

Risk Management Strategy



Background

ISO 31000:2018 defines risk as “the effect of uncertainty on objectives”. In other words, risk is an uncertainty that matters because it may affect what the Council is trying to achieve.

The effect may be positive (which may result in Council’s objectives being met sooner than expected or even exceeded) or negative (which may result in delays to achieving the Council’s objectives, objectives being only partly met, or the Council being unable to meet them at all).

An effective risk management framework should:

- Assist the Council to identify, understand and manage risks to its objectives
- Provide risk information to support decision-making and resource allocation
- Improve compliance with policies, procedures, laws and regulations and stakeholder expectations
- Provide assurance to internal and external stakeholders that the Council is well-managed

The Council has certain legal responsibilities to identify and manage its risks effectively. For example, the Accounts and Audit Regulations 2015 require the Council to “...ensure that it has a sound system of internal control which [...] includes effective arrangements for the management of risk”.

CIPFA’s Delivering Good Governance in Local Government (2016) also considers risk management to be an essential part of good governance, stating that this should include:

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision-making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Risk policy statement

Risk management is closely aligned to three of the Council’s corporate values:

- **Accountability** – helping the Council to recognise what is not working and seek solutions to problems
- **Creativity** – helping the Council to take measured risks, try new approaches and share best practice between risk owners
- **Collaboration** – bringing officers together to manage the Council’s cross-cutting risks

It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated with our plans and strategies, so as to:

- encourage responsible, informed risk taking
- reduce exposure to a tolerable level using a justifiable level of resources

A transparent approach to risk management can provide valuable assurance to Management Team and Members. It is the Council's policy, therefore, to ensure regular monitoring and reporting of its Principal Risks, which are defined as:

- strategic risks arising from the Corporate Plan and/or external factors
- operational, compliance and project risks which, due to their nature or severity, require oversight at senior level

The Council's indicative risk appetite sets an early benchmark against which individual risks can be assessed; however, the Council will continue to consider whether risks are tolerable on a case-by-case basis. Where risks are not considered to be tolerable, individual risk owners are required to carry out risk improvement actions, the outcomes of which will be reported to Management Team. The Council will refine its approach to risk appetite as the risk management framework develops.

The Council's risk framework will focus on negative effects ('threats') to Council objectives; however, positive effects ('opportunities') may be identified and managed through the framework in future, if this is considered to add value.

Regular exchange of risk information with the Council's Internal Audit Service shall take place through the Corporate Governance Group and other forums as appropriate; the risk management framework shall also inform the Council's risk-based Internal Audit Plan.

Relevant risks of all types shall be logged and monitored using the Council's new corporate risk management information system (RMIS), the Performance Planning module of OneCouncil, administered by the Risk Manager.

Nick Eveleigh, Chief Executive, 7 April 2021

Roles and responsibilities

The Chief Executive and Management Team take collective responsibility for the effective management of risk across the Council.

The day-to-day management of individual risks is the responsibility of the Risk Owners: typically, a Responsible Officer (RO) at Service Manager level and a Sign Off Authority (SOA) at Director level.

The risk management framework is administered by the Risk Manager (0.8 FTE) and overseen by the Procurement and Risk Services Manager.

Detailed roles and responsibilities of staff, Members and external auditors in relation to risk management are set out in [Annex A](#).

Recording and reporting risk

The Principal Risk Register is maintained centrally, in consultation with Directors and Service Managers, and reported quarterly to Management Team.

Management Team will continue to communicate risk information to Cabinet Members through the portfolio holder relationship to inform strategic decision-making.

Audit and Risk Committee receives the Council's Risk Management Strategy annually, along with six-monthly reports summarising the Council's Principal Risks and the activity of the corporate risk management function.

Subsidiary risk registers are developed and maintained locally [where they are considered to add value](#) and these are being made accessible to relevant Directors and Service Managers through the RMIS. Content from these may be escalated to the Principal Risk Register, as appropriate. Subsidiary risk registers may cover:

- Activities within an organisational unit
- Specific programmes or projects
- Specific areas of compliance
- Specific areas of emerging risk
- Complex or technical areas which require more detailed consideration

Priorities for 2021-22

Our strategic aims for the risk management framework are that it should be: [Proportionate](#), [Aligned](#), [Comprehensive](#), [Embedded](#) and [Dynamic](#).

Our priorities for the financial year 2021-22 will be delivered through the following workstreams:

- [Corporate Risk](#) – ongoing review and development of the Council's risk protocols, staff training and awareness, corporate risk reporting
- [Compliance](#) – tracking of implementation of compliance items linked to the Council's Principal Risks through the RMIS (e.g. Fire and H&S actions, Internal Audit reports)

- **Strategic planning and performance** – developing strategic plan reporting and corporate performance monitoring through the RMIS to enable improved risk identification and management
- **Systems development** – underpinning the three other workstreams, an ongoing programme of staff and systems development for Performance Planning, as part of the wider OneCouncil Development Plan

Further detail on the Council’s five strategic aims for the risk management framework, a review of progress to date, and the priorities set for 2021-22 can be found in [Annex B](#).

Risk management protocols

Further guidance on risk management procedures is available from the Risk Manager:

- detail of the risk management process paying due regard to ISO 31000: 2018
- the Council’s current method for risk scoring and prioritisation, including indicative risk appetite
- guidance on the usage of the current RMIS

Version control

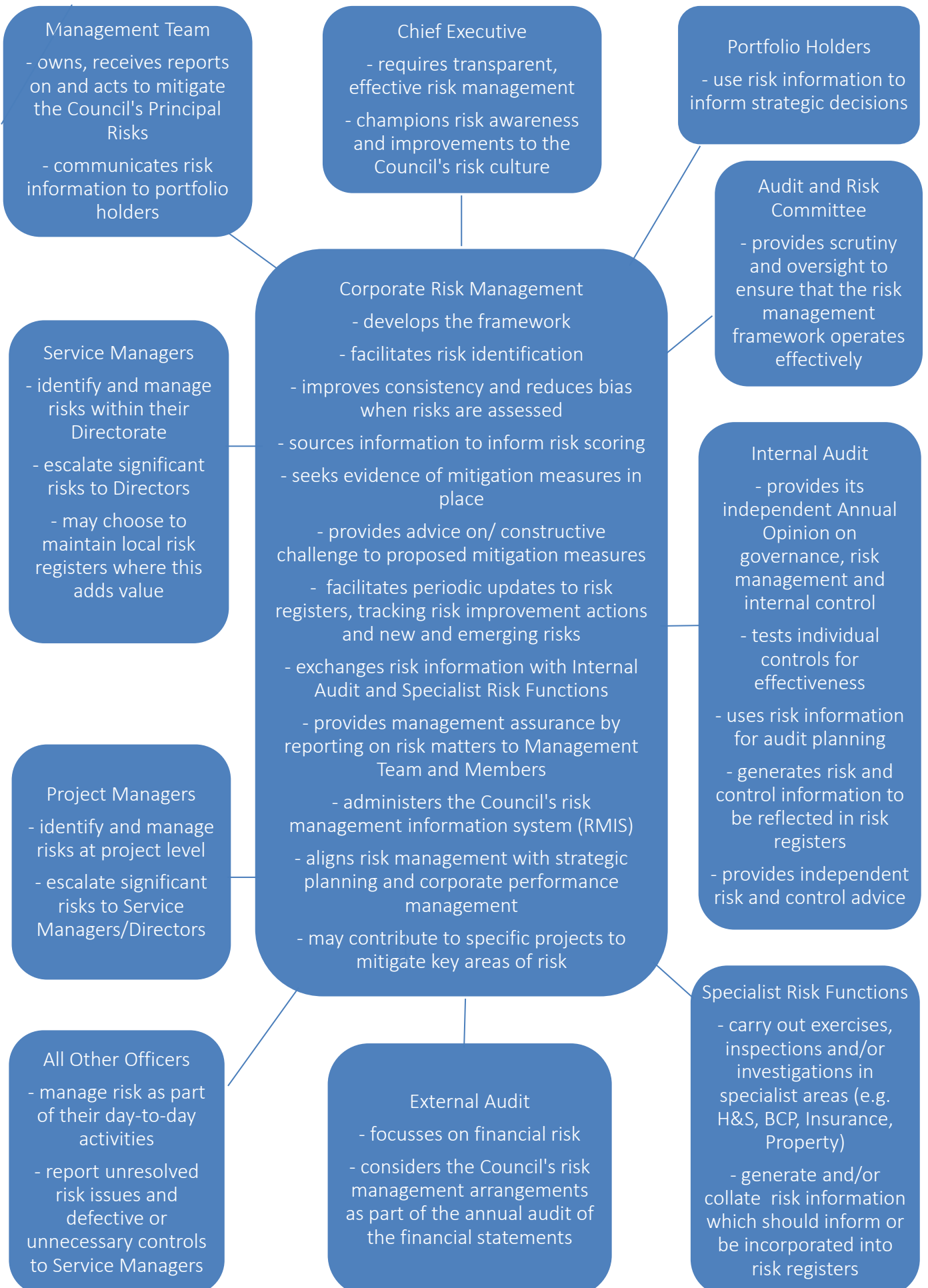
<i>V4.0</i>	<i>Procurement and Risk Services</i>	<i>April 2021</i>
	<i>Next review due:</i>	<i>March 2022</i>

See also

[Annex A](#) - Risk Management Roles and Responsibilities

[Annex B](#) – Risk Management Framework – Progress to Date and Next Steps for 2021-22

Annex A – Risk Management Roles and Responsibilities



Annex B – Risk Management Framework - Progress to date and next steps for 2021-22

<p>Our strategic aims</p> <p>Our risk management framework must be:</p>	<p>Where we are now</p>	<p>Next steps</p> <p>Subject to available resources, and the timing and nature of the Covid-19 recovery, we will, in order of priority:</p>
<p>Proportionate</p> <p><i>Risk management is an essential part of general management; therefore, measures to identify, treat, monitor and report on risks should be proportionate to the risks faced by the Council</i></p>	<ul style="list-style-type: none"> ✓ The Principal Risk Register reports the most important strategic, operational, project and compliance risks quarterly to Management Team in a single document ✓ Audit and Risk Committee receives 6-monthly reports to enable Members to fulfil their oversight role 	<ul style="list-style-type: none"> ➤ Utilise OneCouncil to automate risk reporting as far as possible and facilitate limited self-service for some risk owners, where appropriate ➤ Vary the type of risk information received by Management Team, presenting Interim Reports in alternate quarters ➤ Revisit Strategic Risks as the strategic planning and performance framework develops (see below)
<p>Aligned</p> <p><i>Risk management cannot take place in isolation and must be aligned to existing business activities (including strategic planning and performance) to be effective</i></p>	<ul style="list-style-type: none"> ✓ Principal Risks are aligned to Our Chelmsford, Our Plan Themes ✓ The Council’s risk criteria (for prioritisation) are: aligned with Internal Audit and to financial limits set within the Constitution; reviewed annually to ensure they remain relevant to the Council’s activities (including the effects of Covid-19) ✓ The Council’s indicative risk appetite links directly to the Council’s risk criteria rather than existing as a standalone statement 	<ul style="list-style-type: none"> ➤ Develop strategic planning and performance reporting using OneCouncil, to facilitate: <ul style="list-style-type: none"> ○ Alignment of risks to the constituent parts of ‘Our Chelmsford, Our Plan’ ○ Better identification of risks to the Council’s strategic objectives going forward ○ Identification of meaningful risks at operational level ➤ Through OneCouncil, develop the use of ‘target risk’ to help refine the Council’s indicative risk appetite and improve consistency in the way that risks are treated ➤ Explore integration of financial and non-financial risk and performance information

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<p>Comprehensive</p> <p><i>Arrangements should capture the broad spectrum of risks faced by the Council, but be flexible enough to capture strategic, operational, project and compliance risks efficiently, without leading to 'risk overkill'</i></p>	<ul style="list-style-type: none"> ✓ The ongoing effect of Covid-19 is considered as part of the quarterly submission to Management Team ✓ Subsidiary risk registers have been developed according to need (e.g. Brexit, Inherent Fraud Risk, Chelmer Waterside, Information Governance) and reported to business groups, as appropriate ✓ OneCouncil Performance Planning is now operational and available to capture, analyse and present more comprehensive risk information going forward 	<ul style="list-style-type: none"> ➤ Rollout the OneCouncil compliance function, establishing quarterly reporting to Management Team on H&S and Fire Risk actions ➤ Work with Internal Audit to develop the Council's Fraud Risk Assessment, trialling control itemisation and evaluation through OneCouncil ➤ Work with Services to develop other subsidiary risk registers according to need (e.g. Safeguarding) ➤ Identify Key Risk Indicators as the strategic planning and performance framework develops
<p>Embedded</p> <p><i>Arrangements should be clearly communicated, integrated into existing management structures and activities, and enforced</i></p>	<ul style="list-style-type: none"> ✓ A business partnering approach has been taken with risk owners: <ul style="list-style-type: none"> ○ The Risk Manager has facilitated identification, analysis and evaluation of the Council Principal Risks with Management Team and Service Managers ○ The Risk Manager facilitates subsidiary risk development ✓ Templates and further written guidance are available from the Risk Manager 	<ul style="list-style-type: none"> ➤ Roll out further training and guidance to Service Managers and staff as further aspects of OneCouncil Performance Planning are launched ➤ Ensure all existing (and newly developed) subsidiary risk registers are made available to risk owners through OneCouncil ➤ Develop features on OneCouncil to display risk information such as 'Analytics' dashboards and the 'My Performance Planning' interface to increase buy-in/frequency of review ➤ Using OneCouncil, look to enable Services to identify, analyse and treat operational risks in a practical and efficient way

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<p style="text-align: center;">Dynamic</p> <p><i>Risk information must be current to enable timely and effective decision-making by management and Members</i></p>	<ul style="list-style-type: none"> ✓ The Council's Heat Map tracks changing risk scores against indicative risk appetite, showing the direction of travel to Management Team and Members ✓ Narrative summarising Principal Risk mitigation is comprehensively revised each quarter to reflect the latest management initiatives ✓ Escalation from subsidiary to Principal Risk Registers is considered quarterly as part of the Risk Manager's review ✓ New and emerging risks are identified for Management Team consideration as part of the quarterly submission 	<ul style="list-style-type: none"> ➤ Comprehensive revise, on an ongoing basis, Principal Risk information, including the impacts of Covid-19 ➤ Continuously review and develop our reporting processes makes use of the new tools available through OneCouncil ➤ Explore options to formalise risk escalation through OneCouncil