Causeway Coast and Glens
Borough Council

To: Audit Committee

For Decision   **14th October 2015**

Draft Risk Management Strategy

Linkage to Corporate Plan	
Strategic Priority	Achieving the Highest Standards
Objective	
Lead Officer	Stephen McMaw
Cost: (If applicable)	N/A

1.0   Background

1.1   Risk Management is an integral part of good management practice. A formal systematic approach to risk management is important to improving decision making, performance and accountability and fostering confidence in the Council`s Corporate Governance Arrangements.

1.2   It is best practice to address risk management through a Risk Management Strategy that sets out how risk will be identified, assessed, managed, reviewed and audited. Roles and responsibilities for the management of risk need to be defined and communicated to staff with appropriate training in place.

2.0   Detail

2.1   Effective implementation of a Risk Management Strategy will achieve the following objectives:

   a)   Provide a framework that enables Causeway Coast and Glens Borough Council to achieve its strategic objectives in a consistent and controlled environment;

   b)   Improve decision making, planning and prioritisation of activities, and enhance the understanding of opportunities and threats;

c) Safeguard the Council's assets – people, financial, property and information; and

d) Create an environment where all staff assume responsibility for risk management.

2.2 A draft Risk Management Strategy for the Causeway Coast and Glens Borough Council is attached as Appendix 1.

Recommendation

It is recommended that the Causeway Coast and Glens Borough Council Audit Committee approve the Draft Risk Management Strategy as detailed in Appendix 1.

Causeway Coast and Glens Borough Council

Draft Risk Management Strategy

October 2015 v3

Draft

DOCUMENT CONTROL		
Author	**Stephen McMaw**	
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Council Approval Date		
Review Date	**As required**	
Approved By	Chief Executive	**Signature**	
Distribution	**All Directors/Heads of Service for circulation to staff**	

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1.0 Background

The Causeway Coast and Glens Borough Council was formed on 1st April 2015 from the convergence of the four predecessor Councils, Ballymoney, Coleraine, Limavady and Moyle. The Council has in place a four year Corporate Strategy 2015-2019. The vision and mission of the new Council is as follows:

"Maximise the benefits of our unique location and landscape by providing ambitious, accessible, innovative and efficient services which fulfil customer expectations"

The mission:

Improve the quality of life and well-being for all of our citizens and visitors by:

- Providing effective and sustainable local public services;
- Accelerating our economy and improving economic prosperity;
- Placing local communities at the heart of decision making;
- Protecting and enhancing our unique natural environment and assets; and
- Advocating for the area and our citizens in both local and international arenas.

2.0 Purpose of the strategy

In fulfilling its obligations as a Local Authority, the Causeway Coast and Glens Borough Council will be exposed to various risks. The role of Management within the organisation is to identify, manage and respond to these risks to reduce the likelihood of their occurance and impact.

This Risk Management strategy forms part of the Causeway Coast and Glens Borough Council internal control and corporate governance framework. It has been developed to provide clarity and direction on current and future risk management activity across the Council to ensure a consistent approach is

taken to risks, which may have an adverse impact on the Council's ability to achieve its strategic aims and objectives.

Developments in corporate governance have meant that evaluation of risk and the determination of suitable control strategies have been confirmed as key management responsibilities. Risk management will therefore impact on decisions relating to all of the Council's activities, building on existing risk assessment processes, including project appraisal / management and audit planning.

Guidance on the management of risk was produced by HM Treasury in October 2004 in 'Management of Risk – Principles and Concepts'. The guide builds on earlier publications, which provided a basic introduction to the concepts of risk. The current publication, 'The Orange Book', continues to provide broad based general guidance on the principles of risk management.

Risk is inherent in all of the Council's activities. The delivery of the Council's objectives is surrounded by uncertainty, which poses threats to success and offers opportunity for increasing success. Risk is defined as the uncertainty of outcome, and good risk management should allow the Council to:

- Have increased confidence in achieving its desired outcomes;
- Effectively constrain threats to acceptable levels; and
- Take informed decisions about exploiting opportunities.

Risk management is an integral part of good management practice. A formal systematic approach to risk management should improve decision-making, performance and accountability and foster an environment of *'no surprises',* where stakeholders have increased confidence in the Council's corporate governance arrangements.

Risk is avoidable and the resources available for managing risk are finite, so the aim is to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks.

This Risk Management Strategy provides a framework that will allow the Causeway Coast and Glens Borough to improve upon the high quality of services already being provided. This will be achieved through a proactive, ongoing process of risk assessment, with the objective of improved prevention, control and containment of risk.

The main objectives of the Risk Management strategy are to:
   a) Provide a framework that enables Causeway Coast and Glens Council to achieve its strategic objectives in a consistent and controlled environment;
   b) Improve decision making, planning and prioritisation of activities, and enhance the understanding of opportunities and threats;
   c) Safeguard the Council's assets – people, financial, property and information; and
   d) Create an environment where all staff assume responsibility for risk management.

The guidance contained within this strategy will provide a system for evaluating the known or potential risks within the Council and then categorising them into high, medium or low priorities. All risks are captured within a document known as the risk register. A copy is attached as Appendix 1. As particular issues arise they will be captured within another document known as the Issues Log, a copy of which is attached as Appendix 2. These issues may then be managed as risks and entered onto the risk register. Action plans to eliminate the risks, or at least reduce them to an acceptable level will be developed. Each risk identified will be classified according to its potential impact on Causeway Coast and Glens Borough Council and the likelihood of its occurrence. The risk evaluation framework is set out in detail in the next section of this document.

3.0 Definitions

3.1 Governance

HM Treasury defines governance as "the system by which an organisation directs and controls its functions and relates to stakeholders".

Recognising the importance of good governance in public bodies the Department of Finance and Personnel set out its decision that Northern Ireland Departments, like those of their GB counterparts, should adopt the key provisions of the Combined Code (incorporating Turnbull) in 2001.

One of the main changes that has arisen from adoption of this Code is the requirement for Accountable Officers to move from an annual Statement on Internal Financial Control to a much wider Audit and Governance Statement, not only covering financial control systems and associated risks but also other organisational control systems and associated risks.

3.2 Risk

In the Turnbull Committee Report it was stated that *'a sound system of internal control depends on a thorough and regular evaluation of the nature and extent of the risks to which the organisation is exposed.'* Therefore, effective risk management systems within the Council are also a key component of good internal control systems.

Risk management is defined as all the processes involved in identifying, assessing and judging risk, assigning ownership, taking action to mitigate risk and monitoring and reviewing risk control progress

3.3 Corporate risks

A corporate risk is any risk, which would:
- Cause the organisation to fail to function
- Cause the organisation to fail to meet its key objectives
- Cause the organisation to fail to fulfil its duties or responsibilities
- Cause a significant loss of public confidence in the organisation
- Subject staff or the public to unreasonable levels of personal danger or threat to life or property
- Those risks which are assessed as Extreme

Examples of corporate risks

A major cash fraud
Where there is inadequate emergency planning.
When there is major service cessation, either temporary or permanent.
A loss of infrastructure capability which is not easily rectified, such as:

- loss of electricity heat, light ,water, steam and other energies
- structural failure
- fire
- flood
- computer systems failure
- loss of telecommunications capability

Major reputation risk where there is significant public or political concerns.
Changes to Recurrent Funding Arrangements e.g. Loss of Grant

People-related risks:

- Recruitment & retention issues (e.g. inability to recruit key staff).
- Staff welfare issues (e.g. high levels of absenteeism, undue levels of stress, inadequate protective environment).
- Inappropriate standards of performance or behaviour.
- Inadequate/inappropriate child protection measures.
- Risk of injury to staff, public and users of council services and facilities

4.0 Council risk management structure
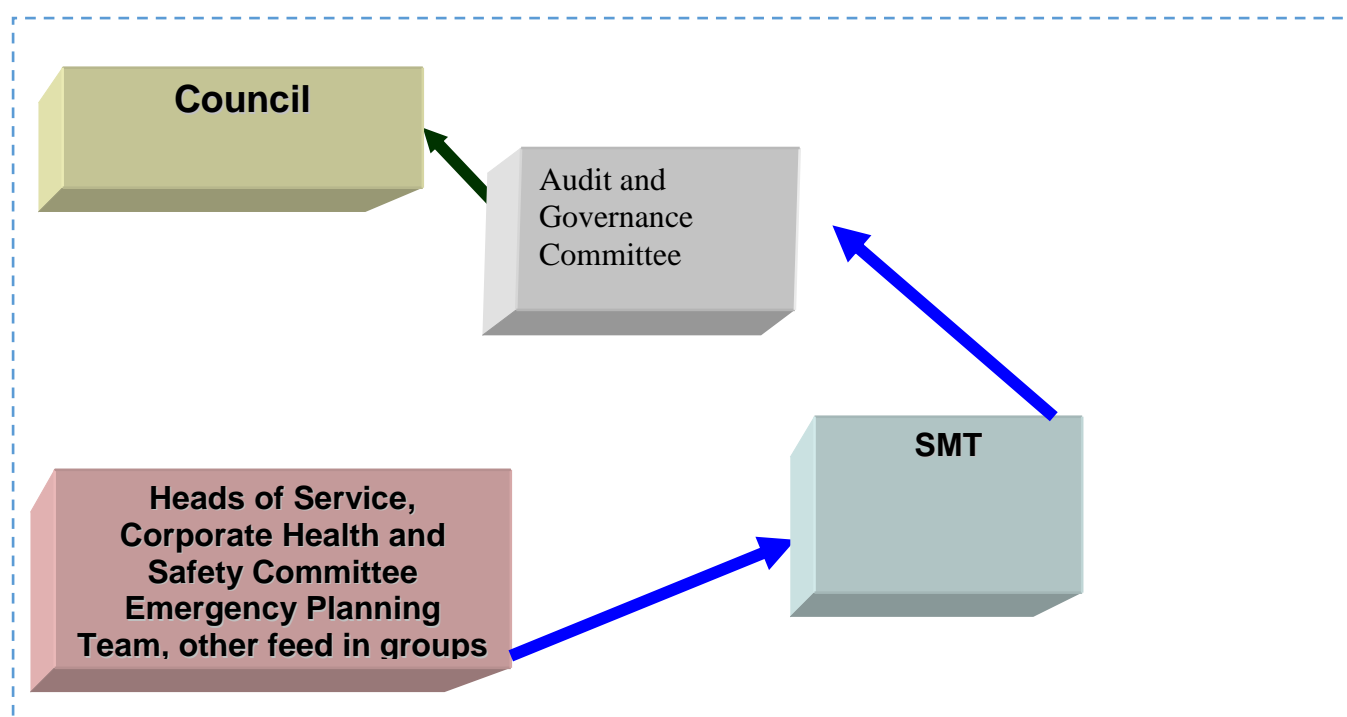
4.1 Senior Management Team (SMT)

The Senior Management Team will meet weekly or as required in the event of an emergency. Risk Management will be a standing item on the agenda.

The Senior Management Team (SMT) will be responsible for the following:

- Managing the Risk Register (all corporate risks)
- Managing all EXTREME rated risks
- Reviewing Corporate risks
- Agreeing appropriate action
- Assigning responsibilities (individuals, departments etc)
- Monitoring the levels of Risk in the Council and by suitable analysis ensure that trends are detected, addressed and lessons learned
- Ensuring structures and processes are in place for Risk Management
- Monitoring the arrangements
- Ensuring that there are adequate resources available to risk manage effectively
- Reviewing the risk management arrangements annually
- Providing reports to the Council as required

- Ensuring adequate communication processes are in place to keep all staff appropriately informed.

4.2 Departmental working group

Each department will set up a working group, chaired by the relevant Director. The working group will meet quarterly or in emergency if required. The following Core Members will form the working group:

- Director/Head of Service
- Senior Management within the Service
- Departmental/Service Risk Coordinator
- Others as appropriate

The functions of the working group will be as follows:

- Management of the Service Risk Register/s
- Reviewing all service risks
- Agreeing appropriate action
- Assigning responsibilities
- Identifying trends and implementing suitable corrective actions and implement improvements through lessons learned
- Ensure Departmental/Service Risk Management arrangements are satisfactory

5.0 Principles of risk analysis

A strategic approach to risk management depends on identifying risks against key organisational objectives. Risks relevant to these objectives are then considered and evaluated.

The risk analysis process is based upon the following key stages
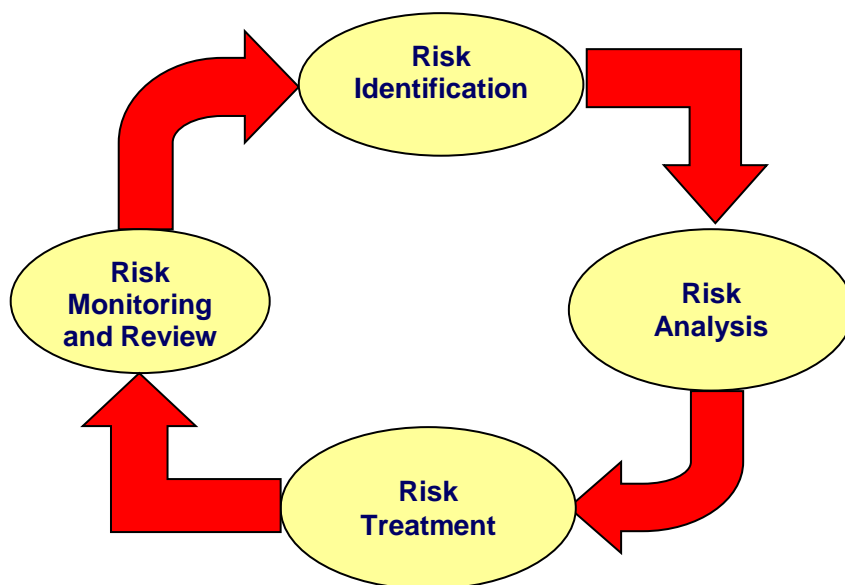
5.1 Risk analysis

Risk assessment/analysis uses descriptive scales to describe the magnitude of potential consequences/impacts and the likelihood that these consequences/impacts are realised. The risk levels are based on assessing the residual risk remaining bearing in mind any existing controls that have been identified and implemented. The overall risk is calculated by multiplying the probability and impact numbers to arrive at a Risk Rating.

5.2 Risk treatment

Risk treatment is concerned primarily with the following:

- Reducing the likelihood of the risk being realised

- Reducing or limiting the impact or consequences of the risk
- Transferring the risk e.g. insuring
- Accepting the risk
- Avoiding the risk

5.3 Risk monitoring and review

Risk Monitoring and review is concerned with examining the implementation of risk treatment plans and control measures. In effect auditing the effectiveness of the Councils risk action plans and making decisions if there is a need to do more. Evidence will include:

- Accident/incident reports, claims, staff turnover, theft losses etc
- Audits (both internally and externally), risk reviews.

The following are three important principles for analysing risk:
- Adopt a consistent approach throughout the organisation.
- Ensure that there is a clear process so that each element or level of risk identification fits into an overall structure.
- Establish a framework, approved by Senior Management, within which each risk is to be identified.

5.4 Risk identification

Causeway Coast and Glens Borough Council identifies risks by applying a risk self-assessment model. In order to establish what the risks are it is useful to challenge circumstances through a number of simple questions such as

- What has happened in the past in similar circumstances?
- What have others experienced?
- What can go wrong?
- What are the dangers?
- What level of control is in place?
- What guidance is available?
- Apply approach of "In this situation, there is a risk that………" "So therefore we need to mitigate by……….."

5.5 Risk evaluation

Each risk must be assessed to determine its potential impact and the likelihood of its occurrence.   The combined assessment of impact and likelihood will enable the assignment of a ranking to a risk. The framework for the assessment of the impact, likelihood of occurrence and consequent risk ranking that will be adopted by the Council is set out in the risk impact matrix table below. The effect of the risk being realised will be expressed in terms of catastrophic (5), major (4), moderate (3) minor (2) and insignificant (1).

5.6 Risk impact matrix

The risk impact matrix is detailed in the table below. The table provides guidance on how to apply the impact criteria as detailed above.

Category / LEVEL OF IMPACT	Personal Impact on Staff/Visitor/ Contractor	Technological/Quality / System Failure	Reputation and Public confidence Loss	Complaint Or Claim	Financial/ Assets/ Contractual Loss
1. Insignificant	No harm.	Negligible service deficit Minor non-compliance Easily recoverable/ repaired No impact on service delivery Minimal disruption to routine activity	No public/political concern.	Legal Challenge Minor out-of-court settlement	Less than 1K
2. Minor	Minor harm or increased monitoring. < 3-day absence for staff. May involve more than one person.	Single failure to meet expected Council standards Impact on organisation rapidly absorbed No long term consequences	Local press interest. Local public/political concern.	Civil action – Weak Defence Improvement notice served Difficult to justify action	£1K -£10K
3. Moderate	Treatment required, temporary significant harm, RIDDOR reportable	More than one failure to meet expected Council standards or follow protocols Impact on organisation absorbed with significant level of intervention Minimal long term consequences	Limited damage to reputation Extended local press interest/regional press interest. Regional public/political concern.	Criminal prosecution or Civil action– Very weak defence Prohibition Notice No justification Staff disciplined	£10K-£50K
4. Major	Near death or permanent harm. Significant loss of staff morale	Failure to meet national/professional standards. Impact on organisation absorbed with some formal intervention by other organisations Significant long term consequences	Loss of credibility and confidence in organisation. National press interest. Independent external enquiry. Significant public/political concern.	Criminal prosecution – no defence Civil action – no defence Staff dismissed	£50K – £500K
5. Catastrophic	Death	Gross failure to meet national standards Impact on organisation absorbed with significant formal intervention by other organisations. Major long-term consequences.	Full Public Enquiry. Major public/political concern.	Criminal prosecution – no defence Civil action – no defence Staff fined or imprisoned	More than £500K

5.7 Likelihood of risk occuring

The probability of the risk being realised is expressed in terms of Probable, Possible, Unlikely, Rare and Negligble using the definitions stated in the matrix below and in the context of existing controls being in place.

5.8 likelihood of risk occurring matrix

Category	Probablility	Description
1. Negligble	1 in 20,000 (Times)	Do not believe will ever happen
2. Rare	1 in 2,000 (Times)	Do not expect to happen
3. Unlikely	1 IN 200 (Times)	May Occur Occassionally
4. Possible	1 in 20 (times)	Will Probably Occur
5. Probable	1 in 10 (times)	Very Likely to Occur

5.9 Risk ranking

The risk ranking is expressed in terms of a numerical score from 1 to 25. The table below provides guidance in relation to the apportionment of the scores when assessing each risk.

Risk ranking guidance scoring table

Rank	Indication	Action Required to manage the Risk
1-6	Low Risk	None – Keep risk under review
7-9	Moderate Risk	Additional action required to manage the risk effectively
10-15	High Risk	Urgent Action required to ensure effective management of the risk
16-25	Extreme Risk	Immediate Action required to ensure effective management of the risk.

5.10 Risk rankings matrix

Impact (H)				
5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Impact (vertical axis, L to H)

L — Likelihood — H

Key	
Rating	**Descriptor**
16-25	**Extreme Risk (immediate action required**
10-15	**High Risk (Urgent Action required)**
7-9	**Moderate Risk (Action Required)**
1-6	**Low Risk (Keep Under Review)**

6. 0 Roles and responsibilities

6.1 Audit Committee

The Audit Committee has overall responsibility for scrutinising the performance of the council in relation to Risk Management. The Audit Committee will meet quarterly.

6.2 Chief Executive

The Chief Executive has ultimate responsibility for ensuring that risks are properly managed and controlled in the Council. The Chief Executive is the Accountable Officer and is required to sign the Annual Governance Statement which encompasses financial, and organisational risks. Day to day responsibility for implementation of the Strategy is however delegated down through the management structure to individual Directors, Heads of Service and Managers who are held accountable for ensuring that the requirements set out in this policy are implemented fully.

6.3 Director of Performance

The Director of Performance has operational responsibility for risk management particularly in relation to:

- Exercising oversight of the staff of Causeway Coast and Glens Borough Council responsible for the management of risk within the organisation.
- Providing assurance to Councillors that all identified risks are being managed.
- Providing SMT with regular briefings on all aspects of risk management
- Ensure the Risk Register is updated when new risks are identified and notified or when a change in circumstances concerning risks already in the register are notified to the Risk Management Co-Ordinator or Head of Service.
- Agree the ownership and management of risks

- Encourage proactive assessment and identification of new risks among staff members and keep them informed as to whether or not the risk will be included on the Risk Register.
- Encourage and assist in facilitating the training of staff to support the implementation of risk management procedures

6.4 Senior Management Team

SMT is responsible for ensuring good corporate risk governance across all Council services. Risk Management is a standing item on the agenda at the weekly SMT meetings when corporate risk management issues will be discussed. The SMT is responsible for strategic planning with regards to risk management. Their purpose and remit in this field is to:

- Develop and review risk registers and action plans, at both Corporate and Service Level
- Decide on 'ownership' of risks.
- Raise awareness of risk throughout the Council, and within their own service area
- Provide education on risk throughout the Council, and within their own service area
- Effectively communicate risk issues within the Council, and within their own service area
- Monitor and review the risk management process and
- Respond to the changing nature of the risks faced by the organisation

6.5 Employees

All employees have an individual responsibility to:

- Maintain an awareness of risk factors in their workplace.
- Participate in risk management education and training.
- Assist in risk assessments particularly within own work area
- Comply with Council policies and procedures.
- Notify the Director, through the Departmental/Service Working Group of identified risks and any changes to existing risks included on the risk register.

- Report all incidents to the Director/Head of Service.
- Manage risks, which they have been given responsibility for on the risk register.

6.6 Internal Audit

The Internal Audit function will audit the performance of Causeway Coast and Glens Borough Council to ensure that it has been successful in its management of risk in the context of this Guidance.

7.0 Delivery

The Chief Executive will have overall responsibility for this Risk Management Strategy and key activities associated with risk management within Causeway Coast and Glens Council and subsequently seeking assurance from the SMT and the Director of Performance that all risks are being effectively managed.

The risk environment is constantly changing and developing as the Council's priorities and objectives develop. The risk management process is therefore dynamic and ongoing and will require constant review of risks and the consequent adjustment of controls to manage these risks. The principle adopted by this Guidance is to ensure that the risk management process is embedded into the structures of the Council at every level.

The risk review process will include the following actions:
- Risk management will be a standing item at the Audit and Governance Working Group meetings and Strategic Management Team meetings and will be evidenced in the minutes.
- The Risk Register will be formally updated at the monthly Senior Management Team meetings. Where risks change or new risks are identified the Risk Register will be updated to reflect such changes.
- The Risk Register will be submitted to the Audit and Governance Working Group for consideration and approval by Council on an annual basis.

- All changes to the Risk Register will be documented to facilitate audit of the risk management process.

8.0 Training

The Council will provide suitable training in regard to risk management, risk identification, risk assessment and risk recording as required and provide assistance where specialised knowledge is necessary.

9.0 Evaluation and review

Implementation of this Strategy will be subject to audit by the Internal Audit function in the course of their normal cycle of audits.

The Risk Management Strategy will be reviewed and updated annually by the Senior Management Team. Interim amendments may be required and communicated to all staff.

10.0 Conclusion

This Risk Management Strategy provides a framework that will allow Causeway Coast and Glens Borough Council to improve upon the high quality of services already being provided. This will be achieved through a proactive, ongoing process of risk assessment, with the objective of improved prevention, control and containment of risk.