

Corporate Risk Framework and Policy



Rochford District Council – Corporate Risk Framework and Policy 2007/08

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Risk Policy Statement

It is the policy of the Council to adopt a proactive approach to Risk Management consistent with the various conventions and best practice.

The Council acknowledges that risk cannot be totally eliminated, the Council is however committed to the management of “significant” risks in order to:-

- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Maintain effective control of public funds
- Promote the reputation of the Council
- Support the quality of the environment

These objectives will be attained by systematically identifying, analysing and evaluating, effectively controlling and monitoring risk, which endangers the people, property, reputation and financial stability of the Council.

Paul Warren

Chief Executive

Background and Introduction

Corporate Governance

Rochford District Council will employ the underlying principles of openness, integrity and accountability to achieve its objectives. It will also ensure that its business and strategy is managed in an open manner.

The Council's constitution vests the overall responsibility for the management of risk with the Audit Committee.

Introduction

The Council recognises its responsibility to manage internal and external risks and is committed to ensuring the process and culture of risk management is embedded into all operations and service planning processes.

This Register and the Risk Action Plans will be regularly reviewed and updated on an annual basis as a minimum. The register covers significant risks, that is those that, if they materialise, would have a significant impact on the achievement of the Council's ambitions. These include the failure to capitalise on opportunities

The Corporate Risk Register for 2007/8 has been developed using the notion of residual risk. This notion assumes that controls put in place, will usually lessen the inherent risk.

The Council aims to:-

- Integrate and embed risk management into the culture of the Council
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage, losses and reduce the cost of risk
- Raise awareness of the need for risk management by all involved in the delivery of the Council's services
- Take the action necessary to minimise the likelihood of risks occurring and/or reducing severity of consequences should risks occur.
- Ensure those identified risks are monitored on an ongoing basis and reported annually to Members.
- Compile an annual assurance statement on the effectiveness of the arrangements for risk management.

The Council aims to achieve these actions by implementing this risk management strategy, and setting out the roles and responsibilities of officers key to its implementation.

Corporate Risk Management Framework and Strategy

1. Process

The development and maintenance of the Corporate Risk Register for 2007/8 requires a proactive approach in order to maintain its integrity and currency. To achieve this, the following actions are deemed necessary: -

- (i) The Corporate Risk Group (CRG) will keep under review, the corporate Risk Register and any relevant action plans on a regular basis.
- (ii) Divisional management teams will identify and assess the risks appropriate to their areas of operation.
- (iii) Action plans will be prepared for all significant risks for which additional controls are required.
- (iv) The CRG will seek SMT and Audit Committee approval of the revised plan on an annual basis.

2. Monitoring

Progress of the actions contained in the Corporate Risk Register will be monitored on a regular basis by the CRG who will provide an annual report to committee detailing the risk management framework.

3. Assurance of Controls

In addition to the line management oversight role, Internal Audit will, independently, review the adequacy of the Council's internal controls and the effectiveness of the risk management framework.

4. Risk Champions

The Head of Finance Audit and Performance Management will be the Council's primary Risk Champion. Other Risk Champions may also be identified to take responsibility for ensuring progress against specific agreed actions.

5. Risk Scoring

A summary of the perceived risk rating of each of the risks identified in the Corporate Risk Register is to be found at page 7 of this document. The rating is based on the estimated likelihood and impact of each risk in accordance with the scoring matrix at page 9 of this framework document.

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6. Risk Management - Roles And Responsibilities

In order to ensure the successful implementation of this strategy, clear roles and responsibilities for the risk management framework have been established. The key “players” and their role are:-

Elected Members

Elected Members will adopt the role of overseeing the effective management of risk by officers. This includes:

- Agreeing structures for planning and monitoring risks across the authority
- Approving the risk management strategy, framework and process
- Receiving reports on the management of risk
- Approving the annual report/statement on the risk management processes.

Senior Management Team (SMT)

- Approve and adopt a risk management strategy, framework and process and allocate sufficient resources to ensure its achievement
- Play a lead role in identifying and managing, the strategic risks and opportunities facing the authority
- Review cross cutting risks that may be associated with new policies and service delivery methods
- Determine the Council’s risk appetite and set priorities for action
- Ensure Divisional managers can provide effective controls to mitigate risks within service areas
- Approve an annual report for the Audit Committee on the status of the risk management framework, strategy and process (see above).

Corporate Risk Officer

- Manages the implementation of the integrated framework, strategy and process on behalf of the Council and its management team.
- Ensures the processes are implemented and offers guidance and advice.
- Chairs CRG and co-ordinate risk management activity across the Council

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- Ensures staff across the Council are adequately trained to undertake risk assessments as required
- Collates divisional risk registers and controls assurance statements for consideration at CRG
- Prepares the annual report to Audit Committee on progress of risk management framework, corporate issues, divisional risk registers, control assurance statements and areas for improvement.
- Liaises with Contingency Planning/Health & Safety Manager in respect of the latter's role to oversee Business Continuity Plans

Corporate Risk Group (CRG)

- Ensure a cohesive approach to risk management and business continuity planning
- Undertake a programmed annual review of the corporate and divisional risk registers together with additional reviews when necessary
- Annually review and update the risk management framework strategy to take into account external and internal changes as well as experience.
- Analyse, collate and monitor risk registers and associated action plans (including business continuity planning as appropriate), receiving and reviewing reports from risk owners
- Assist with the annual report for Audit Committee.
- Make recommendations to SDIMT/SMT regarding the generic and cross divisional risks/issues identified from the divisional self assessments of risks.

Heads of Service and Departmental Management Teams

- Identify, analyse and "rate" divisional risks within a register
- Ensure maintenance of the departmental risk register.
- Prioritise action on divisional risks
- Monitor progress on managing divisional risks
- Report the results of the self-assessment to CRG/SDIMT/SMT as appropriate
- Ensure the effectiveness of controls in place to mitigate/reduce risks.
- Co-ordinate preparation of annual controls assurance statements for approval by Divisional Management Teams.

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Service Managers

- Identify, analyse, profile and prioritise risks within area of responsibility.
- Prioritise action on service risks
- Monitor progress on managing service risks
- Report the results of the self-assessment to divisional management team and, assess the effectiveness of controls in place to mitigate/reduce risks.

Specialist representatives (internal audit, insurance, legal, IT)

- Attend meetings of the Corporate Risk Group as necessary to consider implications of authority wide risks and to provide relevant advice

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Corporate Risk Register – Summary of Risks

	Risk	Likeli- hood	Impact	Risk Rating	Quality of controls*	Next Review Date #
1	Council's vision and objectives fail to meet public expectation and community needs	2	3	Med	Fair	Jan. 2008
2	Mismatch between Council Plans and available funding	2	3	Med	Good	Jan. 2008
3	Council fails to recruit and retain the right people and skills	3	3	Med	Good	Apr. 2008
4	Lack of a robust performance management process and poor data quality	2	4	Med	Good	Jun. 2008
5a	Failure to apply a robust process for entering into partnerships	4	2	Med	Good	Sep. 2008
5b	Council fails to monitor and review its partnerships effectively to ensure anticipated outcomes are achieved	2	2	Low	Good	Sep. 2008
6	Incident occurs and Council fails to respond effectively	4	3	Med	Fair	Jan. 2008
7	Political change at a national or local level leading to a change of Council priorities	1	3	Low	Good	Jun. 2008
8	Lack of clear understanding of what Value For Money means	4	2	Med	Fair	Feb. 2008
9	Ineffective internal or external communication.	3	2	Low	Good	Jan. 2008
10	Failure to achieve an improved grading within CPA	2	4	Med	Good	Feb. 2008
11	Unexpected major financial liability or uninsured loss	1	3	Low	Good	Sep. 2008
12	High volumes of staff, client or contractor fraud	2	3	Low	Excellent	Jun. 2008
13	Risk of contract arrangements failing	4	4	High	Good	Feb. 2008
14	Failure to be aware of/comply with, existing or new legislation	1	3	Low	Good	Sep. 2008

* Poor indicates no controls in place or the few that are do not mitigate the risk.

* Fair indicates that some controls in place and some reduction in risk but still not adequate.

* Good indicates that controls in place are considered adequate and reduce the risk.

* Excellent indicates that effective controls in place which reduce the risk considerably.

(The "risk" is continually under review by the service manager but the Corporate Risk Register will be reviewed annually)

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Corporate Risk Map

Impact	4 Catastrophic		10		13		
	3 Critical	7,11,14	1,2,4,12	3	6		
	2 Marginal		5b	9	5a,8		
	1 Negligible						
		1 Negligible	2 Very Low	3 Low	4 Significant	5 High	6 Very High
		Likelihood					

Key	Risk level	Action required
	High	Urgent/imperative to manage down risk – transfer or terminate
	Medium	Seek to influence risk over medium term or transfer out risk e.g. by insuring
	Low	Tolerate and monitor – manage down if possible

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Risk Scoring

LIKELIHOOD of event occurring					
Negligible – 1	Very Low – 2	Low – 3	Significant – 4	High – 5	Very High – 6
0% to 5%	6% to 15%	16% to 30%	31% to 60%	61% to 85%	86%to100%

IMPACT of event occurring				
	Negligible – 1	Marginal – 2	Critical – 3	Catastrophic – 4
Financial	£0K - £10K	£10K - £200K	£200K - £1M	£1M- £10M
Service Provision	Minor service delay	Short term service delay	Service suspended/ Medium term delay	Service suspended long term/ Statutory duties not delivered
Project	Minor delay	A few milestones missed	A major milestone missed	Project does not achieve objectives and misses majority of milestones
Health & Safety	Sticking Plaster/first-aider	Broken bones/Illness	Loss of Life/Major illness	Major loss of life/Large scale major illness
Objectives	Minor impact on objectives	Objectives of one section not met	Directorate Objectives not met	Corporate objectives not met
Morale	Mild impact on morale	Some hostile relationships and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention/minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years!!
Government relations	Minor local service issues	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently