Derby

Risk Management Strategy

2020 edition

Document control

Reviewed	- Policy and Improvement Manager - Zurich (Risk consultant) - Corporate Risk Management Group - Summary of proposed changes and originals documents – Audit and Accounts Committee	December 2019 – March 2020
Revised	Policy and Improvement Manager	October 2020
Approved	Corporate Risk Management Group	October 2020
	Audit and Accounts Committee	
Published	N/A	November 2020
Review date	N/A	November 2022

Foreword

Welcome to the Risk Management Strategy for Derby City Council, revised in October 2020, following a review completed at the end of March 2020 by our Corporate Risk Management Group. This Strategy aims to improve the effectiveness of risk management across the Council. Effective risk management allows us to:

- have increased confidence in achieving our priorities and outcomes

- constrain threats to acceptable levels

- take informed decisions about exploiting opportunities

- ensure that we get the right balance between rewards and risks

- improve partnership working arrangements and corporate governance.

Ultimately, effective risk management will help to make sure that we maximise our opportunities and minimise the impact of the risks that we face. Improving our ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the council and damage to its reputation.

This Risk Management Strategy provides a comprehensive framework and process designed to support councillors and colleagues in ensuring that our Council is able to discharge its risk management responsibilities fully. The Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that we have in place to manage risk successfully. Detailed information on how to implement this policy and tools to assist in the implementation are provided in Derby City Council's Risk Management Handbook.

We will review both this Strategy and the Risk Management Handbook at least every two years, and any variations will be agreed by the Audit and Accounts Committee, who will also be engaged in assurance and review activity.

Derby City Council

Contents

Derby City Council

Introduction

Whilst risk management is a statutory requirement it is not simply a compliance exercise but an indispensable element of good management and corporate governance, which is essentially the way an organisation manages its business, determines strategy and objectives, and goes about achieving its goals.

Risk management will help identify and deal with the key risks facing the Council in the pursuit of its goals and its implementation is crucial to the Council, and essential to its ability to discharge its various functions: as a partner within the Local Strategic Partnership, a deliverer and commissioner of public services, a custodian of public funds and a significant employer.

The Risk Management Process outlined within this Strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This should cover both strategic priorities, operational activities (e.g. delivery of actions identified in team plans) and delivery of projects or programmes.

In line with ISO 31000 definition of risk management, Derby City Council defines a risk as:

"The chance of something happening that may have an impact on our objectives"

A risk is an event or occurrence that would prevent, obstruct or delay the organisation from achieving its objectives, or failing to capture business opportunities when pursuing its objectives

Positive consequences or opportunities are the possibility that an event will occur and positively affect the achievement of objectives. You can channel the opportunities back into your objective setting/business planning process, formulating plans to seize those opportunities.

Risk management

The Council is a complex organisation, operating in an ever-changing environment. Changes to national policy and financial pressures mean that, increasingly, there is a need to anticipate, identify and pro-actively manage both risk and opportunity in order to maximise resources, make effective decisions and ensure efficiency and customer focus.

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks that can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events, whilst creating a positive environment where we can pro-actively challenge, innovate and make the most of our opportunities.

Risk Management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), the environment, technology, breach of confidentiality etc.

Risk Management is not about eliminating all risk, instead it is understanding the nature, scale and effect of risks and taking action(s) to minimise threats and maximise opportunities.

The benefits of successful risk management include:

➢ **Improved service delivery** – fewer disruptions, efficient processes, improved controls to strengthen our ability to achieve our outcomes, priorities and vision.

➢ **Improved financial performance and value for money** – increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks; allowing us to plan effectively, avoid surprises and increase our flexibility to cope with internal and external pressures and demands.

➢ **Improved corporate governance and compliance systems –** fewer legal challenges, robust corporate governance, fewer regulatory visits.

➢ **Improved decision making** – based on an informed, evidenced-based analysis of both the risks and opportunities, creating the right conditions for challenge and innovation.

➢ **Improved insurance management** – lower number of level of claims, lower impact of uninsured losses and reduced insurance premiums.

Risk Management Process
Derby City Council's risk management process has five key steps, as outlined below. Further information on the process and its use, including risk management tools, is outlined within the Risk Management Handbook that is available on iDerby.

Derby City Council

Process Step	Description
Risk Identification	Identification of risks that could significantly impact the Council's aims and objectives – at strategic, operational and project levels. In summary, risk identification involves anticipating changes to the internal and external environment and having a good understanding of the context of the project / service / change. There are many tools and techniques that can be used to identify and assess risks, and details of these can be found in our Risk Management Handbook.
Risk Analysis	Risk analysis or assessment requires consideration to the identified risks, potential consequences (both positive and negative) and likelihood of occurring. In some cases, risks that are at first identified as threats, with negative connotations, may be 'flipped' to become positive opportunities. All risks should be scored against Derby City Council's risk matrix, which allows assessments of risks as both threats and opportunities. When completing a risk analysis, the risk should be assessed using the 'so what' principle, to understand if the risk is within our accepted risk appetite and tolerance before a decision is taken on the most appropriate risk treatment(s). Risk appetite is the level of risk that an organisation is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats, that change inevitably brings. Our risk appetite is set by our councillors and Strategic Leadership Team, alongside the wider Corporate Leadership Team.
Risk Treatment	Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (this may be one or a combination of a number of treatments). If a risk is considered to be an opportunity the following definitions should be used to manage it - Take; Enhance; Share; Ignore. Further details on the definition of each stage of risk treatments for both threats and opportunities can be found within the Risk Management Handbook.
Completing the Risk Register	Document the previous steps within the appropriate risk register, which is a tool for facilitating our risk management discussions. A standard template is utilised to ensure consistent reporting, for both risks as threats and opportunities.
Monitoring, Reporting, Reviewing the risks	Review risks against the agreed reporting structure to ensure that they remain current, accurate and where possible within agreed 'tolerances', taking into account the level of risk appetite at both strategic and operational levels. As part of the on-going analysis and management of risks, risk assurance activity will include 'deep dive reviews' and 'risk surgeries', coordinated through the Corporate Risk Management Group, Cabinet and the Audit and Accounts Committee. More information on this, including the recommended criteria for a deep-dive assessment and/or risk surgery is set out in our Risk Management Handbook.

Derby City Council

Derby City Council Risk Matrix

Derby City Council's Risk Management matrix aims to provide a comprehensive framework, systems and processes to identify, evaluate and manage risks as both threats and opportunities. It has been refreshed, as part of the 2020 review, to integrate risk opportunity into our organisational culture and to encourage an environment of both challenge and innovation.

Risk – Threats					Risk – Opportunities					
Impact	Very high – 4	4	8	12	16	16	12	8	4	Significant - 4
	High - 3	3	6	9	12	12	9	6	3	Moderate - 3
	Medium - 2	2	4	6	8	8	6	4	2	Minor - 2
	Low – 1	1	2	3	4	4	3	2	1	Insignificant – 1
		1 Remote	2 Possible	3 Probable	4 Highly probable	4 Highly probable	3 Probable	2 Unlikely	1 Rare	
		Likelihood				**Likelihood**				

(Right-hand vertical label: **Impact**)

Derby City Council Risk Matrix – Analysis Criteria

Threats criteria		Opportunities criteria	
Impact	**Thresholds and Description**	**Impact**	**Thresholds and Description**
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £500k, no media attention	1 – Insignificant	• Little or no improvement to service • Little or no improvement to welfare of staff / public • Little or no financial income / efficiency savings (less than £500k) • Little or no improvement to environment or assets • Little or no feedback from service users
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £500k, adverse local media attention, breaches of local procedures	2- Minor	• Minor improvement to service • Minor improvement to welfare of staff / public • Improvement that produces £500k+ of income / efficiency savings • Minor improvement to environment or assets • Positive user feedback
3 – High	Significant threat to council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £1million, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.	3 – Moderate	• Moderate improvement to service • Moderate improvement to welfare of staff / public • Improvement that produces £1million of income / efficiency savings • Moderate improvement to environment or assets • Positive local media contact
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £5million, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, council unable to work with partner organisation	4 – Significant	• Significant improvement to service • Significant improvement to welfare of staff / public • Improvement that produces £5million or more income / efficiency savings • Significant improvement to environment or assets • Positive local media coverage

Threats criteria		Opportunities criteria	
Likelihood	**Description**	**Likelihood**	**Description**
1 – Unlikely	May occur only in exceptional circumstances (e.g. once in 10 years)	1 – Rare	Opportunity has not been fully investigated but considered extremely unlikely to materialise

Derby City Council

Threats criteria		Opportunities criteria	
Likelihood	Description	Likelihood	Description
2 – Possible	Unlikely to occur but could at some time *(e.g. once in 3 years)*	2 – Unlikely	Opportunity has not been fully investigated; achievability is unproven / in doubt
3 – Probable *(in 2 years)*	Fairly likely to occur at some time or under certain circumstances *(e.g. once in 2 years)*	3 – Probable *(in 2 years)*	Opportunity may be achievable, but requires significant management, planning and resources.
4 – Highly probable *(in 12 months)*	Will probably occur at some time or in most circumstances *(e.g. once in 12 months)*	4 – Highly probable *(in 12 months)*	Opportunity is achievable with careful management.

Roles and Responsibilities

All councillors and colleagues have a role to play in delivering the Council's Risk Management Framework, by making themselves aware of risks and opportunities within their day to day duties, and by ensuring that any issues are escalated, as appropriate.

It is part of everyday leadership and management, and therefore a duty of all managers, to identify risks and opportunities within their areas of responsibility, and to follow the procedures set out in this Strategy and the supporting Risk Management Handbook.

Group / Individual	Roles and Responsibilities
Cabinet & Cabinet Members	• Overall responsibility for Council's Strategy and Policies. • Approve risk tolerance levels or the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk as recommended by Management Team (SLT and CLT). • Receive quarterly updates on strategic risks, as part of performance reporting, to understand possible impacts on the achievement of objectives, and the level of assurance on our mitigations.
Finance and Governance Cabinet Portfolio Holder	• Promote risk management across the Organisation. • Understanding of risk management and risk management process for the organisation. • Support and encourage wider risk management training and briefings to maintain knowledge across organisation. • Ensure consistent and clear communications are issued. • Attend the Corporate Risk Management Group.
Audit and Accounts Committee	• To consider, approve and monitor the Council's risk management framework, and to seek assurances on its effectiveness. • Promote risk management within the authority.
Scrutiny Committees	• Review and challenge strategic risk information reported to Cabinet quarterly, as part of performance monitoring reports. • Challenge risk management information provided to Cabinet for decision making. • Review and challenge the robustness of risk implications and assessments in recommendations to Cabinet. • Promote benefits of embedded risk management process, and an open culture of challenge and review.
Councillors	• Councillors are responsible for governing the delivery of services to the local community and have a responsibility to understand the risks that their Council faces and be aware of how these risks are being managed. One way of gaining assurance that identified risks are being effectively managed is by robust, constructive challenge and scrutiny. • Requesting sight of risk registers, as appropriate, and challenging the robustness of risk assessments in committee reports.
Strategic Leadership Team (SLT)	• To promote an understanding of the management of risk, in accordance with best practice, throughout the City Council. • Preparing and recommending changes to the Risk Management Strategy. • Reporting key strategic risks to Council Cabinet quarterly and providing assurance to the Audit and Accounts Committee on the effectiveness of the risk management framework every six months. • Approving the quarterly strategic risk report on risk management provided

Derby City Council

Group / Individual	Roles and Responsibilities
	by Corporate Risk Management Group.
Corporate Leadership Team (CLT)	• To promote an understanding of the management of risk in accordance with best practice, throughout the City Council • Responsible for directorate and department risk registers. • Oversee and challenge project risks related to their service areas. • To work with the Assurance Team to complete 'deep dive reviews' and/or 'risk surgeries' to support analysis of the effectiveness of current risk controls/actions and the effectiveness of our risk management framework. • Nominate Risk Champions (Assurance Advocates) and advocate for them in their role.
Chief Executive	• Overall responsibility for ensuring that strategic risks are effectively managed within the Council. • To provide an annual assessment on risk management and strategic risks, as part of the Annual Report.
Strategic Director of Corporate Resources	• Champion and take overall responsibility for implementing the Risk Management Framework and embedding risk management throughout the Council.
Corporate Risk Management Group	• Chaired by the Director of Legal, Procurement and Democratic Services and Monitoring Officer. • Attended by Risk Champions (Assurance Advocates) for each Directorate, subject matter experts in priority areas and members of the Assurance Team. • Consider escalated operational risks and recommend actions to mitigate. • Promote a risk aware culture and embed risk management throughout the Council. • Review and challenge directorate, department and operational risks. • Preparing, monitoring and reviewing the strategic risk register. • Inform the review and refresh of Derby City Council's Risk Management Strategy and Handbook. • Undertake deep dive reviews of risk to seek assurance on controls/actions. • Horizon scan on matters related to; local and national policy, finance, insurance, safeguarding, emergency planning, project management, health and safety, performance and audit, to inform a strategic assessment of current threats and opportunities. • The Corporate Risk Management Group has overall responsibility for identifying, analysing and scoring strategic and service risks; to ensure consistency in the application of the risk management matrix.
Strategy and Performance Service	• Ensure that the Risk Management Framework aligns with associated key strategic planning documentation (i.e. performance management framework, project management guidance, business planning guidance etc.). • Inform the identification of risks through inspection and assessment activity, business planning workshops and performance monitoring/reviews. • Identification and coordination of performance surgeries, which may be linked to areas of risk and/or opportunities.

Derby City Council

Group / Individual	Roles and Responsibilities
Assurance Team	The Assurance Team are pivotal in the promotion and embedding of risk management by managing a culture change within the Council. They are responsible for managing strategic risks, as well as supporting services in their individual areas of responsibility. Assurance Team key tasks are to: - review the Council's approach to risk management and supporting processes and recommend for approval any subsequent changes; - recommend any appropriate changes to the Risk Management Strategy to councillors; - support and promote risk management throughout the Council – ensuring that it works effectively; - actively identify, analyse and profile strategic risks on a quarterly basis; - determine and prioritise actions on strategic risks, allocating individual ownership of the key risks to appropriate members of the Strategic Leadership Team and/or Corporate Leadership Team; - receive escalated directorate and service risks and consider their inclusion onto the strategic risk register; - propose the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk; - monitor progress of risk arrangement activities as part of existing performance management approaches; - coordinate deep-dive risk assessments and risk surgeries; - report quarterly to Cabinet on strategic risks and their management; - issue a six-monthly report to Audit and Accounts on risk assurance; and - ensure that the Council has robust processes and procedures in place that are consistently applied, for the management of operational risks, including project risks.
Risk Champions (Assurance Advocates)	- Individuals identified within each directorate with responsibility to support risk management process within their directorate. - Act as point of contact for officers within the directorate to assist in the application of Risk Management. - Attend the Corporate Risk Management Group, providing updates on strategic and operational risks from within their Directorate. - Responsibility for supporting Derby City's aim of embedding risk management across the organisation. - Identifying areas of non-compliance with Risk Management Strategy, and escalating issues as appropriate.
Service professionals / subject matter experts	- Individuals responsible for any of the below areas should attend the Corporate Risk Management Group to support horizon scanning, risk identification, analysis and assurance… - Policy, Finance, Insurance, Safeguarding, Project Management, Emergency Planning, Health and Safety, Performance, Legal and Audit. - Support in the alignment of risks and the development of our risk culture through their attendance at other Board/Committee meetings.
Heads of Service	Their primary role is to: - Contribute towards the identification and management of operational risks for their service; - Maintain an awareness of, and help promote, the approved risk management strategy to all staff; - Ensure that risks (threats and opportunities) that have been identified are

Derby City Council

Group / Individual	Roles and Responsibilities
	addressed and mitigated and that any high risks/threats are addressed urgently; • Escalate service and project risks, as appropriate, to the directorate risk registers; and • Ensure that risk management is incorporated into service plans and project plans; particularly in instances where risk assessment has identified opportunities as well as threats.
Service / Team Managers	Their primary role is to: • Contribute towards the identification and management of operational risks for their service, undertaking constant horizon scanning; • Maintain an awareness of, and help promote, the approved Risk Management Strategy to all staff; and • Ensure that risks (threats and opportunities) that have been identified are addressed and mitigated and that any high risks/threats are addressed urgently.
Programme Management Board (PMO)	• The Programme Management Board has responsibility for ensuring that project risks are assessed accurately, and assurances are sought on the effectiveness of controls/actions. • Ensure risks that have been identified as 'significant' are appropriately reviewed and escalated; with evidence of more frequent monitoring.
Project Sponsors, Leaders and Managers	• Project leaders have a responsibility to ensure that the risks associated with their projects are identified, recorded and regularly reviewed as part of the project management process. • Project managers should escalate, as appropriate, through the Project Lead, Sponsor and Corporate Risk Management Group, project risks (threats and opportunities), for consideration by the PMO, CLT and/or SLT. • Project Sponsors are ultimately accountable for the management of project risks and opportunities.
Internal Audit	Internal Audit's role is to maintain independence and objectivity. Internal Audit is not responsible or accountable for risk management, or for managing risks on management's behalf. Internal Audit will: • Audit the risk management process; • Assess the adequacy of the mechanisms for identifying, analysing and mitigating key risks; • Provide assurance to officers and councillors on the effectiveness of controls; • The risk registers will drive the Internal Audit Plan to ensure resources are used on the areas of highest risk and where the need for assurance is greatest; and • Attend the Corporate Risk Management Group, to support horizon scanning, risk identification, analysis and assurance.
All Colleagues	All colleagues have a responsibility to: • Manage risk effectively in their job and report opportunities and risks to their service managers; • Participate in risk assessment and action planning, where appropriate; • Adhere to Council policies and procedures; and • Attend training and development sessions as appropriate

Derby City Council

We can give you this information in any other way, style or language that will help you access it. Please contact us on: 01332 640767 Minicom: 01332 640666

Polish

Aby ułatwić Państwu dostęp do tych informacji, możemy je Państwu przekazać w innym formacie, stylu lub języku.
Prosimy o kontakt: 01332 640767   Tel. tekstowy: 01332 640666

Punjabi

ਇਹ ਜਾਣਕਾਰੀ ਅਸੀਂ ਤੁਹਾਨੂੰ ਕਿਸੇ ਵੀ ਹੋਰ ਤਰੀਕੇ ਨਾਲ, ਕਿਸੇ ਵੀ ਹੋਰ ਰੂਪ ਜਾਂ ਬੋਲੀ ਵਿੱਚ ਦੇ ਸਕਦੇ ਹਾਂ, ਜਿਹੜੀ ਇਸ ਤੱਕ ਪਹੁੰਚ ਕਰਨ ਵਿੱਚ ਤੁਹਾਡੀ ਸਹਾਇਤਾ ਕਰ ਸਕਦੀ ਹੋਵੇ। ਕਿਰਪਾ ਕਰਕੇ ਸਾਡੇ ਨਾਲ ਟੈਲੀਫ਼ੋਨ 01332 640767   ਮਿਨੀਕਮ 01332 640666   ਤੇ ਸੰਪਰਕ ਕਰੋ।

Slovakian

Túto informáciu vám môžeme poskytnúť iným spôsobom, štýlom alebo v inom jazyku, ktorý vám pomôže k jej sprístupneniu. Skontaktujte nás prosím na tel.č: 01332 640767 Minicom 01332 640666.

Urdu

یہ معلومات ہم آپ کو کسی دیگر ایسے طریقے، انداز اور زبان میں مہیا کر سکتے ہیں جو اس تک رسائی میں آپ کی مدد کرے۔ براہ کرم 01332 640767

منی کام   01332 640666   پر ہم سے رابطہ کریں۔

Derby City Council

Derby City Council The Council House Corporation Street Derby DE1 2FS
www.derby.gov.uk