



# Risk Management Process

**DRAFT**

# Appendix A – Risk Management Process

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## Contents

1.	Purpose and objectives.....	3
2.	Objectives .....	3
3.	Identifying and recording risks and controls.....	3
4.	Analysing and scoring risks .....	4
5.	Monitoring risks and identifying actions.....	4
6.	Reviewing and reporting risks .....	5
7.	Communication and learning .....	7
8.	Review of the Risk Management Process .....	7

Appendix A	Risk Categories
Appendix B	Risk Scoring

## **1. Purpose and objectives**

- 1.1 The Risk Management Process enables the Risk Management Strategy to be implemented through a practical framework for managing risks.

## **2. Objectives**

- 2.1 The Risk Management process implements objectives of the Risk Management Strategy to
- integrate risk management into the culture of the Council by setting out a process to identify and report upon existing and emerging risks to the Council,
  - manage risks in accordance with best practice, so that they are eliminated or controlled to an acceptable level, and
  - disseminate awareness of the need for managers responsible for the Council's delivery of services to undertake risk management.
- 2.2 The Council's Risk Management process is based on the approach to Risk Management outlined in the Risk Management Strategy document.

## **3. Identifying and recording risks and controls**

### ***3.1 Identifying risks***

- 3.1.1 A risk is an event that may occur, which will cause injury, loss, damage or adversely impact the ability of the Council to deliver its services, or achieve its objectives and priorities.
- 3.1.2 This strategy requires the Council to identify Strategic (Corporate) risks – risks that could have an effect on the successful achievement of our long term core purpose, objectives, priorities and outcomes. These are:
- Risks that could potentially have a council-wide impact and/or
  - Risks that cannot be managed solely at a service (operational) level because higher level support/intervention is needed.

and Service (Operational), together with project, programme and shared service risks – those are the risks that may impact on delivery of the Council's services.

- 3.1.3 Categories of risks identified as relevant to the Council are listed in **Appendix A**.

### ***3.2 Recording risks and controls***

- 3.2.1 Identified risks and relevant controls will be recorded in the relevant strategic or service area risk register, project, programme or shared service risk register, as set out below.

#### Strategic Risk Register

- 3.2.2 The Strategic risk register is recorded on the Shared Risk Management Software. The software will provide the framework for how each risk, rating, control and action are recorded.
- 3.2.3 The risks facing the Council are identified by the Directors and Members and recorded from a corporate perspective. Recording and maintaining of the accurate and up to date risk records is the responsibility of the Officers.

- 3.2.4 The strategic risk register may also include project, programme and shared service risks, if these are of a corporate or significant nature.

Service area risk registers

- 3.2.4 The Service area risk register is recorded on the Shared Risk Management Software in the same way as the Strategic Risk Register. Directors, Heads of Services and Managers will record in their service area risk registers potential operational risks affecting the services for which they are responsible. The software will provide the framework for how each risk, rating, controls and actions are recorded.

Project and Programme Office risk registers

- 3.2.5 All projects, such as those of a corporate or significant service nature, major ICT related projects, shared services, etc, are required to have their own risk registers. Project or Programme Office Risk managers will set up a Project or Programme Office Risk Register using Shared Risk Management Software and will review project risk registers in accordance with their project management arrangements.

- 3.2.6 Project risk registers will be set up on the Shared Risk Management Software by the system administrator on request of the project managers.

Shared Service risk registers

- 3.2.6 Shared service projects led by the Council will use the same format as the service risk registers.
- 3.2.7 The Principal Accountant (General Fund and Projects) ("PA(GF&P)"), on behalf of the Executive Director (Corporate Services), will monitor completion and updating of the risk registers and will provide reports for quarterly review to CMT, EMT and Cabinet as appropriate.

#### **4. Analysing and scoring risks**

- 4.1 Assessing and prioritising risks will be guided by the Risk Management software in line with the Council's Risk Scoring criteria set out in Appendix B.

#### **5. Monitoring risks and identifying actions**

- 5.1 Risk management is a continuous process and the incidence of potential risks should be regularly reviewed to monitor changes over time.
- 5.2 Risks above the Council's risk tolerance line (i.e. with a total (Gross) risk score of 12 or higher – refer to Appendix B for guidance) require additional control measures / sources of assurance to be put in place to manage them, e.g.:
- active management (including considering terminating the activity or project);
  - contingency plans – robust plans in place to detect any variation from expectations; and/or
  - mitigation to reduce likelihood (if cost effective).
- 5.3 Risk owners (i.e. the officers named in the relevant risk register) and service managers will develop and implement additional control measures / sources of assurance for managing risks assessed above the Council's risk tolerance line. Where additional control measures / sources of assurance affect other Objectives, services, projects or programmes, require additional resources or will incur additional costs, service managers will discuss these with the managers/ officers concerned. Any additional costs need to be approved via the Council's budget cycle.

- 5.4 Project managers and programme officers will manage project and programme risks in accordance with their project/programme office governance arrangements. Shared service project managers / lead officers will manage shared service project/ arrangement risks in accordance with the shared service governance arrangements.
- 5.5 Directors, project managers, programme lead officers and shared service project managers / lead officers will review all risks quarterly and also reassess risks below the Council's risk tolerance line (i.e. with a total (Gross) risk score of 10 or lower) to ensure there is no change to the underlying risk or control measures / sources of assurance.

## **6. Reviewing and reporting risks**

### **6.1 *Reviewing risks***

- 6.1.1 Reviews of risk registers will include consideration of any new risks. Approval of risk registers will include both the acceptance of new risks and also the closure of risks considered to be no longer relevant, fully mitigated or those that have materialised.
- 6.1.2 Risks are reviewed at service planning, departmental management teams, Corporate Management Team (CMT), Executive Management Team (EMT), Cabinet, project management, programme office and shared service meetings, as appropriate:
- EMT will review the strategic risk register quarterly, recommending its approval to Cabinet. Cabinet will similarly review and approve the strategic risk register quarterly.
  - Directors, including the Executive Director (Corporate Services) will review and approve their service areas' risk registers as part of the annual preparation of business plans.

When reviewing the strategic risk register, EMT may delegate a strategic risk to an appropriate service area, project, programme or shared service risk register, so that the relevant service manager, project manager, programme officer or shared service project manager / lead officer can take a corporate lead on managing it.

- Service area risk registers will be on departmental management team meeting agendas for review at least quarterly.
- CMT will review a selection of risks arising from the Service Risk registers with a focus on the higher rated risks and risks applicable across more than one service.
- Project managers, programme officers and shared service project managers / lead officers will facilitate the review and approval of the risk logs/registers for which they are responsible, at frequencies set out in their project plans or shared service arrangements, but at least bi-annually.

When reviewing their service area risk registers, service managers and directors / the Executive Director (Corporate Services), may escalate a service area risk for EMT to consider including in the strategic risk register, if the risk is significant (i.e. has a score of 12 or more, and especially if it is a new risk) or has a corporate nature. The PA(GF&P) may similarly escalate a risk if it, or a similar one, is being recorded in more than one service area risk register.

- 6.1.3 A risk which materialised will be reported to the next meeting of CMT if service risk or EMT if a strategic risk by the risk owner separately, with recommendations for the application of any lessons to be learnt.

## **6.2 Reporting risks**

- 6.2.1 The PA(GF&P) will report the draft strategic risk register to EMT quarterly, for review and recommendation to Cabinet. These reports will show only risks with a total (Gross) score of 5 or more (risks scoring 4 or less (Gross) will still be on the strategic risk register, just not included in the reports).
- 6.2.2 Audit and Corporate Governance Committee will review the adequacy of this as part of its annual review of the Risk Management Strategy and Process. Corporate Governance Committee may report to full Council, if the Committee considers it necessary to ensure that strategic risks are appropriately managed.
- 6.2.3 Directors / the Executive Director (Corporate Services) will record service area risks above the Council's risk tolerance line in the Overview section of their service plans published annually.
- 6.2.4 CMT will review service area risk registers, collated by corporate area/direct reports, on a rolling programme throughout the year. These reports will show only risks with a total score of 5 or more (risks scoring 4 or less will still be on the service area risk registers, just not included in the reports). CMT will review the HRA Business Plan risk register alongside the Affordable Homes risk register. As part of these reviews, CMT will consider whether to include risks scoring 12 or more in the strategic risk register. (It will be assumed not, unless minuted otherwise.)
- 6.2.5 Project managers, programme officers and shared service project managers / lead officers will report their risk registers, including control measures / sources of assurance, to the PA(GF&P) quarterly, for EMT to consider in its quarterly review of the strategic risk register.
- 6.2.6 The PA(GF&P) will provide updates of risk registers to the Council's insurance officer, to facilitate discussion of insurance cover and negotiation of any premium discounts or reductions with the Council's insurers.

### **Other reports**

- 6.2.8 Reports to Members contain as standard a Risk Management Implications section. Report writers use this section to describe risks associated with the report's proposals, possible consequences, the likelihood and potential impact of the risk occurring. Where the risk is assessed above the Council's risk tolerance line, report writers also outline the additional actions that will be taken to mitigate the risk and copy the report to the PA(GF&P). The report writer should ensure that the risk is incorporated in the strategic risk register, relevant service area risk register, project, programme or shared service risk register, as appropriate. Directors/report writers will fully brief Members on risks identified in the report.
- 6.2.9 Reports to Members also include as standard, Options and Financial Implications sections. Where reports relate to major options appraisal or capital investment decisions, report writers will also review relevant risk registers, to identify any risks for inclusion in the report.

## **7. Communication and learning**

- 7.1 The PA(GF&P) will give relevant staff and Members timely guidance and advice relating to their risk management responsibilities, including particular aspects such as review of risk registers.

- 7.2 The PA(GF&P) will also keep staff and Members informed through a Risk Management page on In-Site, the Council's intranet, which will include the following:
- the Risk Management Strategy, Process and appendices, including assessment criteria for the potential impact and likelihood of risks occurring;
  - the latest version of the Strategic Risk Register,
  - the latest versions of Service area Risk Registers;
  - link and a summary guide to the Risk Management software.

## **8. Review of the Risk Management Process**

- 8.1 The PA(GF&P) will review and revise this process at least annually, for approval by the Executive Director (Corporate Services).