

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

RISK MANAGEMENT STRATEGY 2010/2011

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 To approve the risk management strategy for 2010/2011.

1.2 The key points in this report are as follows:

- The Risk Management Strategy is an important source of assurance for the Audit Committee as the strategy describes the council's risk management framework, the work completed during the year and a comprehensive action plan for the forthcoming year.
- The Strategic Risk Management Group (SRMG) has successfully achieved most of the action plan for 2009/2010.
- Improvements made to the strategy for 2010/2011 include:
 - a structured action plan to achieve the aims and objectives of the strategy
 - partnership representation on the Strategic Risk Management Group (SRMG)
 - the introduction of performance measures to demonstrate success and positive outcomes/impact of the strategy.
- An important task identified in the action plan is the review of the strategic risk register following the completion of new style service plans.

2. BACKGROUND INFORMATION

2.1 Each year the council's risk management strategy is reviewed and updated. A copy of the proposed strategy for 2010/2011 is given in appendix A. It contains standing items to maintain and improve the risk management framework, work carried forward from 2009/2010 to be completed and new items for 2010/2011.

2.2 Good progress has been made on the council's risk management arrangements. The Strategic Risk Management Group (SRMG) has been successful in achieving most of the action plan set for 2010/2009 (appendix B). Strategic and operational risks are identified and controls

are monitored and managed through risk registers. The council's response to emerging risks such as safeguarding issues has been considered. A strategy to deal with the significant potential risk of pandemic flu was developed. Other work completed includes a review of business continuity arrangements for all significant contractors or suppliers and reviews of risk management arrangements in significant contracts such as Building Schools for the Future, the Pods and the Waste contract. Other work has been identified and listed in the 2009/2010 action plan.

- 2.3 The risk management strategy and action plan helps to prioritise work to the areas of highest risk to the council. The proposed action plan for 2010/2011 has been structured to meet the aims and objectives of the strategy. Successful implementation and delivery of the transformation strategy is vital and is reflected in the risk management strategy. The impact of key transformation milestones on the control environment will be monitored through the action plan. For 2010/2011 service plans the risk of non delivery of council ambitions and priorities will be tracked along with key service partnership risks. An important task identified in the action plan is the review of the strategic risk register following the completion of new style service plans.
- 2.4 The Comprehensive Area Assessment - Use of Resources rated internal control arrangements (which include risk management arrangements) as 2 – meeting minimum requirements - performing adequately. This represents consolidation of arrangements against more demanding criteria. One important development for 2010/2011 is the introduction of performance measures to demonstrate success and positive outcomes/impact of the strategy. This will help the council take the step change necessary to hopefully achieve level 3 in its risk management arrangements.
- 2.5 The Risk Management Strategy and action plan and quarterly progress reports provide important sources of assurance to the Audit Committee that all significant risks to the council achieving its aims and objectives are adequately managed. The council's high level commitment to corporate governance and risk management will inform the Annual Governance Statement that the Audit Committee will be invited to approve for inclusion the annual report and accounts.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Committee is asked to consider whether the Risk Management Strategy provides sufficient assurance on the adequacy of the council's risk management arrangements in 2009/2010 and, whether the proposed work plan will deliver similar assurance in 2010/2011. Members may wish to ask questions and seek clarification as necessary. If it concludes that it does provide sufficient assurance the Committee is invited to approve the Risk Management Strategy and action plan 2010/2011.

- 3.2 The Committee may decide not to approve or amend the Risk Management Strategy and action plan 2010/2011.

4. ANALYSIS OF OPTIONS

- 4.1 The Risk Management Strategy and action plan 2010/2011 complies with professional guidance available and is designed to provide this Committee with the assurance required. Members should ask sufficient questions to ensure the strategy and action plan will provide sufficient assurance to fulfil their role as set out in the Committee's terms of reference.
- 4.2 The option set out in 3.2 represents an opportunity missed to receive an important source of assurance to assist the Committee to fulfil its role effectively.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY.IT)

- 5.1 Resources are met from the Internal Audit and Risk Management budget.
- 5.2 Sound risk management arrangements should help safeguard the council's assets and minimise unexpected costs associated with loss, waste or remedial action. There are no staffing, property or IT implications.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)

- 6.1 Robust risk management arrangements are vital to support the Chief Financial Officer to discharge his duties under the provisions of the section 151 of the Local Government Act 1972.
- 6.2 The evaluation of the council's arrangements will help to promote good corporate governance. Risk management work is a component of the council's internal control framework and a key source of assurance to support the Annual Governance Statement. The risk management framework addresses all key risks the council may face. It promotes appropriate action to manage risks to an appropriate level.
- 6.3 A Diversity Impact Assessment has been completed. There are no diversity implications to report.

7. OUTCOMES OF CONSULTATION

- 7.1 The draft strategy has been agreed by the Strategic Risk Management Group. The group is made up of representatives from each service and is therefore the outcome of a comprehensive consultation process.

8. RECOMMENDATIONS

- 8.1 The Audit Committee should consider the assurance provided by the Risk Management Strategy and action plan on the adequacy of the council's risk management arrangements in 2009/2010, and whether the proposed work plan will deliver similar assurance in 2010/2011.

- 8.2 The Audit Committee approves the Risk Management Strategy for 2010/2011.

SERVICE DIRECTOR FINANCE

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Background papers used in the preparation of this report:

Risk management strategy 2010/2011

Managing RISK Together

**Risk Management
Strategy & Action Plan
2010/2011**

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North Lincolnshire Council

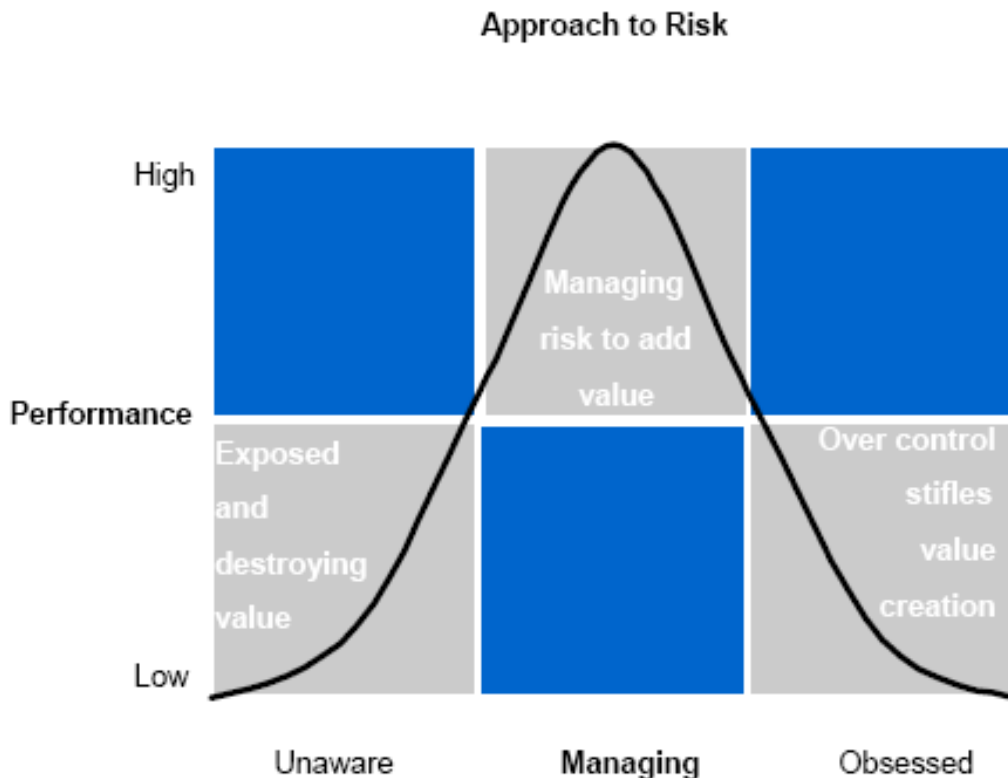
Risk Management Strategy & Action Plan 2010/2011

1. Introduction

North Lincolnshire Council recognises that all aspects of business risk must be managed. In 2002 the council demonstrated its commitment to managing risks by adopting a comprehensive risk management process, which has become permanently established as a management tool within the council.

The council has developed a comprehensive risk management strategy, which has been embedded throughout the council. The purpose of the Strategy is to effectively manage potential opportunities and threats to the council and key partners in achieving its ambitions and priorities. This can be done by not only managing the risks that may result in losses but also seek to maximise the rewards that can be gained by managing risk.

The aim is to manage risk rather than eliminate it. Inadequate control of risk could lead to waste, loss and poor performance. Excessive risk control can increase costs, stifle opportunities for developing effective partnerships, service delivery improvements and provides poor value for money. Successful risk management means getting the balance right, thereby adding value.



Members and senior managers are concerned with significant strategic risks – those that could have an impact on the council's ability to achieve its corporate objectives. Implementation of the high-level Risk Management strategy will therefore be on a 'top down' basis, focusing on matters of key strategic and corporate importance.

Members and senior managers of the council have delegated to SRMG the responsibility of overseeing the strategy.

The strategy is reviewed annually and an action plan of work is developed for the forthcoming year.

More detailed operational risks are identified by service areas, service divisions and key partnerships. Individual managers are responsible for identifying and managing operational risks within their areas of responsibility. When issues of corporate significance are identified at operational level, they will be escalated to the appropriate level for action.

2. Aims and objectives

The aims and objectives of North Lincolnshire Council's risk management strategy are to:

- 2.1 Support the ambitions and priorities of the council
- 2.2 Integrate risk management into the culture of the council
- 2.3 Manage risks (both threats and opportunities) in accordance with best practice
- 2.4 Anticipate and respond to changing external and internal pressures so there are fewer surprises
- 2.5 Manage the risks associated with major projects that have a significant impact on the council's financial position and pose a reputational risk
- 2.6 Prevent injury, damage and losses and reduce the cost of risk
- 2.7 Raise awareness of the need for risk management by all those connected with the council's delivery of services, including strategic partners, contractors, etc.
- 2.8 Maximise the rewards that can be gained through effective risk management
- 2.9 To embed risk management into the culture of all our key partners
- 2.10 Monitor outcomes that demonstrate that the risk management strategy is working and provides benefits to council tax payers.

These objectives will be achieved by:

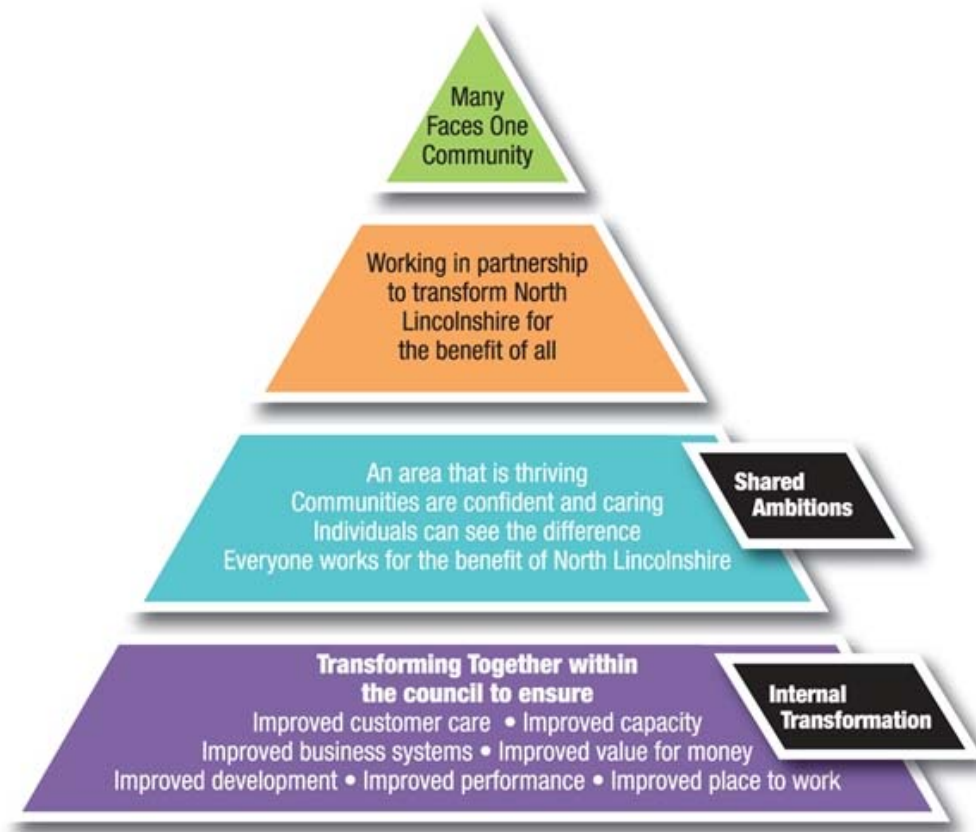
- Establishing clear roles, responsibilities and reporting lines within the council for risk management
- Embedding a clear framework for dealing with risk management issues within the council's processes and procedures (including service planning and decision making processes) which will include promotion of good risk management practices
- Offering a platform for identifying, reviewing, prioritising and managing risk areas (strategic and operational)
- Developing a framework to allocate resources to identified priority risk areas.
- Incorporating risk management considerations into efficiency reviews of services
- Monitoring risk management arrangements via the service QPRs.
- Providing opportunities for shared learning on risk management across the council and with other councils through benchmarking
- Measure performance of risk management activities in achieving the council's ambitions and priorities
- Reinforcing the importance of effective risk management as part of everyday work of employees

- Making all partners and other providers aware of the council's risk management expectations

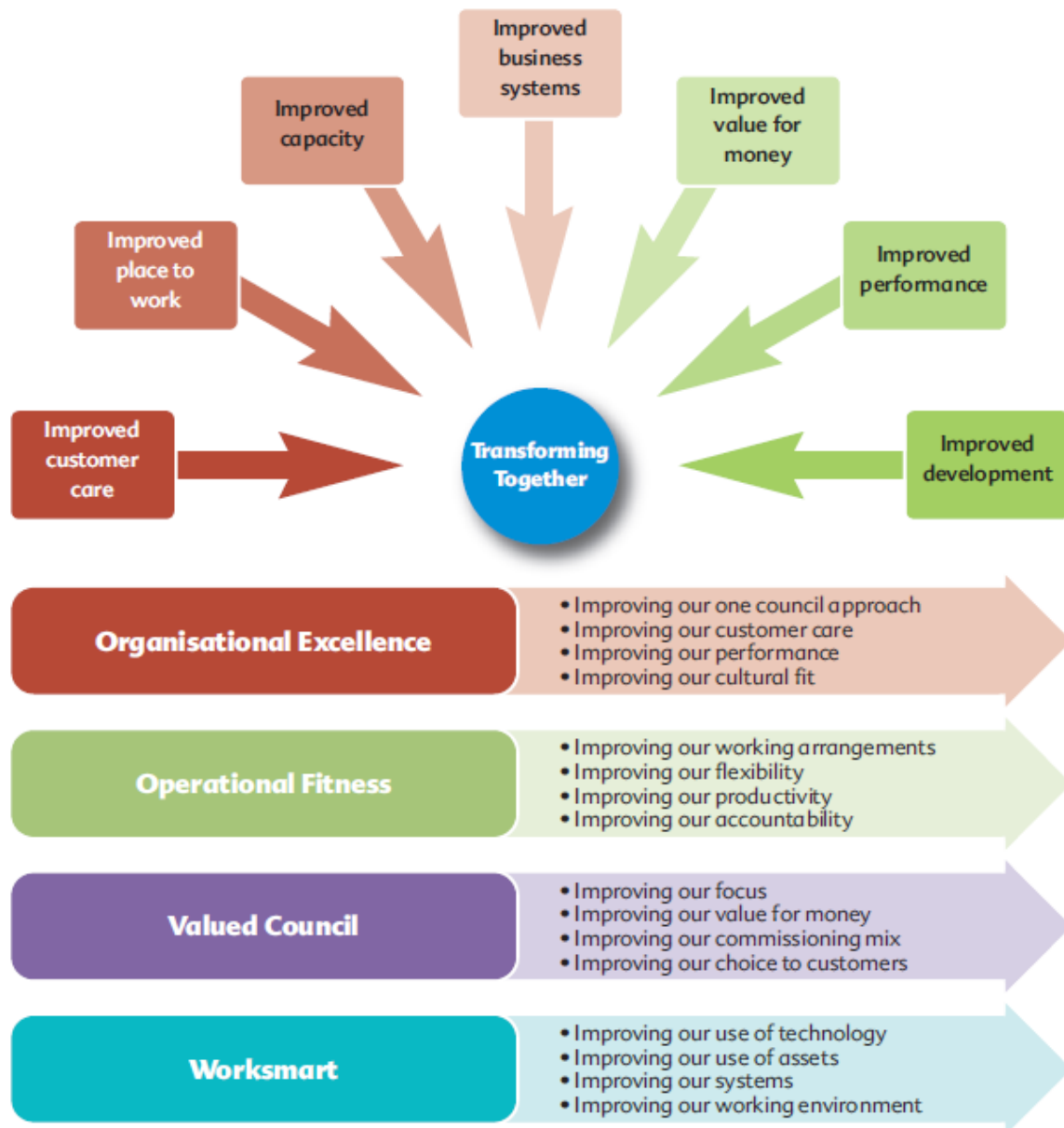
The council's vision is made up of two parts:

Shared ambitions – aimed to transform the area, our communities and the lives of individuals who live and work here

Internal transformation - outcomes for development



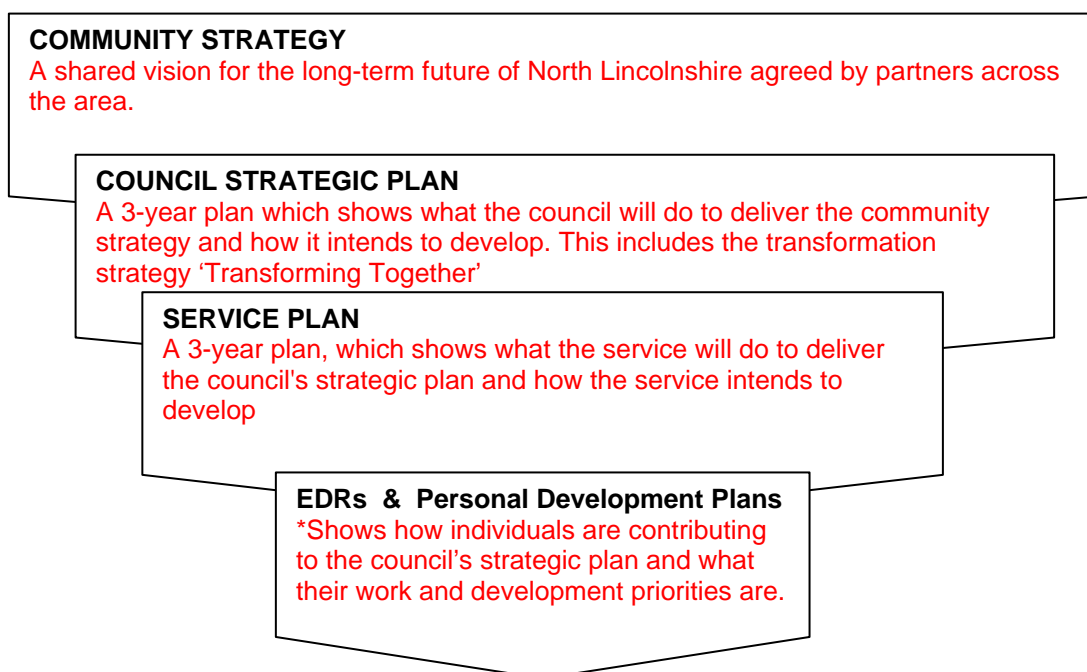
The council has identified the need to achieve transformational change in order to deliver a step change in performance, delivering substantial cash releasing savings for re-investment, further improving performance and customer experience. In standing still the council acknowledges that it in fact moves backwards. The council has agreed seven transformational outcomes and four key transformation programmes as shown in the diagram below



WorkSmart has been identified as a key contributor to achieving transformational change and is a programme of work identified in 'Transforming Together'. The programme seeks to introduce business models that accommodate 21st century lifestyles and expectations for both the workforce and the service user, maximising the use of new technologies to improve both efficiency and customer experience. The programme will support the development of mobile and remote working, which more generally will help to reduce the council's carbon footprint. The council has various initiatives to be included in the WorkSmart programme e.g. channel migration, which together will contribute to transforming the operations of the council. Customer service will be improved, accommodation will be rationalised and efficiency savings will be achieved.

Economic prospects and the state of public finances are drivers for transformational change. Tightening central government grant settlements and the need to improve performance underpin the need for transformational change. Achievement of 'Transforming Together' is vital to the council and the risks associated with the strategy will be taken into account in the refresh of the council's Strategic Risk Register.

The planning framework has been strengthened to ensure developments are in line with corporate priorities and aligns resources to them. The planning process identifies the contribution services and individuals have to achieve the shared vision through the community strategy



A key risk for the council is the failure to achieve strategic targets and milestones contained in the strategic plan. The strategic plan is in turn the council's commitment to delivering the community strategy.

Individual plans set out how services will deliver outcomes agreed by the council and its' partners on behalf of the citizens of North Lincolnshire. An important development for 2010/11 service planning is that the plans specifically identify risks to the delivery of strategic outcomes.

Strategic and operational risk registers are living documents, which must be monitored and reviewed periodically. Appendix E will show strategic risks mapped to the council's ambitions and priorities, once the service plans have been updated. SRMG will develop effective review arrangements to target areas of greatest risk. This will be achieved in part through the QPR process, specific audit assignments in the risk-based plan and 'health checks' on other strategic controls. The outcome of the reviews will inform the Annual Governance Statement.

3. The corporate risk management framework

The council is committed to the principles of good corporate governance. Risk Management and Internal Control are vital components of the best practice Corporate Governance framework. The Annual Governance Statement (AGS) requires councils to include a statement on the adequacy of the internal control and governance arrangements. This is reported with the council's Statements of Accounts each year.

Risk Management is therefore a top-down process involving Members, all levels of staff and all partner organisations who contribute in any way to the delivery of our services. Only when this is fully understood and accepted will we succeed in embedding risk management within the working practices and culture of the organisation.

Risk Management is as much about empowerment and innovation as it is about preventing adverse things happening – there are upside risks, or opportunities, as well as downside risks, or threats. This Risk Management Strategy, therefore, aims to achieve a cultural shift, from an organisation that has been risk averse to one that is risk aware. It is as much about supporting innovation and seizing opportunities through informed decision making as it is about defending against negative threats.

The Strategic Risk Management Group has been instrumental in developing the council's risk management arrangements. This has resulted in the development of a Risk Management Framework, which comprises the following components

Cabinet/Council	Receive an overview on the effectiveness of risk management arrangements.
Audit Committee	This is the member group that gives support and leadership for risk management arrangements. The group approves, annually, the Risk Management Strategy & Action Plan, which includes the corporate risk management framework. It will also receive regular progress reports on risk management issues to provide assurance that all significant risk issues are being managed adequately.
Strategic Risk Management Group	This is a council-wide group comprising senior officers and a member representative (Audit Committee chair). The audit committee approves its terms of reference annually. It supports the council and its services in the effective development, implementation and review of the risk management strategy. It shares experience on risk, risk management and strategy implementation across the council. SRMG meet at approximately eight weekly intervals. The Service Director Finance chairs the group. Notes of each meeting are circulated to the Council Management Team; they are also published on intralinc.
Risk Management Strategy (including annual action plan and framework)	This describes the council's approach to Risk Management. The strategy is reviewed each year and sets out an action plan of work for SRMG to lead. The work maintains and develops, through improvements, the council's risk management arrangements. Progress made against the plan is reported regularly to the Audit Committee and at each SRMG (it is also copied to CMT).
Strategic Risk Register (SRR)	This is a list of significant risks which may prevent the council achieving its ambitions and priorities. The register describes the controls in place and the resultant risks. As new strategic risks arise, the register is updated. They are also reviewed annually.

	Responsibility for managing strategic risks and ensuring that improvements to strategic controls are completed has been assigned to senior officers who prepare position statements. The statements describe the adequacy of controls in place and any action necessary to improve them. The outcome of this review is reported to the Audit Committee.
Risk Management in decision-making.	An appraisal of threats and opportunities of various options is undertaken before cabinet/cabinet members take decisions.
Budget Setting and monitoring	Potential risks are considered in developing the Finance Strategy for the council to ensure: <ul style="list-style-type: none"> • that levels of estimates are adequate • that levels of reserves are adequate • that regular budget monitoring takes place to give early warning of potential overspends
Operational Risk Registers	Operational Risk Registers (ORRs) are prepared for all service areas at least annually. These list the risks which may prevent the service area delivering its objectives and are living documents which evolve in response to change and emerging risks. The registers describe the adequacy of controls in place to manage risks. They include an evaluation of the likelihood and impact of gross and net risks and action plans for any improvements necessary. Responsibility for maintaining the registers rests with members of the relevant Service Management Team. Some risks identified in ORRs affect more than one service/all services. An example is 'Failure of major IT system'. These risks are known as cross-cutting risks. They are identified as such in the ORR and managed as a strategic risk in the Strategic Risk Register.
Service Plans	3-year service plans are prepared for all service areas – with an annual improvement summary. They describe the activities of the service area and resources, performance measures and expected outcomes. Each plan includes the key risks to delivery of the strategic and service outcomes and will be cross-referenced to the relevant Operational Risk Register.
Quarterly Performance Reviews/ Performance Management System (PMS)	Regular reviews of service delivery performance include the adequacy of risk management arrangements and identify new and emerging risks.
Strategic Partnerships	There is a governance framework in place for all Local Strategic Partnerships and other key service partnerships.
Major Projects	Significant projects risks are identified and managed by the respective project boards. Regular reports and updates to project risk registers are presented to SRMG for monitoring purposes.
Emergency Planning	There are links between the Strategic Local Resilience Forum (LRF), the HEPS General Working Group (tactical) and the council's Tactical Emergency Planning Group (TEPWG) These groups together with Service Emergency Planning Teams are responsible for identifying, developing and monitoring emergency and business continuity plans and monitoring resilience in every major incident. See Appendix C.
Annual Governance Statement (AGS)	A governance statement is prepared and published with the council's accounts annually. The AGS describes the adequacy of the council's internal control framework and governance arrangements. The culmination of Risk Management work is a key component. Service Directors provide a statement on the adequacy of internal control and governance arrangements within their service area (including partnership working). These include sources of assurance and risks faced by the service.
Internal Audit	Internal audit has adopted a risk based approach to audit planning which simply means targeting high risk areas and making the best use of resources available. The Risk Management Framework is

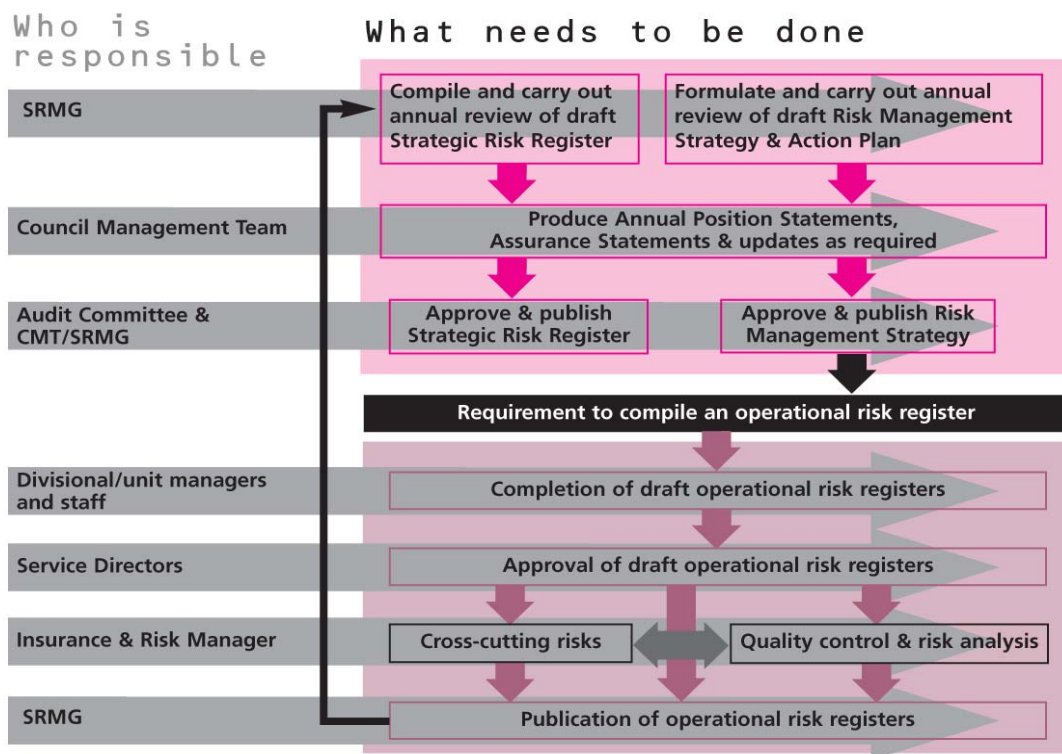
	used to inform this process. Internal Audit independently evaluates the Risk Management Framework and the adequacy of controls identified.
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Although the above components exist separately most, if not all, of them interact with each other.

Risks, whether operational or strategic, can identify work for the SRMG and therefore inform the Risk Management Strategy and Action Plan as well as the Internal Audit Plan.

4. Roles and Responsibilities

The roles and responsibilities of all individuals/groups involved in the risk management process can be summarised as follows:



	Role
Elected Members (Audit Committee and Lead Member)	To approve the Risk Management Strategy and oversee the effective management of risk by council officers. Champion risk management throughout the council. Seek sufficient assurance that strategic risks that may affect the council's ambitions and objectives are being properly managed. Be aware of the risk implications of decisions being made.
Council Management Team (CMT)	Drives the implementation of the council's risk management strategy and have collective responsibility for the management of strategic risks.
The Strategic Risk Management Group (SRMG)	<ul style="list-style-type: none"> To support the council and its services in the effective development, implementation and review of the risk management strategy. To share experience on risk, risk management and strategy implementation across the council.

	<ul style="list-style-type: none"> • Promote and raise awareness on risk management issues within their services and across the council. • Monitor and contribute to the implementation of the annual action plan.
Service Division Managers	Ensure that the council manages risk effectively in each service division within the agreed corporate strategy
Employees and volunteers	To manage risk effectively in their job
Partners and contractors	To manage risk effectively and comply the council's risk management strategy.

5. Embedding the Process

Risk Management is a top-down process involving all stakeholders.

The Risk Management Strategy is underpinned by:

- An annual action plan
- Appropriate training opportunities for members and officers of all levels
- Risk awareness survey and generic competencies evaluation
- SRMG intralinc site and documentation
- RISK roundup quarterly newsletter and other council- wide communications

Other mechanisms further support the embedding process:

- Integration of risk assessment into the financial and service planning processes
- Integration of risk management and performance management
- Ensuring risks associated with all major projects and significant partnerships are managed effectively
- Developing staff training programmes to address high risk areas
- Risk issues formally considered on all committee papers and decision reports
- Consideration of risk management issues at CMT and council meetings as appropriate
- Developing self-assessment checklist and encourage their use
- Developing links with other quality/improvement initiatives where they exist e.g. ALARM/CIPFA benchmarking clubs
- Developing surveys to ensure that members, staff and partner organisations understand how good risk management helps us to meet our objectives

6. Communication and Training

All staff have a role to play in risk management and the SRMG have responsibility for developing the necessary training or advice for service managers to implement the measures contained in this strategy throughout the council. Risk management has been incorporated into the council's induction training. There is a risk management induction course for all managers new to the council, or recently promoted to a management role within the council. Risk management is also included in the generic skills set in the workforce plan for all employees and will be supported by a suite of corporate training courses.

An Intranet web site is accessible by all staff: This outlines what risk management is, what the role of the SRMG is how all employees can play their part in reporting and managing risks. It also contains the minutes of the SRMG, copies of powerpoint training presentations, guidance notes and other useful information.

A quarterly newsletter 'RISK roundup' is published on the council's intralinc site and staff made aware of its publication via the council's communications group.

A booklet and poster has been provided and widely distributed to help raise awareness on the council's approach to risk management and the role everyone has in managing risks (see below).



7. Future Challenges

Future challenges for the council include:

- Making efficiency savings
- Meeting the transformation agenda
- Implementation of major projects
- Safeguarding agenda risks
- Service delivery through partnership/collaboration/shared services

The council has been successful in its progress on Risk Management. Changes in local government decision making and service delivery processes demand that robust risk management be embedded throughout the work of the council. Increasing demands on budgets and efficiency challenges mean that risk management is more important than ever. The council will continue to promote the benefits of risk management and ensure arrangements are not onerous thereby providing a workable and cost effective framework which compliments service delivery.

Both Members and Officers will be given adequate support and guidance to fulfil their roles. Training needs will be identified through the 'Leadership and Management Development Framework' and reinforced through generic competencies for staff and Personalised Development Plans for Members. Development opportunities on governance issues are also offered to all Members through the corporate training plan. An induction programme is

offered to all new staff and managers. Take up needs to be encouraged and training outcomes evaluated to ensure development needs are met.

As best practice in risk management continues to evolve the council will continue to examine the scope to develop its risk management arrangements. The increasing importance of partnership and collaborative working brings new and changing risks for the council and will be considered by SRMG. Good governance arrangements exist in respect of many key long-standing partnerships and these were enhanced through the application of the partnership protocol and toolkit. The outcome of this work is reported to SRMG during periodically.

The council has taken a strategic approach to meeting the challenging efficiency targets. It has a transformation strategy and has engaged a transformation consultant to assist in driving efficiency and improvement opportunities. Worksmart is a significant project to realise significant benefits over the next five years. This will initiate changes to working practices within the council and partnering organisations.

SRMG will need to assess the impact on the council's control environment, recognise new risks that might emerge and ensure appropriate management measures are in place.

8. Targets/Milestones

The aim of the strategy is to drive forward risk management to be fully embedded in all processes and activities throughout the council and within all key partnerships. This requires ongoing commitment and continual development of arrangements to meet changing circumstances.

It is important to be able to measure what success will look like to ensure the right approach is adopted and aims and objectives are being met.

Each year SRMG agree an action plan of work to:

- Maintain an effective risk management framework
- Identify new/ emerging risks which may impact on the risk management strategy
- Provide an effective challenge to ensure compliance with the strategy
- Evaluate arrangements against best practice and identify areas for improvement.

An area for improvement for 2010/11 is to develop arrangements to capture outcomes from risk management work. This will enable a more robust measurement of success for service users and North Lincolnshire citizens.

The action plan for 2010/11 is shown in appendix A

9. Performance

Where are we now?

Performance measures have been difficult to establish as no national guidance has been available. Last year ALARM's issued the 'National Performance Model for Risk Management in Public Services'. This can be used as a 'health check' for the council in preparation for ALARM/CIPFA benchmarking due to be launched in 2010. The Model provides an assessment framework to evaluate risk management activity and maturity. The council's arrangements have been evaluated using this model and the results are shown in appendix D. The evaluation indicates that risk management arrangements are generally good and areas for targeted improvements through better documentation of partnership risks and outcomes achieved through risk management work were already identified and will be incorporated in the risk management strategy and action plan for 2010/11

The council has joined the ALARM/CIPFA risk management benchmarking club which will be used to track the progress of the council's performance against peer organisations. Regular reports will be issued to SRMG.

Limited performance measures are captured and monitored at present. Two indicators are reported namely:

- % of Operational Risk Registers were received from services each year
- % of Strategic Risk registers were received from services each year

The results for 2009/2010 are:

- 100% of Operational Risk Registers were received from services in 2009/2010, an improvement on the 93% received the previous year.
- 100% of Strategic Risk registers were received from services in 2009/2010.

Comprehensive Area Assessment - Use of Resources

The Audit Commission's Use of Resources assessment recognises how North Lincolnshire Council manages its finances and provides value for money. The assessment covers a number of themes. The risk management & internal control theme was assessed at level 2 (meeting minimum requirements - performing adequately). The auditors concluded that: 'We found evidence of an established risk management strategy with operational and strategic risk registers in place and clear responsibilities both corporately and operationally. Strategic Risks are reported to the Audit Committee although the reporting timetable was not in place all year and hence the reporting of risks for some services was delayed. Registers focus on resilience risks and not the explicit specific risk of failure to achieve key targets or objectives'.

Where do we want to be?

During the year targets and performance measures will be developed to demonstrate that the strategy is effective and helps to achieve the council's aims and priorities. These include:

- SMART performance indicators for risk management
- Defined outcomes, e.g.:
 - Effective delivery of significant projects such as Building Schools for the Future (BSF), the Pods, the Baths Hall and Waste Management; all within budget, on time, with the desired service delivery and customer experience improvements.
 - Effective insurance risk management to drive down claims experience make realise savings on policy excess payments.
- Embedded risk management arrangements integrated within all key processes with full compliance with the framework across all service areas.
- Good external endorsement through an improved Use of Resources judgement to level 3 (consistently above minimum requirements – performing well).

APPENDIX A

Risk Management Action Plan 2010/2011

Aims and Objectives	Action required to achieve objective	Responsibility	Report due Date	Progress to date
2.1 Support the strategic aims and objectives of the council				
	2.1.1 Annual review of SRMG membership, terms of ref., risk management strategy & action plan, and framework for 2011/2012 and approval thereof.	CA/RW/ALL	March 2011	
	2.1.2 Annual review of the strategic risk controls and achievement of the strategic plan ambitions. Review of strategic risks in the light of revised service plans.	Service Directors CA/RW/ALL	Sept 2010 Sept 2010	
	2.1.3 Analysis of strategic risks and actions arising from Position Statements provided by Service Directors.	CA	Dec 2010	
2.2 Integrate risk management into the culture of the council				
	2.2.1 Annual review of operational risk controls and achievement of service plan ambitions (supported by workshops as appropriate).	Service Directors	Sept 2010	
	2.2.2 Analysis of operational risks.	RW/RK	Dec 2010	
2.3 Manage risks (both threats and opportunities) in accordance with best practice				
	2.3.1 Procure risk management system capable of analysing strategic and operational risk and provide management information thereon.	RW	June 2010	
	2.3.2 Review Criminal Liability issues for officers arising from new legislation. (Corp Manslaughter).	JR	June 2010	

	2.3.3 Evaluate the risk of fraud and controls in place.	CA	Dec 2010	
2.4 Anticipate and respond to changing external and internal pressures so there are fewer surprises				
	2.4.1 Develop a programme of targeted operational risk mgt. actions arising from changes in legislation, government guidance/initiatives, etc.	ALL	As req'd	
2.5 Manage the risks associated with major projects that have a significant impact on the council's financial position and pose a reputational risk				
	2.5.1 Review arrangements for major projects/ initiatives. E.g. BSF, Sports Academy, Waste Management, etc. <ul style="list-style-type: none"> • Waste management • BSF • The Pods • Worksmart • Baths Hall 	John Coates D.Lea/ J. Galbraith P. Thompson/CR J.Tattersall N. Bennett	Nov 2010 Dec2010 Jan 2011 TBA TBA	
2.6 Prevent injury, damage and losses and reduce the cost of risk				
	2.6.1 Report on last three years accident statistics for trends, showing direction of travel. Ensure action is taken by management to minimise costs/ service disruption	JR	March 2011	
	2.6.2 Report on last three years insurance claims data for trends, showing direction of travel. Ensure action taken by management to minimise costs/ service disruption	RW	March 2011	
2.7 Raise awareness of the need for risk management by all those connected with the council's delivery of services, including strategic partners, contractors, etc.				
	2.7.1 Additional training and development programme in response to emerging risks for the year not met through the corporate programme.	ALL	As req'd	
	2.7.2 Provision of risk management training identified through Leadership and	HR corporate training plan	As req'd	

	Management Competencies, generic competencies and revised induction programme delivered through the corporate training plan.			
	2.7.3 Communication network of newsletters and reports to the Audit Committee etc.	CA/RW	April 2010 June 2010 Sept 2010 Jan 2011	
2.8 Maximise the rewards that can be gained through effective risk management				
	This aim and objective will be carried out as part of other aims and objectives – see 2.5 and 2.10	N/A	N/A	
2.9 To embed risk management into the culture of all our key partners				
	2.9.1 Update on risk management arrangements in procurement of key services, works contracts and projects.	Jason Whaler	Sept 2010	
	2.9.2 Annual review of governance arrangements for partnership and collaborative working	Caroline Barkley	March 2011	
2.10 Monitor outcomes and measures that demonstrate that the risk management strategy is working.				
	2.10.1 Develop benchmarking data to measure performance on risk management both internally and externally and propose actions.	CA/RW	Sept 2010 March 2011	
	2.10.2 Review the effectiveness of risk mgt. arrangements against current best practice e.g. CAA Key Lines of Enquiry recommendations	CA	March 2011	
	2.10.3 Develop SMART performance indicators for risk management	CA	Sept 2010 March 2011	
	2.10.4 Capture outcomes resulting from risk management actions.	CA/RW	March 2011	

APPENDIX B

Strategic Risk Management Group (SRMG).

The role of the Strategic Risk Management Group is crucial to the implementation of a successful risk management programme. The SRMG is a facilitating group and will enable and empower all aspects of the programme. Its terms of reference are agreed and reviewed annually by the audit committee. The SRMG is the focal point for reviewing all aspects of risk management including Health and Safety, Emergency Planning, and Business Continuity. **It concentrates on strategic, not operational issues.**

The membership of the SRMG is as follows:

- Cllr. David Whitely (Member representative)
- Mike Wedgewood (Finance Services & Chair)
- Becky McIntyre (Children, Strategy & Partnerships)
- Kay Myers (Adults Social Care)
- Keith Ford (Neighbourhood & Environmental Services)
- Mike Wood (Legal & Democratic Services)
- Helen Reek (Highways & Planning)
- Chris Ramsbottom (Asset Management & Culture - Property)
- Janet Walker (Asset Management & Culture - IT)
- Nigel Manders (Strat.Dev.Unit & Strat.Regren.Hsg and Dev.)
- John Rennison (Human Resources)
- Chris Skinner (Community Planning & Resources)
- Carol Andrews (Finance Services)
- Rob Walters (Finance Services)
- Bill Sulman Risk Management Consultant, Public Sector Risks (JLT)
- Terry Courtney Risk & Insurance Consultant, Zurich Municipal
- Graham Wilkinson Humber Emergency Planning Service
- LSP Representative TBA

Each of the members of the SRMG will be responsible for co-ordinating the risk management programmes within their own service areas. This will include;

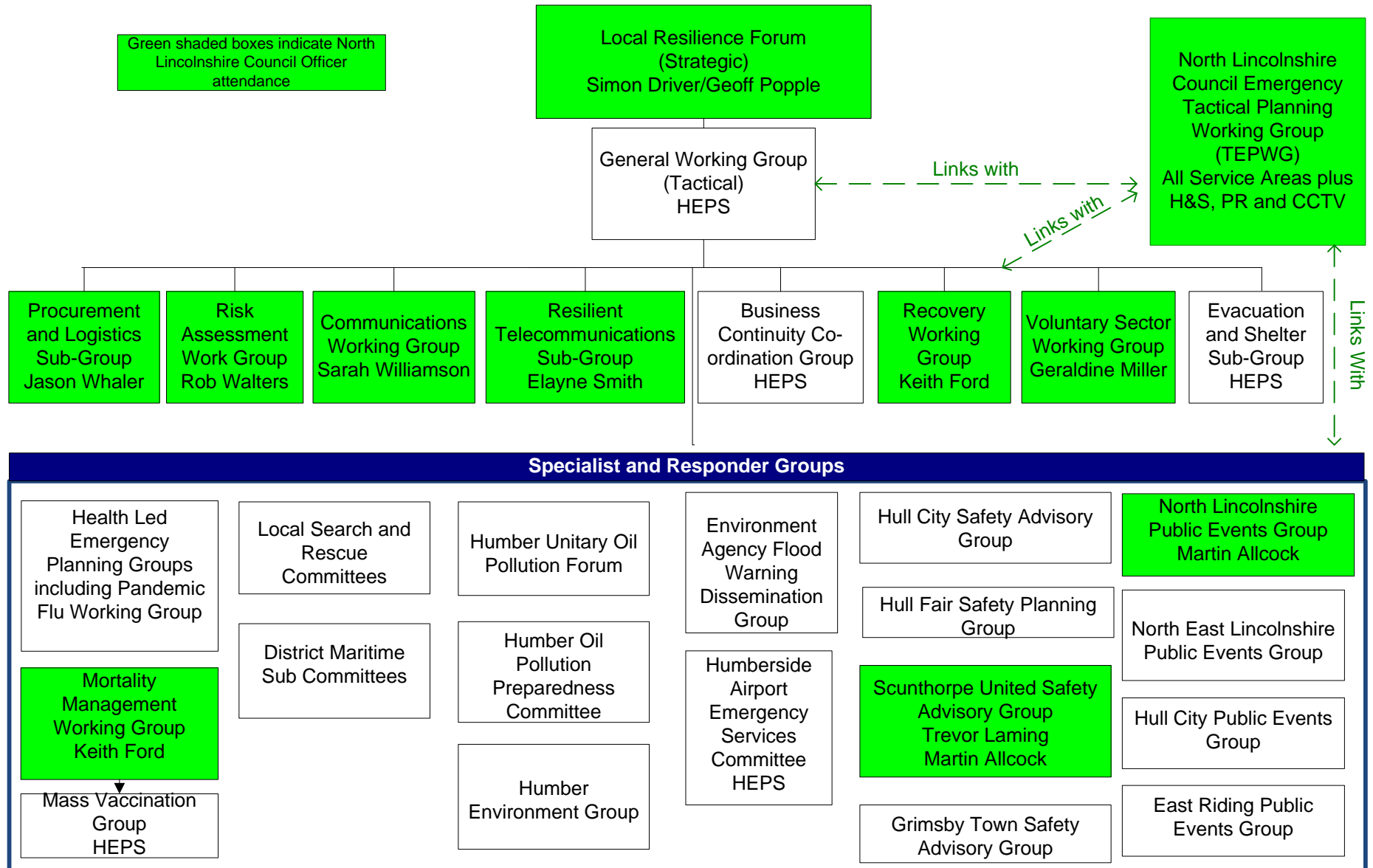
- Co-ordinating the operational risk assessment programme
- Disseminating risk management information and best practice
- Providing advice on risk management methodology and processes
- Ensuring that work assigned to the group is completed within the agreed timescale and report progress to SRMG as required.

There is also co ordination with the emergency planning team: Appropriate representation spans both groups, particularly with regard to Business Continuity Planning.

The SRMG will itself, where necessary, make recommendations on key strategic risks (or cross-directorate operational risks) to Council Management Team or Executive Management Team for comment/approval.

Consideration will be given to allocating a risk management budget to carry out appropriate risk reduction projects or training.

APPENDIX C



APPENDIX D

National Performance Model for Risk Management in the Public Services

Alarm designed the National Performance Model for Risk Management in the Public Services to answer the key question – ‘What does good risk management look like in a public service organization.’

This self-assessment questionnaire has been designed by Alarm’s Benchmarking Special Interest Group and forms the basis of Alarm’s Benchmarking Programme, due to launch in 2010.

The National Performance Model:

- Measures current performance against a recognised achievement level
- Provides the basis for clear performance indicators
- Acts as a catalyst for improved performance within the organization
- Informs assurance in corporate governance terms
- Demonstrates current risk management maturity in terms of:
 - External inspection expectations
 - National and international standards
- Allows for comparison with other organisations and learning from best practice through systematic benchmarking

ASSESSMENT FRAMEWORK

Risk Management Activity

The National Performance Model breaks down risk management activity into seven strands: five enablers and two focused on results.

Enablers

Leadership and management
Strategy and policy
People
Partnership, shared risks and resources
Processes and tools

Results

Risk handling and assurance
Outcomes and delivery

Risk Management Maturity

The Model tests the extent to which risk management is having a positive effect on the organisation. Risk management maturity is assessed as being at one of five levels:

- | | |
|---------|--|
| Level 1 | Risk management is engaging with the organisation |
| Level 2 | Risk management is happening within the organisation |
| Level 3 | Risk management is working for the organisation |
| Level 4 | Risk management is embedded and integrated within the organisation |
| Level 5 | Risk management is driving the organization |

Self Assessment

The Assessment Framework has been used to provide a quick “health check” of current arrangements using the indicators within the summary of progress (attached) to come to a conclusion of the current risk management maturity level. The council’s results are highlighted in blue.

The results indicate that risk maturity is strongest in areas of people (training and communication) and processes. Risk maturity is less developed in partnership working and impacts on the level of evidence to support the delivery of key council outcomes.

	Leadership & Management	Strategy & Policy	People	Partnership, Shared Risk & Resources Processes	Processes	Risk Handling & Assurance	Outcomes & Delivery
Level 5 Driving	Senior Management uses consideration of risk to drive excellence through the business, with strong support with reward for well-managed risk taking.	Risk management capability in policy and strategy making helps to drive organizational excellence.	<p>All staff are empowered to be responsible for risk management</p> <p>The organization has a good record of innovation and well managed risk taking</p> <p>Absence of a blame culture</p>	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 in key driver in business success	<p>Clear evidence that risks are being effectively managed throughout the organization.</p> <p>Considered risk-taking part of the organizational culture</p>	Risk management arrangements clearly acting as a driver for change and linked for plans and planning cycles
Level 4 Embedded & Working	Risk management is championed by the CEO	Risk handling is an inherent feature of policy and strategy making processes	People are encouraged and supported to take managed risks through innovation	Sound governance arrangements are established	A framework of risk management processes in place and used to support service delivery	Evidence that risk management is being effective and useful for the organization and producing clear benefits	Very clear evidence of very significant improved delivery of all relevant outcomes and showing positive and sustained improvement

	<p>The Board and senior managers challenge the risks to the organization and understand their risk appetite</p> <p>Management leads risk management by example</p>	<p>Risk management system is benchmarked and best practices identified and shared across the organisation</p>	<p>Regular training and clear communication of risk is in place</p>	<p>Partners support one another's risk management capability and capacity</p>	<p>Robust business continuity management system in place</p>	<p>Evidence of innovation risk-taking</p>	
<p>Level 3</p> <p>Working</p>	<p>Senior managers take the lead to apply risk management thoroughly across the organization</p> <p>They own and manage a register of key strategic risks and set the risk appetite</p>	<p>Risk management principles are reflected in the organisation's strategies and policies</p> <p>Risk framework is reviewed, refined and communicated</p>	<p>A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework</p> <p>Staff are aware of key risks and responsibilities</p>	<p>Risk with partners and suppliers is well managed across organizational boundaries</p> <p>Appropriate resources in place to manage risk</p>	<p>Risk management processes used to support key business processes</p> <p>Early warning indicators and lessons learned and reported</p> <p>Critical services supported through continuity plans</p>	<p>Clear evidence that risk management is being effective in all key areas</p> <p>Capability assessed within a formal assurance framework and against best practice standards</p>	<p>Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas</p>

<p>Level 2</p> <p>Happening</p>	<p>Board/ Councilors 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 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 continually 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>Level 1</p> <p>Engaging</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 procedures 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 Action Plan 2009/2010

Objective and action	Responsibility	Date to SRMG	Completion date	Progress to date
1. Annual review of SRMG membership, terms of reference, risk management strategy & action plan, and framework for 2010/2011 and approval thereof.	Strategic Risk Mgt. Group (SRMG)	January 2010	January 2010	Completed Progress reported to SRMG in January Strategy approved by SRMG in March Reported to the Audit Committee for approval in April
2. Analysis of strategic risks and actions arising from Position Statements provided by Service Directors.	Audit & Risk Manager/ Service Directors	December 2009	December 2009	Completed Considered by SRMG in January Reported to the Audit Committee in January
3. Annual review of the strategic and operational risk controls and achievement of the strategic plan ambitions.	Internal Audit	March 2010	March 2010	Completed Audit report issued in October Report summary considered by SRMG in September
4. Analysis of operational risks.	SMTs/ Service Division managers/Insurance & Risk Manager/ SRMG	September 2009	September 2009	Completed Progress considered by SRMG in January. Analysis considered by SRMG in March
5. Additional training and development programme in response to emerging risks for the year not met through the corporate programme.	SRMG	May 2009	April 2009	Ongoing process completed for 2009/2010
6. Provision of risk management training identified through Leadership and Management Competencies, workforce plan and revised induction programme delivered through the corporate training plan.	SRMG & Human Resources	To be determined	To be determined	Ongoing process completed for 2009/2010 Induction programme strengthened in risk management content: <ul style="list-style-type: none"> • General induction programme • New managers programme Generic competencies updated and launched in March Training needs will be identified by June and training programme content is being developed.
7. Communication network of newsletters and reports to the Audit Committee etc.	Audit & Risk Manager/ Insurance & Risk Manager.	Quarterly. May, August, Nov., February	Quarterly. April, July, Oct., January.	Completed Regular newsletters and reports produced throughout the year.
8. Develop a programme of targeted operational risk mgt. actions arising from changes in legislation, government guidance/initiatives, etc.	SRMG	Ongoing as changes arise. Review at each SRMG meeting	Ongoing as changes arise. Review at each SRMG meeting.	Completed Regular report are considered by SRMG including: <ul style="list-style-type: none"> • Accident statistics • Insurance risk management actions (mainly in schools)

9. Review insurance claims data and ensure action taken by management to minimise costs/ service disruption	Insurance and Risk Manager	Quarterly. May, August, Nov., February	Quarterly. April, July, Oct., January.	Completed Regular reports considered by SRMG throughout the year
10. Update on risk management arrangements in procurement of key services, works contracts and projects.	Jason Whaler//CA/RW	July 2009	July 2009	Completed Update considered by SRMG in September
11. Develop benchmarking data to measure performance on risk management both internally and externally and propose actions.	Audit and Risk Manager	Develop measures by September 2009	Develop measures by September 2009	Ongoing process completed for 2009/2010 Update considered by SRMG in November ALARM model considered by SRMG in November Will participate in CIPFA/ALARM risk management benchmarking when available
12. Review the effectiveness of risk mgt. arrangements against current best practice e.g. CAA Key Lines of Enquiry recommendations	Audit and Risk Manager	March 2010	March 2010	Completed Self assessment completed in March and reported to SRMG
13. Review arrangements for major projects/ initiatives. E.g. BSF, Sports Academy, Waste Management, etc.	SRMG	As required.	As required.	Ongoing process completed for 2009/2010 Reports received on BSF, Waste Management and the Pods.
Brought forward from 2008/2009				
14. Review Criminal Liability issues for officers arising from new legislation. (MLO, Corp Manslaughter).	Audit & Risk Manager – MLO Corporate Manslaughter - JR	MLO May 2009	MLO May 2009	Partially completed Money laundering. policy and training completed , Update on corporate manslaughter considered by SRMG in September 2008 and is incorporated in Health and Safety training. It will be considered further when the implications of the first prosecutions under this legislation are known
15. Revise the current risk management framework in the light of the Local Government White Paper proposals and Local Government Bill (CAA/LAA/MAA/ABG)	SRMG	Ongoing	Ongoing	Ongoing process completed for 2009/2010 Report considered by SRMG in November 2009
16. Follow up review of governance arrangements for partnership and collaborative working	Internal audit	January 2010	January 2010	Completed Internal Audit Report issued February 2010
17. Develop council's performance management module/other to provide management information on ORRs.	Nigel Manders/ Rob. Walters	September 2009	September 2009	Ongoing process System functional specification reported to SRMG in November. Two product demonstrations held, 3 rd system demonstration (integrated with PMS) is still outstanding

<p>18. Review IT and Data Quality risks, including the quality of data supplied by our partner organisations and the arrangements for secure records managements, in the light of initiatives such as Worksmart and Government Connect and their impact on the councils control environment to ensure appropriate risk management measures are in place.</p>	<p>SRMG</p>	<p>As required</p>	<p>As required</p>	<p>Completed for 2009/2010 Report considered by SRMG in November Implications of the Worksmart project will be considered in the 2010/2011 action plan</p>
<p>19. Evaluate the risk of fraud and controls in place.</p>	<p>SRMG/Internal Audit</p>	<p>March 2010</p>	<p>March 2010</p>	<p>Completed Regular reports have been considered by the Audit Committee. CIPFA training on fraud risk benchmarking is available in March and will be considered alongside the outcome of Internal Audit plan work. A summary report will be presented to SRMG in May</p>