

Cheshire East Council

Risk Management Policy 2014-2015



CHESHIRE EAST COUNCIL - RISK MANAGEMENT POLICY

Foreword by Cllr David Brown, Deputy Leader and Strategic Communities Portfolio Holder



1.0 Foreword and Attitude to Risk Management:

- 1.1 This risk management policy forms part of Cheshire East Council's internal control and corporate governance arrangements. This policy, and the adoption of the overall risk process, including allocating appropriate resources to risk management, is owned by the Chief Operating Officer with delegated authority from Cabinet. The purpose of this policy is to clearly outline the council's commitment to risk management, describe the objectives of risk management and provide a framework for embedding risk management across the organisation, with defined roles and responsibilities and a structured process.
- 1.2 Guided by our underlying principle of being 'resident first', our ambition is to become a strategic commissioning Council. Given the context of developments in the public sector and during this continuing time of austerity, we are working to achieve even better outcomes for the local people of Cheshire East within the limits of our available funding. Becoming a commissioning Council means taking a 'best fit' approach to developing service delivery options e.g. Alternative Service Delivery Vehicles (ASDV), and consideration and response to existing and new threats, and the ability to recognise and seize new opportunities, is fundamental to achieving the future outcomes that we want. Effective risk management is not about eliminating or avoiding risk, indeed with active risk management we may decide to take more risks on an informed basis to innovate as effectively, and cost efficiently, as possible as we continue to transform and achieve our ambition. Through the implementation and embedding of an effective risk management framework, and ensuring a higher risk appetite for Cheshire East Council, we will ensure that it is better placed to manage its performance, achieve its corporate objectives and provide an enhanced level of service and outcomes to the community.
- 1.3 Cheshire East Council is committed to adopting best practice in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the council's objectives and deliver core services. The Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks. It is acknowledged that some risks will always exist and will never be eliminated but through risk identification we anticipate eventualities and it helps us to respond to changes in need, ensuring that we are fit for purpose to serve Cheshire East residents and businesses.
- 1.3 The council's risk management objectives are a long term commitment and an inherent part of good management and governance practices. The objectives need the full support of Members and active participation of managers. All officers must understand the nature of the risk and accept responsibility for risks associated with their area of work, including an understanding of how reputation value for the Council is added or lost. In doing this they will receive the necessary support, assistance and commitment from senior management and Members.
- 1.5 It is essential that a single risk management approach be utilised at all levels throughout the authority. The council has closely integrated risk management into its planning and objective-setting process, enabling it to manage its risks in a more consistent, uniform way. By effectively managing our threats and opportunities, which is all part of good governance, we will be in a stronger position to deliver our objectives and work better as a partner with other organisations.

CHESHIRE EAST COUNCIL- RISK MANAGEMENT POLICY

Contents

1.0	Foreword and attitude to risk.....	2
2.0	Introduction and Purpose.....	4
3.0	Risk Management and Internal Control Objectives.....	4
	Objective 1 – Risk Governance and Culture.....	5
	Objective 2 – Risk Management Arrangements.....	5
4.0	Internal Control	6
5.0	Risk Appetite and Capacity.....	7
6.0	Risk Tolerance and Thresholds.....	7
7.0	Roles and Responsibilities.....	7
8.0	Reporting.....	9
9.0	Quality Assurance and Document History.....	9

Appendices

Appendix A - Summary Roles and Responsibilities	10
Appendix B - Risk Improvement Plan	13
Appendix C - Business Continuity Policy.....	15
Appendix D - Risk Management Policy Requirements.....	17



2.0 Introduction and Purpose

- 2.1 This Policy explains the Council's underlying approach to risk management, documents the roles and responsibilities of Cabinet, the Corporate Leadership Board and other key parties; outlines key aspects of the risk management process; and identifies the main reporting procedures. It is clear that change in the public sector is inevitable. Strategic Commissioning is about achieving even greater value for money, by doing things differently and using innovative new approaches to the way in which services are delivered, to achieve the outcomes desired by local people. It is not simply about reducing costs through arranging cheaper provision or about traditional outsourcing, as the new approach will be used to get the best from in-house services, from joint ventures between the Council and other providers, and from new delivery vehicles such as Social Enterprises or Staff Mutuals. Learning from risk management judgements gives us a key competitive advantage, enabling our leaders and managers to act proactively on their accountabilities and facilitate strategic thinking so that we are able to exploit opportunities which enable innovation and better value for public money.
- 2.2 A risk is concerned with a threat or a possible future event which will adversely or beneficially affect Cheshire East Council's ability to achieve its objectives. It is typically assessed using two dimensions, one of which is the impact of the threat or opportunity, representing the consequences to the Council's intended outcomes. The second dimension is the frequency or likelihood of the risk occurring, representing the probability of the threat or opportunity happening.
- 2.3 Risk management is the process that informs strategic development through the identification and treatment of risk such that, objectives are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised. Good risk management increases the probability of success, and reduces both the probability of failure and uncertainty of achieving Cheshire East Council's overall objectives.



3.0 Risk Management and Internal Control Objectives

- 3.1 There are two principle objectives detailed below which outline the council's approach to risk management and internal control:

Objective 1

Risk Governance and Culture: Embed risk management into the ethos, culture, policies and practices of the council so that risk management is an integral part of the council's decision making, management and governance practices

- 3.2 The **Risk Governance and Culture** objective will be achieved through ensuring that:-
- There are clearly defined roles, responsibilities and reporting lines within the council for risk management and that Cabinet and Council have responsibility for overseeing risk management within the council as a whole – see **Appendix A**.
 - An open and receptive approach to understanding the challenges of risk management is adopted by Cabinet and Council
 - Audit and Governance Committee provide independent assurance to Council on the effectiveness of the risk management framework and associated control environment.
 - There is appropriate leadership and monitoring of corporate risks and key corporate project risks
 - Risk management is an integral part of corporate policy decisions and is included in the council's processes, policies and documents, including commissioning, service and project planning, writing reports and considering decisions
 - For those with responsibility for achieving objectives, responsibility also lies in identifying and assessing threat and opportunity risks; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress.
 - Opportunities for shared learning on risk management across the council and with other authorities, partners and stakeholders are taken where appropriate.
 - Risk management is a key and effective contributor to Corporate Governance and the Annual Governance Statement with Corporate Managers responsible for encouraging good risk management practice and completing statements as to the effectiveness, or otherwise, of their systems for identifying, monitoring and managing corporate and operational risks
 - Advice, guidance, suitable information and training on risk management is available to employees and Members – see **Appendix B** Risk improvement plan.
 - Identifying and seizing opportunities which risk management provides for the organisation.

3.3 Objective 2

Risk Management Arrangements: Ensure the council successfully manages risks and opportunities at all levels – strategic, operational, programme, project and partnership so that it increases the probability of achieving its objectives and outcomes.

- 3.4 The **Risk Management Arrangements** objective will be achieved through ensuring that:-
- Risk management process guidance for employees and Members on how to identify, assess and prioritise risks, determine a response, manage and control, and report and review is available. *The process to be adopted is described in the document "Risk Management Process Guide".*
 - Risk management is integrated with the council's strategic planning process, commissioning and commissioning business unit plans so we are able to monitor risks to achieving the objectives, determine which risks have the most significant impact, and prioritise resource accordingly.
 - The risk management process will be incorporated into the way the council works within partnerships through Partnership Protocols to ensure a joint successful approach to the management of risks
 - Risk management is not a one-off exercise but that it is a continuous process because the decision making processes it underpins are continuous

- A hierarchy of risk registers are maintained, which are regularly reviewed and monitored, to demonstrate the management of risks linked to the council's commissioning, corporate and operational objectives and to working in partnership.
- The most significant identified risks and relevant control measures are monitored, reported and reviewed by the Corporate Risk Management Group.
- Key risk scores and indicators of levels of risk are identified and closely monitored on a regular basis
- Contingency plans are prepared and tested to secure business continuity where there is a potential for an event to have a major impact upon the council's ability to function.
- Specialist Functions advise the Corporate Leadership Board and its Operational Management Teams on policies, procedures and implications of strategic and operational risk decisions so that the council can demonstrate control of risk and can protect and manage risks to employees and public, Council reputation and financial values.
- Ensuring that internal audit coverage is driven by a deep understanding of the risks, challenges and opportunities facing the Council. Some of the risks will be unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking.

4.0 Internal Control

4.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the council to respond to a variety of operational, financial and commercial risks. These elements include:-

a. *Policies and procedures*

Attached to significant risks are a series of policies that underpin the internal control process. The policies are approved by Cabinet and Council and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

b. *Quarterly reporting*

Comprehensive quarterly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Corporate Leadership Board and Cabinet if appropriate.

c. *Business Continuity*

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The council has therefore developed a complimentary policy to the Risk Management Policy on Business Continuity to address this important aspect of risk management and is attached as **Appendix C** to this Policy.

d. *Anti-Fraud and Corruption*

The council has an anti-fraud and corruption strategy, which directs the council towards ensuring a professional and ethical approach to combating fraud. As part of the council's anti-fraud and corruption framework, the council also has an anti-money laundering policy, which directs the council towards ensuring a professional approach to combating money laundering.

e. *Whistleblowing*

Cheshire East Council is committed to the highest possible standards of openness, probity and accountability. Employees, Members, contractors, suppliers to or consultants with, the authority are often the first to realise that something wrong may be happening within. The Whistleblowing Policy is intended to



help those who have concerns over any potential wrong-doing within the council.

f. *Audit, Inspectorate and Accreditation reports.*

The Council makes reference to and acts upon the results of the work of the internal and external auditors and on information and recommendations received from other council feedback mechanisms, including inspectorates, professional bodies and accreditation bodies.

5.0 Risk Appetite and Capacity

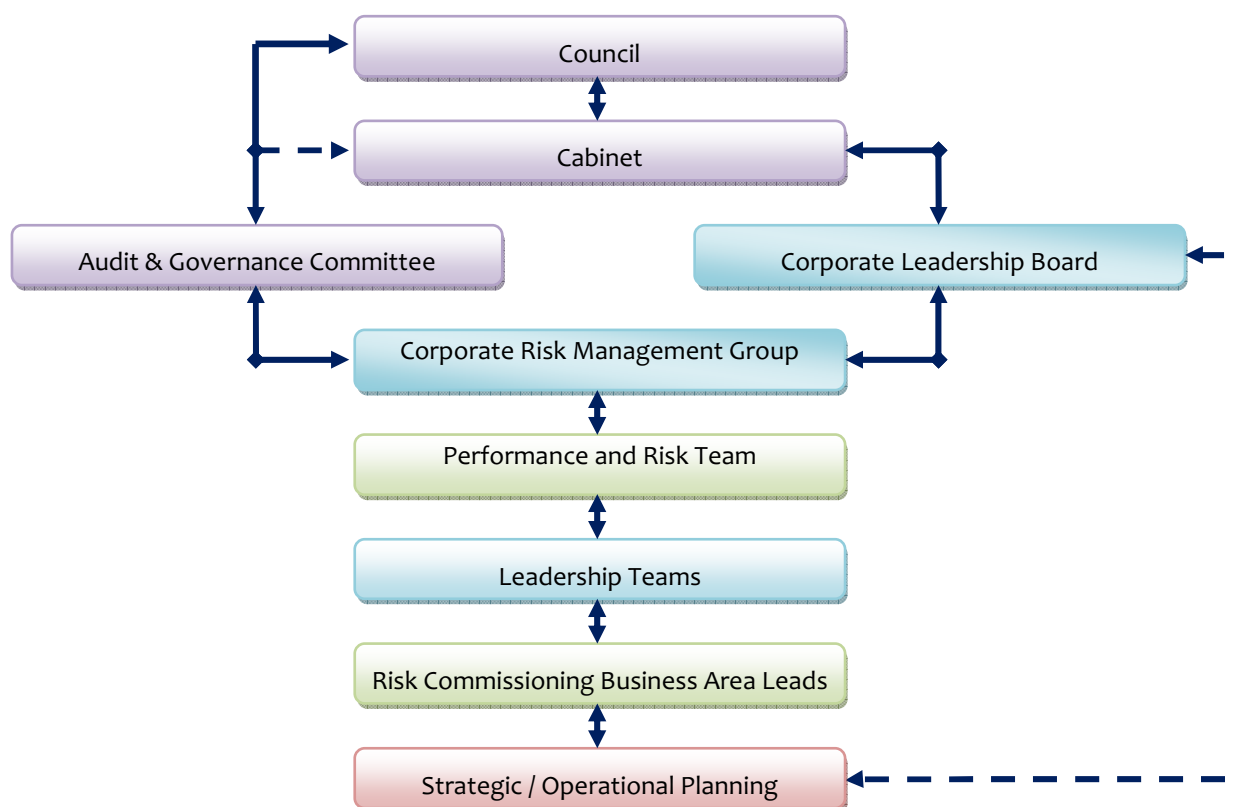
- 5.1 Understanding and setting a clear risk appetite level is essential to achieving an effective risk management framework and should be done before managers consider how to treat risks. Establishing and articulating the risk appetite level helps to ensure that consideration in the way management, Cabinet and Council respond to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is custodian on behalf of the public and the environment, where risk appetite may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged.
- 5.2 Cheshire East Council recognises that in pursuit of its objectives and outcomes it may choose to accept an increased degree of risk. The council will establish and articulate risk appetite for the differing areas of its business. Where the council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 5.3 The Council's risk capacity is determined through understanding the following areas:-
- Reputation – can the council withstand pressures as they arise as a result of the activity
 - Financial – is there sufficient financial contingency for the activity
 - Political – what political tolerance is there for any adverse risk events materialising
 - Infrastructure – is there sufficient infrastructure to manage risk
 - People – is there sufficient trained and skilled individuals
 - Knowledge - is sufficient knowledge available to the council

6.0 Risk Tolerance and Thresholds

- 6.1 Tolerance levels will be established for organisational activities at different levels across the Council and a risk contingency will be determined and defined for different business areas. Access to contingency has to be approved by the budget holder or the Chief Operating Officer. Where analysis indicates that the returns or outcomes will deviate by more than acceptable limits these will have to be referred as soon as the deviation is forecast. This includes forecasts that may enhance objectives as well as those that may erode objectives.

7.0 Roles and Responsibilities

- 7.1 Responsibility for risk management should run throughout the authority. Clear identification of roles and responsibilities ensure the successful adoption of risk management and demonstrate that it is embedded in the culture of the organisation. The council's reporting lines framework is shown on the diagram below:



7.2 Everyone has a role to play in the risk management process.

- ~ Council - Agree the remit of and appointments to the Audit and Governance Committee, receives reports and assurance on risk management activity and management of corporate and significant risks.
- ~ Cabinet - Approve funding for risk management, approve the risk management policy, act as the risk champions driving risk from the top down, ensure that risks are fully considered when making decisions, and regularly review the most serious risks threatening the corporate plan and outcomes.
- ~ Audit and Governance Committee - Provide independent assurance to Council on the effectiveness of the risk management framework and associated control environment, and independent scrutiny of the council's financial performance. Hold Members and officers to account to consider mitigating action for risks and how appropriate / effective it is. Receive regular reports on the management of the top council risks. Consider and endorse the risk management policy for approval by Cabinet.
- ~ Corporate Leadership Board - Responsible for identifying new corporate risks, understanding and promoting the risk management process and benefits, oversee the implementation of the risk management policy and agree any inputs and resources required supporting the work corporately. Manage strategic and cross-cutting risks. Report to elected members on the management of risks. Monitor and consider the mitigating actions for significant new and emerging corporate and operational risks as escalated and reported by the Corporate Risk Management Group.
- ~ Corporate Risk Management Group - Provide guidance on the current maturity of the council's risk management practices, make recommendations for improvement, assist in embedding risk management throughout the council, develop appropriate techniques, recommend the adoption of tools, and provide trend analysis on the council's risk exposure where possible. ensure a risk register is compiled and maintained for each major activity; escalate risks as required by this policy,

7.3 A more detailed summary of the roles and responsibilities of groups and individuals in relation to risk management is given in **Appendix A**.

8.0 Reporting

8.1 The following describes the reports that will be produced and their frequency:

- Corporate risk reports will be submitted to Cabinet and the Corporate Leadership Board on a quarterly basis.
- Monthly highlight reports (identifying key risks and risk management actions) will be prepared for each programme and project.
- Individual risk assessment sections will be prepared on decision reports to Cabinet prior to each decision.
- Commissioning areas will submit monthly key performance indicator reports which include key risk indicators (early warning indicators) which will be incorporated into the performance management framework.
- Two interim risk management update reports will be provided to Audit and Governance Committee during the year.
- An annual risk management report will be prepared to be included as part of the Council's annual review of governance and reported to Council via Audit and Governance Committee's Annual Report.

9.0 Quality Assurance and Document History

9.1 This Policy will be subject to document control, version control, be updated at least annually, and be revised to reflect changes in legislation, risk management best practice and significant changes in corporate governance. The contents of the risk management policy comply with Enterprise Risk Management (ERM) and requirements of ISO 31000 see **Appendix D**.

9.2

Version	Date	Approved by	Minute Ref
V1	17 May 2011 7 June 2011 30 June 2011 5 Sept 2011	Corporate Risk Management Group Corporate Management Team Audit & Governance Committee Cabinet	minute para 39.2 minute Item 5 minute para 10 minute 53
V2	11 May 2012 12 June 2012 28 June 2012 20 Aug 2012	Corporate Risk Management Group Corporate Management Team Audit & Governance Committee Cabinet	minute para 7.1 minute item minute para 60 (2) minute 49
V3	23 May 2013 4 June 2013 27 June 2013 22 July 2013	Corporate Risk Management Group Corporate Management Team Audit & Governance Committee Cabinet	minute para 65.1 minute item minute para 8 minute 41
V4	6 June 2014 4 June 2014 26 June 2014	Corporate Risk Management Group Corporate Leadership Board Audit & Governance Committee Cabinet	

Risk Management Policy - Appendix A

Cheshire East Council Risk Management Roles and Responsibilities

Individual or Group	Summary of Role & Responsibilities
Council	Monitors, receives reports and assurance on risk management activity and management of corporate and significant risks. Approves public statements on internal control and provides assurance on risk management to the public.
Cabinet	Oversees the effective management of risk throughout the council, ensuring officers develop and implement an all encompassing approach to risk management. Approves risk appetite / tolerance levels on behalf of Council. Approves the risk management and business continuity policies. Responsible for identifying new corporate risks. Monitor the content of the key corporate and significant risk registers and comment on mitigation as appropriate. Ensure that risks are fully considered when making decisions.
Audit and Governance Committee	Provide independent assurance on the effectiveness of the risk management framework and associated control environment, and independent scrutiny of the council's financial performance. Hold Members and officers to account to consider mitigating action for risks and how appropriate / effective it is. Receive regular reports on the management of the top council risks. Consider and endorse the risk management policy for approval by Cabinet.
Scrutiny Committee	Reviews the portfolios, Cabinet and organisational performance as a whole. Ensure that officers and Members discharge their responsibilities effectively and efficiently including the identification and management of risks.
Portfolio Holder - Lead	Take a strategic lead for risk management in the council, from a Member's perspective, promoting and supporting the development and implementation of the risk management policy and ensuring that Members take risk management into account when making decisions.
Corporate Leadership Board (CLB)	Responsible for identifying new corporate risks. Gain an understanding and promote the risk management process and benefits, oversee the implementation of the risk management policy and agree any inputs and resources required supporting the work corporately. Manage strategic and cross-cutting risks. Report to elected members on the management of risks. Monitor and consider the mitigating actions for significant new and emerging corporate and operational risks as escalated and reported by the Corporate Risk Management Group.
Strategic Commissioning Leadership Team and Chief Operating Officer Leadership Team	Ensure that risks are managed effectively in each commissioning business area in accordance with the risk management policy and procedure. Nominate and support a risk management representative to represent the Leadership Teams on the CRMG and identify risk commissioning business area leads. Identify, analyse and prioritise risks as part of the business planning process. Determine risk management action plans and delegate responsibility and control. Act as filter groups, identify and approve the top council risks, escalating emerging risks where these could have a significant and strategic impact. Consider risk as regular agenda items at Leadership Team

Individual or Group	Summary of Role & Responsibilities
	meetings reviewing the risk registers and monitoring progress.
Corporate Risk Management Group (CRMG)	Assist the Council with the management of risks to achieving its strategic priorities and service delivery by reviewing all matters concerning the development, maintenance and implementation of the council's risk management framework, including monitoring and reporting arrangements. Identify and communicate risk management issues to Corporate Leadership Board (CLB), Strategic Commissioning Leadership Team, Chief Operating Officer Leadership Team and commissioning areas.
Internal Audit	Challenge and test the risk management process, including the identification and evaluation of risk and provide independent assurance to officers and Members on the effectiveness of the risk management framework and internal controls. The audit coverage is driven by a deep understanding of the risks, challenges and opportunities facing the Council. Some of the risks are unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking. The programme of work is planned annually but constantly reviewed to ensure it remains up to date and appropriate and encompasses a wide range of financial and non-financial risks. The audits are creative, thoughtful and useful pieces of work. They provide robust assurance and offer pragmatic ideas for development.
External Audit	External audit provides feedback to the Audit and Governance Committee on the operation of the internal financial controls reviewed as part of the annual audit.
Section 151 Officer	Ensure that the risk management processes are considered as specified in the Finance Procedure Rules.
Performance and Risk Team	The business planning and performance management process is used to set objectives, agree action plans, and allocate resources. Progress and performance towards meeting business plan objectives is monitored regularly, including the control and operational actions to mitigate risk. Receive all the approved top risks from local registers, senior management meetings and governance committees. Act as filters to eliminate duplicates and help with consistency. Collates and coordinates a comprehensive report for presentation to CRMG. Reports back to local level, Leadership Teams, CLB, Cabinet, Council, Audit & Governance Committee, Scrutiny Committee and Corporate Governance Group. Facilitate regular meetings of Risk Commissioning Business Area Leads. Share good practice and provide professional support, guidance and training across the council on risk management. Maintain the council's corporate and significant risk registers and the risk management system.
Heads of Service and Managers	The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Identify, analyse and prioritise risks as part of the business planning process. Progress and performance towards meeting business plan objectives is monitored regularly. Ensure that risk is managed effectively in their service area in accordance with the risk management policy and procedure. Produce, test and maintain Service Continuity Plans. Promote risk management and establish training requirements within service areas. Manage significant risks on a daily basis and report on mitigation.
Risk –Commissioning Area	Support the Commissioning Area Teams in maintaining local risk

Individual or Group	Summary of Role & Responsibilities
Leads	registers. Remind risk owners when risk update reports are required. Provide details of the top risks to the Performance and Risk Team. Liaise with Leadership Teams risk representatives to ensure operational and strategic risks are properly managed. Coordinate with the Performance and Risk Team and other Risk Commissioning Area Leads to ensure that risks affecting all services are managed cohesively. Align risk registers with relevant partners.
Programme and Project Managers	Ensure that we are capable of delivering major and complex programmes and projects across many of our commissioning areas and are key to achieving the council's objectives. Identify, analyse and prioritise project risks as part of the project management process. Ensure that project risks are managed effectively, throughout the life of the project, in accordance with the risk management policy and procedure. Report on mitigation and effectiveness and escalate project risks that could impact on the achievement of other commissioning business unit objectives and corporate objectives.
Other specialist risk support services: <ul style="list-style-type: none"> • Insurance • Health & Safety • Climate Change • Legal • Emergency Planning • Human Resources • Environmental • Communications & Media Relations 	Advise Corporate Leadership Board and Strategic Commissioning and Chief Operating Officer Leadership Teams on policies, procedures and implications of strategic and operational risk decisions. Ensure that risk management is embedded into commissioning business planning, operational and performance processes; this includes business continuity and emergency planning. Seek to develop a shared and consistent corporate approach to risk management so that the council can demonstrate a clear systematic assessment and control of risk. Protect and manage risks to employees and public, Council reputation and financial values. Provide support in the coordination and implementation of the testing of business continuity plans. Liaise with the Cheshire Local Resilience Forum, to ensure that the Council is aware of and fully incorporated into the regional emergency and continuity planning processes. Lead in the promotion of business continuity planning to local businesses and voluntary organisations
Officers	Manage risk effectively in their roles, liaising with other managers to assess areas of risk and identify new or changing risks.
Partnerships (including Alternative Service Delivery Vehicles ASDV)	Ensure there are adequate arrangements on risk management in relation to partnerships including ASDV. The Council needs to meet two key responsibilities for each partnership:- <ul style="list-style-type: none"> • provide assurance that the risks associated with working in partnership have been identified and prioritised and are being appropriately managed • ensure that partners have effective risk management procedures in place Consideration will need to be given to matters such as:- <ul style="list-style-type: none"> ~ Reporting on shared key risks to management ~ Defining arrangements for joint risk registers or escalating risks from the partnership risk register to the Council's risk register ~ Facilitating prioritisation of action plans

Risk Management Policy - Appendix B**Cheshire East Council Risk Improvement Plan - Outline****1.0 Introduction**

- 1.2 This risk improvement plan details the main focus of work for the Corporate Risk Management Group. The plan will develop over the course of the year and in order to reflect priorities.

2.0 Risk Maturity

- 2.1 Cabinet agreed that the Council should strive to consistently reach the level of maturity of risk managed, as a minimum standard. At present, the level of risk maturity for Cheshire East is judged to be between risk aware and risk defined over the previous year the Council has moved further towards risk defined which gives a good foundation to further embed risk management and improve the quality of risk identification.

Risk Naive	Risk Aware	Risk Defined	Risk Managed	Risk Enabled
No formal approach or processes developed for risk management, avoidance and lack of engagement.	Scattered silo based approach to risk management using standalone processes, reactive approach.	Risk appetite defined. Strategy and policies in place and communicated. Some understanding and application but passive acceptance and compliance with reliance on risk registers.	Enterprise approach to risk management developed and communicated, risk embedded in key processes. Active engagement and risk based decision making.	Risk management and internal controls fully embedded into the operations. Regular review and improvement of risk processes, fully committed to risk management and confident risk taking.

3.0 Review Focus

- 3.1 The groups that have been identified for the first improvement initiative are the Commissioning Managers and the Programme and Project Managers. The rationale being that these groups have the greatest ability to integrate risk management into commissioning plans and project and programme activities. Risk management has been mandated by Cabinet in the past but, without an understanding of how and where it should be applied, such initiatives are reduced to just aspirations or one off exercises rather than being integrated as clear systematic effective working practices.
- 3.2 These groups have the ability to be very influential within the council.

4.0 Existing behaviours

- 4.1 Although risk management is integrated into plan templates and project processes, risks are not always updated, escalated and reported on a regular basis unless they become an issue. As a result risk management can be perceived as a discretionary 'bolt on' or one off exercise rather than a key discipline.
- 4.2 Whilst risk appetite may be understood by individual Commissioning Managers and Programme and Project Managers it is not properly articulated or communicated so that response to risk is consistent and that there is a shared vision for managing risk.

4.3 Presently risks are not systematically costed and risk indicators (early warning indicators) are not regularly monitored or reported on.

5.0 Target behaviour

5.1 The aim is for risk management activities to be integrated into day to day activities, but particularly within Commissioning Leadership Team meetings and within key activities of programmes and projects with the aim of achieving greater certainty in all of these activities in achieving their objectives.

5.2 The following mechanisms are to be used to change behaviour:-

- Individual risk strategies will be prepared for commissioning areas and for major programmes and projects – including escalation and reporting processes
- Service commissioning plans will have risk registers in place which will be quality assured by the Performance and Risk Team
- Advice, guidance, suitable information and training on risk management is available to employees and Members through the Performance and Risk Team
- Risk Management will be a regular agenda item on Leadership Team meetings (at least monthly) and top risks will be escalated through the Corporate Risk Management Group
- Risk indicators will be included as part of the performance management framework
- Feasibility studies and options appraisals are to include risk assessments
- Budgets and schedules are to be subject to risk assessments to determine confidence levels in programme and project objectives.
- The expected value calculation is to be used to provide an assessment of the combined net effect of the risks and opportunities. This is calculated by multiplying the average of the impact by the probability.

6.0 Measurement

6.1 Measurement will be undertaken by various assurance processes (i.e. performance and risk team, internal audits, external audits, performance management framework, annual governance statement) to understand where and how risk management has been applied and how effective it has been.

6.2 Evidence will have to be produced to illustrate how risk management has been applied.

7.0 Target date

7.1 This change of behaviour is to be accomplished within two years. A programme is to be prepared with the Corporate Risk Management Group with key delivery milestones made explicit.

Risk Management Policy - Appendix C

CHESHIRE EAST COUNCIL - BUSINESS CONTINUITY STRATEGY

1.0 Purpose

- 1.1 The purpose of this strategy is to clearly outline the Council's commitment to business continuity planning and its links to risk management. In addition it defines and clarifies roles and responsibilities.

2.0 Background and Requirements

- 2.1 The Civil Contingencies Act (2004) (CCA) provides the framework for Civil Protection in the UK, and places a number of duties on Local Authorities regarding preparation for and response to emergencies. Cheshire East Borough Council, as a Category 1 (front-line responder) is required to develop and maintain business continuity plans, so that key functions can continue to be delivered in an emergency. This also involves consideration of the resilience of those organisations on whom the Council relies to maintain key services, including any third parties who provide services on its behalf.
- 2.2 As well as implementing Business Continuity Plans, the CCA also requires Local Authorities to promote and provide general business continuity management advice to commercial and voluntary organisations in the area. This duty aims to enable local businesses to better maintain critical elements of their service and recover more quickly should an incident arise, therefore lessening the economic and social impact on the local community.
- 2.3 Business continuity management (BCM) is a planned process aimed at managing the many and varied operational risks inherent in the day-day activities involved in delivering services, and, therefore, it is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. Effective risk management can reduce the likelihood of an incident occurring, whilst business continuity planning can reduce the impact if it does occur. As well as increased resilience, there are many benefits to having a structured and consistent BCM process in place:
- Credibility – protecting and enhancing the reputation of Cheshire East Borough Council.
 - Supporting corporate governance and the requirement to produce an Annual Governance Statement
 - Reduced costs – protecting assets, working more efficiently, reducing recovery cost, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender for business), lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

3.0 Objective of the Strategy

- 3.1 The objective of this strategy is to set out the requirement for Cheshire East Council to take steps to ensure that, in the event of a service interruption, essential services will be maintained and normal services restored as soon as possible. To ensure that this happens, the Council and its service providers must have in place robust business continuity and service recovery plans that are regularly reviewed and tested. In addition, the Council will promote and provide business continuity advice to local businesses and voluntary organisations, in



order to ensure, in conjunction with the Joint Cheshire Emergency Planning Service, that the Cheshire East region is well prepared for any unforeseen events.

4.0 Implementation and Responsibilities

- 4.1 Business continuity requires senior management commitment and support, and dedicated resource allocated within the Authority to ensure that plans are developed, maintained, reviewed, and, most importantly, tested, so that they are fit for purpose. It also needs to be built into project and change management processes to ensure the implications of any projects and changes are fully considered prior to implementation and that resilience is built into project deliverables.
- 4.2 Business continuity is an essential element of risk management, and as such is managed as part of the Cheshire East Risk Management Policy; responsibility for its delivery will be incorporated into the roles outlined in the Risk Management Policy.

5.0 Developing Plans

- 5.1 **Understanding the operation** – Business impact analyses (BIA) need to take place to identify and agree critical processes or services and the potential damage or loss that may be caused to the Council and the community as a result of a disruption. A BIA must consider the minimum level of staffing, skills and resources required to enable essential services to continue operating at a minimum acceptable level. Following this, risk assessments must be undertaken to identify internal and external threats to the Council, the likelihood of these occurring, and therefore the potential impact.
 - 5.2 **Strategies** – strategies must be developed to offset the identified risks, e.g. eliminate single points of failure, implement better controls, etc.
 - 5.3 **Developing and implementing plans** – these must be documented and available for use within any type of emergency incident. They must also include ‘stand-by’ arrangements, including accommodation and specialist equipment, as well as information technology systems and telecommunications. They need to tie in with plans already in place, such as the Cheshire East Council Major Emergency Plan and the Emergency Rest Centre Plan.
 - 5.4 **Building and embedding a BCM culture** – there is a need to have an effective education and awareness programme in place to ensure that all staff are fully aware of the impact of an unforeseen event, and their roles and responsibilities in a recovery situation.
 - 5.5 **Exercising, maintenance and audit** – there must be a regular testing programme in place within Commissioning Business Units, to ensure that the critical components of the plans are exercised.
- #### **6.0 Review**
- 6.1 This strategy will be reviewed on an annual basis alongside the review of the risk management policy.

Risk Management Policy - Appendix D

Cheshire East Council Risk Management Policy Requirements

1.0 Best Practice

1.1 Cheshire East Council is committed to using national and best practice guidelines to identify further opportunities for improvement in its approach to risk management. The Association of Insurance and Risk Managers (AIRMIC), The Public Risk Management Association (Alarm) and The Institute of Risk Management (IRM) provide a guide to a structured approach to Enterprise Risk Management (ERM) that is compatible with both the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the requirements of International Organisation for Standardisation (ISO) standard 31000 which was published in 2009 as an internationally agreed standard for the implementation of risk management principles.

1.2 The table below demonstrates a positive direction of travel in ensuring that the Council's risk management policy content compares favourably to best practice as follows:-

Best Practice Guide Risk Management Policy Content	Included in Cheshire East Council Risk Management Policy Content?
Risk Management and internal control objectives (governance)	Yes – Section 3.0
Statement of the attitude of the organisation to risk (risk strategy)	Yes – Section 1.0
Description of the risk aware culture or control environment	Yes – Section 4.0 and Appendix B
Level and nature of risk that is acceptable (risk appetite)	Yes – Sections 5.0 and 6.0
Risk management organisation and arrangements (risk architecture)	Yes – Section 3.3 and 7.0
Details of procedures for risk recognition and ranking (risk assessment)	Yes – section 3.3 and detailed in separate risk management process guide
List of documentation for analysing and reporting risk (risk protocols)	No – not included in policy but documents are on Centranet site
Risk mitigation requirements and control mechanisms (risk response)	Yes - section 3.3 and separate risk management process guide
Allocation of risk management roles and responsibilities	Yes – Section 7.0 and Appendix A
Risk management training topics and priorities	Yes – Appendix B to be further developed
Criteria for monitoring and benchmarking of risks	Yes – Sections 3.4, 8.0 and Appendix B
Allocation of appropriate resources to risk management	Yes – Section 1.0
Risk activities and risk priorities for the coming year	Yes – Appendix B