



Risk Management and Business Continuity Policy

2009-10

Members and management are committed to embedding the principles of risk management in the culture and behaviours across the council. This policy has been agreed by Cabinet and the Corporate Management Team. The policy will be reviewed annually to ensure that it remains in line with strategic activities and objectives, and will be updated as necessary to reflect any significant business change.

Scope

This policy outlines strategic objectives with regard to risk management and business continuity within Peterborough City Council. How these objectives will be achieved is outlined in the accompanying Strategy. It also sets out the standards and definitions the council will be working to, and outlines broad areas of responsibility.

This policy will be communicated to all staff and stakeholders via the council website and Insite, and will also be available on request.

Context

Peterborough City Council (PCC) is a unitary authority, employing around 6,500 staff and providing a wide range of services to a population of approximately 163,300 people (Registrar General, 2007). The council's Vision is to provide a quality of service which genuinely contributes to making Peterborough the place to be in the Eastern region. In this way, the council affects the everyday lives of all who live and work in the city.

Risk is defined by the Institute of Internal Auditors (IIA) as: "the uncertainty of an event occurring that could have an impact on the achievement of the objectives". The council recognises that there are risks in everything it undertakes and that it has a duty to manage these risks. This duty is to staff and those people working in the council, residents, service users, partners and funding agencies. Risk can have both negative and positive consequences, and it is the council's aim to minimise negative impacts and to exploit potential opportunities through a robust risk management process.

Risk management is defined by the Institute of Risk Management (IRM) as: "the process which aims to help organisations to understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure". The Business Continuity Institute (BCI) defines BCM as: "a holistic management process that identifies potential impacts that threaten an organisation; provides a framework for building resilience and the capability for effective response; safeguards the interests of key stakeholders, reputation, brand and value-creating activities".

The relationship between risk management and business continuity management is a complex and often-debated one. For the purposes of PCC, it is helpful to view BCM in simple terms as a risk management control, i.e. once events which could potentially affect service provision have been identified, BCM is one way of reducing the impact of those events materialising. It is therefore useful to have RM and BCM united and coordinated centrally, to increase overall organisational resilience and efficiency.

Civil Contingencies Act 2004

Under the Civil Contingencies Act 2004 (CCA) it is a statutory duty for local authorities to have in place fit for purpose business continuity plans (BCPs). Risk management (RM) is not currently statutory for the council; however, as with business continuity management (BCM), it is in the interests of the organisation to have sound BCM and RM processes in place, in order to maintain efficient business operations, increase effective decision making and safeguard the interests of stakeholders.

Enterprise Risk Management

Enterprise Risk Management (ERM) is defined by the IIA as: “A rigorous and coordinated approach to assessing and responding to all risks that affect the achievement of an organisation’s strategic and financial objectives”. It is the council’s intention to manage risk within ERM guidelines as good practice; further details are outlined in the strategy.

BS25999

BS 25999 is a new British Standard of business continuity management. It is the council’s intention to manage business continuity within the guidelines of BS25999, with the possibility of achieving accreditation in the future.

Risk Management and Business Continuity Objectives

- Enable the achievement of the council’s strategic priorities:
 - Creating the UK’s environment capital
 - Creating strong and supportive communities
 - Delivering substantial and truly sustainable growth
 - Creating opportunities – tackling inequalities
 - Providing value for money
- Integration of risk management and business continuity into the culture of the council.
- Ensure compliance with laws and regulations.
- Demonstration of effective governance within the council.
- Enable the council to anticipate and respond to changing social, environmental and legislative conditions.
- Provide assurance regarding the management of significant risks.
- Support management in making decisions that pay full regard to risk considerations.
- Mitigation of all effects of a disruptive incident, including threat of litigation, potential financial losses and damage to council reputation.
- Deliver efficient operations, effective processes and efficacious strategies.
- Minimisation of injury, damage, loss and inconvenience to all stakeholders, (including staff, residents, service users, assets etc.), arising from, or connected with, the delivery of council services.
- Increased supply chain resilience.
- Raised awareness of the need for business continuity and risk management by all those connected with the delivery of services (including partners, delivery agents etc).

- A common language and understanding and a joined up and fully coordinated approach with regard to risk management activities throughout the organisation.
- Openness and honesty in all risk communications, and effective reporting procedures throughout the council.
- Introduction of a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.

Responsibilities

A full reporting structure and further details of roles and responsibilities are outlined in the strategy. Broad areas of responsibility for risk management are:

Elected Members have a responsibility to understand the strategic risks that the council faces, and should oversee the effective management of risk by PCC officers.

The Chief Executive will be accountable to Members for the effective management of risk within the council and will ensure that appropriate procedures, resources and skills are introduced in order to achieve this.

The Corporate Management Team will be responsible for monitoring the strategic risk register and receiving notifications of significant risks from departmental risk registers.

The Resilience Services Manager is responsible for leading the BCM and RM processes, which will be coordinated by the Senior Business Continuity and Risk Management Officer. This includes promoting BCM and giving generic advice to the local commercial and voluntary sector, which is also statutory for the council under the CCA. Supportive development and training to this role has been given and will be ongoing as necessary.

Heads of Service will be expected to commit appropriate resources to risk management within their areas.

Risk Champions will be nominated within key areas and will take on the departmental management of operational risk.

All staff have a responsibility to make themselves aware of risk management in everyday duties and to report risk issue as appropriate.



Risk Management and Business Continuity Strategy

2009-10

Version 1.1

Date of Next Review: January 2010

This strategy has been agreed by Cabinet and the Corporate Management Team and will be reviewed on a regular basis to ensure that goals are being met and that activities are still in line with current strategic objectives.

Scope

This strategy supports the risk management and business continuity objectives of the Policy and sets out suggested ways of achieving them, enabling everyone involved in risk management activities within the council to participate within an agreed framework. The strategy outlines methodology, roles, responsibilities etc, but does not replace the need for responsible officers to make informed decisions and manage risks on an ongoing basis. It will enable Members and management to monitor the process of embedding risk management into the council's culture, assess progress and review as necessary.

To be effective, it is essential that risk management is based on an holistic view of risk and takes a dynamic approach. Therefore, this strategy will recommend the use of Enterprise Risk Management (ERM) as best practice, detailed below. Corporate business continuity arrangements do not aim to plan for every imaginable contingency, but are flexible procedures to assist management decision making, and should be followed with a common sense approach. Further details are within the corporate business continuity plan (also under review for 2009-10).

Objectives

- To enable the achievement of the council's risk management and business continuity objectives, as outlined in the Policy.
- To review and challenge current risk management and business continuity management practices.
- To centralise reporting structures through an agreed architecture.
- To simplify and streamline RM processes, ensuring they are accessible and relative.
- Coordinate RM and BCM activities throughout the council and maintain a high profile.
- To facilitate the identification of significant risks, emerging risks and patterns or trends of risks.
- Establish clear accountabilities, roles and responsibilities (outlined in Appendix A).
- To establish a methodology for identifying, assessing, managing and reporting risks.
- Suggest a suitable method of self-assessment and possible timescales for improvement.
- Set out ways of embedding robust RM practices in the council.
- To formalise the strategic risk appetite.
- To identify and engage with key stakeholders

A timetable of events is outlined in Appendix D.

Definitions

Risk

The uncertainty of an event occurring that could have an impact on the achievement of an organisation's objectives. (Institute of Internal Auditors)

Risk Appetite

The total amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time. (BS 25999)

Risk Management (RM)

The process which aims to help organisations to understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure. (Institute of Risk Management)

Enterprise Risk Management (ERM)

A rigorous and coordinated approach to assessing and responding to all risks that affect the achievement of an organisation's strategic and financial objectives. (Institute of Internal Auditors)

Business Continuity Management (BCM)

An holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. (BS 25999)

Business Impact Analysis (BIA)

The process of analysing business (service) functions and the effect that a business disruption might have on them.

Stakeholder

Any person, group or organisation that affects, or can be affected by, an organisation's actions. (Institute of Risk Management)

Context

There are various risk management activities within the council, including project risk management, performance monitoring, finance risk management etc. However, there is not currently a uniform approach to the processes attached to risk management, i.e. identification, analysis, evaluation, treatment and reporting. Risk management within the council has historically been driven forward by the Chief Internal Auditor, with the lead being the Head of Strategic Finance, to avoid operational conflicts of interest. There was an unsuccessful attempt in 2007 to appoint a dedicated Risk Manager, following which risk management has continued to be the nominal responsibility of Strategic Finance, without a dedicated resource to administrate it and maintain its profile.

Following the Civil Contingencies Act 2004, the council undertook a major programme of Business Continuity Management (BCM), with an officer within the (then) Emergency Planning Team being given responsibility for implementing BC plans. Service areas now have business continuity plans in place to increase their resilience to operational disruption

The Emergency Planning Team has evolved into Resilience Services, incorporating Emergency Planning, Business Continuity, CCTV and Internal Health and Safety. The coordination of all risk management activities within the council is now the responsibility of the Resilience Services Manager, who has a dedicated resource in the Senior Business Continuity and Risk Management Officer. The process of centralising risk reporting through this department will achieve more consistency of approach, more open communications and opportunities to identify gaps and opportunities, and provide a focal point for information, training and reporting etc. By combining the RM and BCM disciplines, it is the aim to embed both within the organisational culture, with a focus on monitoring the continually changing risk horizon and applying necessary ongoing measures to address potentially damaging events. This process will take time, and will require long term ongoing commitment.

Risk Aware Culture

Alarm, The Public Sector Risk Management Association, has recently published the Alarm National Performance Model for Risk Management in the Public Services, which measures the extent to which risk management is having a positive effect on the organisation. The benefits of a risk aware culture are:

- Compliance with laws, regulations and standards
- Assurance on the management of significant risks
- Management decision making that encompasses risk considerations
- Efficiency and effectiveness in operations and projects

Key indicators of a risk-aware culture are:

- Involvement of all stakeholders in all stages of risk management process
- Emphasis on training in RM procedures and learning from events
- Strong leadership in relation to strategy, projects and operations
- Absence of an automatic blame culture but appropriate accountability
- Communication and openness on all RM issues and lessons learnt

This model attempts to show an estimation of where Peterborough City Council is now in terms of the capabilities of the model (shown in red).

Targets:

- To be a Level 2 on all capabilities by the end of 2009.
- To be a Level 3 on all capabilities by the end of 2010.

The self assessment will be revisited by the end of 2010 and new targets set.

	Leadership & Management	Strategy & Policy	People	Partnership, Shared Risk & resources Processes	Processes	Risk Handling & Assurance	Outcomes & Delivery
Level 5: RM is DRIVING the organisation	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well-managed risk-taking	Risk management capability in policy and strategy making helps to drive organisational excellence	All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well managed risk taking	Clear evidence of improved partnership delivery through RM and that key risks to the community are being effectively managed	Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success	Clear evidence that risks are being effectively managed throughout the organisation. Considered risk-taking part of the organisational culture	RM arrangements clearly acting as a driver for change and linked to plans and planning cycles
Level 4: RM is EMBEDDED & INTEGRATED within the organisation	RM is championed by the CEO. The Board and senior management challenge the risks to the organisation and understand their risk appetite	Risk handling is an inherent feature of policy and strategy making processes. RM system is benchmarked and best practices identified and shared across the organisation	People are encouraged and supported to take managed risks through innovation. Regular training and clear communication of risks is in place	Sound governance arrangements are established. Partners support one another's RM capability and capacity	A framework of RM processes in place and used to support service delivery. Robust BCM system in place	Evidence that RM is being effective and useful for the organisation and producing clear benefits. Evidence of innovative risk taking	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement
Level 3: RM is WORKING for the organisation	Senior managers take the lead to apply RM thoroughly across the organisation. They own and manage a register of key strategic risks and set the risk appetite	RM principles are reflected in the organisation's strategies and policies. Risk framework is reviewed, developed, refined and communicated	A core group of people have the skills and knowledge to manage risk effectively and implement the RM framework. Staff are aware of key risks and responsibilities	Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk.	RM processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans	Clear evidence that RM is being effective in all key areas. Capability assessed within a formal assurance framework and against best practice standards	Clear evidence that RM is supporting delivery of key outcomes in all relevant areas
Level 2: RM is HAPPENING within the organisation	Board/councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented	RM strategy and policies drawn up, communicated and being acted upon. Roles and responsibilities established, key stakeholders engaged	Suitable guidance is available and a training programme has been implemented to develop risk capacity	Approaches for addressing risk with partners are being developed and implemented. Appropriate tools are developed and resources for risk identified	RM processes are being implemented and reported on in key areas. Service continuity arrangements are being developed in key service areas.	Some evidence that RM is being effective. Performance monitoring and assurance reporting being developed	Limited evidence that RM is being effective in, at least, the most relevant areas
Level 1: RM is ENGAGING with the organisation	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve	The need for a risk strategy and risk-related policies has been identified and accepted. The RM system may be undocumented with few formal processes present	Key people are aware of the need to understand risk principles and increase capacity and competency in RM techniques through appropriate training	Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk	Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified	No clear evidence that RM is being effective	No clear evidence of improved outcomes

Risk Appetite

The risk appetite is the corporate statement of the level and nature of risk that is acceptable to the organisation. Below is the current PCC risk matrix, which should act as the benchmark for the acceleration of significant risks. This matrix replaced the 6x4 model previously in use.

Likelihood	E	Yellow	Orange	Red	Red	Red
	D	Green	Yellow	Orange	Red	Red
	C	Green	Yellow	Orange	Orange	Red
	B	Green	Green	Yellow	Yellow	Orange
	A	Green	Green	Green	Green	Yellow
		1	2	3	4	5
		Impact				

Review yearly
Review quarterly
Action within 90 days
Action within 30 days

Below is a suggested simplified matrix, with reviewed likelihood and impact descriptors:

Likelihood	5	Orange	Orange	Red	Red	Red
	4	Green	Orange	Orange	Red	Red
	3	Green	Orange	Orange	Orange	Red
	2	Green	Green	Orange	Orange	Orange
	1	Green	Green	Green	Green	Orange
		1	2	3	4	5
		Impact				

Review 12 months
Review 3 months
Review 1 month

Likelihood Descriptors:

- | | | |
|----------|-------------|---|
| 1 | Negligible | Little likelihood of risk occurring except in exceptional circumstances |
| 2 | Low | Unlikely to occur in the next 10 years |
| 3 | Moderate | Reasonable chance of occurring during the next 5 years |
| 4 | Significant | Likely to occur during the next 12 months |
| 5 | Very High | More likely to occur than not at least once in the next 12 months |

Impact Descriptors:

	1	2	3	4	5
Descriptor	Negligible	Low	Moderate	Significant	Very High
Service/Business Interruption	No noticeable service interruption	Minor disruption, manageable by altered operational routine	Some significant operational areas compromised	All or most significant operational areas compromised	Sustained or permanent loss of core service or facility
Financial	Up to £10,000 loss or <£10k of budget over £25m	£10k - £25k or >0.1 % of budget over £25m	£25k - £100k or >0.25% of budget over £25m	£100k - £500k or >0.5% of budget over £25m	>£500k or >0.2% of budget over £25m
Compliance	Minor non-compliance with standards	Non-compliance with standards, addressed by low-level management action	Non-compliance with core standards	Major non-compliance with core standards	Serious breach of compliance and potential prosecution
Objectives/Projects	Insignificant cost increase/schedule slippage	Minor schedule slippage/reduction in quality/scope	Schedule slippage/reduction in scope or quality	Failure to meet secondary objectives	Failure to meet primary objectives
Reputation/publicity	Awareness limited to individuals within organisation	Local media – short term.	Local media – long term. Significant effect on staff morale	Extensive local and short term national coverage	Long term national coverage, MP concern and scrutiny
Environmental	No noticeable impact on environment	Minor impact on environment, no long term effects	Short term impact on environment, medium term effects	Significant impact on environment with possible long term effects	Long term impact on environment

Classification System (risk definitions)

Risks are typically assessed within classifications, and there are various models in existence, such as PESTLE (Political, Economic, Social, Technological, Legal, Environmental), all of which can be modified and adapted to suit a particular organisation.

It is proposed to streamline the current classification system in use within PCC (Appendix C) and to adopt the following:

Strategic: events that need to be taken into account in judgements about projects, medium to long-term goals and objectives for PCC. These will in general be high-level risks e.g.

- Project risks
- Governance etc

Operational: events which could affect service provision, e.g.

- Physical damage (fire, flood etc)
- Staff shortage
- ICT loss
- Contractors etc

Compliance: events which could affect compliance with standards, laws and regulations.

Financial: events which could have a financial impact.

Reputation: events which could affect public perception about the organisation, staff morale, stakeholder interest etc.

Environmental: events which could have an environmental impact.

Strategic risks should be managed throughout all Directorates, as they are likely to affect/be affected by everyone. For example, failure to mitigate the effects of climate change is a high-level risk, but one which every Directorate should have some input into managing. An aim of this review is to identify all strategic risks which should be managed departmentally and ensure they are placed onto relevant risk registers.

Enterprise Risk Management

Enterprise Risk Management (ERM) is defined by the Institute of Internal Auditors (IIA) as: “A rigorous and coordinated approach to assessing and responding to all risks that affect the achievement of an organisation’s strategic and financial objectives”. In terms of Peterborough City Council, this encompasses the four strategic priorities, all underpinned by delivering value for money. It is therefore the aim to adopt ERM as a comprehensive and dynamic risk management approach within the council.

The Institute of Risk Management (IRM) suggests the following ERM framework:

- Strategic Objectives
- Risk Assessment
 - Analysis
 - Identification
 - Description
 - Estimation
- Risk Evaluation
- Risk Reporting (threats and opportunities)
- Decision
- Risk Treatment (response)
- Residual Risk Reporting
- Monitoring

Strategic Objectives

Risks should be measured against their impact on the ability of the council to achieve its objectives. If a potential event or incident will not ultimately impact upon this, then it does not necessarily need to be viewed as a risk. In terms of departmental risk management, a good starting point is the service/business plan, and identifying events which could impact on these.

Risk Assessment

Risks are assessed and measured in terms of the **likelihood** of an event occurring, and the **impact** the event would have if it occurred. There are various methods of risk assessment, a combination of which should ideally be used, to ensure maximum input and comprehensiveness. These include questionnaires, checklists, workshops, inspections and audits, dependency analyses etc. In this way, information can be used from historic events, near misses etc. and up to date views on new or potential risks can be identified.

Directors and their managers are responsible for identifying risks within their service areas, and, as part of this process, accepting ownership of those risks.

Risk Evaluation

Using the output from the assessment process, a profiling exercise should be undertaken to determine the relative priority of the identified potential risk impacts. A tolerance level is then established i.e. a level of risk which can be accepted. This should be in line with the strategic risk appetite (see above). The risks should then be managed according to priority.

Risk Reporting

Risk registers are currently maintained departmentally, but are not consistent in terms of appearance, risks identified, control measures etc, and do not contain enough supporting information on risk assessments, inherent and residual scores etc. There are various risk management software options available, but it may be desirable to establish sound and regular reporting through the Resilience Team using methods currently available, beginning the embedding process and keeping central control of the proceedings, before reviewing the practice and assessing the best methodology. In other words, to choose a system that fits the council's risk management processes, rather than adapt processes to fit a system which may not be suitable.

A reporting structure is attached at Appendix B.

As a minimum, the following reports will be provided:

Recipient	Frequency	Format
Corporate Management Team	Half-yearly	Detailed commentary on the council's strategic risks and overall risk profile
Audit Committee	Half-yearly	Overview and commentary on the council's strategic risk profile
Strategic Governance Board	Half-yearly	Commentary on the overall risk profile and on the operation of the risk management strategy and the risk management process
Audit Committee	Annually	Report to support Committee's review of the operational performance of the risk management strategy and risk management process

Decision

Once risks are assessed, evaluated and profiled, a decision has to be made on the appropriate response. This will be a joint effort by managers, champions, and risk officer. Risks identified as significant will be escalated to CMT for appraisal. Risk owners will be assigned who will then be responsible for managing the controls and reporting on progress.

Risk Response

Risks should be viewed in terms of both negative and positive impacts (downside and upside), which will assist in the response decisions.

When the risk assessment and profiling process has identified material potential risk exposures, the best course of action should be determined from one or more of the following response options:

- Tolerate the risk: If the risk falls within the accepted appetite then no further action is required.
- Treat the risk: reduce the level of risk through mitigating controls.
- Transfer the risk: share the responsibility by insurance, outsourcing etc.
- Terminate the activity associated with the risk.

Residual Reporting

In order to estimate the effectiveness of risk management, it is important to re-assess risks once control measures have been put in place. This is the residual level of the risk and is part of the dynamic approach. Embedding this process will require regular and continual input from services and the risk officer.

Monitoring

Progress in managing risk must be monitored (through the ongoing tracking of key risk indicators) to ensure that:

- Risk events and losses are identified and reported promptly enabling action to be taken to minimise the overall cost impact.
- Emerging risks, trends, patterns and other changes in the risk profile are identified as quickly as possible.

The risk owner is responsible for ensuring their risks are monitored on a regular basis. CMT reviews the council's strategic risks half-yearly. Operational risks will be reviewed at least quarterly within Directorates.

Monitoring of risk management processes should take a dynamic approach and be regarded as ongoing, with modifications being made as necessary.

Training, Information and Communication

The council's aim is to embed a more open and accessible risk management culture, which embraces the reporting of risk issues throughout the organisation, including near misses, events and arising risks. Communication is a vital part of this. By centralising the process within the Resilience Team, risk communications will become more consistent and opportunities and gaps in awareness identified. Regular communications with officers involved in all levels of RM activities will also help to identify key stakeholders.

The following are some measures which the strategy aims to put in place over the next year:

- Establishment of risk champions from service areas by end of 2009. This will require commitment from senior management and heads of service.
- Identify key areas of risk management and best way of coordinating reporting activities by end of 2009.
- Training in ERM principles and terminology, coordinated by the Resilience Team, to include cabinet, councillors and Audit Committee. This will be an ongoing process.
- Regular ongoing workshops to examine and challenge current risk registers, identify stakeholders and share knowledge and experience of risk management, starting by end of 2009.
- Updates via Insite and other relevant media. Raise risk management profile by making more information more accessible and prominent. Starting by end 2009 and ongoing.
- Engagement with Members, management and all staff. Ongoing process.
- Establish risk management within recruitment and induction procedures by end of 2010.

Business Continuity Management

The BCM programme is well under way and service areas now have plans in place. End-users have been encouraged to use the Shadow Planner system to administer their plans; while this has proved a useful method of rolling out BCM to all services and teaching the basic principles of BCM, champions are showing a preference for having their local plans on Word or Excel documents, which are more easily accessed and shared within their departments. It is therefore proposed at this stage, to continue administering plans corporately using Shadow Planner, as there are two more years of licence, and to compile a new generic Word template for all services to adapt to their own service. These will then be entered on Shadow Planner by the Resilience Team to continue mapping inter-dependencies etc and to enable easier auditing.

The next stage of BCM is to ensure the process is continued and embedded. The current review of risk management will assist this, as BCM can be identified both as a strategic risk applicable through all Directorates, and as a control measure to mitigate potential service disruption. A major part of BCM is risk assessment, and business continuity can be viewed simplistically as a risk control (treatment of risk). The joined up approach will help to embed both the RM and BCM processes.

The corporate approach to BCM is to increase overall resilience to any kind of disruption. Therefore, business continuity plans are generic, simple and flexible, to enable informed and effective management decision-making. The plans establish lines of accountability and outline recovery requirements, but do not aim to be prescriptive. Key elements of the BCM strategy are to:

- Provide a generic Word template for all services to adapt by end 2009.
- Maintain plans on Shadow Planner, including BIA, administered by the Resilience Team.
- Review BCM champions following the recent restructure, identifying key gaps by end of 2009.
- Establish a timeframe of service areas to work intensively on reviewing RM and BCM.

- Identify lack of BCM as a strategic risk throughout all Directorates by end of 2009.
- Embed BCM as a risk management control throughout Directorates by end of 2010.
- Identify ongoing training needs and provide workshops, training and information as required.
- Establish BCM/RM in recruitment and induction processes by end of 2010.
- Establish BCM/RM in business and service plans by end of 2010.
- Address supply chain issues via Strategic Procurement by end of 2010.

Further details on BCM are within the Corporate Business Continuity Plan (also under review for 2009-2010)

Resources

There is provision in the Resilience Services budget for an assistant risk management/business continuity officer. However, it is proposed at this time to start the process with current resources and assess workloads and workstreams before recruiting, so that the new role can be clearly defined. There is admin support currently available who can assist in the interim.

Ideally, services should become empowered to manage their own risks and business continuity effectively, with the Senior Business Continuity and Risk Management Officer's being a coordinating and facilitating role. Training and support to this role has been provided and is ongoing.

Conclusion

Risk management is an ongoing process requiring commitment from all levels, from Members and senior management to all staff. The council should not be looking at a quick-fix solution, whose novelty will soon wear off, but a long term, continuous programme which offers practical and flexible ways of embedding the process. As the council evolves, risk management activities will evolve with it, therefore the strategy and processes within it need to be regularly reviewed and updated. We should be prepared to identify and implement necessary changes and to encourage open communications throughout the council.

APPENDIX A

Roles and Responsibilities

The council recognises that it is the responsibility of all members and employees to have due regard for risk in performing their duties. The key roles and responsibilities for risk management are:

Full Council:

Role: All Members are responsible for governing the delivery of services to the local community. Members therefore have a responsibility to understand the strategic risks that the council faces in delivering services and consider the risk management implications of any action within the strategic decision-making process.

Leader/Cabinet:

Role: The Leader of the council is the Cabinet member with responsibility for the overall corporate vision and direction for the council. The Leader is supported in this role by Cabinet, together with the Chairman of the Audit Committee who is designated Member Champion for risk management.

Committee and Scrutiny Chairs:

Role: To support the strategic approach to risk management and the ongoing implementation of the processes. Committee and Scrutiny Chairs will develop and maintain the level of awareness and knowledge of RM appropriate to their role, including the implication of significant risks, and ensure that relevant risk management processes are applied to their areas of responsibility.

Audit Committee:

Role: The Audit Committee is the principal interface with Members for the purposes of supporting and monitoring the council's risk management arrangements. The Committee receives reports on the council's performance in relation to risk management and this provides an opportunity for challenge and discussion.

Responsibilities:

- Approve the risk management policy and strategy.
- Monitoring the council's risk management and internal control arrangements.
- Review an annual assessment of the effectiveness of the risk management and internal control framework.
- Approve the public disclosure of the annual outcome of this assessment (the Governance statement) and publish it in the Annual Statement of Accounts.

Chief Executive:

Role: The Chief Executive has accountability to Members for effective management of risk within the council and will ensure that appropriate procedures, resources and skills are in place in order to achieve this.

Responsibilities:

- Ensure that risks are managed effectively through the development of an all-encompassing corporate strategy.
- Require Directors to have awareness of the risks facing the services they manage and have effective measures to monitor and control this exposure.
- Promote and oversee implementation of the corporate risk strategy.
- Monitor and review the effectiveness of the strategy.
- Help with the identification of and assessment of operational and project risks.
- Understand the implications of the most significant risks on the council and stakeholders.
- Consider the implications of poor decisions regarding risk.
- Consider the financial implications of the risks that have been identified and are retained by the council, and ensure that adequate monetary provision is made in case contingencies arise.

Corporate Management Team:

Role: To ensure that risk is managed effectively by contributing to the development of an all-encompassing corporate strategy. To implement the risk management policy agreed by Members, directing officers towards a high-level risk management approach to establishing a robust system of internal control.

Responsibilities:

- Gain an understanding of RM and its benefits.
- Ensure that RM is included in discussions by management teams.
- Determine the RM framework, policy, strategy and processes.
- Determine the council's risk appetite, prioritise strategic and cross cutting risks and determine action on them.
- To review the strategic risk register.

Strategic Governance Board

The Terms of Reference are to be confirmed.

Role: To share experience of risk, risk management and strategy implementation across the council.

Responsibilities:

- Identify areas of overlapping/cross-departmental risks
- Drive new initiatives.
- Feed into strategy review.
- Drive process of risk profiling/assessment.
- Report to Audit Committee

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Resilience Services Manager:

Role: To support the council and its services by facilitating the development, implementation, operation and review of the risk management strategy.

Responsibilities:

- Develop the risk management strategy and promote, support and oversee its implementation.
- Oversee the design, development and delivery of programmes to communicate risk management awareness to members and staff.
- Oversee the design, development and delivery of risk management training to members and managers with specific responsibility for the management of risk.
- Manage the risk management and BCM budget.
- Identify and communicate risk management issues to all departments.
- Oversee the development and implementation of a process to monitor overall risk levels and report to Chief Auditor/Chief Executive/Cabinet.
- Assist departments in undertaking risk management activity via training, facilitation of risk identification and assessment and/or direct support.
- Supervise and support the resources allocated to facilitate these responsibilities.
- Ensure all areas of risk management, operational and strategic, are monitored and cross-cutting issues are raised with the appropriate groups.

Chief Internal Auditor:

Role: To challenge established risk management processes, including risk identification and evaluation, and to provide assurance to officers and members on the effectiveness of the controls put in place to mitigate risk. This role should be separated from the activity of establishing and operating risk management processes and control structures, which remain the responsibility of officers allocated to risk management.

Responsibilities:

- To report on the effectiveness of risk management processes.
- To evaluate and test the controls put in place to mitigate risk.
- To monitor and review the effectiveness of the strategy.

Heads of Service/Service Managers:

Role: To manage operational risk effectively in each area.

Responsibilities:

- Implement details of the risk strategy.
- Maintain a risk register for their service area.
- Identify, analyse and profile departmental risks.
- Monitor progress of risks and actions in place to mitigate them.
- Allocate appropriate resources to risk management and business continuity.
- Ensure that risk management issues are cascaded throughout their service areas.

Risk Champions:

Role: To facilitate effective departmental risk management.

Responsibilities:

- To attend training and workshops to understand the processes of risk management.
- To manage and report on departmental risk as required.

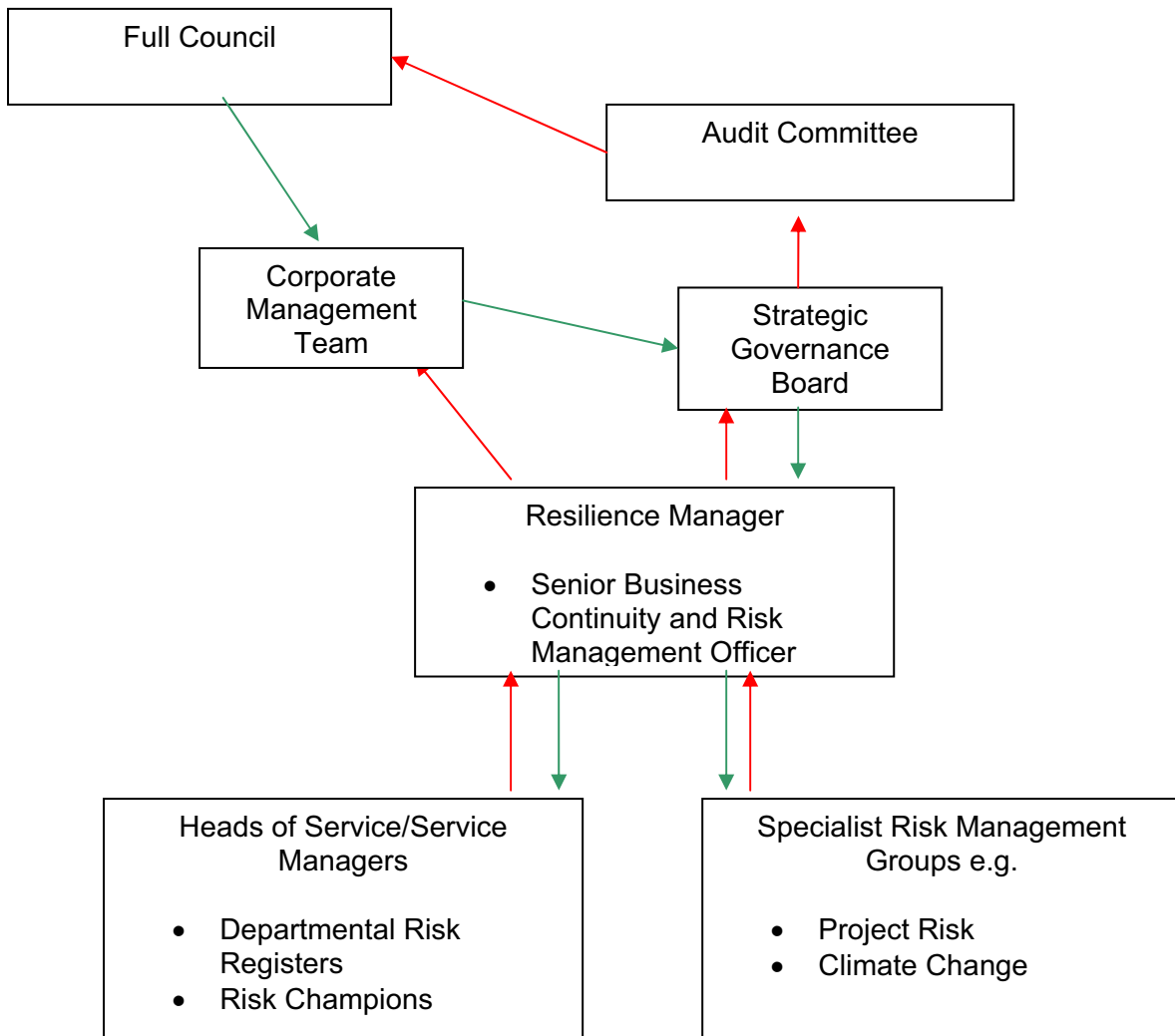
All Staff:

Role: To be aware of risk management issues in their area of work.

Responsibilities:

- Identify and report potential risk issues.
- Be aware of changed circumstances and risks.
- Understand, accept and implement risk management issues.

**Appendix B
Reporting Structure**



Key:
 Reports on RM activities
 Monitors and instructs

APPENDIX C

Risk Definitions Previously in Use

Strategic Risk	Hazards and risks that need to be taken into account in judgements about the medium to long term goals and objectives for PCC
Political	Those associated with failure to deliver either central government policy, or meet the administration's manifesto commitments.
Economic	Those affecting the ability of PCC to meet its financial commitments. These include budgetary control pressures, the failure to purchase adequate insurance cover, external macro level economic changes, or the consequences of proposed investment decisions.
Social	Those relating to the effects of changes in demographic, residential or social-economic trends on PCC's ability to deliver its objectives
Technological	Those associated with the capacity of the organisation to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures affecting PCC's ability to deliver its objectives.
Legislative/Regulatory	Those associated with current or potential changes in national or European Law
Environmental	Those relating to the environmental consequences of progressing PCC's strategic objectives
Competitive	Those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value
Customer/Citizen	Those associated with failure to meet the current and changing needs and expectations of customers and citizens

Operational Risk	Hazards and risks that managers and staff encounter in the daily course of their work
Professional/Managerial	Those associated with the particular nature of each profession (e.g. social work service concerns over children at risk etc)
Legal	Those related to possible breaches of regulation
Financial	Those associated with financial planning and control to minimise the occurrence of unforeseen budgetary pressures, lack of capital resources in the current year and in the future
Physical	Those related to fire, security, accident protection and health and safety
Contractual/Partnership	Those associated with the failure of contractors to deliver services or products to the agreed cost and specification
Reputational	Those relating to PCC's reputation and the public perception of PCC's efficiency and effectiveness
Technological	Those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery)
Environmental	Those relating to pollution, noise or energy of ongoing service operation