



ROCHDALE
METROPOLITAN BOROUGH
COUNCIL

Risk Management Strategy

2010 – 2013

Version 1.8

Version Control

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Risk Management Group	19 November 2009
Head of Finance	22 December 2009
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Reviewer	Date
Overview and Scrutiny Committee	16 January 2012

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1. Introduction

1.1 What is Risk Management?

Risk management is the structure, processes and culture that contribute to the effective management of threats to the Council that may prevent us from achieving our objectives. It affects all of us in the Council as well as our partners and citizens.

The challenges that we face, and the rate of change, puts us under increasing pressure to continually improve the quality of our management. This means that we need to make sure that our risk management processes are structured, as well as being instinctive and intuitive. If we are to meet these challenges, high quality risk management needs to be at the core of our decision making at all levels of the Council.

Risk management should not be a process that stifles innovation and prevents opportunism but rather one in which risks can, and should, be taken, providing they are actively managed and justified. The dynamic nature of Local Government and the challenges set by the new Vision and Blueprint for Rochdale Council for 2014-15 means that we must ensure that we are risk aware rather than risk averse. It is acceptable to have a high risk initiative providing it is administered appropriately. The focus should be on the action taken to manage the risk and not simply on reducing the risk status.

1.2 Our vision and priorities

The priorities set out within the new Vision and Blueprint for Rochdale Council for 2014-15 are summarised below. This Vision replaces Aiming High and Stepping Up and covers both Community and Corporate Strategy.

Part one - Borough-wide priorities

Our priorities for the Council and the borough are: **Prosperity, people and place.**

The outcomes which the Council is working to, alongside its partners, are:

Prosperity

- More Rochdale people in work;
- More and more successful businesses; and
- Outward looking and confident Rochdale.

People

- Increased healthy life and well-being;
- Children and adults safeguarded from harm;
- People and communities more independent and self-reliant; and
- More people have higher skills and greater achievements.

Place

- High quality buildings and public spaces;
- Accessible and used countryside; and
- Places where people want to live and stay.

Part two - Council specific priorities: Stepping Up

There will be four themes for the Council in the future, and the Blueprint sets out the approach under each theme:

- ✚ Promoting success and independence;
- ✚ Quality of place;
- ✚ Critical services; and
- ✚ Corporate and support services.

2. Why do we need to consider Risk Management?

2.1 Regulatory Requirement

There is an ongoing requirement from the Accounts and Audit Regulations to produce an Annual Governance Statement (AGS) which is attached to our Annual Accounts, setting out the processes we have in place for managing the most significant risks to the achievement of our objectives. Our risk management processes are an integral part of the AGS.

2.2 Inspection

We are increasingly being held to account by external audit for the way in which we have implemented risk management. We need to continue to demonstrate that we have a structured approach, which is embedded into our planning and reporting cycles and decision making processes at all levels.

2.3 Benefits of Risk Management

There are a number of benefits that result from a sound system of risk management, some of which are listed below.

- a. improved Elected Member decision making and challenge;
- b. increased willingness and confidence in embarking on innovative projects;
- c. improved management in the delivery of change management and organisational change;
- d. confidence that partnership activities are soundly and effectively conducted with clear objectives and outcome monitoring arrangements;
- e. confidence in the rigour of the AGS;
- f. suitable insurance or other arrangements to manage the impact of unavoidable risks;
- g. reduction in the number and cost of claims and adverse incidents and improve our ability to defend them; thus controlling insurance costs; and
- h. protection of reputation by improved management of the media.

3 What does this mean in practice?

3.1 The objectives and outcomes of a Risk Management Strategy are as follows:-

Objective	Outcome
Strategic	
To promote a systematic approach to risk management as an integral element of strategic and service planning and performance management.	<p>The risk management strategy is aligned with corporate objectives of the Council.</p> <p>Corporate Governance standards are embedded as an integral part of the RMBC governance framework.</p>
Ensure that Service Directors have clear accountability for both the ownership and cost of risk and the tools to effectively reduce risk.	Service Directors have the skills and knowledge to make informed decisions regarding existing and potential future risk to their service.
To enable the Council to manage risk in accordance with best practice.	<p>Members have a clear understanding of the risk register and strategic and service risks which link to strategic objectives.</p> <p>A well developed and challenging Overview and Scrutiny Committee (fulfilling the functions of an Audit Committee) in respect of risk management.</p>
Operational	
To maintain an effective and accessible system of key risk identification, analysis and control.	Services have the knowledge and tools to identify the strategic and operational risks to their business and have in place arrangements to mitigate and manage these risks
To encourage a proactive approach to responding to emerging risks and focus on the risks that will inform future strategies enabling more effective planning for the future.	<p>Anticipation and response to changing social, environmental and legislative requirements;</p> <p>Demonstrable achievement of and adherence to statutory and legal standards</p>
To optimise controls in the context of real risks, so that only key controls are required, this reduces administration and streamlines processes.	Risk management is an integral part of the day to day decision making processes of RMBC.
Project Management	
To embed risk management as a vital part of project and programme management, planning and decision-making	<p>Risks relating to the achievement of the project goals for new projects and initiatives are properly managed.</p> <p>Project risks are monitored through the Risk Register module of the Performance Management System.</p>

Project Management continued...	
To support the Council in taking and managing significant risks to deliver innovative and challenging projects to bring about sustainable improvements	Effective Risk Management Group which monitors and reports on the effectiveness of risk management, promoting good practice and new initiatives
To enable the Council to understand risks relating to partnerships and joint objectives and opportunities presented by this way of working.	<p>Risks relating to our significant partnerships are fully understood and assurance is obtained about the management of those risks.</p> <p>Partnership risk is mainstreamed into service and strategic management reviews and reported on regularly.</p> <p>The corporate partnership toolkit is used to underpin the risk approach to project risk management.</p>

4 Who is Responsible for Risk Management?

4.1 Roles and Responsibilities

a. Elected Members of the Council

General

All Members have strategic responsibility for risk management as part of responsibility for governing the delivery of local services. The Council approves the Annual Governance Statement which includes commentary on risk management, how it has been applied during the year and how effective the arrangements are.

Members, particularly those with key responsibilities, should seek to explore and understand service risks in the process of formulating policy and decision making.

All decisions put before Cabinet Members include information on the risk impact of making these decisions, and of not making the decision.

Specific

Overview and Scrutiny Committee

The Overview and Scrutiny Committee (fulfilling the functions of an Audit Committee) examines the evidence provided by Internal and External Audit and other Governance areas to ensure that we demonstrate that we are actively managing our risks. This provides independent assurance to the Cabinet and Council.

b. Executive Leadership Team (ELT)

General

ELT has overall strategic responsibility for risk management. The primary responsibility for identifying and managing significant strategic risks lies with ELT supported by the strategic risk champions at ELT and officer level. Executive Directors take personal responsibility for strategic risks relating to their portfolio and collectively review the effectiveness of the control measures at ELT in March each year.

Specific

Chief Executive

Responsibility for maintaining a sound system of internal control which manages the key risks to the achievement of RMBC's policies, aims and objectives. Also has a key role to play in promoting and supporting the risk management strategy.

Executive Director

The Risk Champion and Chair of the Risk Management Group is fulfilled by a member of ELT. Has responsibility for coordinating the Council's overall approach to risk management supported by specialists including Internal Audit and Risk Management, Insurance and Health and Safety.

c. Service Director – Finance and Procurement

As Section 151 Officer, has responsibility for coordinating the Council's overall approach to risk management supported by specialists including Internal Audit and Risk Management, and Insurance. Is also responsible for ensuring that regular internal audit takes place to monitor the effectiveness of the risk management strategy and for monitoring compliance with controls introduced by Service Directors.

d. Service Directors

General

Responsibility for operational risks arising in Service areas lies with Service Directors. They must ensure that their teams carry out risk assessments periodically to inform the risk management process. They are responsible for ensuring the risk management arrangements within their area meet the required standard and ensuring that risks to the achievement of their objectives are identified, managed and included in the performance management system.

e. Risk Management Group (RMG)

The RMG has formally adopted a terms of reference and membership which is attached as Appendix B.

f. Officers

General

All our officers are responsible for bringing to the attention of the relevant person key areas of concern. All individuals should be involved in the risk identification and management process. Risk management is a collective effort.

Specific

Service Managers

Identification of our key operational risks relies on teams across the Council regularly taking stock of the risks which they face and including details of their significant risks in regular performance reports.

g. Risk Champions

An up to date list of Risk Champions is maintained by the Risk Manager.

h. Internal Audit

Play a key role in providing us with an independent assessment of the effectiveness of our risk management and control framework. This source of independent assurance is a fundamental part of the evidence used to discharge our accountability for reviewing the effectiveness of our Governance arrangements.

i. Project Managers

Play a critical role in ensuring that the risks and issues faced by our projects are actively managed and are reported through the correct channels. Any significant risk or issue should be highlighted with the project sponsor.

j. Strategic and Operational Partners

Have a responsibility to ensure that they manage risks in an appropriate manner and where there is a direct impact on the achievement of the partnership objectives and planned outcomes. Similarly, when we identify a risk linked to a partner or third party we are responsible for raising this with our partners and ensuring that it is managed appropriately.

5 How do we manage our risks?

5.1 Risk Register

Risks are managed at RMBC using the Risk Register. This is a joint system with Performance Management and was introduced during the 2009/10 financial year.

The following paragraphs describe the elements of the Risk Register that are used to ensure that our risks are properly identified and mitigated or accepted as necessary.

5.2 Risk Classification

Risks are grouped on the system into one of five classifications which are as follows:-

Operational

This would include failure of critical operating systems and threats to service delivery. Illnesses of a small number of vital personnel, staff retention, poor succession planning and unwillingness to accept change are all examples that would be included in this classification.

Financial

Whilst all risks can eventually be equated to a financial value in this class we are primarily concerned with direct financial loss associated with the following; treasury management, the breakdown of financial controls, failure to adopt new financial controls, poor financial forecasting or costs/ benefit analysis, lack of financial skills and knowledge, inadequate financial reporting of information and ultra vires expenditure.

Compliance/ Legal

These would be risks in relation to changes in legal requirements such as regulations, standards, codes of practice and contractual requirements. This category also extends to compliance with additional rules such as policies, procedures or expectations, which may be set by contracts or the social environment. Contractual risks associated in partnerships and joint arrangements may come into this category also.

Sustainability

Risks relating to our preparedness to manage the natural environment in a changing climate, which may include increases in flooding, temperature, drought and extreme weather events. These events would affect the transport infrastructure with crumbling or melting roads, increased damage to buildings from storms, impacts on local ecosystems and biodiversity, planning, the local economy and public health.

Strategic

These would usually include risks relating to the achievement of corporate objectives. Examples may include inappropriate diversification or outsourcing, failure to integrate a change culture, service provision requirements outstripping resources and high profile stake holder pressure. Strategic risks are assigned to and managed by ELT members.

Project

Risks relating to projects being undertaken by the Authority. Project risk registers will be held within the corporate system. The risks will be classified as project risks and related to any services involved with the project. This enables risks to be reassigned to services undertaking maintenance of the completed product on project closure.

5.3 Types of action to address Risk

The type of action that is to be allocated to a risk is identified as it is entered into the system or during a review. There are five actions that are possible, as listed below.

Tolerate	decide to accept the risk and take no further measures.
Transfer	transfer all or part of the risk e.g. insurance or to other agencies/contractors.
Treat	introduce additional control measures to reduce the risk.
Terminate	cease to provide the service/ function and thus eliminate the risk.
Take	taking on work or projects with associated risks but significant potential benefits or expand the service to reduce the risk of loss of the service due to competition.

5.4 Risk Ranking, Matrix and Definitions

5.4.1 Risk Ranking

The risk ranking is obtained by multiplying the impact of a risk materialising and likelihood that it will occur. Ranking facilitates the identification of risk priorities by services, senior managers and various groups concerned with the monitoring of business or strategic risk. Rochdale uses a 4 x 4 matrix as identified below and the risk ranking ranges from 1 to 16. Risk ranking is identified in the matrix and traffic light below.

It is important to document and capture the inherent risk (i.e. risk level identified before any control measures are put in place) to ensure that the organisation will know it's exposure if a control should fail or consider whether there is over-control in place. It is the inherent risk ranking which will appear in the Risk Register. The residual risk ranking assessment (i.e. risk ranking assessment after control measures are in place) also features in the system and is used to identify the adequacy of the controls chosen to address the risk and therefore risk exposure or confidence in the controls.

5.4.2 Traffic Light and Risk Matrix

The 'traffic light' system for categorizing levels of risk has been used for simplicity. The list below describes the three risk categories:

RED	High Priority	Significant management action/ control evaluation and improvement required and/ or continued proactive monitoring.
Amber	Medium Priority	Seek cost effective management action/ control improvements.
Green	Low Priority	Seek control improvements if possible and/ or monitor and review regularly.

The risk matrix definitions of Impact and Likelihood are further explained below.

RISK MATRIX

		IMPACT			
		1	2	3	4
LIKELIHOOD	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4

Likelihood:
 4 Probable
 3 Possible
 2 Unlikely
 1 Remote

Impact:
 4 Major
 3 Significant
 2 Moderate
 1 Minor

Key

	Red
	Amber
	Green

5.4.3 Risk Term

The term of when a risk may occur can be short, medium or long term.
 A short term risk is a risk which has a likelihood of occurrence only with the next year.
 A medium term risk has a likelihood of occurrence within the next 3 years
 Finally, a long term risk has a risk of occurrence which continues beyond 3 years.

6 Arrangements for Risk Management

6.1 Governance

- a. The Service Director Finance and Procurement reports the effectiveness of the risk management process and any changes to it in the Annual Governance Statement to the Governance Board, Licensing and Regulatory Committee and the Overview and Scrutiny Committee (fulfilling the functions of an Audit Committee). This is supported by the Corporate Governance Framework and the Code of Corporate Governance.
- b. The Risk Management Group (RMG) annually perform a training needs assessment which is informed by the annual risk self assessment for each service. This enables Service Directors, officers and Risk Champions to have the necessary risk management skills and awareness of the process to identify, evaluate and control the risks associated with the services they provide.
- c. The Risk Management Strategy is approved by Executive Leadership Team and adopted by Overview and Scrutiny Committee members and staff. It is subject to review on an annual basis on behalf of the Risk Management Group.

- d. Provision of a risk register system to aid the recording, review, analysis and reporting of strategic and operational risks.
- e. Implementation of a training programme to ensure appropriate officers and Members are trained on risk identification, analysis and control.
- f. Demonstrating effective risk management at leadership level (by ELT) as an example to others.
- g. Clearly communicating and adopting roles and responsibilities for risk management through the establishment of Member, Executive Director and Service based risk champions.
- h. Introduced the corporate governance standard as an integral part of the RMBC governance framework.

6.2 Performance Management

- a. Service Planning guidance is produced annually which includes notes relating to the treatment and use of Risk Management in Service Plans. At this stage the risks detailed on the risk register will be reviewed and updated, new risks identified and analysed and outstanding additional control measures fed in to the Services objectives within Service Plans for the coming year.
- b. The new combined Performance and risk system will enable closer links between risks and service objectives.
- c. Embedding a risk management framework that provides for annual strategic and service risk management self assessment which is managed on the Performance Manager system as the risk indicator for the Service.
- d. Ensuring that risk management informs the strategic decision making process and Members are aware of the risk effects of decisions being made.
- e. Provision of appropriate insurance arrangement and benchmarking the effectiveness of the service.

6.3 Partnership Risks

- a. Risks within the strategic partnerships are well managed and responsibility is detailed in partnership agreements

6.4 Project Risks

- a. New projects and initiatives using the corporate project management approach include risk logs to the achievement of the project goal, which is regularly reviewed and updated.
- b. Project Risk Registers will be held within the corporate risk management system, which is a module of the Performance Management System. Action Plans will be created for projects within this system and risks to the project assigned to these action plans. Risks may also be related to service(s) where required. Project Risks will be classified as "Project" so they can be easily identified within service registers when required.

7 Review and Reporting Risks

- 7.1** The management of risk has to be reviewed and reported on for two reasons
- a.** To monitor whether or not the risk profile is changing,
 - b.** To gain assurance that risk management is effective, and to identify when further action is necessary
- 7.2** Service planning
Processes are in place for Services to review whether risks still exist, if new risks have arisen, and if the probability and impact of risks has changed, and report significant changes which adjust risk priorities, and deliver assurance on the effectiveness of control. A review of risks and the risk management process are distinct from each other and neither is a substitute for the other.
- 7.3** Overview and Scrutiny Committee
Finance Services prepare regular reports to the Risk Management Group and annual reports to ELT and the Overview and Scrutiny Committee (fulfilling the role of an Audit Committee) on the overall status of risk management within RMBC. This will be evidenced by the annual risk management self assessment. Risk self assessment outcomes will also be reported in RMBC's Quarter 4 Performance Report which is reported to Overview and Scrutiny Committee; hence the quality of our risk management processes should reflect the importance placed on risk reporting within RMBC.
- 7.4** ELT
Annual reports of strategic risks are made to ELT, sponsored by an Executive Director. Support in this area is provided by the Risk Manager.

8 Quality Review of Risk Registers

- 8.1** An independent challenge and in-depth review of Service risk registers will be made by the Risk Management Group on a cyclical basis to raise the quality of the risk information within the register.
- 8.2** Risks are selected on a thematic base to ensure that all areas are challenged at least once during the year. Feedback will be provided to specific Services through their Risk Champion once the challenge has been performed and any generic issues will be widely circulated.
- 8.3** Key lines of review will include challenging the assumptions made, ensuring that sufficient action is being taken to mitigate the risk, and appraising the information for accuracy and sufficiency. Cross Service analysis will also take place.
- 8.4** Ongoing challenge is made by Internal Audit during the normal course of their work to ensure that risks are appropriately included in the register and properly managed.
- 8.5** Annual review of both strategic and operational risks by the Overview and Scrutiny Committee.

9 Communication and Learning

- 9.1** Communication and learning is not a distinct stage in the management of risk, it is something which runs through the whole risk management process. The identification of new risks or changes in existing risks is dependant on communication. Scanning for emerging areas of risk depends on maintaining a good network of communications with relevant contacts and sources of information.
- 9.2** Communication within RMBC about risk issues is important for various reasons. It ensures that everybody understands, in a way appropriate to their role, what RMBC's risk strategy is, what the risk priorities are, and how their responsibilities fit into that framework. Transferable lessons are learned and communicated to those who can benefit from them. Each level of leadership, including ELT, receives appropriate and regular assurance about the management of risk within their span of control. They need to be provided with sufficient information to allow them to plan action in respect of risks which are unacceptable as well as assurance about risks which are deemed to be under control.
- 9.3** Training is a vital element in the successful implementation of a risk management process. Where a training need is identified, suitable assistance and support will be provided. Risk management does not come naturally to many people, and so improvements in the standards of education on risk issues provided must continually be high on the agenda. Along with education, feedback is an essential characteristic of training.
- 9.4** Communication with partner organisations about risk issues is also important. A misunderstanding of respective risk priorities can cause serious problems. Insufficient levels of control being applied to specific risks, and failure to gain assurance about whether or not a partner organisation has implemented risk management, can lead to dependence on a third party which may fail to deliver in an acceptable way.

10 Partnership Risk

- 10.1** Whatever the nature of the risk relationships RMBC has with other organisations, each relationship will also give rise to a need for assurance to be provided that risk is being managed in that relationship. Provision for obtaining that assurance is an integral part of the relationship.
- 10.2** It is critical in partnership arrangements that all parties consider the risks to the partnerships and to their own organisation in being part of this arrangement.
- 10.3** The Council has a number of key strategic partners. It is important that RMBC ensures that appropriate communication of respective risk priorities is achieved and the partnership toolkit has been designed to provide guidance and assessment on all areas of partnerships, not least risk management responsibilities.
- 10.4** Significant partners of RMBC have appointed risk champions and take part in the Risk Management Group.

11 Project Risk

- 11.1 Project risk management defines how risks will be managed during the lifecycle of a project or programme. It is used to plan the way risks are handled within the project. The risk strategy and supporting plan acknowledge actual and potential threats to the successful delivery of a project and determines the activities required to minimise or eliminate them.
- 11.2 Where partners and/ or suppliers are involved, it is essential to have shared understanding of risks and agreed plans for managing them.
- 11.3 Where required, partners can be given access to the Performance Management System and Risk Registers. This access can be restricted purely to risk registers relating to that partner.

12 Action Plan 2010 - 13

Action		Outcome	Responsibility	Target Date	Update
Governance					
12.1	<p>a) Review of terms of reference and membership of the Risk Management Group.</p> <p>b) Relaunch the Risk Management Group to monitor and report on the effectiveness of risk management, promoting good practice and new initiatives relating to risk management.</p>	Improved effectiveness, challenge and reporting arrangements of risk management.	Head of Corporate Finance/ Risk Champions	31 March 2010	Completed
12.2	Review the RM self assessment to ensure that it aligns with the Governance standard.	Risk Management corporate governance standard is embedded as an integral part of the RMBC governance framework.	Head of Corporate Finance	31 March 2010	Completed
12.3	<p>a) Review the governance and reporting arrangements for RM corporately. Annual report from RMG to the Overview and Scrutiny Committee.</p> <p>b) Assist Members to review the key strategic and service business risks that link to strategic objectives.</p>	<p>ELT are fully appraised of the organisations risk exposure and take appropriate action.</p> <p>Members are fully appraised of the organisations risk exposure and take appropriate action.</p>	Governance Board and Head of Corporate Finance	30 June 2012	ELT approved strategy March 2010 followed by adoption at Audit Committee
12.4	Continuing development of the Overview and Scrutiny Committee (fulfilling the role of an Audit Committee) in respect of risk management	The Overview and Scrutiny Committee fully understand RM and are confident in its values and benefits.	Head of Audit and Risk Management / Head of Corporate Finance / Risk Manager	31 March 2012	Training to be provided to the new Overview and Scrutiny Committee.
Action		Outcome	Responsibility	Target Date	Progress

Operational

12.5	Roll out the implementation of the replacement Risk Register	Improved RM processes and clear links to performance management	Risk Manager	31 May 2010	Completed
12.6	Align risk self assessments with Risk Management Corporate Standard and review system of scoring once baseline achieved	Improved assurance processes and meaningful PI	Risk Manager	31 March 2011	Completed

Training

12.7	Training audit for Risk Champions leading to tailored training programme	Improved understanding of training needs and risk management processes	RMG / Risk Manager / Head of Corporate Finance	31 March 2012	Completed however ongoing due to change in champions
12.8	Create corporate training programme following the outcome of the self assessment audit.	Improved results for all services in the RM indicator	Risk Manager	31 March 2012	Dependant on completion of 12.7
12.9	Continue to key in to Member training for RM, particularly around the Overview and Scrutiny Committee	Improved understanding evidenced through informed challenge.	Head of Audit and Risk Management/ Member Development Officer	31 March 2012	First session held in 2010. Further training planned.

Partnerships

12.10	Roll out partnership assessment toolkit to focus on awareness and actions around partnership risk.	Understanding of risks relating to significant partnerships. Ensuring that risks are fully understood and that assurances are obtained about the management of those risks The council mainstreams partnership risk into service and strategic risk management reviews and reports on this regularly	Head of Corporate Finance / Client Services Manager	30 April 2010	Completed
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Action	Outcome	Responsibility	Target Date	Progress
Project Risks				

12.11	The Service Risk Champion or, where a corporate project, the Risk Manager is included in the review of the project management documentation to ensure that the importance and guidance of risk and issues logs are adequate.	Strong project risk management. New projects and initiatives using the corporate project management approach include risk logs to the achievement of the project goal, which is regularly reviewed and updated.	Risk Manager	31 March 2012	
12.12	Ensure that project risks are routinely logged onto the Risk Register system.	Clear and full picture of risk elements relating to the Council, its partners and related organisations.	Risk Manager	31 March 2012	
Other Areas					
12.13	Set up Risk System Workshops and themed reviews of risk registers for people, place, customer and core	Ensures Risk Champions are familiar with the Risk Management System and any updates. Themed reviews enable challenge of registers and sharing of ideas for controls.	Risk Manager	31 Mar 2011	Completed
12.14	Attendance at SMT meeting for each service by Risk Manager. A follow up session is then held by the Risk Champion to brain storm risks against service objectives and changing environment. The service risks are then updated on the Risk module.	Dynamic risk management, ensuring services are focusing on risks which could affect their primary objectives and are as prepared as possible for anticipated future changes.	Risk Manager	31 March 2012	In progress
12.15	Set up a rolling program of Risk Register Health Checks for all services and major projects.	This is to ensure consistency and that risks are accurately captured.	Risk Manager	31 March 2012	
12.16	Add identification of risks against objectives to PDR process for the authority	To ensure risks against objectives are identified at all levels and reported.	Head of Audit and Risk Management / Risk Manager	31 March 2012	

Corporate Standard – Risk Management

Area	Level 1	Level 2	Level 3
Engagement - Heads of Service	Service Directors understand Risk Management. Risks relating to their Service are actively identified and managed.	Service Directors routinely identify and manage risks relating to their Service. The Risk Register is used to record risks and tie in to Service Plans.	Service Directors SMT's and officers work closely on strategic issues relating to risk management and build risks into long term planning and service development.
Engagement - Officers	Officers understand risk management and actively manage risks relating to their Service and disciplines. Risk management is included in job descriptions where relevant	Risk Champions and officers routinely identify and manage risks relating to their Service and disciplines. The Risk Register is used to tie risks in to Service Plans.	Risk Champions and officers understand , identify and manage all risks relating to Services and disciplines and build them into medium to long term service development
Engagement - Members	Portfolio holders understand Risk Management. They are aware of action taken to manage key risks relating to their specialist Services	All Members understand Risk Management They are aware or risks relating to decisions being made.	Members are confident in challenging Heads of Service on risk management issues and strategic risks
Leadership	S.M.T. agree and formally adopt the Risk Management Strategy.	S.M.T. agree the necessary organisation and responsibilities to implement the R.M. strategy (including individuals to lead on risk management and manage the risk register)	S.M.T. effectively reinforce the importance of risk management through communication to staff
Risk Identification and Control	Operational risks to the Service have been identified and entered in the risk register, including details of:- <ul style="list-style-type: none"> • Likelihood and impact • Mitigating controls • Responsibility for mitigating controls • Actions for further reduction of risks 	The Service maintains and reviews and updates the risk register entries of its operational risks, including details of mitigating controls and actions undertaken	There is a clear link between risks identified in the risk register and Service Plan and results actioned against the Council's priorities (set out in the Vision and Blueprint document)

Area	Level 1	Level 2	Level 3
Integration into Policies and Strategies.	Service specific plans and strategies identify and manage all operational risks relating to Service provision	High level and strategic risks are identified, owned and managed actively by the Executive Leadership Team. Leads are identified for all areas and new risks routinely identified.	Identification and management of all operational and strategic risks are integral part of all corporate strategies, partnership arrangements and project plans.
Service Planning	Risk management is considered as part of the service planning process and strategic service risks are linked to service objectives in the Service Plan with proposed actions set out to mitigate each risk	Risks are identified, managed and tied to Service planning objectives. The Triangle system is used to link risks to Service plans and performance management information	Risks are indelibly linked to the forward planning of the Service. Risks are identified and reported as they relate to achievement of outcomes and outputs for the service.
Self Assessment	Services engage with the annual self assessment process annually	Services engage with the annual self assessment process annually and have clear action plan to improve on baseline and the extent to which RM embedded % (PI).	Services can evidence clear outcomes and improvements in the RM approach from the self assessment action plan.
Project Risks	Every major project has a risk log using RAG system to denote status and level for each risk area identified.	All risks are regularly reviewed and actively managed to acceptable levels of risk.	Project teams work in a joined up manner with affected Service areas to ensure that major and residual risks are taken responsibility for, both during and after project completion.
Partnership Risks	The Council has an understanding of risks relating to all significant partnerships.	Partnership agreements detail requirements for a level of risk management that is a standard similar to and acceptable by the Council	All partnerships regularly apply the Councils partnership self assessment toolkit to ensure that all areas or risk and governance are properly addressed.

Risk Management Group
Terms of Reference and Membership

The Risk Management Group (RMG) is crucial to the implementation of a successful risk management programme. The RMG is a facilitating group that enables and empowers all aspects of the strategic business programme. It will be the focal point for co-ordinating all aspects of the programme and for co-ordinating all aspects of strategic business risk management.

Role	We will do this by
RMG will have an overview of risks in the risk register corporately and related action plans.	Quarterly quality checks of risks in the register on a rolling basis.
To oversee a programme of RM training and monitor its effectiveness	Annual training audit and programme of training for officers and members.
To engage with RMBC's partners to ensure that all risks relating to the relationships and services provided by partners are understood by all and properly managed.	Inclusion of partner risk champions in group membership.
Act as liaison between RMG, Finance Services and own service in promotion of strategic and/or operational initiatives, developments or work streams.	Service based representative (champion) for all areas within RMBC
To have access to the risk management strategy and engage as required.	
Support ELT in strategic risk management	Annual reviews of strategic risks in consultation with RMG Chair.
Ensure that project risks are properly identified and managed	Group membership from transformation service to ensure good practice is promulgated in project management training, processes and documentation
Ensure that RM Strategy is fit for purpose and up to date	Annual review of the effectiveness of the Risk Management strategy
Report on the effectiveness of risk management to ELT and the Overview and Scrutiny Committee regularly.	Annual Report
Encourage innovative approaches to risk.	Monitor and review the use of the Risk Management Initiatives Fund

Membership

Chair	Executive Director
Vice Chair	Head of Corporate Finance
Group Members	Head of Audit and Risk Management
	Risk Manager
	Corporate Safety Advisor
	RMBC Risk Champions
	Partner Risk Champions

Governance and Reporting

The RMG is responsible to ELT for the maintenance of strategic risks and business risk updates.

The Overview and Scrutiny Committee has governance responsibilities for Risk Management and will receive quarterly updates on business risk and an annual report on the effectiveness of risk management within the organisation. This will be evidenced using training programmes and effectiveness reviews and adherence with risk management standards.

Risk Champion Role.

To act as the link between risk group and each services SMT in promoting risk initiatives and work streams.

To attend RMG meetings and actively engage in activities and work plans.

To monitor the adherence to the Risk Management standard within the services.

Lead on service self assessment annually in relation to the Risk Management Standard.

Skills and Qualities Required

Awareness of Service plans and initiatives to ensure that they are properly reflected in the risk register.

Membership of SMT in the Service or the ability to report back to SMT regularly

Understanding of the risk management strategy and standard

To work with SMT to ensure that risks are regularly reviewed and new risk captured.