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NORTH YORKSHIRE COUNTY COUNCIL

CORPORATE RISK MANAGEMENT
POLICY AND STRATEGY

"Striving for excellence in risk management"

September 2007

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PART A - CORPORATE RISK MANAGEMENT POLICY STATEMENT

1.1   **Introduction**

As a key community leader, the County Council strives to ***provide opportunity, independence and security for all*** and to be open and transparent with the community it serves and work with integrity alongside its partners and citizens. To this end, our seven corporate objectives are:

➔ **Security for all** - by promoting safe, healthy and sustainable communities

➔ **Growing up prepared for the future** - through good education and care and protection when it is needed

➔ **Independence** - through employment, opportunity and appropriate support

➔ **Keeping us on the move** - with good roads and a safe and reliable transport system

➔ **Strengthening our economy** - by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills

➔ **Looking after our heritage and our environment** - in our countryside and our towns and villages

➔ **Keeping in touch** - by listening to your views, and planning to meet your needs and by telling you what we are doing

Risk, uncertainty and change create a challenging dynamic as we strive to meet these objectives. Risks, whether recognised or unforeseen, create a threat to achieving performance targets; this may result, for example, in delays to service delivery or reductions in service quality. Uncertainty and change, when considered thoroughly however, can also give us the opportunity to introduce new, more innovative and effective ways of delivering services and act as the catalyst for developing services with better outcomes and fewer risks for our staff and our local communities.

Risk Management is integral to all aspects of our service delivery as well as the management of all our staff, physical assets and financial resources. As such it is reflected in all Council policies and Service Plans where appropriate.

This Risk Management Policy has been developed jointly by the Management Board, the Leader of the Council and the Executive.

Implementation of this Risk Management Policy and associated management systems contributes to improving our corporate and best value performance.

1.2   **Guiding Principles**

To achieve continuous improvement in our risk management arrangements we have adopted four guiding principles:

Control – Management are responsible for the clear allocation of risk management responsibilities and for monitoring that these responsibilities are implemented

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Co-operation – there is a collective responsibility to co-operate as individuals and as groups to make risk management work for the benefit of the organisation

Communication – communication of risk management information is essential and can always be improved

Competence – developing the risk management competence of Members, all categories of staff, volunteers and contractors is at the heart of successful risk management

These guiding principles are interrelated and interdependent so that consistent activity in each area is needed to promote a climate in which a proactive risk management culture can develop.

1.3   **Corporate Risk Management Policy**

Definition of Risk and Risk Management

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.

Risk Management is the adoption of a planned and systematic approach to the identification, evaluation and economic control of those risks which can threaten the assets or financial and organisational well-being of the County Council.

Policy Aims

To be an organisation that recognises it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision.

To also be aware that some risks can never be eliminated fully but to have in place a Risk Management Strategy that provides a structured, systematic and focused approach to managing risk.

To ensure Risk Management is an integral part of the County Council's corporate governance arrangements and has been built into the management processes as part of the organisation's overall framework to deliver continuous improvement in service delivery.

Policy Objectives

The objectives of this Risk Management Policy are to:

➔   implant risk management into the culture of the County Council

➔   manage risk in accordance with best practice

➔   anticipate and respond to changing social, environmental and legislative requirements

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- ➔ minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources
- ➔ inform policy and operational decisions by identifying risks and their likely impact
- ➔ raise awareness of the need for risk management by all those involved with the delivery of County Council services

These objectives will be achieved by:

- ➔ establishing clear roles, responsibilities and reporting lines for risk management throughout the County Council
- ➔ providing opportunities for shared learning on risk management across the County Council
- ➔ providing risk management training and awareness sessions
- ➔ incorporating risk management considerations into the County Council's management processes (eg business planning, project management, service reviews) and decision making (eg Committee reports)
- ➔ effective communication with, and the active involvement of, staff
- ➔ monitoring arrangements on an on-going basis
- ➔ operating a Corporate Risk Management Group, led by a Corporate Director, that will be proactive in implementing and developing all the above.

Responsibility for Risk Management

The County Council recognises that it is the responsibility of all Members and staff to have regard for risk in carrying out their duties. If uncontrolled, risk can result in a drain on resources that could better be directed to front line service provision, and to the meeting of the County Council objectives and community needs.

The Chief Executive, Corporate Directors, Service Heads and all line managers have the responsibility and accountability for managing the risks within their own work areas. All staff have a duty to work safely, avoid unnecessary waste of resources and contribute to risk management initiatives in their own area of activities. The co-operation and commitment of all staff is required to ensure that County Council resources are not squandered as a result of uncontrolled risk.

This Policy has the full support of the Council which recognises that any reduction in injury, illness, loss or damage ultimately benefits the whole community of North Yorkshire.

PART B - CORPORATE RISK MANAGEMENT STRATEGY

1.0 INTRODUCTION

What is Risk Management?

1.1 **Risk** is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.

1.2 **Risk management** is the adoption of a planned and systematic approach to the identification, evaluation and economic control of those risks which can threaten the assets or financial and organisational well-being of the County Council. It is a means of minimising the costs and disruption to the County Council caused by undesired events. The aim therefore is to reduce the frequency of risk events occurring, wherever possible, and minimise the severity of their consequences if they do occur.

1.3 Risk management covers the whole spectrum of risks and not just those associated with finance, health and safety and insurance. It also includes risks associated with public image (reputation), the environment, technology, breach of confidentiality, data protection etc.

1.4 Risk Management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk-taking is inevitable if the County Council is to achieve its objectives. Risk Management is about making the most of opportunities and about achieving objectives once those decisions are made. By being 'risk aware' the County Council is in a better position to avoid threats and take advantage of opportunities.

1.5 Risk management is an essential component of the governance arrangements in any large organisation. The County Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2003:-

> *"The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."*

The Benefits of Risk Management

1.6 Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the County Council as a whole, for example:-

➔ **improved strategic management**

- greater ability to deliver against objectives and targets
- more informed policy making

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➔ **improved operational management**

- reduction in interruptions to service delivery
- reduction in management time spent dealing with the consequences of a risk event having occurred
- improved health and safety of those employed, and those affected, by the County Council's undertakings.

➔ **improved financial management**

- better informed financial decision-making
- enhanced financial control
- reduction in the financial costs associated with losses due to service interruptions, litigation, etc
- reduce, or maintain constant levels of, insurance premiums

➔ **improved customer service**

- minimal service disruption to customers and a positive external image as a result of all of the above.

2.0 AIMS AND OBJECTIVES

2.1 The aims of risk management are to:-

➔ contribute to attainment of the County Council's vision for the communities it serves

➔ protect service delivery and its quality

➔ protect the reputation and image of the County Council

➔ secure the County Council's assets

➔ secure the funding of the County Council

➔ secure the well-being of staff and users of services

➔ ensure the integrity and resilience of information systems

➔ ensure probity and sound ethical conduct

➔ avoid criminal prosecution or civil litigation

➔ avoid financial loss through fraud or corruption

2.2   The objectives of the County Council's Risk Management Strategy are to:-

➔   implant risk management into the culture of the County Council

➔   manage risk in accordance with best practice

➔   anticipate and respond to changing social, environmental and legislative requirements

➔   minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources

➔   inform policy and operational decisions by identifying risks and their likely impact

➔   raise awareness of the need for risk management by all those involved with the delivery of County Council services.

2.3   These objectives will be achieved by:-

➔   establishing clear roles, responsibilities and reporting lines for risk management throughout the County Council

➔   providing opportunities for shared learning on risk management across the County Council

➔   reinforcing the importance of effective risk management as part of the every day work of staff through training and briefings

➔   incorporating risk management into key corporate activities

➔   monitoring progress in delivering the Strategy and reviewing the risk management arrangements on an on-going basis.

3.0   **ROLES AND RESPONSIBILITIES**

3.1   In determining roles and responsibilities, consideration has been given to the need to ensure that risk management is embedded into both policy approval (Strategic) and service delivery (Operational) procedures.

3.2   The table below outlines the key roles within the County Council's risk management framework:-

Category	Role
Elected Members	To oversee the effective management of risk by County Council officers – approve Corporate Risk Management Policy and Strategy
Chief Executive and Corporate Directors (= Management Board)	To ensure that the County Council manages risk effectively through the development and implementation of a comprehensive Corporate Risk Management Strategy.
Corporate Risk Management Group	To share experience on risk, risk management and implement the Strategy across the County Council

Category	Role
Risk Management Service	To support the County Council and its services in the effective development, implementation and review of the Risk Management Strategy
Service Heads	To ensure that risk is managed effectively in each Service within the agreed corporate Strategy
Managers	To manage risks effectively in their particular service areas
Staff	To manage risk effectively in their job

3.3 The detailed responsibilities associated with the roles in the table above are given at **Appendix 1**.

3.4 The same hazards and risks may face one or more services within the County Council eg asbestos, service continuity. Formal cross-service working will help to identify and manage these overlapping risks and this process will be facilitated through the Corporate Risk Management Group.

3.5 A **Corporate Risk Management Group** has been established to co-ordinate activities between services and comprises:-

- ➜ Corporate Director – Finance and Central Services (Chair)
- ➜ Risk and Insurance Manager (Co-ordinator / Advisor)
- ➜ Head of Health and Safety Risk Management
- ➜ Directorate representatives
- ➜ Lead Officers (at the time) of all ad hoc Working Groups

3.6 The Corporate Risk Management Group will be responsible for:-

- ➜ advising and supporting the Management Board on risk strategies
- ➜ identifying new areas of overlapping risk
- ➜ driving forward new risk management initiatives
- ➜ communicating risk management principles and developing good practice
- ➜ providing and reviewing risk management training
- ➜ regularly reviewing risk register(s) and overseeing the ongoing Risk Prioritisation System (RPS)
- ➜ co-ordinating the information requirements for comprehensive risk reporting and monitoring

3.7 The pivotal role of the Corporate Risk Management Group in co-ordinating the day to day activities within the Risk Management process is demonstrated by the Organisational Pathways diagram attached as **Appendix 2**.

4.0 **ARRANGEMENTS FOR MANAGING RISKS**

4.1 To manage risks effectively, they need to be systematically identified, analysed, controlled and monitored. The 4 stages in the risk management cycle are illustrated in the diagram below:-
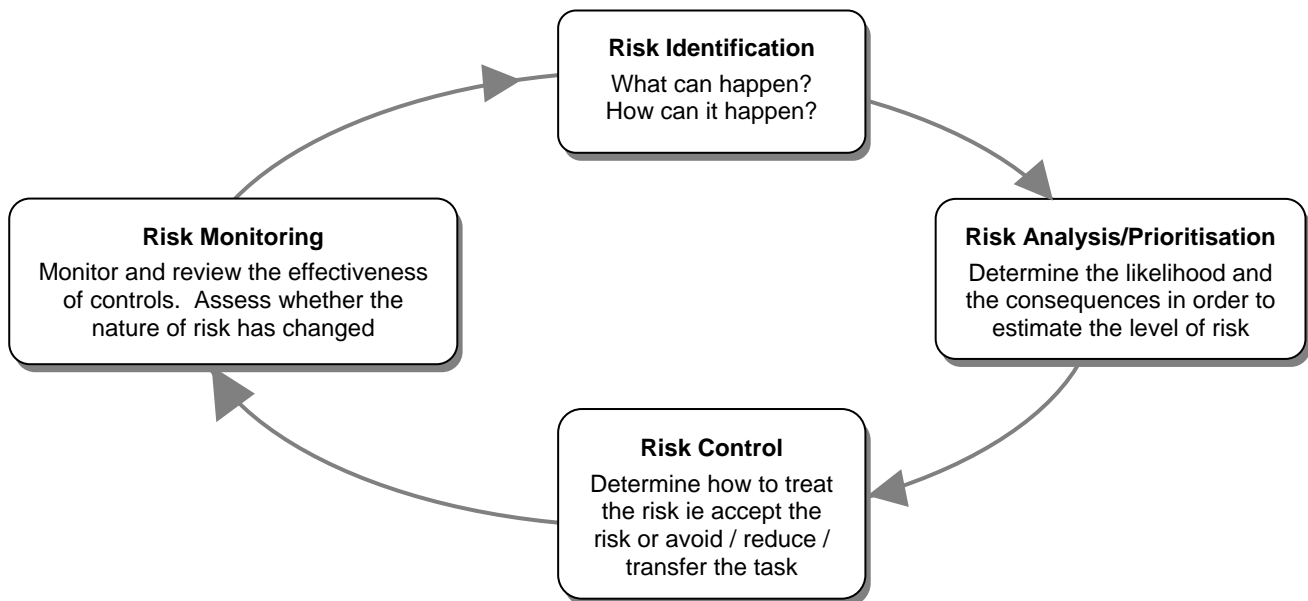
4.2 The risk management methodology to be employed in the County Council is detailed in **Appendix 3**.

4.3 The County Council is aware that within the overall risk management framework detailed in this Strategy (and its accompanying Policy statement) there are specific and well-defined areas of risk (eg Health and Safety, Service Continuity) that merit their own Policy statements and Strategies. These associated Policies/Strategies, whilst addressing the particular issues involved, will adopt the same principles, and be compatible with, the over arching Corporate Risk Management Policy and Strategy.

5. **MONITORING ARRANGEMENTS**

5.1 Monitoring performance within the Risk Management framework is carried out at two levels:

➔ on the process itself

➔ in relation to the risks themselves

Overall Risk Management Process

5.2 Within its Corporate Governance framework, it is the formal policy of the County Council to actively monitor the risk management process. Under the auspices of the Audit Committee, the Corporate Governance Officer Group is actively involved in this process. *(See the Local Code of Corporate Governance for further details).*

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5.3 The Internal Audit Service formally assesses and monitors the effectiveness of the County Council's risk management arrangements and compares the documented approach with actual practice. This work forms part of the annual internal audit of risk management, as required by the Code of Internal Audit Practice 2003 and is reported via the annual Statement on Internal Control.

5.4 Risk Management arrangements are occasionally subject to inspection or review by various external bodies including:

➔ CPA Inspectors

➔ External Auditors, Ofsted or CSCI

➔ Other local authorities, public bodies and private sector organisations via benchmarking forums

5.5 The Audit Committee monitors the implementation of the Risk Management Strategy via six-monthly reports submitted by the Corporate Director – Finance and Central Services.

5.6 The Corporate Director - Finance and Central Services reviews progress on risk management activities during monthly progress meetings with the Risk and Insurance Manager. He also liaises with Internal and External Audit on any risk related matters. The Insurance & Risk Management Section use various mechanisms to ensure the approach to managing risk is relevant and up-to-date, including benchmarking with peer authorities, attending seminars and conferences and review of best practice documentation.

5.7 Six monthly reviews are held with the County Council's insurance and risk management adviser, Marsh UK Ltd.

Corporate Risk Management Group

5.8 The Corporate Risk Management Group (CRMG) also performs an important corporate monitoring role for risk issues, through a planned schedule of progress reports from Directorate Risk Management representatives and Working Group leaders.

5.9 The organisational pathways diagram at **Appendix 2** shows the various linkages that operate to support the CRMG in undertaking this role.

Monitoring of Risk Registers

5.10 Risk Registers (produced by the RPS process described in **Appendix 3)** are monitored and assessed by the following groups in order to ensure all relevant risks are included, risk reductions are being implemented and risks are reducing as anticipated:

➔ for the Corporate Risk Register, the Corporate Risk Management Group, Management Board and Executive

➔ for Directorate and Service Unit Risk Registers the relevant Management Team and Directorate Risk Management Group; the Audit Committee also receives progress reports on each Directorate's Risk Register

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➔ the Insurance & Risk Management Section

➔ Internal Audit Service

➔ Service Continuity Planning Team

➔ Health and Safety Risk Management Unit

➔ Head of Scrutiny and Corporate Performance

Review of Risk Registers

5.11 Within the process for reviewing and updating risk registers (see **paragraphs 3.8 – 3.11 of Appendix 3**):

➔ the Executive Portfolio Holder will review the relevant Directorate Risk Register with the appropriate Corporate Director.

➔ the Executive and the Audit Committee will review the Corporate Risk Register.

The timetable for the review process is shown in the Risk Management Schematic Plan – see **Appendix 7**.

Monitoring the effectiveness of risk controls implemented

5.12 Various methods are used within Directorates and across the County Council to monitor the effectiveness of risk controls in place, including:

- programme of Internal Audit reports
- various external audit work
- performance indicators
- Management Team review at RPS Workshops
- overspend on budgets and projects
- service user and staff feedback
- attendance management records
- insurance claims statistics
- number and nature of complaints
- reduction in significance of risks in Risk Registers
- satisfaction surveys
- incident and accident statistics

Risk audits

5.13 Risk audits are occasionally carried out to monitor compliance with best practice on specific risk issues at either Corporate or Directorate level. These audits may be carried out by internal risk specialists or external parties such as specialist risk consultants or insurers. Results of these audits are normally co-ordinated by the relevant Management Team, Directorate Risk Management Representative and Directorate Risk Management Group. Remedial action necessary is then incorporated as required into the Directorate Risk Register. An equivalent process applies if a corporate level risk is involved with the Corporate Risk Management Group taking the lead.

Statements of Assurance and Statement on Internal Control

5.14 The various processes defined in this Strategy assist the Corporate Director - Finance and Central Services in producing the necessary Assurance Statement and the Statement on Internal Control for the annual Statement of Final Accounts, as required under the Audit & Accounts Regulations 2003.

Improvement Activities (to be reflected in Risk Management Action Plan)

5.15 From time to time external and internal parties may wish to see evidence of the County Council's Risk Management arrangements. These may include the County Council's current insurers, the Health and Safety Executive or Government inspectors as well as Directorates, Schools and partners. For this reason, a website is being developed to detail the risk management structures and processes in place. The Insurance & Risk Management Section plans to make the site available, for reference purposes, by 31 March 2008.

5.16 By the beginning of 2009, the present upgrades and support will no longer be available for the RPS software being used to develop and maintain risk registers. The software supplier has offered an alternative product with enhancements which will potentially provide better outcomes. It will be necessary to decide whether the present data is transferred to the proposed software being offered or whether it will be necessary to procure a new product.

5.17 At the present time risk registers are developed for new initiatives such as the Local Transport Plan and Contact Point (information sharing service for CYPS). This ensures that risk is considered when making decisions and also contributes to partnership governance. It is intended to build on the work being done in this area to improve the support provided for strategic policy decisions.

5.18 Service Continuity Plans are almost developed for all Service Units throughout the County Council. In order to fully comply with the Service Continuity Management Standard BS 25999, all plans will be tested, reviewed and updated accordingly.

6.0 **REPORTING ARRANGEMENTS**

6.1 The formal reporting pathways are shown diagrammatically in **Appendix 8**. The by whom to whom, and content involved, is summarised in the table below:

By Individual/Group	To	Content	Frequency
Leader Chair of Standards Committee Chair of Audit Committee Chief Executive Monitoring Officer Section 151 Officer	Local Community and other interested parties	▪ Corporate Governance Statement of Assurance & Statement on Internal Control	Annually
Management Board	Executive/Audit Committee	▪ Corporate Risk Register	Half-yearly or as required
Corporate Director - Finance and Central Services	Management Board	▪ Corporate Risk Register	Half-yearly
	Audit Committee	▪ Risk Management Action Plan	Half-yearly
Corporate Directors	Management Board	▪ Directorate Risk Registers	At least annually
Risk Management Groups & Representatives	Corporate Director/ Directorate Management Team	▪ Directorate Risk Register ▪ Business Unit Risk Registers	Determined by Directorates but at least half-yearly
	Corporate Risk Management Group	▪ Directorate Risk Registers ▪ Directorate Risk Management activities	Quarterly
Ad Hoc Risk Working Groups	Corporate Risk Management Group	▪ Risk Project Action Plans	Quarterly

7.0 **TRAINING AND COMMUNICATION ARRANGEMENTS TO SUPPORT IMPLEMENTATION OF THE STRATEGY**

Core Activities

7.1 Training in risk management methodology and techniques will be provided to those officers with direct responsibility for / involvement in driving the risk management process by representatives from:-

➔ Insurance and Risk Management Section

➔ Internal Audit Service

➔ Corporate Risk Management Group

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7.2   Training in the risk management methodology will also be provided to the Executive, Audit Committee, Corporate Directors, Service Heads and Managers.

7.3   Risk awareness sessions will be provided for staff.

Annual Risk Management Conference

7.4   Since 1998, the County Council has held an Annual Risk Management Conference in November each year. This will continue as part of this Strategy.

7.5   The Conference provides the opportunity to invite guest speakers on topical risk issues to speak directly to staff at various levels within the County Council.

7.6   The County's insurers, risk advisers and solicitors generously sponsor the event each year and provide guest speakers, refreshments, paperwork and risk checklists etc.

Annual Risk Management Awards

7.7   As part of the Conference preparations each year, Directorates are invited to submit entries to the County Risk Management Award Competition. This scheme allows the County Council to recognise the efforts made by individuals in helping to achieve risk management goals and any resulting improvements in service delivery.

7.8   The Awards provide those involved in risk management processes, with the opportunity of promoting the work they have been doing and demonstrate the improvements that have resulted.

7.9   Entries are judged by the Corporate Director - Finance and Central Services, the Risk and Insurance Manager and representatives of the County Council's insurers and advisers.

7.10   Winners are presented with their awards by the Chairman or the Leader of the Council at the November Conference, and have the opportunity to attend the annual ALARM conference or a work related conference of their choice.

7.11   **Other promotional techniques**

- internal seminars on specific risk projects

- promotion of external seminars, eg Better Governance Forum seminars

- articles on topical risk issues are included within County Council Staff newsletters

Intranet Site

7.12   The Insurance and Risk Management Section will create an intranet site dedicated to risk, insurance and claims issues which will include and have links to other relevant intranet sites, for example Health and Safety Risk. This will be accessible to all staff by March 2008.

8.0   **RISK FINANCING**

Use of Directorate Budgets

8.1   The costs of risk reduction measures will usually fall against Directorate / Service budgets although in exceptional cases (based on an approved business case) funds may be made available from corporate revenue and/or capital resources.

8.2   The costs of claims are dealt with under insurance arrangements (see below).

Insurance Arrangements

8.3   The current policy of the County Council is to maintain a Self Insurance Fund for certain classes of insurance to pay for claims within the excess/deductible negotiated with the external insurer. At the present time, the following risks are funded on this basis:

➔   Public and Employers Liability
➔   Motor
➔   Fire and Related Perils

8.4   The self-funds are replenished via the insurance premium recharge arrangements which recover from Directorate budgets the combined cost of external premiums and the required self-fund contributions. These arrangements are managed by the Insurance and Risk Management Section (which is part of the Risk Management Service within Finance and Central Services).

8.5   As well as administering the Self Funds on a daily basis, the Insurance & Risk Management Section will continue to monitor and assess:

➔   how losses can be cost effectively funded

➔   the ongoing adequacy of the Self Funds in relation to expected claims

➔   possible risk pooling arrangements

➔   the possible transfer of risk through contract conditions (by working with Legal Services)

8.6   During the annual insurance renewal process, the Insurance & Risk Management Section works alongside the County Council's insurance adviser, Marsh UK Ltd, to assess the most cost effective balance between self insurance and external insurance cover.

8.7   An actuarial review of the Self Fund is carried out every 3 years by the County Council's Insurance and Risk Management consultants.

8.8   All of the current external insurers take a great interest in the County Council's risk management activities and contribute to the process via consultancy days and Directorate specific advice, reviews and training sessions.

9.0   **REVIEW OF RISK MANAGEMENT STRATEGY**

9.1   In recognition of the dynamic nature of risk management, this Strategy will be reviewed biennially to ensure its continuing relevance to prevailing County Council structures and services.

10.0   **CONCLUSION**

10.1   Risk management is critical to the effective overall management of the County Council.

10.2   In addition to offering cost savings, risk management can reduce service disruption and enhance the experience of stakeholders dealing with the County Council. It will also help minimise the exposure of the County Council to negative publicity and costly litigation. Risk Management can also be used to help encourage innovation, on the basis that potential risks are reduced to acceptable levels.

10.3   Many of the skills and resources needed to manage risk effectively already exist in the County Council. This Strategy offers a structured approach to risk management that can harness these skills and resources to the overall benefit of the County Council and the community it serves.

ROLES AND RESPONSIBILITIES

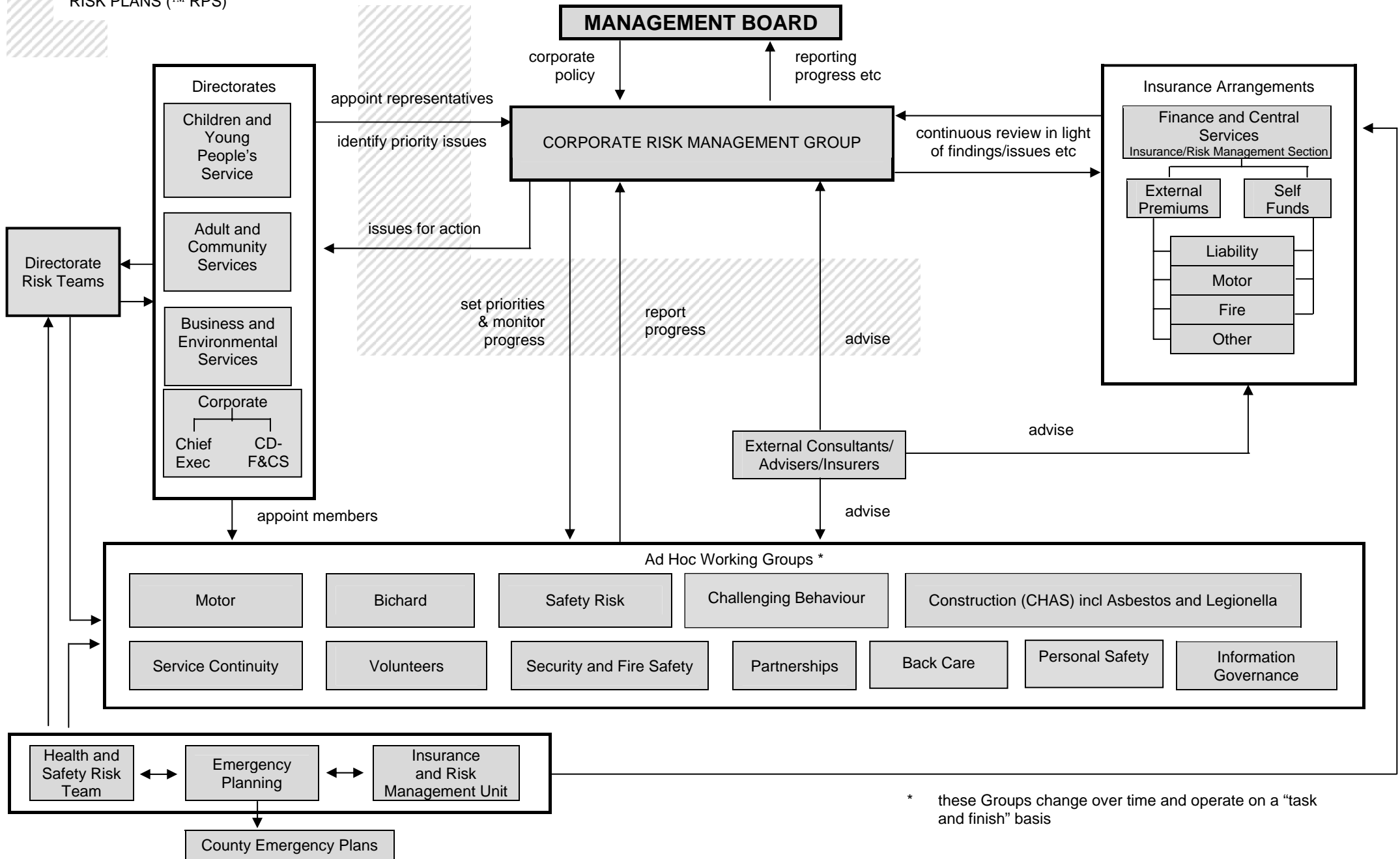| Role	Group / Individual	Responsibilities
To oversee the effective management of risk throughout the County Council by ➔ gaining an understanding of Risk Management and its benefits ➔ requiring officers to develop and implement an all encompassing approach to Risk Management	County Council	■ to formally approve the Corporate Risk Management Policy and Strategy (CRMS)
	Executive	■ to ensure on behalf of the County Council that the CRMS is implemented and its aims/objectives achieved
	Audit Committee	■ to review the overall arrangements for risk management as part of the overall Corporate Governance framework ■ to monitor the delivery of the CRMS and associated Action Plan ■ to hold the Corporate Directors (and Directorate Management Teams) accountable for the effective management of risk within their Directorates.
To ensure that the County Council manages risks effectively through the development of an all encompassing Corporate Policy / Strategy with attendant risk registers and Action Plans.	Chief Executive	■ to set out and review the corporate risk priorities of the County Council. ■ to sign the Corporate Governance Statement on Internal Control
	Management Board	■ to ensure that the County Council manages risk effectively through the promotion, development and implementation of a comprehensive CRMS and to monitor delivery by considering regular reports from Corporate Directors. ■ to determine the risk priorities facing the County Council as a whole and ensure each priority risk area is adequately addressed and monitored.

Role	Group / Individual	Responsibilities
	Corporate Director – Finance and Central Services (Section 151 Officer)	■ to co-ordinate and manage the risk management process within the County Council on behalf of the Management Board ■ to prepare the annual statements related to Corporate Governance matters as required by the regulations at the time ■ to chair the Corporate RMG
	Corporate Directors	■ to ensure that risk is managed effectively in their Directorate / service area in accordance with the agreed Risk Register(s) ■ to report to the Management Board on risk issues on a regular basis ■ to ensure that emerging risks identified by existing management processes, inspectors or by Internal / External Audit are fed into the appropriate Risk Register for action.
To ensure that risk is managed effectively in each service area within the agreed Corporate Policy / Strategy and with regard to associated risk registers and Action Plans.	Head of Scrutiny & Corporate Performance	■ to provide Service Performance Planning guidance on the inclusion of appropriate Risk Register information ■ to ensure that risk issues are considered by Scrutiny Committees in accordance with the requirements of the CRMS
	Risk Management Service (ie Insurance and Risk Management, Health & Safety Risk, Emergency Planning)	■ to support all Directorates in the effective development, implementation and review of the CRMS and to share experiences on RM across the County Council. ■ to facilitate and support the RPS process ■ to plan and oversee the County's risk financing and insurance arrangements, including claims handling ■ to implement the requirements of the Civil Contingencies Act

Role	Group / Individual	Responsibilities
		■ to actively promote RM best practice across the County Council
	Corporate Risk Management Group	■ as per paragraph 3.6 of RMS
	Directorate Risk Management Groups	■ to act as the channel for risk management information within their Directorate ■ to monitor progress on actions defined in Directorate and Business Unit risk registers ■ to update the Corporate RMG as required on Directorate risk priorities ■ to ensure that identified weaknesses from Internal and External Audit reports are fed into the RPS process
	Service Heads	■ to feed into the development of the RMS from a service specific perspective ■ to promote risk management and ensure that the RMS is implemented effectively within their service(s) ■ to liaise as appropriate with external agencies in identifying and managing risk ■ to disseminate the detail of the RMS and allocate responsibilities for implementation to line managers and staff ■ to establish the training requirements of line managers and staff with regard to RMS implementation ■ to ensure that an operational risk register is maintained up-to-date for their service areas ■ to work with the Insurance and Risk Officer in assessing insurance requirements for services.

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Role	Group / Individual	Responsibilities
		■ to manage risk effectively and proactively in their particular service areas and to report on significant risks to the Directorate Management Team ■ to ensure that Service Performance Plans include information from relevant Risk Registers.
	Managers	■ to implement the detail of the RMS ■ to recommend the necessary training for staff on risk management ■ to share relevant information with colleagues in other service areas
To manage risk effectively in their job.	All Staff	■ to liaise with their line manager to assess areas of risk in their job ■ to identify new or changing risks in their job and feed these back to their line manager ■ to undertake their job within the risk management guidelines set down for them by their manager ■ to ensure that the skills and knowledge passed to them are used effectively
To provide assurance that the Corporate Risk Management Policy / Strategy is being implemented effectively in all areas of the County Council	Internal Audit Service	■ to annually review the effectiveness of the County Council's RM arrangements ■ to review the effectiveness of agreed risk controls within Directorates ■ to ensure that identified weaknesses from internal audits are fed into Risk Registers ■ to ensure risk priorities influence the Council's Audit Plan as necessary.

Role	Group / Individual	Responsibilities
	External Audit	■ to review the effectiveness of the County Council's RM arrangements
		■ to inform the County Council of future developments relating to risk management
		■ to confirm that identified weaknesses from External Audit work are fed into the RPS process

RISK MANAGEMENT GROUP STRUCTURE

Revised at 24 September 2007

MANAGEMENT BOARD

corporate policy

reporting progress etc

Directorates

Children and Young People's Service

Adult and Community Services

Business and Environmental Services

Corporate

Chief Exec — CD-F&CS

appoint representatives

identify priority issues

issues for action

CORPORATE RISK MANAGEMENT GROUP

continuous review in light of findings/issues etc

Insurance Arrangements

Finance and Central Services
Insurance/Risk Management Section

External Premiums — Self Funds

Liability

Motor

Fire

Other

Directorate Risk Teams

set priorities & monitor progress

report progress

advise

External Consultants/ Advisers/Insurers

advise

advise

appoint members

advise

Ad Hoc Working Groups *

| Motor | Bichard | Safety Risk | Challenging Behaviour | Construction (CHAS) incl Asbestos and Legionella |

| Service Continuity | Volunteers | Security and Fire Safety | Partnerships | Back Care | Personal Safety | Information Governance |

Health and Safety Risk Team ↔ Emergency Planning ↔ Insurance and Risk Management Unit
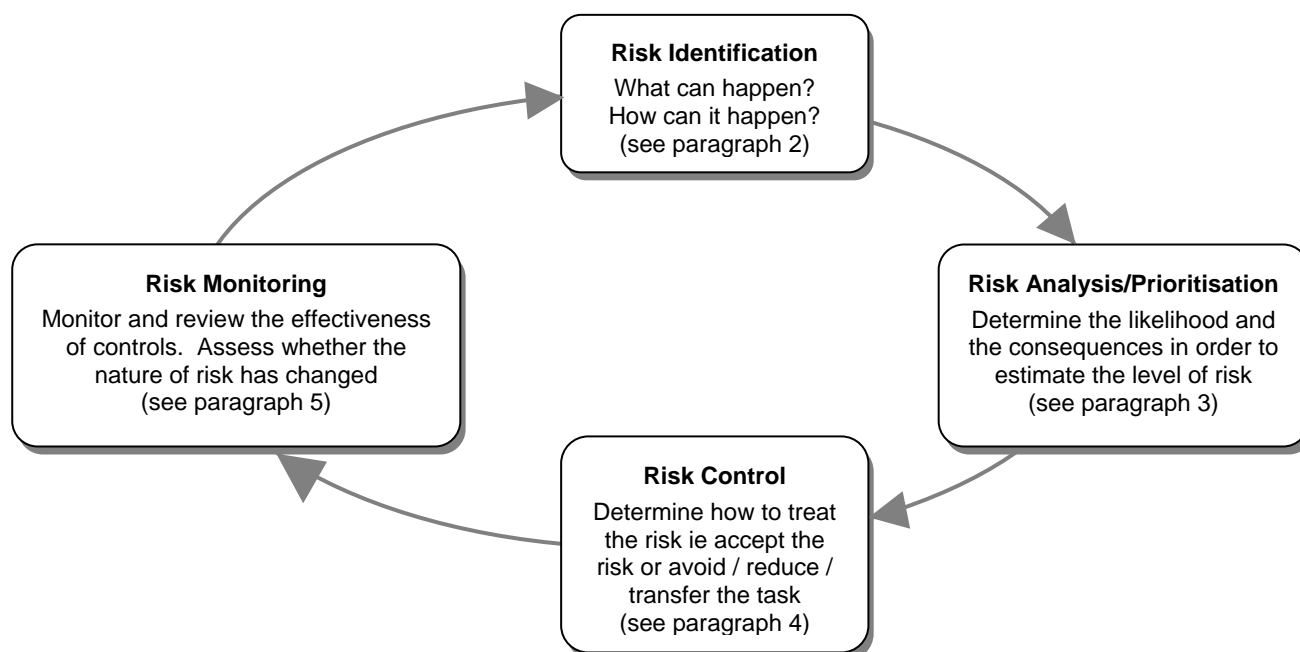
County Emergency Plans

* these Groups change over time and operate on a "task and finish" basis

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RISK MANAGEMENT METHODOLOGY

1.0 **INTRODUCTION**

1.1 There are 4 key stages in the risk management cycle, as illustrated in the diagram below:

It is important to recognise that the 4 stages of risk management are part of a cycle. Risk management is dynamic and so the identification phase needs to be carried out continuously.

1.2 Across the County Council, use is made of a **Risk Prioritisation System (RPS)**, which is a web enabled risk management information system designed to manage the information produced during the Risk Management process. This software produces reports on the assessed risks at various managerial levels within the County Council.

1.3 As this software is web enabled, it is possible for other functions within the County Council, as well as Directorates to use the system. In particular the Internal Audit, Health and Safety and the Service Continuity teams can scan risk registers in order to highlight risks for further investigation and support from their particular perspectives.

Access is however controlled by the Insurance and Risk Management Service to ensure it is for appropriate purposes.

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1.4   The RPS process that produces **Risk Registers** contains the above ingredients applied as follows:

```
                          ┌─────────────────────┐
                          │  Service objectives │
                          └─────────────────────┘
   ┌──────────────────┐                              ┌─────────────────────────┐
   │   Monitor and    │         ┌───────────┐        │  Agree "risk appetite" or│
   │ review reduction │         │   RISK    │        │    "pain thresholds"     │
   │    in risk       │         │ REGISTER  │        │  (known as RCT or "sieve")│
   └──────────────────┘         │   (RPS)   │        └─────────────────────────┘
                                └───────────┘
   ┌──────────────────┐                              ┌─────────────────────────┐
   │ Implement Risk   │                              │      Identify           │
   │   Reductions     │                              │    current risks        │
   └──────────────────┘                              └─────────────────────────┘
                                ┌───────────┐
                                │    RPS    │
                                └───────────┘
   ┌──────────────────┬──────────────────────┐
   │ Identify further │  Assess probability  │
   │ controls required│     and impacts      │
   │ (Risk Reduction  │                      │
   │    Actions)      │                      │
   └──────────────────┴──────────────────────┘
```
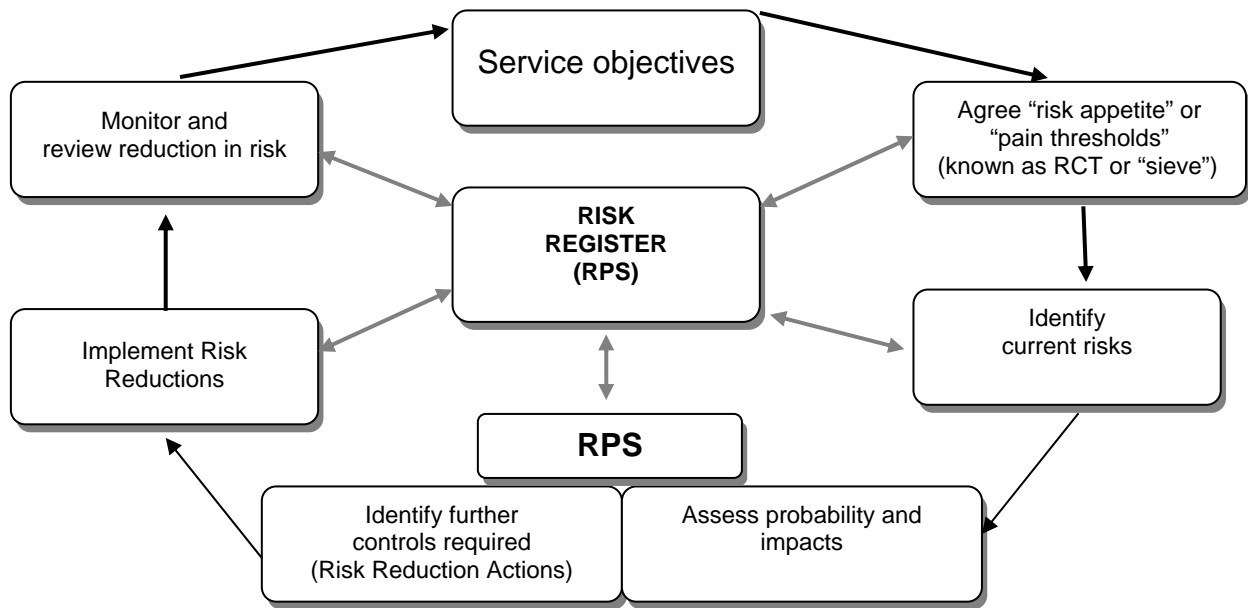
1.5   Risk registers are produced at predefined levels within the County Council viz:

➔ Corporate
➔ Directorate
➔ Service Unit / Service level

In addition the RPS methodology can be applied to individual projects, eg a major procurement or change management project.

1.6   A diagrammatic representation of the key pathways for the above process and their links with related activities such as Risk Management Groups and Service Continuity Management is shown in **Appendix 4**.

1.7   The production of Risk Registers via the RPS process involves:

➔ clarification of Corporate/Directorate/Service Unit objectives

➔ formal identification of risks which could threaten the identified service objectives, including input from Internal Audit

➔ identification of the "risk appetite" for the Service Unit, essential for evaluating how risks might impact on the declared objectives

➔ workshops to prioritise risks and agree the remedial actions required to reduce risks ranked as significant (i.e. risk reduction actions)

➔ provision of Risk Register reports to Management Teams, summarising key risks and how they are to be addressed

➔ incorporation of key risks into Service Performance Plan

➔ risk registers are also fed into Internal Audit process to influence the preparation of the Annual Audit Plan.

1.8 The County Council's annual Service Performance Planning cycle establishes the timescale for the major revision of Risk Registers across all Directorates (i.e. from October to August). During this period, RPS workshops will be held with all Directorate Management Teams.

1.9 As risk reduction actions are implemented throughout the year Service Unit based "RPS Administrators", using the web enabled RPS software, update each Risk Register. Such updates are made at least half yearly in order that changes to the overall risk profile can be tracked and assessed.

2.0 RISK IDENTIFICATION

2.1 The first step in the process is to analyse the various elements of the business / service and identify the risks that can affect the achievement of the objectives for that service.

Categories of Risk

2.2 **Appendix 5** contains details of possible risks categorised for convenience into Strategic and Operational.

2.3 The categories of risk in **Appendix 5** are neither prescriptive nor exhaustive. However, they should be used to provide a framework for identifying the risks facing the County Council and each of its services.

2.4 Managing **Strategic Risk** is a core responsibility for senior managers – strategic risk assessments should be undertaken as part of the corporate planning processes (eg annual Budget process). **Operational risk** assessments will be a key element of the service planning process.

Techniques

2.5 It is recognised that many risks are identified within Directorates through the well established use of ongoing risk identification techniques including:

➔ *Risk Management Group discussions*
➔ *Internal Audit work*
➔ *SWOT analyses*
➔ *brainstorming/workshops*
➔ *formal risk self assessment sheets*
➔ *checklists*
➔ *regular review of previous incidents, claims and other non-conformances*
➔ *hazard reporting*

2.6 Preparation of Risk Lists by Management Teams for prioritisation within RPS Workshops includes input from Internal Audit and encourages participating officers to broaden their common understanding of risk to include less "traditional" risks such as:

➜ risks affecting the achievement of key objectives and targets
➜ key dependencies within service delivery processes
➜ pressure points within budgetary and financial management processes
➜ risks from new ways of working (eg arising from the transformation agenda)
➜ changing internal and external work environment

2.7 Networking outside the County Council through groups such as ALARM[1] and, more locally, CARM[2] assists in identifying potential risks to each Directorate by raising awareness of risks affecting other local authorities.

2.8 Risks prioritised as key "Service Continuity" risks within the RPS process or with service continuity implications are directed to the Service Continuity Team for further consideration and inclusion within the wider statutory context of the Civil Contingencies Act.

3.0 **RISK ANALYSIS / PRIORITISATION**

3.1 Once risks have been identified they need to be assessed systematically and accurately.

3.2 The RPS process allows risk analysis/prioritisation to consider:

➜ probability of the risk occurring
➜ impact of the risk occurring
➜ existing risk controls
➜ cost effectiveness of proposed controls

3.3 The RPS process uses specific **Risk Classification Tables** (RCTs) to determine the relevant "risk appetite" or "pain threshold" at each organisational level. These RCTs act like a "sieve" within the RPS system to help prioritise those risks which may exceed the defined risk appetite or pain threshold.

3.4 The **'impact of risk'** criteria used in the RCTs reflect Directorate/Service Unit objectives and use existing performance measurements where possible. Impact of risk is currently assessed in terms of:

➜ financial impact – *reflecting current budgets*
➜ delays in service delivery – *reflecting current service plans*
➜ loss of image or reputation – *reflecting key image issues*
➜ failure to meet key objectives and standards – *reflecting current service plans*

3.5 Further detail on the preparation of RCTs is provided in **Appendix 6.**

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[1] ALARM – the national forum for Public Sector Risk Management
[2] CARM – Cleveland Association of [Local Government] Risk Managers

This multi-dimensional approach of using four impact areas within the RCT provides an objective and robust overview of the true potential impact of a risk, which can then be evaluated against the probability of the risk occurring to automatically generate a list of significant risks for each Directorate/Business Unit.

3.6   The RPS process operates on an annual cycle, as shown in the RPS section of the RMS Schematic Plan (**Appendix 7),** to ensure that Directorates and Service Units include their own key risks and agreed risk reduction actions within Service Performance Plans.

3.7   Corporate risks are identified by Management Board and prioritised by the Chief Executive, to produce the Corporate Risk Register. This identifies the principal risks across the County Council as a whole essentially top slicing any Directorate risks considered significant enough to impact on the corporate objectives, as well as other "corporate" risks highlighted by the Executive, Chief Executive, and/or Management Board.

Ongoing Risk Identification and Prioritisation – Updating Risk Registers

3.8   Risk Registers will continue to be reviewed and updated throughout the year by each Director/Service Unit Head in consultation, as necessary, with their

➔   Directorate/Service Unit Management Team
➔   Directorate Risk Management Group

3.9   The locally based RPS administrators have been trained to record the completion of risk reduction actions on at least a *quarterly* basis.

3.10   The Insurance & Risk Management Section record the effect of completed risk reduction actions on the risk priorities at least *every 6 months*.

3.11   The key update of Risk Registers will continue to occur *annually* within the service planning timetable, as shown in the RMS Schematic Plan. The half day RPS workshop with a Management Team acts as service planning tool and ensures that risk reduction actions are included as appropriate within the relevant Service Performance Plans.

Improvement Issues (to be reflected in Risk Management Action Plan)

3.12   In order to build on the work that has already taken place relating to **partnership working**, the recently developed Governance guidelines will be rolled out across the County Council. These guidelines have been developed to assist those officers involved in such multi-organisation arrangements, particularly in relation to defining and then managing the risks involved for the County Council. This work is co-ordinated by the Partnerships Working Group.

3.13   The risks involved in key policy decisions and new and/or **emerging service delivery** are evaluated on an ad hoc basis at the present time. It is intended that this will be addressed by defining a pro forma risk assessment template that will be a mandatory component of any report submitted to Members for approval of the policy etc.

3.14 The **Service Continuity** Planning Team will continue to liaise with Directorates to explore key dependencies and service continuity issues, building the appropriate Service Continuity Plans in conjunction with relevant Management Teams. This will assist the County Council in complying with the Civil Contingencies Act and BS25999.

3.15 The establishment of the Corporate Property Landlord Unit provides an opportunity to bring together all the risk issues relating to use, repair and improvement of properties used by the County Council. Issues such as Asbestos and Legionella readily attract media attention but there are many other areas of risks (with high probability) that need to be addressed in a systematic way.

3.16 Finally, the Insurance & Risk Management Section aims to develop closer working relationships with the Health and Safety and Emergency Planning Teams to ensure all methods of assessing risk are aligned and that generic issues are addressed on a "joined up" basis.

4.0 **RISK CONTROL**

4.1 Having identified and analysed / prioritised the risks, it is necessary to decide what to do and who will do it. Priority will be given to the highest risks, ie those:-

➔ that most threaten key areas of service provision; and/or
➔ where the existing controls are weakest

4.2 In some instances (ie for low-scoring risks) it may be acceptable to do nothing and "accept" the risk. However, the situation will need to be monitored to ensure that such risks do not run out of control.

4.3 Where it is not deemed appropriate to accept the risk, the risk will need to be controlled. Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. There are 3 main options for controlling risk, avoidance, reduction and risk transfer.

Risk avoidance involves the County Council opting not to undertake a current or proposed activity because it is considered to be too risky

Risk reduction is dependant on implementing projects or procedures which will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur

Risk transfer involves transferring liability for the consequences of an event to another body. This may be done in two ways:-

➔ legal liability may be transferred to an alternative provider under contractual arrangements for service delivery; or

➔ the costs associated with a damaging event may be reduced by transferring some or all of the financial risk to external insurance companies.

4.4 Most risks can be managed – either by minimising the likelihood of the risk occurring and / or reducing the severity of the consequences should the risk occur. Relatively few risks have to be avoided or transferred.

4.5 Managers must judge which courses of control action are the most appropriate to address each of the risks they have identified, taking advice from the Risk Management Service and other central support services (eg Legal) where appropriate.

4.6 The cost / benefit of each risk control action must be assessed. The benefits will not always be solely financial. Managers need to use their own professional knowledge and experience to judge whether the financial cost of risk control is justified in terms of non-financial benefit to the County Council. On occasions, managers may conclude that the cost of the control action may outweigh the benefits which will accrue as a result of the action being taken. In such instances, all or an element of the risk is retained. However, no statute should be breached when making this decision.

4.7 An "action plan" must be produced for each risk which identifies the control actions, officer responsible and timescales.

Deciding on Risk Controls

4.8 Risks are usually investigated, evaluated and managed internally by Directorate and/or Service Unit Management Teams. This work is recorded within the Directorate's Risk Register(s) and may be co-ordinated via the Directorate Risk Management Group (DRMG).

4.9 In comparing alternative options to reduce risk, Directorates and Working Groups are encouraged to consider the following issues:

- ➔ statutory and external guidance
- ➔ staffing implications
- ➔ policy and procedural implications
- ➔ ease of implementation
- ➔ extent of risk reduction/elimination possible
- ➔ equipment implications
- ➔ financial implications
- ➔ timescales for implementation
- ➔ processes for reviewing the effectiveness of any risk controls

4.10 Agreed risk reduction actions (RRAs) are included within the service planning framework as necessary to ensure that all resource implications are identified and scheduled.

4.11 Progress in addressing significant risks is recorded on the RPS system and monitored via Directorate Risk Registers, in consultation with the appropriate Directorate and Service Unit Management teams.

Risks affecting more than one Directorate

4.12 To ensure a risk affecting more than one Directorate is addressed in a co-ordinated way and organised into manageable portions, such risks will continue to be highlighted by:

➔ the work of the Insurance & Risk Management Section in overseeing all Risk Registers and other risk management activities

➔ the Corporate Risk Management Group

➔ discussions at Management Board and Executive

4.14 The Corporate Risk Management Group will continue to create task and finish Working Groups to consider universal and corporate risks, as follows:

➔ representatives from the affected Directorates work together to investigate how the particular risk presents itself within each Directorate and explore possible methods of eliminating or reducing the risk exposure

➔ appropriate joint procedures and actions are prepared and implemented in consultation with relevant individuals and specialists within the County Council

➔ progress in addressing significant risk areas will be recorded on the RPS system and monitored via Directorate and Service Unit Risk Registers, in consultation with the appropriate Corporate Director / Service Head

4.14 Experience has demonstrated that the exchange of ideas, knowledge and documentation between Directorates and Service Units, via the Working Group arrangements, has stimulated significant progress in certain risk areas. A diagram showing the organisational pathways for this process is included at **Appendix 2**.

Controls review by Internal Audit Service

4.15 The Internal Audit Plan focuses the work of the Internal Audit Service in reviewing the key controls in place across the County Council, including those to manage key risks. It is prepared annually following consultation with Service Directorates. To assist in its preparation, an Audit Needs Assessment is undertaken by the Chief Internal Auditor on an annual basis and a 5 year coverage survey of all the audit areas to be covered is maintained.

4.16 To fulfil the County Council's responsibilities in relation to the Audit & Accounts Regulations 2003, Internal Audit are involved in monitoring the effectiveness of controls relating to the significant risks facing the County Council. In the main, these significant risks are held on the Corporate Risk Register but may also be recorded in Risk Registers at Directorate and Service Unit level.

5.0 **RISK MONITORING**

5.1 To complete the risk management cycle at individual risk level, there must be monitoring and review of:

> ➔ the implementation of the agreed risk control action plan
> ➔ the effectiveness of the action in controlling the risk; and
> ➔ how the risk has changed over time

5.2 Managers must monitor the implementation of the risk control action plan to ensure that responsibilities, deadlines and costs do not slip.

5.3 Risks will also be monitored corporately and the arrangements for this are detailed in **Section 5** of the Risk Management Strategy.

KEY PATHWAYS FOR THE RISK PRIORITISATION SYSTEM

COMM/Aud/0927riskman_AppA
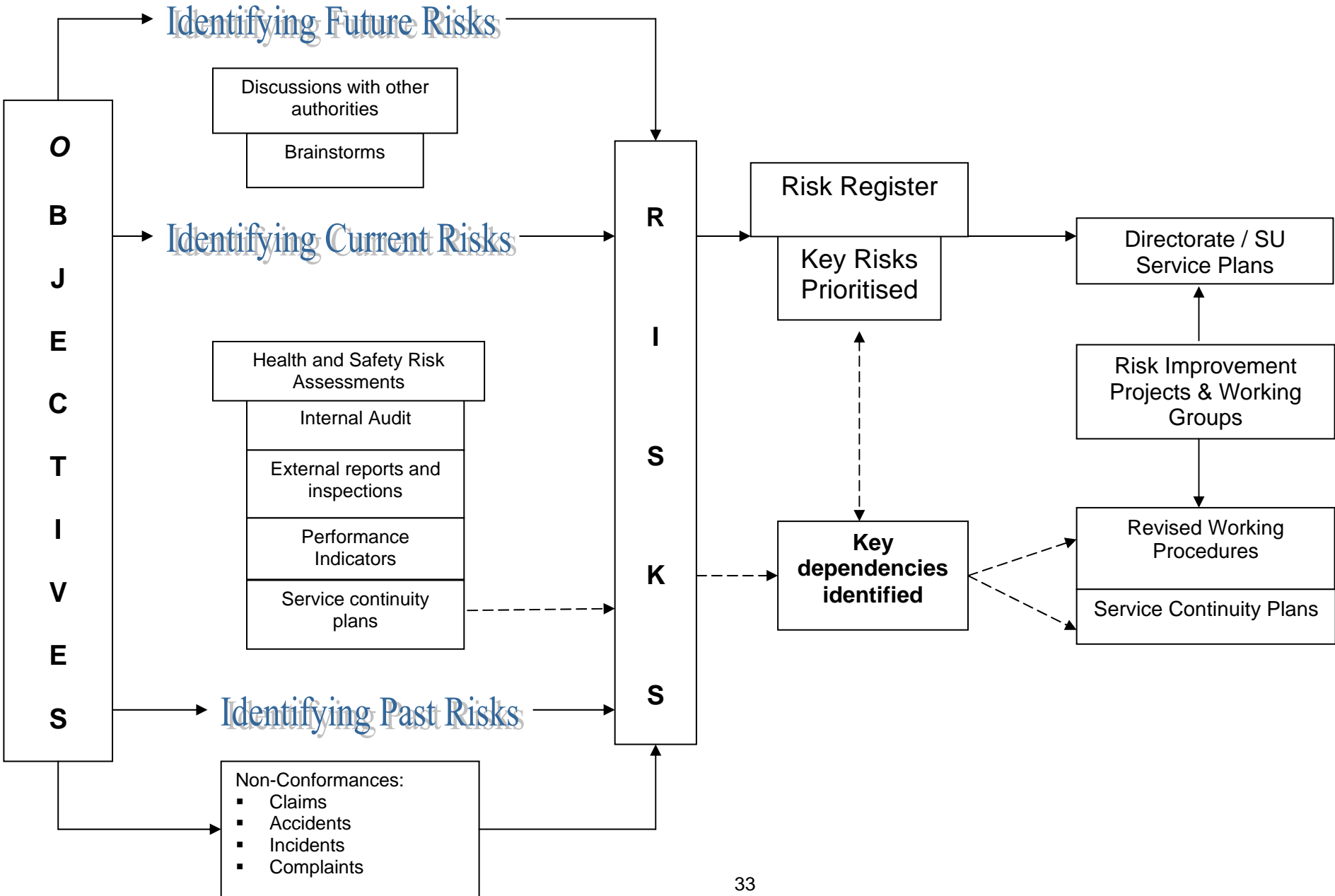
CATEGORIES OF RISK TO ASSIST RISK IDENTIFICATION

The risk categories given below are examples and are neither prescriptive nor exhaustive. They provide a framework for identifying and categorising a broad range of risks. The categories may overlap and cannot be considered in isolation.

STRATEGIC RISKS
Those risks that may be potentially damaging to the achievement of the County Council's objectives.

Political
Associated with failure to deliver either local or central government policy, or to meet the Executive's commitments. Examples:-

- wrong strategic priorities
- not meeting Government agenda
- decisions based on incomplete or faulty information
- too slow to innovate / modernise
- unfulfilled promises to electorate
- community planning oversights / errors

Economic
Affecting the ability of the County Council to meet its financial commitments. These include internal budgetary pressures, inadequate insurance cover, external macro level economic changes (eg interest rates, inflation etc) or the consequences of proposed investment decisions. Examples:-

- national / regional economic problems
- high cost of capital
- treasury management risk
- missed business and service opportunities

Social
Relating to the effects of changes in demographic, residential or socio-economic trends on the County Council's ability to delivery its objectives. Examples:-

- failing to meet the needs of disadvantaged communities
- impact of demographic change
- failures in partnership working
- problems in delivering life-long learning
- crime and disorder

Technological
Associated with the capacity of the County Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the County Council's ability to deliver its objectives. Examples:-

- obsolescence of technology
- hacking or corruption of data
- breach of confidentiality
- failure of communications network

Legislative
Associated with current or potential changes in National or European law. Examples:-

■ inadequate response to new legislation	■ Judicial review
■ intervention by regulatory bodies and inspectorates	■ Human Rights Act breaches

Environmental
Relating to the environmental consequences of progressing the County Council's strategic objectives (eg in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions etc). Examples:-

■ impact of Local Agenda 21 policies	■ impact of planning and transportation policies
■ noise, contamination and pollution	

Competitive
Affecting the competitiveness of a service (in terms of cost or quality) and / or its ability to deliver efficiency savings. Examples:-

■ takeover of services by government / agencies	■ failure of bids for government funds
■ failure to show efficiency savings	

Customer / Citizen
Associated with failure to meet the current and changing needs and expectations of customers and citizens. Examples:-

■ lack of appropriate consultation	■ bad public and media relations

Ethical
Associated with failure to achieve the ethical standards laid out in the Local Code of Corporate Governance, Constitution et al. Examples:-

■ inappropriate behaviour by Members	■ inappropriate behaviour by contractor employed by the County Council
■ inappropriate behaviour by Officers	■ inappropriate behaviour by a partner

OPERATIONAL RISKS
Those risks that managers and employees may encounter in the day-to-day provision of services.

Professional

Associated with the particular nature of each profession

- inefficient / ineffective management processes
- inability to implement change
- lack of control over changes to service provision
- inadequate consultation with service users
- failure to communicate effectively with employees
- lack of business continuity plan
- non-achievement of efficiency savings
- bad management of partnership working
- failure to manage and retain service contracts
- poor management of externally funded projects

Financial

Associated with financial planning and control and the adequacy of insurance arrangements

- failure of major project(s)
- inefficient / ineffective processing of documents
- missed opportunities for income / funding / grants
- inadequate insurance cover
- failure to prioritise, allocate appropriate budgets and monitor
- inadequate control over expenditure
- inadequate control over income

Legal

Related to possible breaches of legislation

- not meeting statutory duties / deadlines
- failure to comply with European directives on procurement of works, supplies and services
- breach of confidentiality / Data Protection Act / FOI
- failure to implement legislative change
- misinterpretation of legislation
- exposure to liability claims eg motor accidents, wrongful advice

Physical

Related to fire, security, accident prevention and health and safety (associated with buildings, vehicles etc).

- violence and aggression
- non compliance with health and safety legislation
- injury caused by eg slips, trips, stress
- loss of intangible assets
- loss of physical assets from theft, fire, terrorism etc
- damage to assets from vandalism, water damage etc
- failure to maintain and upkeep land and property

Contractual	
Associated with the failure of contractors to deliver services or products to the agreed cost and specification	
■ non-compliance with procurement policies ■ overreliance on key suppliers / contractors ■ failure of outsourced provider to deliver ■ failure to monitor contractor	■ poor selection of contractor ■ poor contract specification, deficiencies, errors ■ inadequate contract terms and conditions ■ quality issues
Technological	
Relating to reliance on operational equipment	
■ failure of significant technology-related project ■ crash of IT systems affecting service delivery ■ lack of disaster recovery plans	■ breach of security of networks and data ■ failure to comply with IT Security Policy ■ bad management of intranets and websites
Environmental	
Relating to pollution, noise or energy efficiency of ongoing service operation.	
■ impact of Local Agenda 21 policies ■ Crime and Disorder Act implications ■ incorrect storage / disposal of waste	■ noise, contamination and pollution ■ inefficient use of energy and water ■ damage caused by trees, tree roots, etc
Human Resources	
Associated with staffing issues (eg recruitment / retention, sickness management, change management, stress related risk analysis)	
■ capacity issues ■ over-reliance on key officers ■ failure to recruit / retain qualified staff ■ lack of employee motivation / efficiency	■ failure to comply with employment law ■ poor recruitment and selection processes ■ lack of succession planning ■ lack of training

RISK CLASSIFICATION TABLES

1   The impact areas referred to in **paragraph 3.4** of **Appendix 3** form the basic RCT framework and are tailored, in consultation with each Directorate or Service Unit, to identify realistic ***High, Medium, Low and Nil*** thresholds which reflect the material impact of a risk on the objectives, service delivery, image and financing of its activities.

2   For the **reputational and key objective impact areas**, the High, Medium, Low and Nil categories are more common across the range of Service Units and Directorates, with tailoring required only to reflect the most appropriate local performance measures or early warning systems e.g. customer satisfaction surveys, loss of external service rating.

3   As the table below illustrates, the process can measure the impact of a risk on existing key objectives whilst providing the flexibility for these key objectives to change annually without affecting the operation of the process.   The list of key objectives to be used during RPS workshops is agreed in advance with the Directorate/ Service Unit management.

	Adverse Impact on Key objectives (KOs)	**Impact on Image and reputation**
High	More than 10 of 20 Key Objectives affected	External inquiry, national press,
Medium	Between 5-10 of 20 Key Objectives affected	Internal inquiry, regional press, continuing complaints
Low	Less than 5 out of 20 Key Objectives affected	Sporadic complaints, local press
Nil	No adverse impact on Key Objectives	No adverse impact on image or reputation

4.   For the **financial and service delivery delay impact areas**, careful tailoring of the RCT is required. As the table below illustrates, any risk causing a financial impact of over £20K may be considered a High impact within a Service Unit budget whereas, at a Directorate level, such a loss is more likely to be considered Low within the much larger Directorate budget. In a Directorate RCT, therefore, a greater High threshold would need to be applied to identify those risks which would seriously impact on Directorate finances. A similar logic applies to the assessment of financial impact at Corporate Risk level.

Financial impact	Business Unit	Directorate
High	Over £20K loss	Over £500K loss
Medium	£10-20K loss	£200-£500K loss
Low	Below £10K loss	£50-£200 loss
Nil	Negligible/ no financial hit	Below £50K loss

NORTH YORKSHIRE COUNTY COUNCIL

RISK MANAGEMENT SCHEMATIC PLAN 2007 - 2010

ACTIVITIES	2007/08 Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M	2008/09 Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M	2009/10 Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M
Annual Risk Register Update (for SPPs)												
Half Yearly Risk Register updates												
Service Plans finalised												
Directorate Risk Registers update (following SU updates)												
Corporate Risk Register update (Mgt Board) (following Directorate updates)												
Mgt Board review Corporate Risk Register												
Executive review Corporate Risk Register												
Audit Committee review Corporate Risk Register												
'Project' risk registers update (as required)												
Other risks to Scrutiny Committees (as required)												
Corporate Governance links												
Liaison with CGOG												
Audit Commission Annual Audit Letter												
Annual Audit Plan preparation												
Production of CG Statement of Assurance & Internal Control												

APPENDIX 7

ACTIVITIES	2007/08				2008/09				2009/10			
	Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M	Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M	Q1 A M J	Q2 J A S	Q3 O N D	Q4 J F M
RM Strategy Review												
RMS Progress Reports to Audit Committee												
RMS Progress Reports to Corporate Affairs O&SC												
Healthcheck (annual update)												
Internal audit of RM (annual)												
Benchmarking (annual)												
Update and produce RMS (every 2 years)												
Communicating Risk												
Corporate RMG meetings												
Directorate RMG meetings												
Corporate RM Conference												
Corporate RM Awards												
Risk Financing												
Insurance Fund Review												
Insurance Renewal Process												
Tender for Insurances (2011)												
Appointment of Risk & Insurance Advisers (2011)												
External linkages												
Attend ALARM Conference												

ACTIVITIES	2007/08				2008/09				2009/10			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M
Better Governance Forum seminars (as and when)												
Improvement Issues												
See Risk Management Action Plan												

RISK MANAGEMENT REPORTING PATHWAYS

GOVERNANCE ZONE

Corporate Governance Officers Group

risk management criteria

Corporate Risk Management Group

Statements of Assurance

Statement on Internal Control

Management Board

SERVICE ZONE

Service Heads

Business Unit Management Teams

Directorate Risk Management Groups

(RPS) Service Plans

(RPS)

Service Plans

Directorate Management Teams

Service Plans (RPS)

MEMBER ZONE

Audit Committee

Standards Committee

Executive

County Council

Scrutiny Committees

Note : R P S = Risk Prioritisation System

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Insure/work/rmarrangements/rmstrategy/rmstrategy2007/0927riskman_draft2007

APPENDIX 8