Public Document Pack

The Royal Borough

Windsor & Maidenhead

AUDIT AND PERFORMANCE REVIEW PANEL
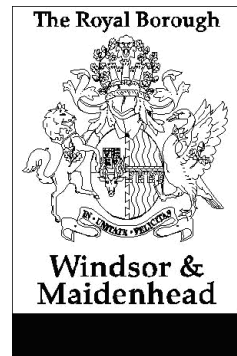
THURSDAY, 7TH APRIL, 2016

At 7.00 pm

in the

COUNCIL CHAMBER - TOWN HALL,

SUPPLEMENTARY AGENDA

PART I

ITEM	SUBJECT	PAGE NO
6.	RBWM KEY RISKS REPORT To consider the report.	3 - 24

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The Royal Borough

Windsor & Maidenhead

Report for:	
INFORMATION	
Item Number:	

Contains Confidential or Exempt Information	NO
Title	RBWM key risks report
Responsible Officer(s)	Richard Bunn, chief accountant, 01628 796510
Contact officer, job title and phone number	Steve Mappley, insurance and risk manager, 01628 796202
Member reporting	**Councillor Simon Dudley**
For Consideration By	Audit and performance review panel
Date to be considered	7 April 2016
Implementation date if Not Called In	Ongoing
Affected Wards	All
Keywords/Index	risk management

Report Summary
• The report deals with risk management as part of the council's governance including the council's "approach to management of risk 1 April 16 – 31 March 17".
• It recommends that members note how the key risks to the council are identified, what they are and how they are monitored and managed.
• These recommendations are made because of the implications of failing to understand the risks which carry the most damaging impacts on the council.

If recommendations are adopted, how will residents benefit?	
1. The council will increase its operational stability.	Immediate and ongoing
2. Resources will be allocated to those areas where failure contains the most damaging implications.	Immediate and ongoing

1. Details of Recommendation

RECOMMENDATION: That members endorse the council's policy and strategy to identify, monitor and manage its risks.

2. Reason for decision and options considered

2.1 It is important for managers and elected members to pay sufficient attention to the risks to the council that lie ahead and the need to plan for them now. If the council fails to make good use of risk management processes, it could lead to ignorance of and exposure to many risks. Resources can be wasted in over-controlling where the potential consequences can be tolerated if they fall within the council's risk appetite.

2.2 The council's risk appetite illustrates whether it is prepared to accept or wants to reduce a risk. Mitigations can be used to move along the risk appetite spectrum to the preferred appetite position. The key thing is that the council considers the level and type of risks they want to take (or not).

Option	Comments
Recommended: To scrutinise this report and make comments as necessary.	The council must demonstrate that it complies with regulations[1] by publication of an annual governance statement. A core principle is a requirement to demonstrate how it manages risk – to ensure that it has a system of controls fundamental to mitigating the risks that may affect the achievement of RBWM's objectives.
To accept the report without further comment.	This may expose the council to unnecessary risks or lead to it expending resources unnecessarily to over control tolerable risks. By not focussing resources where they are most needed, it could lead to poor performance and poor outcomes for residents.

3. Key implications

Defined outcomes	Unmet	Met	Exceeded	Significantly exceeded	Date they should be delivered by
Lead officers and members engaged in regular risk reviews.	Risks are left without officer or member attention.	Lead officers and members are engaged in regular review of their key risks.	New risks / controls identified by input from all.	None	Ongoing by bi-monthly and quarterly review.

3.1 The corporate risk register contains the council's key strategic and operational risks. The key strategic risks were last presented to this panel meeting in the appendices to the report 10 December 16. An up to date précis of these is contained in appendices A (heat map) and B (detail). Similar reports exist for the operational risks but by request of the panel they are not included here.

3.2 Members are regularly notified of the key risks where they are named as the risk owner. They are asked to confirm the date of their review (appendix C) and officer risk owners are tasked with ensuring that any comments are reflected in the assessment of the risk.

3.3 Risk reports are reviewed and debated by CMT, directorate management teams and elected members. Hence, these sessions continue to successfully bring together managers to discuss risk at directorate and corporate levels.

3.4 The majority of the scope and work of the 2016/17 internal audit plan is directly informed by the key risks. Internal audit officers provide an opinion of the accuracy and effectiveness of the risk control measures.

3.5 The key strategic risks, heat maps and risk appetite commentary augment the quarterly integrated performance management report.

4. Financial details
a) No financial implications on the budget.

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[1] Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2009 and 2011

b) Financial background.
Revenue - resources to implement proposed actions should be contained within existing budgets.
Capital – none.

5. Legal: There are potential legal implications should a risk occur to a level the council is not prepared for. The purpose of risk management and the risk register is in part to avoid such consequences or at least provide an awareness of those implications so that management can make a risk based judgement.

6. Value for money: A structured level of informed risk taking is sensible for the council to be able to evolve and deliver its services where there are limited resources to do so. A reduction in external insurance premiums at 2015 policy renewal was obtained by taking a risk based approach to claims exposure.

7. Sustainability impact appraisal: None, although some individual risks may contain associated obligations.

8. Risk management

Risks	Uncontrolled risk	Controls	Controlled risk
If the council fails to make good use of risk management processes, it is likely to lead to ignorance of any exposure to damaging strategic and operational risks.	high	Risks are reviewed by risk owners, CMT, DMTs, and cabinet members. The audit and performance review panel provides a mechanism for scrutiny of the process. This regular reporting and assessment structure ought to provide a robust framework for managing risk.	low

9. Links to strategic objectives: All entries on the risk register are linked to one of the current strategic objectives.

10. Equalities, human rights and community cohesion: None, although some individual risks may contain associated obligations.

11. Staffing/workforce and accommodation implications: Not directly although some individual risks may contain associated obligations.

12. Property and assets: Not directly although individual risks may contain associated obligations.

13. Any other implications: None

14. Consultation
14.1 Consultations take place with KPMG (external audit), audit and performance review panel, CMT, shared audit and investigation service and heads of service through directorate management teams.

14.2 The risk manager compares the council's risk registers with those of the other Berkshire unitaries to determine to what degree the content is aligned. All of the common risks arising are represented in RBWM risk registers.

15. Timetable for implementation: The risk register details the officers responsible for progressing actions, together with timescales for implementation.

16. Appendices
- Appendix A – heat map of the current assessments of the key strategic risks;
- Appendix B – (web only) detail of the key strategic risks and mitigation measures;
- Appendix C – summary of elected member and senior officer reviews.
- Appendix D – approach to management of risk 1 April 16 – 31 March 17.

17. Background information
17.1 Risk management is a governance process open to scrutiny from councillors and the public at the council's audit and performance review panel meetings.

17.2 The corporate risk register records the risks relating to the council's objectives.

17.3 The purpose of risk analysis to help decision-makers get a better feel for a realistic range of possibilities, what drives that uncertainty and hence where efforts can be focussed to manage this uncertainty. Our aim is to recognise and evaluate all potential risks and capture these on our risk registers:

   a. Key strategic risks are those that directors identify as overarching and which require a corporate response. Their assessments reflect the latest informed view of the pressures driving the risk and if the strategic efforts and/or the underpinning controls in directorates are up to date and working.
   b. Those risks specific to operational activities - matters that could go wrong on a day-to-day basis - where failure carries the most damaging impacts.
   c. Well managed risks in "a" and "b" where the director/head of service and member require a regular prompt to check adequate controls are working.
   d. Poorly managed risks in "a" and "b" where the director/head of service and member should have regular updates until the residual risk is acceptable.
   e. Emerging risks falling within any of the above.

17.4 The inclusion of risks within any level of risk register does not necessarily mean there is a problem – what it signifies is that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

17.5 As the risk registers mature, some risks may be reassessed as falling outside the key risk criteria or be considered by officers to be of such low impact that there is little reason that ongoing monitoring will be of any benefit. The latter risks are hence removed to avoid "noise" that provides no use for management.

17.6 Monthly updates are provided to the head of the shared audit and investigation service for any changes affecting key risks as this could affect the audit plan.
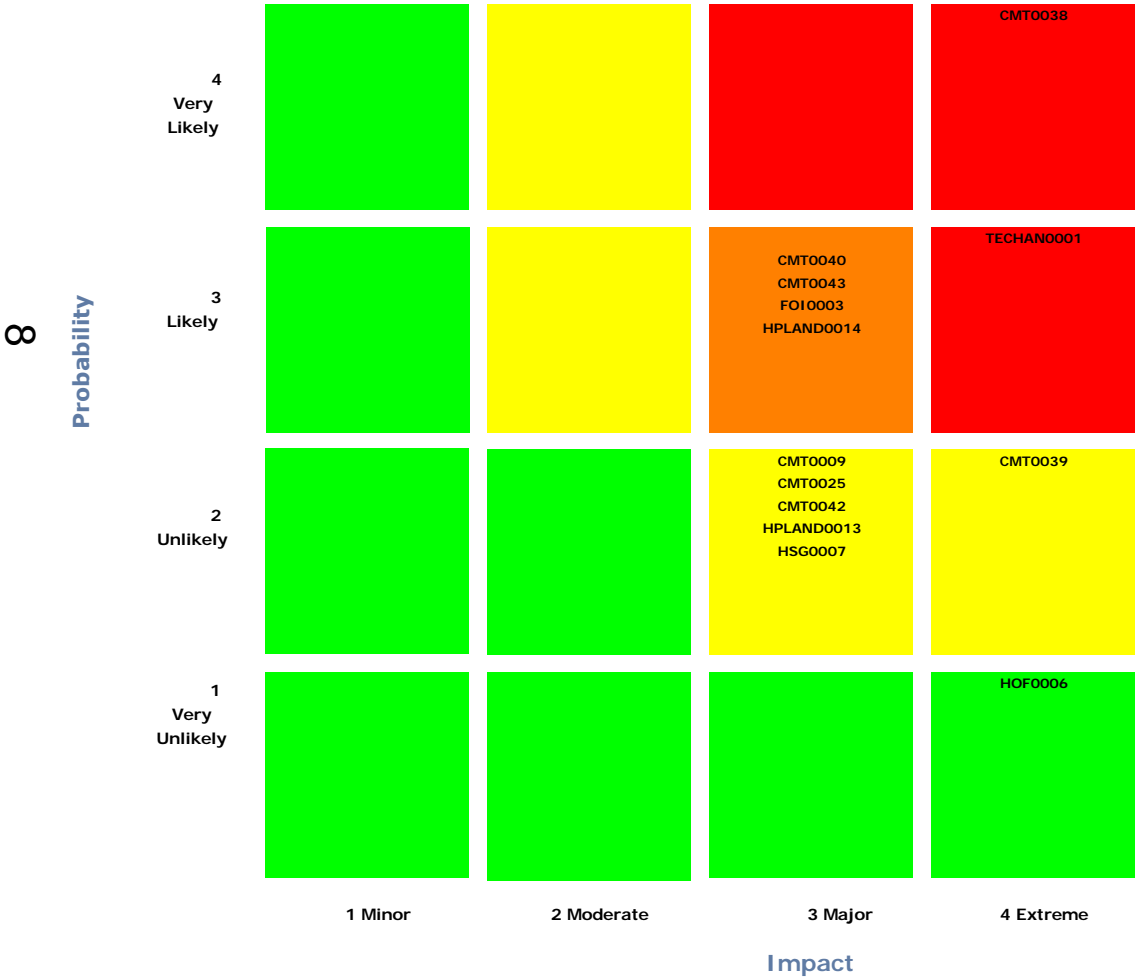
18. Consultation (mandatory)

Name of consultee	Post held and department	Date sent	Date received	See comments in paragraph:
Russell O'Keefe	Strategic director of corporate and community services.	30/03/16	04/04/16	None
Richard Bunn	Chief accountant	16/03/16	29/03/16	None
Cllr Simon Dudley	Lead Member for Finance			
Cllr Paul Brimacombe	Chair of Audit and Performance Review Panel			
External	None			

Report history

Decision type:	Urgency item?		
Non-key decision	No		

Report no.	Full name of report author	Job title	Full contact no:
To follow	Steve Mappley	Insurance and risk manager	01628 796202

Appx A - current strategic risk status

JCAD

	1 Minor	2 Moderate	3 Major	4 Extreme
4 Very Likely				CMT0038
3 Likely			CMT0040 CMT0043 FOI0003 HPLAND0014	TECHAN0001
2 Unlikely			CMT0009 CMT0025 CMT0042 HPLAND0013 HSG0007	CMT0039
1 Very Unlikely				HOF0006

Probability 8

Impact

Risk Ref	Details	Rating	Assigned To
CMT0038	**Threat headline: acceleration in the impact of technology** The CMT need to think about how specific technologies are likely to affect every part of the business and be completely fluent about how to use data and technology.	16	Simon Fletcher
TECHAN0001	**Threat headline: IT infrastructure failure** Failure of data storage infrastructure, systems access or total loss of council data centre affects the ability to function normally.	12	Simon Fletcher
CMT0040	**Threat headline: local resiience** (a) Insufficient local resilience through the operation of the Thames Valley Local Resilience Forum to deal with emergencies. (b) Failures in our links with external networks and supply chains. (c) Financial impact on RBWM from a critical event.	9	Simon Fletcher
FOI0003	**Threat headline: data security** (a) Serious external security breach incurs a significant financial penalty (up to £500K) levied by the Information Commissioners Office. (b) Data loss or damage to data caused by inadequate information security leads to delays and errors in business processes.	9	Russell O'Keefe
CMT0043	**Threat headline: safeguarding failures leads to injuries.** Particular focus on issues identified nationally as part of recent reports published on safeguarding children and child sexual exploitation (CSE). .	9	Alison Alexander
HPLAND0014	**Threat headline: failure to adopt a new Community Infrastructure Levy** CIL will generate significantly less receipt to the authority in comparison to s106. The projected timetable for preparing our CIL will result in a period of several months during which we will not be able to collect any significant developer contributions for off-site infrastructure.	9	Chris Hilton with Russell O'Keefe as lead director
CMT0039	**Threat headline: crime and disorder** (a) Risk of security and community problems arising from the actions and behaviour of extremist groups, particularly in the area around Windsor's Combermere and Victoria barracks. (b) Impact of Clause 26 of the Counter Terrorism and Security Act requiring the council to check use of its public buildings, its internet filters and any unregulated out of school settings.	8	Simon Fletcher
HSG0007	**Threat headline: adult social care demographic** Growth in number of older people with disabilities and transitions from children's services.	6	Angela Morris
CMT0025	**Threat headline: transformation programme** The need for fundamental transformation across the council raises the risk that management and staff at all levels will not be able to undertake the necessary change.	6	Simon Fletcher
CMT0009	**Threat headline: working with partners** (a) Ensure transformation programme accommodates the needs of the various community partners. (b) Engage with third parties and miss opportunities for collaboration and cost savings.	6	Russell O'Keefe
CMT0042	**Threat headline: social cohesion** Significant increases of volume, complexity and in social cohesion of the borough population.	6	Alison Alexander
HPLAND0013	**Threat headline: failure to deliver Maidenhead regeneration programme** The main risk is financial - around the state of the economy and ability of developers to fund and have sufficient expertise to identify viable schemes / improvements, and also the capital programme.	6	Chris Hilton with Russell O'Keefe as lead director
HOF0006	**Threat headline: MTFP fails** Effectiveness of our mid/long term strategy in dealing with expenditure volatility - finance options/mitigations to match service demands and central government funding reduction.	4	Andrew Brooker

Appendix C – Elected member and officer risk review summary

Directorate	Review details - officers	Most recent notification/review by cabinet member	Overdue reviews i.e. not done within last 6 months
Key strategic risks and CMT risks.	Quarterly. Focus is thematic or where risks are furthest from the agreed appetite.	Various – see directorate risk reviews below. 16/07/15 - Cllr Burbage 16/07/15 – Cllr Brimacombe	None
Operations and customer services	24/02/16 –Craig Miller 24/02/16 – Ben Smith 24/02/16 – Simon Fletcher	13/11/15 - Cllr Cox 29/03/16 - Cllr Hill 13/11/15 - Cllr Rayner	None
Corporate and community services	04/02/16 - Andrew Brooker 16/12/15 – Chris Hilton	29/03/16 - Cllr Dudley 29/03/16 - Cllr Hill 29/03/16 – Cllr Claire Stretton 29/03/16 – Cllr Wilson	
Adult, Children and Health Services	10/12/15 – adults 15/10/15 - children	Monthly with Nick Davies /Angela Morris - Cllr Coppinger 27/07/15 - Cllr Airey 27/07/15 - Cllr Bicknell	None

Royal Borough Windsor and Maidenhead

approach to management of risk

1 April 2016 – 31 March 2017

"The Royal Borough of Windsor & Maidenhead is a great place to live, work, play and do business supported by a modern, dynamic and successful council"

Our vision is underpinned by four principles:
Putting residents first
Delivering value for money
Delivering together with our partners
Equipping ourselves for the future

CONTENT

Frequently used acronyms

CMT   Corporate management team
RBWM   Royal Borough of Windsor and Maidenhead

1. INTRODUCTION

1.1 This document sets out the working definitions of risks and issues and how RBWM approaches risk management.

Definition

1.2 Risk is defined as "*the chance of something happening which may have an impact on the achievement of an organisation's objectives*".

1.3 Risk management is defined as "the *culture, processes and structure that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives*".

1.4 An issue is defined as an event that is happening right now or has already happened. Therefore there is the possibility for a risk to turn into an issue when it is realised.

1.5 The difference between a risk and an issue is one of timing. The risk event is a future event so the task is to assess its probability of occurring and estimate the impact that would be caused if it did occur. An issue event has already happened so there is no need to assess its probability - what must be taken into account is the impact and what reaction is required to deal with it.

Risk

1.6 RBWM's approach to risk management stems from the alarm[1]/Airmic[2]/IRM[3] enterprise risk management approach.

1.7 Risk is a normal part of the operation of a business and the understanding and management of risks is an integral part of the RBWM corporate governance framework.

1.8 RBWM employees will adopt a consistent and systematic approach to managing risk. The management of risk is a responsibility of all senior managers in the council and it is important that risks are identified timely to support effective service delivery.

1.9 RBWM manages specific project work through Verto project framework. This has a dedicated risk assessment methodology scaled to the project under consideration.

1.10 Risks relating to health and safety are addressed through a separate policy[4].

1.11 How successful RBWM is in dealing with the risks it faces can have a major impact on the achievement of the council's vision and strategic priorities. When

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[1] alarm is the primary voice for public sector risk management in the UK.
[2] Airmic promotes the interests of corporate insurance buyers and those involved in enterprise risk management.
[3] The IRM provides risk management related education.
[4] http://wavemaster/corporate_area/corporate_policy/HR/Polices-Procedures-Guidance-Notes/Flexible-working/Remote-working/Risk-assessment-rev-2000;internal&version=1.2&df_name=/Risk-assessment-rev-2000

1

management of risk goes well it often remains unnoticed. When it fails the consequences can be significant and high profile, for example, inefficient use or waste of resources, financial loss, service disruption, adverse publicity, litigation or failure to meet objectives. Hence the need for effective risk management.

2   **THE COUNCIL'S 2016/17 RISK MANAGEMENT POLICY**

2.1   This policy is fundamental to the council's drive to being less risk averse i.e. accepting greater levels of risk, through the acceleration and delivery of its transformation programme, future structure and greater use of technology.

2.2   The objective of risk management is not to completely eliminate all possible risks - that is not possible – but to recognise risks and deal with them appropriately. Underpinning the implementation of the council's risk management strategy are the following principles:

- The **informed acceptance** of risk is an essential element of good business strategy.
- Risk management is an effective means to enhance and **protect the council** over time.
- **Common definition and understanding** of risks is necessary in order to better manage those risks and make more consistent and informed business decisions.
- Management of risk is an **anticipatory, proactive** process, to be embedded in the RBWM culture.
- All risks are to be **identified, assessed, measured, monitored** and reported on in accordance with this risk management strategy.
- Officers will **ensure cabinet members are aware** of all key risks in a timely way.

2.3   Consequently, staff will need to understand the nature of the risks in their areas and systematically identify, analyse, assess, treat, monitor and review those risks.

2.4   Risk management embraces external and internal influences.

External influences

2.5   Risk management is an important element of corporate governance. The council must demonstrate that it complies with regulations[5] in relation to the publication of an annual governance statement. One of its core principles is a requirement for RBWM to demonstrate how it manages risk and ensure that it has a system of controls that are essential in mitigating those risks that may affect the achievement of its objectives.

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[5] Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (amendment) (England) Regulations 2006, 2009 and 2011

2.6 CIPFA[6] in their 2013 publication "*audit committees – practical guidance for local authorities*" emphasised that an audit committee, as a part of their core function, should review the effectiveness of the council's risk management arrangements.

Internal influences

2.7 The council's risk register draws together all the potential consequences of failing to deliver service objectives. It identifies the relative importance of these potential problems and assigns responsibilities for attempting to reduce the likelihood and/or impact to the preferred risk appetite if they do occur.

2.8 The terms of reference of the audit and performance review panel are specific to their responsibilities for ensuring that the key risks are properly assessed and managed and for their approving the annual risk management strategy.

2.9 Including specific risk assessments as part of decision-making papers to elected members and CMT ensures that any risks inherent in a decision are made more noticeable and hence subject to improved scrutiny.

2.10 Risk management therefore requires:

- Risk being everyone's business. All staff must be competent in and accountable for managing risk within their area of responsibility.
- A consistent management framework on how best to manage risk.
- Relevant legislative requirements and political, social and economic environments to be taken into account in managing risk.
- Good quality information.

3 RISK MANAGEMENT FRAMEWORK AIMS AND OBJECTIVES 2016/17

3.1 The risk management framework aims to achieve in 2016/17 an environment where risk management becomes an integral part of planning, management processes and the general culture.

3.2 It will achieve this through implementing a number of objectives:

- Supporting the council's Corporate Plan 2016-2020
- Assessment of the challenges faced by the council, through improved decision-making and targeted risk mitigation and control.
- Implementing transparent and responsible risk management processes, which align with accepted best practice.
- Minimising risk to customers who use council maintained assets.
- Providing key risk management information for the council performance framework - IPMR.
- Providing a sound basis for the corporate risk financing strategy.
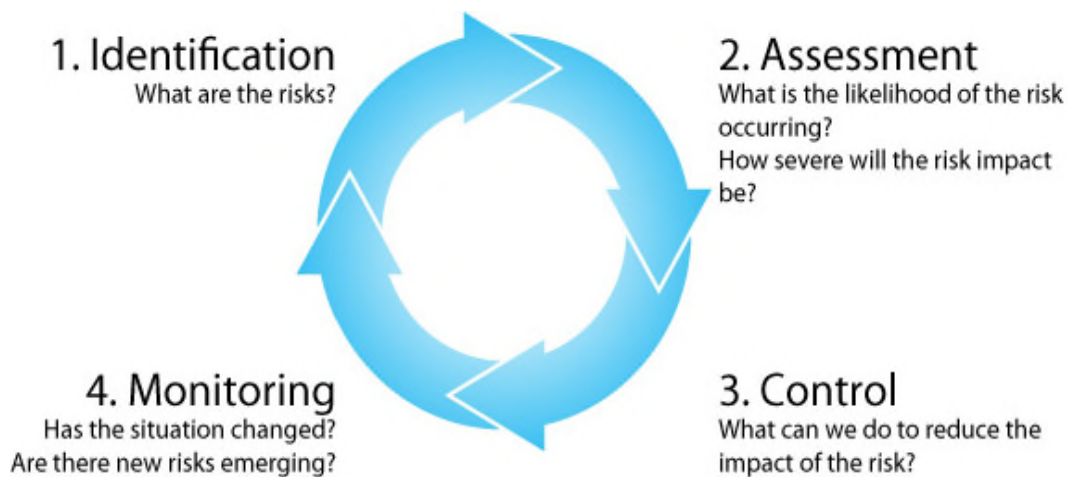
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[6] "Chartered Institute of Public Finance and Accountancy". The only UK professional accounting body that specialises in the public sector.

3

- Detailing the known risks in each year's budget report along with an estimate of the reserves required to cover the related liabilities.
- Providing suitable training to officers and elected members.

4.   RISK MANAGEMENT PROCESS

4.1 The approach to risk management in RBWM follows a four-stage process, see diagram 1. Each service area is assessed, by the relevant manager, against the process and a judgement drawn on the level of risk.

Diagram 1: Four stage process

1. Identification
What are the risks?

2. Assessment
What is the likelihood of the risk occurring?
How severe will the risk impact be?

4. Monitoring
Has the situation changed?
Are there new risks emerging?

3. Control
What can we do to reduce the impact of the risk?

4.2 **Stage 1**: Identify those circumstances – risks – that might prevent service/team/decision objectives being reached.

4.3 **Stage 2**: Evaluate the likelihood and impact in order to identify how significant each risk is:

- Impacts and likelihoods are scored on a four point scale. At the lower end 1 represents a minor impact and/or "very unlikely" and 4 represents an extreme risk and/or "very likely".
- Protocols exist to guide officers in making these judgements. A note detailing the criteria is attached (appendix 1).
- Multiplying these likelihood and impact scores together gives a result assessed as either "high risk" (value 12 - 16), "high/medium risk" (value = 9), "medium risk" (value 6 - 8) or "low risk" (value 1 - 4) depicted by the heat map, diagram 2 on the following page.
- Key risks are those identified as high risks with consideration also given to those where the implications of failure carry the most damaging consequences i.e. a risk with an inherent impact of 4.

4

4.4   In terms of assessing each risk the assessment is detailed in three situations:

- Inherent – the risk without any controls whatsoever
- Current – how the risk stands at the present time
- Controlled – how the risk looks once all mitigations are implemented.

4.5   The critical thing is identifying and understanding the risks to enable informed decisions to be made.

Diagram 2: Risk assessment heat map

IMPACT		LIKELIHOOD			
4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	2	3	4
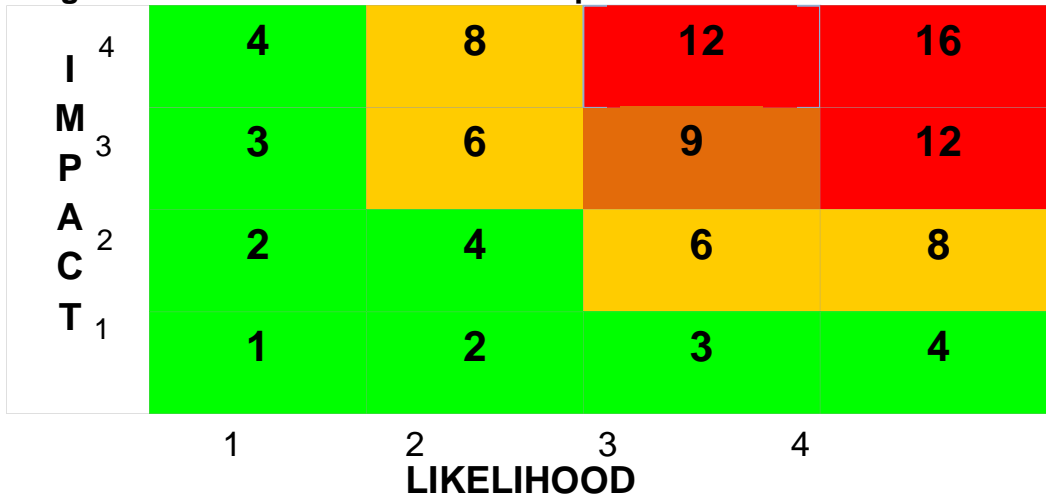
LIKELIHOOD

4.6   **Stage 3**: Treat the risks in order of priority. Mitigation measures address whether the likelihood and/or impact can be reduced or the consequences changed. Contingencies can be devised to respond should the risk occur. Red risks (scoring 12-16) will be evaluated by risk owners i.e. directorate management teams, corporate management team and cabinet members.

4.7   **Stage 4**: This is a monitoring and review process. The quarterly reporting process demands from reviews that each risk indicates consequences, SMART mitigations and the risk owner[7].

4.8   This process adds scrutiny to ensure:

- The correct risks are being identified.
- Treatment measures identified are legitimate.
- Correct individuals are assigned as risk owners.
- Systematic scanning for novel and unexpected threats as well as dealing with identified risks is, as far as possible, considered a core part of management responsibilities.
- There are challenges to what we "know" to ensure that our particular belief system is based upon the most up to date knowledge.
- Early warning systems exist so information can filter up quickly and easily.

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[7] An individual officer, who is closely involved with the risk, is able to monitor the risk and has sufficient authority to initiate action if the risk becomes more serious.

5

4.9 Each risk is classified into one of a comprehensive, common and stable set of eleven categories (appendix 2). These can be used to:

- Aggregate risks from various parts of the organisation for management purposes.
- Help with the identification of mutating risk. A mutating risk is an existing risk which starts connecting with other threats or factors to generate new outcomes.

5   RISK APPETITE

5.1 Due to its diverse range of services the council does not have a single risk tolerance and appetite for risk. Risk appetite is the phrase used to describe where RBWM considers itself to be on the spectrum ranging from willingness to take or accept risks through to an unwillingness or aversion to taking risks.

5.2 Considering and setting risk appetite enables the council to increase its rewards by optimising its risk taking and accepting calculated risks within an appropriate level of authority. A clearly defined risk appetite takes much of the guesswork out of putting limits on new business. Equally, it reduces the likelihood of unpleasant surprises. Risk appetite enhances the content of the risk registers by considering:

- Risk capacity – the actual physical resources available and physical capability of the organisation. The council's capacity must have limits, therefore its capacity is finite and breaching those limits will cause RBWM problems it cannot deal with.
- Risk tolerance – the factors that the council can determine, can change and is prepared to bear. Risks falling within tolerances for quality and range of services can be accepted. Tolerance changes more frequently than capacity and should therefore be stress tested more often.

5.3 There are an overarching series of qualitative and quantitative risk appetite statements agreed by the CMT (appendix 3) which no unit or service area can exceed, based on the capacity and tolerance levels of the council.

6   RISK MANAGEMENT ROLES AND RESPONSIBILITIES

6.1 Managing director

The MD takes overall responsibility for RBWM risk management performance and in particular ensures that:

- decision-making is in line with RBWM policy and procedures for management of risk;
- adequate resources are made available for the management of risk;
- there is an understanding of the risks facing RBWM.

6.2 **Cabinet members**

- Take reasonable steps to consider the risks involved in their decisions
- Have an understanding of the key risks falling within their portfolio.

6.3 **Audit and performance review panel**

- Consider and approve the risk management strategy annually and communicate it to other elected members.
- Receive an annual report on risk management and monitor the effective development and operation of corporate governance.
- Receive quarterly reports on the management of the key operational and strategic risks facing RBWM to allow their scrutiny and challenge.
- Oversee the governance process to ensure that strategic risks are being reviewed at CMT and across each directorate.
- Oversee a comprehensive, inclusive and risk management approach to the annual governance statement process.
- Review an annual report on corporate governance (the annual governance statement).

6.4 **Head of finance**

- Ensure that a risk management policy and strategy is developed and reviewed annually to reflect the changing nature of the council.
- Champion the process of risk management as good management practice and a valuable management tool.

6.5 **CMT**

- Ensure that the council manages risk effectively through the development of an all-encompassing strategy and updates from the risk manager.
- Approve the corporate risk management strategy.
- Challenge the contents of the corporate risk register to ensure, in particular, that it reflects any significant new risks emerging and that monitoring systems are suitably robust.
- Support and promote risk management throughout RBWM.
- Ensure that, where appropriate, key decision reports include a section demonstrating that arrangements are in place to manage identified risks.
- Identify and manage the strategic and CMT risk registers on a quarterly basis.

6.6 **Directorate management teams**

- Ensure that risk is managed effectively in each service area within the agreed corporate strategy.
- Identify any service specific issues relating to risk management which have not been explicitly addressed in the corporate strategy
- Identify and manage the directorate risk register on a quarterly basis.

- Disseminate the detail of the strategy and allocate responsibilities for implementation to service managers and staff.
- Establish the training requirements of managers and staff with regard to strategy implementation.
- Have an understanding of the risks facing the council.

6.7 **Insurance and risk management team**

- Develop the strategy and oversee its implementation across the council.
- Share experience and good practice on risk and risk management.
- Develop and recommend the strategy to the audit and performance review panel, head of finance and CMT.
- Provide a clear and concise system for reporting risks to elected members.

6.8 **Internal audit**

- Take the content of the key risk registers into account when setting the internal audit programme
- Undertake audits to assess the effectiveness of the risk mitigation measures.
- Feed back audit opinions into the risk register.

6.9 **Heads of service/managers**

- Take primary responsibility for identifying and managing significant strategic and operational risks arising from their service activities.
- Recommend the necessary training for employees on risk management.
- Maintain a risk management portfolio for their service area.
- Ensure that all employees are aware of the risk assessments appropriate to their activity.
- Be responsible for production, testing and maintenance of business continuity plans.

6.10 **All staff**

- Identify new or changing risks in their job and feed these back to their line manager.
- Support continuous service delivery and any emergency response.

7 CORPORATE RISK FINANCING STRATEGY

7.1 RBWM uses its risk financing arrangements to protect it from the financial implications of unexpected accidental events affecting staff and property. This helps in providing continuous services in the event of serious losses.

7.2 The level of cover bought and excesses applied will depend on the council's appetite for risk, based on its financial security i.e. ability to self fund claims and the strength of its risk management.

7.3 RBWM is exempt from the majority of requirements regarding compulsory insurance. The only insurable aspect of the council's operations it is obliged to make specific financial provision for[8] is fidelity guarantee (fraud by staff).

7.4 Nevertheless, most public sector organisations including RBWM purchase a certain amount of external insurance. This is because without external insurance, the council will be obliged to fund all such exposures from its own resources.

7.5 If RBWM were to fully insure against most of the risks that it faced then this would incur a significant amount of annual expenditure in premiums.

7.6 Having strong risk management arrangements across RBWM allows us to retain some risks either by deciding to self insure these risks in their entirety or by purchasing insurance cover for losses that arise over a certain value.

Objectives

- Provide financial protection to the council's assets, services and employees.
- Maintain appropriate balance between external cover and internal risk retention.
- Reduce the cost of external insurance premium spend.
- Ensure the internal insurance fund is maintained at an appropriate level.
- Ensure resilient claims handling arrangements and insurance fraud detection.
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.

Achieved by

- Using claims modeling and other risk assessments to determine risk exposures.
- Monitoring changes in legislation, civil justice protocols and relevant case law.
- Comparing the insurance programme and claims through suitable benchmarking.
- Maintaining claims handling protocols in line with statutory requirements.
- Undertaking periodic actuarial fund reviews.

Procurement of insurance

- All insurance procurement complies with the relevant EU procurement rules.
- Hard copies of policies are retained indefinitely with more recent policy documentation stored soft copy.

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[8] Under the Local Government Act 1972.

[9]

8 Appendices

1. Impact and likelihood assessment scoring.
2. Risk classifications.
3. Qualitative and quantitative risk appetite statements.

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