REPORT FOR DECISION

Bury COUNCIL

MEETING:	**Cabinet**
DATE:	**8 March 2017**
SUBJECT:	**Revised Risk Management Policy & Strategy**
REPORT FROM:	**Leader of the Council**
CONTACT OFFICER:	**David Hipkiss, Risk & Governance Manager**

TYPE OF DECISION:	**COUNCIL - KEY DECISION**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain

SUMMARY:	The revised Risk Management Policy & Strategy provides detail on how the Council will work effectively to minimise the impact and exploit the opportunities that risks present. The risk management policy and strategy has been further developed to take account of risk proximity which is now included within the grading of the risk alongside the likelihood and impact scoring. The revised policy and strategy also includes the introduction of new levels of assurance that provides much greater clarity on the governance and scrutiny of each risk.
OPTIONS & RECOMMENDED OPTION	Members are requested to re-affirm their support for the Council's Risk Management Policy and Strategy.

IMPLICATIONS:

Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? **Yes**
Financial Implications and Risk	See Executive Director of Resources &

| Considerations:	Regulation comment below
Statement by Executive Director of Resources:	There are no direct resource implications arising from this report. Risk management is an integral part of the Council's approach to Corporate Governance and service and financial planning and it is essential that robust risk management practices are put in place to safeguard the Council's assets and its reputation. Corporate, departmental and operational risk assessments have been undertaken and key elements of the resultant Management Action Plans are incorporated into Departmental Service Plans.
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes (Governance Panel)
Are there any legal implications?	No
Staffing/ICT/Property:	There are no direct HR, IT or property implications arising from this report.
Wards Affected:	All
Scrutiny Interest:	Overview & Scrutiny

TRACKING/PROCESS   **DIRECTOR:**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	8th March 2017		
Overview & Scrutiny	Committee	Cabinet	Council
	Audit		

BURY METROPOLITAN BOROUGH COUNCIL

RISK MANAGEMENT ASSURANCE POLICY & STRATEGY

COST

PERFORMANCE
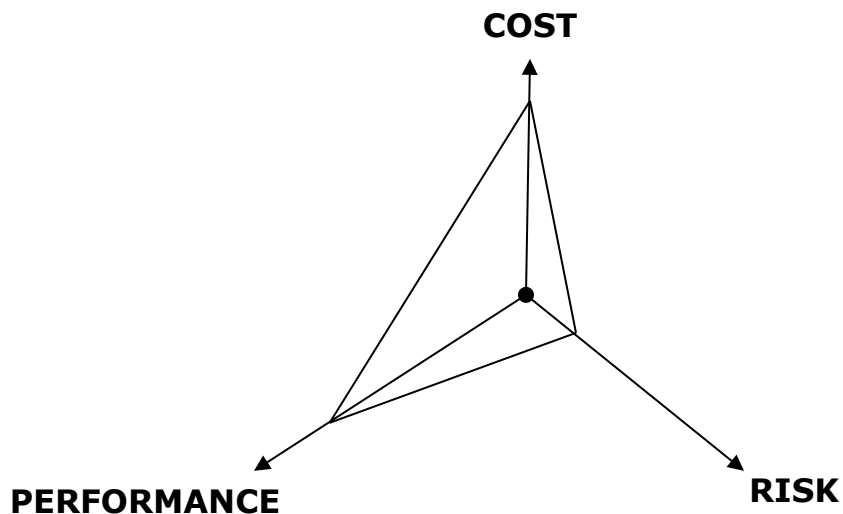
RISK

EXECUTIVE DIRECTOR OF RESOURCES
Revised November 2016

CONTENTS

1. INTRODUCTION

The Council provides a diverse range of services and this work is guided by the Council's priorities these include:

➢ Health & Wellbeing
➢ Affordable Housing
➢ Inward Investment
➢ Partnership Working
➢ Growth and Reform
➢ Service Improvements

Risk management is seen as a key element in the successful achievement of the Council's Priorities and it is an essential dimension of the Council's Code of Corporate Governance. Effective risk management has a number of benefits:

• It contributes to better decision making and to the process of achieving ambitions and priorities

• It provides assurance to Members and management on the adequacy of arrangements for the conduct of business and the use of resources

• It leads to greater risk awareness and an improved control environment, which should lead to tangible and financial benefits

In providing its services the Council recognises that it owes a statutory and moral duty of care towards its clients, its employees and visitors to the Borough and for the assets that it owns. It also recognises the importance of protecting and preserving its ability to continue to provide the services.

The Council recognises that some risks will always exist but it will take all steps to ensure that it mitigates such risk whilst at the same time ensuring that the services it provides are maintained. The Council will reduce the possibility of injury and loss or damage by anticipating and controlling the exposure to risk.

Losses are often measured in monetary terms but the Council recognises that they can also occur in other areas. However it is also recognised that understanding the breadth of hazards that the Council faces will help managers to identify the potential risks attached to providing a service and prevent the provision of an unsatisfactory service.

Such hazards and associated risks can be strategic or operational; the categories of risk are provided at Appendix 1 of this strategy and policy document. The categories are neither prescriptive nor exhaustive. However, the Council recognises that they provide a framework for identifying and categorising a broad range of hazards and risks facing each service.

It is also recognised that the various categories cannot be considered in isolation. For example, the *physical risks* associated with the security of a school can have *professional* consequences for teachers fulfilling their day to day duties and *financial* consequences for the organisation as a whole. Therefore the Council will consider the risks associated with each of the sub-categories and their inter-relationships as part of the risk assessment process.

Managing corporate risks is a core responsibility of senior managers in close liaison with elected Members and executive directors. Corporate risk assessments will be undertaken as part of the community, corporate and service planning process and as a key element of service reviews.

The Council also recognises the importance of developing the use of risk management in its dealings with 3rd parties such as partnerships, contracts and major procurements and it will use risk management to mitigate risks whilst exploring the opportunities that these arrangements can make to the achievement of the Council's priorities.

Finally the Council accepts that Insurance can only be a partial answer to reducing the financial Impact of risk and that the Council may not be able to obtain Insurance cover for the majority of its exposure.

2.   RISK MANAGEMENT POLICY STATEMENT

The Council defines risk as:

> **The chance of something happening that will have an impact on the achievement of the Council's ambitions and/or priorities.**

and risk management as:

> **A planned and systematic approach to the identification, measurement, analysis, assessment, control and subsequent monitoring of risks which could have an impact on the existence, the assets, the earnings or the personnel of the organisation and the services it provides.**

The Council recognises that risk management is not simply a compliance issue, but rather it is a way of viewing its operations with a significant impact on long-term viability and that risk management helps to demonstrate openness, integrity and accountability in all of the Council's activities.

In defining risk, the Council also recognises that a risk can be the failure to take advantage of opportunities to optimise the achievement of its ambitions and/or priorities. The Council will also pro actively consider positive risks (opportunities) as well as negative risks (threats).

In addressing risk and risk management the Council will:

- develop and maintain robust systems for identifying and evaluating all significant risks and in doing so will involve the proactive participation of all those associated with planning and delivering services

- put in place and maintain effective risk management systems, including systems of internal control and an internal audit function. These arrangements will aim to ensure compliance with all applicable statutes, regulations and relevant statements of best practice and to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use

- embed risk management into service and financial planning processes by taking account of risk assessments within the Bury Plan, linking budgets to risk assessments of material items of income and expenditure, using risk management techniques to

inform budget and performance monitoring, and basing its reserves policy on a thorough understanding of the risks that it faces

- ensure that services are delivered by trained and experienced people

- put in place effective arrangements for an objective review of the effectiveness of risk management and internal control. Assurance mapping is a essential factor for effective risk management in Bury Council focussing on three key lines of defence:

Independent Oversight

Management Oversight

Operational Management
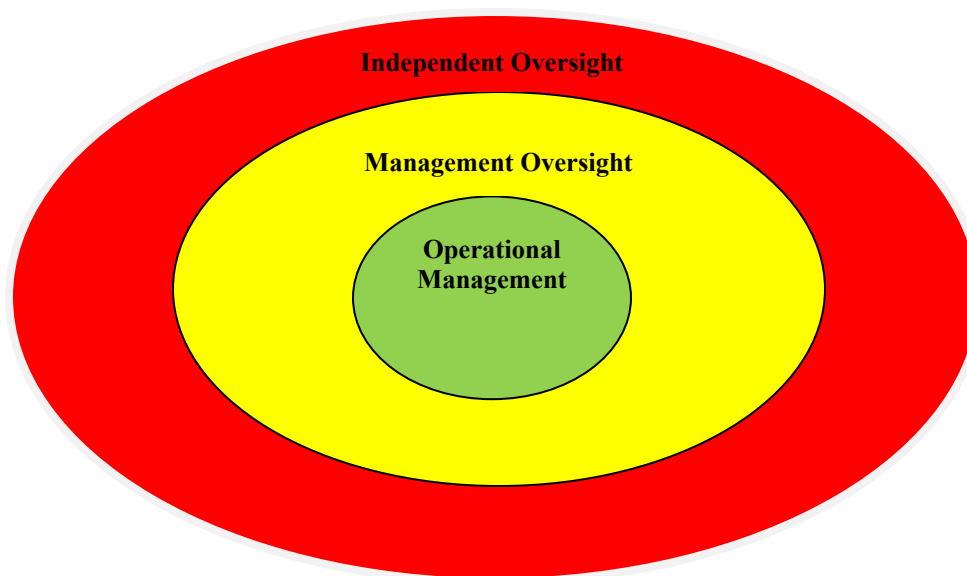
- These three lines of defence include:

  Effective Operational Management - having clear lines of responsibility/ownership, clear and accessible risk reporting and communication lines, up to date policies, procedures, guidance and training material and having in place a consistent approach to assessing and managing risk across the Council.

  Management oversight that is clear about the risk management framework and actively is involved in overseeing and managing risk both at strategic and operational levels.

  Independent internal audit and scrutiny function that can challenge current working practices at all levels and has direct communication links to both operational, senior management and governing teams.

- maintaining an objective and professional relationship with external auditors and statutory inspectors

- publish annually an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice

3. POLICY OBJECTIVES

The objectives of the Risk Management Policy are to:

- Embed Risk management into the Council's corporate business processes including:

  o Corporate planning
  o Financial planning and monitoring
  o Workforce planning
  o Policy making and review
  o Performance monitoring
  o Partnership working

- Establish a framework for identifying and managing risk across partnerships

- Integrate Risk Management into the culture of the Council;

- Support departments in appraising the risks to which they are exposed;

- Promote the concept of Risk Assessments and to encourage managers to undertake risk assessments and to take responsibility for the consequences of injury, damage and loss for which their function is responsible;

- Manage risk in accordance with best practice;

- Prevent injury, damage and losses and reduce the cost of such to the Council;

- Raise awareness of the need for Risk Management by all those connected with the delivery of the Council's services;

- Promote the importance of, and need for, business continuity planning.

The way in which these objectives will be achieved is set out in the Risk Management Strategy (see section 4)

4. RISK MANAGEMENT STRATEGY

The Risk Management Strategy sets out how the Council will achieve compliance with the Risk Management Policy. It will:

- Clearly identify objectives, roles and responsibilities for managing risk
- Improve co-ordination of risk management activity throughout the Council, particularly into the finance/service planning and monitoring framework
- Reduce duplication and enhance consistency between departments in managing overlapping risks
- Provide opportunities for shared learning on risk management across the Council
- Offer a framework for allocating resources to identify priority risk areas
- Reinforce the importance of effective risk management as part of everyone's job
- Enhance the risk taking attitude of all staff in a managed, transparent and coherent way

The key actions in strategy development are as follows-

- Identify which categories of risk should be covered and definitions of scale of risk, agree the SMART (Specific, Measurable, Agreed, Realistic, Timetabled) objectives and actions required to manage risk, the timetable for strategic implementation, monitoring and review and any dedicated resources required
- Agree targets against which the success of a strategy will be evaluated
- Identify and agree an approach to risk financing
- Agree the roles and responsibilities for risk management strategy implementation and review
- Identify the training required to support strategy implementation

Risk management must be part of every manager's day to day work and they should be involved in the risk management process, applying it to the functions for which they are responsible. Ownership of risk management is set out in section 5.

All employees must understand their role in the process, why they should be concerned with risk, and how they can play a part in promoting Risk Management within the council.

Implementation of the Council's Risk Management Policy and support by all employees is central to the success of this strategy.

The Authority recognises the need to include "Partnership working" within this risk management framework.

Partnership working presents a number of new risks;

- Partner organisations will have different aims and objectives
- Often Partnerships are innovative, and there is no proven track record for the work they are undertaking.
- By definition, they involve different organisations, with different cultures and systems.
- It is likely each organisation will have a different approach to the management of risk
- Organisations will have differing risk thresholds / risk "appetite"

It is essential that the Partnership manages risks (and maximises opportunities) that can impact upon the aims and objectives of the Partnership as a whole.

Equally, Partner organisations need to understand the nature and extent of the risk they face individually through Partnership working.

As part of the development of the Council's Risk Management framework a common approach to managing risk in partnership has been developed that enables the joint assessment of risk against partnership objectives to be made and managed through shared risk registers.

5.   OWNERSHIP & ASSURANCE - LINES OF DEFENCE

Identifying and allocating the roles and responsibilities for risk management is essential if the Risk Management Policy is to be developed, implemented and reviewed effectively.

It is recognised that three key areas of defence provide the most effective and robust assurance framework for risk management.

It is vital that involvement and responsibility is clear at operational level, that there is clear lines of communication to enable effective management oversight of risk activity across the Council and that there is independent scrutiny of working practices taking place with clear reporting lines through to management and governing bodies.

The allocation of key roles and responsibilities is explained in the following paragraphs:

5.1 ELECTED MEMBERS – DEFENCE LEVEL 2 - MANAGEMENT OVERSIGHT

Role

- to oversee the effective management of risk by officers of the Council.

Responsibilities

- to gain an understanding of risk management and its benefits
- to require officers to develop and implement an all-encompassing approach to risk management
- to approve and monitor the Risk Management Policy and Strategy.

The Leader of the Council will sign-off the annual Statement of Internal Control

In addition to the role and responsibilities of the Corporate Risk Management Group (set out below), risk management will also fall within the remit of Audit Committee and Overview & Scrutiny Committee.

5.2 CORPORATE RISK MANAGEMENT GROUP – DEFENCE LEVEL 2 – MANAGEMENT OVERSIGHT

Role

- to undertake effective Member-level management and monitoring of corporate risks and corporate risk management

Responsibilities

- to manage and monitor the highest risks on the corporate risk register
- to oversee the development of the authority's approach to risk management
- to review (and, where necessary, up-date) at least annually the authority's risk management process, making appropriate recommendations to Cabinet
- to support the approach to embedding risk management throughout the Council's corporate and departmental planning, performance and financial management framework
- to consider the Risk Management Annual report which will be submitted to Council.

5.3   CHIEF EXECUTIVE AND SENIOR LEADERSHIP TEAM – DEFENCE LEVEL 2 – MANAGEMENT OVERSIGHT

Role

- to ensure that the Council manages risk effectively and achieves the Risk Management Policy through the development of an all-encompassing corporate Risk Management Strategy
- to ensure that risk receives a high profile within departments

Responsibilities

- to gain an understanding of risk management and its benefits
- to develop the corporate Risk Management Strategy in liaison with the risk manager and communicate it to elected Members or corporate directors
- to promote and oversee its implementation across the Council
- to monitor and review the effectiveness of the Risk Management Strategy
- to determine and allocate any inputs and resources required to support the work corporately
- to promote a 'risk aware' culture throughout the Council
- to make arrangements for embedding risk management into the Council's business processes and throughout individual Departments
- to assess the wider/cross cutting implications of strategic Departmental risk assessments
- to monitor the implementation and effectiveness of Corporate Risk Management Plans, with the specific duty to reduce the impact of the highest risks
- to monitor the work of and receive reports on the work undertaken by the Operational Risk Management Group
- to provide annual Assurance Statements on Internal Control
- to contribute to the preparation of, and to approve, the Statement of Internal Control for publication in the annual Statement of Accounts.

The Chief Executive will sign-off the annual Statement of Internal Control.

The Interim Executive Director of Resource & Regulation will be the Director-level Risk Management Champion

5.4 OPERATIONAL RISK MANAGEMENT GROUP – DEFENCE LEVEL 1 - OPERATONAL RESPONSIBILITY

Role

- to share experience on risk, risk management and strategy implementation across the Council.

Responsibilities

- to identify areas of risk that impact on all services
- to identify areas of risk that overlap various services
- to share good practice on all aspects of risk management
- to monitor the implementation and effectiveness of Strategic departmental risk management plans
- to promote sound risk management practices within services
- to assist in the promotion of a 'risk aware' culture and in embedding risk management within services
- to feed into the development of the Risk Management Policy and Strategy

5.5 RISK MANAGEMENT & AUDIT – DEFENCE LEVELS 1, 2 & 3 OPERATIONAL, MANAGEMENT OVERSIGHT AND INDEPENDENT OVERSIGHT

Audit and Risk Management fall within Resources but are now managed separately to enable a clearer structure for assurance purposes across the three key defense structures and ensure a more corporate and strategic approach to risk management is adopted and embedded across council services.

5.6 CORPORATE RISK & GOVERNANCE MANAGER – DEFENCE LEVELS 1 OPERATIONAL RESPONSIBILITY AND LEVEL 2 MANGEMENT OVERSIGHT

Role

- to support the Council and its departments in the effective development, implementation and review of the Risk Management Policy and Strategy

Corporate risk manager responsibilities

- to develop the corporate Risk Management Policy and Strategy in liaison with the Members, Senior Leadership Team, the Corporate and Operational Risk Management Groups and service departments
- to promote, support and oversee their implementation across the Council
- to identify any dedicated inputs and resources required to support the work
- to monitor and review the effectiveness of the Risk Management Policy and Strategy
- to identify and communicate risk management issues to departments

- to assist departments in undertaking risk management activity through training and/or direct support
- to work with the corporate Insurance Officer on insurance issues.

Other central support service responsibilities

- to advise corporate and departmental management teams on the financial, legal, human resource and corporate policy implications of strategic and operational risk management decisions
- to support the corporate and departmental management teams in their liaison with external partners when identifying and managing risk.

5.7 AUDIT – DEFENCE LEVEL 3 INDEPENDENT OVERSIGHT

Internal Audit

Internal Audit continues to play a vital role in risk management by;

- providing assurance on the effectiveness of the internal control framework through a risk based audit plan (derived through risk registers, and audit risk indices) covering all activities and fundamental systems of the Authority,

- challenging established risk management processes, risk identification and evaluation as part of the routine audit of activities and systems,

- under-taking dedicated audits of the Risk Management Process to ensure Service Managers are using the Operational Risk Assessment Action Plan Register to record, manage, and review risks, actively identifying new risks and reporting high risk upwards.

5.8 DEPARTMENTAL MANAGEMENT TEAMS – DEFENCE LEVELS 1 OPERATIONAL RESPONSIBILITY AND LEVEL 2 MANAGEMENT OVERSIGHT

Role

- to ensure that risk is managed effectively in each service area within the agreed corporate Policy and Strategy

Responsibilities

- to feed into the development of the corporate Risk Management Policy and Strategy from a service specific perspective
- to identify any service specific issues relating to risk management which have not been explicitly addressed in the corporate Policy or Strategy
- to ensure that the Policy and Strategy are implemented effectively across the relevant services

- to undertake strategic Departmental risk assessments and prepare, and monitor the effectiveness and implementation of, risk management action plans
- to oversee the preparation of operational risk assessments within individual service areas
- to promote a 'risk aware' culture throughout the Department
- to make arrangements for embedding risk management into the Department's business processes
- to negotiate departmental budget requirements for risk control projects
- to liaise as appropriate with external agencies in identifying and managing risk
- to disseminate the detail of the Strategy and allocate responsibilities for implementation to service managers and staff
- to establish the training requirements of managers and staff with responsibility for strategy implementation
- to work with the corporate Insurance/Risk Management officers in assessing departmental insurance requirements.

The Departmental Management Team (DMT) should identify a senior officer within the department (ideally a departmental management team member) to act as Risk Management Champion. This individual will co-ordinate the department's overall approach to risk management and represent the department on the Operational Risk Management Group.

5.9 SERVICE MANAGERS – DEFENCE LEVEL 1 OPERATIONAL RESPONSIBILITY

Role

- to manage risk effectively in their particular service areas.

Responsibilities

- to implement the detail of the Risk Management Policy & Strategy
- to recommend the necessary training for employees in risk management
- to undertake operational risk assessments and to maintain a risk management portfolio for their service area(s)
- to share relevant information with colleagues in other service areas
- to feedback on their experience of strategy implementation and perceptions of strategy effectiveness to the departmental management team

5.10 EMPLOYEES – DEFENCE LEVEL 1 OPERATIONAL RESPONSIBILITY

Role

- to manage risk effectively in their job.

Responsibilities

- to liaise with their line manager to assess areas of risk in their job
- to identify new or changing risks in their job and feed these back to their line manager
- to undertake their job within the risk management guidelines set down for them by their manager
- to ensure that the skills and knowledge passed to them are used effectively.

This Policy has the support of the Council but the Council also recognises that if it is to be effective it requires the co-operation of all employees to ensure it has a positive impact on the operation of the Council. Copies of this Policy will be made available to all staff on the Council's intranet and through other forms of internal publicity setting out clearly the key elements.

6.   RISK MANAGEMENT METHODOLOGY

6.1   The Risk Management Cycle

Implementing the strategy involves identifying, analysing, prioritising, managing and monitoring risks.

The risk management cycle

RISK IDENTIFICATION

RISK ANALYSIS

PRIORITISATION

RISK MANAGEMENT

MONITORING
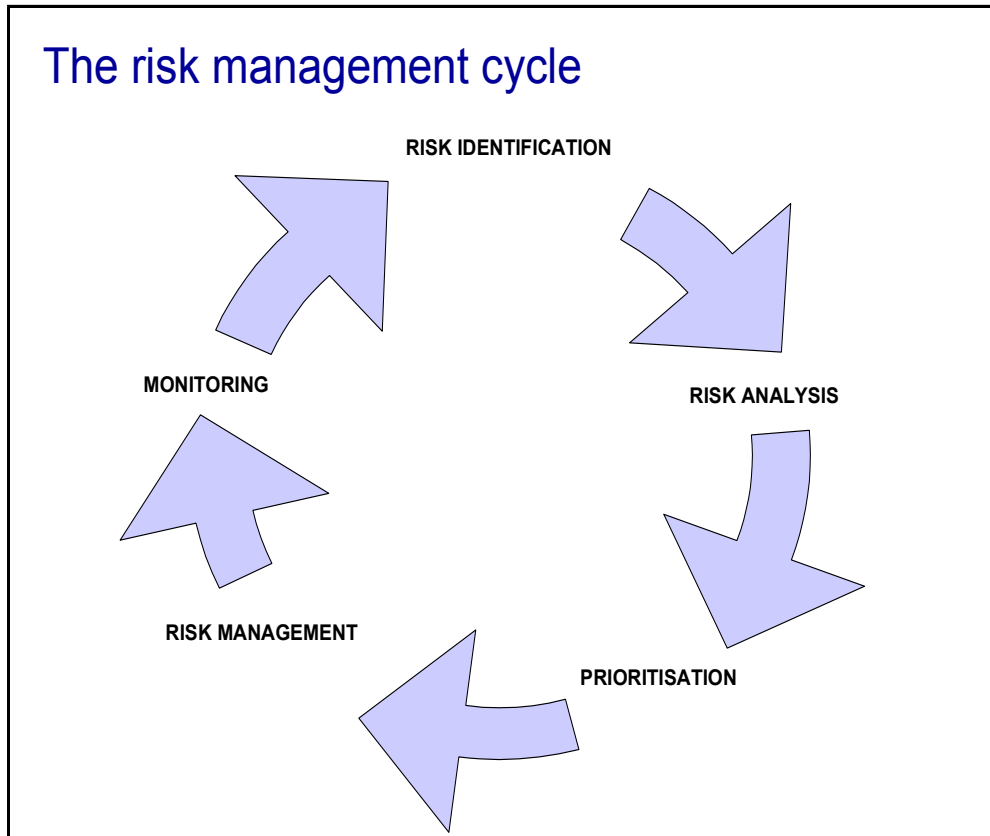
The methodology adopted by the Council is a structured, systematic methodology that identifies, evaluates, prioritises and manages risk at corporate, strategic departmental and operational levels.   Key aspects of the process are explained in detail below:

Stage 1 – Engaging 'hearts and minds'

To ensure that the Council's risk management strategy becomes a living reality it is essential to begin its implementation by securing buy-in for the process before it starts.

This will be done through an on-going series of awareness sessions engaging the Council's Members and officers on the benefits of risk management to the organisation, to services and to individuals.

Stage 2 – Identification

There are different methods to identify risks. The Council's preferred   method   is   to   run
facilitated workshops within departments encouraging officers to share their concerns, problems
and potential risks that they foresee.

When identifying risks the following categories of possible risk areas are used. They act as a
prompt and as a trigger for officers involved in the process. They ensure that a holistic approach
to risk identification is taken and that the risk process does not just concentrate on operational,
financial or legal risks. Examples of risks from each category can be found in Appendix 1.
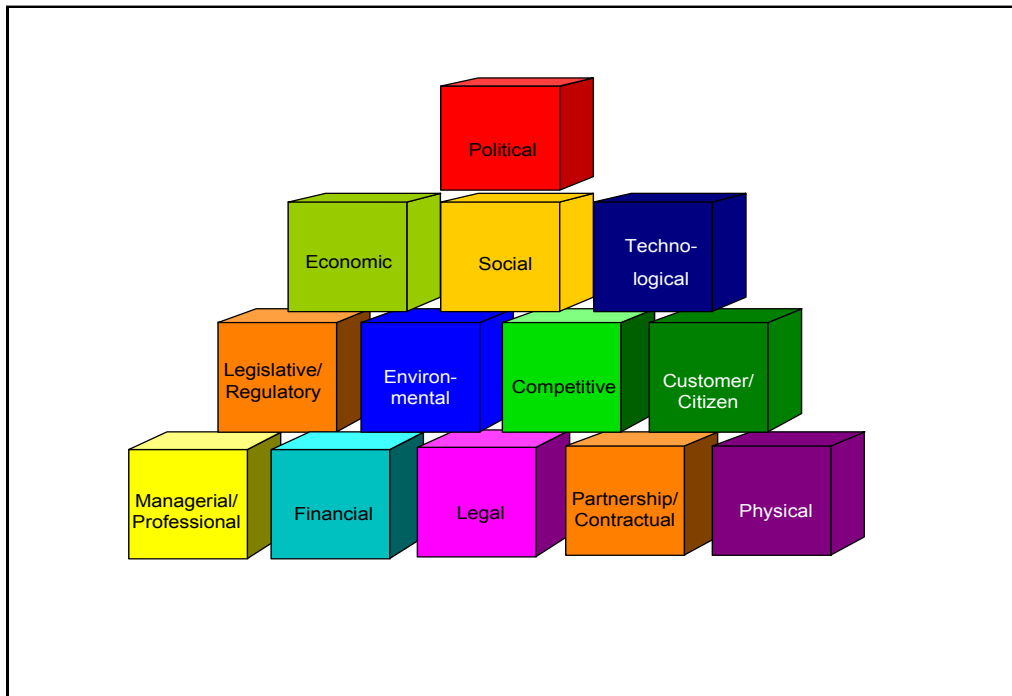
Risks will be assessed at three distinct levels:

- **Corporate** – those risks that may prevent the Council from achieving its priorities
- **Strategic Departmental** - those risks that may prevent the individual Departments
  from meeting their objectives or from achieving their contribution to the Council's
  priorities
- **Operational** – those risks that may impact on the success of specific services

Risks inherent in the revenue and capital budget strategies will be assessed separately and used to determine, amongst other things, the minimum level of the revenue balances.

Monitoring of financial and performance information will also be directly influenced by risk management techniques. This strategy ensures that risk management forms an integral part of the financial and performance monitoring process

Stage 3 - Assessment/Analysis

The information gathered from the processes above will be assessed and analysed and risk scenarios developed for the key concerns.

A consistent approach will be taken to assessing risks, examining for each risk identified a scenario involving an Event, Consequence and Impact. Risk scenarios also illustrate the possible consequences of the risk if it occurs so that its full impact can be assessed.

An example risk scenario is provided below:

Event	Consequence	Impact
Failing to assign sufficient resource and finance to a project	An under resourced project	- Project delays/failure - An inadequate outcome - Performance adversely impacted - Additional stress for staff - Member and user criticism - Adverse publicity - Other projects jeopardised

Likelihood, impact and the proximity of the risk will be ranked on a scale of 1 to 4 as set out in the following tables:

Measures of likelihood

Score	Description	Definition
4	Almost certain	Is expected to occur in most circumstances; greater than 80% chance
3	Probable	Will probably occur in most circumstances; 50% to 80% chance
2	Possible	Will possibly occur at some time; 20% to 50% chance
1	Unlikely	Could occur at sometime; less than 20% chance

Measures of impact

Score	Description	Definition
4	High	Critical impact on the achievement of ambitions/priorities; huge impact on costs, income, performance, reputation; critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
3	Significant	Major impact on the achievement of ambitions/priorities; serious impact on costs, income, performance, reputation; substantial opportunities missed. Medium to long term effect and expensive to recover from.
2	Medium	Waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.
1	Low	Minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short to medium term effect.

Measures of Proximity -

Score	Description	Definition
4	High	0-3 months – Risk is being management with immediate effect
3	Significant	3-6 months – Plans in place to management the risk
2	Medium	6-12 months – Plans being prepared/are in place
1	Low	1 year plus – Plans being prepared

Each risk scenario is then given a total score which is calculated as

Total risk score = Likelihood score x Impact score x Proximity score

For each scenario a risk score will be calculated at three distinct levels, high, medium and low with the following thresholds:

- A score of between 41 and 64 – High risk
- A score of between 21 and below 40 – Medium risk
- A score of between 1 and below 20 – Low risk:

Stage 4 – Prioritisation

A matrix will be used to plot the risks and once completed this risk profile will clearly illustrates the priority of each risk scenario.

An example risk profile is given below:

Once the risks have been prioritised the next step is to cluster the risks into relevant categories. This aids the action planning process:

Severe	Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved
Material	Close monitoring to be carried out and cost effective control improvements implemented to ensure service delivery is maintained
Tolerable	Regular review, low cost control environment improvements sought if possible

Stage 5 – Management

This aspect of the risk management cycle involves:

- Deciding what level of risk is tolerable by determining the risk appetite and the acceptable risk score
- Assessing whether to accept, control, modify, transfer or eliminate the risk (see below)
- Documenting the rationale behind the chosen appetite/approach
- Implementing the decision
- Assigning ownership to manage the risk
- Completing an action plan

In coming to a view on the appropriate action the following definitions will apply:

- Accepting risks means that they will be managed within existing management routines. This should normally apply only to tolerable risks.

- Controlling risks means that additional actions are identified that will reduce the likelihood and/or impact of the relevant risk. Controls can be preventative (e.g. physical access controls), detective (e.g. alarms) and/or directive (e.g. guidance notes).

- Modifying risks means that activities, and/or the way they are carried out, are changed, because additional controls would not have the required impact.

- Transferring risk means that a third party takes responsibility for the risk e.g. by taking insurance cover.

- Eliminating risk means ceasing to carry out the activity because modifying it or controlling it would not achieve the desired risk appetite.

The potential for controlling or modifying the risks identified will be addressed through Management Action Plans. Action plans will:

- describe the risk
- set out the potential consequences
- link risks to corporate priorities
- show the risk appetite and target risk score
- describe current and proposed mitigation actions/controls
- identify the resources required to deliver improvements, the officer(s) and Member(s) accountable for delivering the improvements and achieving the target risk score (where applicable), key dates, deadlines and critical success factors/KPIs.

These plans will not be seen as a separate initiative but will be incorporated into the corporate and service planning framework.

An interactive Risk Management Toolkit has been developed and made available on the Council's intranet to assist with the various stages of the risk management process.

6.2 Risk Monitoring

Risk management is an on-going process and requires review and monitoring. This process will examine:

- the implementation of agreed actions.
- the effectiveness of the controls that have been put in place.
- how the risk has changed.

Where changes have occurred the cycle will be revisited taking into account the changes and their impact on the service. The effectiveness of any control action will be judged on the basis of its success in either reducing the frequency and/or the severity of an incident.

To ensure that the Council operates Risk Management effectively there needs to be a mechanism for monitoring performance as well as updating the Strategy in the light of experience and influences outside the Council (e.g. legislation).

The following reporting structure will be used to monitor the management of risk (although this will be kept under review and refined over time):

Level 2 Defence – Management Oversight

- The Cabinet, Audit Committee and Council will receive an annual report (in March of each year) prepared by the Interim Executive Director of Resource & Regulation and endorsed by the Senior Leadership Team. This will also include a review of the Risk Management Policy and Strategy and an action plan for the coming 12 months

Level 2 Defence – Management Oversight

- Senior Leadership Team, Cabinet, and will receive a summarised quarterly report setting out progress against corporate risk management plans as part of the corporate Finance and Performance Monitoring Report

Level 2 Defence – Management Oversight

- Corporate Risk Management Group will receive a detailed quarterly report prepared by the Interim Executive Director of Resource & Regulation showing progress against the corporate risk management plans

Level 1 Defence – Operational Responsibility

- DMTs will receive quarterly monitoring reports prepared by the Corporate Risk Manager and the departmental risk champion showing progress against strategic Departmental risk management plans and against key operational risks

One or more services may face the same hazards and risks (e.g. vandalism, security, insurance claims) and as such formal cross service working often helps to identify and manage overlapping risks. This will be achieved in part through the work of the Operational Risk Management Group.

Level 1 Defence – Operational Responsibility

- The Group has permanent members representing the major departments of the Council, representatives from the Council's Insurers and Brokers, Interim Executive Director of Resource & Regulation, the Insurance Officer, the Emergency Planning and Health and Safety Services. Permanent members representing departments must be of sufficient status to be able to report to their Management Teams and be able to implement Risk Management policy as it applies to the departments.

- In addition other officers will be co-opted onto the Group, when it is deemed necessary, to provide specialist expertise on a particular issue.

6.3   Risk Financing

This is an important element when considering the reduction of the Council's total cost of risk. The financing may take a combination of one or more of the following:

- Payment of premiums to an external insurer
- Acceptance of deductibles or excesses for individual risks or specific insurance policies
- Creation of internal Reserves to handle claims rather than the payment of premiums to external insurers
- Provision of funding for specific projects or issues raised at the Risk Management Group
- Funding from departmental budgets
- Transfer of risk to a third-party (e.g. by use of the Private Finance Initiative or Public Private Partnerships)

The Interim Executive Director of Resource & Regulation and the Council's Insurance Officer will provide advice where there are any financial implications affecting existing or additional insurance cover.

The Council will continually monitor the cover provided by its external insurers and examines the potential for self-funding risks. The impact of a changing insurance market, linked to the role of the Corporate and Operational Risk Management Groups, provides the Council with an opportunity to reduce costs and also reduce the financial risk retained by the Council.

6.4   Risk – Performance – Cost

It is critical that risk is clearly linked to both performance and financial cost. This strategy is about ensuring all three can be assessed and managed effectively.

6.5   Embedding Risk Management in the Council's Culture

It is essential that Risk Management is embedded within the culture of the Council and the specific steps that will be taken to strengthen this are set out in the Risk management Action Plan.

7. TRAINING

The Council recognises that it is essential that staff at all levels are aware of the importance of Risk Management and they

- Understand what risk management is and how the Council aims to manage risk effectively
- Understand their responsibilities for managing risk
- Have the necessary skills and knowledge to meet their responsibilities.

Training given should recognise the roles and responsibilities that individuals play in the process, and formal training should be provided for those who are directly responsible for or can influence the management of significant risk.

Training will be provided on a structured basis to the groups referred to in section 5:

Elected Members/Senior Leadership Team – awareness training to be provided and up-dated as necessary. The Head of Organisational Development will consider the practicality of including risk management as part of the elected Member Development Programme.

Corporate Risk Management Group - awareness training to be provided to all members of the Group and up-dated as necessary (due to technical changes or to changes in membership of the Group).

Operational Risk Management Group (and those staff in departments with specific responsibility for risk management) - provision of a specialist training course 'Managing Risk' (sponsored by the Institute of Risk Management and the Institute of Occupational Safety and Health) leading to the recognised accreditation that is given at the conclusion of the course.

Middle Managers – provision of awareness training as part of the performance management development programme.

All employees – appropriate and relevant training and guidance to be provided to enable them to take responsibility for managing risk within their own working environment (arrangements to be made in consultation with the Head of Organisational Development). An introductory leaflet to be provided to all staff and to all new starters setting out their roles and responsibilities in relation to risk management and Met-Net will contain an area dedicated to the provision of information, advice and guidance on risk management, including a Bury Risk Management Toolkit.

APPENDIX 1

Categories of Risk

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment	New political arrangements, Political personalities, Political make-up
Economic	Affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to meet its objectives	Staff levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the council's ability to deliver its objectives	E-Gov. agenda, IT infrastructure, Staff/client needs, security standards
Legislative	Associated with current or potential changes in national or European law	Human rights, Appliance or non-appliance of TUPE regulations
Environmental	Relating to the environmental consequences of progressing the council's strategic objectives	Land use, recycling, pollution
Professional/ Managerial	Associated with the particular nature of each profession, internal protocols and managerial abilities	Staff restructure, key personalities, internal capacity
Financial	Associated with financial planning and control	Budget overspends, level of council tax, level of reserves
Legal	Related to possible breaches of legislation or contracts	Client brings legal challenge
Physical	Related to fire, security, accident prevention and health and safety	Offices in poor state of repair, use of equipment
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or	Contractor fails to deliver, partnership

	products to the agreed cost and specification	agencies do not have common goals
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Fail to win quality accreditation, position in league tables
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	Managing expectations, extent of consultation