

**Derby City Council
Risk Management Strategy 2017**

Introduction

We engage in risk management all the time, but it only makes sense if we do it correctly.

There is no denying that things have become more difficult for all local authorities in the last few years. We work in a difficult and complex environment where tasks are often done at a 'sub-optimal' level.

When potential problems become actual problems there is always a cost and we cannot always use our 'gut instinct' to predict how best to manage and control them

As an individual person we will react more to stories than data, responding to the feeling of security rather than reality, and often will make decisions based on irrelevant context.

We cannot completely remove emotion from risk management decisions, but the best way to keep risk management focused on the data is to formalise the methodology. That is why companies that manage risk for a living -- insurance companies, financial trading firms etc. trust in processes rather than gut feeling or intuition

Objectives

It is suggested that a successful risk management framework will embody certain characteristics:

Proportionate to the level of risk faced by the organisation.

Aligned with the other activities in the organisation. This will ensure that the whole organisation works in agreement thereby mitigating unnecessary acrimony.

Comprehensive, systematic and structured. In order to be fully effective, the risk management approach must be comprehensive. All risk prone elements must be identified and properly treated.

Embedded means that risk management activities need to be embedded within the organisation.

Dynamic means that risk management activities must be dynamic and responsive to emerging and changing risks and objectives.

By meeting these criteria it will;

1. Ensure compliance;
2. Provide assurance to Members, Chief Executive and Leadership Team; and
3. Contribute to; efficient operations / processes, and successful delivery of business plans



These objectives will be achieved by:

- Ensuring a common level of understanding of risk identification assessment and management across the Council
- Ensuring the process of risk management is developed and managed in a consistent manner
- Encouraging the embedding of risk management throughout the Council
- Establishing clear roles, responsibilities and reporting lines within the Council for risk management - making clear that everyone should take ownership for risk management.
- Incorporating risk management considerations into all levels of business planning.
- Monitoring of arrangements, at all levels, on an on-going basis by management

Our approach to risk management, which underpins the strategy is summarised by the following comment by the Head of Governance & Assurance

“Risk Management is an integral element of Corporate Governance and a key contributor to ensuring a robust internal control environment. The management of risk is considered good practice within the public sector.”

Risk Management can be defined as the culture, process and structure that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives.

The emphasis is on good governance and sound decision making



The Strategy

The strategy sets out:

- A definition of risk and what is meant by risk management
- Roles and responsibilities of Members, Officers and reporting lines
- Action that needs to be taken

The strategy will be subject to annual review to ensure that it remains up-to-date and continues to reflect the Council's approach to risk management.

Definitions

Risk

Derby City Council defines a risk as:

The chance of something happening that may have an impact on objectives

A risk is an event or occurrence that would prevent, obstruct or delay the organisation from achieving its objectives or failing to capture business opportunities when pursuing its objectives

Positive consequences or opportunities are the possibility that an event will occur and positively affect the achievement of objectives. You can channel the opportunities back into your objective setting/business planning process, formulating plans to seize those opportunities.

Risk management

What is risk management?

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk Management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), the environment, technology, breach of confidentiality etc.

Risk Management is not about avoiding risks, being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives.

Risk Management is about making the most of opportunities. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

The roles and responsibilities of individuals and groups to implement the strategy are as follows:

Risk management is a line management responsibility and consequently the line manager is responsible, in consultation with his/her staff, for the development of a risk register in their area of responsibility.



The risk register when complete should be brought to the attention of all employees working in the service in a clear and understandable manner taking into account their level of training, knowledge and experience.

In addition, the roles and responsibilities of individuals and groups to implement the strategy are as follows:

- Audit and Accounts Committee - To review and approve the Council's risk management policy and strategy. To review the content of the strategic risk register and the adequacy of associated risk management arrangements.
- Members – involved via Regulatory Committees and the Scrutiny process. Also involved in other roles such as their membership of project boards/accountable bodies.
- Governance Group – To promote understanding of the management of risk in accordance with best practice, throughout the City Council.
 - Ensuring that the identification, analysis and prioritisation of corporate and cross cutting risks take place.
 - Monitoring / reviewing the corporate risk process, including the maintenance of risk registers and reporting to COG, Audit and Accounts Committee and Cabinet as appropriate. Ensuring that there are robust processes in place to implement risk management actions across the City Council. To assist with the ongoing development and review of the corporate risk management strategy and methodology. The Group will also work closely with the officers identified by COG to promote a risk aware culture and embed risk management throughout the Council.
- Chief Executive – leads on the wider corporate governance agenda of which risk management is a part. Receives assurance statements on internal control from Strategic Directors and signs off the Annual Governance Statement (AGS) along with the Leader of the Council, The Monitoring Officer and the Head of Audit & Accounts.
- Director of Governance – Overall responsibility for the risk management function.
- Head of Governance & Assurance– Lead officer for the Council on risk management. Maintains an effective corporate risk strategy and policy. Prepares reports to Audit & Accounts Committee seeking approval of the strategy and policy. Also reports on key risk management issues to the Audit and Accounts Committee and provide an opinion based upon the audit work carried out throughout the year.
- Insurance & Risk Manager – the Council's "Risk Champion" who advises on the corporate process. Develops, in conjunction with colleagues, practical approaches for implementing risk management. Will review and report on the departmental and corporate risk management processes. Will



feed into the annual assurance statements. Will also issue guidance and information.

- Strategic Directors / Directors / Heads of Service – integral to the risk management process, providing leadership for the process to achieve the culture change. Need to be involved in corporate, major projects, cross cutting and external environment risk assessments as part of corporate planning. Assessing the wider implications of departmental risk assessments and feeding information to the Insurance & Risk Manager for consideration as corporate key risks. There is a particular duty for Strategic Directors to reduce the impact of high risks that are likely to occur. Make arrangements for embedding risk management throughout their Department, which will assist them in providing assurance to the Chief Executive. Reporting, on a regular basis, to Chief Officer Group regarding progress with corporate risks.

For the methodology to be effective there must be commitment throughout the City Council. The Council demonstrates its commitment by identifying, profiling and prioritising corporate and cross-cutting risks.

This involvement from the top will set the style and tone that will cascade down the organisation. This top-down cascade will then meet the day to day operational control of risk by all involved in service delivery from the bottom-up.



Action that needs to be taken

Members to

- Be aware of the key risks within their portfolio services, and within any projects and/or partnership working they represent the Councils interests on.
- Requesting sight of risk registers as appropriate, and challenging the robustness of risk assessments in Committee Reports.

Chief Officers Group to

- Receive the updated Strategic Risk Register, and review the effectiveness of actions put in place by Directors, Assistant Directors and Heads of Service to manage corporate risks, three times per annum. Nominate new risks, amendments and deletions to the Corporate Risk Register as appropriate.

Deputy Chief Executive / Strategic Directors / Directors / Heads of Service to

- Embed risk management throughout their directorate. This includes the process of reporting or nominating risks and opportunities arising from directorate business activities and those identified by divisions and services, up to the directorate risk registers.
- Ensure that risk management has been explicitly considered in framing Business / Service Plans.
- Review and up-date their directorate risk registers at least quarterly. Directorate registers are to include the corporate risks.
- Feed new key risks identified, such as from projects, partnership working and business change to their respective risk register and to update their risks within the Corporate Risk Register at least three times each year.
- Delete risks which are no longer relevant.
- Report to Chief Officers Group regarding progress on their management of risks including those on the strategic risk register.
- Provide an annual assurance statement on risk management and internal control within their service area by 31st March each year by obtaining management assurance and utilising control risk self-assessment information from their evaluation of the effectiveness of controls in place and the degree to which they have been consistently applied.



Senior Managers to

- Monitor the effectiveness of risk management actions in place.
- Provide assurance that systems and controls are consistently applied and are operating effectively to mitigate risk and assist in the achievement of service outcomes using control risk self- assessment.
- Report on progress to the Strategic Director, Director, Head of Service or Directorate Management Team, as relevant, at least quarterly.



Embedding risk management

Risk management is an important part of the business planning process. This will enable strategic, operational and cross cutting risks / opportunities, as well as the accumulation of risks / opportunities from a number of areas to be properly considered. The Council continues to embed the process and raise awareness of the importance of good risk management

This strategy and the Risk Management Handbook provide a framework to be used by all levels of staff and Members in the implementation of risk management as an integral part of good management.

The milestones to be met in embedding risk management are:

Milestone	Annual target date(s)
Significant risks fed into the Strategic Risk Register for reporting to the Audit Committee four times a year. Directorate key risks to be informed by Divisional, Service, business change and project risk registers.	Quarterly
Directorates, Divisions, Services and Project Leads to: <ul style="list-style-type: none"> • Clearly identify existing controls regarding the risks identified, and the degree to which they are consistently applied. Evidence of the application of controls to be maintained and cross referenced onto action plans • Evaluate existing controls for the degree of mitigation the controls provide and if further control is desirable • Calculate the cost of improving controls to provide greater mitigation to establish if further control would be cost effective 	Ongoing
Deputy Chief Executive and Strategic Directors give assurance to Chief Executive regarding internal control, including the management of key risks, within their area of service delivery.	Quarterly
Deputy Chief Executive and Strategic Directors to ensure that risk / opportunity identification is intrinsically linked to service plan objectives.	During annual Business / Service planning process
Deputy Chief Executive and Strategic Directors to include performance on managing risks within performance monitoring of Business / Service Plans and in senior officer's performance contracts / plans and Personal Development Reviews.	Ongoing
The Annual Governance Statement signed and published in the Council's Annual Accounts.	At the time the statement of accounts are approved

