REPORT TITLE: RISK MANAGEMENT POLICY 2018

18 JULY 2018

REPORT OF PORTFOLIO HOLDER: CLLR STEPHEN GODFREY, PORTFOLIO HOLDER FOR PROFESSIONAL SERVICES

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WARD(S): GENERAL

PURPOSE

This report presents the updated Risk Management Policy 2018 which defines the Council's arrangements for managing Council risks and its integration with corporate governance and performance management.

There have been some updates to the key risks and the report seeks to reconsider if the risk appetite remains consistent with the previous year's summary.

RECOMMENDATION:

1.	That Cabinet approve the Risk Management Policy for 2018, its Risk Appetite Statement for 2018/19 and the Corporate Risk Register.

IMPLICATIONS:

1   COUNCIL STRATEGY OUTCOME

1.1   Effective use of risk management supports the Council manage threats and opportunities to achieve the aims and objectives included in the Council Strategy.

1.2   Included in this updated Policy is the Risk Appetite Statement for the Council which supports members and officers in decision making by setting out where the Council is comfortable taking different levels of risk, and which levels are unacceptable.

2   FINANCIAL IMPLICATIONS

2.1   None directly, however where there is an expected increase in risk probability, additional costs may be required to properly and adequately manage those risks which would need to be identified in the relevant business case.

3   LEGAL AND PROCUREMENT IMPLICATIONS

3.1   None identified.

4   WORKFORCE IMPLICATIONS

4.1   None.

5   PROPERTY AND ASSET IMPLICATIONS

5.1   None directly

6   CONSULTATION AND COMMUNICATION

6.1   Cabinet members have been consulted on the contents of the Risk Management Policy and Risk Appetite Statement.

7   ENVIRONMENTAL CONSIDERATIONS

7.1   None.

8   EQUALITY IMPACT ASSESSEMENT

8.1   None required.

9   DATA PROTECTION IMPACT ASSESSMENT

9.1   None.

10   RISK MANAGEMENT

This report deals with risk management overall; the table below highlights where risk reputation is impacted but otherwise, risk management is core to the report.

Risk	Mitigation	Opportunities
Property	None	None
Community Support	None	None
Timescales	None	None
Project capacity	None	None
Financial / VfM	None	None
Legal	None	None
Innovation	None	None
Reputation – ensuring that the Council has in place robust arrangements to manage its risks	This report sets out the principles and arrangements for the Council to manage its risks	A robust Risk Management Policy supports the Council to identify, assess and manage its risks in a consistent and effective way
Other	None	None

11   SUPPORTING INFORMATION:

11.1   This report is the updated Risk Management Policy for 2018 which sets out the Council's approach to risk management and in detail the arrangements for managing risk. The Policy forms part of the Governance and Performance Management arrangements at the Council.

11.2   The Policy sets out the framework for identifying the significant risks that are relevant to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences and implementing the most effective way of managing and monitoring them.

11.3   The Council evaluates its risks using a four-point scale for the likelihood or probability of the risk occurring and the impact caused should the risk occur. These are rated between low and significant. A score for each risk is then calculated using the four by four matrix with the lowest score being one and the highest sixteen.

11.4   Included as an appendix to the Policy is the Council's Corporate Risk Register, which includes the risks that are of greatest significance to the Council in the context of the aims and objectives that are set out in the Council Strategy. These risks are regularly reviewed by the officers of the Strategic Leadership Team.

11.5   The Corporate themes identified for 2018 are:

- Capacity to deliver services

- Customer insight and engagement

- Business Continuity

- Strategic partnerships

- Financial resilience

- Strategic planning for housing

- Cyber security

11.6   More details of the causes, consequences and impacts of the corporate risks occurring are included in the Policy. Regular updates are reported to Audit Committee on the progress of the management actions in place to manage or mitigate the risks.

11.7   The Policy also includes the Council's Risk Appetite, which sets out the amount of risk the Council is prepared to take and ensures that the opportunities that

12   OTHER OPTIONS CONSIDERED AND REJECTED

12.1   None – the report provides details of the arrangements for managing risks as set out in the Risk Management Policy.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2922 – Risk Management Policy 2017

Other Background Documents:-

None.

APPENDICES:

Appendix 1   Risk Management Policy 2018

Risk Management Policy

2018

1.   Introduction

As part of Winchester City Council's arrangements to ensure good governance, the purpose of effective risk management is to provide assurance and that the Council is 'risk aware'. This entails being able to identify risks, evaluate their potential consequences and determine the most effective methods of controlling or responding to them.

The Council believes that risk needs to be managed rather than avoided and that consideration of risk should not stifle innovation and creativity.

This Policy outlines the approach the City Council takes with regard to its responsibility to manage risks and opportunities using a structured, focused and proportional methodology. Risk management is integral to all policy planning and operational management throughout the Council and integrates with our corporate governance and performance management.

This approach to risk management actively supports the achievement of the agreed actions, projects and programmes included as set out in the Council Strategy.

Risk can be thought of as possibility that an action or event will affect the Council's ability to achieve its objectives or outcomes.

Good risk management is about identifying what might go wrong, assessing our level of tolerance towards that and then putting in place measures to prevent the worst from happening, or to manage the situation if something does go wrong. It is also about assessing what must be done to support achievement of the Council's objectives and acting in a way that makes this more likely to happen.

2.   Our corporate approach to risk management

Risk management is about providing assurance by being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the Council is better placed to avoid threats and take advantage of opportunities. Proper project management processes and principles will identify potential risks early in the process and set out how these can be avoided or mitigated. Staff training in project management principles is essential to embed these good practices.

By embedding a culture of risk management into the Council, Members and officers are able to make effective decisions about services and the use of financial resources to ensure that the Council's objectives are met.

An effective corporate approach to risk management will:
- Make it more likely that the Council's objectives will be achieved
- Safeguard the organisation and provide assurance to members and officers,
- Become part of every manager's competency framework, job description and performance appraisal,
- Provide support to the overall governance of the organisation,
- Improve decision making,
- Identify issues early on,
- Provide a greater risk awareness and reduce surprises or unexpected events,
- Develop a framework for structured thinking,
- Ensure better use of finances as risks are managed and exposure to risk is reduced,
- Facilitate achievement of long-term objectives,
- Ensure a consistent understanding of and approach to risks.

3. Our risk management framework

Risk management is the process of identifying significant risks relevant to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences and implementing the most effective way of managing and monitoring them.

The Framework and Process arrangements supporting risk management at the Council involve:

- A Risk Assessment Tool (section 4)
- Details of how risk management supports corporate planning and operational management (section 5)
- Risk appetite statement (section 8)
- Monitoring and review arrangements (section 10)
- A timetable linked to corporate programme (section 11)

4. Risk Assessment Tool
The principles

The City Council generally manages risk effectively within the course of its normal operations through its management structure and governance arrangements.

Risk Assessment Tool
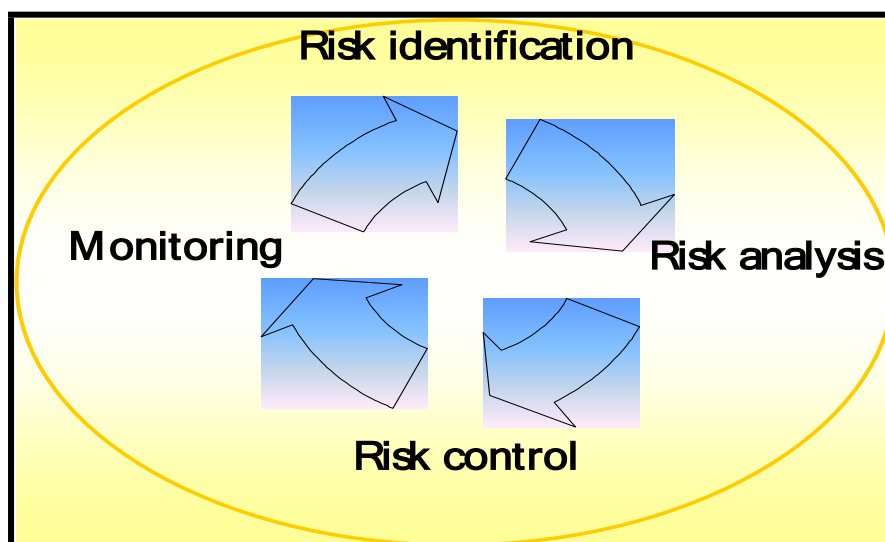
When identifying risks, it can be helpful to use the following sources of risk as prompts to ensure that all areas of risk are considered:

Sources of Risk	Risk Examples
Infrastructure	Functioning of transport, communications and utilities infrastructure. The impact of storms, floods and pollution.
Politics & Law	Effects of change of government policy, UK or EC legislation, national or local political or control, meeting the administration's manifesto commitments. Issues of timing. Following the organisation's stated/agreed policy. Legality of operations
Social Factors	Effects of changes in demographic, residential and social trends on ability to deliver objectives.
Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.
Competition & markets	Affecting the competitiveness (cost and quality) of the service and/or ability to deliver value for money and general market effectiveness
Customer & Stakeholder – related	Satisfaction of: citizens, users, central and regional government and other stakeholders. Managing expectations – consulting & communication on difficult issues
Sustainability / Environmental	Environmental consequences arising from option (e.g. in terms of energy efficiency, pollution, recycling emissions etc.)
Finance	Costs, long term financial sustainability/ reliance on finite or vulnerable funding streams. Financial control, fraud and corruption.

Sources of Risk	Risk Examples
People management & human resources	Managing changes to services that may affect staff and/or ways of working. Resourcing the implementation of the option. Employment issues (TUPE etc.), Maintaining effective health & safety of staff and users
Contracts & partnerships	Dependency on or failure of contractors to deliver services or products to the agreed cost and specification. Procurement contract and relationship management. Overall partnership arrangements, e.g. for pooled budgets or community safety. PFI, LSVT and regeneration.
Tangible assets	Security of land and buildings, safety of plant and equipment, control of IT hardware
Reputation	Affecting the public standing of the Council, partnerships, or individuals in it (affecting you). Management of issues that may be contentious with the public or the media.
Professional judgement & activities	Risks inherent in professional work such as assessing clients' welfare or planning or response to the Human Rights Act.

It is important to maintain a sense of proportionality with day to day risk and the following principles will be applied:

- Managers have a good understanding of their services and service developments, and are able adequately to identify the risks involved.

- Managers understand the limits that the organisation places on the action that can be taken by any individual officer. There is a general awareness of what management action is appropriate and where further consultation and approval are required with colleagues and more senior managers. The organisation therefore recognises its risk appetite in relation to the decisions it takes.

- There is a good level of understanding of what risk it is acceptable to take during the normal course of work and the organisation recognises its risk appetite in relation to its ongoing activities.

- Unnecessary bureaucracy should be avoided, in particular by preparing documentation solely to demonstrate (rather than support or enhance) effective management. The cost (in terms of the time involved) relative to the benefit gained by defining every possible risk in detail and assigning impact and likelihood scores to each risk associated with every planned or current activity is deemed too great to be generally worthwhile. However where there are known concentrations of risk, such as in new service developments or

relating to our programme of major projects, managers understand that they should document, monitor and manage these risks using the council's scoring framework. Similarly, the corporate management team (or whoever is appropriate) should seek to identify, assess and manage those risks that seem likely to cause problems or bring benefits at a corporate level.

- The internal audit team at the Southern Internal Audit Partnership work with the Strategic Director: Resources and Executive Leadership Board to consider the council's assurance needs, and makes its own assessment of the internal audit work required to provide this assurance.

- The three Cabinet Committee's (Central Winchester Regeneration, Leisure Centre and Station Approach) are responsible for ensuring effective actions are in place to address key risks that are relevant to the successful delivery of the projects.

- Managers are encouraged and supported to consider the potential threats and opportunities involved in any new service developments and improvements, and to monitor ongoing performance. Documentation of risks, related controls and mitigating action plans should be considered where this is helpful and appropriate and, where this is the case, risk registers should be prepared. This is likely to be appropriate for specific service development projects, when project risk registers should be monitored closely by the lead project manager and sponsor. Individual teams should also consider risk specifically as Portfolio Plans and individual service plans are developed.

It is the responsibility of all staff to assess risks associated with their work and projects and to escalate any potential risks which they feel cannot be managed within sensible parameters to the Strategic Leadership Team. The Programme Management Group reviews the Programme Risk Register and will also seek to identify risks associated with major projects and the capital programme and to refer significant matters to the Strategic Leadership Team.

Identification of risks

Strategic Leadership Team (SLT) regularly reviews the Corporate Risk Register and escalates any key issues to Executive Leadership Board (ELB) who also reviews the Corporate Risk Register on an annual basis to assess any emerging risks or risks that should be removed. Risk owners for corporate risks are generally a member of ELB. This risk register is formally agreed by Cabinet and the most significant risks on this list are reported regularly to Audit Committee.
Service or operational risks are reviewed on an ongoing basis and significant risks added to the relevant Statement of Assurance during the spring of each year.

The Council's Project Team uses the PRINCE2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of project risks. Project risk registers are created for each new project and reviewed as part of the project life cycle and documented on the Project Risk Register. Overarching project risks (for example, failure to deliver on a specific project) may be included in the corporate risk register if they are of sufficient importance at this level and/or the risks are being poorly managed for whatever reason.

The Annual Governance Statement is also a key part of risk management and plays an important role in the identification and escalation of risks. The Statement is produced following a review of the Council's governance arrangements and explains how the City Council delivers good governance. Underpinning the Statement are the individual Statements of Assurance which are completed by each Corporate Head and includes details of significant risks for their service area. Risks which have additional corporate significance are escalated into the Annual Governance Statement which reads across into the Corporate Risk Register.

It is important for Corporate Heads to refer to this Policy when completing their Statement of Assurance and providing details of risks affecting the pursuit of the objectives of the team (although this is not the only time risks will be considered).

5.   How risk management feeds into corporate planning and operational management

By embedding risk management into existing policy and service planning processes, members and officers are able to make informed decisions about the appropriateness of adopting a policy or service delivery option.

The information resulting from the risk management approach acts as one of the key pieces of information incorporated into the development of corporate, business and service plans. Risk management is an essential element in establishing policy, developing plans and enhancing operational management.

In order to formalise and structure risk management at the Council, it is recognised that there are obvious and clear links between risk management and strategic objectives; financial planning; policy making & review and performance management. The linkages are as follows:

a) The Council Strategy reflects the desired outcomes for the District, informed by consultation with the public and stakeholders.
The Council Strategy 2018-2020 outlines how the Council will deliver its vision up until 31 March 2020 and is refreshed every three years. The Strategy is focussed on

the key outcomes in a way that is consistent across our aims with regard to both local and national priorities. During the lifetime of the Strategy there will be direct and indirect threats to the achievement of the outcomes and these are risks that must be properly managed.

b) As part of the annual planning process each team considers the key actions to be taken and targets for performance. An assessment of the risks forms part of this planning which is an identification and prioritisation of the most significant risks faced in delivering the key priorities for the year, with actions identified to mitigate and manage these. These actions are then managed as part of the normal business of the team.

c) Each member of staff has an annual appraisal which monitors progress being made and sets objectives for the coming year required to deliver service plan actions and achieve. As part of this, risk management is cascaded down to staff as an objective which aims to gain their support and awareness to ensure effective management of risk within the Council.

d) Measurement of performance against the Council Strategy outcomes, performance indicators and key tasks is achieved in a number of ways:
- In addition to day to day management, teams carry out a regular review of progress in their area, which includes assessment of progress against Council Strategy actions, performance trends and risks. Where appropriate, exceptions are reported to the Strategic Leadership Team for consideration and agreement of corrective action, if required.
- The Strategic Leadership Team keeps an overview of financial plans, with service performance and emerging risks with corporate risks being reviewed quarterly.
- The Overview and Scrutiny Committee receives quarterly reports that provide an update on the progress achieved against the actions included in the Council Strategy and any significant issues are raised with Cabinet.

6. How do we evaluate risks?
The Council evaluates its identified risks on a four-point scale on the likelihood or probability of the risk occurring and the impact caused should the risk occur being rated between low and significant.

The Council has chosen to divide the rating into bands as shown on the example risk matrix below.

	IMPACT			
	Low	Moderate	Major	Significant

LIKELIHOOD	Highly Likely	🟧	🟧	🟥	🟥
	Likely	🟧	🟧	🟥	🟥
	Unlikely	🟩	🟩	🟧	🟧
	Highly Unlikely	🟩	🟩	🟧	🟧

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact

	Low (1)	Moderate (2)	Major (3)	Significant (4)
Financial	Less than £20K	£20k or over and less than £200K	£200K or over and less than- £2MK	£2M plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
Morale		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years
Govt relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood Rating

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood	Probability
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

7   How we respond to risks

Once a risk has been identified, the Council need to decide and agree what it is going to do about it. The recognised approaches to controlling risks are described as the five key elements or 5 T's; tolerate, treat, transfer, terminate and take the opportunity. These are described in more detail below. It is generally accepted that where a risk can be reduced through some form of treatment or mitigation in a cost-effective fashion then it is good to do so.

As a general principal once a risk has been identified, consideration needs to be given to the five T's and that the chosen approach is seen as being cost-effective so that the control of the risk is not disproportionate to the expected benefits.

The five T's are:

Treatment   By far the greatest number of risks will be addressed in this way by using appropriate control countermeasures to constrain the risk or reduce the impact or likelihood to acceptable levels.

Transfer   For some risks the best response may be to transfer them and might be done by transferring the risk to another party to bear or share the risk; e.g. through insurance or partnership. Reputation risk can never be transferred.

Tolerate   Where it is not possible to transfer or treat the risk, consideration needs to be given to how the consequences are managed should they occur. This may require having contingency plans in place, for example, Business Continuity Plan which creates capacity to tolerate risk to a certain degree.

Terminate   Some risks will only be treatable, or containable to acceptable levels by terminating the activity that created them. It should be noted that the option of termination of activities may be severely limited in government when compared to the private sector; a number of

activities are conducted in the government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy.

Take the opportunity

This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats; an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages? The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resources which can be re-deployed.

8.   Risk Appetite

The HM Treasury defines risk appetite as "*The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time*" (Source: British Standard on Risk Management BS31100 2008).

A clearly understood and articulated risk appetite statement assists with the risk awareness for the Council and supports decision making in pursuit of its priority outcomes and objectives.

The Council's Risk Appetite Statement is an integral part of the Council's Risk Management Policy and ensures that the opportunities the Council is willing to take to achieve its strategic outcomes and objectives are measured, consistent and compatible with the Council's capacity to accept and manage risk and do not expose the Council to unknown, unmanaged or unacceptable risks.

This statement will be reviewed annually and approved by Cabinet at the start of each municipal year. The approved statement will be included as an appendix to the Risk Policy. The Council may decide to move the line up or down based on a number of influencing factors including financial and capacity, and the Council may have a higher 'aspirational' risk appetite once sufficient assurance is gained and processes put in place to manage the higher levels of risk.

Risk management is about being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives.

Risk Management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the Council is better placed to avoid unforeseen problems and take advantage of opportunities that arise.

The Council's Risk Appetite 2018

The Council during the course of year will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Council Strategy. There will be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits.

The Risk Appetite Statement supports Members and officers in decision making by setting out where the Council is comfortable taking different levels of risk, and which levels of risk are unacceptable. The Council's Risk Appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

Risks that fall under the risk appetite 'line' may still happen and should still be managed effectively and transparently.

The Council's appetite for its significant risks included in the Corporate Risk Register is shown in the diagram below and highlighted in bold with the relevant cell shaded.

Risk levels and description / Key elements	Minimal / As little risk as reasonably possible	Cautious / Prefer limited delivery options	Open / Consider all potential options	Seek / Eager to be innovative
Financial/VFM	Very limited financial loss if essential (up to £100,000) / VfM (focusing on economy) is primary concern	Some limited financial loss (from £100,000 to £500,000) / Consider benefits and constraints beyond price	**Will invest and risk losing (from £500,000 up to £2m or 10% of value – which ever is the lower of the two) for larger potential financial return** / **Value and benefits considered, not just cheapest price**	Invest and risk losing (from £2m up to £5m) for best possible return / Resources allocated without firm guarantee of return
Exposure to Challenge	Be very sure we would win challenges	Limited tolerance for sticking neck out / Reasonably sure we would win challenges	**Challenge is problematic, but takes the necessary steps to manage and win this. Gain outweighs adverse consequences**	Chances of losing challenge are real with significant consequences
Innovation, Quality, Outcomes	Innovations avoided unless essential or commonplace / Essential systems or technology development only	Prefer status quo and avoid innovation / Limited systems or technology development	Innovation supported / New ways of working or using technology explored.	**Innovation pursued** / **Actively seek new ways of working or using new technology**
Reputation	No chance for significant repercussions / Avoid exposure to attention	Little chance of significant repercussions / Mitigation in place for undue interest	**Will expose to scrutiny and interest** / **Management of reputation through actively listening and talking**	New ideas experimented at the risk of damage to reputation
Appetite	**Low**	**Moderate**	**High**	**Significant**

9.   Risk Registers

The risk registers are a reference document that summarise the different risks that might occur and impact the Council. Just because a risk is included on the risk register does not mean that the Council thinks it will happen, but it does mean that the Council thinks it is worth seeking to manage. The risk score is, therefore, based on a 'reasonable worst case scenario'. The methodology for the scoring of risks is included in section 6 above.

The Council maintains several risk registers and these are:
- Corporate Risk Register – this register records the most significant risks for the Council or those risks which may prevent the Council from achieving its strategic objectives as set out in the Council Strategy.
- Operational Risk Register – includes risks that might affect the delivery of individual services, but would not in isolation threaten the Council's overall objectives. Operational risks are managed by Heads of Team or service managers.
- Programme Risk Register - includes the risks across the Council's programme of Major Projects
- Project Risk Register – provides a register of the risks that if occur have a positive or negative effect on the achievement of the project's objectives.

10. How we monitor and report risk

Risk management must be embedded into decision making, business planning and performance management arrangements so that it is central to the way the Council works. It contributes to the concept of 'No Surprises', 'Getting it right first time' and 'Having a Plan' which will useful should the unexpected happen.
The framework of monitoring and reporting has been developed using the Council's performance management software; Covalent, which is able to record the risks onto the system with the relevant risk owner having access so that monitoring and updating can take place.

This requires:
- Teams to monitor progress of their plans, as part of the review of performance and spend. Results of this review where a significant change is identified will be included in the exception report submitted for The Overview and Scrutiny. Any issues that may require escalation will be reported initially to the Performance Management Team.
- The Strategic Leadership Team to monitor and review progress against Corporate Risks as part of its quarterly monitoring meeting, making a judgement on any risks referred for escalation and identifying any risks that can be moved to operational risk registers. Results of these reviews will form part of the regular monitoring report submitted to the Audit Committee and

reported to Cabinet if decisions on any procedure or policy changes are needed.

- The Audit Committee receives regular monitoring reports that provide assurance that the risks identified on the Corporate Risk Register are being adequately managed. The Audit Committee may decide to receive in-depth reports for the most significant risks on the register or risks that are causing concern.

If at any time a risk other than those on the Corporate Risk Register (for example an operational risk) is scored above the risk tolerance line as set out in the Risk Appetite Statement, full details should be presented to the next Strategic Leadership Team meeting for further consideration and approval of appropriate action if required. This may include escalation to the Corporate Risk Register.

All Council committee reports include a paragraph titled "Risk Management Issues". The purpose of this paragraph is for the author to demonstrate and provide evidence that the risks associated with the content of the report have been properly identified, assessed and evaluated. The paragraph should provide for the most significant risks as much detail as possible, especially in relation to the underlying causes of the risk and its subsequent consequences. Reference should also be made to the Council's Impact Score Matrix (diagram 2) to support decision making.

When taking decisions, the identified risks should be considered against the Council's Risk Appetite which sets out the amount and type of risk that the Council is prepared to seek, accept or tolerate.

11. Timetable

Risk management is an integral part of corporate governance, and is in particular closely linked with performance management. Therefore the timetable for risk management follows that of the performance management framework.

When	Who?	What?
Summer	Cabinet	• Approval of updated Risk Policy for the forthcoming year. • Approval of Risk Appetite for forthcoming year. • Approval of Corporate Risk Register.
	The Overview and Scrutiny Committee	• Note the Risk Policy and the role that the Committee has in monitoring and managing risks.
	Audit Committee	• Review the Corporate Risk Register and agree the risks for future in-depth reporting and assurance.
	Strategic Leadership Team	• Quarterly review of Corporate Risk Register.
Autumn	Audit Committee	• Review the risks included in the Corporate Risk Register and receive monitoring report giving details of the progress made against the actions to treat the risks. • In-depth update for significant corporate risks.
	Strategic Leadership Team	• Quarterly review of Corporate Risk Register.
Throughout the year	Audit Committee	• Receives update report for Corporate Risk Register. • Review risks included on Corporate Risk Register for the coming year • Review and update Risk Policy
		•
Winter	Strategic Leadership Team	• Quarterly review of Corporate Risk Register. • Budget and Portfolio Plan risks considered
Winter	Audit Committee	• Receive update report for Corporate Risk Register.
	Strategic Leadership Team	•

12.   Risk Management roles and responsibilities

The three lines of defence concept is widely known among the insurance, audit and banking sectors as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and

accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance.

The following table is an example of the three lines of defence concept.

Example: Three line of defence model
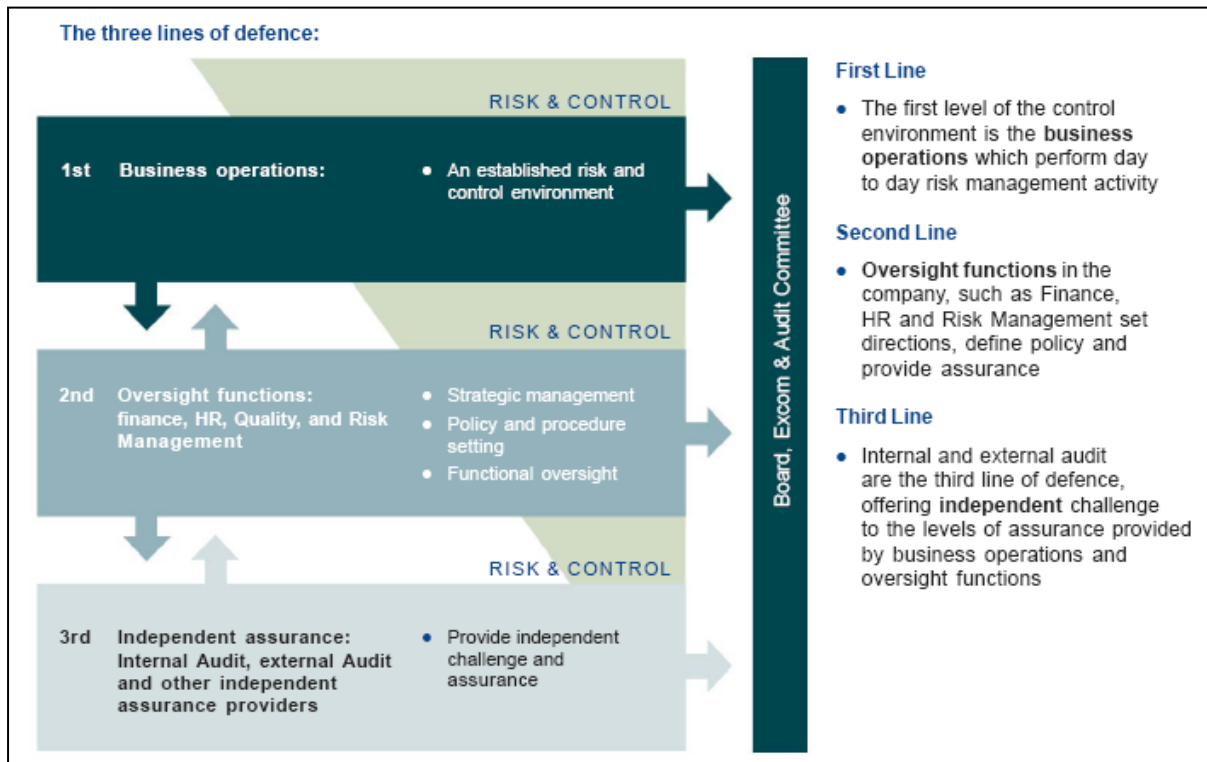
First line of defence:
As the first line of defence, Heads of Team or service managers own and manage risks within their service area. They are also responsible for implementing appropriate corrective action to address, process and control weaknesses.
Heads of Team are also responsible for maintaining effective internal controls and managing risk on a day to day basis. They identify, assess, control and manage risks ensuring that their services are delivered in accordance with the Council's aims and objectives.

Second line of defence:
The second line of defence relates to the Strategic direction, policies and procedures provided by the Council's oversight functions (e.g. Finance, Legal Services and HR). These teams are responsible for designing policies, setting direction, ensuring compliance and providing assurance.

Included within the Anti-Fraud and Corruption Policy is the Council's Whistleblowing Policy which encourages staff to report concerns which may expose the Council to risk.

Third line of defence:

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisations operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The aim of internal audit's work programme is to provide assurance to management, in relation to the business activities, systems or processes under review that the framework of internal control, risk management and governance is appropriate and operating effectively; and risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Such risks are identified through senior management liaison and internal audits own assessment of risk. External audit, inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

Specific Responsibilities

Who	What
Members	Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic objectives and risks that the Council faces, and will be made aware of how these risks are being managed.
Cabinet	• To ensure that effective arrangements are in place throughout the Council and these are kept up to date, • Approving the Council's Risk Management Statement, • Monitoring the Council's risk management and internal control arrangements via an exception reporting process, • Ensuring the effectiveness of the risk management and internal control framework.
The Overview and Scrutiny Committee	To have an overview of performance and use of resources in respect of the identification of risks and monitoring action taken to mitigate those risks.
Audit Committee	The Audit Committee's role is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance, and to monitor the effective development and operation of risk management and corporate governance in the Council.
Executive Leadership Board	The Corporate Management Team (CMT) is pivotal in promoting effective risk management and ensuring that it

Who	What
	is embedded in the culture of the Council. The key responsibilities for the Chief Executive and CMT are: • Promoting the implementation of the Council's risk management arrangements on a corporate basis. • Supporting and promoting the benefits of effective risk management throughout the Council. • Supporting the identification and assessment of risk on an ongoing basis.
Strategic Leadership Team	Annually review the Corporate Risks to be presented to Cabinet. Monitor the corporate risk register on a quarterly basis, and consider any operational risks which are escalated to the group by a member of PMT.
Corporate Governance Group	Ensure Council compliance and efficacy of risk management arrangements, underpinning the Council's performance and management framework, particularly in respect of the Annual Governance Statement. The Group will ensure that risk management processes and procedures are in place that underpin the Council's performance and management framework and will monitor their compliance, including assisting Performance Management Team in populating the Risk Register.
Programme Management Group	Regularly reviews the Council's Programme Risk Register, escalating any issues to Performance Management Team
Senior Managers	Heads of Teams have responsibility for minimising risk within their teams. They will demonstrate their commitment to risk management through: • Being actively involved in the identification and assessment of risks, • Developing relevant action plans for the key risks and establishing relevant performance indicators to measure their performance through the performance management framework, • Incorporating the risk management process into business/service planning processes, • Monitoring the Teams' risks regularly and on no less

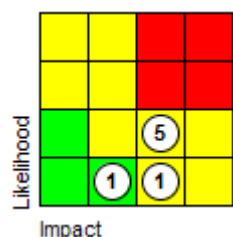| Who	What
	than a quarterly basis, • Encouraging staff to be open and honest in identifying risks or potential opportunities, • Ensuring that the risk management process is part of all major projects and change management initiatives, • Monitoring and reviewing action plans regularly to effectively treat risks.
Risk and Insurance Support	• Facilitate and support the procurement of the Council's insurance programme and the management of claims.
Corporate Business Manager	• Provide risk management support across the Council, • Provide assistance with and prepare management reports, • Support the Performance Management Team and Corporate Business Manager on risk related issues.
All staff	All staff have the responsibility for Council risks and must understand their role in the Council's risk management arrangements. Training and support is provided at the staff induction and ongoing training throughout the year. All staff are expected to know how to recognise, assess and evaluate risk, when to accept risk and to recognise that risks can create opportunities for the Council.
Southern Internal Audit Partnership	The role of the Southern Internal Audit Partnership who act as the Council's Internal Auditors is that of an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It will be responsible for undertaking an assessment of the Council's risk management and internal control mechanisms as part of the review of corporate governance arrangements.

Everyone involved in risk management has a responsibility to identify learning from risks and their management.

Corporate Risk Register

Significant risks have been reviewed by the Strategic Leadership Team and the following table provides details of the risks that are included on the Corporate Risk Register for 2018/19.
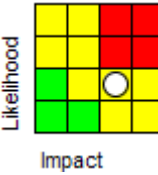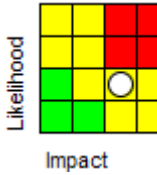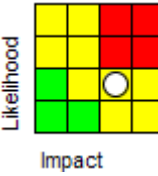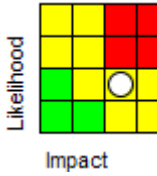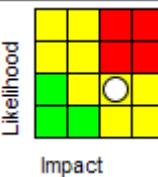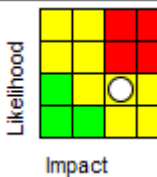
Corporate Risk Register 2018

Summary Heat Map of all Corporate Risks

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Residual Risk Score	Current Controls	Target Risk Score
CR001	Given competing demands and multiple complex priorities, the risk is that the council does not maintain capacity to deliver services	Chief Executive	• Ambitious corporate plan with multiple strands of activity • Cultural desire to 'go the extra mile' • Competition from the private sector for key staff roles eg planning, project management • Officers not sensitive to the political reality and perhaps focus on 'old' priorities • Decision making can be slow, • Middle management too rule driven and need to be more responsive • Reluctance to "just do	• If decision making is slow, delays occur and potentially available resources are redeployed or become unavailable if they are externally sourced. • If staff lack political awareness, middle managers will be slow to redeploy resource to current priorities • If staff are diverted then can't deliver on other lower-level priorities or day-to-day things • Reputation is damaged as the council is not seen to be able to complete projects		• Corporate plan is distilled into key priorities by service. If capacity becomes an issue, prioritisation of activity is in place • Senior level reorganisation to increase capacity • Proactive approach to communications internal and external • Political skills awareness sessions for all middle managers • Positive use of fixed term contracts to aid flexible resourcing • Targeted use of external resource	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Residual Risk Score	Current Controls	Target Risk Score
			it" • Tension between day-to-day and strategic priorities • Skills not in the right place	• Local members are not always kept informed of activity in their area		• Reallocation of human and financial resources across and within the organisation as required	
CR003	Decisions made by the council are challenged to a lack of a strong evidence base, customer insight and engagement with change	Strategic Director (Resources)	• Inconsistent and traditional approach to customer engagement across the council • Lack of awareness of the questions to ask • Lack of awareness of the 'right time' to engage • Lack of public awareness that opportunity to engage • Council is not aware of the full range of interested stakeholders • Council may only hear the loudest voices and not the silent majority or those that do not readily engage • Lack of skill to identify evidence over	• Lack of a robust and evidence based approach to customer engagement can lead to: • Reputational damage • Views that the council is too Winchester-centric • That decisions made are inequitable • There is a perception that peoples views are ignored • Without a robust and evidence based engagement process the council is exposed to risk of challenge on decisions That there is a lack of public		• Investment in engagement specialist to oversee council wide activity • A we asked … you said … we did feedback approach • A council wide data capture exercise completed • Engagement champions (part of governance structure) • Comms approach reset to simplify language and remove data jargon • Move to proactive openness • A more inclusive approach to engagement • Cabinet meetings held around the district. on the street	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Residual Risk Score	Current Controls	Target Risk Score
CR004	Business Continuity – failure to recover services after a major incident that has had a significant impact on the ability of the Council to provide its services	Strategic Director (Services)	• Not maintaining an effective corporate wide Business Continuity Plan • Not regularly testing of plan and follow-up • Key staff unavailable • Communication systems ineffective • Lack of awareness	• Unacceptable delay and uncertainty in returning to normal working after an emergency • Adverse publicity and criticism • Reputation damage Adverse social impact		• Business Continuity Plans in place • Annual testing of IT Disaster Recovery Plan • Critical services identified with individual business continuity plans • Back up temporary office accommodation at Hyde Lodge	
CR006	Effective partnership working	Strategic Director (Place)	• Partnerships can falter due to lack of shared vision within partnerships • Strategic partnerships may falter due to conflicting demands within individual partners • Failure within procurement process • Partnerships may be unsuccessfully commissioned due to lack of procurement skills and poor scoping. • Significant local, regional or national partners may close down, affecting council	• Significant project delivery such as the major projects and the new home building programme may fail due to failed of strategic partnerships • Local delivery may fail if local strategic partners are not aligned • Reputational damage to all partners		• Review of all partnerships undertaken to identify key strategic partners • Introduction of annual performance reporting for significant partnerships	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Residual Risk Score	Current Controls	Target Risk Score
CR007	Lack of sufficient funding and/or escalating costs over the medium term reduce financial viability	Strategic Director (Resources)	• Reduced Government funding • Reliance on strategic partners to deliver services and projects • Macro economy, including Brexit, reduces locally generated Business Rates and parking income • Failure to achieve income targets • Inflation rises • Penalties are imposed on the Council due to falling standards in services	• Unable to balance the budget • Increased Council Tax • Public's ability to pay for services • Reduce services provided • Demand/ cost of services • Increased construction costs and impact on delivery and viability of key projects • Over borrowing and avoidable cost	Likelihood / Impact (risk matrix)	• Outcome Based Budgeting (OBB) approach setting out longer term options • Quarterly finance reporting and monitoring of key income sources • Regular policy review and monitoring • Scenario planning and sensitivity analysis of key risks • Transformation programme to set out cost review • Maintain General fund reserve of at least £2m • Regular review of reserves	Likelihood / Impact (risk matrix)
CR008	Strategic planning for housing	Strategic Director (Services)	• Increasing demand for new houses • High cost of housing, including private rented sector • Slow completion for building of new homes • Unable to identify new sites for new houses	• Increased housing waiting list numbers • Difficulty accessing housing markets • Outward migration of younger residents • Adverse publicity • Government intervention	Likelihood / Impact (risk matrix)	• Plans in place to deliver significant new homes • Regular monitoring of projects • Revised Housing Strategy	Likelihood / Impact (risk matrix)
CR009	Cyber Security	Strategic Director (Resources)	• Malicious attack by Hackers for financial gain; • Malicious attack by Hackers to disrupt	• Possible complete shutdown of Council IT Systems and Infrastructure; • Business\service	Likelihood / Impact (risk matrix)	• IT Systems and processes administered to PSN (Public Services Network) standards and protocols; • ITILv3 Methodology	Likelihood / Impact (risk matrix)

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	Residual Risk Score	Current Controls	Target Risk Score
			business and ability to deliver services; • Viral code attack in order to data mine information and identities	delivery disruption; • Significant Financial loss; • Credibility and confidence lost in engaging with digital services and e-payments		adoption for ITSM; • Comprehensive and regular reviews of ISP (Information Security Policies) and IT Network Access Policies; • Operational daily checks and proactive monitoring of Firewalls and pattern updates; • Staff qualified in Cyber Scheme Professional standards and within GOV UK CESG guidelines; • Regular system health checks and vulnerability scans; • System and software maintained to supported levels. Email security (including: Ransomware mitigation) managed by accredited 3rd party Cloud provision	