

Risk Management Operating Framework

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Version 4.0



Risk Management Operating Framework

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Risk Operating Framework

1. Operating Framework Statement

The purpose of this Operating Framework is to outline how Oxford City Council (OCC) will deliver the Risk Management Strategy.

2. Delivery of the Risk Management Objectives

Objectives

- Develop risk management and raise its profile across the Council
- Integrate risk management into the culture of the Council and make it part of all decision making processes
- Actively assess and manage risks and circumstances that could hamper the delivery of services, including early warning mechanisms
- Provide a framework and support so that risks do not become an inhibiting factor in decision making
- Build the confidence to innovate through the use of good risk management practices
- Manage corporate and service area risk in accordance with best practice, as part of good corporate governance
- Create effective processes that will allow the Council to make risk management assurance statements annually.

To achieve these objectives, we will continue to develop risk management processes and procedures by:

- Reviewing the Risk Management Strategy and Operating Framework on a periodic basis
- Establishing clear accountabilities, roles and reporting lines across all service areas.
- Providing staff across the Council with the necessary awareness, skills and expertise which in turn are reported to the Audit and Governance Committee.
- Providing for risk assessment in all decision making processes of the Council.
- Developing arrangements for the reporting and recording of risks.

- Developing a control framework which provides assurance that risks identified are being managed.
- Ensuring appropriate consideration of risk within the strategic planning process.
- Ensuring that partners, providers and significant delivery agents are aware of the Council's expectations on risk.

3 Review & Approval

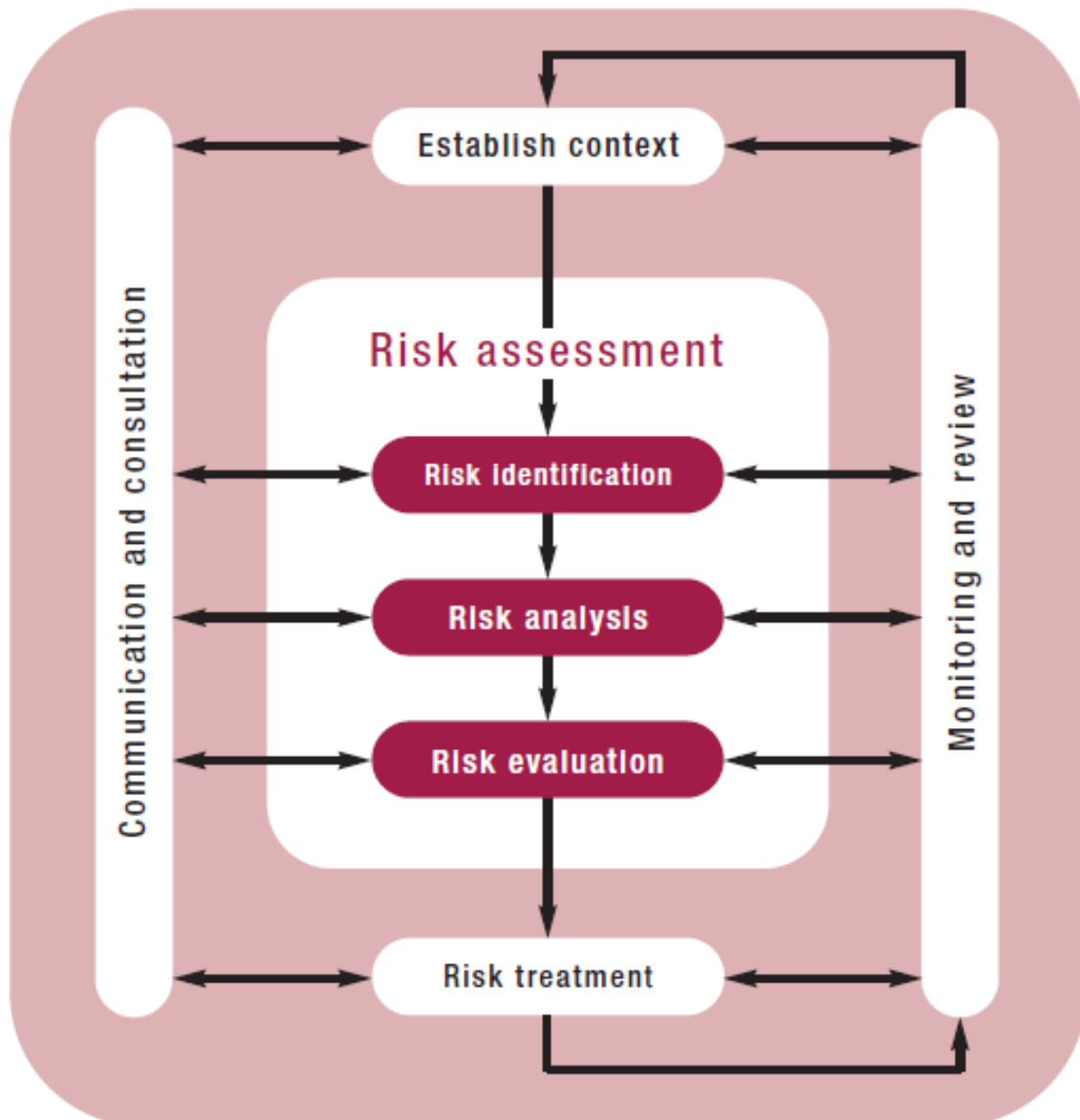
The Risk Management Strategy must be reviewed periodically to take account of changing legislation, government initiatives, best practice and experience gained within the Council in adopting the Strategy. The Audit and Governance Committee (A&GC) will be consulted and asked to comment on any amendments before approval by the City Executive Board (CEB).

The Risk Management Operating Framework must be reviewed annually to take account of changing legislation, Government initiatives, best practice and experience gained within the Council in adopting the Strategy.

Any changes will be recommended to the Corporate Management Team (CMT). The A&GC and CEB will then be asked to note the adoption of the Strategy and Operating Framework.

4. Risk Management Approach

4.1 Risk Management Cycle



4.2 Risk Identification

Identification of new Corporate Risks takes place annually with CMT, the Executive Directors and the Chief Executive. This session involves reviewing the open risks from the previous year and considers new internal and external risks, opportunities as well as threats, to the organisation's ability to achieve its corporate objectives. The Corporate Risk Register (CRR) is reviewed on a quarterly basis and any new risks are incorporated into a revised version of the CRR.

Throughout the year Service Areas identify new risks and close off any risks that are no longer relevant to the Council. In addition as part of the Service Planning

Process new risks are then reviewed against existing Service Risk Register (SRR) and the register is then updated accordingly. In every case opportunities should be considered as well as threats.

It is the responsibility of the Project Manager to identify and ensure mitigation of risks relating to their project. These are reported via highlight reports for each project to the Programme Manager and on to the relevant service are to which the project relates.

4.3 Risk Analysis

Once the risk has been identified it must be analysed to understand what creates this vulnerability for the Council. In doing this consideration is given to the causes or triggers, that is what event or series of events must occur for the risk to transpire. Risk analysis considers events both internally and externally to the organisation.

4.4 Risk Prioritisation

4.4.1 Risk Scoring

Risks are scored in a five by five matrix, meaning that there are a possible 25 risk categories. These are grouped in to green, amber and red risks – the risk rating. The risk rating is derived from the Red, Amber, Green (RAG) status as depicted on the matrix. The risk scoring matrix follows in section 4.6.

4.4.2 Risk Appetite

Red risks are considered unacceptable to the organisation and every effort must be made to reduce the risk scoring to a more acceptable level. The risk appetite of the organisation is reviewed annually. Changes must have the approval of the Senior Management Team and must be reported to the CEB and A&GC.

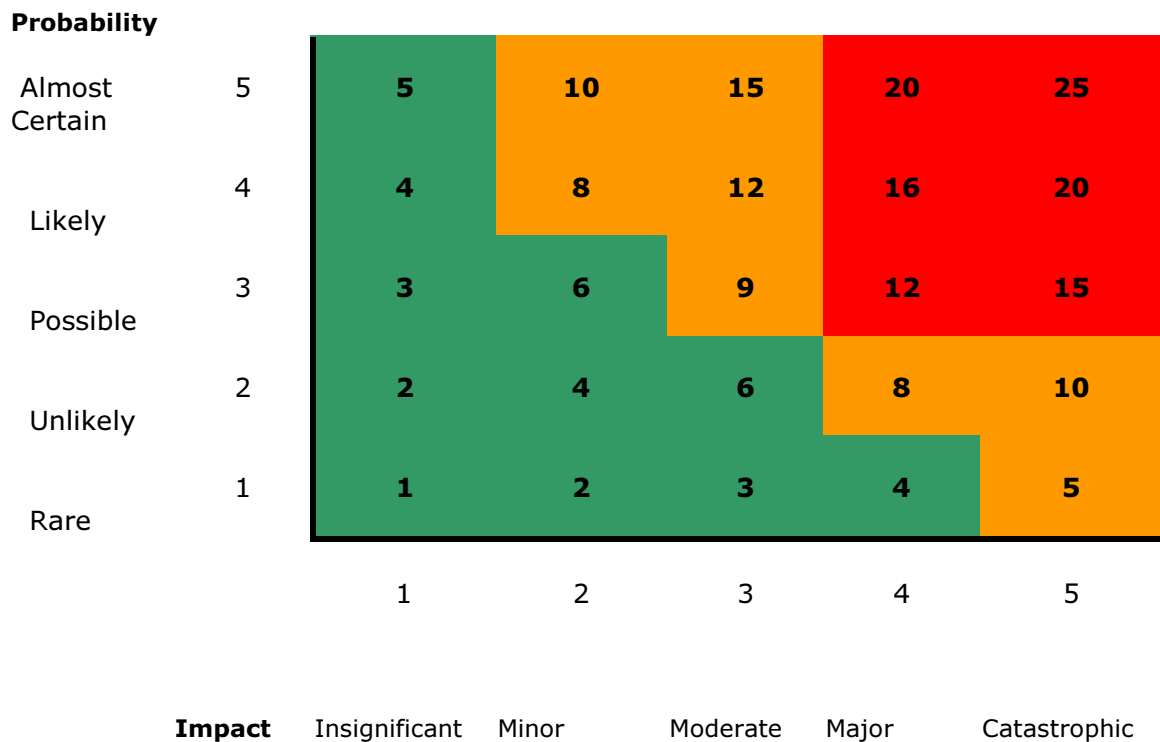
4.5 Risk Escalation

Red risks must be reported to the Risk Manager in every instance. Red project risks (including procurement projects) must also be reported to the Programme Manager.

4.6 Risk Matrix

The Council operates five by five scoring matrix. The methodology for scoring risks can be found below along with a copy of the scoring matrix or 'heat map'.

You will note it is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event is high but the impact is low it is likely to have a lower score on the heat map. However the higher the potential impact score the more likely the event will be classed a red risk on the heat map.



Risk Probability Measurement Criteria

Scale	Description	Likelihood of Occurrence	Probability of Occurrence
1	Rare	1 in 10 years	The event may occur in certain circumstances
2	Unlikely	1 in 3 years	The event could occur
3	Possible	1 in 2 years	The event should occur
4	Likely	Annually	The event will probably occur
5	Almost certain	Monthly	The event is expected to occur or occurs regularly

Risk Impact Measurement Criteria

Scale	Description	Financial	Reputation	Service / Operations
1	Negligible	<£50k per annum	Public concern restricted to local complaints which do not attract local media attention.	No impact to service quality, limited disruption to operations
2	Low	£50k - £250k per annum	Minor adverse local / public / media attention and complaints	Minor impact to service quality, minor service standards are not met, short term disruption to operations, minor impact on a partnerships
3	Medium	£250k - £500k per annum	Adverse national media public attention	Significant fall in service quality, major partnership relationships strained, serious disruption in service standards
4	High	£750k - £500k per annum	Serious negative national or regional criticism	Major impact to service quality, multiple service standards are not met, long term disruption to operations, multiple partnerships affected
5	Very High	>£750K per annum	Prolonged, regional & national condemnation	Catastrophic fall in service quality and key service standards are not met, long term catastrophic interruption to operations, several major partnerships are affected

4.7 Risk Registers

All risks are captured within the Risk Register templates stored on the CorVu system.

The format of risk registers used across the organisation is as follows:

Risk	Ref	
	Category	
	Risk description	
	Opportunity/Threat	
	Cause	
	Consequence	
	Risk Owner	
	Date raised	
Gross	Impact	
	Probability	
Current	Impact	
	Probability	
Residual	Impact	
	Probability	
Controls	Control description	
	Due date	
	Owner	

4.7.1 Unique Referencing:

Unique referencing is created by use of a Category, a number and a service area code. Once allocated a unique reference code will remain with that risk until it is closed (with the exception of planning risks), it may however, change which register it appears on. So for instance a risk which appears originally on a CRR may later be transferred to a SRR once the CRR has been approved.

Categories:

CRR - Corporate Risk Register

SRR - Service Risk Register

CEB - CEB reports

Service Area Codes:

BIT	Business Improvement and Technology	HC	Housing & Property
CD	City Development	PE	Human Resources & Facilities
CS	Customer Services	LG	Law & Governance
DS	Direct Services	LP	Leisure Parks & Communities
ED	Environmental Development	PCC	Policy Culture & Communications
FI	Finance	CA	Regeneration & Major Projects

Corvu allocates the unique reference numbers for SRR and Corporate risks.

4.8 Action Plans

Risks can be managed or treated in several ways. These can be grouped into the following categories:

Accept

A decision is made to accept and retain. This may be an option chosen where the management is too expensive compared to the threat of the risk transpiring

Transfer

Where responsibility for management is passed to another party. This may be to an outsource provider, via insurance or through contract.

Reduce

This is the most commonly used methodology. Here proactive steps are taken to manage and reduce the probability and the impact of the risk.

Avoid

Where the organisation or service area changes its direction (say via change of objectives, strategy, supplier change for instance) in order to avoid the risk.

Contingency

Where plans are developed in order to manage the consequences of the risk transpiring. Developing contingencies will reduce the impact.

A balance must be achieved between risk and reward and so consideration needs to be given to what if anything needs to be done to manage the risk. A risk can usually be managed through reducing the impact and/or probability. In developing a plan for managing the risk consideration should be given to the benefit of the strategy adopted for managing the risks against the cost of managing the risk.

Plans are then put in place to manage the risk with key milestones identified and clear owners – ensuring that they are '**SMART**' – Specific, measurable, achievable, realistic, time bound.

4.9 Closing of Risks

Risks may be closed by the Risk Owner when 100% of actions have been completed and/or the target risk score has been achieved. This must be reported in CorVu as part of the quarterly updated cycle. Closed red risks must be reported to the risk manager by the Service Head with supporting evidence.

4.10 Risk Data & CorVu

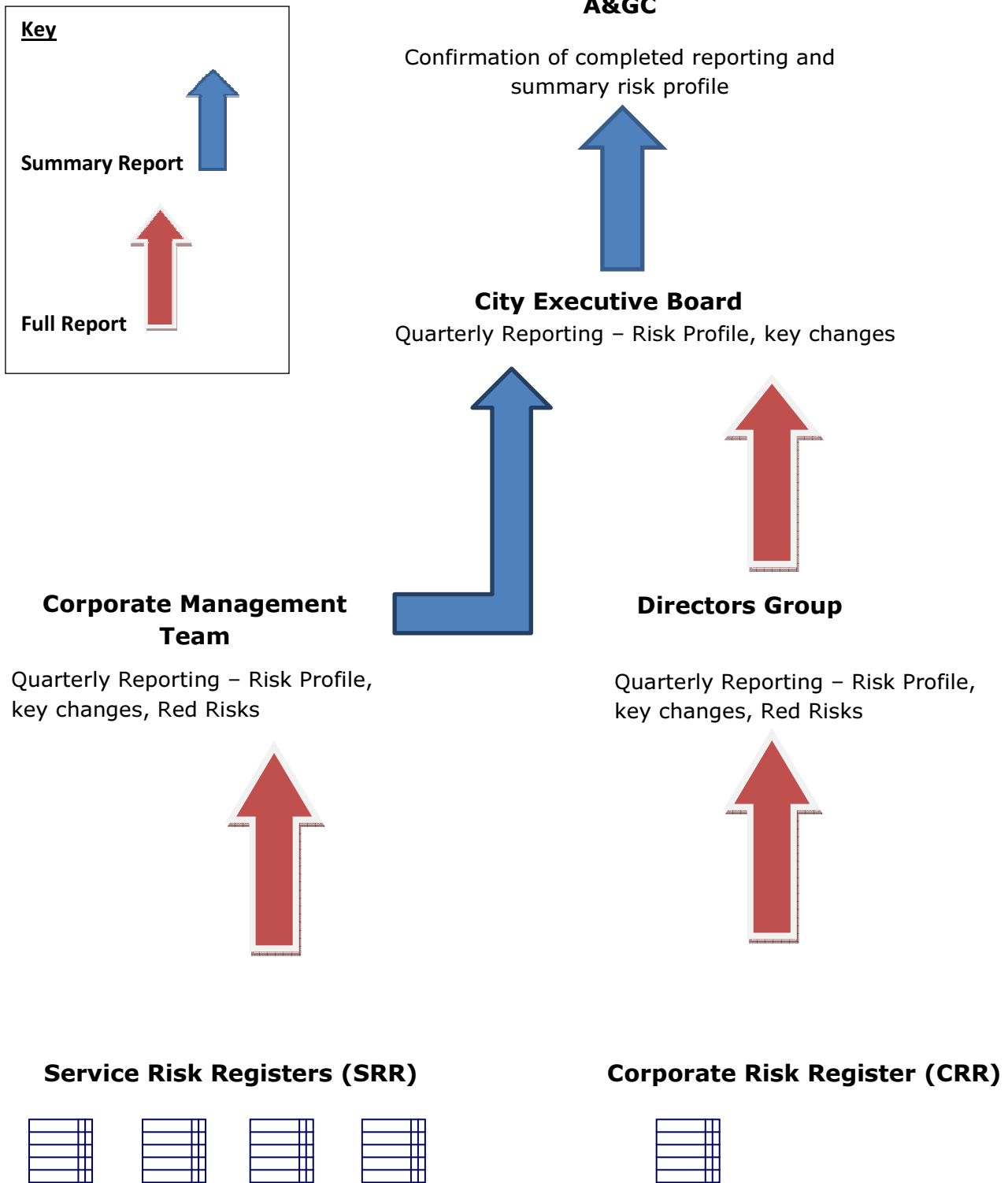
CorVu is the Council's reporting tool. It contains the Risk Register and Action plan templates. The system prompts users to provide updates on a monthly basis. The system, risk registers and action plans are accessible with a login. All registers are held in CorVu.

5. Reporting & Review

	Board / Meeting	Frequency
CRR Review	CMT CEB A&GC (summary/confirmation)	Quarterly
New CRR identification and review	CMT	Quarterly
SRR Review	Corporate Management Team (CMT) Directors Group (summary) A&GC (summary/confirmation)	Quarterly

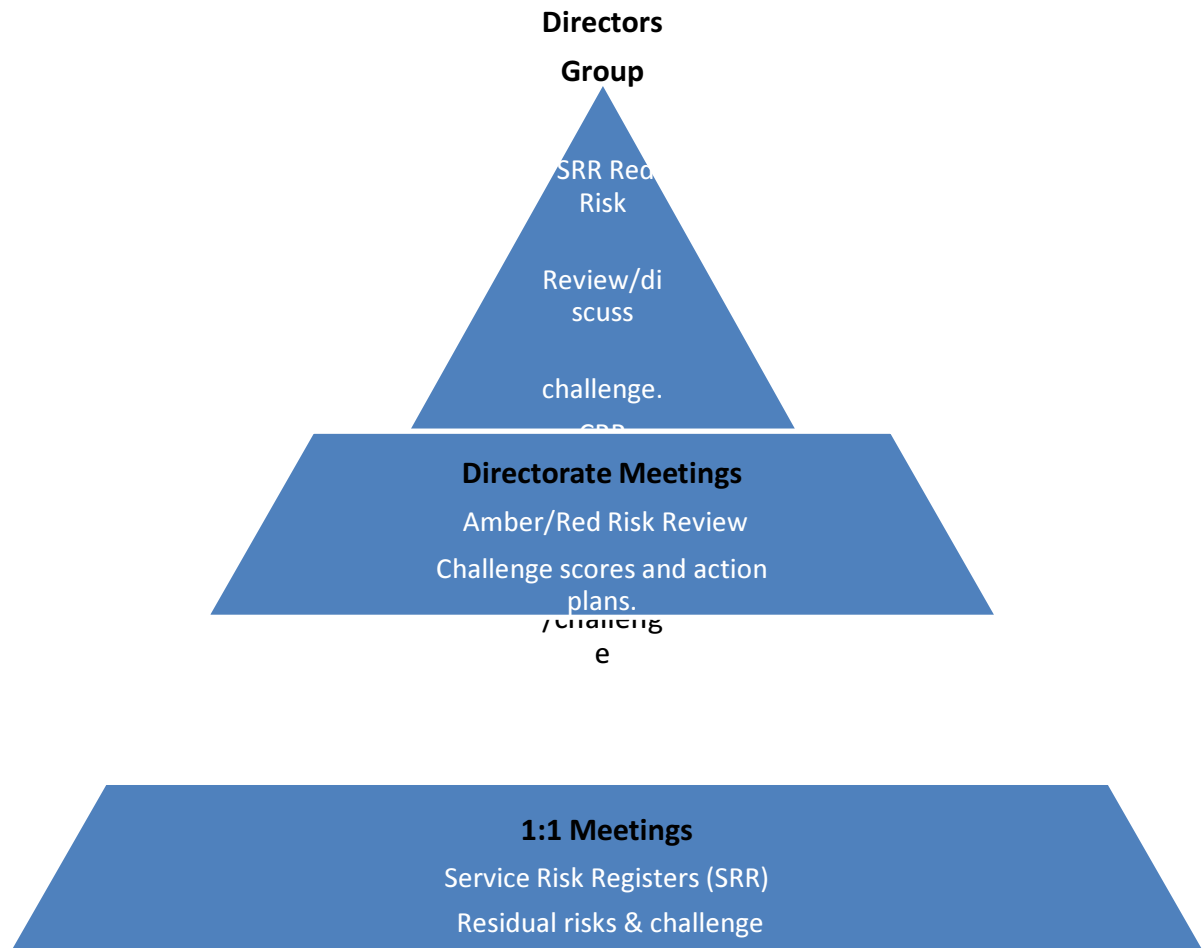
New SRR identification	Service Heads	Annually
CEB Risk Registers	Reported to CEB, approval from Risk Manager	Periodically
Risk Management Strategy	A&GC (review) CEB (approval)	Annually
Risk Management Operating Framework	CMT (review) Directors Group (approval)	Annually
Service Area Self-Assessment	Risk Group	Annually
Benchmarking	CMT Risk Group	Annually (plus regular updates on progress to Risk Group)
Risk Management Dashboard	Corporate Management Team Meeting	Quarterly
Report on training	A&GC	Annually
Risk Appetite Review	Directors Group approval and reported to A&GC	Annually

5.1 Risk Register Reporting Flow



5.2 Challenge and Consistency

Risk Management Discussion & Challenge pyramid



5.3 Service Area Self Assessment

A Service Area self-assessment is carried out bi-annually. This assessment looks at the following 5 categories:

- Corporate Focus (SMT commitment & in corporate processes)
- Decision making (risk management supports decision making)
- Embedded in Service Area
- Risk Management Strategy and Operating Framework (clear, understood & applied)
- Training (self & team)

The aim of this self-assessment is to monitor and track progress and developments of risk management within service areas. The output informs the strategy and Operating Framework approaches adopted.

5.4 Benchmarking

The risk practices of the Council are benchmarked against industry practice (established by considering other local authorities, industry reviews and guidance against the organisational context of the Council).

Recommendations are incorporated into the periodic review of the Strategy.

6. Training

Risk Group – Super user training provided to all new members. In depth training workshops to be held as required.

Members – All new members to receive induction programme including risk management section. Members to carry out e-learning at least annually or when there are significant Risk Management Strategy changes.

Heads of Service – All new Heads of Service to receive induction programme training including risk management section. Heads of service to carry out e-learning at least annually or when there are significant Risk Management Strategy changes. Face:face training is provided where there are significant changes to Operating Framework/strategy.

Corporate Management Team (CMT)– All new CMT members to receive induction programme training including risk management section. CMT to receive annual face:face training programme.

7. Roles & Responsibilities

ROLE	RESPONSIBILITIES
The City Executive Board	<ul style="list-style-type: none"> • Accountable for the approval of the Oxford City Council's Risk Management Strategy on an annual basis • Responsible for noting the adoption of the Risk Management Operating Framework by the CMT. • Responsible for understanding the risk profile of Oxford City Council. • Accountable for ensuring that a corporate risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored • Oversee effective risk management across the Council
Audit and Governance Committee	<ul style="list-style-type: none"> • Consulted on the annual review of the Risk Management Strategy • Responsible for noting the adoption of the Risk Management Operating Framework by the Directors Group.. • Accountable for ensuring that risk management and risk management training is delivered on behalf of the City Executive Board by the Chief Executive and Executive Directors
Members	<ul style="list-style-type: none"> • Scrutinise the Executive's decisions to ensure that they meet the requirements of effective risk management • Understand the corporate risks that the Council faces • Facilitate a risk management culture across the Council • Take decisions that have regard to risk management implications and the corporate risks which the council faces
Directorate Meetings	<ul style="list-style-type: none"> • Accountable for the review of Service Risk Registers across the directorate at amber and red status. • Review service risks, challenge scores and action plans

ROLE	RESPONSIBILITIES
Directors Group – Chief Executive and Executive Directors	<ul style="list-style-type: none"> • Commitment to a top down(not just bottom up) approach towards risk management • Active involvement in the identification and assessment of risk on an on-going basis • Own and review the CRR as per agreed timetable • Support embedding of risk management throughout the organisation – in planning, policy and decision making, performance management, project management, contract management and partnership management • Accountable for ensuring that there is a corporate focus on risk management • Accountable for ensuring the risk registers link with strategic objectives • Support the encouragement of member engagement • Accountable for approval of the Councils risk strategy and operating framework including risk appetite • To be aware, have understanding and have full confidence in the risk management processes throughout the organisation • Lead risk management across the Council • Be responsible for ensuring that the Council fully complies with all Corporate Governance requirements, including the Annual Statement of Internal Governance • Accountable for the approval of the Risk Management Operating Framework • Consulted on the Risk Management Strategy • Ensure that emerging internal and external risks are raised and discussed • Accountable for having an oversight of the red corporate and service area risks
Executive Directors	<ul style="list-style-type: none"> • Ensure that risk management, within their Directorate, is implemented in line with the Council’s Risk Management Strategy • Identify and manage risks within their Directorate and ensure that mitigating actions are regularly reported

ROLE	RESPONSIBILITIES
Head of Finance	<ul style="list-style-type: none"> • Support all staff including the Directors Group in delivering risk management activity • Accountable for the timely quarterly reporting of risk registers to the appropriate board, including preparation of Corporate reports on risk management • Responsible for ensuring that the appropriate staff and members are informed of changes in strategy and operating framework • Responsible for the provision of Risk Management Training • Supports the Directors Group in ensuring that risk management strategy and operating framework is adopted in the work of all Boards, groups and projects as well as in the management of partnerships and contracts • Accountable for the annual review of the Risk Management Strategy and Operating Framework • Accountable for approving CEB risk registers prior to submission to the CEB. • Accountable for the management of the Corporate Risk Register • Support the development of links between service registers, partnership risk logs, project and programme registers and corporate risk register • Chair of the Risk Group • Appointed Section 151 Officer.
Heads of Service	<ul style="list-style-type: none"> • Accountable for ensuring that risk management within their area of responsibility, including across organisational boundaries, is implemented in line with the Council's Risk Management Strategy and Operating Framework. • Accountable for identifying, analysing, evaluating and profiling risks arising from their areas of responsibility, manage those risks and ensure that they are monitored

ROLE	RESPONSIBILITIES
	<ul style="list-style-type: none"> • Accountable for incorporating risk management processes into service planning processes • Accountable for systematically and promptly reporting, to the Risk Manager, any perceived new risk or failures to existing control measures • Accountable for ensuring that the requirements of the risk management operating framework and strategy forms part of new projects, partnership and contract management. • Own and manage the Service Risk Registers and the risks and action plans laid out in them for their area. • Accountable for maintaining unique referencing for SRR and CEB reports • Accountable for reporting of new red risks and closed red risks (and provision of supporting evidence) to the risk manager. • Accountable for ensuring that where risks cross departmental boundaries that the appropriate Service Head is informed.
Head of Law & Governance	<ul style="list-style-type: none"> • Accountable for the annual production of the SIC – Statement of Internal Control as part of the Statement of Accounts.
Head of Business Improvement and Technology	<ul style="list-style-type: none"> • Delivery of information management and data security related policies, processes and training • Ensure that the Council meets requirements which are imposed on it by the Cabinet Office in order to achieve Public Services Network (PSN) accreditation • Ensure that the Organisation’s approach to information risk is effective in terms of resource and commitment • Ensure that the Corporate risk group is adequately briefed on information risk issues • Nominated Senior Information Risk Owner (SIRO)
Contract Managers/CEB Authors/Project & Programme	<ul style="list-style-type: none"> • Accountable for ensuring that risk registers are documented and reported in accordance with the requirements of the Risk Strategy and Operating Framework

ROLE	RESPONSIBILITIES
Managers	<ul style="list-style-type: none"> • Accountable for ensuring that unique reference numbers are obtained from Service Heads/Project/Programme Managers/Procurement Team. • CEB report authors are accountable for ensuring that CEB risk registers are reviewed by the Risk Manager before submission of the papers.
Internal Audit	<ul style="list-style-type: none"> • Audit the key elements of the Council's Risk management process • Use the results of the Council's risk management process to focus and inform the overall internal audit plan • • Assist the Council by offering risk management support and advice
Risk Group	<p>This group meets at least bi-annually or more frequently as needed. It is chaired by the Head of Finance. The group:</p> <ul style="list-style-type: none"> • Supports the Directors in ensuring that the Risk Management Strategy and Operating Framework approach is adopted in the work of all Boards, groups and projects as well as in the management of partnerships and contracts; • Is consulted for the review and qualification of benchmarking results before submission to the Wider Leadership Team; • Supports the further embedding of risk management across the organisation and beyond organisational boundaries including partnerships and contractual relationships; • Support the organisation in creating awareness, improved understanding, creating stronger organisational approach to risk identification and management. Developing the Risk Management Culture; • Seeks opportunity for shared learning with other organizations; • Members act as champions for risk management and motivating employees to manage risk effectively; • Support the quarterly review of service risk registers by challenging the risks and the action plans.

ROLE	RESPONSIBILITIES
	<p>Support Service Heads in ensuring that risks are identified, analysed, evaluated and prioritised and that appropriate plans are in place;</p> <ul style="list-style-type: none"> • Is accountable for consistency of risk management approach and use of risk scoring across the organisation; • Support the Service Heads in ensuring that the service area's risks are regularly reviewed, for instance through monthly team meetings and directorate meetings, and that risks and action plans are regularly monitored and reviewed for effectiveness and progression; • Support the Directors in ensuring that the Corporate Risk Register is regularly monitored, reviewed and progressed. • Accountable for the review of Service Area Self-Assessments
Programme Boards	<ul style="list-style-type: none"> • Accountable for ensuring projects are appropriately risk assessed in line with the Risk Strategy and Operating Framework • Accountable for ensuring that risks are reviewed throughout the project lifecycle
Staff	<ul style="list-style-type: none"> • Understand their accountability for individual risks • Understand how they can enable continuous improvement of risk management and risk awareness. • Report systematically and promptly to their manager any perceived new risks or failures of existing control measures • Ensure that internal controls are robust and operating correctly

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