Audit Committee – 24 February 2014

Revised Corporate Risk Management Strategy (CRMS) – 2013/14

1.   Summary of report

The corporate risk management strategy (CRMS) was last revised and approved in January 2010.   The document has now been reviewed and the revised strategy is attached at **Appendix 1**.   This strategy has been discussed and endorsed by the Corporate Management Team (CMT). The Strategy will continue to evolve as the organisation does and further revisions and updates will be provided as and when appropriate.

2.   Background papers

Risk Management Strategy 2010

3.   Recommendations

1. Endorse the revised draft corporate risk management strategy.

[signature]

James T Walsh - Chief Finance Officer
6 February 2014

4.   Resource and legal considerations

Risk management is a key aspect of the council's governance framework and an integral part of corporate planning.   It should enable resources to be targeted appropriately, projects to be managed effectively and the council's risk exposure to be minimised, whilst ensuring the organisation is able to seize and maximise its opportunities.   Effective risk management can also assist in reducing insurance costs and mitigating legal claims.

5.   Governance

The Council must meet its statutory requirements, as stipulated within the Accounts and Audit Regulations 2011 as follows:
  - Regulation 4 (1) – The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.
  - Regulation 4 (2) – The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control

and following the review, the body or committee must approve an annual governance statement, prepared in accordance with the proper practices in relation to internal control.

The Council has established an audit committee, the purpose of which is to provide independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting.

One of the Audit committee's delegated functions is to consider the effectiveness of the Council's risk management arrangements seeking assurance that action is being taken on risk related issues identified by auditors and inspectors,; and reviews the effectiveness of key control strategies including risk management.

6. Risk management issues

The revised corporate risk management strategy (CRMS) seeks to develop, strengthen and refine processes already in place. It defines the roles and responsibilities; process implementation; and how it connects with corporate planning, programme/project management, partnership working and evidence of compliance.

The strategy document contains a number of hyperlinks, to assist the audit committee a paper copy of the what the link takes the reader through to is attached at the end of the document.

Audit Committee 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.

7. Equality implications

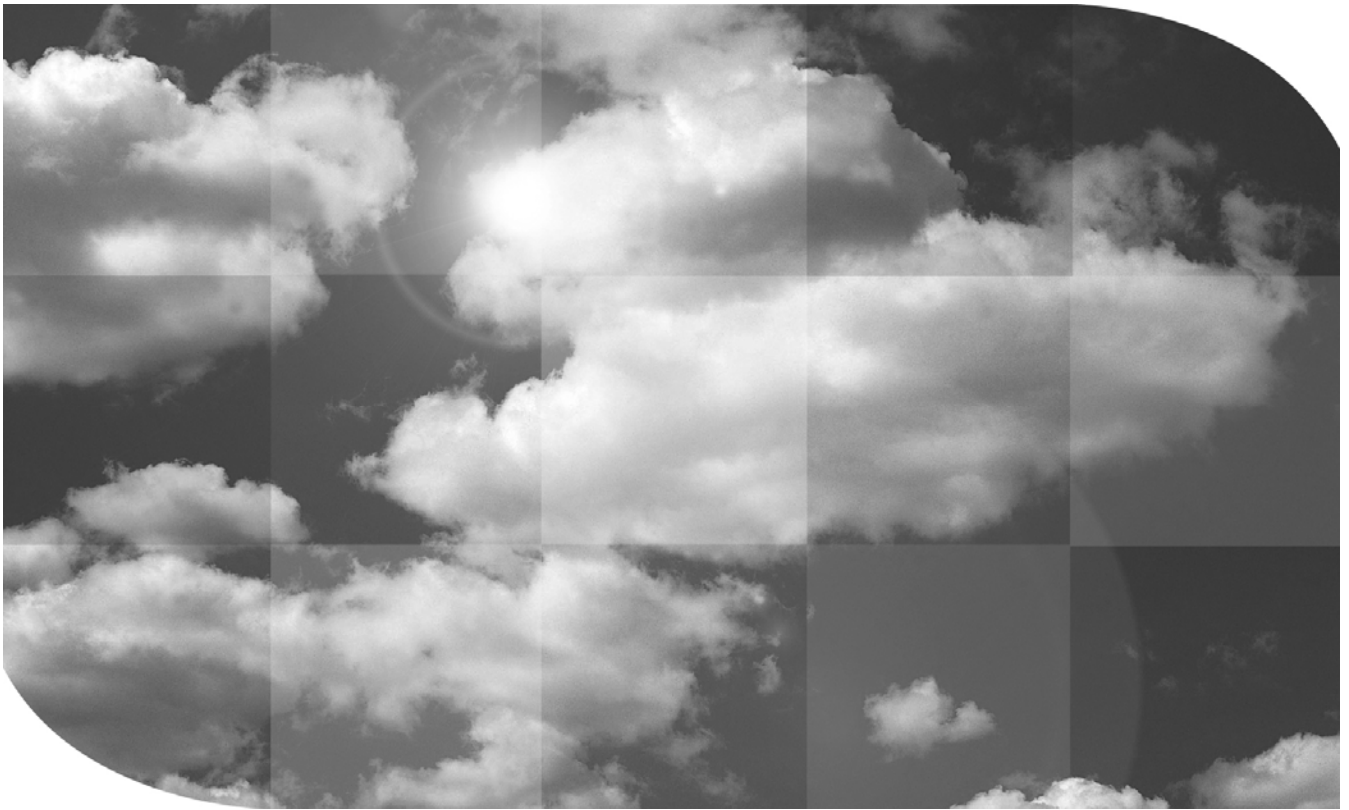None arising directly from this report.

8. Consultation

Other councils and external bodies ie: ALARM, IRM, CIPFA, British Standard ISO 31000.

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Corporate Risk Management Strategy

Version 1.4
Revised February 2014

Walsall Council

CONTENTS

Foreword

The council's approach on managing risk is simple. The council will identify and manage its risks. Its strategy for doing so is outlined in the following document.

As Chief Executive of Walsall Council I will seek to ensure that there are effective corporate governance arrangements across the council which includes ensuring that the council's risk management strategy is formally embedded within the organisation.

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 and protecting the public purse. The aim is to ensure that the council is well prepared to take on the many new challenges it will be required to face in the future which will include identifying risks at an early stage and putting actions in place to manage these.

We must not lose sight of the fact that risk is inextricably linked to opportunities and innovation. The council cannot be risk averse and it needs to take full advantage of opportunities for improving services. Therefore it needs to be pro-active and prepared in the way that it manages risk.

By managers having a better understanding of the importance of, and fully implementing risk management, a huge contribution will be made to improving the overall corporate governance within the council. Better identification of risks and their management will mean that better use of resources is achieved. If we all use the resources available to us more efficiently and effectively then the service to our customers can only improve.

The responsibility to provide independent assurance on the adequacy of the risk management framework rests with the audit committee. It is their role to seek assurance from officers that action is being taken on risk related issues identified by auditors and inspectors. The audit committee plays an important role in considering the effectiveness of the councils key control strategies which includes its risk management arrangements. Its 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.

This 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 meeting the needs of the people of Walsall. I ask you to you

to ensure that risk management continues to be embedded within the culture of the organisation.

Conclusion

This strategy 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. Applied without exception the council will have a robust framework for managing its risks and ensuring it embraces opportunities.

This strategy has been endorsed by the Corporate Management Team and the Audit Committee.

Paul Sheehan   Councillor Eddie Hughes
Chief Executive   Chair of Audit Committee
Date: XXXXX   **Date:** XXXX

1. Introduction

Walsall Council is a complex organisation providing a wide range of services to a population of around 269,000 people. It engages with many organisations (public, private and voluntary) in order to provide community leadership, deliver services and achieve its Vision; Walsall will be a great place to live, work and invest.

The council recognises that there are risks involved in everything it does and it has a duty to manage these risks in a balanced, structured and cost effective way. Approval and publication of this risk management strategy supports this intention. The document:

(a) is fully supported by council members, the Chief Executive and the Corporate Management Team who are accountable for effective risk management within the council;

(b) explains the council's underlying approach to risk management documenting the roles and responsibilities of members, officers and other key parties for the ongoing management of risk as well as explaining key aspects of the council's risk management process; and

(c) forms part of the council's overall internal control and governance arrangements.

The council's Constitution clearly sets out that the council shall manage its risks through a planned, commercially balanced and systematic approach to its identification, evaluation and control. The objectives of risk management shall be to safeguard the council's position and to ensure its financial and organisational well-being. It sets out the role of Audit Committee and that of council officers. A link to the Constitution is shown below:
http://www2.walsall.gov.uk/CMISWebPublic/PublicDocuments.aspx?folderID=2

It is important to understand that risk management is about being risk aware and making the most of opportunities, rather than being risk averse and avoiding risk altogether. In order to meet our objectives it is appreciated that some risks must be taken. It is important, however, that these risks are actively managed. One of the biggest risks that Walsall Council could face would be to do nothing at all.

Risk management is the process by which risks are identified, evaluated and managed. It is integral to the framework for corporate governance and can have a major impact on the achievement of our key objectives and service delivery to the community. Effective risk management enables the council to minimise risk to service users, residents and partners as well as having positive effects on community safety and environmental impacts which, in turn, reflects on the council's overall performance, reputation and customer perception. The Corporate Risk Management Strategy (CRMS) will help support and underpin our priorities.

Risk management is integral to a well managed council. It is crucial that the aims and objectives of directorates or the council as a whole can be clearly linked with the risks involved. This strategy seeks to ensure that the risks to services achieving their aims and objectives are identified and effectively managed.

2. Context

As well as being considered best practice and being integral to corporate governance it is also a statutory requirement. The Accounts and Audit Regulations 2011 require the council to have in place arrangements for the management of risk.

Regulation 4(1) states *"the relevant body* (The Council) *is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.*

Regulation 4(2) states *"the relevant body* (Audit Committee in Walsall) *must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review the body or committee must approve an annual governance statement, prepared in accordance with the proper practices in relation to internal control.*

In 2004 "The Good Governance Standard for Public Services" was issued and a further update on corporate governance is contained within the "Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities", published in the summer of 2007 by CIPFA. This expands on the six core principles of good governance in "The Good Governance Standard for Public Services" and states that:

> "Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound".

Part 4 of the council's Constitution (Section 7 – Financial Rules, paragraphs 4.1 and 4.2) places responsibility with all managers to ensure they perform their duties in accordance with the council's risk management framework (this includes identifying, evaluating, recording and managing the risks existing within their service area) and maintaining sound systems of internal control within their area of service delivery. The link below details the relevant sections:
http://www2.walsall.gov.uk/CMISWebPublic/Binary.ashx?Document=13198

The key aspect of the system of internal control is the identification of key risks to the organisation and key controls needed to mitigate these risks. The annual governance statement (AGS) is required to be signed by the Leader of the council and the Chief Executive.

The CIPFA/SOLACE document; *"Corporate Governance in Local Government – A Keystone for Community Governance"*, which comprises a framework and guidance notes, is generally adopted as national best practice. The framework comprises five themes, with risk management being one of them. The framework has been assessed by Walsall Council and relevant extracts incorporated into our Risk Management Strategy where it is deemed to be a good fit with the organisation.

The concepts within the CIPFA/SOLACE document were further updated in 2004 with the publication of "The Good Governance Standard for Public Services" which describes six

core principles, one of which is "taking informed transparent decisions which are subject to scrutiny and managing risk". The "Delivering Good Governance in Local Government: Framework and Guidance Note for English Authorities", published in the summer of 2007 by CIPFA, builds on this core principle with Section 8 of the guidance note relating specifically to risk management. This states that:

> "Good governance requires that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job".

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.

The benefits of having a risk management strategy

- Risk management will alert Cabinet, Audit Committee, the Corporate Management Team and other stakeholders to the main service and financial risks. This will allow early and proportionate management handling.
- If managed well and appropriately it should contribute to better decision making and the achievement of 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.
- Provides assurance to members and management on the adequacy of arrangements for the conduct of business and the use of resources. This links in to the completion of the annual governance statement whereby Audit Committee, the Leader of the Council and the Chief Executive must annually certify the effectiveness of internal controls within the council Risk management informs this process and should be used to demonstrate that the organisation is actively identifying key risks, reviewing the appropriateness and effectiveness of key controls against these risks, highlighting areas of significant control weakness and demonstrate that these are being actively addressed.
- 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 at an early stage and ensuring that processes are not over engineered, are fit for purpose, and are achieving a behavioural shift risk, management will encourage a cultural change that will result in positive pay back.

Risk management is not 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 officers and members. It can help us to demonstrate openness, integrity and accountability in all of our dealings. It should be 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.

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

Use of a sound risk management approach should achieve many benefits for Walsall Council. It will assist in demonstrating that we are continuously improving and have effective governance.

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

- 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.
- Integrate risk management into the culture of the organisation.
- Anticipate and respond to changing social, political, environmental and legislative requirements.
- Mitigate against and, where possible, prevent injury, damage and losses and reduce the cost of risk.
- Raise awareness of the importance and need for risk management by all those connected with the council's delivery of services.

These objectives will be achieved by:

- Establishing clear roles and responsibilities 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 providing training.
- Incorporating risk management considerations into all levels of service planning and delivery.
- Monitoring of arrangements, at all levels, on an on-going basis.

The following section details the agreed arrangements that should operate to ensure the effective management of risk across the council.

It should be noted that whilst the council has developed an approach that best meets its own needs the arrangements take into account national good practice, where appropriate for Walsall.

3. The Risk Management Process

For this strategy to be effective there must be a commitment to implement it throughout the council. Members, The Chief Executive, Executive Directors, Assistant Directors and Heads of Service should be able to demonstrate their commitment to risk management by identifying, profiling and prioritising corporate and cross-cutting risks.

To enable this to happen the council has adopted an established risk management methodology to identify risks associated with its activities enabling it to assess risks in terms of likelihood and impact and evaluate reduction and mitigating measures.   The diagram below identifies the risk management cycle.
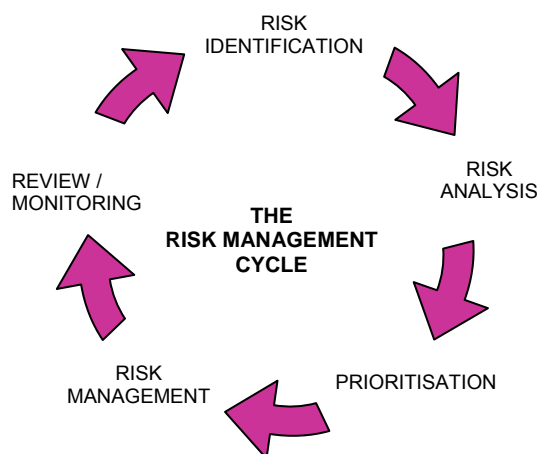
A training programme has been developed to ensure members, managers and all employees understand and implement this methodology.   The way in which risk is managed within existing processes throughout the organisation is detailed in section 4.

The management of risk is woven throughout the council's key governance frameworks and as such there are specific requirements for all officers to adopt a formal approach to risk management in the following areas:
● Key decision making reports
● Corporate, directorate and business planning processes
● Programme and project management
● Procurement processes
● Partnership working arrangements
● Change management processes
● Service delivery

A formal approach to risk management will involve, for example, undertaking a risk assessment or detailing risks in a report. The council recognises that the approach to risk management should, at all times, be proportionate to the level of risk present.

This strategy is just one part of the council's risk management framework, which also includes a 6 x 4 risk matrix scoring system, risk assessment template/management action plan and service continuity planning templates. The full methodology is available at:
http://inside.walsall.gov.uk/index/service_information/risk_and_insurance.htm
The Chief Executive, Executive Directors / Assistant Directors / Heads of Service and service managers have the responsibility to ensure that all of their staff adhere to the risk management framework.

4. Embedding Risk Management – Establishment of Risk Registers, Risk Escalation and Devolvement

Risk management enables the proper consideration of strategic, operational and cross cutting risks. It is an integral part of corporate planning, and corporate governance. The diagram below identifies the way in which risk is embedded throughout the organisation.
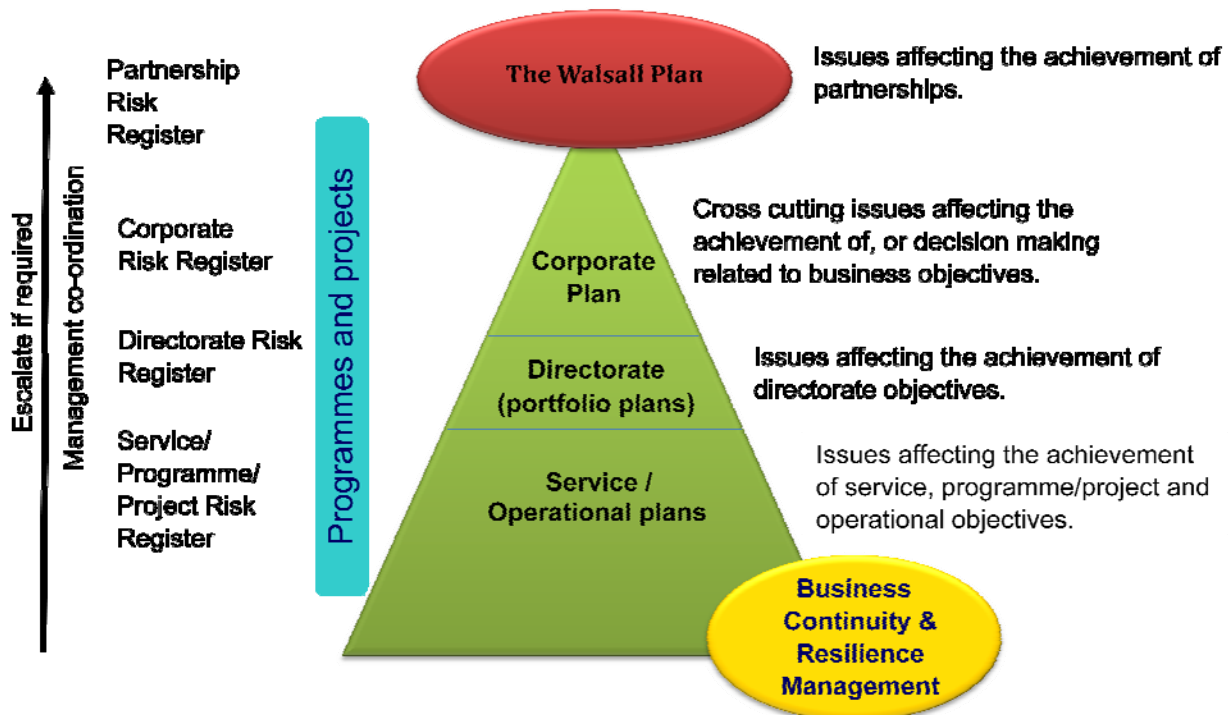
Corporate Risk Register

Within the corporate planning process the risks to achieving the corporate objectives will be identified, prioritised and managed via the Corporate Risk Register. The responsibility for managing these risks resides with CMT and relevant members where appropriate. Individual risk owners are required to review the strategic risks regularly to ensure that key risk management actions are being implemented in a timely manner. Reports are made to members and risk owners can be called on to discuss the activities being undertaken to manage the risk.

From time to time, risks may be considered as no longer appropriate to be included within the Corporate Risk Register either as a result of the risk no longer existing or being reduced to an acceptable level. In the case of the latter, following agreement by CMT, the risk may be devolved to a directorate risk register.

Part of the role of managing risk is the systematic review of internal and external activities to enable the early identification of emerging or changing risks. This is known as horizon scanning. This co-ordinated by the risk management team and items identified are reported to CMT for consideration and identifying at the level at which risks should be managed.

Directorate Risk Registers

The risks to achieving the Directorate objectives will be identified, prioritised and managed via the directorate risk register. Responsibility for managing those risks rests with the directorate management teams. The register should be regularly reviewed at management meetings with key risks that may impact on the delivery of the corporate

objectives being referred to CMT for consideration and, where appropriate, elevation to the Corporate Risk Register.

Service Risk Registers

The risks to achieving the service objectives should be identified, prioritised and managed via a service risk register. Responsibility for managing those risks rests with the Head of Service with key risks that may impact on the delivery of the directorate objectives being referred to Directorate Management Teams for consideration and, where appropriate, elevation to the Corporate Risk Register.

Programmes / Projects / Business Change

Any newly identified risk and opportunities from programmes, projects and business change initiatives will be included in relevant registers. Any key risks facing individual programmes / projects may be referred to the directorate management team for consideration and inclusion in the directorate risk register.

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 is available to ensure that there is robust governance across all partnerships which includes the management of risk. All officers will be required, when entering into any future partnerships, to ensure that they do so within these approved protocols. The link to the partnership protocol / toolkit can be found at:
http://inside.walsall.gov.uk/partnership_toolkit_v01.doc.

Any key risks should be referred to directorate management teams for consideration and, where appropriate, inclusion in the directorate risk register.

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.

There is increasing pressure on local authorities to deliver its services though partnership working, shared services, outsourcing etc. This requires resilience to be built into the organisation through its contractual and partnership arrangements to ensure the robustness of the partner organisations to continue to deliver these services and the early identification of contingency plans in the event of supplier failure. The council's business continuity management policy can be found at:
http://inside.walsall.gov.uk/bcm_policy_v2.pdf.

Any key risks can be referred to directorate management teams for consideration and, where appropriate, inclusion in the directorate risk registers.

5. Roles, Responsibility and Authority

In order to ensure the successful implementation of this strategy, the key roles and responsibilities of individuals and groups have been established and are set out below:

Group / Individual	Role / Responsibility
The Council	• Ensure that the financial management of the council is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions and includes arrangements for the management of risk.
All Members	• Support and promote risk management. • Consider the risks involved in any key decisions made.
Cabinet	• To endorse the council's Risk Management Strategy. • To have regard for the risks faced by the council within the Cabinet decision making process.
Portfolio Holders	• Support the development and have a shared understanding of the risk registers that relate to their portfolio, working with officers to ensure the effective management of identified risks via monthly update meetings with relevant directors.
Audit committee	• To provide independent assurance of the adequacy of the risk management framework and the associated control environment • Consider the effectiveness of the Councils risk management arrangements • Seek assurances that action is being taken on risk related issues identified by auditors and inspectors • Review the effectiveness of key control strategies including risk management. • Approve the CRMS
Chief Executive and Corporate Management Team	• To ensure that the corporate risk register reflects those organisational risks which may prevent it delivering on its objectives for Walsall residents and service users and manages these in an appropriate and proportionate way. • To determine the council's overall approach to risk management and supporting processes. • Support and promote risk management throughout the council. • To oversee the development / review of the council's Risk Management Strategy / Framework. • To take responsibility for ensuring that risk management is embedded in business processes, including financial planning, performance management and the council's decision making processes.
Directors / Assistant Directors / Heads of Service	• To ensure that the risks which may prevent the Directorate/Service from delivering its objectives for Walsall residents and service users are identified and managed these in an appropriate and proportionate way. • To ensure that risk management is implemented in their directorate. • To ensure that portfolio holders are briefed on significant risks that fall within their portfolio and actions to address these.
Risk Champions	• To support the continued development of risk management by embedding risk management in the day to day running of their

Group / Individual	Role / Responsibility
	respective directorate and acting as a point of contact to provide support and information as appropriate.
Risk Owners	• To ensure that adequate resources are allocated to managing risks, confirming the effectiveness of mitigating actions and identifying further action where necessary.
Lead Officers	• Ensuring that proposed mitigating actions are implemented.
Internal Audit	• To review and evaluate identified risks and mitigating actions to ensure that they have been implemented and are effective. • Make recommendations on further risk management actions to be considered. • To provide assurance on the effectiveness of controls, including annual assessment of the council's risk management and internal control mechanisms as part of the AGS.
Risk Management and Insurance Service	• To ensure that the Risk Management Framework, including the Strategy and guidance, are kept up to date and reflective of best practice and the organisation. • To provide support on risk management across the council. • To co-ordinate the reporting of the corporate risk register to senior officers and Members and provide assurance as appropriate. • To identify and analyse key new and emerging risks and report to CMT for consideration (horizon scanning). • Communicate risk management information across the council through risk reviews and training sessions. • Consider and implement recommendations on possible actions in respect of operational risks or loss control initiatives. • To consider insurance management information reports, and take forward any identified initiatives arising from them.
All Employees	• To understand the risks that relate to their role and activities and their role in reporting on and managing these. • To report new or emerging risks in a timely manner.

Evidence to support effective Risk Management

Whilst it is primarily management's responsibility to understand, identify and manage risk, these arrangements will also be subject to audit as part of aspects of the external and internal auditors annual work programme. Therefore, adequate arrangements should be in place to demonstrate effective risk management. Advice on this should be taken where appropriate; however the following should provide satisfactory evidence;

- Corporate Risk management strategy
- Contract/programme/project proposal review and sign-off.
- Directorate / Service Risk Registers, and their associated action plans
- Programme/project/risk assessments and registers.
- Contractual/contract risk assessments/registers/
- Business continuity/contingency/emergency plans
- Reports/minutes: council, cabinet, CMT, audit committee, management team meetings.

- Governance arrangements and plans for significant partnerships including risk management.
- Partnership risk registers/assessments/initiation documents/protocol.
- Procedure notes and manuals for business critical systems.

6. Useful Contacts

Link to website:
http://inside.walsall.gov.uk/index/service_information/risk_and_insurance.htm

Contact Officers:
Senior Finance Manager - Financial Reporting, Resources, Financial Projects and Risk & Insurance ☎ 652340
Risk, Insurance and Loss Control Manager   ☎ 650543
Risk Management Officer.   ☎ 653792

Audit Committee – 24 February 2014

Revised Corporate Risk Management Strategy (CRMS) – 2013/14

List of Associated Documents Referenced Within the CRMS

1.   Extract from Council's Constitution - Part 4, Section 7 – Financial Rules, paragraphs 4.1 and 4.2

2.   Risk Toolkit – Risk Matrix

3.   Risk Toolkit – Risk Assessment

4.   Risk Toolkit –Risk Management Action Plan

5.   Risk Toolkit - Example Risk Register

6.   Extract from Partnership Toolkit – Section 8 - Risk Management

7.   Extract from Business Continuity Management Policy – Section 5.6 Risk Management

Appendix 1 – Extract From Council's Constitution - Part 4, Section 7 – Financial Rules, paragraphs 4.1 and 4.2

4.   Risk management and control of resources

4.1   Purpose

All officers involved in risk management and control of the Council's resources shall take appropriate action concerning:

(a) The need for adequate risk management and insurance, and

(b) Provision of adequate controls.

4.2   Risk management and insurance

1.   Risk shall be defined as the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. The Council shall manage its risk through a planned, commercially balanced and systematic approach to its identification, evaluation and control. The objectives of risk management shall be to safeguard the Council's position and to ensure the continued financial and organisational well-being of the organisation.

2.   The Audit Committee shall have overall responsibility for approval of the Council's risk management strategy, and shall promote a culture of risk management awareness throughout the authority.

3.   The Council's risk management and insurance officers shall ensure:

(a) Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority,

(b) A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls,

(c) Managers are made aware of their responsibility for managing relevant risks and are provided with relevant information on risk management initiatives,

(d) Provision exists for losses resulting from the risks that remain,

(e) Procedures require investigation of claims within required timescales,

(f) Acceptable levels of risk are determined and insured against where appropriate, and

(g) The Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources or significant interruption to the provision of services.

4.   Managers shall ensure that they perform their duties in accordance with the

Council's risk management framework.
Appendix 2 - Risk Toolkit – Risk Matrix

Likelihood					
6	6	12	18	24
5	5	10	15	20
4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	**2**	**3**	**4**

Impact

Likelihood

6	Very High
5	High
4	Significant
3	Low
2	Very Low
1	Almost impossible

Impact

4	Catastrophic (affects all of the objectives)
3	Critical (affects most of the objectives)
2	Marginal (affects some of the objectives)
1	Negligible (little effect to objectives)

1 - 3   = Low   (Green)
4 - 12 = Medium   (Amber)
15 – 24 = High   (Red)

Appendix 3 – Risk Toolkit - Risk Assessment

Summary of Risk: _____

Date of Assessment: _____

	IDENTIFYING THE RISK				
Ref	**Risk**	**Consequence**	**Assessment of Risk**		
	(ie: Threat to the organisation)		**I** **1 - 4**	**L** **1 - 6**	**PR** **IxL**

Rating Scores: <u>**Impact:**</u> **Catastrophic = 4** **Critical = 3** **Marginal = 2** **Negligible = 1**
  (Affects all of the objectives) (Affects most of the objectives (Affects some of the objectives) (Little effect to objectives)

  <u>**Likelihood:**</u> **Very High = 6   High = 5   Significant = 4   Low = 3   Very Low = 2   Almost impossible = 1**

Appendix 4 – Risk Toolkit - Risk Management Action Plan

Insert risk no	*Insert risk title:*	**Last Reviewed**	**Last Updated**	**Current Risk Score**	**Target Risk Score**	**Achieved by**
		Insert date	*Insert date*	(IxL) ?x?=?	(IxL) ?x?=?	*Insert date*

Risk Owner: *Insert job title (and initials)*

Risk Description

Insert description

Key mitigation activities

●	*Insert job title (and initials)*
●	*Insert job title (and initials)*
●	*Insert job title (and initials)*

Further Actions/Controls required: ● ●	By Who: *Insert job title (and initials)*	When: *Insert date*

Progress to Date

AUDIT CTTEE – CRMS 24.2.14

Appendix 5 – Risk Toolkit – Example Risk Register

No.	Description of Risk	Risk Owner	Lead Officer	MONTH & YEAR						AM / AO	OVERVIEW			
				Risk rating	Score Priority	Risk Rating	Score Priority	Risk Rating	Score Priority		Trend	Current Status	Target	RMAP
1				The actual risk score (IxL)	H						⇔	🔴 R		N/C
2					M						⇩	🟠 A		U/D
3					L						⇧	🟢 G		
4											NR			
5											RM	☑		
6														
7														

AM / AO: AM = ACTIVELY MANAGED   AO = ACTIVELY OBSERVED
RMAP: NR = NEW RISK   RM = RISK MANAGED N/C = NO CHANGE   U/D = UPDATE

AUDIT CTTEE – CRMS 24.2.14

Appendix 6 – Extract From Partnership Toolkit – Section 8 - Risk Management

8   RISK MANAGEMENT

Risk management enables the Partnership to effectively manage strategic decision making, service planning and delivery to safeguard the well-being of its stakeholders and is crucial to the achievement of all its objectives.

Risk management is a principal element of excellent corporate governance. The process involves identification, analysis, control and monitoring of risks and the maximisation of opportunities that can impact on the Partnership's aims and objectives. It is therefore important that robust risk management arrangements are in place. A critical aspect of the corporate risk management strategy is to ensure that risks are openly discussed where the potential impact of the risk can be fully assessed and mitigation measures put in place.

The partnership protocol and toolkit clearly define the steps that partnerships should take in assessing their risk profiles. In the absence of partnerships conducting a risk assessment the council could be exposed to unidentified high profile risks. There is, therefore, a requirement that a risk assessment is undertaken by each partnership at least as part of the annual performance review.

Aims of Risk Management in Partnerships

- The partners are aware and understand the nature and extent of the risks they face individually and in partnership working.
- To have an effective strategy in place to manage those risks within the Partnership.
- Everyone effectively manages risk to ensure the Partnership's objectives are achieved.

The council has an agreed risk management methodology which it uses to manage all aspects of risk across the council. This also applies to its partnership arrangements and where possible it encourages shared risk registers with its partner organisations or attempts to encourage its partners to adopt the same corporate methodology. It is imperative to the success of the partnership that risk management procedures must be applied effectively in all cases and throughout the life of the partnership. This will ensure that risks are identified and managed at an early stage and, in particular, ensuring the effectiveness of monitoring and ensuring mitigation action is taken.

However, where the partner already has risk management practices in place the council must satisfy itself that these practices are robust and meet the same criteria as the council's corporate methodology.

As part of the business case evaluation, a full risk assessment must be carried out in accordance with the council's risk management framework. The Risk and Insurance team has produced a specific risk management partnership working document http://inside.walsall.gov.uk/risk_and_insurance.

For any further information or guidance on risk management contact the **Risk and Insurance Section**.

Risk management does not stop once an initial business case has been made. Good risk management is key to delivering successful outcomes. Stakeholders in the partnership should achieve a common understanding of:

- The potential adverse conditions or opportunities associated with achieving partnership objectives;
- Their relative seriousness or where opportunities exist; and
- How adverse conditions can be managed or opportunities exploited.

A designated member of the partnership board should be responsible for maintaining a risk register. It should specify those responsible for managing the action plan to reduce individual risks.

The partnership board should ensure that effective risk assessment is undertaken in all key decision-making processes, and that the partnership implements risk management plans to reduce identified risks, set clear deadlines and allocate responsible individuals for particular tasks.

The partnership Memorandum of Understanding should mention the matter of shared risk assessment and risk management mechanisms. Other partnership documents need to identify in detail what systems are in place to monitor, review and evaluate risk and who is responsible for ensuring this is done.

Partnership working is often about accepting higher risks and sharing risk as part of developing new ways of working. This needs to be balanced against the organisation's statutory acceptable levels of risk. Partnership working can also offer additional ways of reducing risk or eliminating elements of it.

As well as risk management plans there need to be business continuity plans covering what actions will be taken if risks are realised. For advice on Business Continuity Planning contact the **Resilience Unit**.

It is important to note that as part of the management of risk, insurance is a method of risk transfer. Appendix 8 sets out a number of areas where insurance decisions may need to be taken by the partnership. Further advice and information can be obtained from the council's **Corporate Risk and Insurance Manager**.

Appendix 7 – Extract From Business Continuity Management Policy - Section 5.6 - Risk Management

5.6   All Business Continuity Planning will be undertaken in close consultation with local Emergency Planning arrangements. The business continuity management process will utilise both internal risk assessments and the Community Risk Register to effectively assess risk.