Policy
Risk and Opportunity

OXFORDSHIRE
COUNTY COUNCIL

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Contents

Section 1: Introduction

1.1 An overview of Risk Management

This policy outlines the overall approach to risk and opportunity management for Oxfordshire County Council.

Risk management is recognised as being concerned with both the positive and negative aspects of risk – that is to say, opportunities as well as threats. This policy therefore applies to risk from both perspectives.

Oxfordshire County Council will use risk management to add value, aiming to achieve a balance between under-managing risks (i.e. being unaware of risks or having little or no control over them), and over-managing them (i.e. a resource heavy and bureaucratic level of management and control which could stifle innovation and creativity).

The aim of the risk management policy is to ensure the council identifies and manages risk, especially with regards to those risks (both financial and non-financial) that may have an impact on the performance of the council as a whole and on its ability to deliver its strategic priorities and financial sustainability. Non-financial risks include those which are reputational, environmental, and legal, among others. See the Process Guide for further information and a full list of risk categories.

Risk is defined at Oxfordshire County Council as:

"An uncertain event or set of events that, should it occur, will have an effect (positive or negative) on the achievement of the council's objectives, performing its duties or meeting the expectations of its stakeholders."

Simply, negative risks might threaten the delivery of objectives, or the resources required to achieve objectives. On the other hand, positive risks – opportunities – are those where the benefits of taking a risk are greater than the benefits or costs of not taking it.

The council is aware that threats will always arise, and that risk associated with this cannot be fully eliminated, only managed to an acceptable level. Within this context the council is committed to managing risk to reduce the impact on the organisation, its priorities and service provision.

Risk management will be embedded within the daily operations of the council, from policy and strategy formulation through to business planning and general management processes. It will also be applied where the council works in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers (councillors and officers) will be better able to evaluate the likely impact of a particular decision or action on the achievement of the council's strategic priorities.

1.2   The Risk Management Framework

Oxfordshire County Council is committed to ensuring risk management is embedded across the whole organisation. For risk management to be successful, it is imperative that there is a single, yet flexible, approach for the management of business risk, adopted through all levels of the organisation.

The council's risk management framework follows good practice guidance to help the council to be an effective and efficient organisation. Councillors and officers are supported in this activity by the Performance and Insight Team, which maintains and promotes the risk management framework, which includes:

- Risk Management Policy
- Risk Management Process Guide
- Risk Management Strategy
- Risk Management Strategy Example
- Risk Management Templates
- Risk Management Glossary of Terms

Effective risk management is an important part of corporate governance, performance management and financial planning. It adds value by:

- raising awareness of significant risks with priority ranking assisting in the efficient control of the risks
- allocating responsibility and accountability for risks and associated control measures and control actions (how we intend to manage the risk) and any actions required to improve their effectiveness
- aiding the process of strategic and business planning
- identifying new opportunities and supporting innovation
- providing a framework for the effective management of strategic risks
- aiding effective partnership working, particularly in terms of identifying shared risks (opportunities and threats)

Primarily, councillors and senior leaders of the organisation will be focused on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. Collectively these are known as "Strategic risks" and are managed via the Strategic Risk Register.

Programmes are managed by their respective managers. Their objectives are concerned with achieving desired outcomes in the form of step change improvements to organisational performance. Their risks tend to be concerned with transforming the business and adopting new ways of working that deliver measurable benefits to the organisation.

Like programmes, projects are managed by their respective managers. A project's goal is to deliver a set of business products in line with an agreed business case. Therefore, project risks are concerned with delivering specified outputs to an appropriate level of quality within agreed scope, time, and cost constraints.

More detailed operational risks will be the primary concern of services. Here managers will manage and monitor their risks and escalate these to a programme or strategic level if the risk is no longer appropriately contained and managed at an operational level.

Identified risks and controls are managed through risk registers and should be regularly discussed, reviewed, and updated. Frequent risk reporting takes place across all levels of the organisation.

The Performance and Insight Team has a key role to play in supporting the operating principles of the council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation.

1.3 Policy Objectives

The objectives of the Risk Management Policy are to:

- support understanding and consistent implementation of the council's approach to risk management
- raising awareness of significant strategic risks assisting in the efficient management of the risks
- facilitate compliance with best practice in corporate governance, which will inform the Annual Governance Statement (issued with the annual statement of accounts)
- support the use of standard risk registers that:
  o identify and assess all strategic risks and opportunities to assist the council in achieving its strategic priorities through proactive risk management
  o rate all significant risks in terms of probability (likelihood) of occurrence and potential impact upon the council
  o establish effective control measures and actions to reduce significant risks, maximise opportunities, and provide assurance that these control measures and actions are effective
  o allocate clear ownership, roles, responsibilities and accountability for risk management
- ensure that good quality and consistent risk information is provided to the Senior Leadership Team (SLT), Senior Leadership Board (SLB) senior

managers and councillors, providing a framework for assurance that the control measures and actions identified are operating effectively.

1.4 Risk Appetite

Risk management should not focus on risk avoidance, but on the identification and management of an acceptable level of risk.

The term for the general level of risk we find acceptable across the whole council is "risk appetite".

Risk appetite means 'the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives."

This also sets the tone of our approach to risk, which helps to achieve an appropriate balance between caution and innovation.

The council aims to proactively identify, understand and manage the risks inherent in services and associated with business/service plans, policies and strategies. We do this to support responsible, informed risk-taking and, therefore, aim to achieve measurable value. The council provides for a supportive culture but will not support inappropriate risk taking.

Appropriately managed and controlled risk-taking and innovation will be encouraged where it supports the delivery of the Council's strategic priorities.

Particular focus will be on the Council's ambitions for increasing income generation and self-sufficiency. This might be achieved through, for example, sound investments, effective asset management or commercialisation opportunities.

Any risks associated with these ambitions will be managed at the appropriate risk level – strategic, programme, project or operational - ensuring due diligence has taken place. These include sound business cases, effective project management and working with external partners for specialist advice. Channels will be in place to report risks into the relevant management groups/programme boards and democratic committees to ensure full transparency and allow any actions to be taken as necessary.

1.5 Embedding Risk Management

Strategic Risk Management is a standing item on the Strategic Leadership Board (SLB) agenda as part of the business management and monitoring reporting. This ensures that identification and consideration of risk, corporately and across services, is emphasised and highlighted regularly. Risks can be escalated at any point to SLB to discuss and decide as to whether the risk is a strategic risk or should be managed at programme, project or operational level.

Risk is reported to Cabinet as part of an integrated budget, performance and risk framework. This ensures that strategic risks are kept in focus by the relevant lead cabinet portfolio holders.

The Audit and Governance Committee (see section 3.2 below) is supported by the Audit Working Group. This is made up of members of the Audit and Governance committee and Officers from the Internal Audit and Counter Fraud team. This team receives regular risk management updates and periodically reviews the Strategic Risk Register. This scrutiny of risk ensures there is both senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service areas seeks to reinforce the importance of assessing and being aware of the risks associated with each programme, project, or operation. Risk management activities should be included within service plans and progress monitored at director-led service meetings. As such the integration of risk into business planning, strategic priorities and performance management is an essential part of the drive to effectively embed risk management.

Activities such as training, communication and clear risk management support arrangements help to embed risk. The following summarises key activities to be undertaken to ensure risk management is embedded across the council:

- A monthly review of the Strategic Risk Register by SLB, who take responsibility for ensuring that management actions highlighted in the risk registers are implemented.

- Risk management and awareness supporting documentation can be found on the OCC risk intranet pages. These are reviewed and revised where appropriate on an annual basis.

- The Performance and Insight team are available to provide support and information regarding risk management and raising risk awareness. In addition, they can also provide training as required.

- Risk management and risk escalation awareness training sessions are held annually and will be facilitated for councillors and officers.

- A process of annual review is undertaken by SLT to ensure the Strategic Risk Register remains up to date and that obsolete risks are archived to ensure a full audit record of risk status.

- An officer working group will be set up to embed, review and develop risk practices. Operational and Strategic risks are to be discussed as appropriate and ensure officers have the necessary training.

- Internal Audit will be asked to give assurance with regards to risk management structures and processes.

Section 2: Risk Management Processes

2.1   The Risk Management Process
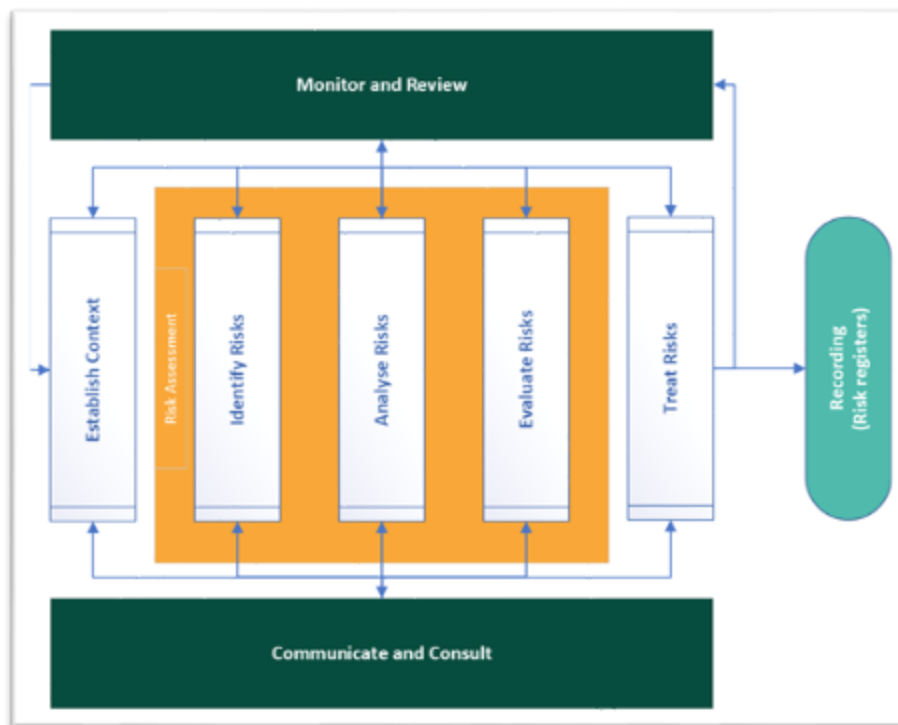Risk Management follows a four-stage process:

Figure 1- The risk management process

The risk management process applies equally to threats and opportunities. Effective risk management is a comprehensive process that helps the council meet its objectives. It helps the council avoid issues, losses and situations that could result in failing to meet strategic priorities, failure of corporate systems or failure of significant partnerships, services, programmes, and projects.

To ensure this process is effectively undertaken the council maintains and reviews a register of Strategic risks and opportunities which are linked to strategic business priorities.

For strategic risks, ownership is assigned at an SLT level. Risk owners may delegate the management of each risk to an appropriate officer. SLB identify risks and review the register.

The Performance and Insight team oversee the escalation of risks from an operational to strategic level.

The council's committees also undertake a monitoring and oversight role on a regular basis.

2.2 Identifying Risk and Opportunity

The process of identifying risk is both formal (risk-related documentation, including risk registers) and informal as part of everyday activities (colleague awareness and engagement). This section sets out the organisational process for identifying risk. However, it must also be recognised that councillors and colleagues should be continuously risk aware and are encouraged to identify, assess, and suggest additional risks to the register at any time.

For any risk identified the following should be considered:

- The scope of business likely to be affected by the risk
- An assessment of the risk's probability (likelihood) and impact
- The identification of key control measures and actions currently in place to manage the risk
- Assurances about the key controls that have already been established
- Gaps in key controls
- Gaps in assurance
- Additional management actions which may further reduce the risk
- Allocation of responsibility for the implementation of those additional control management actions and (where possible) an implementation date

For each opportunity identified the following should be considered:

- Details of the opportunity identified
- Allocation of responsibility for the opportunity
- Any additional risks that this opportunity raises (including financial)
- Actions necessary to make use of the opportunity and mitigate any additional risks, if appropriate.

The different types of risk

Strategic Risks: risks that are significant in size and duration and will impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities. This may include operational risks escalated to the Strategic level due to the scale of their impact.

Programme Risks: programme risk in a council context refers to an uncertain event or set of events that, if they occur, will have an effect on the achievement of the council delivering business change. This can include risks related to costs, timescales, and the overall success of the programme

Project Risks: project risk is the potential that a circumstance could arise that alters the outcome of delivering a set of business products, for better or for worse. It affects deliverables, timelines, and budgets, and can lead to a project's failure if not managed properly. Multiple projects often sit within a programme

Operational Risks: risks affecting systems or processes that underpin the organisation's overall governance, operation and ability to deliver services. These may be located within a single service or span more than one service area. These often relate to 'business as usual'

Strategic risks

Strategic risks are owned by an SLT member and managed by a senior manager. Strategic risks are distinct from risks which impact directly on the community, such as flooding, pandemic disease or fuel shortage, although a

community risk may also be a Strategic risk, depending on its impact on the Council. Community risks are managed in the Community Risk Register by the Thames Valley Local Resilience Forum, of which the Council is a member.

Strategic risks will be fully reviewed by SLT on an annual basis in the fourth quarter as part of the business planning process for the forthcoming year. This provides a clear opportunity to identify new risks and opportunities. The result of this discussion will also be considered by the relevant Council committees.

SLB review strategic risks as part of the monthly business management and monitoring reports.

At any point in the year SLT, SLB and Council committees may identify new risks. If this is the case the risk evaluation method should be followed as outlined in the Process Guide.

Programme/Project Risks

Risk management should be incorporated into programme and project management from the outset. All programmes and projects should undertake full risk assessments. The size and scope of the programme or project will dictate the best way of managing the risks.

All significant programmes and projects should use a risk register to be managed by the programme/project manager and reviewed by the relevant board.

For programmes and projects with significant value or strategic importance to the Council as a whole, additional requirements are in place so that:

- The high-level risk and its controls will be recorded and managed through the Council's Strategic Risk Register. Detailed risks associated with the programme/project will be recorded in its risk register.

- Risk should be a standing item on each programme/project board meeting to review existing risks and the effectiveness of their control measures and actions and to identify any new risks.

- Risk management in programmes and projects will be undertaken by the Programme or Project Manager.

For minor projects (low value or single service-based) a risk register should be maintained as part of good project management. However, it is unlikely that the project risks will appear on the Strategic Risk Register unless they have the potential for significant health and safety or service provision risks, or potentially significant financial impact. If this is the case, then the approach set out above with regards to significant programme/project risks should be followed.

Operational Risks

Operational risks should be identified and owned by the relevant service, led by the senior manager. The annual service and resource planning process provides an opportunity to fully review all current operational risks, including

closing or removing obsolete risks that are no longer relevant and identify any new risks. Closed or obsolete risks should not be deleted, to ensure an accessible audit trail. However, the identification of risk is not limited to a single point in the year and new risks may be added at any time.

The Performance and Insight Team can support services with any risk related questions or issues. The team can attend DLT meetings to assist in identifying risks and to review the management of operational risks alongside performance updates.

2.3   Assessing Risk

Once a risk has been identified (of any type strategic, programme, project or operational), it needs to be assessed. The assessment process considers the probability (likelihood) that the risk may occur and its potential impact. This allows for risks to be ranked and prioritised, as not all risks represent equal significance to the council.

The council uses a risk scoring matrix to work out the inherent risk score (probability multiplied by the impact). The inherent risk score helps to make decisions about the significance of risks to the organisation, how they will be managed, the controls measures and actions required and the treatment of the risk.

The owner of the risk undertakes this assessment.

For a strategic risk this is checked by the Insight team, for programme / project risks by the relevant board and for operational risks by the Head of Service.

		Probability (Likelihood)				
		Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5
Impact	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5

Probability (Likelihood)	Description
Remote	May only occur in exceptional circumstances (0-5%)
Unlikely	Is unlikely to occur, but could occur at some time (6-25%)
Possible	Fairly likely to occur at some time, or in some circumstances (26-50%)
Probable	Will probably occur at some time, or in most circumstances (51-75%)
Highly Probable	Is expected to occur in most circumstances (76-100%)

Risk Score	How the risk should be managed
High Risk **(16-25)**	**Requires active management** Risk requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk **(10-15)**	**Contingency plans** A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk **(1–9)**	**Good housekeeping** May require some risk controls to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

The Risk Management Process Guide and Risk Template explain in greater detail what defines the probability (likelihood) and impact scores.

The inherent risk score will determine how the risk is controlled and managed using one or a combination of the following risk responses; avoid a threat, exploit an opportunity, reduce the threat, enhance an opportunity, transfer the risk, share the risk, accept the risk, and prepare contingent plans as the options available. Once control measures and actions to mitigate the risk have been identified a residual risk score should be assessed. The inherent and residual risk scores, along with the control measures and actions then form the basis of reviews.

Organisational risk profile

Once Strategic risks and mitigating control measures and actions have been assessed the results are then plotted on a risk matrix, included as part of the Strategic Risk Register. Programme, project and operational risks may be plotted in a similar way if required.

2.4   Managing and Controlling Risk

Once risks have been identified and assessed, the next step is to control and manage them, through the use of control measures and actions. Where risks are negative (threats), this will involve the consideration of cost-effective action aimed at reducing the inherent risk rating. These management actions should be focused on gaps in risk controls or assurance. For positive risks (opportunities), this will involve considering actions aimed at realising the potential benefits.

The proposed action(s) to manage the risk will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk. The residual risk rating is the assessment of the risk after these control measures and actions have been put in place.

These control measures and actions should be included in risk documentation and/or service plans. Where a risk is associated with a programme or project it should be entered into the relevant risk register.

Managing risk is an ongoing process. Commentary provided as part of the risk review process should reflect activity taken within the period to manage the risk.

Risk response options

The level of the inherent risk will help determine the best treatment for a risk, whether at strategic, programme, project or operational level. The risk owner has a number of options:

Accept

The Council may decide to accept a risk where, for example:

- The risk opens up greater benefits
- The risk is already effectively mitigated by controls, even if it is high-risk
- The risk cannot be mitigated cost-effectively i.e. the cost of mitigating it would be greater than the cost of the risk materialising

Note that "accept" does not mean "do nothing". Accepted risks must still be monitored, and contingency plans put in place, in case the risks occur.

Reduce a threat or Enhance an opportunity

This is the most widely used approach.

The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it through either containment actions (which lessen the likelihood or consequences of a risk and are applied before the risk materialises) or contingency actions (these are put into action after the risk has happened, reducing the impact, and must be pre-planned). Enhancing an opportunity is the reverse process i.e. making the opportunity more likely to occur and increasing the impact if it did.

Because the option involves immediately committing to costs (in their various forms) for reduction/enhancement, these costs must be justified in terms of the change to the residual risk.

Taking management action is the main difference between 'treat' and 'accept.

Avoid a threat or Exploit an opportunity

This means making the uncertain situation certain and therefore removing the risk. This can often be achieved by removing the cause of a threat, or by implementing the cause of an opportunity. This option may be adopted for no

extra cost, for example by changing the way the work is planned. However, in most cases additional costs will be incurred due to the removal of all residual risk for threats and opportunities. As with reducing a threat or enhancing an opportunity, all costs must be justified.

For threats, this may mean stopping the activity which gives rise to the risk. This is particularly important in terms of project risk. However, it may be limited as an option for our organisation's strategic risks.

Transfer the risk

Transferring some aspects of the risk to a third party.

For example, via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets. However, it is a limited option – very few strategic risks are insurable.

Share the risk

This looks for multiple parties, typically within a supply chain, to share the risk on a pain/gain share basis. It is unusual for risks to be shared entirely this way, and ordinarily it will be the case that the primary risk taker will always need to protect their brand and/or reputation. This option can have success within both the programme and project contexts.

2.5 Reviewing and Reporting on Risk

Strategic risks will be reported to councillors and committees through business management reporting arrangements and be reviewed monthly by SLB. This review involves consideration of all strategic risks facing the Council, which could impact on the achievement of strategic priorities or are highly rated and escalated to the register from an operational or project team.

The review should focus on five key factors:

1. whether there are any changes to the inherent/residual risk scores
2. whether existing controls or actions remain relevant
3. whether new controls or actions are required
4. to what extent there are any gaps in the assurance of identified controls
5. whether the risk is still relevant

Operational, programme and project risks will be monitored and reviewed monthly within director-led service meetings.

All risks will be clearly defined, together with the controls that currently exist to manage them. Risk ratings will be reviewed and, where relevant, commentary will be provided to identify progress against planned action or emerging issues.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these

should be noted so that action can be taken to remedy such weaknesses. Action to address these weaknesses should be included within the report.

2.6 Linking risk to business plans and performance

Linking Strategic Risk to the Corporate Plan

The Strategic Risk Register is owned and managed by SLT. Where appropriate risks will be associated with Council priorities and objectives. On occasion a risk may sit outside a Council priority, for example where it affects all priorities or has whole organisation impact (e.g. the risk of systems failure or climate change).

Incorporating Operational Risk into Service Delivery Plans

Each service is required to produce a plan on an annual basis. The format of the service plan is common across the organisation and ensures there are clear links between Council priorities and service deliverables.

Each service delivery plan is required to identify operational risks associated with service delivery. Ideally these should also be directly linked to service priorities. Likewise, actions to control risks should be included within the service plan or the risk documentation itself. Responsibility for monitoring operational risk lies with Heads of Service.

Integrating Risk and Performance Management

Performance and risk will follow the same reporting regime. Risks should be reviewed at the same time as reviewing performance of objectives/projects/programmes as they will impact each other.

2.7 Linking risk to programmes and projects

Programmes and projects adhere to the agreed risk management policy. It is recognised that the risk environment is different within programmes and projects. In these contexts, risks can be identified, actioned and closed on a faster basis than within the strategic environment, where risks are linked into long-term objectives.

The overall RAG status of the category should be the **same as the highest rated risk**. For example, if the highest rated risk is 'Low' then the overall RAG status of the category should be green. If the highest rated risk is 'Moderate' then the overall RAG status of the category should be amber. If the highest rated risk is 'High' then the overall RAG status of the category should be red. Additionally to this, all risks should be escalated in line with the Council-wide approach to risk; e.g. strategic risks should be escalated to SLT for review and those deemed necessary should be added to the strategic risk register. See the Process Guide for further details.
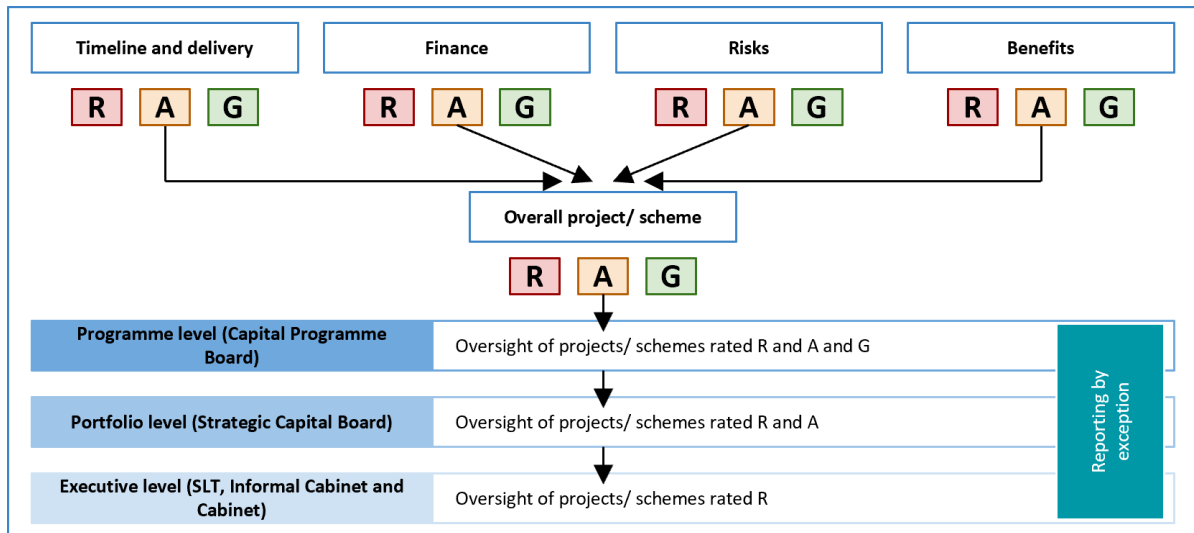
Programme or project risks may be escalated to the Strategic Risk Register if they reach a defined threshold as outlined in this document.

Risk Management responsibilities in project environments

Corporate Management (SLT)	Responsible for providing and ensuring adherence to the Risk Management Policy
Capital Programme Team	Responsible for
Programme Senior Responsible Owner	Accountable for risk management actions agreed at Programme Board level, following escalation from projects
Senior Managers	Accountable for risk management actions agreed at service leadership meetings following escalation from projects and operational risks within the service
Project Sponsor	• Accountable for all risk management within the project, and for putting in place a risk management approach or strategy specific to the project • Ensures all risks associated with the project business case are identified, assessed and controlled • Triggers an escalation
Senior user/ customer/client board Member	Responsible for ensuring all risks to users are identified, assessed and controlled
Senior supplier board Member	Responsible for ensuring all risks to delivery are identified, assessed and controlled

Project Manager	• Creates the project-specific risk management approach as directed by the sponsor • Responsible for creating and maintaining the risk register in line with requirements of the project risk and opportunities management strategy, ensuring risk identification, assessment and control measures are implemented.

Section 3: Roles and Responsibilities

3.1 Accountability

There will be clear accountability for risks and risk management. This is supported through the Council's Annual Governance Statement process, signed by the Chief Executive and the Leader of the Council, and by making the risks and risk management process open to regular Member overview, colleagues with risk ownership, internal audit and external inspections.

The Audit and Governance Committee has specific responsibility for monitoring the Council's risk management arrangements. This includes undertaking an annual review of this policy to ensure it remains current and reflects best practice in risk management. In addition, they will make recommendations to the Cabinet, if it is considered that any improvements or amendments are required.

Cabinet members will be briefed regularly by SLT members to ensure they are aware of Strategic risks affecting their service areas/portfolios and any improvements in controls which are proposed.

Sections 3.2 and 3.3 of this policy outline specific Councillor and officer accountabilities and responsibilities with regards to risk management.

3.2 Council Committees
Audit and Governance Committee

The Committee will monitor the effective development and operation of the Council's risk management activities. The Committee provides independent assurance to the Council on the effectiveness of risk management and internal control arrangements and performance effectiveness to the extent it affects exposure to risk and to inform the Annual Governance Statement.

Cabinet

Cabinet will receive a regular update on Strategic risks, through the regular Business Management and Monitoring Report.

Reflecting the roles of these committees the relevant Chairs and Portfolio Holders will be briefed on risk matters whenever appropriate.

3.3   Section 151 Officer

The Council's Section 151 Officer is the lead officer for risk management and ensures that the Council has a robust risk management policy and strategies in place that effectively support the system of internal control.

3.4   Senior Leadership Team (SLT) and Senior Leadership Board (SLB)

SLB is made up of the Chief Executive, Executive Directors and Directors. SLT is made up of OCC Directors. Both have a number of roles with regards to risk management. As the senior leadership board, they will own the risks on the Council's Strategic Risk Register. As such, they are responsible for risk review and monitoring on a regular basis. SLB are responsible for reviewing the strategic risk updates at monthly SLB meetings, and for ensuring regular reporting to the relevant council committees.

SLT and SLB also has a role in discussing proposed new risks, working to ensure they are properly assessed, recorded and managed.

3.5   Performance and Insight Team

The Performance and Insight Team works on behalf of the whole council to co-ordinate risk and performance management. The team is responsible for preparing and updating the Risk Management Policy and related materials, for compiling and managing the Strategic Risk Register (including preparing regular reports) and for ensuring that operational risk management is being undertaken by services.

The team leads the production of regular business management and monitoring reports to SLB, and regular reports to Cabinet, which includes information on Strategic risks and other risk matters.

In addition, the team provides risk-related support to managers, officers and councillors (risk management training) and provides information for the Annual Governance Statement.

3.6   Team Managers, Officers and Colleagues

Service managers and team leaders will often be responsible for operational, project and programme risks. This includes risk identification, assessment, and management. At these levels risks should be included in the appropriate risk register and linked into the service delivery and project plans. Service delivery plans, project plans, and risk registers should be updated as part of each team's regular performance and risk review.

In some cases, SLT members may devolve the day-to-day responsibility for managing a strategic risk to a senior service manager. If so, the manager will be expected to update the Strategic Risk Register monthly.

Colleagues without direct responsibility for owning and managing a risk have an essential role to play in identifying potential risks. All colleagues should be involved in regular risk discussions within teams as they would be with regards to performance.

3.7 Director-led service meeting

Director-led service meetings are responsible for monitoring the management of operational risks and escalating to SLT when risk mitigation cannot be managed effectively, and the risk could impact on strategic priorities.

Section 4: Monitoring and Review

4.1 Annual Review of the Risk Policy

The Risk Management Policy will be reviewed on an annual basis. This will take into account any issues highlighted by the internal audit of risk management. In addition, the Strategic Risk Register will be fully reviewed by SLT during the fourth quarter. As part of the annual service delivery planning process managers will be asked to fully review their operational risks.

4.2 Monitoring of the Policy and Register

As part of the risk and opportunities management process it is expected that strategic risks are reviewed regularly via SLB. The Cabinet will also monitor Strategic risks on a regular basis as part of the business management and monitoring report.

Reports will be taken to the relevant Council committees providing a summary of the most recent review and highlighting any issues arising with regards to the implementation of or compliance with the Risk Management Policy. The review will include commentary regarding the current risk score, the controls in place and whether any gaps have been identified in terms of the assurance that the controls are effective.

4.3 Internal Audit

Internal Audit will be in a position to provide assurance on the internal control environment, in line with their planned programme of work. Internal Audit will plan the annual audit coverage based on the risk management process. The Code of Practice for Internal Audit in Local Government in the United Kingdom defines Internal Audit as:

> 'An assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.

Internal Audit and Risk Management will co-ordinate assurance by:

- Independently reviewing the risk management policy and process
- Completing risk-based reviews of the key controls identified to mitigate the principal risk to the council's achievement of its strategic objectives
- Referring to the council's risk registers when planning audit work

4.4 External Audit and Review

External Audit

External Audit is a key source of assurance and the council should take into account the external audit management letter and reports. However, it is worth noting that the work of external audit has to be independent and the council should not rely on external audit for advice and guidance as that is not their role.

Review Agencies and Inspectorates

Aspects of the organisation's activities may be subject to independent inspection and assessment. These reports are likely to identify areas of strength and issues to address and may also provide some assurance. Reports from the Local Government Ombudsman may also provide a further source of assurance.

Section 5: Corporate Governance

5.1 Annual Governance Statement

Regulation 4 of the Account and Audit Regulations (2003) requires audited bodies to conduct a review, at least once a year, of the effectiveness of their systems of internal control. This review is incorporated within the Annual Governance Statement that is published alongside the statement of accounts.

The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management systems, to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process. The process of preparing the Annual Governance Statement will add value to the corporate governance and internal control framework of an organisation.

The statement needs to be approved separately to the accounts and signed as a minimum by the Chief Executive and the Leader of the Council. The production of the Annual Governance Statement will be reliant upon the contents of some or all of the following:

- Internal audit annual report
- External audit management letter
- Review Agencies and Inspectorates (where appropriate)
- Other internal review mechanisms
- Strategic Risk Register, including controls and actions
- Operational Risk Registers, including controls and actions
- Statements of Assurance
- Identification of risks highlighted by SLT
- Audit Committees
- Performance Management Framework

- Health and Safety Adviser

5.2 Statements of Assurance

In order for the Chief Executive and the Leader of the Council to be able to sign off the Annual Governance Statement there is a requirement for each Director to complete a statement of assurance taking responsibility for their individual service/operational risk registers and the implementation of the management actions contained within it. These statements of assurance will be completed on an annual basis to feed into the Annual Governance Statement.

The Chief Executive or, in the absence of the Chief Executive, a Director/Section 151 Officer, needs to sign a statement of assurance for the Strategic Risk Register.

Section 6: Further Guidance and Contacts

6.1 Supporting Documents / Guidance

In addition to this policy the following documents provide information and guidance with regards to risk management:

1. The council's intranet page on risk management provides a gateway to risk management resources, in particular:
   - The council's risk register template
   - The Risk Management Toolkit, offering detailed advice on each of the four stages in the risk cycle

2. A short, accessible E-learning course on risk management aimed at all council colleagues.

3. Assessment template for new risks: a two-page template that takes you through the process of assessing a new risk or fully reviewing an existing risk

4. Additionally, the Performance and Insight team can attend team meetings, or bespoke sessions, to provide colleagues with an introduction to risk management, or more detailed advice, as required.

6.2 Contacts

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