Leicester
City Council

WARDS AFFECTED:

Cabinet **17 January 2011**
Audit and Risk Committee **9 February 2011**

Corporate Risk Management Strategy 2011

Report of the Chief Financial Officer

1. Purpose of Report

To seek the agreement and support of Strategic Management Board and Cabinet for the revised Risk Management Policy Statement and Risk Management Strategy as contained in this report.

2. Summary

2.1. The Council's existing Risk Management Strategy was approved by Cabinet 30 November 2009. Since then significant progress has been made improving and strengthening risk management arrangements. The strategy has now been reviewed to reflect those improvements and sets out the procedures that are now in place to support risk management across the Council. Risk management continues to be driven by increasing demands for better governance, particularly the current British Standard BS31100 (2008), which states that an organisation's internal control systems should be built upon recognition of:-

- The risks faced by the organisation; and,
- The organisation's appetite/capacity to accept and manage risks.

2.2. Effective risk management is essential for an organisation and its partners to achieve strategic objectives and improve outcomes for local people. Good risk management looks at and manages both positive and negative aspects of risk. It is not about being risk averse, but is the process whereby the Council methodically addresses the risks attaching to its activities with the aim of achieving sustained benefit within each activity and across the portfolio of all activities.

2.3. The Council continues to manage and control risk in a variety of ways. The challenge over the past year has been to integrate risk management into the Council's culture, its everyday business operations and those of its contractors and partners. With the adoption of Prince 2 as a standard for project management, every project has a risk log; the Risk Management and Insurance Services Department provide regular, risk based training sessions; and, the Project Assurance Team continues to audit project compliance - both Internal Audit and Risk Management continue to be part of that Team.

2.4. Notwithstanding this, there is still further progress to be made. The review of last year's strategy 'action plan' (Appendix 1 - Risk Management Strategy 2009/2010 - Action Plan

- Update) indicates many 'new' processes have been introduced which will need confirmation that they are now properly integrated. Additionally, there are still areas of the current risk management processes (specifically embedding the risk process within Divisions to gain assurance that all unmitigated risks are being properly identified, controlled and reported; and Business Continuity Management needs developing to better align to current best practice and standards) that need revitalising and reinvigorating to allow the Council to demonstrate an acceptable level of compliance.

2.5. As a consequence, a further action plan is proposed. This is targeted at the following:-

- Continuing the integration of the risk infrastructure that reflects the new Council governance structure;
- Continued delivery of specific risk based decision making training programmes for Members, Senior Managers, management and staff;
- Continued development and strengthening of the approach to Partnership working;
- Developing the Business Continuity management at the Council to align better with current accepted best practice, the British Standard (BS25999) and the requirements of the Civil Contingencies Act (2004); and
- Developing a risk based review process to test the maturity and integration of the Risk Strategy. This will be an agreed programme of financial and process reviews by Internal Audit that will provide assurance on the embeddedness and effectiveness of risk processes and procedures.

3. Preview of This Year's Strategy

3.1 The key deliverables in this years Strategy include:-

- Ensuring the Risk Management Framework at LCC continues to reflect the organisational structure, and that risks to the delivery of 'One Leicester' are properly identified and managed;
- Develop further the process whereby Strategic Risks are identified by the appropriate Priority Board and then reported to the Strategic Management Board;
- Continue to embed and enhance the process whereby Divisional Directors have individual risk registers feeding through to the Operational Risk Register which is reviewed by the Operational Board, led by the Chief Operating Officer, supported by the Corporate Risk Manager;
- Improve Divisional engagement with risk management processes to further embed a culture within the Council where risk is anticipated and managed proactively;
- Increase recognition of the benefits that can be achieved, operationally and strategically, with effective and embedded risk management;
- Continue to support the operational service areas in the development and improvement of their individual risk registers by identifying and delivering training support and guidance;
- Corporate Risk Manager to continue to support the ODI team in the management of their Programme (and ultimately project) risks;
- Directors and Managers should continue to identify staff requiring risk management training through the appraisal and job specification processes; and
- Risk Management and Insurance Services continue to be perceived across the Council as 'Risk Advisors' that will assist managers in scoping and managing their risk exposure to enable the implementation of innovative schemes.

4. Recommendations

The Committee is recommended to:-

- Accept the progress made in implementing the actions arising from the Corporate Risk Management Strategy 2010 – Appendix 1 – Risk Management Strategy 2009/2010 - Action Plan - Update;
- Approve the 2011 Corporate Risk Management Policy Statement at Appendix 2. This sets out your attitude to risk and the approach to the challenges and opportunities facing the Council;
- Approve the Risk Management Strategy 2011 - Appendix 3 – Risk Management Strategy 2011;
- Approve the Action Plan detailing the actions arising from this paper necessary to integrate an acceptable Risk culture within the Council - Appendix 4 – Risk Management Strategy – Action Plan 2011.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Headline Financial and Risk Implications of the Risk Management Strategy

5.1.1 The cost of risk falls into two categories:

- The direct cost - paying premiums to insurance companies, meeting insured claims, encouraging low cost risk improvement initiatives, supporting essential risk control measures, and associated administration of the risk management function. For 2010/11 this is estimated to be about £4.7m.

- The indirect cost – mainly the service disruption associated with incidents, which amounts to many times the direct cost.

5.1.2 Whilst our insurance arrangements protect the Council from catastrophic loss in any given year without additional charge in that year, any overall deterioration in the Council's loss experience will have an impact on premiums for future years. It is never possible to eliminate the cost of loss, however, low incident rates can be maintained, and by proper attention to risk control and the prevention of incidents, the financial impact can be managed.

5.1.3 With the Council adopting a 'Risk Awareness' approach (and integrating risk management into the Council's culture) rather than 'Risk Averse', it is in a better position to identify opportunities that may benefit the council (including financially) where associated risks are managed rather than eliminated or avoided altogether.

5.1.4 By building in risk awareness into the root of all business cases and proposals to Cabinet and the Board, driving risk management from both a top down and bottom up approach, and maintaining and periodically reviewing the relevant risk registers (Operational and Strategic) the Council is also putting itself in a better position to highlight unacceptable risks (individually or collectively) and take appropriate action where necessary to minimise the risk of potential losses (including financial).

5.1.5 In terms of risk financing, the Council currently maintains an insurance fund and only externally insures for catastrophe cover. As referred to in Appendix 3 (Risk Management Strategy 2011), this balance between external/internal cover needs to be reviewed (and documented) on an annual basis taking into account the market conditions and claims experience.

5.1.6 A potential financial implication of losses that could be incurred in areas of partnership working (where the partner may not have effective risk management

procedures for example) has also been addressed in this strategy with the development of a guidance tool including the recommendation of a generic partnership risk register for use in all Council partnerships, which will be rolled out by the Partnership Executive Team.

(Alison Greenhill, Interim Chief Accountant)

5.2 **Legal Implications**

There are no legal implications of any note.

5.3 **Climate Change Implications**

There are no climate change implications of any note.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within Supporting information
Equal Opportunities	No	
Policy	Yes	Appendix
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Report Author/Officer to contact:

Tony Edeson, Corporate Risk Manager

Mark Noble, Chief Finance Officer

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Appendix 1 – Risk Management Strategy 2009/2010 – Action Plan - Update

Action	Responsible Officer	Original Target Date(s)	September 2010 - Update
Establish risk infrastructure for new Council governance structure, including strategic risk registers for each Priority Board and an Operational Risk Management Group.	Corporate Risk Manager	February 2010	**COMPLETE -** Each Priority Board has a risk register that contributes to the Strategic Risk register - approved at SMB 22 June. It was decided not to create an Operational Risk Management Group, but to use the existing Operational Board – see below.
Agree Terms of Reference for Operational Risk Management Group (as a sub-Group of the Operational Board) and arrange for the risk registers to be reviewed quarterly.	Corporate Risk Manager	December 2009	**COMPLETE -** Terms of Reference for management of the Operational Risk Register were agreed by Operational Board on 4 November 2009. It was decided that an extra Group was not required as the Register would be presented to the full Operational Board each quarter.
Using the membership of the Operational Risk Management Group revitalise the individual service area's risk registers and establish an Operational Risk Register that will be monitored by Operational Board and the COO. This will best be achieved by the Operational Service Directors monthly SMT meetings having Risk Registers as a standing agenda item and the Corporate Risk Management team attending these meetings, where possible, for this agenda item.	Corporate Risk Manager	February 2010	**COMPLETE -** The Operational Risk Register was approved at the Operational Board on the 4 August. Quarterly submissions have been agreed and will be monitored by the CRM.
Develop Guidance on partnership working and establish arrangements for ensuring that each partnership is supported in managing risk and provides assurance to Council.	Corporate Risk Manager	December 2010	**ALMOST COMPLETE -** Partnership guidance notes will be published for use within the business in late 2010. Currently these are in final draft stage going through a business review process.

Action	Responsible Officer	Original Target Date(s)	September 2010 - Update
Each Operational Service area's key operational risks reviewed and new significant risks or opportunities fed into the Operational Risk register on a quarterly basis. This will include a review of the appropriateness and effectiveness of the mitigating actions/controls. These key risks to be informed by Divisional, Service areas and project risk registers. Any operational risks identified by the Operational Board that may threaten the Council's overall strategic aims should be referred for inclusion on the Strategic Risk Register.	Operational Board	Every 31 January 30 April 31 July 31 October	**COMPLETE -** This process was ratified at the Operational Board on 4 August.
Each of the Priority Boards will need to create, manage and monitor a strategic risk register for the risks which affect achievement of their strategic programmes. The most significant of these identified risks, along with any operational risks identified by the Operational Board and project risks from the Programme Office that may threaten the Council's overall strategic aims, will form the Council's Strategic Risk Register which will be reviewed by the Strategic Management Board.	Strategic Directors responsible for Priority Boards	31 January (production) Then Reviewed Every 31 January 30 April 31 July 31 October	**COMPLETE -** The first Priority Board Risk Registers were approved alongside the Strategic Risk Register at SMB on 22 June. Quarterly updates will be monitored by the CRM.
Updates of Strategic Risk Register reported to Audit Committee at alternate meetings i.e. twice a year as the Committee meets 4/5 times a year.	Corporate Risk Manager (produce) Strategic Management Board (approve)	Every 30 April 31 October	**COMPLETE -** Risk Registers form part of the Risk Report which is to be presented to each meeting of the Audit and Risk Committee.
Establish and deliver a specific risk based decision making training programme for Members, all senior management and managers during the next 12 months.	Corporate Risk Manager	Between November 2009 and September 2010	**COMPLETE -** Risk Management have created 6 specific training sessions which have been/will be delivered on 24 occasions in total between November 2009 and December 2010. These sessions will form the 'backbone' of the Risk Management Training programme that will run each year.

Action	Responsible Officer	Original Target Date(s)	September 2010 - Update
Include performance on managing risks within performance monitoring of Service Plans and of Senior Officer's performance contracts/plans and Appraisal Reviews, identifying fresh risk management training needs when appropriate.	Strategic Management Board Divisional Directors	31 March Annually	**MINIMAL IMPACT -** This needs to be included in the Strategy for 2010/11. Limited success seen to date.
Establish a targeted training delivery plan based upon recent experience of operational involvement in risk activity; the outcomes of specific risk audits; recent insurance events; and, key financial risks being identified by the Operational Risk Management Group.	Corporate Risk Manager	31 March Annually	**COMPLETE -** These factors were used to define the training programme referred to above.
Implement new system of reporting lessons from risk audits, business continuity events and claims experience:- ▪ Report to be produced annually ▪ Actions to be implemented and monitored	Corporate Risk Manager (Report) Divisional Directors (Actions)	31 March Annually	**COMPLETE -** This forms part of the Risk Report presented to the Audit and Risk Committee at each of their meetings by the Corporate Risk Manager.
Develop project risk assessments, as appropriate and in line with the principles of Prince2, where these do not exist, producing risk matrices where significant decisions are required. Develop a quality based risk assurance process for projects.	Director of Change and Programme Management	31 March Annually (confirmation to SMB)	**COMPLETE -** The Corporate Risk Manager is a member of the recently established Project Assurance Group (also includes Internal Audit) that delivers this objective. This initiative will continue into 2011 (and beyond).
Include risk management in staff induction/refresher training where this has not yet been incorporated. This training/advice can be delivered by the Risk Management Team if preferred.	Divisional Directors	New Staff – when they commence duty Existing Staff – by 31 March Annually	**COMPLETE -** Colleagues within City Learning decided that there should be no presentations at the induction sessions (time factor). The CRM has produced slides to form part of the City Learning Induction Course that is held for either new staff or managers, which will explain what responsibilities all have for risk management and who to contact for further support and guidance.

Appendix 2 - The Council's Risk Management Policy Statement 2011

Our approach to the management of risk

Risk management is all about managing the Council's threats and opportunities. By managing the Council's threats effectively we will be in a stronger position to deliver the Council's objectives. It is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects that these are appropriately identified and managed. By managing these opportunities in a structured process the Council will be in a better position to provide improved services and better value for money.

The Council will undertake to:-

1. Identify, manage and act on opportunities as well as risks to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council.

2. Manage risks in accordance with best practices and comply with statutory requirements.

3. Ensure that a systematic approach to risk management is adopted as part of Service Planning and Performance Management.

4. Anticipate and respond to changing social, environmental and legislative requirements.

5. Keep up to date and develop processes for the management of risk.

6. Have in place a defined outline of individual roles and responsibilities.

7. Raise awareness of the need for risk management to those involved in developing the Council's policies and delivering services.

8. Demonstrate the benefits of effective risk management by
   - Cohesive leadership and improved management controls;
   - Improved resource management – people, time, and assets;
   - Improved efficiency and effectiveness in service and project delivery;
   - Better protection of employees, residents and others from harm;
   - Reduction in likelihood/impact of losses;
   - Improved reputation for the Council; and,
   - Lower insurance premiums;

9. Ensure risk identification and plans to manage risk will be an integral part of all service plans.

10. Recognise that it is not always possible, nor desirable, to eliminate risk entirely, and so will have a comprehensive insurance programme that protects the Council from significant financial loss following damage or loss of its assets.

Sheila Lock **Cllr. Veejay Patel**

Appendix 3 – Risk Management Strategy 2011

INTRODUCTION

1. This Risk Management Strategy is a high level document that seeks to promote identification, assessment and response to key risks that may adversely impact the achievement of the Council's aims and objectives. This strategy builds on and replaces the previous Risk Management Strategy. Through the continued development of these strategies, the maturity of the Council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks.

AIMS & OBJECTIVES

2. The aims & objectives of Leicester City Council's Risk Management Strategy are:-
   - To provide Members and officers with risk management reports that give a comprehensive picture of the Council's risk profile;
   - To assist the Council and its partners to adopt a "fit for purpose" methodology towards identification, evaluation and control of risks and to help ensure those risks are reduced to an acceptable level;
   - To ensure that transparent and robust systems are in place to track and report upon existing and emerging risks which potentially could cause damage to the Council;
   - To help further integrate risk management into the culture and day to day working of the Council and ensure a cross divisional/operational approach is applied;
   - To provide reliable information on which to base the annual strategic and operational risk assurance statements.

ROLES & RESPONSIBILITIES

3. Given the diversity of services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear. No one person or group should perform risk management. Commitment and involvement of staff at every level is needed to effectively carry out risk management, although different staff/Members will have specific duties to perform to assist, in this process.

RISK APPETITE

4. When discussing risk management it is easy to give the impression that all risks must be reduced or eliminated. However, risk is a part of every day life and may also be a source of success, if managed properly. Risk appetite is the amount of risk an organisation is prepared to accept, tolerate or be exposed to at any point in time. Risk appetite needs to be considered at all levels of the organisation – from strategic decisions to operational delivery.

5. Local Government is historically risk averse. The aim of most local authorities is that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence. However, it is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy costs and opportunity costs.

6. Leicester City Council's approach is to be risk aware rather than risk averse, and to manage risk rather than seek to eliminate risk altogether. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and Members are not opposed to risk, however they are committed to taking risk in full awareness of the potential

implications of those risks and in the knowledge that a robust plan is to be implemented to manage them.

7. By having a risk management framework this does not mean that mistakes and losses will not occur. Effective risk management means that unacceptable risks are highlighted, allowing appropriate action to be taken minimising the risk of potential loss. The principle is simple, but this relies upon a number of individuals acting in unity, applying the same methodology to reach a soundly based conclusion. However, it is recognised that risk management is judgemental, and is not infallible.

RISK FINANCING

8. Risk Financing is a process to determine the optimal balance between retaining and transferring risk within an organisation. It also addresses the financial management of retained risk and may best be defined as money consumed in losses, funded either from internal reserves (such as the Insurance Fund) or from the purchase of insurance (such as the catastrophe cover provided by Zurich Municipal).

9. Leicester City Council's strategy for Risk Financing is to maintain an insurance fund and only externally insure for catastrophe cover etc. The Council's strategy is to review the balance between external/internal cover on an annual basis in the light of market conditions and claims experience.

RISK MANAGEMENT PROCESS

10. There are four main steps in the risk management process. These stages are covered in greater detail in the Risk Management Toolkit which is available to all managers and staff via the Intranet:-
    - Identify - Management identify risks through discussion as a group, or discussion with their staff. The Risk Management team are available to support this process either by attending risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their sessions;
    - Analyse - Management assess the likelihood of such risks occurring and the impact on the Council. Once again, the Risk Management team are available to support management and their business teams in this process;
    - Manage - Management determine the best way to manage the risk e.g. terminate, treat, transfer or tolerate (see 13 below and the Risk Management Toolkit for more detail);
    - Review - Management ensure identified risks are regularly reviewed. This will normally be managed by means of a Risk Register (see sections 14 – 21 below for more detail).

11. The Strategic and Operational objectives of the Council provide the starting point for the management of risk. Managers should not think about risk in the abstract, but consider events that might effect the Council's achievement of its objectives. Strategic risks linked to the Strategic Objectives and Operational risks linked to Service plans need (as a minimum) to be identified and monitored. This is done by the effective use of Risk Registers.

12. Risk Management is driven both top down and bottom up, to ensure risks are appropriately considered. To do this, all managers need to encourage participation in the process, through regular discussions/review with their staff. The Risk Management process seeks to work with and support the business and **not** add a layer of bureaucracy.

MANAGE THE RISKS

13. Management should determine how identified risks are to be dealt with – commonly known as the four T's:-
    - "Terminate" or avoid the activity or circumstance that gives rise to the risk e.g. stop doing something or find a different way of doing it;
    - "Treat" the risk e.g. take actions to reduce the likelihood that the risk event will materialise or controlling the consequences if it does;
    - "Transfer" the risk e.g. pass the risk to another party through insurance or by contracting it out. This reduces the impact if a risk event occurs. Note that business and reputation risks cannot be transferred;
    - "Tolerate" the risk. By taking an informed decision to retain risks, monitor situation and bear losses out of normal operating costs. Typically this method will be used when the cost of treating the risk is more than the cost arising should the risk occur.

REVIEWING THE RISKS

14. It is important that those risks that have been identified as needing action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable. If not, appropriate action(s) should be determined and noted. The frequency of reviews to be decided by management, depending on the type and value of the risks identified (see also 21 below). Currently at LCC, the significant Strategic and Operational Risks are reviewed on a quarterly basis.

RISK EXPOSURE AND TRACKING

15. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (often called residual risk). It is important to stress that such exposure is not necessarily wrong, what is important is that the Council knows what its key business risks are, what controls are in place and what the potential impact of any remaining risk exposure is. It is also important that the Council can demonstrate that risk management actions (the controls identified by managers as being needed) in the operational and service areas are implemented.

16. Operational risks should continue to be logged and monitored using the operational risk registers (until the risk module on Performance+ is available). It is the responsibility of each Divisional Director to ensure that operational risks are recorded and monitored via a risk register. The Risk Management team have a pro-forma risk register that is now used by all business areas. These registers and the risks identified are now aligned to the new operating structure. Each Divisional Director should review the risk registers of their direct reports. This review is currently carried out at least quarterly at an SMT prior to identifying which of these risks are considered significant enough to be reported to the Operational Board by means of their Divisional Risk Register (DRR), and confirmation of this will be sought by RMIS at the time of the Risk Register updates

17. These most significant divisional risks identified by the operational services areas feed into the Council's Operational Risk Register which is managed by the Operational Board (the group of divisional directors chaired by the Chief Operating Officer). The Operational Board is accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control those exposures; and that key risks are included within individual service plans.

18. The Operational Risk Register is also populated with significant operational risks arising from the Financial Risk Register, the HR Risk Register and the Assurance and Democratic Services Risk Register.

19. For Strategic risks each of the Priority Boards has created and are managing and monitoring a Priority Board Risk Register for the risks which affect achievement of their strategic programmes. The most significant of these identified risks, along with risks identified by the Finance; Human Resources; Communications; Change and Programme Management; and the Corporate Governance Strategic Risk Registers, that may threaten the Council's overall strategic aims, form the Council's Strategic Risk Register which is reviewed by the Strategic Management Board. Responsibility for these risks rests with each Strategic Director.

20. The Risk Management team will facilitate and support this process and will continue to maintain the Operational and Strategic Risk Registers, using the input from each Divisional Director's operational risk register and the Strategic Risk Registers. These registers will be reported periodically to the Strategic Management Board and the Audit and Risk Committee. The Risk Management Department will also progress, chase and challenge individual service area submissions. As part of this process, bespoke training needs may be identified and the Risk Management team will provide ongoing training and support.

21. All risks, both operational and strategic, identified will need to be tracked and monitored by regular, periodic reviews (quarterly to continue until the process matures) of the risk registers. This will ensure that:-
    - Changes in risks are identified for action;
    - There is an effective audit trail;
    - The necessary information for ongoing monitoring and reports exists.

PARTNERSHIP RISK

22. It is recognised that Partnership Working is a key area where associated risk needs to be identified and controlled. Best practice states that local authorities must meet two key responsibilities for each partnership they have. They must:-

    - Provide assurance that the risks associated with working in partnership with another organisation have been identified and prioritised and are appropriately managed;
    - Ensure that the partnership has effective risk management procedures in place.

23. To help mitigate the risks associated with partnership working the Corporate Risk Manager has developed a guidance tool to identify where the risks lie (i.e. with the Council or our partners) which recommends a generic partnership risk register for use in all Council partnerships. This will be rolled out by the Partnership Executive Team, leading to the Council being able to establish a register of partnership arrangements recording the key elements of those agreements. This register will identify committed Council resources in terms of Officer time, finance, activities and liabilities. Governance, delivery and performance measures also need to be clarified and understood.

RISK MANAGEMENT TRAINING

24. Risk workshops have been held to explain the risk management methodology to many Senior Officers and are currently being rolled out to all staff and to Members. An annual programme of training has now been developed covering risk, insurance and business continuity and contingency planning. However, Directors and Managers should still identify staff that need risk management training through the staff appraisal process and the jobs specification process for any new staff. Appropriate training will be provided by the Risk Management and Insurance Services Department, within the financial resources available.

REVIEW OF RISK MANAGEMENT STRATEGY AND POLICY

25. This Risk Management Strategy and the Policy Statement (Appendix 2) are intended to assist in the development/integration of risk management from now until March 2012. All such documents and processes will be subject to periodic review. The next planned review to occur in December 2011. This will allow the process to be aligned to the Council's financial year end.

RISK MANAGEMENT AT LCC

26. More robust risk management processes need to be applied to all our activities during the next 12 months (and beyond). To achieve this we need to identify our priority exposures, address these, incorporate appropriate risk management strategies and risk improvements into our service delivery in line with the 'One Leicester' Priorities, monitoring and reviewing emerging risk to account for changes in our operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of service planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management has to continue to change from a 'have-to-do' to a 'want-to-do'.

27. The Corporate Risk Manager will continue to maintain a central copy of both Strategic and Operational Risk Registers, as well as facilitating the maintenance of each of the operational service areas, Corporate Governance and Financial Management Group's individual risk registers. Using these registers and the outputs from the Operational Board a programme of 'process audits' to be undertaken, that will test the maturity and embeddings of the risk strategy in the business areas, will be created by the Corporate Risk Manager and the Head of Internal Audit – subject to the financial resources available.

28. The management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks and be included in every director/manager's objectives and performance appraisal. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues. Risk management is most successful when it is explicitly linked to operational performance.

Appendix 4 – Risk Management Strategy 2011 – Action Plan

Action	Responsible Officer	Target Date(s)
Following the launch to the business by the Partnership Executive Team of the Partnership Working Guidance, establish arrangements for ensuring that each partnership is supported in managing risk and provides assurance to Council.	Corporate Risk Manager	June 2011
Each Operational Service area's key operational risks reviewed and new significant risks or opportunities fed into the Operational Risk register on a quarterly basis. This will include a review of the appropriateness and effectiveness of the mitigating actions/controls. These key risks to be informed by Divisional, Service areas and project risk registers. Any operational risks identified by the Operational Board that may threaten the Council's overall strategic aims should be referred for inclusion on the Strategic Risk Register.	Operational Board (complete) Corporate Risk Manager (facilitate and challenge)	Every 31 January 30 April 31 July 31 October
Each Priority Board will continue to manage and monitor a strategic risk register for the risks which affect achievement of their strategic programmes. The most significant of these identified risks will be reported within the Council's Strategic Risk Register which will be reviewed by SMB.	Strategic Directors responsible for Priority Boards	Every 31 January 30 April 31 July 31 October
Updates of Strategic and Operational Risk Registers should be reported to the Audit and Risk Committee.	Corporate Risk Manager (produce) Operational/Strategic Boards (approve)	At least every 30 April and 31 October
Launch to the business areas the revised scoring of risk using the '5x5' grid – Appendix 5 – Risk Rating Schedule	Corporate Risk Manager	30 April 2010
Continue with the targeted training delivery plan based upon recent experience of operational involvement in risk activity; the outcomes of specific risk audits; recent insurance events; and, key financial risks being identified by the Operational/Strategic Risk Register process.	Corporate Risk Manager	Plan to be published by 31 January 2011 Programme to be delivered by 31 December 2011

Action	Responsible Officer	Target Date(s)
Include risk management in staff induction/refresher training and the appraisal process, where this has not yet been incorporated.	City Learning Divisional Directors	New Staff – when they commence duty Existing Staff – by 31 March Annually
Continue to develop project risk assessments, as appropriate and in line with the principles of Prince2, where these do not exist. Develop a quality based risk assurance process for projects.	Head of Portfolio Management Corporate Risk Manager Internal Audit Manager	Quarterly Reviews in February May August November
Achieve an integrated risk function with clear linkages to internal audit providing a single point at which the completion of the annual statement on corporate governance can be co-ordinated.	Corporate Risk Manager Internal Audit Manager	31 August 2010
Develop and deliver a Business Continuity Management Strategy for the Council. This should align to BS25999 and comply with the statutory duties within the Civil Contingencies Act 2004. This should also align with the Local Resilience Forum Emergency Plans.	Corporate Risk Manager Chief Operating Officer	31 December 2010 (Strategy) 31 December 2011 (Plan)

Appendix 5 – Risk Rating Schedule

Impact Categories

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	**CRITICAL/ CATASTROPHIC**	**5**	• Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Executive and/or Leader of the Council • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press (e.g. Baby P) • Financial loss over £10m
	MAJOR	**4**	• Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Cabinet Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	MODERATE	**3**	• Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Divisional Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	**2**	• Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	**1**	• Day-to-day operational problems • Financial loss less than £100k

Probability Factors

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	**5**	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.
PROBABLE/LIKELY	**4**	Event is **MORE THAN LIKELY** to occur. Will probably happen/recur, but it is not a persisting issue.
POSSIBLE	**3**	**LITTLE LIKELIHOOD** of event occurring. It might happen or recur occasionally.
UNLIKELY	**2**	Event **NOT EXPECTED.** Do not expect it to happen/recur, but it is possible it may do so**.**
VERY UNLIKELY/RARE	**1**	**EXCEPTIONAL** event. This will probably never happen/recur.

Overall Risk-Rating

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
	High Risk	IMMEDIATE MANAGEMENT ACTION
	Medium Risk	Plan for CHANGE
	Low Risk	Continue to MANAGE

LIKELIHOOD (A)					
Almost Certain 5	5	10	15	20	25
Probable /Likely 4	4	8	12	16	20
Possible 3	3	6	9	12	15
Unlikely 2	2	4	6	8	10
Very unlikely/ Rare 1	1	2	3	4	5
	Insignificant / Negligible 1	Minor 2	Moderate 3	Major 4	Critical/ Catastrophic 5
	IMPACT (B)				