

**Agenda Item No 6(d)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**16 March 2020**

**Report of the Director of Finance & ICT**

**APPROVAL OF THE 2020-2021 RISK STRATEGY  
(CORPORATE SERVICES)**

**1 Purpose of the Report**

The report is to seek Cabinet approval to the 2020-2021 Risk Strategy and associated implementation plan.

**2 Information and Analysis**

Risk Management is an integral part of the Corporate Governance Framework of the Council.

The Risk Management Strategy will assist the Council in practising good corporate governance by reducing risk, stimulating performance throughout the Council, enhancing services, Value for Money and improving leadership, transparency and social accountability.

How successful the Council is in dealing with the risks it faces can have a major impact on the achievement of our key objectives and service delivery to the community. This Strategy will help support the corporate agenda and underpin the key Council Plan objectives.

The Risk Strategy has undergone a significant overhaul to enable the Derbyshire's transition to an enterprising model. As risk changes through the evolution of the Council Plan, it is vital to ensure that the risk model is fit for purpose and in line with these altering opportunities and hazards. This will enable the Council to be aware of the risks and opportunities that are presented within a clear framework of assessment and identification.

As the Council is committed to adopting best practice in its management of risk, the Strategy is designed to ensure risk is of an acceptable and tolerable level in order to maximise opportunities. The Strategy will also assist the Council to demonstrate it has full consideration of the implications of risk and the mitigations required to ensure the delivery and achievement of the Council's outcomes, strategic aims and priorities.

The Council will adopt an open approach to risk and strive to be risk aware. Being prepared to accept risk at a tolerable level that can be managed and mitigated whilst ensuring that the most vulnerable are protected and there is increased collaboration with our partners, communities and residents.

The implementation plan sitting behind the strategy is ambitious and seeks to raise the Council's CIPFA benchmarking ranking from mainly at Level 1 "Engaging" to Level 4, "Embedded and Working" by 2022 which is detailed over pages 20 and 21 of the report.

### **3 Considerations**

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

### **4 Background Papers**

No

### **5 Key Decision**

No

### **6 Is it necessary to waive the call-in period?**

No

### **7 Officer's Recommendation**

That the Risk Strategy 2020-2021 and implementation plan is approved and adopted.

PETER HANDFORD

Director of Finance & ICT



# Derbyshire County Council

## Risk Management Strategy & Implementation Plan

### 2020-2021

## Version Control

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2.8	March 2020	Minor amendments following Cabinet briefing	Jane Morgan

## Contents

1. Introduction .....	3
2. Purpose .....	4
3. Risk Management Policy Statement .....	5
4. Risk Appetite Statement .....	5
5. Definition of Risk.....	7
6. ISO 31000 2018 Enterprise Risk Management Principles .....	7
7. Strategy Objectives and Outcomes.....	8
Risk Management and Corporate Governance.....	8
Risk Management Objectives .....	9
Risk Management Aims .....	9
8. Risk Management Methodology.....	10
Risk Scoring .....	10
Likelihood Scale.....	10
Impact Risk Scale.....	10
Risk Retention Threshold .....	12
9. Risk Management Culture.....	14
The Role of the Leader and Members .....	14
The Role of Audit Committee .....	14
The Role of the CMT Risk Champion.....	14
The Role of CMT.....	15
The Role of Strategic Risk Management Group (SRMG).....	15
All Employees.....	15
10. The Risk Management Framework .....	16
11. Roles and Responsibilities.....	17
12. Performance Management.....	19
Alignment to a risk maturity model .....	19
Success Criteria .....	19
Risk Management Performance Indicators .....	22
13. Implementation Plan .....	23
14. Resources and funding.....	26
15. External Influences.....	26
16. Strategy Consultation.....	26
17. Glossary.....	27

## 1. Introduction

The Council Plan 2020-2021 is clear in its ambitions for Derbyshire County Council to be efficient and high performing, delivering value for money services as well as becoming an Enterprising Council transforming its traditional service delivery models.

Fundamental to the Strategy is the identification, evaluation and treatment of risk, which together with a framework for continuous improvement to enable the Council to transition to an Enterprising model.

New service models will necessitate closer working arrangements with new and existing partners including public and private sector organisations, the voluntary and community sector in providing cost effective public services.

As risk changes through the evolution of the Council Plan, it is vital to ensure that the risk model is fit for purpose and in line with these altering opportunities and hazards. Therefore, the Council will adopt the ISO 31000 2018 Enterprise Risk Management Principles which will allow the Council to develop as an Enterprising Council.

This Strategy will underpin the Council's objectives by assisting Departments and Councillors to identify existing and changing risks as well as opportunities presented to enable the Council to make sound business decisions based on a robust framework.

The right risk strategy will:



## 2. Purpose

As set out in the “Working for Derbyshire” Council Plan the Council has clear ambitions for an efficient high performing Enterprising Council delivering Value for Money (VfM) services. This will result in a challenging and ambitious programme of transformation and change over the medium term 2020-2021. Fundamental to delivering these ambitions is the way the Council implements sound management of risks and opportunities.

The Council is committed to adopting best practice in its management of risk to ensure risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has full consideration of the implications of risk to the delivery and achievement of the Council’s outcomes, strategic aims and priorities.

The Council is clear that the responsibility for managing risk belongs to everyone across the Council and that there needs to be a good understanding of the nature of risk by all stakeholders. This is fundamental in making informed decisions and is becoming increasingly important as the Council pursues innovative ways of working in carrying out its service delivery.

The Council will adopt an open approach to risk and strive to be risk aware - being prepared to accept risk at a tolerable level that can be managed and mitigated whilst ensuring that the most vulnerable are protected and there is increased collaboration with our partners, communities and residents.

This Strategy and its objectives are inherent to good governance practices and they have been endorsed by the Council's Cabinet and Corporate Management Team (CMT). The content of this Strategy will be reviewed on an annual basis with any significant changes recommended to Cabinet for approval.

### **3. Risk Management Policy Statement**

The Council is committed to a proactive approach to risk management which is integrated into the policy framework, planning and budgeting cycles.

The Council recognises the value of maintaining an effective risk management culture which will seek to identify, analyse, manage and control the risks it faces.

The Council acknowledges that risk cannot be totally eliminated and may sometimes need to be embraced as part of an innovative approach to problem solving.

The Council is, within the above context, committed to the management of risk in order to:

- Deliver the ambition of an Enterprising Council.
- Ensure that statutory obligations and policy objectives are met;
- Prioritise areas for improvement in service provision and encourage meeting or exceeding customer and stakeholder expectations;
- Safeguard its employees, clients or service users, members, pupils, tenants and all other stakeholders to whom the Council has a duty of care;
- Protect its property including buildings, equipment, vehicles, information and all other assets and resources;
- Identify and manage potential liabilities;
- Maintain effective control of public funds and efficient deployment and use of resources achieving VfM;
- Preserve and promote the reputation of the Council;
- Support the quality of the environment;
- Learn from previous threats, opportunities, successes and failures to inform future management of risks.

### **4. Risk Appetite Statement**

This statement details the level of risk related to our corporate objectives and pledges that we are willing to accept within our capacity.

We are a risk aware Council which understands the importance of risk taking and accepts that there is an element of risk in most of the activities we undertake. The level of risk we are willing to take is intrinsically linked to each of our Council pledges and, for this reason, it has been accepted that our risk appetite should not be highly prescriptive.

Our risk appetite should depend on which of our corporate objectives would be affected by the risk and the impact the risk would have on that objective should it materialise. This flexible approach is seen as the best way to allow us to make informed decisions in respect of each risk situation.

To assist in the decision making process, and to help with prioritisation, we have agreed to apply a general level of risk retention (see below). However, this does not mean that in every case, risks falling below the line of retention require no action and vice versa.



## 5. Definition of Risk

Risk is the “effect of uncertainty on objectives” and an effect is a positive or negative deviation from what is expected.

Therefore, the Council defines risk as:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council’s ability to:

- achieve its corporate improvement priorities
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement and ensure financial stability.

## 6. ISO 31000 2018 Enterprise Risk Management Principles

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

The factors underpinning ISO31000 2018 is that Risk Management should be:

- Integrated
- Structured and comprehensive
- Customised
- Inclusive
- Dynamic
- Based on the best available information
- Human and cultural factors
- Continual improvement



## 7. Strategy Objectives and Outcomes

### Risk Management and Corporate Governance

Risk Management is an integral part of the Corporate Governance Framework at the Council.

The Risk Management Strategy will assist the Council in practising good corporate governance by reducing risk, stimulating performance throughout the Council, enhancing services, VfM and improving leadership, transparency and social accountability.

How successful the Council is in dealing with the risks it faces can have a major impact on the achievement of our key objectives and service delivery to the community. This Strategy will help support the corporate agenda and underpin the key Council Plan objectives.

Further information on the Council Plan can be found [here](#).

## Risk Management Objectives

The objectives of the Council's Risk Management Strategy are to:

- Integrate of Risk Management into the culture of the Council through regular reporting mechanisms to Audit Committee; CMT and Cabinet
- Adoption of the Principles of Enterprise Risk Management ISO31000:2018
- Introduce a robust framework and procedures for the identification, analysis, assessment and management of risk and the reporting and recording of events, based on best practice
- Incorporate a standard approach to the evaluation of risk into strategic and local partnership working; as well as corporate, service and business planning processes business plans; procurements; service re-design
- Provide key risk management performance information for management teams
- Provide a comprehensive Risk Management training and awareness programme
- Minimisation of injury, damage, loss and inconvenience to residents, staff, service users, assets etc. arising from or connected with the delivery of Council services
- Minimisation of the total cost of risk
- Ability to respond to emergency situations and manage business interruptions so as to minimise disruption of services aligning to the Council's Business Continuity Plan
- Ensure critical services are identified and prepared for all eventualities

## Risk Management Aims

The aims of the Risk Management Strategy are to:

- Improve the quality and reliability of services, leading to more satisfied residents, fewer complaints and maintaining the reputation of the Council
- Support risk-informed decision making at all levels and encouraging innovation, whilst taking proper account of threats and opportunities
- Ensure management of risk is embedded as part of the Council's culture and the commitment communicated throughout the organisation
- Enable the Council to anticipate and respond to changing social, environmental, legislative, political, economic, technological, competitive and residents requirements, and manage change effectively
- Raise awareness of the need for the management of risks by all those connected with the delivery of services (including partners, delivery agents etc.)
- Provide and use a robust and systematic framework for identifying, managing, responding to and monitoring risk
- Provide assurance, through risk reporting, of a robust management system for responding to risk
- Manage risk in accordance with best practice and ensure compliance with statutory requirements

## 8. Risk Management Methodology

### Risk Scoring

It is important that the Council as a whole uses the same methodology to calculate risk to ensure that Derbyshire County Council has an accurate and consistent overview of the risks that are posed.

The risks are scored using two criteria scales that are then multiplied together to produce a total score by which the risk is assessed as to the impact to the Department and then to the Council.

The two criteria used are the Likelihood of an event occurring and the Impact that event could have.

### Likelihood Scale

The scale the Council will adopt for assessing likelihood is as follows:

<b>Likelihood Assessment Criteria</b>	
<b>Scale</b>	<b>Description</b>
5	ALMOST CERTAIN: The event is expected to occur or occurs regularly (monthly, quarterly or biannual)
4	PROBABLE: The event will probably occur (annually)
3	POSSIBLE: The event may occur (1 incident in 2 years)
2	UNLIKELY: The event could occur (1 incident in 5 years)
1	RARE: The event may occur in certain extreme circumstances (1 Incident in 10 years or above)

### Impact Risk Scale

The Corporate scale for assessing risk is shown in the following page with an example description for each score for each area of risk from 1-5 with 1 being the least impact and 5 being the greatest to the Council.

When assessing each risk, the category that scores the highest impact should be used if a number of categories could be used.

## Corporate Impact Assessment Criteria of Risk Category

Scale	Scale Description	Risk Categories								
		Financial	Reputational	Physical Injury/Health and Safety	Environmental Damage	Service/Operational Disruption/Key Targets/Objectives	Statutory Duties/legal Implications	Partnership Implications	Information Governance	Stakeholder Implications
5	<b>Very High</b>	>£25,000,000	Lasting or permanent brand damage resulting from adverse comments in national press and media. Members/Officers forced to resign	Death or severe life-changing injuries	Major national or international	Severe disruption/loss of service more than 7 days	Multiple Litigation	Complete failure / breakdown of partnership	Significant breach, extensive national press, ICO fines, loss of ISO 27001 certification	Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences
4	<b>High</b>	£10,000,000 to <£25,000,000	Temporary brand damage from coverage in national press/media	Extensive or multiple injuries/ Incidents reportable to HSE	Major local impact	Disruption/Loss of service less than 7 days	Litigation	Significant impact on partnership or most of expected benefits fail	Larger breach, no sensitive data loss local press coverage Or Minor breach, sensitive data loss local press coverage	Stakeholders would experience considerable difficulty in pursuing rights and entitlements
3	<b>Medium</b>	£5,000,000 to <£10,000,000	Extensive coverage in regional press/radio/TV/social media	Serious injuries/ incidents reportable to HSE	Moderate locally	Disruption/Loss of service less than 48 hours	Ombudsman	Adverse effect on partnering arrangements	Larger breach, no sensitive data loss and internally controlled Or Minor breach, sensitive data loss internally controlled	Some minor effects on the ability of stakeholders to pursue rights and entitlements, eg other sources or avenues would not be available to stakeholders
2	<b>Low</b>	£2,500,000 to <£5,000,000	Minor adverse comments in regional press/social media	Minor (i.e. first aid treatment)/ No time lost from work	Minor locally	Internal disruption only, no loss of service	Individual Claims	Minimal Impact on Partnership	Individual breach no loss of sensitive data	Minimal impact without needing to look at other sources or avenues
1	<b>Negligible</b>	<£2,500,000	Minimal adverse comments with minimal press/social media	None	None/ Insignificant	No loss of service	No impact	No Impact	No impact	No impact

## Risk Retention Threshold

The following information details how we will apply our risk appetite in practice. Below is the risk scoring matrix DCC will use to determine the risk score from project, operational and strategic risks once the Likelihood and Impact have been scored.

Risk Score Matrix (Impact x Likelihood)						
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
	Impact					

Identifying and ranking risks is important but the key element thereafter is to determine the strategy for managing them. The following tables provides guidance on the level of management intervention that is likely to be necessary or appropriate.

Colour	Score	Action	Risk Control
Green	Low	Review Periodically	Tolerate/Accept or Treat and Control
Yellow	Moderate	Mitigate, Control and Review Frequently	Tolerate/Accept or Treat and Control
Amber	High	Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring	Treat, Tolerate or Transfer
Red	Extreme	Significant management action, control, evaluation or improvements with continued proactive monitoring	All options can and should be considered

It does not follow that a high scoring operational risk should be automatically included in the Departmental or Strategic Risk Register. A view should be taken as to whether the operational risk has a significant impact upon the strategic aims and objectives of the Council.

<b>Strategic Risk Register Decision Matrix</b>		
1 to 4	Green	No referral
5 to 9	Yellow	No referral
10 to 12	Amber	Referral to DRR for possible inclusion
15 to 25	Red	Referral to DRR/SRR for possible inclusion

<b>Risk Control Definitions</b>	
Take the Opportunity	Accept the risk and turn it into a positive opportunity or benefit
Treat/Control	Actions required to mitigate the likelihood and/or impact
Tolerate/Accept	No action - risk within tolerance or accept - Understand and live with the risk.
Terminate	Cease or avoid the risk
Transfer	Transfer to potential third party or bond or insurance etc

## 9. Risk Management Culture

In order to ensure that risk management is adopted throughout the Council to facilitate the enterprising approach that the Council wishes to take, there needs to be a strong risk management culture from the top to the bottom to drive this change.

### The Role of the Leader and Members

To endorse Council's Risk Management Policy and Risk Management Framework.

Through the Audit Committee, the Council Leader and Members also have a responsibility to:

- Oversee the effective management of risk by officers.
- Monitor the Council's risk management strategy and performance.
- Review regular reports from the Strategic Risk Management Group (SRMG) on key issues affecting the Council.
- Review and approve the Annual Risk Management Report submitted by the SRMG.

### The Role of Audit Committee

The Audit Committee has Governance of the risk management process. Their role is to:

- Approve the Framework for Risk Management
- Review Strategic Risks and check on the progress of risks
- Monitor adequacy of the risk management arrangements and directly raise queries with Strategic and Departmental risk owners
- Gain assurance of objectives being met

### The Role of Governance Committee

The Governance Committee has oversight of the continuous improvement aspect of Risk Management. Their role is to:

- Review significant adverse risks and issues to ensure lessons are learnt and implemented across Departments
- Post-implementation review significant initiatives and service changes to ensure that both positive and adverse risks and issues arising are learnt from and implemented as best practice across Departments.

## The Role of the CMT Risk Champion

Is to:

- Lead CMT on risk management to ensure that risk management principles are being adopted and adhered to throughout all Departments  
To have an overview of the Strategic Risk Register; ensuring Strategic risks are being appropriately managed and identified across all Departments

## The Role of CMT

There will need to be a visible commitment from CMT by:

- Modelling their behaviors and working to deliver the attributes of level 5, “Driving” of the CIPFA benchmarking model
- Leading through actions. - embracing risk based decision making aligned with strategic objectives
- Having a clear understanding of the risks to the business and any implications on the success of the Council Plan
- Ensuring assurance on the status of key risks and controls sought and followed through on a strategic and directorate level
- Embedding of the policy and framework for managing risk

## The Role of Strategic Risk Management Group (SRMG)

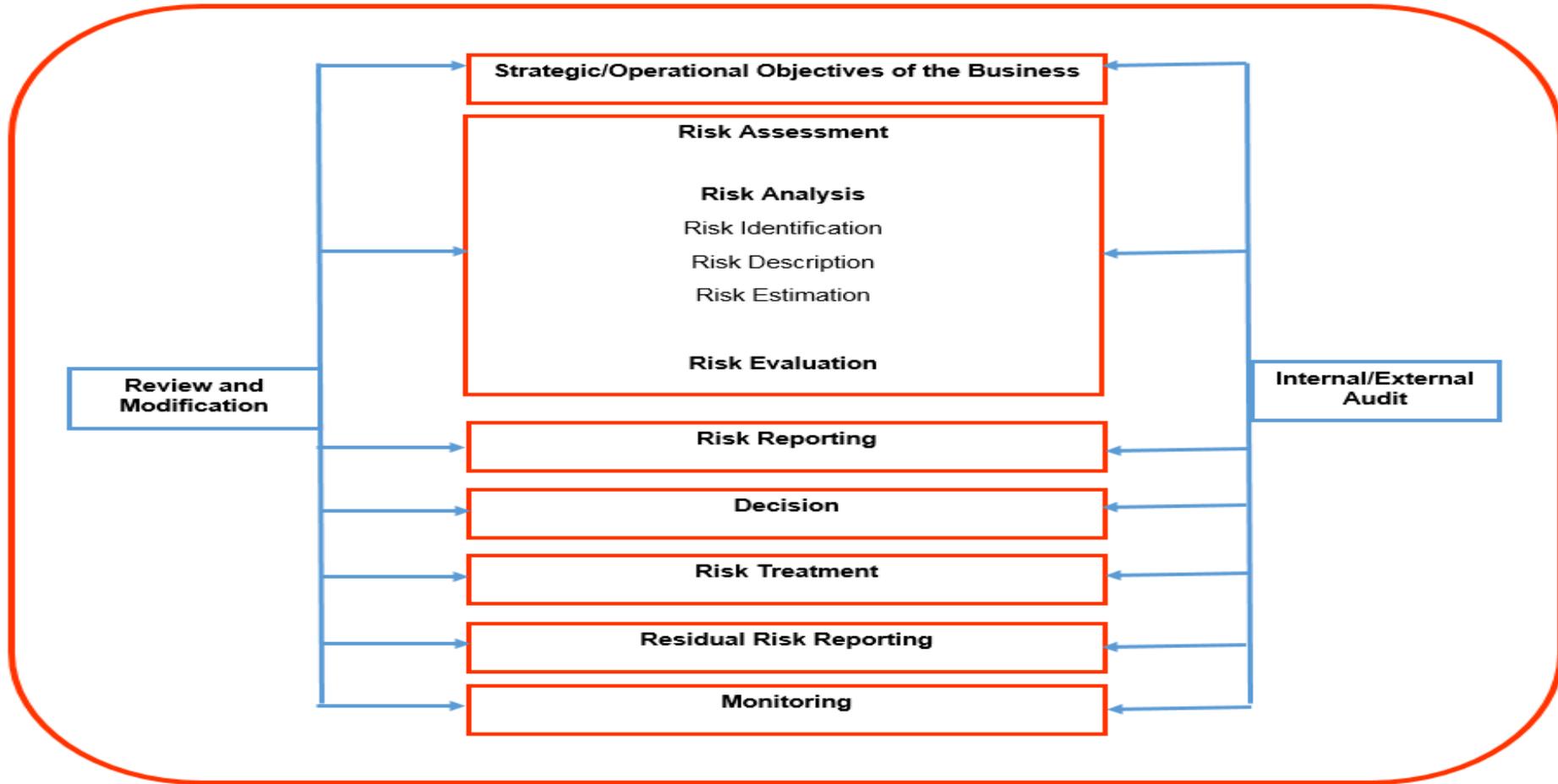
- Act as departmental risk ‘champions’, ensuring that risk management is given an appropriate profile and sufficient focus
- Be responsible for the completion, progressive action and monitoring of their Departmental Risk Register
- Meet regularly, and ensure that embedding risk management remains on the corporate agenda
- Play a lead role in the identification and monitoring of Strategic risk;
- Consider “very severe” and “serious” risks identified by projects, functional risk groups and department groups
- Escalate new and emerging risks that may have a strategic impact to the Risk Manager and participate in ad hoc meetings of the Group to discuss such risks as necessary
- Carry out duties as required by the Group’s terms of reference

## All Employees

- To manage risk effectively in their job and report hazards, risks or opportunities to their Manager.

## 10. The Risk Management Framework

The Council has closely followed the ISO31000 Standard to tackle Risk management Procedures, framework, guiding controls and processes with Plan, Do, Check, Act, Review at the core.



## 11. Roles and Responsibilities

The key roles and responsibilities for risk management are set out below:

Who	Key Roles & Responsibilities	Report Type	By Whom	Frequency
Council	Receive and act upon: <ul style="list-style-type: none"> <li>• Reports from Cabinet, Audit Committee and Head of Paid Service.</li> <li>• Reports, recommendations and advice from Audit Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• E.g. Annual Governance Statement, Policy, Strategy and Framework and other reports.</li> </ul>	Cabinet & Audit Committee	Annually
Cabinet	<ul style="list-style-type: none"> <li>• Agree the Risk Management Strategy (RMS) and receive reports on risk management.</li> <li>• Hold the political responsibility for the RMS with each individual portfolio.</li> <li>• Assign responsibility for risk to the Cabinet Member for Corporate Services</li> </ul>	<ul style="list-style-type: none"> <li>• Policy &amp; Strategy and other relevant reports.</li> </ul>	Audit Committee and Corporate Leadership Team	Annually or as required.
Audit Committee	<ul style="list-style-type: none"> <li>• Oversee and challenge assurance and the RMS arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Policy, Strategy &amp; Framework.</li> <li>• Receive updates on the Strategic/Corporate R&amp;O's and action plans.</li> <li>• Receive assurance on effectiveness of ROM.</li> </ul>	Director of Finance and ICT	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Bi Annual</li> <li>• Annually</li> </ul>
Executive Management Team	<ul style="list-style-type: none"> <li>• Strategic leadership Group for RMS.</li> <li>• Oversee the RMS Policy and Strategy.</li> <li>• Responsible for effectiveness of Risk &amp; Opportunity (R&amp;O) and assurance arrangements and any management or mitigation.</li> <li>• Quarterly monitoring of Strategic/Corporate R&amp;Os and associated action plans.</li> <li>• Identify a lead on RMS who chairs the Strategic Risk Management Group</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Policy &amp; Strategy.</li> <li>• Reviews of Strategic/Corporate R&amp;Os and action plans.</li> <li>• Review/Benchmarking of RMS.</li> </ul>	Director of Finance and ICT	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
Corporate Risk Management	<ul style="list-style-type: none"> <li>• Establish the Risk and OM Policy, Strategy and Framework.</li> <li>• Stewardship of the Strategic/Corporate R&amp;O Registers.</li> <li>• Review/Benchmarking of RMS.</li> <li>• Establish Service Level RMS.</li> <li>• Provide consultancy, advice and training on RMS.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of RMS Policy, Strategy &amp; Framework.</li> <li>• Reviews of Strategic/Corporate R&amp;Os and action plans.</li> <li>• Review/Benchmarking of RMS.</li> <li>• Quarterly RM update to CMT</li> <li>• Quarterly RM update to Audit Committee</li> <li>• Report to Cabinet Members / Portfolio Holders on high level R&amp;Os facing the Directorate or Council.</li> </ul>	Risk and Insurance Manager	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
Strategic Risk Management Group	<ul style="list-style-type: none"> <li>• Identification and monitoring of Strategic/Corporate R&amp;Os for the Directorate or Council.</li> <li>• Escalation as appropriate of Strategic/Corporate R&amp;O's facing the directorate or Council (e.g. programme, partnership, project and service R&amp;Os)</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews of Strategic/Corporate R&amp;Os and action plans to CMT.</li> </ul>	Strategic Directors	Quarterly or as required.

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Directors, Assistant Directors &/or Risk Champions	<ul style="list-style-type: none"> <li>• Identification and monitoring of Strategic/Corporate and any other key R&amp;Os facing the department.</li> <li>• Escalation as appropriate of Strategic/Corporate R&amp;O's to SMT.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of R&amp;Os and R&amp;O Registers as a standing agenda at SMT/DMT meetings.</li> <li>• SMT/DMT to receive and approve updates to Strategic/Corporate R&amp;O's and action plans.</li> </ul>	Directors, Assistant Directors &/or Risk Champions	Quarterly or as required by Director(s) or <b>SMT</b>
Managers & Risk Champions	<ul style="list-style-type: none"> <li>• Identification, management and review of R&amp;Os and R&amp;O registers within their Service or area of responsibility.</li> <li>• Monitoring and escalation as appropriate of R&amp;O's to either Director/Assistant Director or relevant SMT/DMT.</li> </ul>	<ul style="list-style-type: none"> <li>• Review &amp; maintenance of R&amp;Os and R&amp;O registers as standing agenda item at <b>Service</b> meetings.</li> <li>• Review of <b>Service</b> R&amp;O's and action plans to DMT and SMT as required.</li> <li>• Report to DMT on identified R&amp;O's that require consideration for escalation to the Strategic/Corporate R&amp;O Register.</li> </ul>	Directors, Assistant Directors &/or Risk Champions	Quarterly or as required by Director(s) or <b>DMT/SMT</b>
Programme & Partnership Boards or Project Managers	<ul style="list-style-type: none"> <li>• Responsible for the identification, management and monitoring of R&amp;O within their given areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Report on the management of R&amp;Os and escalation of high level R&amp;O's as required or necessary.</li> </ul>	Programme Boards, Partnership Boards and Project Managers	Quarterly or as requested by Strategic Directors or Programme Boards/Leads
Employees	<ul style="list-style-type: none"> <li>• To manage risk effectively in their job and report hazards, risks or opportunities to their Manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Report incidents, risks and opportunities following the procedures laid down in corporate policies.</li> </ul>	All Employees	As necessary or required.

## 12. Performance Management

### Alignment to a risk maturity model

The Council will align itself to the recognised benchmarking model issued by CIPFA and ALARM (Association of Local Authority Risk Managers). The Benchmarking Club will be used to formally benchmark on a biennial basis against other Local Authorities. In the interim years the tool will be used on a self-assessment basis when no benchmarking membership will be sought.

### Success Criteria

An acceptable level of success under the ALARM Benchmarking model would be the “Happening” Category and attainment of this level in each category will be seen as an absolute minimum. However, the Council will strive to achieve the ‘Embedded and Working’ rating for all areas in the ALARM/CIPFA Benchmarking Club which would place it in the top tier of Local Authorities in terms of Risk Management success.

CIPFA BENCHMARKING							
	Leadership & Management	Strategy & Policy	People	Partnership, Shared Risk & Resources Processes	Processes	Risk Handling & Assurance	Outcomes & Delivery
<b>Level 5: Driving</b>	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well-managed risk-taking.	Risk management capability in policy and strategy making helps to drive organisational excellence.	All staff are empowered to be responsible for risk management.  The organisation has a good record of innovation and well-managed risk-taking.  Absence of a blame culture.	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed.	Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success.	Clear evidence that risks are being effectively managed throughout the organisation.  Considered risk-taking part of the organisational culture.	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles.
<b>Level 4: Embedded &amp; working</b>	Risk management is championed by the CEO.  The Board and senior managers challenge the risks to the organisation and understand their risk appetite.  Management leads risk management by example.	Risk handling is an inherent feature of policy and strategy making processes.  Risk management system is benchmarked and best practices identified and shared across the organisation.	People are encouraged and supported to take managed risks through innovation.  Regular training and clear communication of risk is in place.	Sound governance arrangements are established.  Partners support one another's risk management capability and capacity.	A framework of risk management processes in place and used to support service delivery.  Robust business continuity management system in place.	Evidence that risk management is being effective and useful for the organisation and producing clear benefits.  Evidence of innovative risk-taking.	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement.
<b>Level 3: Working</b>	Senior managers take the lead to apply risk management thoroughly across the organisation.  They own and manage a register of key strategic risks and set the risk appetite.	Risk management principles are reflected in the organisation's strategies and policies.  Risk framework is reviewed, developed, refined and communicated.	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework.  Staff are aware of key risks and responsibilities.	Risk with partners and suppliers is well managed across organisational boundaries.  Appropriate resources in place to manage risk.	Risk management processes used to support key business processes.  Early warning indicators and lessons learned are reported.  Critical services supported through continuity plans.	Clear evidence that risk management is being effective in all key areas.  Capability assessed within a formal assurance framework and against best practice standards.	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas.

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<p><b>Level 2: Happening</b></p>	<p>Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented.</p>	<p>Risk management strategy and policies drawn up, communicated and being acted upon.</p> <p>Roles and responsibilities established, key stakeholders engaged.</p>	<p>Suitable guidance is available and a training programme has been implemented to develop risk capability.</p>	<p>Approaches for addressing risk with partners are being developed and implemented.</p> <p>Appropriate tools are developed and resources for risk identified.</p>	<p>Risk management processes are being implemented and reported upon in key areas.</p> <p>Service continuity arrangements are being developed in key service areas.</p>	<p>Some evidence that risk management is being effective.</p> <p>Performance monitoring and assurance reporting being developed.</p>	<p>Limited evidence that risk management is being effective in, at least, the most relevant areas.</p>
<p><b>Level 1: Engaging</b></p>	<p>Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve.</p>	<p>The need for a risk strategy and risk-related policies has been identified and accepted.</p> <p>The risk management system may be undocumented with few formal processes present.</p>	<p>Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training.</p>	<p>Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk.</p>	<p>Some stand-alone risk processes have been identified and are being developed.</p> <p>The need for service continuity arrangements has been identified.</p>	<p>No clear evidence that risk management is being effective.</p>	<p>No clear evidence of improved outcomes.</p>

## Risk Management Performance Indicators

1. The Council demonstrates good practice by working towards and achieving its target level of RM maturity “embedded and working”.
2. Robust risk and opportunity considerations are included in all reports to Cabinet and CMT
3. CMT reviews the Strategic Risk Register on at least a quarterly basis or as required.
4. Executive Directors attend Audit Committee to review their Departmental Risk Register at least once a year or as required.
5. Cabinet reviews and challenges the Strategic Risk Register on at least an annual basis or as required.
6. All Service Plans and business plans (at all levels) include a Risk Register, developed in accordance with the RM toolkit
7. All Senior Management Teams review their risk registers on a quarterly basis in conjunction with a member of the Risk Management team.
8. A Risk Management Framework, consistent with the guidance set out in the Partnership RM Toolkit (and including a current risk register), is in place for all significant partnerships
9. A Risk Management Framework is in place for all significant procurements or commissioning
10. Risk Management reports show a stable, or ideally downward trend, in reportable incidents (e.g. insurance claims, RIDDOR/Health & Safety incidents, information security incidents) and major business disruptions; subject to internal or external influences.
11. All Operational (Departmental) and Strategic risk registers to be on a ‘live’ risk management system.
12. All new recruits to take an online role relevant Risk Management Module as part of an induction programme. Developed in conjunction with departments and Learning and Development.
13. All employees to take a biennial online relevant Risk Management Module Developed in conjunction with departments and Learning and Development
14. Risk Management training to be incorporated into Member’s training programme
15. A Corporate wide framework for lessons learnt and best practice adopted

### 13. Implementation Plan

Objectives	Plan	Timescale
All Senior Management Teams review their risk registers on a quarterly basis in conjunction with a member of the Risk Management team.	The Risk Officer or Risk Manager to meet with SMT's on a quarterly basis to review their departmental risk register in depth	January 2020
Robust risk and opportunity considerations are included in all reports to Cabinet and CMT.	To agree a methodology to ensure all significant risks and opportunities are adequately appraised and defined to allow risk aware decision making	January 2020
CMT reviews the Strategic Risk Register on at least a quarterly basis or as required.	The Risk Manager to attend CMT on a regular quarterly basis in order to report on and review the Strategic Risk Register	April 2020
Cabinet reviews and challenges the Strategic Risk Register on at least an annual basis or as required.	The Risk Manager to attend Cabinet on an annual basis in order to report on and review the Strategic Risk Register	April 2020
Executive Directors attend Audit Committee to review their Departmental Risk Register at least once a year or as required.	Each Executive Director to attend one Audit Committee meetings agreed in advance per annum	April 2020
Risk Management reports show a stable, or ideally downward trend, in reportable incidents (eg insurance claims, RIDDOR/Health & Safety incidents, information security incidents) and major business disruptions; subject to internal or external influences.	Statistics to be reported on an annual basis to CMT and Cabinet	April 2020
All Operational (Departmental) and Strategic risk registers to be on a 'live' risk management system.	The Risk and Insurance Manager to devise or procure a system that will enable Strategic and Departmental risks to be recorded on a system that will provide up to date M.I. on the status of all risks and how they link with the Council Plan 2019-21	April 2020

All new recruits to take an online role relevant Risk Management Module as part of an induction programme. Developed in conjunction with departments and Learning and Development	The Risk and Insurance Manager to devise a relevant training module to be incorporated into the induction programme	May 2020
A Risk Management Framework, consistent with the guidance set out in the Partnership RM Toolkit (and including a current risk register), is in place for all significant partnerships.	The Risk and Insurance Manager to review the Partnership Risk Management Toolkit to ensure that it is fit for purpose and to roll it out for use with Partnerships.	June 2020
All employees to take a biennial online relevant Risk Management Module Developed in conjunction with departments and Learning and Development	The Risk and Insurance Manager to devise a relevant training module to be incorporated into the learning and development programme	From August 2020
A Risk Management Framework is in place for all significant procurements or commissioning	The Risk and Insurance Manager to work in conjunction with Procurement team to create a fit for purpose Risk Management Toolkit and to roll it out for use with all significant procurements or commissioning.	October 2020
Risk Management training to be incorporated into Member's training programme to ensure that all Members have the tools to evaluate risks that are presented in business cases and Service Plans	The Risk and Insurance Manager to devise a relevant training module to be incorporated into the Members suite of training	October 2020
Robust risk and opportunity considerations are included in all Service Plans.	To agree a methodology; template and training with Governance; Legal; Policy and Departments to ensure all significant risks and opportunities are adequately appraised and defined to allow risk aware decision making	April 2021
Framework for lessons learnt and good practice implemented	To agree a methodology with Governance to ensure the Council has a robust framework to identify and disseminate lessons learnt and opportunities.	September 2021

<p>The Council demonstrates good practice by working towards and achieving its target level of RM maturity “embedded and working”.</p>	<p>To take part in ALARM/CIPFA’s benchmarking exercise on a biennial basis and for the results to show an upward trend</p>	<p>Achieve “embedded and working status” by 2022</p>
<p>The Council demonstrates good practice by working towards and achieving its target level of RM maturity “driving”.</p>	<p>To take part in ALARM/CIPFA’s benchmarking exercise on a biennial basis and for the results to show an upward trend</p>	<p>Achieve “driving” by 2024</p>

## **14. Resources and funding**

The Strategic Risk Register will inform the Annual Budget Setting Process and Long Term Financial Plan. Operational Risk Registers should also be considered as an integral part of the Operational financial and service planning process.

The Council will determine annually the budget to support risk management capital and revenue expenditure.

Requests from service departments and establishments, for financial support for risk management measures will be considered in accordance with Financial Regulations. Departments and establishments will be expected to evidence their commitment to the measures they are proposing through contributions from their individual capital and/or revenue budgets.

## **15. External Influences**

A number of external influences may impact on this Strategy such as the Commissioning, ICT, Business Continuity, Health and Safety and Procurement Strategy. Once these have been corporately adopted, if any of these do impact on the Risk Management Strategy these will be taken into consideration as part of the annual strategy review process.

It is envisaged that The Risk Strategy will form the overarching corporate approach to risk and will reflect the input and engagement that the Risk Management and Insurance Team receives from departments.

## **16. Strategy Consultation**

This strategy was developed through consultation with stakeholder groups across Council service areas together with market research and taking best practice from other Local Authorities.

## 17. Glossary

<b>Term</b>	<b>Definition</b>
Operational Risk	are major risks that affect an organisation's ability to execute its strategic plan
CMT	Corporate Management Team
DRR	Departmental Risk Register
ISO 31000 2018	means a family of standards relating to risk management codified by the International Organisation for Standardization.
Operational Risk	are major risks that affect an organisation's ability to execute its strategic plan
RIDDOR	means the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. These Regulations require employers, the self-employed and those in control of premises to report specified workplace incidents.
RM	Risk Management
RMS	Risk Management Strategy
R&O	Risks and Opportunities
SRR	Strategic Risk Register
SMT	Departmental Senior Management Team
Strategic Risk	are risks that affect or are created by an organisation's business strategy and strategic objectives