

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE****11th NOVEMBER 2011****Report of: Strategic Director - Corporate Services****Report Title: Annual Report - Risk Management****Ward: Citywide****Officer presenting report: Richard Powell, Chief Internal Auditor****Contract Telephone Number: 0117 92 22448****RECOMMENDATION**

The Audit Committee note the progress and areas for future development regarding risk management arrangements in the City Council.

The Committee comment on the draft Risk Management Strategy and Policy 2011 - 2012 at Appendix B.

SUMMARY

This report provides a summary of the developments made to risk management and internal control processes during 2010/11 and this year to date.

The significant issues in the report are:

- risk assessments in decision making (para. 2.1.1 - 2.1.3)
- other significant areas of work during 2010/11 and to date (para. 2.2.1 - 2.5.2)
- 2011/12 forward work programme (para. 3.1 - 3.3)
- draft Risk Management Strategy and Policy 2011 - 2012 (para 4.1 - 4.4)

Policy

The Risk Management Policy requires the Audit Committee to provide independent assurance and scrutiny of the risk management, internal control and corporate governance arrangements in place. Additionally, the Policy invites the Committee to contribute to its development at annual review.

Consultation:

Internal: The draft Risk Management Strategy & Policy 2011 - 2012 has been endorsed by the Corporate Risk Management Group, and by the Strategic Leadership Team.

External: None necessary

1. Introduction

1.1 The Audit Committee's terms of reference includes responsibilities for overseeing risk management arrangements. Historically, the roll out of risk management across the City Council has been a key element of the Internal Audit programme. During 2010/11 and to date, a number of developments have been ongoing to improve the risk management and internal control framework in place across the City Council, which are outlined below. Details of the risk management framework in place are set out in the draft Risk Management Strategy and Policy 2011 - 2012 at Appendix B.

2. Progress during 2010/11 and to date:

2.1 Risk assessments in decision making

2.1.1 Internal Audit undertook a review of the quality of decision making reports and their accompanying risk assessment. The broad conclusions arising from the review were previously reported in the Internal Audit Annual Report to the 8th July 2011 Audit Committee. These conclusions included a specific concern as to the completeness and accuracy of information provided to support Cabinet decisions - with particular reference to the risk assessment.

2.1.2 The Audit Committee has itself previously expressed concerns over the relevance of risk assessments in decision making reports, and audit testing identified:

- 60 % of risk assessments reviewed were poor or very poor
- overall risks and subsequent mitigations are not identified
- 80% of reports had the incorrect type of risk assessment
- 60% of selected Members and officers taking part in the 2010 internal survey on risk management did not feel confident that the key risk judgements in the decision making at Cabinet were well informed and provided clear direction

2.1.3 To improve this situation, a revised risk assessment section for the Cabinet report template has been introduced with effect from September 2011. The template offers initial guidance on completing the risk assessment and a link to further guidance which is attached at Appendix A. The Cabinet report author is required to consider and set out the risks associated both "with implementing the decision" and "with not implementing the decision" in a uniform, tabular format which must detail the mitigations to each risk and identify the risk owner.

2.1.4 As an ongoing part of the review, Internal Audit are working closely with Finance Business Partners to improve the quality and clarity of the financial information and implications contained in decision making reports and the associated risks. A financial checklist for use by finance officers has been developed, and copies of the report must now be provided in good time to allow for a full financial appraisal to be completed (ie at least 5 working days before it is to be submitted to the Strategic Leadership Team).

2.2 Member Involvement /Strategic Risk Review

- 2.2.1 The most significant involvement from the Cabinet Members continues to be their key role in reviewing the Corporate Risk Register. Their review of strategic risk has been successfully embedded as a regular process, although it was felt the previous quarterly cycle could more effectively be streamlined. Consequently, the Strategic Leadership Team now undertakes the first phase review of the Corporate Risk Register at half yearly intervals, and thereafter the Strategic Director Corporate Services confers with the Leader before reporting to Cabinet Briefing for final review. (In the intervening quarterly periods the Strategic Director Corporate Services coordinates an “offline” review with the risk owners).
- 2.2.2 Historically, Executive Members have been reviewing the Directorate risks relevant to their portfolios, in registers which were compiled via a manual (word processor) system. By the final quarter of 2010/11, all Directorates had migrated their register over to the computerised SPAR.net system which includes a risk filtering function capable of reporting risks according to each Executive Portfolio. The SPAR.net system has therefore simplified the production of up to date quarterly reports which are consequently more easily made available for regular review by Executive Members.
- 2.2.3 To facilitate the decision making process, Cabinet is routinely involved in reviewing the key risks summaries included with all capital and strategic projects submitted to them for approval.
- 2.2.4 The Executive Assistant to the Leader, who serves also on the Audit Committee, is the Member Risk Champion providing the Member input to the maintenance and continued development of the risk management framework across the Council.
- 2.2.5 The Audit Committee received and reviewed the Corporate Risk Register (twice) and the Directorate Key Risk Registers in 2010/11 as information items. In 2011/12, registers for Neighbourhoods & City Development, and Children & Young People's Services, were reported as main agenda items. Additionally, the Committee contributed to the revision of the Risk Management Policy Statement which was last approved by Cabinet in January 2011.

2.3 Risk Management Group

- 2.3.1 The Group has been in existence for several years. It is comprised of senior officers and includes the Strategic Director Corporate Services as responsible Director who chairs the Group. The Member Risk Champion is invited to attend, and the Group continues to meet three times per year with a primary aim to identify and share best practice on risk management. The areas it has most actively promoted in 2011 are detailed as follows:
- Finalising the roll out of the automated SPAR.net risk management system to encompass all the Directorate Risk Registers as at March 2011.

- In light of the findings from the 2010 internal risk management survey of selected Members and officers, the Group contributed to the development of the 2 year strategy and policy draft at Appendix B
- Revising and updating the Risk Management Toolkit
- Monitoring and promoting the completion of the on-line Fraud Awareness (Fraud risk assessment) training course within individual Directorates.
- Contributing towards the style and content of the on-line Risk Management training course designed for Members and officers.

2.4 E-learning Risk Management Training Package

2.4.1 Internal Audit have developed a computer based e-learning risk management training package, which has been informed by the findings from the 2010 in-house risk management survey. It is designed primarily to promote risk awareness and the effective management of opportunities. It is intended to be relevant both to selected Members and 1st - 4th tier management, and concentrates upon the basic principles illustrated through an example risk assessment. It will be rolled out to selected Members and the Directorates in November/December 2011.

2.5 Other Areas of Work during 2010/11 and to date

2.5.1 Internal Audit staff continue to participate in the South West Unitary Risk Management Group to compare and share best practice throughout the year. In particular, the Group members have exchanged lessons learnt from seeking to embed a risk management culture into their organisation.

2.5.2 The Internal Audit risk management intranet pages have continued to be styled and updated to reflect current risk management thinking and guidance.

3. Work Programme for 2011/12

3.1 Priorities for work in 2011/12 will focus upon progressing the main principles identified in the risk management strategy for 2011 - 2012 (referred to later in para. 4) as follows:

- Leadership and review of risks - continued development of the SPAR.net system to further automate reviewing/reporting techniques with the aim of more efficiently informing Executive Members and senior management of any significant changes in how risks are being managed and whether risk has increased/decreased
- Improved decision making - monitoring of the quality and effectiveness of risk assessments accompanying key decision reports to Cabinet to ensure the immediate improvement following implementation of recent audit recommendations is sustained
- Training tailored to needs - roll out of new on-line training course, and individual Workshops on request, to address and improve upon

fundamental risk management competencies for both Members and officers

- Better outcomes - more fully integrate the evaluation and reporting of risk management with that of performance management and value for money to facilitate better planning towards achievement of service objectives

3.2 Although the regular review of strategic risk has been successfully embedded, a closer working liaison is planned with Directorate risk representatives to help develop regular and more effective reviews of operational risks at the service planning level.

3.3 Other areas included for attention in the risk management programme for continuous development are:

- workshop (including Core Cities benchmarking exercise) for the review of the structure/risks content of the Corporate Risk Register to ensure it adequately reflects the strategic risks facing the Council and that it is a focus for Members and senior management upon a short-list of only the most significant risks
- review of risk management guidance to ensure it remains relevant and up to date
- review of risk management web pages to ensure they provide easy and logical access

4. Risk Management Policy

4.1 The Risk Management Policy was last reviewed and agreed by Cabinet in January 2011, and is subject to annual review. In addition, a separate Short Term Risk Management Strategy was agreed by the Strategic Leadership Team in December 2010 which addressed the issues arising from the in-house survey about how selected Members and officers viewed the strengths and weaknesses of the risk management framework.

4.2 The opportunity has been taken to re-construct the existing policy documentation into a combined Risk Management Strategy and Policy for 2011 - 2012, as per the attached draft at Appendix B. The strategy sets out a clear plan for consolidating, progressing and further embedding effective risk management into the culture of Council working. The policy outlines the aims and key principles for managing risk, provides an overview of the framework and describes the mechanisms for its successful implementation.

4.3 The presentation for the draft is designed to be visually clearer and to combine brevity with a facility for on-line reading/access to background guidance documents. There is a pronounced emphasis upon risk awareness, rather than simply risk avoidance, and Members and officers alike are called upon to assist in, and take responsibility for, the identification and control of risk and opportunities. Specific technical variations to the framework include :

- Climate Change, Health & Safety, and Business Continuity risks are grouped under a new heading of "Associated Risks" (Page 6, under

Framework)

- “Local Economy” and “Community” are added as impact severity parameters (Page 8, under *Severity of impact*)

4.4 The draft has been the subject of comment by the Corporate Risk Management Group at their meeting on 3rd October 2011 and by the Strategic Leadership Team on 25th October. It is due to be approved by Cabinet on 26th January 2012. The Audit Committee is invited to comment and suggest any additional changes.

5. Risk Assessment

5.1 Failure to develop improvement in risk management arrangements could undermine efforts to achieve the Council's objectives. The main risks are demonstrated in the findings from the 2010 in-house survey which signify a required increase in the overall commitment towards the existing risk management framework and the need for more risk management awareness training as identified by both officers and Executive Members. In response, the risk management policy has been prefaced with an actions based strategy to embed the risk management culture more effectively within the Council during 2011 - 2012.

6. Equalities Impact Assessment

6.1 None necessary for this report

7. Legal and Resource Implications

7.1 **Legal** - none sought

7.2 **Resource implications** – 125 days have been allocated in the 2011/12 Internal Audit Plan to facilitate the progression of risk management.

Appendices

Appendix A - Summary Risk Management Guidance for Cabinet Reports

Appendix B - Draft Risk Management Strategy and Policy 2011 - 2012

LOCAL GOVERNMENT ACCESS TO INFORMATION

Background Papers Risk Management Policy

Summary Risk Assessment Guidance For Cabinet Reports

The risk assessment is an essential part of the key decision Cabinet report.

For the vast majority of key decision reports a tabular approach to the risk assessment should be used to facilitate the decision making process, as per the template below. *(Where a Cabinet decision relates to a straight forward approval of a policy or strategy a briefer non-tabular risk assessment may be more appropriate).*

There should be two parts to the risk assessment:

1. the risks arising from implementing the decision (Figure 1)
2. the risks of not implementing the decision (Figure 2)

Responsibility for undertaking the risk assessment lies with the report author. Advice and guidance can be sought from the Directorate Risk Champion.

The risk should be considered in terms of the severity of impact (upon the option proposed) and the probability of occurrence - using the standard BCC risk management methodology. The inherent risk will then be scored and mitigations to reduce/control this risk identified and the current risk scored. (For more information on risk identification methodologies and risk scoring in Cabinet Reports refer to the Source [by clicking here](#). For an example of a Cabinet report containing a detailed risk assessment [click here.](#))

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	nnnnnnnnnnnnnnnn	High	Medium	mmmmmmmmmmmmmmmm	High	Low	
2	Etc up to a max. of 10 risks						

FIGURE 2							
The risks associated with <u>not</u> implementing the (subject) decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	nnnnnnnnnnnnnnnnnnnnnnnnnnnnnn	High	High	mmmmmmmm	High	Medium	
2	Etc up to a max. of 10 risks						

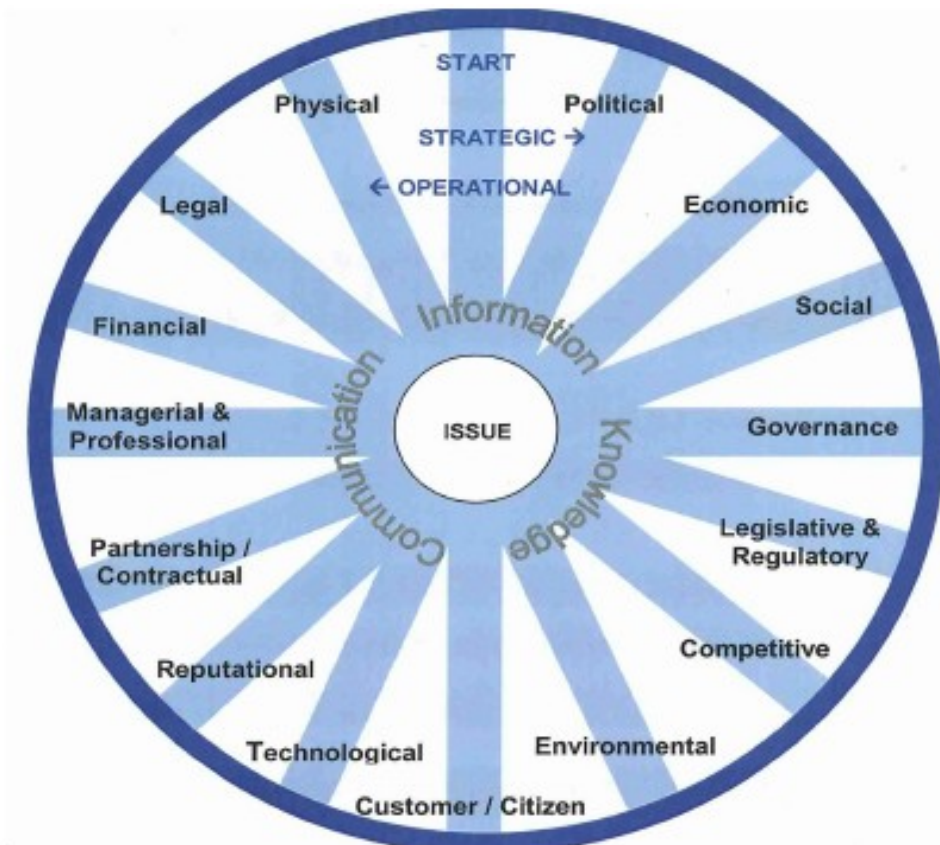
The Cabinet needs to be aware of these risks as the Council has set its risk appetite (the level of risk that it is prepared to accept) and needs to ensure that risk is managed at an acceptable and cost effective level.

It is important, therefore, that you clearly identify for the Cabinet :

- which **key risks** are associated with implementing/not implementing the decision
- what mitigations have been identified/can be applied to manage these risks
- who the risk owners are who will be responsible for managing the risks.

The 'risks wheel' below identifies the risk and opportunity categories that should be considered when taking strategic and operational decisions and is a useful tool to prompt

risk identification.



Once the Cabinet has made their decision, the risks that you have identified will arise from implementing (if Cabinet approved) or not implementing (if Cabinet did not approve) the decision should then be actively managed and incorporated into the appropriate project/ team/partnership/directorate or corporate risk register.



DRAFT

**Risk
Management
Strategy & Policy**

2011 - 2012

**The Golden rules for
effective risk management
in Bristol City Council:**

Being risk aware; (not risk averse)

**Member/Senior Officer active
ownership;**

Keeping it simple; (risk management is
not difficult)

Consistent methodology ; (corporate
processes & technology)

Flexible training and support;

Effective monitoring.



November 2011

Risk Management Strategy & Policy

2011 – 2012

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Executive Summary

The purpose of the Risk Management Strategy is to set out a clear plan for consolidating, progressing and further embedding effective risk management into the culture of Council working. The Risk Management Policy at Appendix 1 outlines the aims and key principles for managing risk, provides an overview of the framework and describes the mechanisms for its successful implementation.

What risk management is

Bristol City Council views risk management as an integral part of good corporate governance, where:

- **risk** is 'the chance of something happening that will have an impact (positive or negative) on achievement of objectives'
- **risk assessment** is the measure of the likelihood, and impact on objectives, of an uncertain action or event
- **risk management** is the planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the Council.

Risk management is a measure of the likelihood and impact on objectives of an uncertain or unwanted action or event.

Risk arises as much from failing to capture opportunities when pursuing strategic and operational objectives as it does from a threat that something bad will happen.

It is not about being risk averse but, rather, it is about risk awareness, ie understanding and evaluating risks; whether they are an opportunity or a threat, and making informed decisions about how those threats are then managed, or opportunities fully exploited, in

order to maximise the efficiency of our services.

Why risk management is important

Risk management makes good business sense because management of risk is inseparable from effective management of performance and best use of human and financial resources

Where the benefits lie

The benefits gained with an effective risk management framework in place are:

- better decision making
- improved customer service and better outcomes
- improved strategic, operational and financial management
- delivery of projects on time and on budget
- continuity of knowledge
- improved compliance

Current appraisal

The 2008 external audit of risk management report concluded that the Council had "*adequate arrangements in place, starting with the Risk Management Policy. However, the consistent application of those arrangements needs to be improved.*" In particular, the external auditor called for improvement in the areas of:

- risk register reviews
- partnerships
- project management
- policy decisions, and
- member involvement.

A survey of selected Members and senior management in 2010, and a current Internal Audit review, found there had been progress made, although areas requiring consolidation or further improvement were identified.

The vision for improvement

Throughout 2011 and 2012 a series of improvement initiatives will be introduced, and the results closely monitored, in respect of achieving four strategic principles:

Leadership and review of risks

- to consolidate the closer oversight of risk reviews in Directorates at Strategic Director and Executive Member level.

Improved decision making

- to improve the quality of risk and opportunity assessments provided in key decision reports to Council.

Training tailored to needs

- to roll out computer based training packages for selected Members and senior management in respect of :

(i) background and techniques
of risk management

&

(ii) fraud risk assessment

Better outcomes

- to more fully integrate the evaluation and reporting of risk management with performance management, value for money (VFM) proposals and business continuity planning

Responsibility for risk management

This strategy requires elected Members and officers alike to assist in, and take responsibility for, the identification, and control of risk and opportunities (and better use of resources) in all aspects of their activities and areas of responsibility. In particular, it requires everyone to become actively involved in an open process of regular review and focussed challenge to ensure controls are working effectively. A full description of roles and responsibilities is tabulated at ***Appendix 4***.

Risk analysis and the management of risk

Full descriptions of risk analysis and monitoring arrangements are shown at ***Appendices 2 & 3*** respectively.

Further guidance

Related internal guidance documents, and external reference sources are listed and hyperlinked at ***Appendix 5***.

Risk Management Strategy

The way in which we manage our risks impacts upon our success in achieving our corporate objectives and delivering services to the Community. Embedding risk management more effectively into our culture will help underpin plans to achieve our Bristol 20:20 Priority Outcomes.

Throughout 2011 and 2012, this strategy will promote and monitor the effectiveness of:

- practical initiatives aimed at further embedding risk management into the culture of Council working
- closer adherence to the key principles and procedures of the existing and well established risk management framework as set out in the Risk Management Policy (RMP) at *Appendix 1*.

Key issues

The results from the 2010 inhouse canvas/review of how selected Members and senior management felt about risk management arrangements were reported to the 12th November 2010 Audit Committee and the 30th November 2010 Strategic Leadership Team. Strategic Directors were provided with reports and recommendations specific to their Directorate. The review revealed the following overall messages about the effectiveness of existing risk management processes:

- reasonably good at formulating and communicating strategic priorities
- general satisfaction that arrangements to identify key risks are working
- only 25% felt there was an innovative risk managed approach (ie not risk averse)

- less than 40% believe risk management makes a positive contribution to achieving measurable outputs and value for money
- only 40% felt key risk judgements in decision making at Cabinet are well informed
- less than 20% believe there is adequate training in risk management techniques

Strategic principles

Leadership & review of risks

The Strategic Leadership Team approves and lends full support to this strategy. Strategic Directors and Directorate Leadership Teams will develop and strengthen a more regularised and closer oversight of the review process for their operational and strategic risks.

The SPAR.net computer system is the most significant tool currently available to improve the quality of day-to-day risk assessment, and prompt risk owners adherence to a regular quarterly review cycle. Early in 2011 the migration to SPAR.net was completed, and all Directorates are well positioned to build upon the benefits of consistency, completeness and regularity which the system provides.

Flexible SPAR.net reporting options enable risks to be grouped according to specific parameters. Consequently, opportunities will arise for Executive Members to become more fully involved in the quarterly review cycle as they are provided with reports specific to their Portfolio. The SPAR.net system will facilitate the collection, collation and reporting of all significant risks – such as those associated with projects, partnerships and management of change.

Improved decision making

Democratic Services will develop the key decision reporting template to highlight the

importance and purpose of the risk assessment, and include reference to appropriate officer guidance on completing the assessment.

Internal Audit to work together with the Councillor Development Officer to agree the necessary mechanisms to ensure more effective communication of existing, and recently updated, guidance to Members.

Training tailored to needs

Internal Audit to liaise with Human Resources to develop and roll out a computer based (Learningpool) risk management training package in 2011/12, duly informed by the feedback from the inhouse survey. It will be made available to 1st to 4th tier officers and Members (Cabinet, Audit Committee, Scrutiny Chairs).

Arrangements which commenced early in 2011 for rolling out a computer based fraud risk awareness training package were combined with instructions to complete and return to Internal Audit a fraud risk assessment.

Risk management training workshops will be made available to Directorates (as resources permit) upon request.

Corporate Services management will act as a first line source to Directorate queries/requests for advice on risk management matters.

Internal Audit will liaise closely with Directorates and Directorate Risk Champions to clarify any risk management issues and to promote adherence to risk identification, review and reporting guidelines.

Internal Audit will undertake a review to update and re-launch as appropriate risk

management guidance documents and webpages.

Better outcomes

The Strategic Leadership Team will promote current and future developments directly intended to:

- more fully ***integrate*** the evaluation and reporting of risk management with that of performance management, value for money proposals and business continuity planning
- ***streamline*** policy “red tape” in appropriate circumstances to encourage development of innovative risk managed opportunities
- encourage ***better communication*** of risk management issues between senior management and staff

Internal Audit will continue to liaise with other and similar authorities for examples of best practice, and to monitor adherence to the framework and processes set down in the Risk Management Policy.

Measurement of improvements

At the close of the 2 year strategy period, the original 2010 in-house survey of senior management and selected Members will be re-run to identify the extent to which risk management has become more embedded into the culture of Council working.

Risk Management Policy

Management statement

Bristol City Council views risk management as an integral part of good corporate governance and this policy statement forms part of the internal control and corporate governance arrangements.

The Council seeks to identify, analyse, prioritise and mitigate the risks it faces. The over-riding attitude to risk is that it should be managed rather than avoided. Innovative solutions are to be encouraged, which, whilst often involving risk, can be implemented with an awareness and active management of risks that they carry.

The Council is committed to ensuring that consideration of risks is a part of the every day management processes designed to:

- improve decision making and maximise opportunities
- promote innovation in effective and efficient service delivery
- enhance reputation
- deliver value for money
- avoid unbudgeted expenditure
- secure trust from our stakeholders through transparent and open management
- ensure resilience to climate change

Aims of the policy

Introducing a robust system of risk management will help the Council to:

- deliver its objectives more effectively by aligning the processes for risk and opportunity management with those for performance review of strategic objectives
- sustain service improvement by implementing cost effective actions to manage risk and exploit areas of potential
- minimise and manage unacceptable and avoidable errors and serious incidents and minimise the Council's vulnerability to fraud and corruption

- develop a culture across the Council where risk management is an integral part of key management processes
- discharge its duty of care to the public and its employees
- uphold its reputation as a community leader, service provider and employer
- become better adapted to climate change

Key principles

Risk Management should not be an add-on to processes already in place but needs to be an integral part of how services are developed and delivered, and performance monitored. As such the Council is committed to ensuring the consideration of risk as an integral part of key management processes:

- policy and decision making
- operational management
- service planning and service improvement planning (at all levels)
- contingency and business continuity planning
- project management
- partnership working
- health and safety arrangements
- performance management

Risk appetite and tolerance

Calculated (controlled) risks, such as accepting new opportunities or using innovative approaches to service delivery, may be taken – provided the risk exposure is within the Council's risk tolerance level, otherwise known as the 'risk appetite'.

To determine whether a proposal contains acceptable levels of risk, the risks and decisions need to be clearly identified, evaluated and managed to ensure that risk exposure is acceptable. Particular care is needed in considering any action which could:

- have an adverse affect on the reputation of the Council and/or performance

- undermine the independent and objective review of activities
- result in censure or a fine by regulatory bodies
- result in financial loss

Any threat or opportunity that may have a significant potential impact should be closely examined and the risks clearly identified in relation to the likelihood of occurrence and referred to the appropriate Strategic Director.

Options for managing risk

Embrace – subject to applying appropriate safeguards and identifying critical success factors, professionally manage calculated and authorised decisions to take advantage of major opportunity risks

Eliminate – terminate the operation or project

Reduce – implement controls

Transfer – by insuring or outsourcing

Accept – no action required, but need to continually review to ensure it remains acceptable

Framework

Risk Registers

The Council maintains registers for three different types of risk :

- **Strategic**
ie the Corporate Risk Register which records medium to long term high level corporate risks
- **Operational**
ie Directorate/Project/Partnership risks affecting day to day operations
- **Associated risks**
ie Health & Safety, Civil Protection and Business Continuity Planning, Climate Change

Each kind of register details the following:

- possible consequences of the risks identified

- potential impact and likelihood of the risk identified (before and after evaluation of controls)
- risk owner
- existing controls in place to mitigate the risks, and residual risk (current status) progress indicator

Corporate and Directorate risk owners formally review register entries on a quarterly basis. The CRR is owned by the Strategic Director Corporate Services who leads a half yearly review with the Strategic Leadership Team, and confers with the Leader before reporting to Cabinet Briefing. Directorate Risk Registers are reviewed quarterly both by the Directorate Management Team and at the appropriate Portfolio Executive Briefing.

Decision making

Reports to the Cabinet and Strategic Directors requiring decisions are supported by written risk assessments to inform the decision making process.

Risk champions

Risk champions consolidate and progress risk management processes in their own Directorate.

Risk Management Group

A Risk Management Group meets periodically to coordinate the Council's approach. It is chaired by the Strategic Director Corporate Services and attended by the Members Risk Champion and the Directorate Risk Champions.

Audit Committee

The Audit Committee provides independent assurance to the effectiveness of risk management and internal control arrangements.

Risk Analysis

Once risks have been identified they need to be assessed accurately and systematically prioritised. In order to determine the level of risk that the City Council is prepared to accept in achievement of its objectives (ie the risk tolerance), the risk management methodology measures the potential impact and the probability (or likelihood) of that risk using a basic 3 level rating of high, medium and low as shown below. This matrix represents the minimum of analysis required and can be supplemented by use of more granulated impact/ probability matrices as required.

I M P A C T	High	HL	HM	HH
	Med	ML	MM	MH
	Low	LL	LM	LH
	Nil	Low	Med	High
RISK	PROBABILITY			

Negative risks that fall within the red area are outside of the City Council’s risk tolerance and must be managed to reduce the level of risk exposure. Where this level of risk cannot be reduced, express approval is to be obtained from Strategic Directors to proceed with options for eliminating, reducing, transferring or accepting the risk. Risks in the yellow and green area are generally within the risk tolerance but need to be monitored for changes in the risk environment, and (for Health & Safety considerations) additional precautions may sometimes be deemed appropriate.

Positive risks that fall within the red area could represent innovatory opportunities to improve services, rather than simply adopting traditional safer options. These opportunities need to be maximised by identification of critical success factors and mitigation to ensure these are achieved. Monitoring to ensure opportunities are maximised is completed via the Council's performance management arrangements.

In measuring the severity of impact, the following guidance will be applied:

	Severity of Impact		
Nature of Impact	Low	Medium	High
Effect on Service Provision	Little or no effect (positive or negative) on service provision. Impact can be managed within normal working arrangements.	Noticeable and significant effect (positive or negative) on service provision, a corporate plan priority area or on more than one service. Effect may require additional	Catastrophic effect on service provision or a Corporate Plan priority area; or significant enhancement of service provision/strategy change. Effect could not be managed within a reasonable timeframe or by a short

	Severity of Impact		
		resource and will impact on key target achievement. However effect will be managed within a reasonable timeframe and will not require a major strategy change.	term allocation of resources or may require major strategy changes.
Financial/Business Effect/ Fraud and Corruption risk	Likely loss or benefit of less than £50K Fraudulent loss of less than £5k	Likely loss or benefit of between £50K and £500K Fraudulent loss of between £5K and £25K	Likely loss or benefit of more than £500K Fraudulent loss of more than £25K.
Local Economy	Isolated instances of a loss of economic performance (versus projected forecasts) with limited business failures and job losses. Some improvements in the local economy with business growth and job creation.	Moderate reduction in economic performance (versus projected forecasts) with some business failures and job losses. Moderate improvements in the local economy with business growth and job creation.	Regional decline leading to widespread business failure, loss of employment and hardship. Significant improvements in the local economy with business growth and job creation.
Reputation	Little public interest and limited potential for enhancement of or damage to reputation. Matter contained within section or directorate.	Some potential for enhancement of or damage to image. Dissatisfaction reported through Council Complaints procedure . Local or national interest. Local MP involvement.	Significant potential for enhancement of or damage to image. Intense local and national media attention. Public enquiry or poor external assessor report. Officer member forced to resign.
Legal	Claim or fine up to £50K for non compliance	Claim or fine £51K - £250K for non compliance	Claim or fine > £250K for non compliance
Environmental	No lasting effect (positive or negative) on the environment and community.	Serious local discharge of pollutant or source of community annoyance that requires remedial action.	Long term effect (positive or negative) on the natural and/or built environment with major loss of improvements to amenity and irrecoverable damage.
Communities	Little or no lasting effect (positive or negative) on communities and vulnerable groups/individuals	Short term effect (positive or negative) on one or more communities. Short term effect (positive or negative) on a small number of vulnerable groups/individuals. Moderate and isolated decline/improvement in the quality of life within the community.	Long term effect (positive or negative) on a significant number of the population. Long term effect (positive or negative) on a significant number of vulnerable groups/individuals. Significant and widespread decline/improvements in the quality of life within the community.
Personal Safety	Minor Injury to service users or staff may result or can be prevented. No significant long-term effects and no significant absence from work	Significant Injury/ill health of service users or staff may result or can be prevented. Short-term disability/absence from work (over three days)	Major Injury, death or ill health of service users or staff may result or can be prevented. Long-term disability/absence from work.

Measuring probability can be equally well achieved using one of two methods:

(i) an approach based upon likelihood of an event occurring over a period of years, or

(ii) alternatively, (particularly where timescales are minimal), an approach based upon probability expressed as a percentage.

	Probability	
	Approach (i)	Approach (ii)
High	Likely (occurring once or more in 3 years)	Over 50% chance of occurring , ie more likely to occur than not occur
Medium	Possible (occurring once in 4 - 10 years)	Between 0.5% and 50% chance of occurring
Low	Unlikely (occurring once in 10 years or more)	Under 0.5 % chance of occurring

Detailed guidance on the risk management processes to be followed can be found at:

[Risk management guidance - toolkit \(PDF\)](#) and at:
[Guidance for Officers on Risk Assessment in the Decision Making Process](#)

Management of Risk

The framework for managing risk is illustrated diagrammatically:

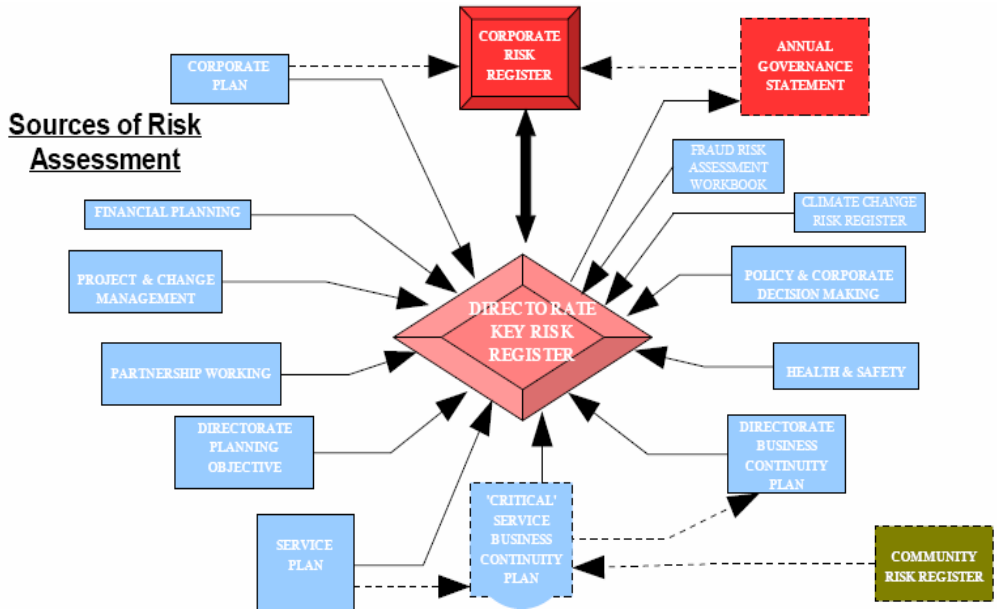


Diagram (i) Summarises the overall process which feeds the review of key Directorate risks.

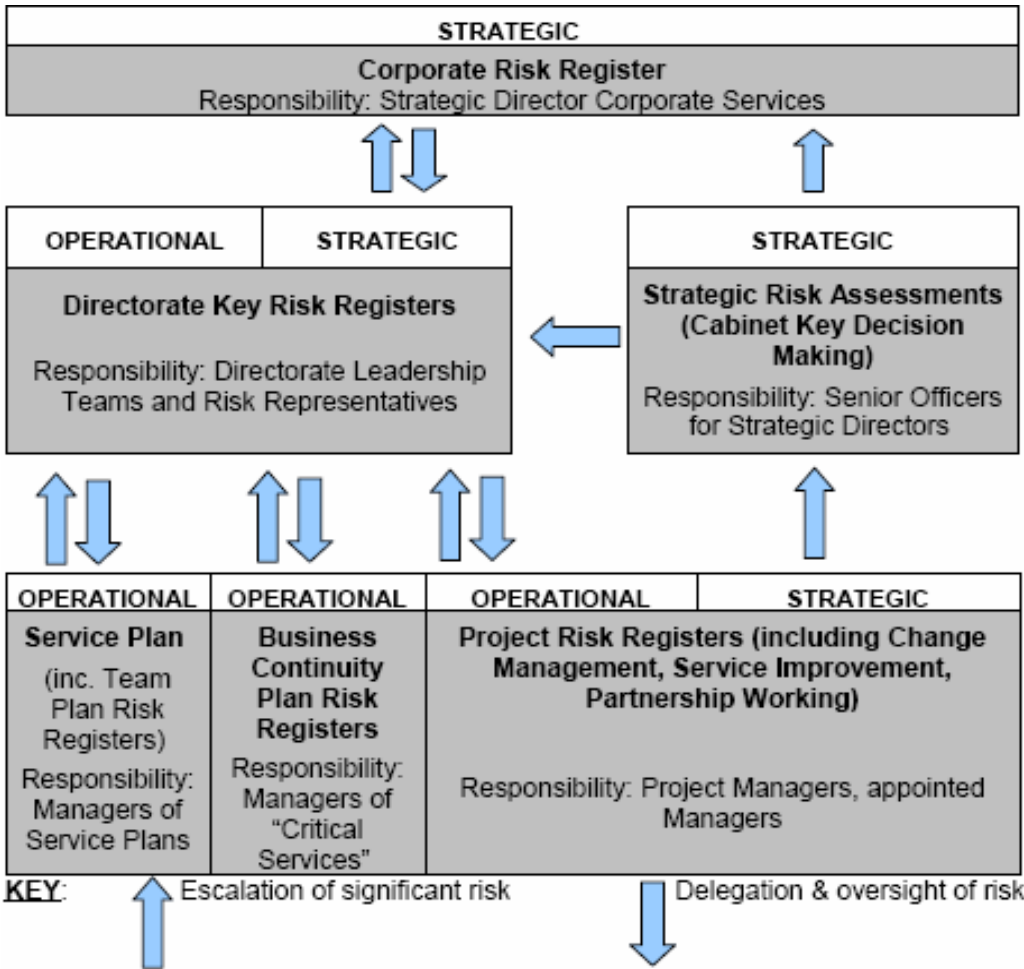


Diagram (ii) Identifies responsibilities for the escalation, and delegation and oversight, of key risks

Monitoring and review arrangements for key risks

The reason for monitoring key strategic (Corporate) and operational (Directorate) risks is to create an early warning system for any movement in risk. Risk Registers are living documents and therefore must be regularly reviewed and amended.

For each Corporate risk included in the Corporate Risk Register (CRR) the identified risk owner will formally review the register entry on a quarterly basis. The CRR is owned by the Strategic Director Corporate Services who will lead a review with the Strategic Leadership Team twice per year, and periodically at Leaders Briefing and at Cabinet Briefing.

For each Directorate Risk Register (DRR) the identified risk owner will review the register entry on a quarterly basis. The DRR will then also be reviewed quarterly by the Directorate Leadership Team, and by the appropriate Executive Member at Executive Briefing. Corporate risks relating to specific Directorates will be actively monitored by Strategic Directors and reviewed at the same time as Directorate risks.

The Audit Committee will receive the CRR biannually for review, and the DRRs annually.

The questions asked during monitoring should be:

1. Is the risk still relevant?
2. Is there any movement in the risk score status?
 - Are the controls still in place and operating effectively
 - Has anything occurred which might change its impact and / or likelihood?
 - Have significant control failures or weaknesses occurred since the last monitoring exercise?
3. If so, does this indicate whether the risk is increasing or decreasing?
 - If the risk is increasing do I need to devise more controls or think of other ways of mitigating the risk?
 - If the risk is decreasing can I relax some existing controls?
4. Are controls / actions built into appropriate documented action plans?
5. Are there any new or emerging risks?
6. Have any of the existing risks ceased to be an issue (and can therefore be deleted)?

Roles & Responsibilities

The roles and responsibilities of individuals and groups in the implementation of the Risk Management Policy are as follows:

MEMBERS	
Group/Individual	Responsibilities
1. Executive Member Risk Champion	As the Member Risk Management Champion : <ul style="list-style-type: none"> • oversee corporate risk register preparation, updating and monitoring • Corporate Risk Management Group invitee • oversee quality assurance of risk management activity.
2. Leader	Signing the Annual Governance Statement as an accurate reflection of internal control, risk management and governance arrangements.
3. Cabinet	Approval of the Risk Management Policy, and consideration of: <ul style="list-style-type: none"> • the Annual Governance Statement (to be signed by Leader/Chief Executive/s151 officer) • risks associated with decisions, arising from reports submitted to them. Periodic review of the Corporate Risk Register.
4. Scrutiny	Monitor and challenge decisions made by the Cabinet where risks have not been appropriately considered in making the decision.
5. Executive Members	Consider the Corporate and Directorate risk registers for their portfolio of responsibility on a quarterly basis.
6. Audit Committee	Provide independent assurance to the Council on the effectiveness of risk management and internal control arrangements by way of an annual report to Cabinet, and scrutiny of : <ul style="list-style-type: none"> • the Annual Governance Statement to ensure it is a correct reflection of the adequacy of internal control, risk management and governance arrangements in place • risk management and internal control arrangements. Receive reports from Internal Audit, External Audit and other inspection bodies to determine the extent to which they indicate weaknesses in internal control, risk management and governance arrangements. Contribute to Risk Management Strategy & Policy development and review.

OFFICERS	
Group/Individual	Responsibilities
7. Strategic Director Corporate Services	As the Officer Risk Management Champion: <ul style="list-style-type: none"> • chair the Corporate Risk Management Group • oversee quality assurance of risk management activity • oversee the preparation, updating and monitoring of the Corporate Risk Register, and lead a periodic review with the Strategic Leadership Team, and at Cabinet Briefing.

OFFICERS	
Group/Individual	Responsibilities
8. Strategic Leadership Team	<p>Overall responsibility to ensure:</p> <ul style="list-style-type: none"> • key risks to achievement of Corporate Plan and Annual Performance Plan are considered during the planning process and reviewed during performance management reviews • plan achievement and performance improvement is monitored, considering whether poor risk management has adversely affected this • Annual Governance Statement duly considered, and it accurately reflects the systems of risk management and internal control. <p>Oversee corporate and cross-cutting risks, which may involve resolving conflicts and competing demands for resources.</p>
9. Chief Executive	<p>Signing the Annual Governance Statement as an accurate reflection of internal control, risk management and governance arrangements.</p>
10. Strategic Director Neighbourhoods & City Development	<p>Overall responsibility for Civil Contingency and Business Continuity Planning, (informed by the Corporate Risk Register, Directorate Risk Registers and in liaison with Civil Protection Unit), and:</p> <ul style="list-style-type: none"> • act as the Business Continuity lead officer • ensure that strategic decisions do not undermine organisational resilience or adversely affect the ability of the Council to respond, and maintain the delivery of critical services, during emergencies and disruptions.
11. Strategic Directors	<p>Overall responsibility to ensure that:</p> <ul style="list-style-type: none"> • effective risk management arrangements exist in their directorate and provide annual assurance regarding these arrangements as part of the Annual Governance Statement Review Process • all staff are aware of strategic, operational, team and personal objectives (via PMDS process) • Directorate Risk Register is maintained up to date is reviewed quarterly by Directorate Leadership Teams, and the Executive Member • risks identified at a Corporate level (as being specific to a particular directorate) are reviewed at the same time as Directorate Risk Registers are reviewed (quarterly) • key decision reports contain a balanced and considered risk assessment • key risks to service plans are identified, owned and managed to maximise achievement of objectives, and contingency planning and business continuity arrangements are appropriately resourced and regularly reviewed • risks are considered for all key operations including Partnership working • key fraud and corruption risks are considered as part of the Directorate Risk Register • actions/plans with residually high risk ie. those outside the City Council's risk tolerance, have the approval of the Strategic Director • directorate training plans reflect risk management issues • officers understand and comply with the requirements of the Risk Management Policy Statement and related guidance • there is an effective. and well understood framework whereby risk

OFFICERS	
Group/Individual	Responsibilities
	assessments can be challenged at all officer and Member levels.
12. Monitoring Officer	Provide assurances regarding overall legal risk management of the Council for the Annual Governance Statement.
13. Service Directors, third and fourth tier/Service Plan(s) managers	<p>Ensure that risks to services are properly managed; that the Risk Management Framework is embedded in their Service areas, and that staff are aware of the underlying risk management principles.</p> <p>Monitor that risk assessment is consistently:</p> <ul style="list-style-type: none"> • included in reports and considered for all key Cabinet and significant Chief Officer decisions • reflected in Service plans • considered in the project management processes for all major projects • considered for all Partnership working in line with guidance provided • included at the start of and during any change management process, <p>and:</p> <ul style="list-style-type: none"> • identify, analyse, prioritise and assign ownership for fraud and corruption risks and service based risks (strategic and operational) including adopting and monitoring appropriate levels of contingency and business continuity planning • take appropriate mitigating action on service based and fraud and corruption risks identified • ensure that staff are aware of strategic, operational, team and personal objectives (via PMDS process) • report to Directorate Leadership Team on the effectiveness of risk management in their service area • monitor implementation of risk mitigation • report risk incidents to the Directorate Risk Champion • report all fraud and corruption incidents to the Chief Internal Auditor.
14. Manager responsible for Service Plan	<p>Ensure that service risks are properly managed, and work with the Directorate Risk Champion to ensure:</p> <ul style="list-style-type: none"> • the Risk Management Framework is embedded with their team • that the risks associated with the Service Plan are owned, and controls/actions identified to mitigate the risks are operating effectively • any significant new risks identified within the Service Plan team are fed through to the line manager, and escalated as appropriate for consideration by the Directorate Leadership Team.
15. Civil Contingency Champions	<p>Work with the Directorate Risk Champion to ensure:</p> <ul style="list-style-type: none"> • service continuity risks affecting a critical service are addressed in a Business Continuity Plan and reflected in the Directorate Business Continuity Plan, if appropriate • service continuity risks affecting a non-critical service are addressed in the appropriate (Service Plan)Team Plan • proactive reporting to Directorate Leadership Team regarding emerging new high risks to business continuity planning.
16. Service Director:	Identify and monitor key revenue budget and capital programme risks.

OFFICERS	
Group/Individual	Responsibilities
Finance	<p>Ensure appropriate external insurance cover, and as s151 Officer :</p> <ul style="list-style-type: none"> • provide assurances regarding overall financial risk management of the Council for the Annual Governance Statement
17. Internal Audit	<p><u>As Risk Managers:</u></p> <ul style="list-style-type: none"> • support the Strategic Director Corporate Services in the roll-out of risk management across the Council, and in the preparation, updating and monitoring of the Corporate Risk Register • provide advice, support and training on risk management as necessary including for appropriate Members • facilitate risk identification and mitigation workshops • report progress with risk management to Members, particularly the Audit Committee and Strategic Directors • help formulate the risk management strategy and arrange for the annual review of the risk management policy.
	<p><u>As Auditors:</u></p> <ul style="list-style-type: none"> • plan audit work to take into account key risks and how effectively they are managed with a view to providing assurances for the Annual Governance Statement and the Corporate Risk Register • notify risk champions about audit findings which may affect risks recorded in a Directorate Risk Register • undertake individual audits of risk management arrangements • assess the risk impact of projects registered with the Portfolio Programme and Project Management Centre of Excellence • undertake periodic review upon the effectiveness of risk management arrangements • undertake proactive fraud prevention and detection work based on an assessment of fraud risk to the Council • report performance and effectiveness of risk management arrangements to Strategic Director Corporate Services and Members to assist in the preparation of the Annual Governance Statement • prepare, on behalf of the Chief Executive, the Annual Governance Statement.
18. Risk Management Group	<p>Monitor the performance and effectiveness of risk management arrangements and submit risk registers to the Audit Committee providing assurance about such arrangements.</p> <p>In addition:</p> <ul style="list-style-type: none"> • monitor progress with risk management implementation by reviewing Directorate and Corporate Risk registers • identify and share best practice on risk management • identify and review cross cutting risk areas where risks of one directorate impacts on the risks of another • assist with the Annual Governance Statement review process.
19. Risk Management Champions	<p>Directorate risk management “Champions” are not responsible for managing risks - Service Directors and third and fourth tier service managers are. The “Champions” role is to:</p> <ul style="list-style-type: none"> • consolidate and progress risk management processes in own

OFFICERS	
Group/Individual	Responsibilities
	<p>directorate</p> <ul style="list-style-type: none"> • work closely with those in their own Directorate who are responsible for Service Planning, Performance Management and Civil Contingencies to integrate all the risk assessment processes to reflect and inform at all the planning levels (Corporate, Directorate , Service Delivery, Business Continuity, Programme and Project Management, Change Management, Partnership Working) • oversee there is due process to ensure appropriate review of associated Service Plan risks • review ongoing Programmes and Projects to ensure that effective risk logs are produced and that risks arising from Projects are systematically assessed for inclusion in the Directorate risk registers • co-ordinate the production of the Directorate Risk Register, and ensure compliance with compilation, format, content and version control standards set out in the Risk Management Toolkit • ensure that the Directorate Risk Register is reviewed and updated at least quarterly by the DLT and ready to be submitted to the Audit Committee at annual intervals. At the same review process by DLT, re-assess and update the Corporate risks which are specifically applicable to the Directorate • ensure the Directorate Risk Register is provided to the Executive Member for quarterly review • provide general advice on Risk Management within the directorate, and facilitate risk management training • attend the Risk Management Group meetings to discuss, explore and develop ideas, proposals, findings, and strategies. Arrange for a deputy if unavoidably prevented from attending • diffuse risk management knowledge through the directorate and the Council • monitor and report risk incidents as they occur.
20. Councillor(s) Support Officers	Monitor inclusion of a risk assessment in all reports to Cabinet requiring a decision to be made.
21. Performance and Improvement Team	Administer, manage and develop as appropriate the corporate (SPAR.net computer based) risk register system and associated risk reporting tools. Promotion of risk management principles and good practice across the Council generally, and particularly in respect of improvement activities to which the Team is actively supporting.
22. Head of Executive Office	Responsible for corporate approach to Service Plan development and for ensuring the due consideration of risk in the planning, monitoring and achievement of service objectives.
23. Civil Protection Unit	Ensure Corporate Continuity Planning takes account of particular risks identified in the Corporate, Directorate and Service Planning Risk Registers concerning internal business risks, as well as the external risks identified in the Community Risk Register. Promote and assist in the adoption of appropriate contingency planning and business continuity arrangements at Corporate, Directorate and Service Delivery level in order to mitigate risks outside the Council's risk tolerance.
24. Corporate	Provide competent technical and advisory assistance to Strategic Directors.

OFFICERS	
Group/Individual	Responsibilities
Safety Team	Managers and staff to promote and maintain effective safety, health and welfare services. Conduct audits of health and safety arrangements including completion of Health and Safety risk assessments.
25. Sustainable City Group	Provide competent technical and advisory assistance to Strategic Directors, Managers and staff in managing environmental risks to ensure that aims, objectives, statutory responsibilities and legal compliance are fulfilled in respect of environmental performance. Additionally : <ul style="list-style-type: none"> • advise on and approve the assessment of the environmental impact of Key Decisions • advise on and approve the assessment of the environmental impact of projects registered with the Portfolio Programme and Project Management Centre of Excellence • advise on and approve the assessment of the environmental impact of commissioning and procurement exercises • maintain and communicate a register of environmental legislation • conduct audits of environmental arrangements including environmental risk assessments • provide advice to service areas to support them to embed adaptation to climate change risks within their work programmes, in line with the Climate Change Risk Register.
26. Bristol Partnership Governance Group	Oversight of the Bristol Partnership joint risk register, and biannual Partnership Governance Group submission of the register to the Strategic Leadership Team.
27. All Staff	Be familiar with the Risk Management policy. Maintain an awareness of risks, and feeding into the formal processes, including alerting management to: <ul style="list-style-type: none"> • risks which are inappropriately managed or the level of current (residual) risk is unacceptably high • incidents or near misses.

Further Guidance & Reference Sources

Internal Sources:

- [Risk management](#) intranet Source pages
- [Risk management toolkit](#)
- [Guidance for Officers on Risk Assessment in the Decision Making Process](#)
- [Guidance for Cabinet Members and Strategic Directors on using Risk Assessments in the Decision Making Process](#)
- [Risk Management Awareness - an induction for new Members](#)
- [Risk management - General Guidance for Members](#)
- [Risk management guidance - documentation](#)
- [Risk management guidance - governance](#)
- [Risk management guidance - projects](#)
- [Risk management guidance - risk and control profiles](#)
- [Risk management guidance - business continuity](#)
- [Guidance for Managers in completion of risk assessment in Service Plans & Team Plans](#)
- [Managing Risk In Partnerships](#)

External Sources:

- BS 31100:2008
BSI British Standards Risk Management – Code of Practice
- [Management of Risk - Principles & Concepts - HM Treasury](#)
- [Risk Management Assessment Framework - HM Treasury](#)
- ["Worth the Risk" Improving Risk Management in Local Government - Audit Commission](#)