



Risk Management Strategy

2010

RISK MANAGEMENT STRATEGY

1 INTRODUCTION

1.1 What is Risk Management?

1.1.1 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well defined steps to support better decision making through good understanding of risks and their likely impact.

1.1.2 Risk management involves having processes in place to monitor risks; access to reliable, up-to-date information about risks; the right balance of control in place to deal with those risks; and decision-making processes supported by a framework of risk analysis and evaluation. Risks should be managed in an integrated way at different key levels to manage interdependencies – strategic risk, operational risk, project risk.

1.2 The Benefits of Risk Management

1.2.1 The benefits relating to risk management can be split into 2 categories:-

- (i) The carrot - of making better decisions and managing the process of achieving objectives and commitments
- (ii) The stick - having to demonstrate the risk and control elements of governance to regulators and stakeholders.

1.2.2 The Carrot

1.2.2.1 The benefits of risk management in terms of better decision making and managing the process of achieving objectives, is even more relevant in times of change. The council is facing more changes than ever before in terms of having to:-

- Change its political and managerial structures
- Achieve and demonstrate best value and continuous improvement in service delivery
- Create partnerships with the private sector, other parts of the public sector and the voluntary sector
- Achieve annual savings year on year
- Deliver services and information electronically
- Consider shared services.

1.2.2.2 Effective risk management can help to improve performance by contributing to:-

- Better service delivery
- More effective management of change and stress
- More efficient use of resources

- Better project management
- Minimising waste, fraud and poor value for money
- Supporting innovation.

1.2.3 **The Stick**

1.2.3.1 A key feature of the changes facing the council is the need for local authorities to demonstrate openness, integrity and accountability in all their dealings. They are also subject to increasing regulation, audit and inspection by Government and its agencies.

1.2.3.2 Risk management is now a key component of the council's corporate governance arrangements, is subject to external inspection by the Audit Commission and is an element of the Use of Resources Framework.

1.2.3.3 The Council is now required to produce an Annual Governance Statement which must be approved by members, signed by the Chief Executive and Leader of the Council, and be published with the Statement of Accounts. Risk Management is one of the key processes that inform this annual statement.

1.2.4 The key drivers for the need for a risk management strategy are summarised in **ANNEX 1**.

1.3 **Key Elements of Effective Risk Management**

1.3.1 The effective management of risks requires a strategy that has been sanctioned by and has clear support of leading members and chief officers. Such a strategy should be underpinned by:-

- A clear and widely understood structure to secure implementation
- A commitment to achievement
- Appropriate training arrangements
- Regular reporting arrangements.

1.3.2 In accordance with best practise, this risk management strategy will set out the following:-

- Risk management objectives
- Roles and responsibilities
- Mechanisms for co-ordinating risk management activity both down and across the organisation
- Arrangements for identifying, evaluating and controlling risk
- Implementation and monitoring arrangements and timeframes
- The training arrangements to support strategy implementation.

2 **RISK MANAGEMENT OBJECTIVES**

2.1 The objectives of the Council's risk management strategy are to:-

- Integrate risk management into the culture of the Council

- Manage risk in accordance with best practise
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those involved with the delivery of council services
- Ensure there are adequate arrangements for compiling the Council's Annual Governance Statement with governance and risk management arrangements to support it.

2.2 These objectives will be achieved by:-

- Establishing clear roles, responsibilities and reporting lines within the council for risk management and the Governance Statement
- Providing opportunities for shared learning on risk management across the council
- Offering a framework for allocating resources to identified priority risk areas
- Reinforcing the importance of effective risk management as part of the every day work of employees by offering training
- Incorporating risk management into business planning
- Incorporating risk management considerations into partnership working and contractual arrangements
- Incorporating risk management considerations into the corporate project management arrangements
- Monitoring arrangements on an on-going basis.

3 **ROLES AND RESPONSIBILITIES**

3.1 The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. The focus must be on ensuring that consideration of risks is embedded into policy approval (Strategic) and into service delivery (Operational).

3.2 The agreed roles and responsibilities within the risk management framework at Stafford Borough Council are outlined in the table below.

GROUP / INDIVIDUAL	ROLE
1 Elected members	1 To hold the Leadership Team (LT) accountable for the effective management of risk within the council.
2 Audit and Accounts Committee	2.1 To approve the risk management framework, strategy and process as determined by officers. 2.2 To approve the Annual Governance Statement. 2.3 To review the effectiveness of the overall risk management process.
3 Cabinet	3.1 To approve the strategic risk priorities determined by the LT. 3.2 To approve the strategic risk management action plans. 3.3 To approve that action taken to manage strategic risks / opportunities is adequate and effective.
4 Cabinet Members	4 To be jointly responsible with officers for the effective management of strategic risks within their portfolios.
5 Cabinet Member (Resources)	5 To act as the member “champion” of Risk Management within the Council.
1 Chief Executive	1.1 To ensure that risk management is included within the PDRs for members of the LT 1.2 To sign the Annual Governance Statement
2 Deputy Chief Executive	2 To chair the Strategic Risk Management Group and act as officer “champion” for Risk Management within the Council.
Leader of the Council	To sign the Annual Governance Statement
The Leadership Team (LT)	1 To identify and analyse strategic and cross cutting risks / opportunities. 2 To determine the risk appetite and prioritise strategic risks / opportunities. 3 To determine action on strategic risks / opportunities. 4 To delegate responsibility for control. 5 To monitor progress on managing strategic risks / opportunities and report to the Cabinet. 6 To monitor progress on identification of operational risks and inclusion in annual service plans. 7 To monitor progress on managing

GROUP / INDIVIDUAL	ROLE
	<p>operational risks.</p> <p>8 To review the implementation of the risk management framework, strategy and process.</p>
<p>Heads of Service / Service Managers</p>	<p>1 To identify, analyse, profile and prioritise operational risks.</p> <p>2 To determine action on operational risks.</p> <p>3. To incorporate risks / action plans into the annual Service Plans.</p> <p>4 To delegate responsibility for control, ensuring that risk management is included in PDRs for key officers.</p> <p>5 To monitor progress on managing operational risks.</p> <p>6 To report on the operational risk management process to the corporate Risk Management section.</p> <p>7 To disseminate risk management information from the LT through team briefings.</p>
<p>Risk Management section</p>	<p>1 To develop the risk management framework, strategy and process in accordance with best practise.</p> <p>2 To provide advice and support to the LT, Heads of Service and Service and Managers regarding the identification, analysis, profiling and prioritisation of risks.</p> <p>3 To co-ordinate the reports from the LT and Heads of Service / Service Managers and to report on overall risk management progress to the LT and elected members.</p> <p>4 To drive and co-ordinate the work of the Strategic Risk Management group including the compilation of the Annual Governance Statement.</p> <p>5 To prepare regular progress reports on risk management for the Audit and Accounts Committee and an annual report on the overall effectiveness of risk management.</p> <p>6 To establish arrangements for risk management training as appropriate to officers and members.</p> <p>7 Communication of risk management issues / concepts across the council.</p>

GROUP / INDIVIDUAL	ROLE
Strategic Risk Management Group	<ol style="list-style-type: none"> 1 To support the council and its officers in the effective development, implementation and review of the risk management strategy, process and reporting arrangements. 2 To develop the Council's framework for compiling the Council's Annual Governance Statement (AGS). 3 To draft the AGS and ensure that an appropriate action plan to address control weaknesses is agreed, implemented and monitored. 4 To report the draft AGS to the appropriate committee of the council. 5 To report to the LT.
Employees	<ol style="list-style-type: none"> 1 To maintain awareness of the impact and cost of risks. 2 To manage risk effectively in their job and to report risks to their Service Managers.

3.3 Details of the Strategic Risk Management group (composition and terms of reference) are attached as **ANNEX 2**.

4 **ARRANGEMENTS FOR IDENTIFYING, EVALUATING AND CONTROLLING RISKS**

4.1 The risk management process comprises the following stages:-

- Identification / categorisation of risk
- Analysis of risk
- Profiling of risk
- Prioritisation of risk based on the appetite for risk
- Determining action on risk
- Controlling risk
- Monitoring and reporting on progress.

4.2 The methodology to be employed at Stafford Borough Council is set out below.

4.3 **Identification / Categorisation of Risk**

4.3.1 There is a need to identify the potential risks that may arise if informed decisions are to be made about policies or service delivery methods. The key element of this stage is that all appropriate categories of risk are considered in relation to the specific objectives of the option or decision. **ANNEX 3** lists the main categories of strategic and operational risks that need to be considered.

4.3.2 Managing strategic risks is a core responsibility for the Leadership Team in liaison with members. Strategic risk assessments should be undertaken as part of the community and corporate planning process. Managing operational risks is the responsibility of individual Heads of Service together with their key

officers. Operational risk assessments should be undertaken as part of the annual business planning process.

4.3.3 The categories of risk are neither prescriptive nor exhaustive and may overlap i.e. operational risks may be political, legislative, etc. However, they should be used to provide a framework for identifying and categorising a broad range of risks facing the Council and each service.

4.4 **Analysing, Profiling and Prioritising Risk**

4.4.1 Once potential risks have been categorised, a range of risk scenarios / statements should be compiled setting out each risk in terms of:-

- Vulnerability (the potential risk)
- Trigger (the event that could cause the risk to be realised ie this links to likelihood))
- Consequence (the potential impact).

4.4.2 The consequences of risks fall into many categories, not only financial but also for example social cost, damage to reputation and loss of confidence in the organisation.

4.4.3 An example of a risk scenario / statement is provided below:

Vulnerability	Trigger	Possible Consequence
Project management skills across the Council.	Project failure.	<ul style="list-style-type: none"> - Failure to deliver major projects which impacts on service delivery - Lack of awareness of project management, the project life cycle - Large projects over budget and delivered late - Service failure / lack of improvement - Censure by Audit / Inspection - Adverse publicity.

4.4.4 The risks can then be ranked and prioritised according to the likelihood of the risk and its impact / severity if it did occur. Prioritisation should occur through use of a matrix upon which the risks are plotted. The highest priority is afforded to those risks with very high likelihood and catastrophic impact i.e. starting with the top right hand side of the grid (A1V) and then moving inwards on the assumption that the impact of risk is more important than the likelihood. The scoring methodology is clarified below.

4.4.5 A clear priority for addressing the risks is enhanced by determining the Council's "appetite" for risk. All risks above the appetite or tolerance threshold must either be managed down, transferred or avoided. The Council's current risk profile is provided below.

RISK PROFILE

Council :	Date: December 2009
Scope: Strategic Risks facing the Council	

Likelihood	A=6 V.High			2 risks (ID 140)	
	B=5 High		2 risks	6 risks	
	C=4 Significant		4 risks	6 risks	
	D=3 Low		5 risks	15 risks	
	E=2 V.Low		1 risks		
	F=1 Almost Impossible				
	Impact	1= Negligible	2= Marginal	3= Critical	4= Catastrophic

4.4.6 The numbers in each square are the risk identification numbers, The score relating to each risk is derived by multiplying the likelihood score by the impact score. Thus, for example, Risk ID number 140 (Funding / viability of Stafford BC) was scored as being of very high likelihood and potentially critical impact i.e. $6 \times 3 = 18$.

4.4.7 The red squares represent the high factor risks, the yellow squares represent medium risks, and the green squares represent low risks. With regard to the Council's appetite for risk, the Leadership Team have determined that risks in the green squares are tolerable (with existing control measures) whereas risks in the yellow and red squares require management action.

4.5 Determining Action / Controlling Risks

4.5.1 Management action plans need to be developed for those risks above the tolerance threshold to determine the best course of action i.e. should the risk be avoided, eliminated, reduced, transferred or accepted.

4.5.2 Most risks can be managed – either by minimising the likelihood of the risk occurring and / or reducing the severity of the consequences should the risk occur. Relatively few risks have to be avoided or transferred.

4.5.3 Action plans must also identify the resources required to deliver the improvements, key dates and deadlines and critical success factors / key performance indicators. The sort of information required for management action plans is provided below:

Risk No.	Current Risk Score	Action/ controls already in place	Required management action / control	Monitoring Milestones	Resource implications	Responsibility for action	Key Dates	CSF and KPIs **

** CSF = Critical Success Factors KPIs = Key Performance Indicators

4.5.4 Action plans must identify where new risk controls generate significant unbudgeted costs. New risks and costs are notified to / identified by the Strategic Risk Management group and the minutes of this group are forwarded to the Leadership Team for consideration / agreement.

4.5.5 Responsibility for the drawing up the action plans lie with the Leadership Team (for strategic and cross cutting risks) and with Heads of Service / Managers (for service / operational risks). Action planning for operational / service risks should not be seen as a separate initiative but should be incorporated into annual service plans. Responsibility for management of risks should be assigned by heads of service as part of the PDR process.

4.5.6 It is anticipated that every business plan will include :-

- Completed risk matrix (per paragraph 4.4.5)
- Management action plans (per paragraph 4.5.3).

4.6 **Monitoring and Reporting on Progress**

4.6.1 Progress in managing risks should be monitored and reported so that losses are minimised and intended actions are achieved. Details on how this will operate at Stafford Borough Council are provided in paragraph 5.

4.7 **Conclusion**

4.7.1 It is important to recognise that the 7 stages of risk management are part of a cycle. Risk management is dynamic and so the identification phase needs to be carried out continuously.

5 **IMPLEMENTATION AND MONITORING ARRANGEMENTS AND TIMEFRAMES**

5.1 **Implementation / Mechanisms for Co-ordinating Risk Management Activity**

5.1.1 Role of Risk Management Section

5.1.1.1 The role of the Risk Management section is a key feature with regard to implementation and monitoring arrangements. As recognised by SOLACE

“Most Councils will find it essential to ensure that someone manages the implementation of the integrated framework, strategy and process on behalf of the Council and its management team. This individual or team is essentially fulfilling a controlling and facilitation role – to ensure the processes are implemented and to offer guidance and support.”

5.1.1.2 The role of the Risk Management section in the process is set out in paragraph 3.2.

5.1.1.3 Current staffing comprises:-

- Audit, Risk & Business Continuity Manager (PO 46-49)
- Risk and Insurance officer (SO1 29-31).

The Audit, Risk and Business Continuity Manager is the Council's Chief Internal Auditor and is also responsible for delivery of Risk Management, Insurance and corporate Business Continuity Management. The Risk and Insurance Officer is responsible for operational risk management, insurance claims handling / investigation and support for the Council's business continuity arrangements.

5.1.2 Corporate Support

5.1.2.1 In order for the risk management strategy to be implemented successfully, it must be fully supported by the Leadership Team and to be embedded within the Council's formal arrangements. Requirements regarding risk management are therefore incorporated into the Council's Financial Regulations and in job descriptions for officers.

5.2 **Improving Risk Management at Stafford Borough Council**

5.2.1 Annually the Audit, Risk & Business Continuity Manager should review the Risk Management Strategy and this should take account any feedback from internal / external audit, and a review against current best practice.

5.2.2 In the latest Use of Resources the Audit Commission scored the Council's Governance arrangements (KLOE 2.4) as a 2 (meets minimum requirements / performs adequately) and as part of that overall score they concluded that “risk management arrangements are sound” and that the Annual Governance Statement is “a fair reflection of its performance”.

5.2.3 Not to be complacent with this, to achieve Level 3 the council needs to perform well and exceed minimum requirements. This is defined as having Implemented effective arrangements that are (a) forward looking and proactive in identifying and developing opportunities for improvement; and (b) include more sophisticated measuring and assessment techniques.

5.2.4 In taking this forward, the Council's current risk management arrangements have been reviewed against the Audit Commission KLOE Guidance, CIPFA and HM Treasury publications. We do not have a dedicated corporate Risk Manager at Stafford BC therefore we need to be realistic about our aspirations. However the following areas have been highlighted to take forward.

- (i) Whilst RM training has been provided for all members / officers / new employees, further training could be targeted at those with identified specific needs (a) Partnership Scrutiny Committee (b) some officers responsible for service planning who have not yet identified operational risks (c) other specific needs as identified by Heads of Service.
- (ii) A Partnerships Risk Register is currently being populated and the Partnership Scrutiny Committee is working with the council's key Strategic Partners to identify and manage partnership risks. So far this has been completed for the Crime and Disorder Reduction Partnership and the Children's Trust Board. At the January Partnership Scrutiny Committee the members will look at the risks for the Local Delivery Board. The process needs to continue throughout 2010 so that risks are identified and managed for all 10 of the strategic partners.
- (iii) There may be organisational risks regarding partnership activities as well as risks in the partnership itself. The council's Operational Risk register does not yet take account of the former, and this should be explored as part of the risk management process.
- (iv) Performance Management and Risk Management are currently 2 distinct processes within the council. They could be better integrated to improve the understanding of and reporting of the impact of effective risk management on performance and ultimately the achievement of council objectives. This will be explored via the establishment of a risk management software module within the InPhase Performance system.
- (v) The establishment of risk management software should facilitate more sophisticated measuring and assessment techniques by which the effectiveness of the council's risk management arrangements can be monitored.
- (vi) Risk Management training opportunities could be extended / enhanced by facilities for self-training and reference, e.g. learning on-line.

5.3 **Timeframe for Implementation**

- 5.3.1 A review of the timetable for the implementation of the risk management strategy across the council for 2008/09 is set out in **ANNEX 4**. The timetable has been updated (see below) to reflect current practise and to plan for the future.

YEAR	ACTIVITY
1. 2010	<p> Identification of RM training needs January 2010 Set up / training re RM software January 2010 Partnership Scrutiny Committee work on risk register January 2010 Strategic Risk Management workshop with LT to re-score existing risks and identify new risks. February 2010. RM training for Partnership Scrutiny Committee February 2010 Report to Cabinet Members re progress on strategic risks action plans (old risks) March 2001. Partnership Scrutiny Committee work on risk register March 2010 LT to compile risk scenarios and action plans for current strategic risks / opportunities March / April 2010 SRMG compile AGS and evidence April / May 2010 Report to Cabinet Members re current strategic risks and action plans April 2010 Progress on Operational risk register reported to LT June 2010 Audit of AGS and evidence June 2010 Audit and Accounts Committee approve AGS June 2010 Annual report on Risk Management to Audit and Accounts Committee June 2010. Partnership Scrutiny Committee work on risk register June 2010 Production / distribution of RM Newssheet June 2010 Strategic Risks set up on RM Module July 2010 Operational risks set up on RM Module July 2010 Risk Management e-learning package compiled August 2010 RM training delivered for officers August 2010 Operational risks identified as part of the service planning process (incl. organisational risks re partnership working Sept / Oct 2010 RM Progress report to Audit Committee Sept 2010 Meeting SRMG including review of AGS action plan Sept 2010 Partnership Scrutiny Committee work on risk register September 2010 Strategic Risk Management workshop with LT to review existing risks and identify new risks September 2010 Report to Cabinet Members re progress on strategic risks action plans Oct / Nov 2010 Partnership Scrutiny Committee work on risk register November 2010 Operational Risk register reported to LT Dec 2010 Production / distribution of RM Newssheet Dec 2010 Meeting SRMG including review of AGS action plan Dec / Jan 2011 </p>

2. 2011	RM Progress report to Audit Committee Jan 2011 Review of RM Strategy (and review of best practice) and update if required Jan 2011 RM training needs identified Jan 2010 Management workshops with LT Feb 2011 (old risks and new risks). Chief Executive assigns strategic risks to LT members as part of the PDR process Feb / March 2011. Heads of Service assign operational risks to relevant managers as part of PDR process March 2011. Report to Cabinet Members re progress on strategic risks action plans (old risks) March 2011. Meeting SRMG to commence AGS timetable March Report to Cabinet on current risks / action plans April 2011 Compilation of AGS March to June Operational Risks to LT June 2011 Approval of AGS June 2011 RM Newsletter June 2011 RM training delivered August 2011 Operational risks identified through service plans Sept 2011 RM progress report to Audit Committee Sept 2011 Report to Cabinet on RM action plans October 2011 Operational risks report to LT December 2011 RM Newsletter December 2011 AGS Action plan progress report to Audit Committee Jan 2012
3. 2012)	Repeat 2011

5.4 Monitoring Arrangements

- 5.4.1 Progress in managing risks should be monitored and reported so that losses are minimised and intended actions are achieved. The monitoring arrangements for Stafford Borough Council are set out below.
- 5.4.2 Once strategic risks have been identified, scored, prioritised and the desired risk score established, the Risk Management section will set up each risk in a Strategic Risk Register.
- 5.4.3 The Risk Register will be submitted to Cabinet for approval (initially to the Strategic Risk Management (SRMG) group and the Leadership Team). The information to be reported is shown below:-

RISK NO.	RISK DESCRIPTION (incl. links to council priorities)	RISK TRIGGER	RISK CONSEQUENCES	CURRENT RISK SCORE	DESIRED RISK SCORE
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- 5.4.4 Once responsible officers have drawn up their action plans (see paragraph 4.5.3) copies should be forwarded to the Risk Management section so that details can be entered into the Risk Register. Action plans will be submitted to

Cabinet for approval (initially to the SRMG and the Leadership Team). The information to be reported is shown below:-

RISK NO.	RISK OWNER / PARTNERS		
RISK DESCRIPTION	EXISTING CONTROL MEASURES	REQUIRED MANAGEMENT ACTION	MONITORING MILESTONES (key dates and targets)

5.4.5 On a six monthly basis the Risk Management section will circulate copies of the Risk Register so that responsible officers can provide up to date information regarding actual action taken etc. Once completed these should be returned to the Risk Management section.

5.5.6 The Risk Management section will feed this data into the corporate risk register and this will form the basis of six monthly risk management reports to the Cabinet (initially to the SRMG and the Leadership Team). The information to be reported is shown below:-

RISK NO.	RISK OWNER / PARTNERS		
RISK DESCRIPTION	REQUIRED MANAGEMENT ACTION	MONITORING MILESTONES (key dates and targets)	PROGRESS TO DATE

5.4.7 The process for managing / reporting on operational risks is essentially the same as for strategic risks but reporting and monitoring on risks / action plans will be to / by the Leadership Team.

5.5 Internal Audit

5.5.1 Internal Audit will carry out an annual review of the corporate risk management arrangements. This will provide independent assurance about how well the Council has managed risk and embedded good practice. In view of the Audit, Risk and Business Continuity Manager's key role in development /monitoring of the risk management framework, the audit will be undertaken under the auspices of the Head of Finance.

5.5.2 In addition, during the course of every individual service audit, Internal Audit will:-

- Review the existence / adequacy of risk management action plans
- Verify that action is being taken as scheduled
- Provide advice as to risk management processes / action plans
- Verify that health and safety risk assessments are up to date.

The Audit, Risk & Business Continuity Manager will (on an annual basis) review the risk register and incorporate corporate risk areas as appropriate into the Internal Audit plan.

5.6 Audit Commission

5.6.1 The Audit Commission review the council's risk management arrangements as part of the Use of Resources Assessment. In the latest review they scored the Council's Governance arrangements (KLOE 2.4) as a 2 (meets minimum requirements / performs adequately) and as part of that overall score they concluded that "risk management arrangements are sound" and that the Annual Governance Statement is "a fair reflection of its performance".

5.7 Audit and Accounts Committee

5.7.1 Under its terms of reference the Audit and Accounts committee is responsible for:-

- approving the risk management strategy
- monitoring the effectiveness of the council's arrangements relating to risk management.

5.7.2 The Audit, Risk and Business Continuity Manager will provide the committee with progress reports relating to:-

- implementation of the risk management strategy
- implementation of Audit Commission recommendations for risk management
- progress in managing strategic risks
- implementation of the Annual Governance Statement action plan .

6 TRAINING ARRANGEMENTS TO SUPPORT STRATEGY IMPLEMENTATION

6.1 Leadership Team

6.1.1 Risk management training has been provided for all members of the LT and this has been supplemented annually by facilitated risk management workshops to identify, profile and prioritise strategic risks.

6.2 Member Training

6.2.1 During 2005/06 two risk management awareness workshops were provided for members. Risk Management training was also provided for members of the Audit and Accounts committee during 2006/07. Further risk management awareness training was provided for all members in January 2008

6.2.2 Training in risk management has been identified as a need for the Partnership Scrutiny Committee and this has been scheduled for February 2010.

6.3 Officer Training

6.3.1 A power point presentation on an introduction to Risk Management has been produced for the Training Officer to utilise for the induction of new employees

in to the council. Additionally, a corporate risk management toolkit is available to support training needs.

6.3.2 A strategic diagnostic was undertaken in 2008/09 to identify risk management training needs for the Council's Corporate Forum (82 senior officers). As a result a number of training sessions were delivered in February / March 2009 covering basic risk management awareness, the Council's risk management processes, how to identify and manage risks, completion of risk scenarios and risk action plans, management of partnerships / risks.

6.3.3 During 2010, Heads of Service will be consulted to identify any further risk management training needs for members of their staff.

6.4 General

6.4.1 The Audit, Risk & Business Continuity Manager will endeavour to distribute risk management newssheets to all employees / members on a six monthly basis to ensure greater awareness / understanding of risk management principles / issues and the specific risks within the Council's risk registers.

7 RISK MANAGEMENT IN RELATION TO PARTNERSHIPS AND PROJECTS

7.1 In accordance with best practise:-

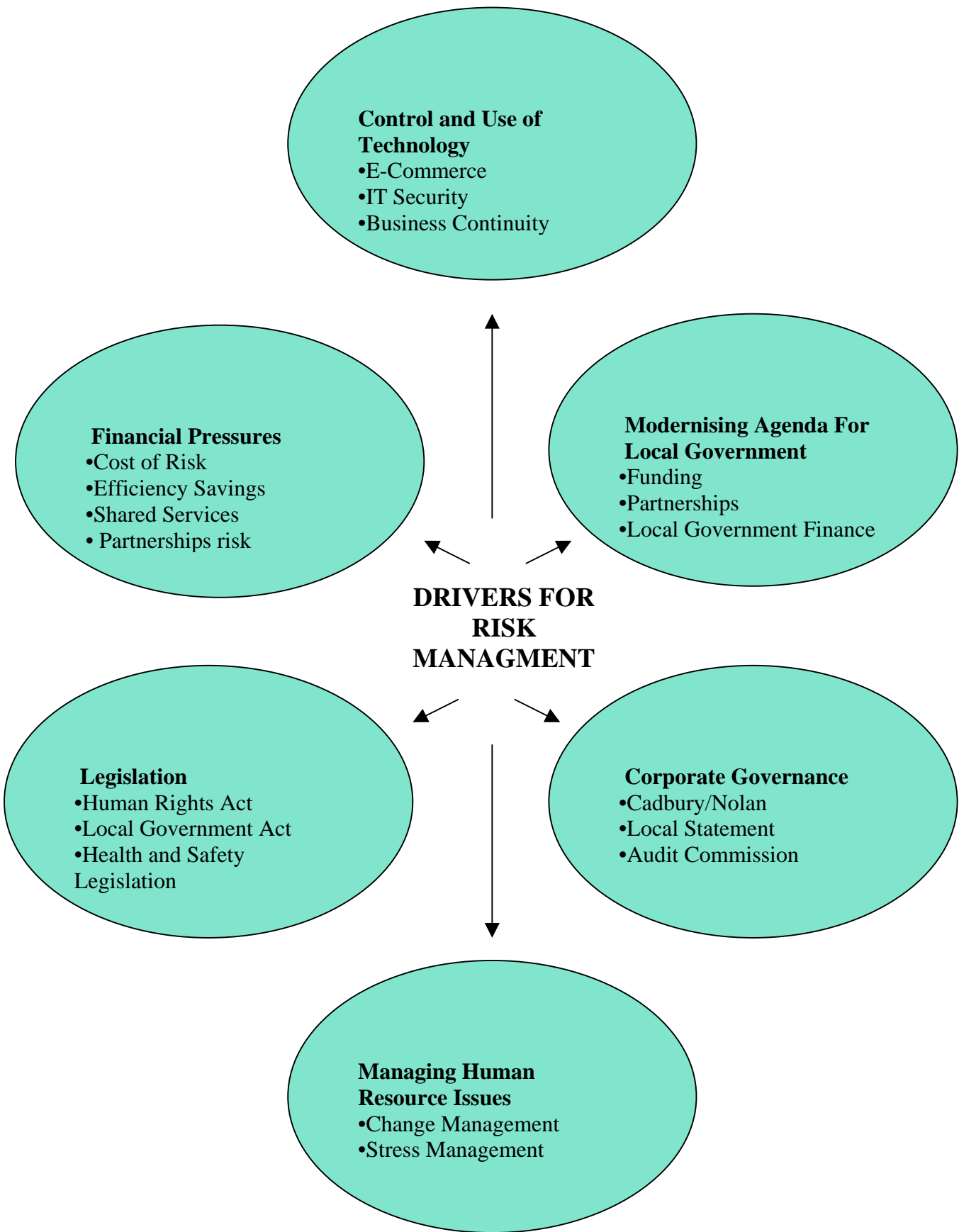
- risk assessments should be undertaken before the commencement of major projects / partnerships, preferably in the report on which the decision to proceed is based.
- risk assessments should be regularly reviewed during the partnership / project period.
- potential partners should be required to produce and submit risk assessments.
- partnership arrangements should be reviewed in terms of risk before they are entered into and, subsequently, that the risks are reviewed.
- effective arrangements should be in place for risk sharing (eg in the partnering contract terms and conditions or agreement).

7.2 Partnerships should be managed within an effective control environment in which:-

- partnerships are defined, assessed and ranked
- a policy for partnerships is defined (including such matters as a formal assessment or "gateway" process, option appraisals, and definition of mutual responsibilities)
- a protocol/agreement is set for each partnership (principles, objectives, respective roles, management responsibilities, funding, accountability,

arrangements for risk ownership / cost of transferring risk, dispute resolution, exit strategy)

- the clarity of the legal status of the partnership is ensured
- for each partnership it is ensured that there are (a) proper arrangements for partners selection (b) agreement (c) monitoring and review
- it is ensured that, where appropriate, partners have formal governance arrangements / sources of assurance
- there are processes to ensure that partnerships are (and remain) relevant to the organisation's goals;
- there are mechanisms to monitor and actively manage the performance of key partnerships
- there is a process for reviewing the delivery of benefits, and taking appropriate action to alter or end agreements if they are not achieving the intended goals
- risks are managed properly (as in 7.1 above)



COMPOSITION AND TERMS OF REFERENCE OF STRATEGIC RISK MANAGEMENT GROUP

MISSION STATEMENT

“The Strategic Risk Management Group will be responsible for the development of a formal framework for compiling the council’s annual Governance Statement with governance and risk management arrangements to support it. The Group will oversee the development of the Risk Management strategy and process to assist Stafford Borough Council to manage risks in order to achieve the council’s strategic objectives and to deliver services to the Community”.

COMPOSITION OF THE GROUP

- (a) **Internal Audit** - Audit, Risk & Business Continuity Manager
- (b) **Risk Management Manager** - Audit, Risk and Business Continuity
- (c) **Policy and Improvement** - Head of Policy and Improvement
- (d) **Finance / S151** - Deputy Chief Executive
- (f) **Monitoring Officer** - Head of Law and Administration
- (g) **Human Resources** - Head of Human Resources
- (h) **Direct Services** - Head of Regeneration

FUNCTIONS OF THE GROUP

(a) Audit, Risk and Business Continuity Manager

As manager of both the Insurance / Risk Management section and the Internal Audit section, the Audit, Risk and Business Continuity Manager has been responsible for the formulation of the risk management strategy and framework. She will continue to fulfil a corporate role in developing, steering and co-ordinating the risk management framework and strategy. The Audit, Risk and Business Continuity Manager will continue to provide direction, support and advice to the strategic risk management group. The Audit, Risk and Business Continuity Manager is also the cost centre manager for the risk management budget. The Audit, Risk and Business Continuity Manager will drive / co-ordinate the compilation of the AGS and the corporate action plan to address identified control weaknesses. The Audit, Risk and Business Continuity Manager will be specifically responsible for input into the AGS in respect of internal audit, risk management (strategy, processes, reporting, training, partnerships), counter fraud, internal control, business continuity management, and external assurance reports (i.e. audit, commission, CPA,

best value reports, etc.) The Audit, Risk and Business Continuity Manager will also co-ordinate the annual Managers Assurance Statements.

(b) Internal Audit Section

The primary objective of Internal Audit is to assist management through the provision of objective advice and independent appraisals covering systems of internal control (such as risk management). The Internal Audit section will annually review the operation of the risk management system and provide advice and assurance as required. In addition, specific areas of risk will be incorporated as appropriate within the Audit Plan for audit review. Internal Audit will carry out an annual review of the Annual Governance Statement ensuring that assurances are supported by appropriate evidence.

(c) Policy and Improvement

The Policy and Improvement section undertake the corporate functions with regard to policy formulation, performance management and the monitoring of business planning. The Head of Policy and Improvement will be specifically responsible for input into the Governance Statement in respect of corporate objectives, business strategy and planning, performance management, corporate procurement, partnerships, corporate complaints and issues in relation to the CIPFA / SOLACE Framework, CPA and the BVPP. The Head of Policy and Improvement will seek to ensure that risk management considerations are included in policy formulation, business plans, service reviews.

(d) Finance / Section 151

CIPFA's guide to the Governance Statement requires the Council's responsible finance officer to be involved in both the compilation and approval of the GS to meet statutory responsibilities. The Deputy Chief Executive will chair the strategic risk management group reporting to the corporate management group. The Deputy Chief Executive will be specifically responsible for input into the Annual Governance Statement in respect of finance (financial strategy, planning, policies / procedures, Treasury Management, Prudential Code), project management system, corporate governance arrangements, business continuity plans and generally on any other relevant issues from his experience of the council. The Deputy Chief Executive also chairs the corporate Business Continuity Steering group.

(e) Monitoring Officer

CIPFA's guide to the Governance Statement requires the Council's monitoring officer to be involved in both the compilation and approval of the AGS to meet statutory responsibilities. The Head of Law and Administration will be specifically responsible for input into the AGS in respect of principal statutory obligations, ethical governance, codes of conduct, contract standing orders, scheme of delegation, whistleblowing, ombudsman reports, register of interests and generally on any other relevant issues from his experience of the council.

(f) **Human Resources**

It is recognised that many of the key risks associated with any large organisation are related to human resource issues and current issues such as the management of change, stress management, sickness management are to the forefront. The Head of Human Resources will be responsible for ensuring that strategic risks associated with human resources within the Council are controlled through the risk management process and are included within the annual Governance Statement as appropriate.

(g) **Direct Services**

Risk management is a process which assists with the achievement of the council's aims and priorities, and those aims and priorities are directly delivered by the council's direct services. The Head of Planning and Regeneration will represent the direct services and will input to the Risk Management strategy helping to ensure that the risk management process operates in the most economic, efficient and effective way.

AIMS AND OBJECTIVES OF THE GROUP

- 1 To develop a formal framework for compiling the Council's Annual Governance Statement with governance and risk management arrangements to support it.
- 2 To draft the Annual Governance Statement based on adequate sources of assurance and supporting evidence.
- 3 To ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored.
- 4 To develop the council's risk management strategy and framework ensuring a best practise approach to the management of strategic and operational risks.
- 5 To develop the council's approach to the analysis, collation and reporting of risk management information across the Council including reports to the Leadership Team, to the Cabinet and to the Audit and Accounts Committee.
- 6 To monitor and review the quality of and progress on risk management action plans relating to the council's identified strategic risks.
- 7 To consider new strategic risks that arise and ensure they are incorporated within the corporate risk register for strategic risks.
- 8 To monitor the effectiveness of the risk management strategy and framework.
- 9 To review training requirements regarding risk management issues across the Council.

- 10 To oversee work in relation to operational risk management, ensuring that operational risks are being identified, managed and reported in a proper manner.
- 11 To disseminate information to members, the corporate management group and officers as appropriate.

MEETINGS / REPORTING

It is anticipated that the strategic risk management group will meet approximately every 3 months (as required). The Chair will report on the work of the group to the Leadership Team.

The draft AGS will be reported to the Audit and Accounts Committee for member approval. The Governance Statement will then be signed by the Chief Executive and the Leader of the Council, prior to its publication with the Statement of Accounts.

CATEGORIES OF RISK

<p>STRATEGIC – Risks that need to be taken into account in judgements about the medium to long term goals of the Council. These may be:</p>	<p>OPERATIONAL – Risks that Managers and staff will encounter in the daily course of their work. These may be:</p>
<p style="text-align: center;">Political</p> <p>Associated with failure to deliver either local or central government policy, or to meet the local administration’s commitments.</p>	<p style="text-align: center;">Professional</p> <p>Associated with the particular nature of each profession (e.g. housing service concerns as to the welfare of tenants).</p>
<p style="text-align: center;">Economic</p> <p>Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, inadequate insurance cover, external macro level economic changes (i.e. interest rates, inflation etc.), or the consequences of proposed investment decisions.</p>	<p style="text-align: center;">Financial</p> <p>Associated with financial planning and control and the adequacy of insurance arrangements.</p>
<p style="text-align: center;">Social</p> <p>Relating to the effects of changes in demographic, residential or socio-economic trends on the Council’s ability to deliver its objectives.</p>	<p style="text-align: center;">Legal</p> <p>Related to possible breaches of legislation.</p>
<p style="text-align: center;">Technological</p> <p>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.</p>	<p style="text-align: center;">Physical</p> <p>Related to fire, security, accident prevention and health and safety (e.g. hazards / risks associated with buildings, vehicles, plant and equipment, etc.</p>
<p style="text-align: center;">Legislative</p> <p>Associated with current or potential changes in national or European law (e.g. the appliance or non appliance of TUPE regulations).</p>	<p style="text-align: center;">Contractual</p> <p>Associated with the failure of contractors to deliver services or products to the agreed cost and specification.</p>
<p style="text-align: center;">Environmental</p> <p>Relating to the environmental consequences of progressing the Council’s strategic objectives (e.g. in term of energy, efficiency, pollution, recycling, landfill requirements, emissions, etc.).</p>	<p style="text-align: center;">Technological</p> <p>Relating to reliance on operational equipment (e.g. IT systems or equipment and machinery).</p>
<p style="text-align: center;">Competitive</p> <p>Affecting the competitiveness of the service (in terms of cost or quality) and / or its ability to deliver Best Value.</p>	<p style="text-align: center;">Environmental</p> <p>Relating to pollution, noise or energy efficiency of ongoing service operation.</p>
<p style="text-align: center;">Customer / Citizen</p> <p>Associated with failure to meet the current and changing needs and expectations of customers and citizens.</p>	<p style="text-align: center;">Human Resources</p> <p>Associated with staffing issues (e.g. recruitment / retention, sickness management, change management, stress related risk analysis</p>

IMPLEMENTATION OF RISK MANAGEMENT STRATEGY 2008/09

DATE SCHEDULED IN RM STRATEGY	PROPOSED ACTIVITY	ACTUAL ACTIVITY / DATE
Feb 2009	Leadership Team (LT) identify / prioritise strategic risks / opportunities	Completed February 2009
Feb / March 2009	Chief Executive includes management of strategic risks in PDR reviews for the LT	In accordance with PDR timetable
March / April 2009	LT compile risk management scenarios and action plans.	Completed April 2009
March 2009	Meeting of Strategic Risk Management Group to commence Annual Governance Statement (AGS) timetable.	Completed March 2009.
March 2009	Heads of Service assign operational risks to relevant officers as part of the PDR process.	In accordance with PDR timetable for individual Heads of Service
April / May 2009	Compilation of AGS and evidence	Completed May 2009.
April 2009	Cabinet approve Strategic Risks register.	Approved May 2009.
June 2009	Operational risks detailed in Annual Service Plans and included in Operational Risks register. Risk Register reported to LT.	The Operational Risks register was updated and reported to the Leadership Team in July 2009.
June 2009	Audit of AGS and evidence	Completed and reported to Audit and Accounts June 2009
June 2009	Audit and Accounts Committee approve AGS	Audit and Accounts Committee approved AGS June 2009
June 2009	Annual report on Risk Management to Audit and Accounts Committee	Reported June 2009
June 2009	Production / Distribution of Risk Management newsletter.	RM newsletter issued June 2009.

DATE SCHEDULED IN RM STRATEGY	PROPOSED ACTIVITY	ACTUAL ACTIVITY / DATE
July 2009	Identification of RM training needs	Training provided to all members of the Corporate Forum in February and March 2009. Training for 2009 limited to Induction for new employees.
September 2009	RM Progress report to Audit and Accounts	Reported September 2009.
September 2009	Meeting of SRMG including review of AGS action plan.	Meeting held 15 th September 2009.
October 2009	Report to Cabinet on strategic risks	Report finalised November 2009 but will not go to Cabinet until January as agenda full.
December 2009	Report to LT on operational risks.	Reported 9 th December 2009
December 2009	Production / Distribution of RM newsletter	Scheduled for January
Dec 2009 / Jan 2010	Meeting of SRMG including review of AGS action plan.	Meeting held 2 nd December
January 2010	RM Progress report to Audit and Accounts	Incorporated with review of RM Strategy (see below)
January 2010	Review of RM Strategy and update if required (and approved by Audit and Accounts Committee)	Report for Audit and Accounts January 2010.
January 2010	RM Strategy on intranet and notified to employees / members	Scheduled for after Audit and Accounts
Feb / March 2010	Chief Executive includes management of strategic risks in PDR reviews for the LT	
March 2010	Heads of Service assign operational risks to relevant officers as part of the PDR process.	
March 2010	Report to Cabinet on progress on implementation of action plans for strategic (old) risks.	

DATE SCHEDULED IN RM STRATEGY	PROPOSED ACTIVITY	ACTUAL ACTIVITY / DATE
March 2010	SRMG review AGS action plan and commence Annual Governance Statement (AGS) timetable.	
March / April 2010	LT compile risk management scenarios and action plans for new risks and c/f risks	