

Corporate Policy and Strategy Committee

10.00am Tuesday 24 February 2015

Risk Management Policy Update – referral from the Governance Risk and Best Value Committee

Item number	7.6
Report number	
Wards	All

Executive summary

The Governance Risk and Best Value Committee, on 29 January 2015, considered a report which set out the Council's approach to risk management, and the activities and responsibilities required to ensure that risk management was embedded comprehensively and consistently across the Council. The Corporate Policy and Strategy Committee is asked to approve the updated policy.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

Risk Management Policy Update

Terms of referral

- 1.1 On 29 January 2015 the Governance Risk and Best Value Committee considered an updated Risk Management Policy, which had been revised to ensure it reflected the Council's current approach to policy format and content.
- 1.2 The policy would assist in the identification and management of risk to ensure the successful delivery of the Council's services, agreed outcomes, pledges and objectives.
- 1.3 The Governance Risk and Best Value Committee agreed:
 - 1.3.1 To note the updated Risk Management Policy.
 - 1.3.2 To refer the Policy to the Corporate Policy and Strategy for approval.

For Decision/Action

- 2.1 The Corporate Policy and Strategy Committee is asked to approve the updated Risk Management Policy.

Background reading / external references

[Governance, Risk and Best Value Committee minutes 29 January 2015](#)

Carol Campbell

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Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Governance, Risk and Best Value Committee

10.00am, Thursday, 29 January 2015

Risk Management Policy update

Item number	7.2
Report number	
Executive/routine	
Wards	All

Executive summary

An effective risk management system supports the achievement of the Council's agreed outcomes, pledges, objectives and service delivery and facilitates performance improvement through better informed decision making and reduced uncertainty.

This policy details the requirements and responsibilities to ensure compliance with best practice standards and thereby help ensure that robust risk management is embedded throughout the Council.

The current policy has been enhanced based on evolving risk management activities within the Council.

Links

Coalition pledges	
Council outcomes	CO25
Single Outcome Agreement	

Risk Management Policy update

Recommendations

- 1.1 To consider the updated Risk Management Policy.
- 1.2 To refer the Policy to the Corporate Policy and Strategy Committee for approval.

Background

- 2.1 The policy attached is an update of the Council's existing Risk Management Policy to ensure that it reflects the Council's approach to policy format and content.
- 2.2 Once updated this policy will be incorporated into the Council's induction and mandatory training programme.

Main report

- 3.1 The policy sets out the Council's approach to risk management and the activities and responsibilities required to ensure that risk management is embedded comprehensively and consistently across the Council.
- 3.2 It applies to all risks that could affect the Council achieving its pledges and corporate outcomes and objectives.

Measures of success

- 4.1 The Policy is applied consistently throughout the Council leading to strengthened governance and accountability for risk management.

Financial impact

- 5.1 None.

Risk, policy, compliance and governance impact

- 6.1 Impacts of not adopting the policy could be severe, including not achieving outcome and objectives, ineffective and inefficient service delivery, financial inefficiency and loss and reputational damage.

Equalities impact

- 7.1 None.

Sustainability impact

- 8.1 None.

Consultation and engagement

- 9.1 This policy has been updated in line with the Council's approach to policy format and content.

Background reading/external references

[Operational Governance update report: Governance, Risk and Best Value Committee, 6 November 2012](#)

Alastair Maclean

Director of Corporate Governance

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Links

Coalition pledges

Council outcomes CO25 - The Council has efficient and effective services that deliver on objectives

Single Outcome Agreement

Appendices Risk Management Policy

Risk Management Policy

Implementation date: January 2015

Control schedule

Approved by	CMT
Approval date	14 January, 2015
Senior Responsible Officer	Richard Bailes, Chief Risk Officer
Author	Rebecca Tatar, Principal Risk Manager
Scheduled for review	December 2015

Version control

Version	Date	Author	Comment
0.1		Rebecca Tatar	

Committee decisions affecting this policy

Date	Committee	Link to report	Link to minute
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Risk Management Policy

Policy statement

- 1.1 Robust risk management ensures that the Council's agreed outcomes, pledges, objectives and service delivery are achieved more effectively and efficiently; that performance will be improved through better informed decision making and reduced uncertainty.
- 1.2 This policy sets out the Council's approach to risk management and the activities and responsibilities required to ensure that risk management is embedded comprehensively and consistently across the Council.

Scope

- 2.1 This policy applies to:
 - 2.1.1 All risks that could affect the Council achieving its corporate and service delivery objectives.
 - 2.1.2 All risks that arise throughout the Council's [risk universe](#). This includes Service Areas, projects and third party relationships.
- 2.2 All employees have a role to play in risk management and are responsible for managing risk by ensuring controls are operated as intended and that any risks they identify are escalated appropriately. All managers, directors and elected members are responsible for ensuring that risk management is embedded in accordance with the Policy.

Definitions

- 3.1 A **risk** is an event or trigger that can affect the delivery of the Council's agreed outcomes, pledges, objectives and service delivery. Risks can be downside or upside in nature.
- 3.2 **Inherent risk** is the pure risk - as if there were no controls in place to manage it.
- 3.3 **Residual risk** is the current level of risk - given the effect of controls already in place.
- 3.4 [Risk appetite](#) is the level of risk we are prepared to **tolerate** or **accept** in the pursuit of our strategic objectives.
- 3.5 **Risk escalation** is the process by which risk is communicated appropriately - up, down and/or across the organisation - to ensure it is dealt with most effectively.
- 3.6 **Risk management** is about identifying and managing the risks to achieving the Council's agreed outcomes, pledges, objectives and service delivery. It includes the culture, structures, controls and processes that are directed towards the effective management of adverse events and opportunities

- 3.7 The **Risk Register** is where we capture risk management information: the risks identified, our assessment of them, the controls in place to manage them and any plans for improving their management.
- 3.8 The Council's [risk universe](#) comprises all the units and areas where risks could arise and should be captured in the Council's risk registers.
- 3.9 A **control** is an action (a measure, method, process, check etc) that has been designed and put in place to direct the way we carry out our day to day work and service delivery. Controls are designed to mitigate risk and help ensure we meet our objectives effectively and efficiently. Controls should operate as designed.

Policy content

- 4.1 Robust risk management is based on a cycle of regular review and update which should be evidenced in risk registers held and maintained by CMT, Service Area management teams and below this in teams as required by the SMT.
- 4.2 To ensure effective risk management it is essential that the following policy requirements are understood and applied consistently across the Council.
- 4.3 **Identifying risk**
- 4.3.1 The Council faces many different types of risk. These can be: strategic, operational, financial, human/organisational or legal/regulatory risks. Risks emerge, evolve and change as does the environment in which we operate.
- 4.3.2 As risks are identified they should be escalated to appropriate managers and captured in the appropriate risk registers.
- 4.4 **Analysing and assessing risk**
- 4.4.1 Once identified, each risk should be assessed for the inherent likelihood of the risk arising and the impact should it materialise; and then, once the controls currently in place to manage the risk have been identified, the residual likelihood and impact of the risk materialising.
- 4.5 **Responding to and managing risk**
- 4.5.1 The level of risk the Council is prepared to tolerate or accept in the pursuit of its objectives is set out in the Council's [Risk Appetite](#) statement.
- 4.5.2 Based on the level of residual risk a decision should be made as to whether carrying that level of risk is acceptable or whether it requires further response. The options are: Tolerate, Treat, Transfer or Terminate.
- 4.5.3 All options to treat or respond to the risk should be considered to ensure that the option chosen is that which is most likely to result in successful delivery whilst also providing an acceptable level of value for money.
- 4.6 **Monitoring risk**
- 4.6.1 Risks and their mitigating action plans must be reviewed by teams and the risk register updated regularly. Every quarter the Service Area and CMT Risk

Committees will review and challenge the issues and risks arising and update their risk registers appropriately.

4.7 Reporting risk

4.7.1 Each quarter the CMT and the Chief Risk Officer report on risks and risk management to the GRBV.

Implementation

- 5.1 This policy and all guidance referred to is available to all employees on [the Orb](#). It is supported by eLearning modules in Risk Management and Internal Controls. This will help ensure a clear understanding of ownership and accountability for risk management among managers and employees.
- 5.2 The success of implementing this policy will be demonstrated by:
 - 5.2.1 Outcomes and objectives being achieved more efficiently and effectively
 - 5.2.2 A reduction in surprise events and time spent fire-fighting
 - 5.2.3 Better informed decision making and reduced uncertainty
 - 5.2.4 Improved reputation through strengthened governance
- 5.3 Implementation of the policy is supported by a Risk Management Steering Group and Risk Management Officers Group which are tasked with assisting the Directors in embedding risk management in accordance with best practice outlined in this Policy and associated [Risk Management Procedures](#).

Roles and responsibilities

- 6.1 The remit of the **GRBV** is to scrutinise the Council's risk arrangements.
- 6.2 The Council's **Internal Audit** team role is to provide assurance on the adequacy of the risk management framework and associated control environment.
- 6.3 The **Corporate Management Team** has overall responsibility for risk management. This involves providing high level support to ensure that each directorate applies the risk management policy and results in providing evidenced statements of assurance as part of the Council's Annual Governance Statement.
- 6.4 To facilitate the development and implementation of risk management, **Directors** nominate individuals to sit on corporate groups and to carry out specific responsibilities.
- 6.5 The role of the **Chief Risk Officer** is to maintain a strong system of risk governance and control, supporting Directorates to embed risk management and promote the development of a risk aware culture across the Council. The CRO coordinates the development and implementation of the Council's approach to the management of risk and oversees escalation and co-ordination of Council wide risks. The CRO regularly reports to the CMT and GRBV on risk matters and chairs the Risk Management Steering Group (RMSG).
- 6.6 The **Risk Management Steering Group** consists of senior officers representing all directorates of the Council. The RMSG ensure there is strategic direction over risk management in their directorates and a consistent approach across the Council. They promote good risk behaviours, ensure ownership, accountability and transparency for risk, and support the development of risk management across the Council.

- 6.7 All **managers** have a responsibility for enabling effective risk management in their service areas and teams. This includes, but is not limited to, ensuring that the risk management policy and procedures are followed.
- 6.8 All **staff** are responsible for ensuring that controls are operated as intended and that any risk they identify is escalated appropriately.

Related documents

- 7.1 Related documents include:
- 7.1.1 [Risk Management Procedure](#) details how to put the Policy into practice.
 - 7.1.2 All Council policies are intrinsic to managing risk to the Council.

Equalities impact

- 8.1 There are no equalities issues arising from this policy.

Sustainability impact

- 9.1 There are no sustainability issues arising from this policy.

Risk assessment

- 10.1 The risks of not implementing this policy include:
- 10.1.1 Inability to achieve Council outcomes and objectives
 - 10.1.2 Ineffective and inefficient service delivery
 - 10.1.3 Financial inefficiency and loss
 - 10.1.4 Reputational damage to the Council

Review

- 11.1 In line with the Council's Policy Framework this policy will be reviewed annually or more frequently if required.