people.

It is vital that we develop the use of risk management in our dealings with third parties such as through partnerships, contracts and major procurements. While these areas contain significant risks for the Council, they also have the potential to provide significant benefits if well managed. The use of risk management to mitigate risks while also exploring opportunities is important in ensuring that these working arrangements contribute positively to service delivery.

Our use of this sound risk management approach will continue to achieve many benefits for Walsall Council. It will assist in demonstrating that we are continuously improving and have effective governance.

Risk management is a comprehensive business tool and is part of our day to day management of the business. As risk management is an integral part of our activities and is embedded in existing processes our risks are proactively managed and opportunities are seized.

3. ROLES, RESPONSIBILITY AND AUTHORITY

It is the responsibility of all members and officers of the council to implement this strategy. The roles and responsibilities are set out below:

Elected Members:

Full council

The Local Government Act 2000 gives the council collectively responsibility for approving the council's policy framework. The role of full council is therefore to:

- Formally approve the CRMS.
- Receive an annual report on risk management activity ensuring that it has the highest profile and enables members to deepen their understanding of this important activity.
- Embrace the CRMS in undertaking their various roles.
- Support management in the use of risk and opportunity management as an integral part of the council's business practices.

Cabinet

Cabinet are at the heart of the decision making process and has a key role in proposing the budget and policy framework to full council. In effecting their role, cabinet embrace the concepts of risk and consider relevant issues in making decisions. Cabinet's role is to:

- Ensure that the council identifies and effectively manages corporate business risks in line with this strategy.
- Ensure that the systems for managing risk develops and remains effective to take account of new and emergency risks, control failures or change in the organisations circumstances or business objectives.
- Ensure that the importance of regular and systematic assessment of the risks facing the business and the value of embedding risk management within business processes is fully understood.
- Formally endorse the CRMS
- Consider relevant risk and opportunities in making decisions.
- Embrace the CRMS in undertaking their various roles.
- Support management in the use of risk and opportunity management as an integral part of the council's business practices.
- Ensure that the systems employed for the management of risk in programmes, projects and partnerships are robust and ensure timely delivery and good governance.
- Cabinet will have a shared understanding with CMT of the major risks facing the Council and will contribute to the development of the CRR providing challenge to the CMT about the management of the corporate risks.
- Portfolio holders will support the development of, and have a shared understanding of, the risk registers that relate to their portfolio area, working with officers to ensure the management of identified risks.

Member Champion

The member risk champion has a pivotal role in ensuring that the principles of risk management are adopted universally throughout the organisation in the delivery of council services. The main activities of this role are to:

- Raise awareness of the importance of proactive management of risk within the member arena.
- Review and input into the risk management strategy.
- Review the arrangements in conjunction with the corporate risk manager for managing the Council's strategic risks.
- Act as a catalyst for change and improvement in relation to risk.
- Active involvement in the Council's preparations for assessment under various inspection regimes in relation to risk management.
- Jointly championing with a senior officer and support the embedding risk management throughout the council.
- Work with officers, directors and other risk champions to further develop and refine risk management processes.
- Actively participate in the core risk champions group (CRCG).
- Actively promote risk in other member forums through either membership or networking.
- The member risk champion will usually be a cabinet member or a member nominated by cabinet/CMT to undertake this role and will be reviewed annually in conjunction with this strategy to reflect political/operational changes.

Scrutiny

Scrutiny and Performance Panels also have a role in ensuring that when scrutinising decisions, risk management principles have been used, and when contributing to policy development and performance management that risk management is being effectively adopted.

Members (individual)

Councillors are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the council faces, and will be made aware of how these risks are being managed through the annual strategic and service planning process.

- All members, as community representatives, will discuss perceived risks within the local community and feed them into the appropriate discussions. The discussion with officers will happen through Cabinet members, portfolio holders and/or scrutiny members.
- Members are responsible for (this responsibility may not rest with a single committee) and engage in corporate risk management and work closely with the audit committee.

Audit Committee

Audit Committee has responsibility for ensuring our risk management arrangements are sound and effective. Their responsibilities are to:

- approve the CRMS (for forwarding to full council) and implementation plan and review annually;
- monitor the council's risk management and internal control arrangements;

- commission and review an annual assessment of the effectiveness of the risk management and internal control framework;
- approve the disclosure of the annual governance statement (AGS);
- identify and prioritise risks facing the council working with appropriate officers.

Officers:

Corporate Management Team

Executive directors will demonstrate their commitment to risk management through:

- Ensuring that the risk management process is effective in identifying and managing risk in the manner which the board has approved.
- informing and involving members in the identification of the key risks facing the council and the actions being taken to manage them;
- incorporating risk management into the service planning, ensuring positive outcomes;
- actively identifying and assessing the nature and extent of the strategic risks facing the organisation on a regular basis;
- encouraging staff to be open and honest in identifying risks or missed opportunities;
- ensuring that the risk management process is part of all major programmes, projects and partnerships and change management initiatives;
- monitoring and reviewing action plans regularly to reduce or control the significant risks via the performance management framework;
- Recommending to Cabinet the CRMS and subsequent revisions thereof.

Core Risk Champions Group (CRCG)

The CRCG consists of a team of heads of service/assistant directors representing each of the directorates together and the member risk champion. Their role is to provide strategic leadership of risk management ensuring that it is adequately progressed within directorates, supporting executive directors and liaising with the risk management team on progress and developments.

The following are the aims and objectives of the core risk champions:-

- The group will support councillors who are responsible for governing the delivery of services to the local community. They will ensure that members understand the strategic risks that the council faces and will make them aware of how these risks are being managed through the annual strategic and service planning process.
- As a group support members of Audit Committee whose key role is one of internal governance ensuring the council meets its statutory requirements and that there are robust arrangements in place for the management of risk.
- To encourage a holistic approach to the management of risks so as to allow effective assessment to take place at key points during the development and delivery of services.
- To embed the risk management process within all planning processes so that benefits of adopting the process are realised and demonstrated to all.
- To support executive directors (CMT) in implementing a practical and workable approach to risk management within their respective directorate, advising on appropriate infrastructure requirements.

- As a group make recommendations to directorate management teams (and CMT) on treatment of generic and cross-cutting risks and promoting and ensuring a process exists to regularly review risks and identify future risks which may follow legislative and other changes.
- The appropriate risk champion to report regularly and offer assurance or advice to officers and members on the management of risk within their directorate.
- Act as the first point of contact for risk management enquiries from own directorate providing advice and guidance as necessary.
- Liaise with the corporate risk management team regarding risk management progress and developments.
- To ensure that key managers and directors accept and own the risks within their department.
- Consider opportunities/new innovative ways of working.

Corporate Risk and Insurance Manager

The corporate risk and insurance manager will:

- Manage the integrated approach, policy, strategy and processes on behalf of the council and its management team.
- Monitor and review the CRMS.
- Establish a standard risk management process to be used across all activities of the council including programme/project management, service planning, procurement, performance reviews and partnerships.
- Analyse service risks to identify key risks and common risks across services and report to CMT for consideration.
- Consider insurance management information reports, and take forward any identified initiatives arising from them.
- Review criteria for reporting risks to members on committee reports.
- Link risks to procurement strategy.
- Determine risk assessment within performance and scrutiny reviews.
- Develop toolkit for guidance to officers and members.
- Analyse risk appetites and prioritisation approaches to ensure consistency of approach and feedback to services.
- Share experiences and best practice council-wide through the core risk champions group (CRCG).
- Develop the management of risk in partnerships.
- Communicate risk management information across the council through workshops and training sessions.
- Consider and implement recommendations on possible actions in respect of operational risks or loss control initiatives.
- Critically review the UOR key lines of enquiry and CAA requirements ensuring that the CRMS delivers the required outcome.

Directorate Management/Leadership Teams

The directorate management/leadership teams are pivotal in the promotion and embedding of risk management within Walsall. The directorate management/leadership teams' key tasks are to:

- implement board policies on risk and control;
- support and promote risk management throughout the council;
- develop and implement relevant action plans for the key risks;
- regularly (quarterly) monitor management action plans and risks;
- Be actively involved in the identification and assessment of strategic risks.
- Ensure all of those involved in the council's risk management arrangements receive relevant training and guidance.
- Ensure that risk training is provided as part of the induction process for all new members of staff and also staff promoted within the council who have new risk management responsibilities.

Performance Boards

The purpose of performance boards is to monitor all performance related issues arising from the business of the council including:

- Ensuring national and local targets are met;
- Development and implementation of operational plans, policies, procedures and budgets;
- Monitoring of operating and financial performance;
- Prioritisation and allocation of resources;
- Establish, monitor and review projects.

Each board is required to include a regular assessment of risk management activity and key risks as follows:

- Actively review and monitor the risks identified within the directorate.
- Ensure risk management action plans are developed to manage identified risks.
- Monitor the risk management action plans to ensure appropriate action is being undertaken.
- Review the directorate risk registers and produce regular progress reports to directorate management teams as part of the existing performance management framework.

Risk Champions

Risk champions form a team of senior officers from each directorate who are committed to ensuring that risk management is embedded within the organisation. Their remit has further been extended to ensure that directorate risk registers are updated quarterly and forwarded to the corporate risk and insurance manager for review and reporting to the CMT and members. They receive bespoke training which is designed to develop key skills and understanding of strategic risk management. The training increases risk champions' knowledge of strategic risk management, offering explanations as to how it fits into both the corporate governance agenda and the continuous improvement agenda. They are introduced to a number of methodologies relevant to the process giving them the ability to effectively contribute to strategic and operational management throughout the organisation.

They support the continued development of risk management through:

- Encouraging a holistic approach to the management of risks so as to allow effective assessment to take place at key points during the development and delivery of services.
- Embed the risk management process within all planning processes so that it is not seen as an 'add-on' or bureaucratic requirement.
- Support CMT in implementing a practical and workable approach to risk management within their respective directorate.
- Make recommendations to directorate management teams and CMT on the treatment of generic and cross-cutting risks and prompting and ensuring a process exists to identify future issues which may follow legislative and other changes.
- Report regularly and offer assurance or advice to officers and members on the management of risk within their directorate.
- Act as the first point of contact for risk management enquiries from their respective directorate.
- Liaise with the co-ordinating role regarding risk management progress and developments.
- Ensure that key managers and directors accept and own the risks within their directorate.

Service Management Teams

These teams are required to:

- ensure risks to the delivery of the service are identified and managed appropriately;
- report to directorate management teams on key risks and risks to the delivery of key performance indicators, national targets (National Indicator Set – NIS) and programme/project management targets;
- embed risk management into all programmes, projects and partnerships undertaken to deliver the service;
- Ensure all operational areas have robust health and safety controls in place.

Project/Programme Managers

Project/programme managers have a responsibility to ensure that the risks associated within the programme project are identified, recorded and regularly reviewed as part of the project management programme process. The Walsall Programme and Project Approach (WPPA) clearly sets out how risks are to be managed within projects and it is the responsibility of all project/ programme managers to ensure that this guidance is adhered to.

Employees

Each member of staff is responsible for the ownership and undertaking of their risk management functions in accordance with this strategy and for its implementation within the framework of Walsall Council's procedures and directives. All new staff are issued with a copy of the risk management strategy when they commence employment with the council in order for them to fully understand their role in the risk management process.

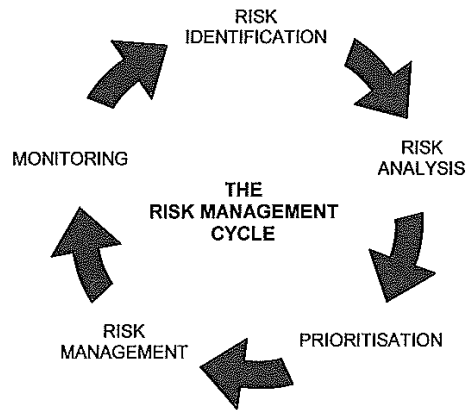
Internal Audit

To maintain independence and objectivity, the Internal Audit service is not responsible or accountable for risk management or for managing risks on manager's behalf. However, they do use the council's approach to risk management and support the use of it by others through their regularity work. In particular, Internal Audit will:

- challenge established processes;
- challenge risk identification and evaluation;
- review risk management action plans ensuring that where risk management actions have been undertaken they are working adequately and that proposed actions are being implemented, and the degree to which they are being consistently applied.
- provide assurance to officers and members on the effectiveness of controls;
- be responsible for undertaking an annual assessment of the Council's risk management and internal control mechanisms as part of the review of corporate governance arrangements.

4. PROCESS AND IMPLEMENTATION

The council has adopted an established risk management methodology to identify risks associated with our activities enabling us to assess risks in terms of likelihood and impact and evaluate reduction and mitigating measures. The diagram below identifies the risk management cycle.



A training programme has been implemented to ensure members, managers and all employees understand and implement this strategy. The way in which risk is managed within existing process throughout the organisation is detailed below:

Corporate Plan

Within the corporate planning process the risks to achieving the corporate objectives will be identified and prioritised and action plans produced. The responsibility for managing those risks will sit with CMT and relevant members.

Corporate and Service Planning

A risk assessment will be undertaken for both corporate directorate and service plans. This will identify the key risks facing the Council or a particular service in its delivery of that plan. This will ensure that key obstacles to the delivery of the corporate objectives will be identified and managed at all tiers across the Council.

Corporate Risk Management Action Plan

The corporate risk management action plan addresses recommendations from inspections, health checks, best practice; CPA/CAA requirements and is reviewed and updated each quarter. This continuous improvement plan is informed by our own professional knowledge, emerging best practice and findings from inspections and corporate health checks. It also includes the actions to respond to the Key Lines of Enquiries (KLOE) inspection framework (UOR). This document provides assurance to audit committee, cabinet, CMT and other stakeholders that risk is being proactively managed at all levels within the organisation and that processes continue to be developed and streamlined to meet organisational needs.

Directorate Plans / Service Plans / Team Plans

Within the service planning process the risks to achieving the service objectives will be identified and prioritised. Service objectives support the delivery of the corporate objectives. Responsibility for managing those risks rests with the service management teams. The key risks facing individual directorates / services will be referred to CMT for consideration and, where considered appropriate, will be elevated to the corporate risk register.

Performance Management

The monitoring of the risks and the associated risk management action plans will be incorporated into the quarterly service plan monitoring arrangements. The risks also inherent in the achievement of statutory PIs, NIS, targets and corporate health indicators will also be risk assessed at the start of each planning cycle.

Programme/Project Management

The Council has adopted a programme/project management methodology that will be applied to all programmes/projects across the organisation. The methodology includes a requirement that the programme/project manager is responsible for ensuring that risks are identified, recorded and regularly reviewed. Programmes and projects are considered at various boards set up to ensure the delivery of those programmes/projects including performance boards and reports to cabinet and CMT. Risks inherent in these programmes/projects will be identified and reviewed by these boards and a register of audits of the way in which risk is being managed within the above will be undertaken by the project management office in conjunction with the corporate risk management team.

Partnerships

Increasingly Walsall Council is working in partnership to deliver its objectives. It is essential that within any partnership environment the risks to achieving the objectives set by the partnership are clearly identified, analysed, prioritised and managed. It is also essential that risks that the council may face when entering into a partnership are clearly identified and managed. These will be at both a strategic and operational level.

A partnership protocol, toolkit and partnership register have been developed to ensure that there is robust governance across all partnerships which includes the management of risk.

Cabinet Reports

Within cabinet reports material considerations are identified in respect of the recommendation or key decision being taken. These include financial, legal, staffing, sustainability, equality and community safety issues. The majority of the risks relating to the recommendation or key decisions are contained within the body of the report. In future these will also include areas such as use of resources, asset management and environmental, social and economic issues.

Business Continuity

Business continuity is a specific risk management process designed to establish and manage the risks that may interrupt or stop effective service delivery. It is essential that

we have in place effective business continuity plans for key services. This requirement became a duty in 2005 following the adoption of the Civil Contingencies Act.

Health and Safety

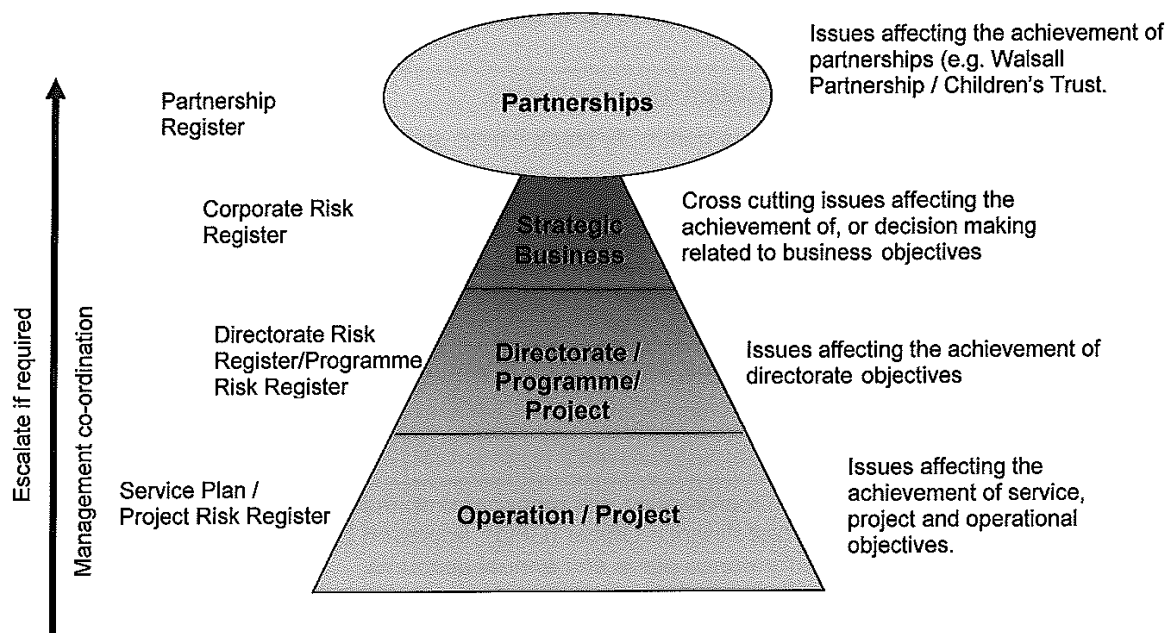
We have a strong commitment to health and safety requirements which is underpinned by a comprehensive health & safety management system. We are committed to a total quality approach to health & safety management which involves the following:

- Setting objectives.
- Developing management to achieve objectives.
- Measuring against objectives.
- Acting upon findings.

The fulfilling of these objectives will support the provision of a safe, fulfilling, healthy and balanced work life for all staff.

5. EMBEDDING RISK MANAGEMENT

Risk management is an integral part of the service planning process. This enables the proper consideration of strategic, operational and cross cutting risks.



This strategy, the information contained within the risk management policy statement and the risk management methodology provide a framework to be used by all levels of staff and members in the embedding of risk management as an integral part of good management and good business practice. The milestones to be met in embedding risk management are:

| Milestone | Frequency |
|--|---|
| CMT monitor agreed corporate actions and assess additions/deletions to corporate risk register. | Quarterly |
| Directorate key risks reviewed and new significant risks or opportunities fed into the strategic risk register on a quarterly basis. Directorate key risks to be informed by directorate, service and programme/ project risk registers. | Quarterly |
| Directorates, divisions, services and programme/ projects to clearly identify existing risk controls regarding the risks identified, and the degree to which they are consistently applied. Evidence of the application of controls to be maintained and cross referenced onto the action plans. | Quarterly or as required by the action plan or project plan |
| Directorates, divisions, services and projects to evaluate existing controls for the degree of mitigation the controls provide and if further control is desirable. | Quarterly or as required by the action plan or project plan |
| Directors give assurance to Chief Executive regarding internal control, including the management of key risks, within their area of service delivery. | Quarterly |
| Directors to ensure that risk identification is intrinsically linked to service plan | Through performance |

| objectives. | boards |
|--|---|
| Directors to include performance on managing risks within performance monitoring of service plans and of senior officer's performance contracts/plans and IPMs. | As per IPM guidelines |
| Include risk management in staff induction/refresher training where this has not yet been incorporated. | Ongoing |
| Review claims management information with directorates. | Quarterly |
| Incorporate elements of the business continuity plans where appropriate, e.g. service continuity arrangements. | Annually |
| Introduce directorate risk champions and develop directorate risk profiles, where these do not already exist. | Quarterly |
| Develop service unit/business unit risk profiles where these do not already exist. | As and when required |
| Develop programme/project risk profiles, as appropriate, where these do not already exist. | At programme project initiation and throughout life cycle |
| Annual Governance Statement (incorporating risk management) made by Leader, Chief Executive and Chief Finance Officer (CFO), approved by members and published in performance plans and annual accounts. | Signed annually every June |
| Monitor, update and review the CRMAP to include recommendations and actions arising from various inspection outcomes, changes in legislation etc. | Quarterly |
| Core risk champions group (CRCG) will provide strategic leadership of risk management and meet to discuss processes and best practice in line with the change management agenda. | Bi - monthly following CMT |
| Audit Committee to review CRR, approve and endorse strategy and select risks for scrutiny | Quarterly following CMT and annually (CRMS) |
| Cabinet receive report on risk management activity Approve and endorse strategy | Annually |
| Council receive report on risk management activity Approve and endorse strategy | Annually |

6. EVIDENCE OF COMPLIANCE

To demonstrate compliance with this strategy the following documentation will to be available for audit by both Internal Audit and the Audit Commission:

- Risk Management Strategy
- Related policy statements and procedures
- Risk profiles of Walsall MBC activities
- Risk Assessments – all premises
- Business continuity / contingency / emergency plans – including tests and reviews.
- Internal Audit reports
- Risk Management Plan and Risk Register (where appropriate)
- Contract/project proposal review and sign-off
- Audit/review records
- Strategic Risk Register
- Directorate Risk Register
- Service Risk Registers
- Programme/Project/risk assessment and registers
- Partnership risk registers / assessments
- Contractual / contract risk assessments registers
- Reports/ minutes: council, cabinet, CMT, audit committee
- Annual Governance Statement
- Risk management training arrangements
- Strategic policies, plans, financial plans, performance management and project management plans and reports.
- Governance arrangements and plans for significant partnerships including risk management.
- Procedure notes and manuals for business critical systems.

7. RISK MANAGEMENT GLOSSARY

Action Owner: A nominated person who is responsible for confirming the existence and effectiveness of mitigating actions.

Assumption: A belief or logical view underlying a plan or decision.

Comprehensive Area Assessment (CAA)

Comprehensive Performance Assessment (CPA): An Audit Commission inspection process aimed at helping councils deliver better services and continuous improvement.

Consequences: The positive or negative outcomes of decisions, events or processes. Risk events create consequences.

Contingency Plan(ning): The process of identifying and planning appropriate responses to be taken when, and if, a risk actually occurs.

Corporate Governance: The Audit Commission defines Corporate Governance as *"the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions, to achieve their objectives."*

Cost/Benefit Analysis: A risk management tool used to make decisions about accepting risk or using some other risk management technique.

CRCG: Core Risk Champions Group.

CRMS: Corporate Risk Management Strategy.

DM/LT: Directorate Management/Leadership Team.

Exposure: The susceptibility to loss.

Frequency: A measure of likelihood expressed as the number of occurrences of an event in a given time.

Gross Risk: The "pure" risk without the benefit if mitigating actions.

Impact: Effect or consequences of a risk.

Incident: An event or circumstance which could have, or did lead to unintended and/or unnecessary harm to a person, and/or a complaint, loss or damage.

Likelihood: A qualitative description of a probability or frequency of the risk event occurring.

Mitigating Action: Any action that seeks to reduce the likelihood or impact of a risk event to an acceptable level.

Net Risk: The remaining level of risk after mitigating action has been taken.

Opportunity management: An uncertain event with a positive probable impact.

PB: Performance Board.

Probability: Extent to which a risk event is likely to occur. A measure (expressed as a percentage) of likelihood.

Risk: The chance of something happening that will have an impact on business objectives. [It is defined as the combination of the probability (likelihood) of an event and its consequences (impact). Risks can bring both negative and positive impacts.

Risk Analysis: The use of information to work out how often something might occur and the size of the impact.

Risk Assessment: The identification of risk, the measurement of risk, and the process of communicating about risks.

Risk Categories: There are, in practice, different types of risk. The council's approach looks at risks in the following categories – Political, Economic, Social, Technological, Legislative, Environmental, Professional/Managerial, Financial, Legal, Physical, Partnership/Contractual, Competitive and Customer/Citizen.

Risk Identification: The process, by which risk events, which could affect the organisation's objectives, are identified, described and recorded.

Risk Management: Risk management is a central part of any organisation's strategic management. It is the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

It is a consistent, robust approach for managing identified risks. It is concerned with both the positive and negative aspects of risk.

Risk Matrix: A model that visually displays the relationship between the likelihood and impact of specific risks. Visually it is a 6x4 box that plots likelihood and impact as high, medium or low.

Risk Owner: The person accountable for ensuring that action plans are in place. They are also accountable for the management of the risk and have a responsibility to report on progress. They take on a quality assurance role and should challenge the quality and effectiveness of the actions within the action plan if necessary. The risk owner needs to inform the lead officer about the risk and their responsibilities in respect of developing an action plan. Risk owners should also support the lead officers in implementing the action plans and where necessary unblock any barriers.

Risk Prioritisation: The process of ranking risks into a logical order by establishing how significant they are in terms of likelihood and impact.

Risk Register: A formal listing of identified risks, together with the results of the risk analysis and risk evaluation procedure, as well as details of any risk treatments.

Risk Treatment: Selection and implementation of appropriate options for dealing with risk.

SCS: Sustainable Community Strategy.

CMT: Corporate Management Team.

Stakeholder: Any individual group, or organisation able to affect, be affected by, or that believes it might be affected by, a decision or activity.

Terminate: An informed decision not to become involved in a risk situation. (i.e. to choose another path, which does not encounter that risk)

Threat: A combination of risk, the consequences of that risk, and the likelihood that the negative event will take place.

Tolerate: An informed decision to accept the likelihood and the consequences of a particular risk, rather than trying to mitigate it.

Transfer: An informed decision to transfer the risk to another party, who will accept the risk and/or reap the rewards.

Treat: An informed decision to take additional action to further minimise the likelihood or impact of an identified risk.

Uncertainty: A condition where the outcome can only be estimated.

8. CATEGORIES OF RISK

The examples given are as an aide-memoir and this list is not exhaustive.

GENERAL:

| Risk | Definition | Examples |
|--------------------------|--|--|
| Political | Associated with the failure to deliver either local or central Government policy or meet the local administration's manifest commitment | <ul style="list-style-type: none"> • New political arrangements • Political personalities • Political make-up • Member support / approval • Electorate dissatisfaction • Impact of election changes |
| Economic | Affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions | <ul style="list-style-type: none"> • Cost of living • Changes in interest rates and/or inflation • Poverty indicators |
| Social | Relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to meet its objectives | <ul style="list-style-type: none"> • Staff levels from available workforce • Ageing population • Health statistics |
| Technological | Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures and the impact on the council's ability to deliver its objectives | <ul style="list-style-type: none"> • E-Gov. agenda • ICT infrastructure • Staff/client needs • Security standards • Using new or existing technology • Lack of, or failure of, technology • Disaster recovery • Hacking or corruption of data • Breach of security • Staff knowledge, skills and ability |
| Legislative | Associated with current or potential changes in national or European law | <ul style="list-style-type: none"> • Government policy • Legislation, internal policies and regulations, grant funding conditions etc • Data Protection, Freedom of Information, Race Equality and Diversity, Disability Discrimination, Human Rights, Employment Law, TUPE, Health & Safety • Potential for legal challenges, judicial reviews |
| Environmental | Relating to the environmental consequences of progressing the council's strategic objectives | <ul style="list-style-type: none"> • Recycling, green issues, energy efficiency, • Land use, noise, contamination, pollution; • Impact of planning or transportation policies |
| Professional/ Managerial | Associated with the particular nature of each profession, internal protocols and managerial abilities | <ul style="list-style-type: none"> • Staff restructure, key personalities, internal capacity, • Lack of management support. • Loss of key staff, recruitment and retention issues |

| | | |
|-----------------------------|--|---|
| | | <ul style="list-style-type: none"> • Internal management arrangements and protocols, poor communication • Capacity issues – enough, training issues, availability, sickness absence etc • Emergency preparedness / Business continuity |
| Financial | Associated with financial planning and control | <ul style="list-style-type: none"> • Budget overspends, level of council tax, level of reserves, inadequate insurance cover, system procedure weaknesses • Budgetary pressures, loss of/reduction in income cost of living, interest rates, inflation etc • Financial management arrangements, Investment decisions • Affordability models and financial checks • External funding issues incl. loss of (or reduction in) funding • System / procedure weaknesses that could lead to fraud. |
| Legal | Related to possible breaches of legislation | <ul style="list-style-type: none"> • Client brings legal challenge |
| Physical | Related to fire, security, accident prevention and health and safety, physically carrying out work on site | <ul style="list-style-type: none"> • Offices in poor state of repair, use of equipment, data protection • Management and control of resources including land, property, equipment, information • Could include health and safety or business continuity issues • Abuse of intellectual property |
| Partnership/ Contractual | Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification, and in a cost effective manner | <ul style="list-style-type: none"> • Partnership agencies do not have common goals, new initiatives or projects, change programmes. • Partnership agreements / arrangements / relationships • Project management arrangements • Project failure – failure to deliver on time, to budget or specification • Change programmes, new ways of working, new policies/procedures |
| Competitive | Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value | <ul style="list-style-type: none"> • Fail to win quality accreditation, position in league tables • Ability to deliver services within allocated budgets |
| Customer/ Citizen | Associated with failure to meet the current and changing needs and expectations of customers and citizens | <ul style="list-style-type: none"> • Managing expectations, extent of consultation • Demographic change • Impact on customer of service or project failure • Consultation and Communication • Current and changing needs and expectations of customers Crime and disorder • Consumer protection • Effects on physical and mental health and sense of social wellbeing |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • Loss of independence and need for social care support • Healthy and safety risks • Impacts on health inequalities |
|--|--|---|

PARTNERSHIP:

| Risk | Definition | Examples |
|-------------|---|---|
| Political | Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment Failure to deliver Central Government Policy or local identified priorities | <ul style="list-style-type: none"> • New political arrangements. • Political personalities, Political make-up. • Ceding of control. • Conflict of other Council policies/strategies. • Expectations of Members. • Maintenance of Comprehensive Performance Assessment rating. • Compliance with other Government targets. • Regional influences. • Reputational damage. • Failure to deliver Central Government Policy or local identified priorities. • Ceding / dilution of control with the involvement of more partners. • Conflict with the policies / strategies of individual partner organisations. • Different political structures may cause inconsistencies between partners. • Political leadership changes leading to conflicts within the organisation. • Change in local authority functions. • CPA Inspection or equivalent cause partners to focus on their own priorities. • Changes to Government Funding may affect delivery. • Lack of clarity over executive powers and the role of scrutiny. • Lack of consistent Member attention / understanding across all partners. • Managing expectations of Members. • Risk of reputational damage |
| Economic | Affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate | <ul style="list-style-type: none"> • Cost of living, changes in interest rates, inflation, poverty indicators |

| | | |
|--------------------------|---|---|
| | insurance cover, external macro level economic changes or consequences proposed investment decisions | |
| Social | Relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to meet its objectives | <ul style="list-style-type: none"> • Staff levels from available workforce, ageing population, health statistics |
| Technological | Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the council's ability to deliver its objectives | <ul style="list-style-type: none"> • E-Gov. agenda. • IT infrastructure. • Staff/client needs. • Security standards |
| Environmental | Those relating to the environmental consequences of progressing the partnerships objectives | <ul style="list-style-type: none"> • Land use, recycling, pollution. • Management of environmental risks and legislative compliance. • Waste management. • Energy efficiency |
| Professional/ Managerial | Associated with the particular nature of each profession, internal protocols and managerial abilities. Those associated with the particular nature of the skills/profession; and roles and responsibilities of the partners, including Business/Service Continuity Planning. | <ul style="list-style-type: none"> • Staff restructure, key personalities, internal capacity. • Developing and sharing common facilities. • Termination agreement. • Personnel issues. • Employment of staff. • Staff secondment issues • TUPE redundancy. • Day-to-day management responsibilities. • Failure to clearly identify "the employer" within the partnership. The innovative nature of partnership activity is unacceptable or misunderstood within services. • Failure to address the HR organisational implications, including the cost of pensions • Non-availability of skills internally to support partnership activity. Inability to 'carry' staff (and unions) with the changes. • Unable to put in place new recruitment / reward / career structures • Inability to identify and rollout appropriate training programme in a timely manner • Lack of clarity, accuracy and completeness of employment records and salary details etc in relation to transferees |

| | | |
|-----------|--|--|
| | | <ul style="list-style-type: none"> • Differing HR sections with own policies and procedures that leads to confusion around which policy or procedure to follow • Operating two similar but not identical conditions of employment – impact on morale of staff that are undertaking similar work but are on different terms and conditions • Staff are unable to adapt to new roles, responsibilities and the culture of the partnership • Staff are seconded and it is subsequently deemed that there was in fact a transfer of undertaking • Lack of clarity over responsibility for staff performance, discipline etc • Divergent recruitment practise resulting in challenge to appointments and dismissals |
| Financial | Associated with financial planning and control. Those affecting the ability to meet financial commitments or liabilities and affecting financial accountability, planning, control | <ul style="list-style-type: none"> • Budget overspends, level of council tax, level of reserves • Overall costs. Implementation costs. • Maintenance costs. • External funding. • Ability to meet/upgrade costs. • Budget approval • Contribution of Members. • Accountable body status • Pooled funds • Books of account • Responsibility for project funds • Bank accounts/cheques • Maintenance of financial records • VAT problems • Failure to nominate a suitable “accountable body”, or partner resistance to undertaking this role • Failure to establish clear protocol for treatment of operating surpluses / losses arising from partnership activity • Failing to identify a legal entity for contracting / accounting purposes • Failure to establish clear lines of accountability • Failure to effectively manage pooled / alighted funds; clear demarcation as to which partner provides which funds, and what for • Differences in partners’ VAT status. • Failure to harmonise accounting / financial regulations between partner organisations • Failure to agree adequate audit arrangements (internal & external audit) |

| | | |
|-----------------------|--|---|
| | | <ul style="list-style-type: none"> • Responsibility for insurance not clearly defined in terms of assets, and third party / liability cover in respect of partnership activities • Ownership of partnership assets unclear; likewise responsibility to maintain • Failure to identify "lifetime costs" and to allocate responsibility for them – e.g. maintenance costs may prevail beyond the life of the partnership • Clear policy for treatment of assets / liabilities in the event of the partnership winding up (voluntary or otherwise) |
| Legal/ Legislative | Those relating to possible breaches of legislation. Associated with current or potential changes in national or European law | <ul style="list-style-type: none"> • Client brings legal challenge • General legal requirements. • Data Protection Act • Freedom of Information • Disability Discrimination Act • Liabilities, Warranties, Health and Safety requirements • Equality and diversity and legislative compliance • Legal constraints (e.g. Data Protection Act) prevent or delay joining-up and partnership working • Conflict over intellectual property rights in respect of partnership activity • Changes to the services required as a result of new laws or regulations or changes in existing laws or regulations • Failure of partner to comply with relevant laws and regulations (including in relation to telecommunications, health and safety, data protection and human rights) or the partner causing the Council to be in breach of any law or regulation • TUPE challenge to secondment arrangements between the partnership. • Failure to ensure compliance with Data Protection Act • Failure to establish compliance with Freedom of Information Act • Failure to ensure compliance with the Disability Discrimination Act • Failure to establish compliance with equality / diversity legislation • Commissioning or procurement of services, goods or works • Human rights, appliance or non-appliance of TUPE regulations |
| Physical | Related to fire, security, accident prevention and health and safety | <ul style="list-style-type: none"> • Offices in poor state of repair, use of equipment • Risk assessments re building conditions, workplace regulations, fire |

| | | |
|-----------------------------|---|---|
| | | <p>safety regulations, water hygiene/quality, mechanical systems, electrical systems, energy management</p> <ul style="list-style-type: none"> • Ownership of property and responsibilities • Asset management and ownership. • Provision of office accommodation and equipment • Intellectual property rights • Termination strategy and liabilities |
| Partnership/ Contractual | <p>Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</p> <p>Those associated with the liability of all to meet the conditions of the Partnership Agreement. To draw up effective Contract Agreement. Those associated with the failure of contractors to deliver services or products</p> | <ul style="list-style-type: none"> • Contractor fails to deliver, partnership agencies do not have common goals • Partnership Agreement • Contract specification • Procurement strategy • Roles and responsibilities. Indemnities. Exit strategy • Contract management and monitoring |
| Competitive | Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value | <ul style="list-style-type: none"> • Fail to win quality accreditation, position in tables |
| Customer/ Citizen | Associated with failure to meet the current and changing needs and expectations of customers and citizens | <ul style="list-style-type: none"> • Managing expectations, extent of consultation |
| Governance | Are the principles of good Corporate Governance transparent to all stakeholders e.g. Openness and Inclusivity; Integrity; Accountability | <ul style="list-style-type: none"> • Reporting framework/structure • Roles and responsibilities • Reporting procedures. • Audit protocols • Confidentiality issues • Dispute resolution procedures |
| Stakeholder Interest | Failure to meet the current and changing needs of stakeholders | <ul style="list-style-type: none"> • Expectations • Liaison/communication with stakeholders • Community Cohesion issues • Failure to engage each partner authority in a mutually beneficial relationship • Failure to develop partnership focus on customer services • Partners fail to deliver on individual responsibilities • Over / under reliance on one partners involvement • Failure to collaborate on key technology decisions • Failure to identify / emulate / share / benchmark with good practice • Level / scope of delegated powers vary |

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| | | <p>across partnership that leads to conflict</p> <ul style="list-style-type: none"> • Significant differences in organisational cultures across partnership are underestimated. Inadequate integrated arrangements to respond to a major incident • The reputation and image of one of the partners is affected by actions of the other partners • Mismatch in understanding / conflict of risks between partners • Failure to define a detailed and on-going communication strategy • Failure to involve all key stakeholders • Lack of trust within the partnership |
| Technical/ Operational | The capacity of the organisations to jointly deal with the technological requirements of the Partnership. The reliance of each jointly on the integrity of hardware and software, including Disaster Recovery/Planning | <ul style="list-style-type: none"> • Capacity to deliver service • Resource implications • Future-proofing • Interfacing with other systems • Security/integrity • Additional infrastructure requirements. • Not being aware of levels of demand leads to inappropriate levels of service delivery • Inadequate baseline calculations leading to discrepancies when comparing to actual and/or future deliverables • Inability to measure savings and quality outcomes leading to poor partnership management • Not ensuring a common partnership delivery/timetable with stakeholders leading to problems in communication and expectations • No appropriate penalties, rewards established for partnership deliverables Impact on existing contracts not considered sufficiently • Different starting points for the parties involved in the partnership causes operational difficulties • Different expectation levels and required outcomes for the parties involved in the partnership • Pressure from partners to deliver 'quick wins' could be at the expense of longer term gains • Failing to establish and then abide by service level agreements • Failing to meet continuous improvement targets • Failure to establish service ownership/management of information • Lack of co-ordination and structure to handle partnership based projects (in |

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| | | <p>addition to own projects)</p> <ul style="list-style-type: none"> • Inadequate management resources to implement strategy • Assets owned/managed by the partnership are damaged by fire, flood or by a third party (accident, vandalism etc) • Assets owned/managed by the partnership cause damage or physical injury to a third party. • Failure to involve professional assistance and expertise, eg: legal, finance, procurement, risk at the risk stage • Contract/partnership management role not sufficiently defined • Failure to apply an effective health and safety management monitoring system in respect of partnership activity • Partnership service may be subject to two separate inspectorates that could lead to differing or conflicting standards or requirements • Inadequate accountability arrangements for training targets • Data sharing, access to data, data protection issues not properly evaluated • Failure to future-proof technology procured/ developed by the partnership • Failure to develop and maintain working interfaces with the systems of partners • Failure to establish effective security/integrity of partnership systems • Licensing considerations – software etc. e.g. who is licensed to use the software |
| Communication | Those associated with failures of the Partnership to communicate effectively either between themselves or stakeholders. This would include failure of members of the Partnership to have a common understanding of the Partnerships Aims and Objectives | <ul style="list-style-type: none"> • Information sharing protocols • Reporting lines • Advice giving and decision making processes • Document management • Media coverage / local press |
| Procurement | | <ul style="list-style-type: none"> • Partnership does not exist as an entity and cannot enter into contracts • There is no agreed criteria for selecting preferred suppliers • Inability to deliver a quick win to demonstrate benefits • Insufficient market appetite/competition • Lack of flexibility in partnership contracts |

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| | | <ul style="list-style-type: none"> Difficulties in conducting procurement in accordance with the regulatory and policy frameworks of all partners |
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PROJECT SPECIFIC:

| Risk | Definition | Examples |
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| Resources | Related to the resources required to deliver the project, financial, human resources, skills and knowledge, facilities, IT | <ul style="list-style-type: none"> Skilled staff from available workforce Temporary secure office space |
| Procurement | Related to the procurement process involved in the project | <ul style="list-style-type: none"> Lack of a competitive market Breach of procurement regulations |
| Roles & Responsibilities | Associated with the particular nature of each project management role(s)/teams, organisation and infrastructure components and project management abilities | <ul style="list-style-type: none"> Failure to understand role(s) within project, keeping champions informed, partners roles & responsibilities Monitoring and scrutiny |
| Business Case | Relating to the information within the business case that describes the justification for setting up a project | <ul style="list-style-type: none"> Failure to secure funding Unrealistic timescales Market changes |
| Change Management | Associated with the management of the receipt, evaluation, decision making and relevant action relating to changing an aspect of a programme or project | <ul style="list-style-type: none"> PM unaware of the procedures Implements changes affecting delivery of project and/or other related projects Not considering 'soft' aspects of change |
| Benefits Realisation | Identifying, articulating and monitoring the benefits that the project should deliver - what will happen, where and when the benefits will occur and who will be responsible for their delivery | <ul style="list-style-type: none"> Benefits eroded by changing environment or project scope Benefits not being traced or monitored |
| Stakeholder | Relating to stakeholder buy in, involvement and communication | <ul style="list-style-type: none"> Failure to gain buy in Involvement reduces overtime Levels of information communicated |
| Skills | Relates to the level of skills the project team may have to deliver the project successfully | <ul style="list-style-type: none"> Delay due to inexperienced staff, project management skills |
| Communication | Associated with failure to or lack of communication between project team members, stakeholders, partners, media and interdependent projects | <ul style="list-style-type: none"> Failure to communicate status of projects Understanding terminology |
| Strategic Fit | The fit of the project within the overall strategic vision and aims of the council | <ul style="list-style-type: none"> Project not meeting strategic aims, changing vision/aims |
| Partnership/ Contractual | Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification | <ul style="list-style-type: none"> Contractor fails to deliver Partnership agencies do not have common goals |

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| Project Management | Associated with failure to understand/follow project management protocols, methodology. | <ul style="list-style-type: none"> • Lack of understanding of project management protocols • Lack of training • 'Tick box' approach taken |
| Environmental | Relating to the environmental consequences of progressing the council's strategic objectives | <ul style="list-style-type: none"> • Considering land use, recycling, pollution etc. and their associated costs and the time demands to resolve issues |
| Programming | Associate with the failure to plan/deliver/a programme of projects | <ul style="list-style-type: none"> • Issues in other areas of the programme impact on the project • Ineffective programme management |

