

BABERGH DISTRICT COUNCIL

From: Corporate Manager – Internal Audit	Report Number: S19
To: Strategy Committee	Date of meeting: 9 June 2016

UPDATED SIGNIFICANT RISK REGISTER AND RISK MANAGEMENT STRATEGY

1. Purpose of Report

- 1.1 To provide the Members with the updated Significant Risk Register and Risk Management Strategy for their approval.

2. Recommendations

- 2.1 That the contents of the Significant Risk Register as set out in Appendix A be approved.
- 2.2 That the updated Risk Management Strategy as detailed in Appendix C be approved.

3. Background

- 3.1 Risk management must be integral to policy, planning and operational management. It cannot be a 'bolt on' but must be embedded in the Councils. Adopting the risk management process will ensure that strategic and service planning is based on informed decisions about the appropriateness of adopting policy or service delivery options.
- 3.2 The Councils are clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders.
- 3.3 Previously, a workshop facilitated by Zurich was provided for Assistant Directors (previously known as Heads of Service) to refresh the risk register. At this point it was suggested, and agreed, that the register should reflect the risks of not achieving our priorities since this is first and foremost what the Councils have set out to deliver to our stakeholders. This was based on the existing Strategic Plan and associated projects as they were at the time.
- 3.4 Following the elections in May 2015, the two new administrations felt it appropriate to review and update the strategies of the two Councils, in light of key local, regional and national factors that have changed since the previous Joint Strategic Plan (JSP) was developed in 2013/14.
- 3.5 The refresh of the JSP has now taken place and sets out how the Councils aim to deliver positive, sustainable change in our individual and business communities over the next 5 years. This has had implications on the content of the Significant Risk Register.

- 3.6 In the wake of this, the register has changed to reflect the 5 new outcomes, associated risks and the actions that are being taken to respond to these risks.
- 3.7 Since the register was drafted, the JSP has been approved by Executive and Strategy Committees and also both Full Councils. There were some changes to the theme titles and the register has been updated to reflect this.
- 3.8 Key strategic risks are identified as those risks that arise from the fundamental decisions that Senior Management and Members take concerning the Councils' objectives. Risks scored lower than 4 (see attached Risk Matrix Appendix B) are not deemed significant enough to be on the Significant Risk Register and are the responsibility of the appropriate manager to monitor and manage.
- 3.9 The register remains, as always, a living document and as projects develop, the register will capture any new, evolving and emerging risks.
- 3.10 It is intended that the Risk Management Officer, together with risk owners, will review/challenge the risks on a quarterly basis and will report by exception to the Senior Leadership Team (SLT). It is proposed that Executive and Strategy Committees review the register on a half yearly basis and Joint Audit and Standards Committee will continue to receive on an annual basis.
- 3.11 The draft Risk Register was presented to the Joint Audit and Standards Committee on the 18th April 2016 for their information. Discussions took place around the themes of 'Community Capacity Building and Engagement' and 'Assets and Investments' where some risk descriptions and scores were challenged. This resulted in a couple of minor changes following discussions with the risk owners, which have been incorporated into the current register. Following this, the register was approved by Senior Leadership Team on 11th May 2016.
- 3.12 In addition to the above, the Risk Management Strategy has been enhanced to not only demonstrate why we should manage risk but how we manage it.
- 3.13 One main addition to the Strategy is the inclusion of the Councils' risk appetite which outlines our approach to risk in the different areas of business. The appetites will on occasions be influenced by external changes and will be reviewed accordingly.
- 3.14 The Strategy was approved by SLT on 4th January 2016 and noted by Members of the Joint Audit and Standards Committee on 22nd January 2016.

4. Financial Implications

- 4.1 As detailed in the report.

5. Legal Implications

- 5.1 There are no immediate legal implications arising from this report.

6. Risk Management

- 6.1 As set out in the body of this report.

7. Consultations

- 7.1 The draft risk register was presented to the Joint Audit and Standards Committee for their information and was approved by SLT. The Strategy was approved by SLT and noted by Members of the Joint Audit and Standards Committee.

8. Equality Analysis

- 8.1 There are no immediate equality and diversity implications associated with this report.

9. Shared Service / Partnership Implications

- 9.1 The overall approach has been to develop a single shared model for risk management for both Councils and the Significant Risk Register and Risk Management Strategy attached are shared documents across the two Councils.

10. Links to Joint Strategic Plan

- 10.1 The Joint Strategic Plan and the Work Programme to deliver it covers all of the service delivery and development activity planned to be undertaken across both Councils in the next five years. The way we manage key corporate risk is therefore intrinsic to this strategy and plan of work, and will be embedded in each key activity, project and programme.

11. Appendices

Title	Location
(a) Significant Risk Register	Attached
(b) Risk Matrix	Attached
(c) Risk Management Strategy	Attached

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DRAFT BABERGH AND MID SUFFOLK SIGNIFICANT RISK REGISTER

RISK DETAILS	L	I	S
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

1 - HOUSING DELIVERY

1a	RISK: Failure to identify detailed housing requirements for local area	2	2	4
	MITIGATION: Creation of Housing Strategy			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Planning for Growth			
1b	RISK: Failure to unlock the barriers to growth	2	3	6
	MITIGATION: Development Management Transformation project including redesign of approach to legal agreements			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Planning for Growth			
1c	RISK: Failure to create a framework for growth	2	3	6
	MITIGATION: Creation of Housing Strategy and Economic Strategy that in turn informs the creation of a Joint Local Plan			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Planning for Growth			

RISK DETAILS				L	I	S
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

1d	RISK: Failure to effectively engage communities to achieve a shared understanding of the benefits from growth	3	2	6
	MITIGATION: Engaging external specialists to help design engagement campaign			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Planning for Growth			

2 - BUSINESS GROWTH AND INCREASED PRODUCTIVITY

2a	RISK: Failure to understand our local businesses and their needs and failure to engage and support them to thrive	2	3	6
	MITIGATION: Open for Business approach/programme; Networking with Chambers of Commerce and Local Enterprise Partnership; Research into local businesses; Connect businesses to Growth Hub			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Investment and Commercial Delivery			

2b	RISK: Failure to develop the local economy and our market towns to thrive	2	4	8
	MITIGATION: Work with Town Councils, steering groups and partnerships to develop vision; Development of Suffolk tourism strategy; Promotion of area to attract new business; Increased commercial awareness and relationship building with our businesses			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Investment and Commercial Delivery			

RISK DETAILS		L	I	S
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

2c	RISK: Failure to establish employment site allocations of the right types, in the right place	3	3	9
	MITIGATION: Development of Suffolk Strategic Planning framework; Enable improvements to infrastructure; Encourage broadband network improvements; Use of Food Enterprise Zones and Enterprise Zones			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Investment and Commercial Delivery			

3 - COMMUNITY CAPACITY BUILDING AND ENGAGEMENT

3a	RISK: Neighbourhood Plans - Failure to deliver Neighbourhood Plans	3	2	6
	MITIGATION: Continued budget monitoring and use of contractors rather than permanent employee			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Planning for Growth			

3b	RISK: Engagement campaign has less impact than anticipated creating potential for contested planning applications rather than collaborative delivery of sustainable growth	3	2	6
	MITIGATION: Engaging external consultancy to provide specialist input (target date November 2016 - check against forecast)			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Communities and Public Access			

RISK DETAILS			L	I	S
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

3c	RISK: Ability to offset cuts in grant funding with external funding due to competition will reduce our ability to build community capacity	2	2	4
	MITIGATION: Monitor levels of income from major funders coming into the area such as The Big Lottery fund / improve funding application skills / support communities to apply for external funding			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Communities and Public Access			

4 - ASSETS AND INVESTMENTS

4a	RISK: Failure to invest in property to generate income and regenerate local areas	3	3	9
	MITIGATION: Develop new capital investment strategy; Consideration of commercial opportunities; Alternative investment of cash balances			RAG Status
	RESPONSIBLE OFFICER: Assistant Directors - Investment and Commercial Delivery and Corporate Resources			

4b	RISK: Failure to manage our corporate and housing assets effectively	2	3	6
	MITIGATION: Design comprehensive asset management model; Develop accommodation strategy; Individually appraise all corporate assets; Explore options for use of housing assets; Review housing management arrangements			RAG Status
	RESPONSIBLE OFFICER: Assistant Directors - Investment and Commercial Delivery and Supported Living			

RISK DETAILS		L	I	S
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

4c	RISK: Failure to make best use of land and buildings across Suffolk System	3	3	9
	MITIGATION: Map public sector estate and share with partners; Take opportunities to co-locate with others; Develop for delivery of homes and jobs			RAG Status
	RESPONSIBLE OFFICER: Assistant Director - Investment and Commercial Delivery			

5 - AN ENABLED AND EFFICIENT ORGANISATION

5a	RISK: Failure to develop our use of technology to enable us to be efficient and cost effective in everything we do.	2	3	6
	MITIGATION: Strategic ICT resource from SCC now part of Senior Leadership Team / Consolidating mobile and telephone technology to enable staff to work more flexibly / Continuing to integrate applications to allow systems and procedures to be consolidated to make joint teams more efficient and resilient / Alignment of strategy with SCC to make investment under 4 key themes of the cloud, mobile working, big data and social and collaboration tools.			RAG Status
	RESPONSIBLE OFFICER: Chief Technology Officer			

5b	RISK: Failure to convert our data into accurate, up to date and easy to interrogate insights, evidence and intelligence that supports delivery of the strategic priorities and failure to adequately protect the data that we hold	3	3	9
	MITIGATION: Data mapping exercise to provide a register of information and their attributes / Internal Audit to undertake periodical Information Assurance Audit compliance / New information sharing intranet launched / Work with Suffolk partners to join up information held			RAG Status
	RESPONSIBLE OFFICER: Interim Assistant Director - Law and Governance			

RISK DETAILS	L	I	S
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Better than expected progress



On target



Poor progress and possible issues

5c	RISK: Failure to develop clear governance arrangements that enable the right decisions to be taken that are appropriate for the environment that we are operating in	2	3	6
	MITIGATION: Officer's working group formed to address: Governance processes, including good legal decision making and good financial decision making with an associated risk framework / Establish business planning processes, expenditure approval processes including investment proposals, business cases, option appraisals / Contract Procedure rules / Financial Procedure rules / Scheme of Management Delegation / Review of the Constitution / Awareness training for Extended Leadership Team including fiduciary duties and ultra vires RESPONSIBLE OFFICER: Interim Assistant Director - Law and Governance			
5d	RISK: Failure to build the capability across the organisation to commission effectively for outcomes resulting in inefficient and ineffective use of resources	2	3	6
	MITIGATION: Strengthen governance through revised Contract Standing Orders and Commissioning and Procurement Manual which provide guidance on good practice, supported by range of tools and templates together with educational workshops / integrated electronic purchase to pay, contract management and tendering systems / Implementation of health checks to identify opportunities to improve on practice used / work with service areas to identify and understand needs / Identify key strategic contracts/partnerships and provide visibility of performance against outcomes through regular reporting RESPONSIBLE OFFICER: Assistant Director - Corporate Resources			

RISK DETAILS		L	I	S
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Better than expected progress



On target



Poor progress and possible issues

5e	<p>RISK: Staff within the organisation not having the right capacity and capability to deliver the strategic priorities of the councils and to work within the wider local government system</p>	2	3	6
	<p>MITIGATION: Focused management review resulting in a new Extended Leadership Team (ELT) focused on outcomes / leadership development within ELT / new performance conversations and performance management framework / use of interims to supplement and transfer skills / design of organisational development plan</p> <p>RESPONSIBLE OFFICER: Assistant Director - Corporate Resources</p>	<p>RAG Status</p> <p></p>		
5f	<p>RISK: Failure of the Councils to become financially sustainable in response to funding changes</p>	2	4	8
	<p>MITIGATION: Continued development of the strands within the Medium Term Financial Strategy (MTFS) / Alignment of resources to priorities / Use of one-off funding to change the business model and support functions during change / Early identification of initiatives for the 2017/18 budget / Engagement of councillors to understand options / Modelling and analysis to understand impact</p> <p>RESPONSIBLE OFFICER: Assistant Director - Corporate Resources</p>	<p>RAG Status</p> <p></p>		
5g	<p>RISK: Failure to implement more efficient and effective public access arrangements</p>	2	3	6
	<p>MITIGATION: Development of a new public access model / Maximising use of digital technology / Self-service capabilities supplemented with supported assistance / Understand customer base / Introduction of customer relationship officers / Complement "open for business" approach / Involvement of customers in design</p> <p>RESPONSIBLE OFFICER: Assistant Director - Communities and Public Access</p>	<p>RAG Status</p> <p></p>		

Appendix B

Likelihood	Disaster	4	4 (Medium)	8 (High)	12 (Very High)	16 (Very High)
	Bad	3	3 (Low)	6 (Medium)	9 (High)	12 (Very High)
	Noticeable	2	2 (Low)	4 (Medium)	6 (Medium)	8 (High)
	Minimal	1	1 (Low)	2 (Low)	3 (Low)	4 (Medium)
		1	2	3	4	
		Highly Unlikely	Unlikely	Probable	Highly Probable	
Probability / Frequency						

Likelihood

- | | | |
|---|-----------------|---|
| 1 | Highly Unlikely | <ul style="list-style-type: none"> * Has never occurred before * Would only happen in exceptional circumstances |
| 2 | Unlikely | <ul style="list-style-type: none"> * Not expected to occur but potential exists * Has occurred once in the last ten years |
| 3 | Probable | <ul style="list-style-type: none"> * May occur occasionally * Has occurred within the last five years * Reasonable chance of occurring again |
| 4 | Highly Probable | <ul style="list-style-type: none"> * Expected to occur * Occurs regularly or frequently |

Impact

- | | | |
|---|------------|--|
| 1 | Minimal | <ul style="list-style-type: none"> * Up to £5k * Very minor service disruption (less than one day) * No noticeable media interest * No harm to persons/community |
| 2 | Noticeable | <ul style="list-style-type: none"> * £5k - £50k * Some service disruption, more than one day * Local media coverage * Potential for minor harm/injury |
| 3 | Bad | <ul style="list-style-type: none"> * £50k - £250k * Critical service disruption (statutory services not delivered) * Adverse local/national media coverage * Potential for harm or injury (non-life threatening) |
| 4 | Disaster | <ul style="list-style-type: none"> * Over £250k * Systemic or sustained service loss * Adverse/prolonged national media coverage |

Appendix B

- * Litigation, custodial sentence
- * Serious injury or death



RISK MANAGEMENT STRATEGY

Document Control

Reference	Risk Management Strategy
Date	January 2016
Author	Corporate Manager – Internal Audit and the Lead for Risk
Approved by	Management Board and Joint Audit and Standards Committee

Version History

Date	Version Number	Revision Notes
January 2016	V0.1	First Draft of revised Strategy
May 2016	V0.2	Second Draft of Strategy following Administration meetings

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- 2 **Statement of Commitment**
- 3 **Our Approach**
- 4 **Risk Management Principles**
- 5 **Risk Appetite Statement**
- 6 **Risk Management Levels**
- 7 **Escalation of Risks**
- 8 **Risk Management Process**
- 9 **Risk Matrix**
- 10 **Risk Register System**
- 11 **Roles and Responsibilities**
- 12 **Guidance, Education and Training**
- 13 **Summary**
- 14 **Review**

Appendix A - Example of the risk register template

1. Policy Statement

The effect of uncertainty on an organisation's objectives is risk. Risk management is the process of ascertaining what might go wrong, what the potential consequences may be, what could trigger the occurrence and deciding how best to minimise the risk materialising. If it does go wrong, as some things inevitably will, proactive risk management will ensure the impact is kept to a minimum.

To structure and formalise the risk management arrangements across all functions, Babergh and Mid Suffolk District Councils have developed a systematic and logical process of managing business risk within a comprehensive framework to ensure it is managed effectively, efficiently and coherently across the organisation. The Councils' adopted approach sets out the methodology for identification, evaluation and control of risk to ensure the continued financial and organisational well-being of the Councils. Council wide ownership and accountability for managing risk is critical to the success of the organisation.

When implemented and maintained, the effective management of risk enables the organisation to:

- Increase the likelihood of achieving its goals and delivering outcomes
- Improve the identification of opportunities and threats
- Improve governance, stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Effectively allocate and use resources for risk treatment
- Improve organisational resilience.

It is the role of the Audit and Risk Management Services team within the Councils to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisations to take control of the risks that threaten delivery. The role of the team is also to provide a level of challenge and scrutiny to the risk owners. The work of the team will be directed to effect the achievement of the following risk management objectives:

- Align the organisations culture with the risk management framework
- Integrate and embed the risk management framework across the organisations
- Enable the organisations to recognise and manage the risks it faces
- Minimise the cost of risk
- Anticipate and respond to emerging risks, internal & external influences and a changing operating environment
- Implement a consistent method of measuring risk.

2. Statement of Commitment

Babergh and Mid Suffolk District Councils are committed to adopting good practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes.

The Councils are clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders.

As a corporate body, the Councils are obligated to protect its material assets and to minimise its losses and liabilities. It recognises the need to equip its workforce with the skills and expertise to manage risk on its behalf and provides the necessary resources to ensure this can be delivered.

The Councils' risk management objectives are a long term commitment, inherent to good governance practices and fully supported by senior management and its Councillors.

John Snell – Corporate Manager – Internal Audit

3. Our Approach

For risk management to be successful, it is imperative that there is a single approach for the management of business risk, adopted through all levels of the organisation. This risk management strategy is one part of the overall risk framework, the essential elements of which include:

- Risk Management Policy Statement and Strategy (including governance and accountabilities)
- Risk Management Methodology, Tools and Guidance to support the methodology and Training
- Risk Management Reporting
- Risk Assurance Statement.

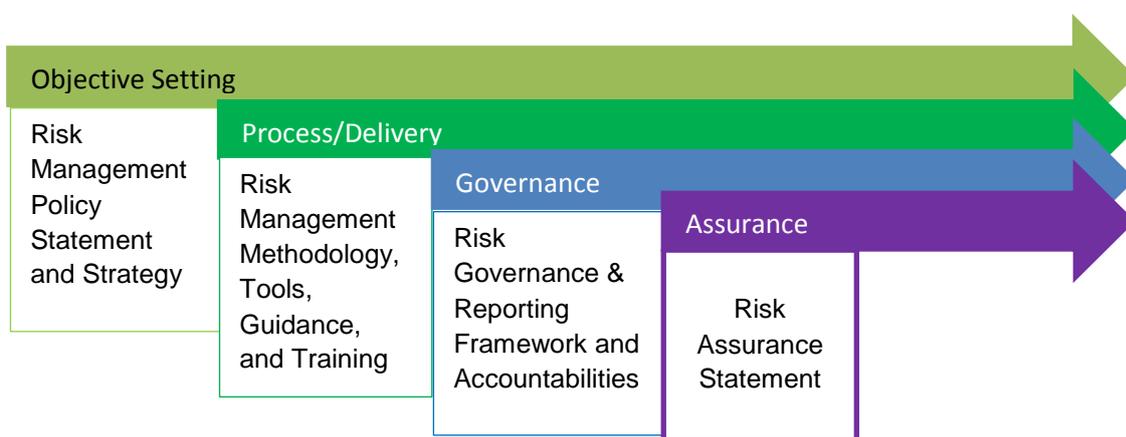
Our approach is that the discipline of effectively managing risk is integrated throughout the organisation and involves all key stakeholders including - but not limited to officers, senior management, Councillors, partners and suppliers.

Primarily Councillors and senior management will be focussed on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operations risks will be the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if they are no longer containable and manageable at a functional level.

Identified key risks and mitigations are managed through the Councils' Significant Risk Register and is regularly discussed, reviewed and updated. Frequent risk reporting takes place across all levels of the organisation. The governance and reporting arrangements which set out what risk information is reported to which audience and when is covered in more detail in section 11 of this Strategy.

It is the role of the Corporate Manager – Internal Audit and his team to develop and set the framework for the organisation to follow; ensuring that this adds value to the organisation.

Babergh and Mid Suffolk District Council's risk management framework is our end to end process of managing risk



4. Risk Management Principles

At Babergh and Mid Suffolk District Councils, we are committed to ensuring risk management is embedded across the whole organisation. To do this, we ensure we adhere to the spirit of the principles of risk management as set within the OGC's Management of Risk Framework and in accordance with the International Risk Management Standard (ISO:31000).



5. Risk Appetite Statement

The Councils' appetite for risk reflects the different types of risk that could impact on the Councils' ability to meet its statutory requirements and strategic outcomes, including likely reputational impact and potential financial implications.

Risk Appetite is the level of risk we are prepared to tolerate or accept in the pursuit of our strategic outcomes. Our aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery whilst also providing an acceptable level of value for money.

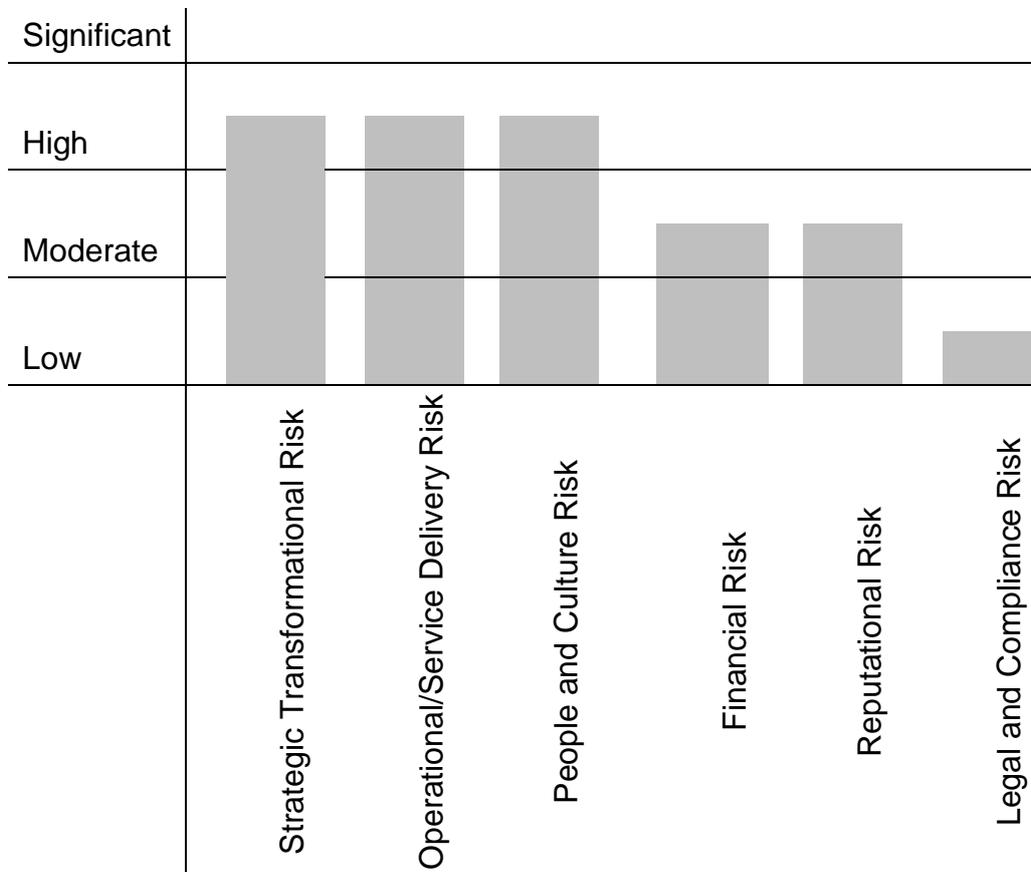
The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established before decisions are made. We recognise that the appetite for risk will vary according to the activity undertaken and the ability to exercise controls and hence different appetites and tolerances to risk apply.

The following risk appetite levels, developed around good governance, have been included, for information, as they form the background to discussions in relation to risk appetite.

Appetite Level	Described as:
None	Avoid: the avoidance of risk and uncertainty is a key organisational objective
Low	Minimal: the preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential
Moderate	Cautious: the preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
High	Open and being willing to consider all potential delivery options and choose while also providing an acceptance level of reward (and vfm)
Significant	Seek and to be eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk). Or also described as Mature being confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust

Specifically, our approach is to minimise exposure to compliance and reputational risk, whilst accepting and encouraging an increased degree of risk in other areas in pursuit of our strategic objectives as illustrated in the diagram and statements below.

Risk Appetite by area 2015



These risks can be defined as follows:

Strategic Transformational Risk

This is the risk arising from the possible consequences of strategic decisions taken by the Councils, or the risk of a failure to achieve our strategic vision. The environment the Councils' work in is continually changing through both its internal operations and the services it provides. The Councils recognise that this may require increased levels of risk and is comfortable accepting the risk subject to always ensuring that risks are appropriately managed.

Operational/Service Delivery Risk

This is the risk arising from the nature of the Councils' business and operations, for example, the risk of a failure to deliver statutory or other services to residents, to fail to provide required quality in services, or to provide appropriate services in the event of an emergency and as such accepts a high level of risk arising.

People and Culture Risk

The Councils' recognise that its staff are critical to achieving its objectives and therefore the support and development of staff is key to making the Councils' an inspiring and safe place to work. It has a high appetite for decisions that involve staffing or culture to support transformational change and ensure the Councils' are continually improving.

Financial Risk

This is the risk of changes in the Councils' financial condition and circumstances, such as for example, in its balance sheet assets and liabilities, its funding, income and spending levels. The Councils' aims are to maintain its long term financial viability and its overall financial strength whilst aiming to achieve its strategic and financial objectives.

Reputational Risk

It is regarded as essential that the Councils' preserve a high reputation and hence it has set a moderate appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy through any adverse publicity.

Legal and Compliance Risk

The Councils' recognise the need to place high importance on compliance, regulation and public protection and has no appetite for breaches in statute, regulation, professional standards, ethics, bribery or fraud and corruption.

Duty of Officers

All of the Councils' elected Councillors and its officers, including when they are working in partnership with other organisations, have a duty and responsibility as part of their actions to manage risk as an integral part of their role, which includes

ensuring they comply at all times with provisions of the risk appetite of the Councils' as outlined in this document.

General Risk Appetite Statement

The Councils' recognise that its long term sustainability depends upon the delivery of its strategic objectives and its relationship with its partners. As such, the Councils' will not accept risks that are in breach of legal compliance, regulations and ethical behaviour. However, the Councils' have a greater appetite to take considered risks in terms of their impact on strategic and organisational issues and actively encourage officers to pursue innovation and creativity and challenge current working practices where positive benefits can be anticipated within the constraints of the regulatory environment.

6. Risk Management Levels

Our approach to risk management is founded upon ensuring risk is effectively and consistently managed across all levels of the organisation. The risk culture that emanates from the senior management throughout the organisation is essential in ensuring all levels buy into and adhere to the corporate risk process.

The Levels:

Service Level: The day to day management activities provide reasonable assurance that the main tactical and operational risks arising from service operations are identified, assessed, managed and monitored. Close links between the service managers and the Audit and Risk Management Services' team strengthen the process and ensure consistency in the risk messages delivered within the services.

Programme/Project Level: The identification of risks from the initial business case stage in a programme/project and continued risk management throughout the project lifecycle to ensure the objectives can be achieved.

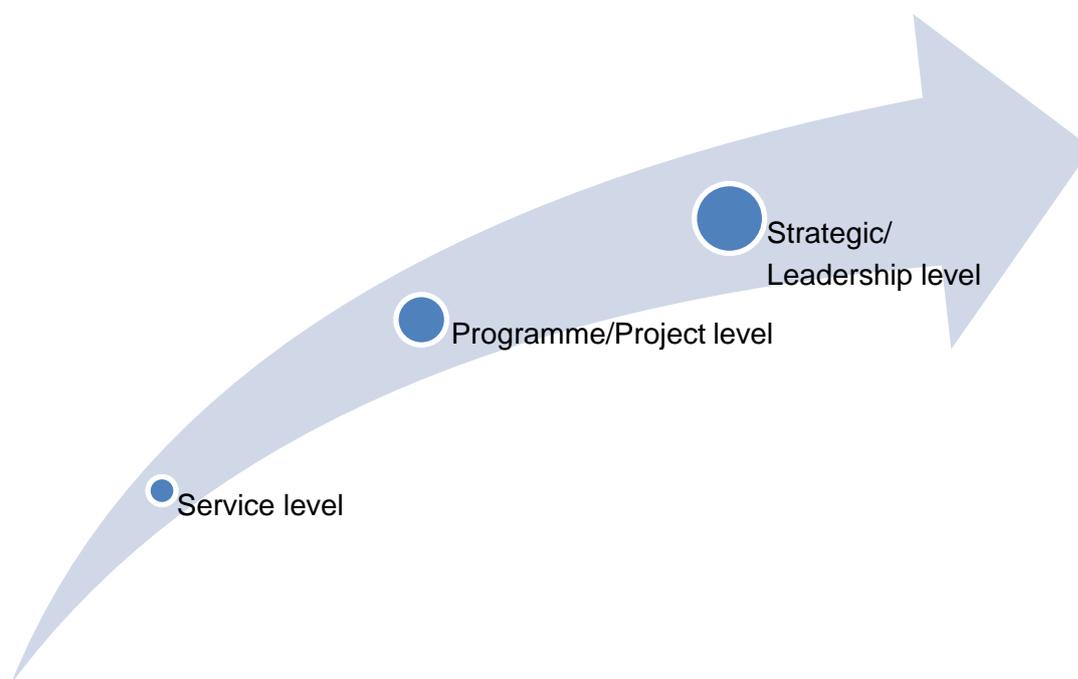
Leadership/Strategic Level: The highest level of risk is managed at this level. Reports on the top business critical risks are reviewed by the quarterly by senior management and the Audit and Risk Management Services' team. This level sets the tone for effective risk management across the whole organisation. At this level, the risk management strategy is agreed and endorsed and its principles championed by senior management of the Councils.

7. Escalation of Risks

In the event that a single risk or group of risks exceed a pre agreed threshold, then the risks should be escalated to a senior level and the Audit and Risk Management Services' team. The Risk owner will initially be responsible for either deciding on a course of action or escalating the information further up the process to a senior level. Similarly it should also be clear where a risk can be delegated to a lower level for action.

Process

If as a risk owner you identify that the risk needs to be moved because it fits into one of the categories as stated above, initially seek the advice of the Audit and Risk Management Services' team regarding moving the risk. If a risk is multi service or organisation wide the risk owner should consult with other relevant parties before recommending a change of level.



A risk may need to be escalated to a higher level if:

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled/contained within its current level
- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service/project if the risk event materialises
- instinct tells the owner it is out of their control

- the risk moves outside the appetite boundaries / comfort zone.

A risk may need to be moved to a lower level if:

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one service area / team and the impact will be limited then this should be controlled more locally at a lower level.

8. Risk Management Process

The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome you are assessing.

The process consists of six main stages:



- Objective setting – Identify and agree the objectives for the Councils including how services, projects and partnerships support the delivery of these projects.
- Risk identification - Identify and record the risks, relating to the achievement of the Councils' objectives/priorities An Example risk register template is shown in Section 11 – Risk Register System.
- Risk Assess - Having identified areas of potential risk, we assess them with the use of a risk matrix to give an assessment of impact and likelihood and calculate and overall risk score (See Section 9 – Risk Matrix). The results are recorded in the risk register.
- Risk ownership – the identified risks need to be allocated a risk owner to take responsibility for managing the risk. Specific responsibilities include:
- Manage and Control – Assess what is already in place to manage the risk and planning to put further controls in place if required; progress of projects linked to strategic priorities, action plans (use the 4 T's to determine if we will tolerate, terminate, transfer or treat the risk). This would also include maximising any positive opportunities.
- Identify how the risk is currently controlled and then what gaps there are, how these can be addressed and who by. Risks can be managed in the following ways:-
 - Tolerating – The benefits gained by undertaking the process causing the risk, outweigh the costs involved to mitigate the risk entirely, or there is no justification of the expense involved in introducing measures to control the risk, therefore it is simply accepted that there is a risk.
 - Treating – Control the risk as much as possible to bring it back to an acceptable level that can be tolerated.
 - Terminating – To get rid of the risk altogether by either controlling it fully or not doing the task causing the risk, so that there is no risk.
 - Transferring – Transfer the risk to another party so that they become responsible, for example insurance. If insurance is an option this should be discussed with the Risk Lead, who will in turn seek the expertise of the Insurance Officer.

Remember – more risk can be taken if it is felt that the benefits in doing so would outweigh the risk itself. The idea of Risk Management is not to become risk averse, but to ensure that risks are managed i.e. Risk Management.

- Monitoring and reporting – Risks can change over time and therefore need to be monitored on a regular basis to ensure that controls in place remain effective and actions have been implemented. New risks can also be added to the risk register and those that are no longer a risk can be removed. All changes must be recorded and reported appropriately.

9. Risk Matrix

A risk matrix is used to evaluate the risks so that there is an understanding of the risk exposure faced, which in turn influences the level of risk treatment that should be applied to manage/reduce/prevent the risk from occurring. At Babergh and Mid Suffolk District Councils the adopted matrix for assessing risk is shown in the diagram below supported by guidance on how to determine the appropriate score for both probability and impact.

Ensuring that all business risks are assessed and managed through the adopted risk management methodology drives consistency through the risk management framework and enables risks to be compared and reported on against a like for like basis. It also provides the Councils with the ability to map their collective risk exposure of a particular activity, objective, outcome, function(s) or indeed whole Councils' operation.

Impact	Disaster	4	4 (Medium)	8 (High)	12 (Very High)	16 (Very High)
	Bad	3	3 (Low)	6 (Medium)	9 (High)	12 (Very High)
	Noticeable	2	2 (Low)	4 (Medium)	6 (Medium)	8 (High)
	Minimal	1	1 (Low)	2 (Low)	3 (Low)	4 (Medium)
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
			Probability / Frequency			

Likelihood

- | | | |
|---|-----------------|---|
| 1 | Highly Unlikely | <ul style="list-style-type: none"> * Has never occurred before * Would only happen in exceptional circumstances |
| 2 | Unlikely | <ul style="list-style-type: none"> * Not expected to occur but potential exists * Has occurred once in the last ten years |
| 3 | Probable | <ul style="list-style-type: none"> * May occur occasionally * Has occurred within the last five years * Reasonable chance of occurring again |

- 4 Highly Probable
 - * Expected to occur
 - * Occurs regularly or frequently

Impact

- 1 Minimal
 - * Up to £5k
 - * Very minor service disruption (less than one day)
 - * No noticeable media interest
 - * No harm to persons/community
- 2 Noticeable
 - * £5k - £50k
 - * Some service disruption, more than one day
 - * Local media coverage
 - * Potential for minor harm/injury
- 3 Bad
 - * £50k - £250k
 - * Critical service disruption (statutory services not delivered)
 - * Adverse local/national media coverage
 - * Potential for harm or injury (non-life threatening)
- 4 Disaster
 - * Systemic or sustained service loss
 - * Adverse/prolonged national media coverage
 - * Litigation, custodial sentence
 - * Serious injury or death

10. Risk Register System

As part of good governance, the Councils’ manage and maintain a register of its Significant Risks - assigning named individuals as responsible officers for ensuring the risks and their treatment measures are monitored and effectively managed.

The risk register is a critical tool for the service in capturing and reporting on risk activity and the organisations risk profile. The risk register is a working spreadsheet where new risks are captured, others are managed to extinction and some require close and regular monitoring.

The data within the register is used to inform the business of the threats it faces in delivering outcomes and services to the Councils. It is part of the Councils’ internal governance and performance frameworks and is used to ensure the organisation operates effectively. An example of the risk register template is shown at Appendix A.

11. Roles and Responsibilities

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).

The agreed roles and responsibilities within the risk management framework at Babergh and Mid Suffolk Councils' are outlined in the table below.

Group/Stakeholder	Role Description
Executive and Strategy Committees	<ul style="list-style-type: none"> • Strategic decision-making in respect of 'Strategic Risk Management'
Joint Audit and Standards Committee	<ul style="list-style-type: none"> • To 'consider the effectiveness of the joint risk management arrangements' • 'Be satisfied that the joint Annual Governance Statement properly reflects the risk environment and any actions taken to improve it'. • This Committee discharges the Audit Committee function for the authorities providing a strengthened governance assurance mechanism to Members as a focussed control mechanism in this time of change and increased risk of governance failure. • Is responsible for approving the Council's risk management strategy and reviewing and monitoring the arrangements for managing risk.
Babergh and Mid Suffolk Audit Committees	<ul style="list-style-type: none"> • To 'support the Corporate Manager – Internal Audit for ensuring that effective arrangements are in place with regard to risk management arrangements'.
Leader of each Council	<ul style="list-style-type: none"> • To sign the Annual Governance Statement.
Portfolio Holders and Members with Special Responsibilities	<ul style="list-style-type: none"> • A clear understanding and responsibility of the nature of the key risks facing the Councils, particularly those within their allocated portfolios.
Group Leaders	<ul style="list-style-type: none"> • A clear understanding and responsibility of the nature of the key risks facing the Councils.

Chief Executive	<ul style="list-style-type: none"> • To ensure that risk management is included within the job descriptions of Management Team. • To sign the Annual Governance Statement.
The Accounts and Audit Regulations	<ul style="list-style-type: none"> • Require that the Council's financial management is adequate and effective and that there is sound system of financial control that facilitates the effective exercise of the Council's functions and that includes risk management arrangements.
S151 Officer	<ul style="list-style-type: none"> • Is responsible for providing advice to underpin the financial regulations that Members, officers and others acting on behalf of the authority are required to follow.
Assistant Directors	<ul style="list-style-type: none"> • Are responsible for ensuring that all staff in their service are aware of the existence and content of the authority's financial regulations and associated procedures/guidance that is issued and that they comply with them. • Can identify the risks & implications of various courses of action and can articulate how business continuity can be maintained.
Senior Leadership Team and Extended Leadership Team	<ul style="list-style-type: none"> • Are responsible for reviewing the effective management of risks and internal controls and governance, supported by the Corporate Manager – Internal Audit and the s151 Officer.
Corporate Manager – Internal Audit	<ul style="list-style-type: none"> • Is responsible for preparing the Council's risk management strategy and for promoting it throughout the Council and maintaining and reporting on the Council's Integrated Significant Business Risk Register. • Will advise and report to management and the Joint Audit and Standards Committee on whether the Council's governance – appropriate risk management processes, control systems and operational procedures – are in place and operating properly. <p>Note: This scope will extend to systems or services provided wholly by, or in conjunction with other organisations, including partnership arrangements.</p>

Councillors	<ul style="list-style-type: none"> • To apply the rules in the Planning Charter which seeks to explain and supplement the Members Code of Conduct and the law on decision making for the purposes of planning control. If Members do not abide the Charter they put: <ul style="list-style-type: none"> ○ The Councils at risk of proceedings on the legality of the related decision or maladministration; and ○ Themselves at risk of being named in a report made to the Council or, if the failure is also likely to be a breach of the interest provisions of the Localism Act 2011, a complaint being made to the police to consider criminal proceedings.
Employees involved in appointments	<ul style="list-style-type: none"> • Must ensure that these are made on the basis of merit. There is a strong risk of illegality if an employee makes an appointment based on anything other than the ability of the candidate to undertake the duties of the post.
New employees	<ul style="list-style-type: none"> • Required to read the 'New Employee Induction Pack', which provides all new staff with an overview and general understanding of risk management across the Councils.

12. Guidance, Education and Training

The Audit and Risk Management Services team are responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support.

Guidance materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures.

The risk management strategy, guidance and training materials are reviewed on a regular basis to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice.

13. Summary

Risk management is a continuous and improving process that the Councils are committed to. Risk management should be embedded into the culture of the Councils, led by senior management but with responsibility assigned through all levels of the Councils' structure. Risk management is therefore not an add-on to the role and responsibilities of management but is actually a fundamental and inherent part of it.

14. Review

The Risk Management Strategy, guidance and associated working templates will be annually reviewed by the Corporate Manager – Internal Audit as part of the Councils' overall approach to the risk management process.

The Risk Management Strategy and Significant Business Risk Register are available to Members and staff and placed on the Authorities websites and intranets.

BABERGH AND MID SUFFOLK INTEGRATED SIGNIFICANT RISK REGISTER (APPENDIX A)

Outcome At Risk, Consequences and Causes			L	I	S	Target Score
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L = Likelihood I = Impact S = Score



Better than expected progress



On target



Poor progress and possible issues

1	<p>OWNERS: Strategic Director - Place / Assistant Director – Supported Living / Assistant Director – Investment and Commercial Delivery / Assistant Director – Planning for Growth</p> <p>RISK: FAILURE TO ACHIEVE GROWTH IN NEW HOMES, JOBS AND BUSINESSES</p> <p>CONSEQUENCES: Strategic objectives not met; housing need not met; income targets missed; increased homelessness; adverse impact on community; potential for judicial review; reputational impact; increased FOI requests; housing supply not fully managed, opportunity for the regeneration of Sudbury and Stowmarket missed.</p> <p>CAUSES: Not quantifying targets; lack of skills to access funding sources (internal and market); under-resourcing; due diligence of strategic partners not always fully undertaken; lack of full engagement with community and key partners; not fully understanding economics of area; lack of agile and responsive commissioning; growth in business rates; lack of control and limited influence over developers and landowners; reputational impact; key projects do not always reflect strategic needs adequately</p>	3	4	12	6 (L x2 Ix 3)	
	<u>ASSOCIATED PROJECTS/MITIGATING ACTIONS:</u>					RAG Status
	PROJECT NO.1 - Single Planning Policy Framework					
	PROJECT NO.2 - Delivery of strategic and key sites					
	PROJECT NO.3 - Community Infrastructure Levy implementation					
	PROJECT NO.35 - Investigation of the Suffolk wide Building Control Partnership opportunity					
PROJECT NO.36 - Work with communities to secure the delivery of sustainable growth including rural growth (incl. Community-led planning).						

