Council – 21 April 2008

Corporate Risk Management

Service: Performance Management – Risk Management

Wards: All

Summary of report

This is the third annual report to Council outlining the council's risk management strategy. The effective management of risk is critical to the successful operation of our business and is effectively measured within the Corporate Performance Assessment (CPA). The council's strength in this area is enhanced in scoring the maximum score of 4 in the risk management section of the 2006 and 2007 Use of Resources (CPA) assessment. This report briefly outlines corporate risk management arrangements and a summary of progress over the past 12 months.

Recommendations

Council are recommended to:

(1)   Note the report and appendix which set out the range of activities that have embedded risk management in all council activities.

(2)   Acknowledge the work undertaken by the Audit Committee 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 (Audit Committee fulfil this role) receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being identified and effectively managed. This includes the reporting to full council as appropriate, but at least on an annual basis, and provides the basis for this report. The council's revised risk management strategy was presented to and noted by Council in April 2007. This strategy has been reviewed (**Appendix 1**) and was approved by Audit Committee on 15 January 2008 and endorsed by Cabinet on 16 April 2008. This document takes account of the prevailing internal and external environment.

Resource and legal considerations

Risk management is a key aspect of the governance framework and an integral part of service planning. It enables resources to be targeted appropriately, projects to be managed effectively and our risk exposure to be minimised, whilst ensuring that we are able to seize and maximise our opportunities. Effective risk management can also assist in reducing insurance costs and mitigating legal claims. It also ensures that we meet our statutory requirements under regulation 4(1) and 4(2) of the Accounts and Audit Regulations 2006.

Citizen impact

Proactive risk management enables the council to maximise opportunities and minimise risks to service users, residents and other stakeholders. A cohesive 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 and work in 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 and risk management issues

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; and the requirements of the new white paper – strong and prosperous communities. 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 1 April 2009. Our risk management arrangements are formally (and will continue to be) reviewed annually by our external auditors under the CPA Use of Resources assessment.

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.

The strategy has been endorsed by Cabinet, Audit Committee and the Corporate Management Team (CMT) and is clear evidence of the recognition of the importance and value of risk management. It 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 has the regulatory responsibility for risk management the further endorsement by Cabinet and Council strengthens the 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 risk 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 the delivery of equality.

Consultation

Audit Committee has overall responsibility for ensuring effective risk management in 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 and monitoring 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. There is a core risk champions group where all directorates are represented and best practice, experience, new initiatives and information is discussed, shared and disseminated across 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

Corporate risk management strategy at **Appendix 1**.

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Tim Johnson – Executive Director
27 March 2008

1.   Embedding risk management

1.1   The council is recognised as having strong risk management arrangements. This is evidenced in scoring the maximum of 4 in the risk management section of the 2006 and 2007 Use of Resources CPA assessment. However, we recognise that risk management continues to evolve and an action plan is used as a rolling document to secure the continuous improvements to this area of work, as with any area of activity in the organisation.

1.2   A great deal of work has been undertaken over the past year to develop and enhance the robust risk management structure already in place. A number of these key areas are detailed below. This list is not exhaustive as much work is undertaken at operational level throughout the organisation.

- Strategic risks continue to be prioritised and actions agreed. CMT have managed 41 key strategic risks since the establishment of the strategic 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 on to the strategic risk register.

- The corporate project register (which is split between strategic and other projects) ensures that risk is identified and managed within all projects with 46 being selected for review. Of these all were managing risks in accordance with the corporate structure. The Walsall Project Approach (WPA) has also been developed, a significant part of which relates to risk management.

- A corporate group has been established to review partnership arrangements across the council. The Partnership Governance Group (PGG) are tasked with delivering partnership governance and appropriate documentation. It is anticipated that the outcome will deliver a comprehensive partnership register, partnership initiation documentation, a code of practice for partnerships and a partnership toolkit. The management of risk will form an integral part of these documents and, where possible, partners will be encouraged to adopt the council's methodology.

- We have a member champion for risk management who continues to be 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 130 officers.
  - Risk management awareness sessions (33 trained this year giving a total of 323 staff trained to date)
  - A training plan has been developed. The training plan captures both officers and members at all levels within the organisation in order that training can be tailored to their specific needs with regard to the roles and responsibilities that they hold.

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 28 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 risk management strategy has been updated and is at **Appendix 1**.

- 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.

- The council's approach to risk management has enabled an extremely successful outcome to the tender for the council's insurance arrangements which indicates insurer confidence in the way in which the council manages its risks (both strategically and operationally).

2.   Corporate Risk Management Action Plan (CRMAP)

2.1   This continuous improvement plan is informed by our own professional knowledge, emerging best practice and findings from inspections. It also includes the actions to respond to the new CPA Key Line of Enquiries (KLOE) inspection framework for 2008. This 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.

3.   CPA – Key Lines of Enquiry (KLOE) 2008

3.1   A gap analysis has now been produced which has highlighted four main areas which are significant if the council wishes to achieve level 4 CPA under the new 2008 regime. These areas are as follows:

- All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.
- The members with specific responsibility for risk management have received risk management awareness training.
- All members receive risk management awareness training appropriate to their needs and responsibilities.
- Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.

The CRMAP has been updated to reflect these areas and the action required to ensure that the significant development work that will need to be undertaken is addressed.

3.2   The KLOE places much emphasis on the involvement of councillors in the management of risk. In particular it seeks assurance that:

- Staff and councillors jointly champion and take overall responsibility for embedding risk management.
- There is a member committee with specific responsibility included in its terms of reference to consider corporate risk management.
- The members with specific responsibility for risk management have received risk management awareness training.
- The member committee with responsibility for risk management receives reports at least quarterly and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council at least annually.
- A senior officer and member jointly champion and take overall responsibility for embedding risk management throughout the council.

The work undertaken over the past twelve months has contributed to the successful delivery of these requirements.

4.   Current and Future Developments

4.1   <u>Use of resources 2009 - CPA</u>

Currently auditors evaluate performance and make scored judgements each year on five key themes of financial reporting, financial management, financial standing, internal control and value for money. Under the proposed approach for 2009 the overall judgement will be based upon the evidence from three themes scored by the auditor on:
- managing money, with a particular emphasis on efficiency, with a proposed KLOE focusing on understanding costs and achieving value for money,
- managing the business, including how commissioning services and procurement are used to improve efficiency and effectiveness in the achievement of better outcomes, and
- managing other resources (how organisations use their other resources more sustainably, effectively and efficiently to deliver their strategic objectives).

4.2   **Managing the business**

Whilst risk management is inherent in all three categories the "managing the business" theme is where this element is strongly focussed. The managing the business theme will assess the quality of leadership in bodies in setting clear priorities and arrangements for their effective delivery. It will incorporate important aspects of the current use of resources theme on internal control, risk management and counter fraud and will place new emphasis on current national priorities such as those stated by *Strong and Prosperous Communities* including commissioning and procurement and working effectively with partners. This, in effect, has again "raised the bar" and will increase the challenge for the council to meet these requirements. Work is currently being undertaken to consider the

impact of these changes on how risk will be managed within the organisation in future. Actions arising from this analysis will be fed into the CRMAP.

4.2   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 the 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 being given to the way in which operational risk assessments will be undertaken and reported.

Corporate Risk Management Strategy

Version 1.2
January 2008

Walsall Council

January 2008

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Foreword

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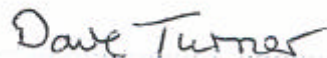
The strategy enables everyone involved with the delivery of council services to have a thorough understanding of how important the management of risk is to them achieving the objectives of their service in serving the people of Walsall.

Comprehensive risk management processes used throughout the organisation supports our effective and efficient use of resources, ensuring continuous improvement in our services. Everyone within the organisation has a role to play. By fully implementing this policy a 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).
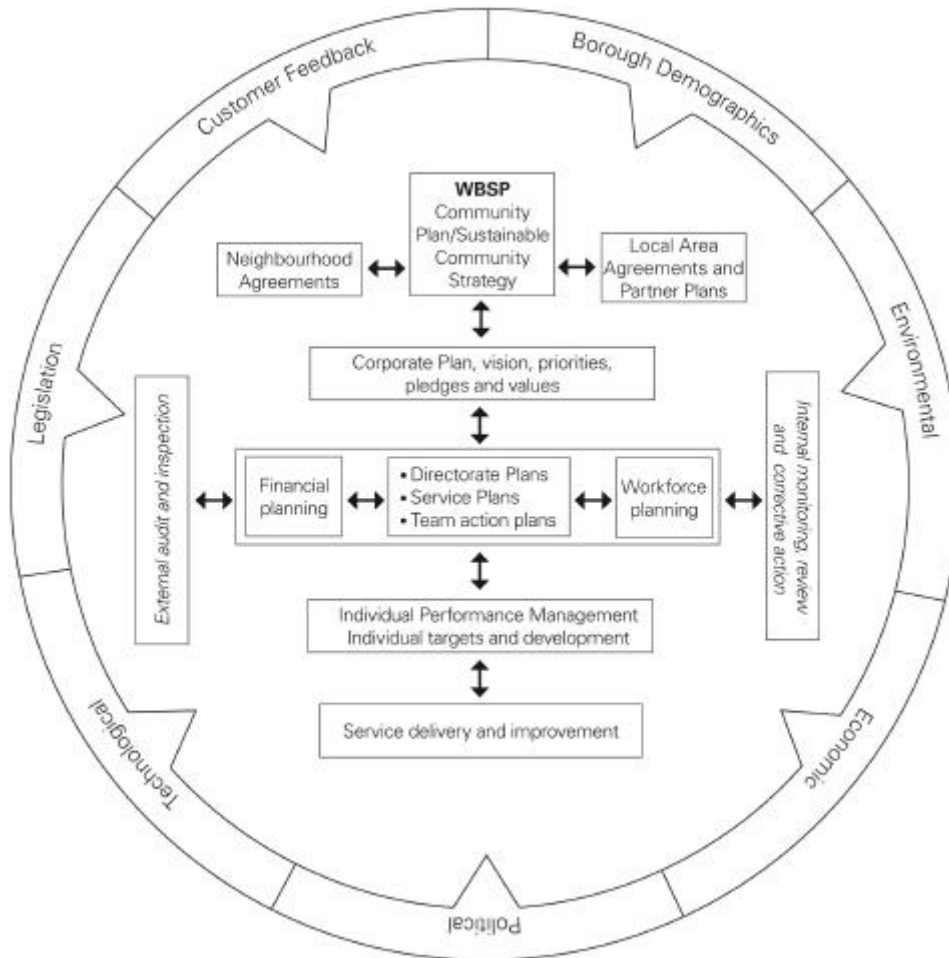

Paul Sheehan
Chief Executive
14 February 2008

Councillor D Turner
Chair of the Audit Committee
14 February 2008

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 this vision a new outcomes framework and key organisational drivers has been developed 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 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 citizen outcomes are customer facing, and will be 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

This shared vision, together with the new outcomes framework, provides the focus and structure for directorate, service and team plans for 2008/09 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.

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 when 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 Executive Director (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.

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 2006 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. In addition the corporate assessment for Comprehensive Performance Assessment (CPA) includes risk management arrangements and the Use of Resources assessment includes several detailed references to risk management within internal control theme.

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 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 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.

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.
- Participate in the core risk champions' forum.
- 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.

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 it 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 statement of internal control (SIC);
- 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 processes;
- 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 key characteristics for risk champions:-

- the ability to provide strategic leadership and contribute towards change management agenda.
- being able to think 'big picture' and from a corporate perspective.
- strong communication skills.
- the ability to work with all levels within the directorate.
- training competence and confidence to transfer skills to others.
- facilitation and interview skills.
- the ability to work with all levels within the directorate.
- training competence and confidence to transfer skills to others.
- facilitation and interview skills.
- the ability to promote a 'new' way of thinking and working.
- an understanding of the benefits or risk management.

Corporate Risk and Project Manager

The corporate risk and project 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, procurements, 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.

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.

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 project 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, BVPIs and programmes/targets;
- embed risk management into all programmes, projects and partnerships undertaken to deliver the service;
- ensure all operational areas have 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 managers 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;
- 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.

RISK
IDENTIFICATION

RISK
ANALYSIS

MONITORING

**THE
RISK MANAGEMENT
CYCLE**

RISK
MANAGEMENT

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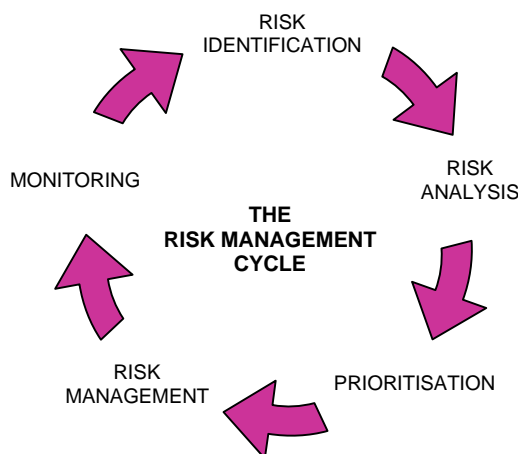
A training programme has been implemented to ensure members, managers and all employees understand and implement this strategy. The way in which risk is managed within existing process throughout the organisation is detailed below:

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/CA 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 CPA Key Lines of Enquiries (KLOE) inspection framework for 2006 and the CPA – Corporate Assessment. 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 strategic 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, BVPIs, 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. Programme 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 strategic 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.

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.

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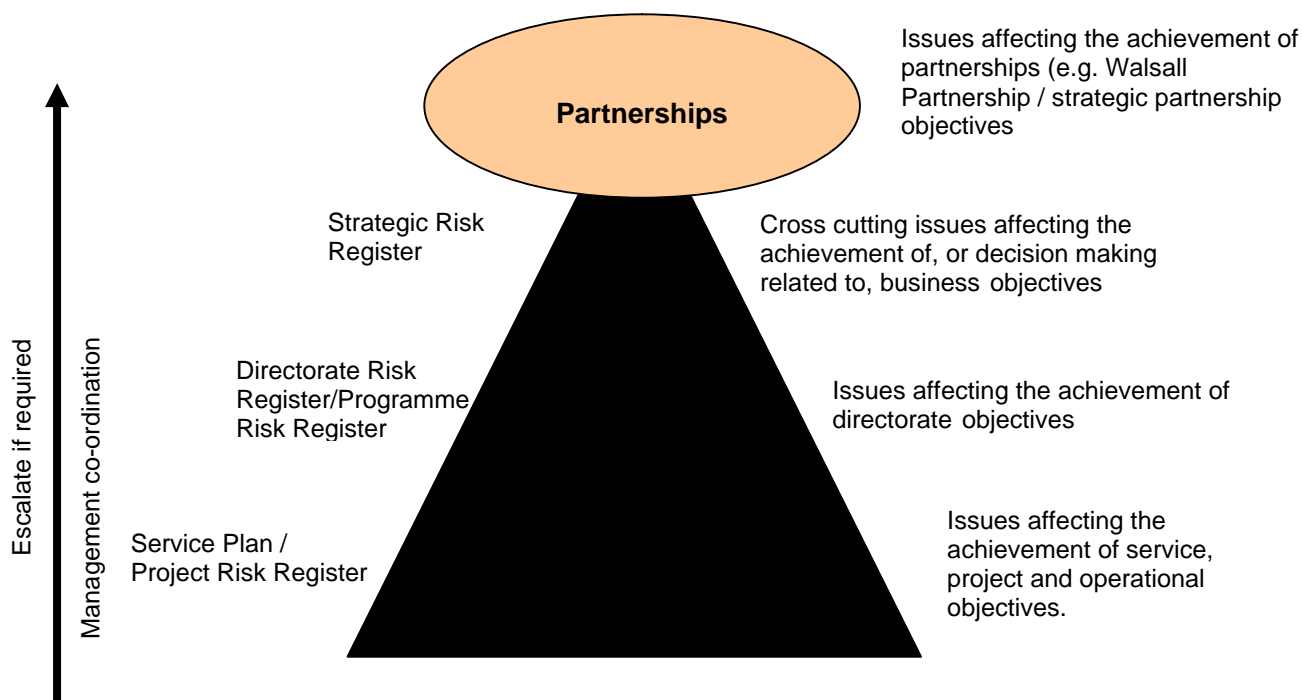
This strategy, the information contained within the risk management policy statement and the risk management methodology provide a framework to be used by all levels of staff and members in the embedding of risk management as an integral part of good management and good business practice. The milestones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

Milestone	Frequency
CMT monitor agreed corporate actions and assess additions/deletions to strategic 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 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 objectives.	Through performance

	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
Statement on Internal Control (incorporating risk management) made by Leader, Chief Executive and Executive Director (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.	Quarterly following CMT
Audit Committee to review SRR, 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
- 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: council, cabinet, CMT, audit committee

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.

CA: Corporate Assessment

Comprehensive Performance Assessment: An Audit Commission inspection process aimed at helping councils delivers 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: 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: 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 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

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central Government policy or meet the local administration's manifest commitment	• 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	• 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	• 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	• 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
Legislative	Associated with current or potential changes in national or European law	• 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	• 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	• Staff restructure, key personalities, internal capacity, • Lack of management support. • Loss of key staff, recruitment and retention issues • 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	• 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	• Client brings legal challenge
Physical	Related to fire, security, accident prevention and health and safety	• 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	• 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	• Fail to win quality accreditation, position in league tables
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	• 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 • Loss of independence and need for social care support • Healthy and safety risks • Impacts on health inequalities