

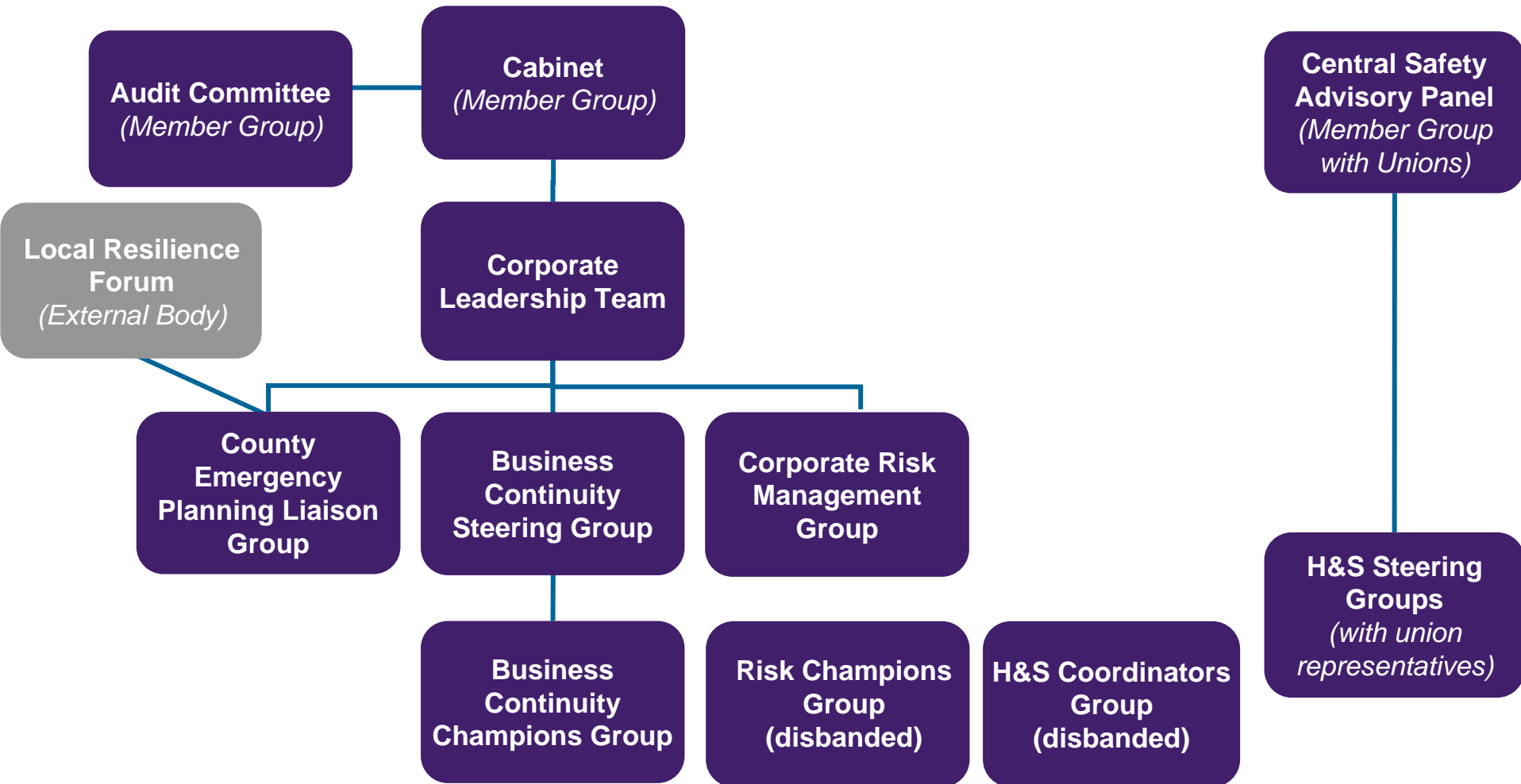
FINAL RISK MANAGEMENT GOVERNANCE

December 2009

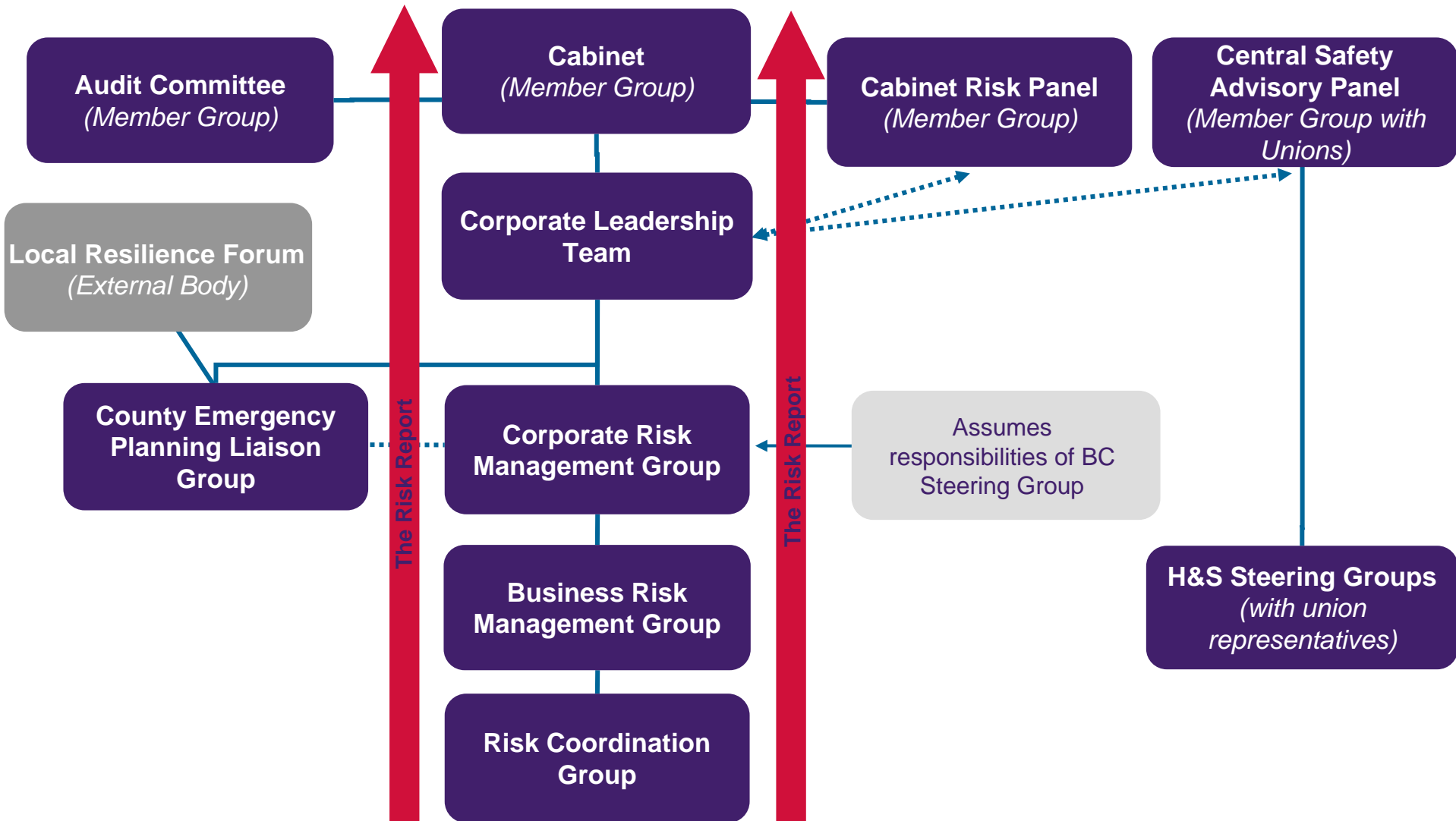
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Previous Structure



New Structure



Business Risk Management Group



Business Risk Management Group

The Business Risk Coordination Group, in its entirety, will consist of:

- Strategic Risk Manager: Elaine Taylor
- Risk Specialists: members of our specialist risk teams – business continuity, emergency planning, H&S, Corporate Risk, Insurance, ISIS
- Management Representatives: senior managers across the Council who day-to-day responsibility for managing the Council's risks

Elaine Taylor, and managers from within our specialist risk teams, would attend each meeting of the Business Risk Management Group. Using intelligence gathered through The Risk Report and their operational activities they would agree the focus of each meeting. Management representatives would then be asked to attend the meeting based on their skills, experience and involvement in the risk area being discussed.

The Business Risk Management Group provides an opportunity to adopt a task force approach to tackling risks where the likelihood, or severity, has increased to an unacceptable level. Furthermore, this approach allows a group of individuals to be tasked with tackling an emerging risk. This enables a truly proactive approach to risk management as risks can be tackled before they present a significant threat to the Council.

This structure also provides operational risk specialists with the opportunity to gain assurances from senior managers that they are managing their risk effectively. For instance, a meeting could be called following a negative internal audit report to address any concerns raised.

In summary, this the Business Risk Management Group would have day-to-day responsibility for managing the Council's risk profile. It provides the mechanism by which task forces can be formed to tackle risks and assurances can be gained about risk mitigation controls. The flexible structure is intended to ensure that our response to the Council's changing risk profile reflects its ever-changing nature and utilises the most appropriate skills at our disposal to reduce the Council's exposure.

What changes need to be made to make this work in practice?

Essex County Council

- Senior officers would need to promote the new group, and the benefits it can bring to bear at the Council to ensure that senior managers understand the importance of their involvement in the group should they be invited to attend a meeting.

Specialist Risk Teams, led by Elaine Taylor

- Schedule, and arrange accommodation for, monthly meetings.
- Use the entries submitted for The Risk Report, risk statistical trends, risk registers, internal audit reports and operational activities to determine the focus of the next meeting, at least one month prior to when it is scheduled.
- Invite managers with the most appropriate skills to the meeting, providing detailed information about what issues/risks will be addressed in the meeting.

Risk Coordination Group



The group in its entirety will consist of all the risk coordination pools at Essex County Council. Consequently, all the BC, EP, H&S, Information and Risk champions will be members of the group.

Ad-hoc meetings may be called by the Risk Management Consultancy Service to discuss cross-cutting issues that affect all champions, for instance Risk Awareness Week. In this instance, each pool would send a champions to represent them.

A standard risk coordination pool would consist of six individuals coordinating activities for the five areas identified opposite. It would be left to the discretion of directorates to determine how many risk coordination pools they need to manage their risk exposure. They may also want to alter the size and/or composition of the pool to reflect their risk profile.

Managers from our specialist risk teams may want to call meetings to discuss issues specific to their risk discipline. These meetings may be ad-hoc as issues arise or more structured depending on the needs of the operational risk team.

The Risk Coordination Group

The Risk Coordination Pool

A standard Risk Coordination Pool will consist of a:

- Business continuity champions
- H&S Champion
- EP Liaison Officer
- Information Champion
- Risk Champion

However, as the risk exposure, and the need for each of the risk disciplines, varies across the Council each directorate will have the flexibility to structure the group as they see fit. Some areas may choose to combine several roles into a salaried post. Higher risk areas may need more people in the pool, a different mix of champions or more pools per directorate. Consequently, the total number of pools within the Risk Coordination Group cannot currently be determined.

Particularly high risk areas, with several risk coordination pools, may find it necessary to have a full-time post to coordinate the work of the pools.

Difference with Current Arrangements

The champion roles within this structure are already in existence, albeit with differing levels of representation across the Council. The proposed arrangements are merely designed to improve the sharing of risk intelligence and resilience amongst the people performing the champion roles.

All the champion meetings that currently occur can continue to be held as and when managers from our specialist risk teams require them. However, with this structure the Risk Management Consultancy Service can call Risk Coordination Group meetings to address cross-cutting issues that affect all the risk disciplines and require a coordinated response.

The other key change is the creation of The Risk Report entry which will have to be coordinated by all individuals within each risk coordination pool. This will help to ensure that risk intelligence is being analysed locally within services and individuals within the champion roles are sharing information.

Individuals within each risk coordination pool would have overall responsibility for one risk discipline. However, to improve resilience and lateral thinking about risk management, individuals would need to have sufficient understanding of all the risk disciplines to perform the other champion roles within the pool if required. Clearly, training would need to be provided by the specialist risk teams to achieve this.

What changes need to be made to make this work in practice?

Essex County Council

- Determine the risk coordination pools within each directorate (see following two pages).
- Promote the champion roles as a development opportunity to improve representation across the Council, particularly in the areas of H&S and risk where there is low coverage.

Specialist Risk Teams, led by Elaine Taylor

- Provide training to each risk coordination pool about all risk disciplines to allow each individual to provide support to all champion roles.
- Provide training to each risk coordination pool on compiling their entry to The Risk Report.

Identifying Risk Coordination Pools



Identify services within the directorate and assess their risk profile.

It may be useful to consider the following in making an assessment:

- *Contribution to Council Priorities (e.g. Highways and Transportation is critical to delivering the 'Improving Transport' priority)*
- *Financial exposure (e.g. Major Programmes and Infrastructure, due to the significant financial investments involved)*
- *Reputational exposure (e.g. services with high levels of public interaction, such as Country Parks)*

Define the risk coordination pools based on the risk assessment.

It may be useful to consider the following in making an assessment:

- *High risk services may require a single risk coordination pool.*
- *Lower risk services may be able to share a risk coordination pool but this should be balanced with operational synergies.*
- *The need for risk coordination pools must be balanced with the staff, time and resources available.*
- *In a high risk directorate, with several risk coordination pools, a full time manager post may be justified to manage, consolidate and coordinate the efforts of all the pools.*

Environment Sustainability and Highways

Sustainable Planning and Development MED	Major Programmes and Infrastructure HIGH	Business Services & Strategy LOW
Environmental Operations HIGH	Highways and Transportation HIGH	Finance LOW

Environmental Ops and Sustainable Planning

Major Programmes and Infrastructure

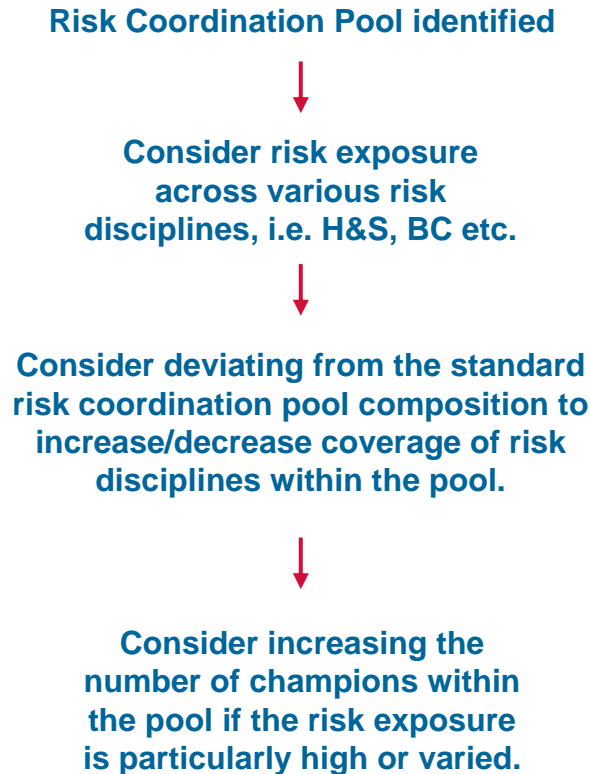
Highways and Transportation

Finance and Business Services & Strategy

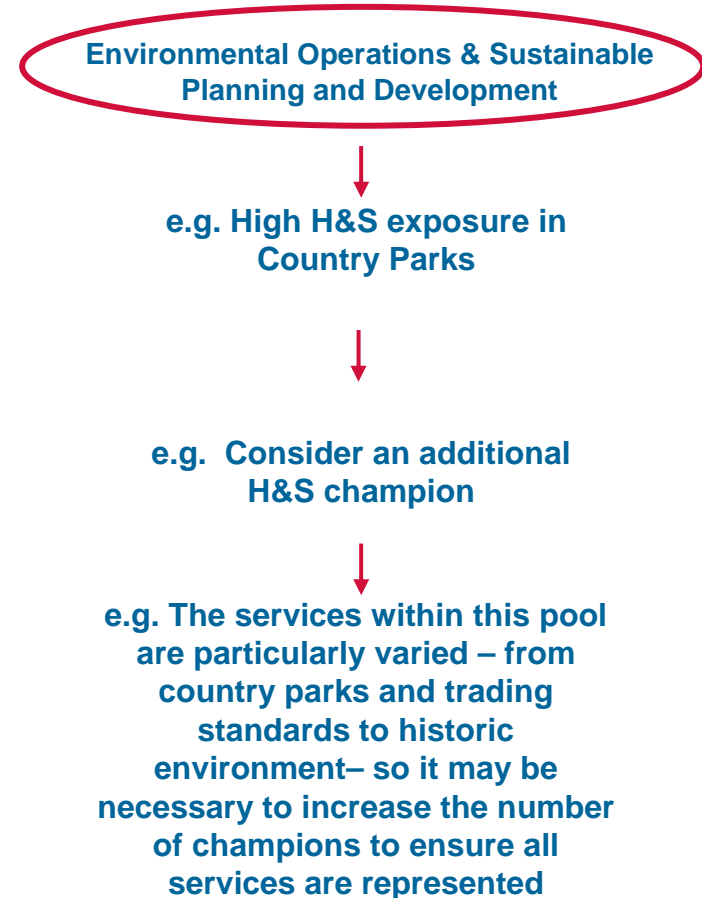
Manager for Risk Coordination Activities?

Forming Risk Coordination Pools

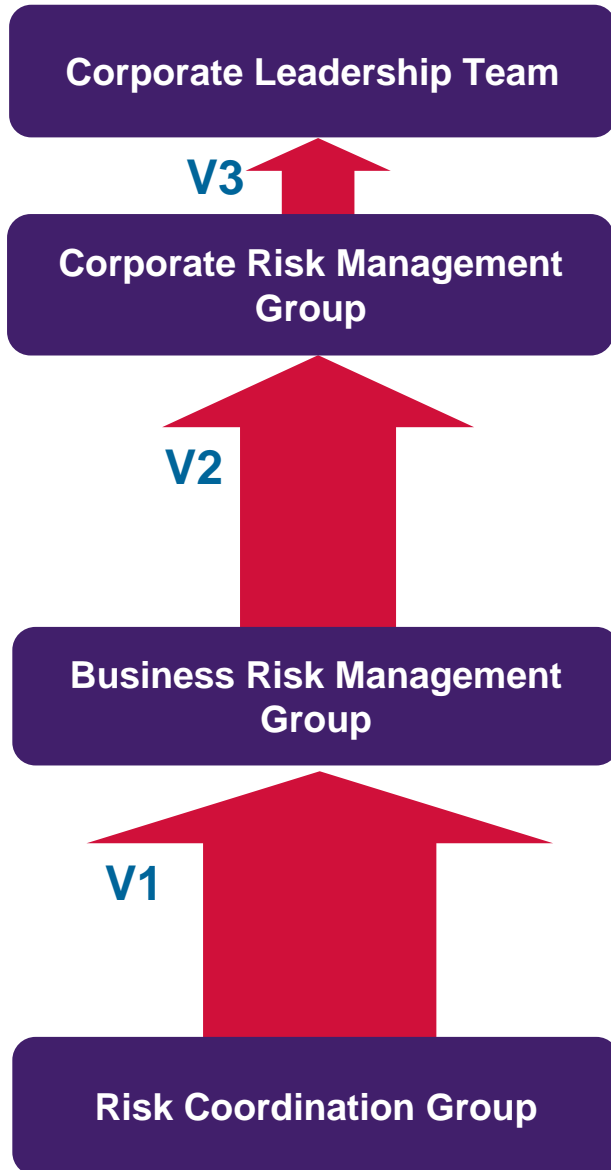
Process:



Example:



The Risk Report



CLT will review the third version of the report, providing high-level focus on key risk areas. They will need to make appropriate action to address these concerns or in some cases refer the issue to the Cabinet Risk Panel or Audit Committee.

The CRMG will review the second version of The Risk Report and provide a similar filtering function to the BRMG by making an assessment of which key issues and statistical analysis of risk trends need to be highlighted to CLT. This will form the third version of the report.

The first version of The Risk Report will be provided to the Risk Management Consultancy Service. Their role will be to filter the report to escalate key issues to CRMG where senior officers' attention is required to manage the risk. In addition, they will perform a consolidation role by performing a 'top down' analysis for CRMG. They will identify the cross-cutting risk issues within the Council and analyse risk statistics at a corporate-wide level.

The BRMG will need to ensure that the risks which are not escalated to CRMG are being managed effectively. This may require meetings of the BRMG to address key risk areas through the 'task-force approach' of risk representatives and coordinating assistance for managers from risk specialists.

Each risk coordination pool will be responsible for submitting an entry each month to the first version of The Risk Report. They will be provided with key risk data and information, such as insurance claims, risk registers and H&S statistics, to enable them to analyse the risk profile of their service.

Their entry will identify key issues within the information provided by the risk disciplines, such as deteriorating trends in H&S accidents or major facilities failures. Also, they should highlight any emerging concerns they have identified in their work to enable a culture of proactive risk management as opposed to responding to risk events.

Appendices

The need for change

At Essex County Council there are a number of operational units responsible for managing elements of the Council's risk profile, these are: *Business Continuity, Corporate Risk Unit, Emergency Planning, Health and Safety, Insurance and ISIS.*

[Please note - throughout this document the term 'risk management' and 'risk' has been used to collectively refer to these six risk disciplines.]

Enhanced sharing of risk intelligence, and a collaborative approach to risk identification and mitigation, between these risk disciplines enables the Council to have improved clarity of sight, and ultimately control, over its risk profile.

With this objective in mind, the Corporate Leadership Team has approved the integration of Health and Safety, Insurance, (elements of) ISIS and Corporate Risk Unit to form the Risk Management Consultancy Service.

However, to truly achieve clarity and control over the Council's risk profile the governance arrangements must reflect this coordinated approach to risk management. They need to facilitate the dissemination of risk intelligence between operational risk teams and throughout the organisation. Also, they must enable a proactive approach to risk management which allows the Council to tackle risks before they escalate and pose a significant threat.

Overview of Current Arrangements

- Essex County Council currently has governance arrangements that encourage silo working amongst the risk disciplines through specialist-based groups that do not exploit the mutual benefit of sharing risk intelligence.
- Furthermore, Corporate Risk Unit, H&S, and Insurance have no involvement in the governance arrangements (the health and safety steering groups are statutory requirements for unions to consult with employees rather than having operational responsibility for health and safety).
- Consequently, in some areas there is no formal mechanism to share critical risk intelligence with senior officers. Consequently, senior officers are provided with only a spotlight on areas of the Council's risk profile rather than total visibility.

The benefits of change

The proposed governance arrangements have been designed to achieve the following objectives:

- Lateral thinking when managing risks to consider linkages between the six risk disciplines, thus reducing silo working and leading to enhanced visibility of the Council's risk profile.
- Greater clarity about the roles and responsibilities of staff involved in managing risk by clearly distinguishing the need for risk management to be coordinated at three levels:
 - *strategic direction for risk management ;*
 - *operational management of risks ;*
 - *coordination of risk activities.*
- Streamlined escalation channels to ensure that the governance arrangements are agile enough to ensure risks can be raised with senior officers promptly.
- An integrated management information report that considers key issues and statistics relating to all risk disciplines. This ensures any adverse trends or events are highlighted to appropriate levels of management promptly so that action can be taken quickly to reduce the Council's exposure to risk.
- Increased involvement, and sharing of information, at a local level to increase risk awareness throughout the organisation and thus facilitate a proactive approach to risk management.

Cabinet Risk Panel

- Role: Executive decision making and advisory role to Council/Cabinet
- Objective: To ensure that a proactive and holistic risk management arrangement is in place at Essex County Council.
- Responsibilities:
 - To assess the emerging and key risks facing the Council and how they are being managed;
 - To advise the Cabinet and the Council of key risk related issues;
 - To consider the Council's framework for the holistic management of risks and ensure that it provides an effective channel for the management of All risks.
- Composition: Cllr Candy, Cllr Chapman, Cllr Finch.
- Reports to: Council and Cabinet
- Frequency of Meetings: Quarterly.

Corporate Risk Management Group

- Role: Providing strategic direction for the management of the Council's risk profile.
- Objective: Clarifying, and improving, the Council's risk profile, thus improving the management of the Council's risk exposure and reducing the Council's losses/costs as a result of risks materialising.
- Responsibilities:
 - Provide strategic direction to the holistic risk framework – incorporating business continuity, corporate risk, emergency planning, health and safety, insurance and ISIS;
 - Adopt the responsibilities of the Business Continuity Steering Group;
 - Scrutinise the work of the Business Risk Management Group's taskforces to ensure risks are being managed effectively at an operational level;
 - Raise awareness of the role of risk specialists as advisors who can enable the implementation of innovative programmes through the proper identification and management of the associated risk exposure;
 - Review The Risk Report provided by the Business Risk Management Group and escalate risks to the Corporate Leadership Team or develop action plans to address deteriorations in the Council's risk exposure as appropriate;
 - Change the cultural perception of risk management from being a compliance activity to being an enabler to achieving the Council's objectives.
- Composition: Heads of Service and Chair of Business Risk Management Group, Elaine Taylor. Chaired by Margaret Lee, Chief Financial Officer.
- Reports to: the Corporate Leadership Team and the Cabinet Risk Panel.
- Frequency of Meetings: Quarterly.

Business Risk Management Group

- Role: Operational management of the Council's risk exposure.
- Objective: To demonstrate greater visibility to the Council about how risks are being managed at an operational level. To utilise the specialist skills of the operational risk teams and the local knowledge of senior management to ensure that risks are being proactively identified and managed.
- Responsibilities:
 - Support CRMG by implementing actions as directed by CRMG.
 - Adopt a taskforce approach when required to address specific risk areas, as identified by the Risk Management Consultancy Service, by utilising the most appropriate skills, knowledge and expertise from across the Council;
 - Provide assurances that risks identified through an audit process are being proactively addressed;
 - Share details of programmes, projects and change initiatives with the Risk Management Consultancy Service to ensure risk specialists can take a proactive approach to assessing potential risks and managing the Council's exposure to them;
 - Cascade information about risk management across the Council to ensure that staff understand their risk management responsibilities, across all risk disciplines, and are proactive in performing these duties;
 - Review The Risk Report provided by the Risk Coordination Group and take action to rectify adverse trends or escalate risks to the CRMG;
- Composition: Senior management from across the directorates and risk specialists from the six risk disciplines. Chaired by the Strategic Risk Manager, Elaine Taylor.
- Reports to: Corporate Risk Management Group.
- Frequency of Meetings: Monthly.

Risk Coordination Group

- Role: Coordination of risk activities.
- Objective: Coordinate the activities required to embed a holistic approach to risk management. For example, this would include: completing business continuity plans; writing annual health and safety reports; updating risk registers; reviewing insurance claims data; analysing emergency planning warnings; communicating information about new policies, strategies and promotional events relating to risk management.
- Responsibilities:
 - Identify key issues, across the six risk disciplines (such as business continuity incidents or significant insurance claims), that need to be highlighted via each risk coordination group's entry to The Risk Report;
 - Review the management information produced across all six risk disciplines and identify any deteriorating trends within the data that needs to be brought to the attention of management via The Risk Report;
 - Provide feedback to BRMG and CRMG about any cultural or operational barriers being faced that are impeding the successful embedding of risk management;
 - Raise awareness within the services about people's risk management responsibilities and promote the benefits of proactive risk management.
- Reports to: Business Risk Management Group with operational support from the Risk Management Consultancy Service.
- Composition: In it's entirety all the risk coordination pools within the Council.
- Frequency of Meetings: Meetings to be held as and when required. Risk coordination group meetings will address cross-cutting risk issues and will be attended by representatives from each risk coordination pool. Risk discipline specific meetings, such as H&S champions meetings, may also be held. These meetings will be chaired by operational managers from our risk teams.

Risk Coordination Pool

- A standard 'Risk Coordination Pool' will comprise of a business continuity champions, an emergency planning liaison officer, an information champion, a risk champion and a health & safety champion.
- Each champion should have sufficient understanding of each of the risk disciplines to enable them to perform the duties under all champion roles if required.
- This shared understanding increases resilience and enhances lateral thinking, to consider all risk disciplines, when coordinating risk management efforts.
- The number, and composition, of risk coordination pools required within each directorate will depend on the risk exposure of the directorate. For higher-risk directorates one pool per service, or more champions within each pool, may be required. For internally facing directorates one pool per directorate may be sufficient.
- The role of a champion could be promoted as a personal development opportunity and built into a staff member's development plan. This additional responsibility can provide opportunities for those who may want to pursue a career in any of the risk disciplines or those who simply want to increase the variety of their current role.
- At the discretion of the directorate leadership teams, the responsibilities of a risk coordination pool could be performed by one individual in a full time capacity.
- In higher risk directorates with several risk coordination pools it may be justified to have a full-time salaried post to coordinate and manage the activities of the risk coordination pools.

Central Safety Advisory Panel

- Role: The Council's committee for consulting employees on health and safety matters that affect the whole Council
- Objective: To consider matters relating to the Health, Safety and Welfare of employees of the County Council.
- Responsibilities:
 - Reviews the Council's, and Directorate, Annual Reports on Health and Safety Performance and resolves any matters arising from them
 - Resolves disputes and matters arising from Directorate H&S Steering Groups that could not be resolved within the Directorate.
 - Considers matters of resource allocation for health and safety
 - Considers new health and safety policies and standards that affect the Council as a whole.
- Composition: Cllr Sarah Candy, Cllr Theresa Higgins, Cllr Penny Channer and Cllr Linda Mead. Employee representatives from trade unions.
- Reports to: Submits advice and recommendations through the Executive and Audit Scrutiny Committee to the appropriate Cabinet Member.
- Frequency of Meetings: Yearly (Employee side members are also consulted throughout the year on new initiatives).

H&S Steering Groups

- Role: Consultation on directorate health and safety issues between trade unions and employee representatives, at a corporate and directorate level.
- Objective: To fulfill the Council's statutory responsibility to consult with it's employees regarding health and safety.
- Responsibilities:
 - Giving information to employees and taking account of their views before decisions are made on health and safety.
 - If a decision involving changes to work equipment, processes or work organisation could affect the health and safety of employees their representatives must be given a chance to express their views, which must be taken into account before a decision is reached. This includes:
 - Any change which may substantially affect their health and safety at work, for example in procedures, equipment or ways of working; changes in premises/premises use;
 - The arrangements for getting competent people to help the employer satisfy health and safety laws;
 - The information that employees must be given on the likely risks and dangers arising from their work, measures to reduce or get rid of these risks and what they should do if they have to deal with a risk or danger;
 - The planning of health and safety training; and
 - The health and safety consequences of introducing new technology.
- Composition: Each group is attended by an agreed number of trade union appointed safety representatives representing employees throughout the service group. Trade Union representatives and H&S officers also attend.
- Reports to: Minutes of each meeting will be forwarded to each service group to be posted on notice boards.
- Frequency of Meetings: Quarterly

County Emergency Planning Liaison Group

- Role: To coordinate the County Council's services in an emergency situation which affects the county of Essex.
- Objective: To develop Essex County Council's disaster planning and response by:
 - Reviewing & maintaining existing procedures;
 - Developing appropriate contingency plans;
 - Establishing training & exercising needs;
 - Developing key staff in their emergency role;
 - Identifying good practice & sharing lessons learnt.
- Responsibilities:
 - Identifying changes in management structures & their implications for the council's emergency response;
 - Devising & implementing appropriate liaison both within & outside the County Council;
 - Managing & maintaining the Council's emergency response role
 - Organising appropriate training & exercises for Council staff;
 - Managing the Council's Tactical level response in the event of an incident.
- Composition: Representatives from all key County Council services, Chaired by Peter Kelsbie/Nicola Beach.
- Reports to: Local Resilience Forum.
- Frequency of Meetings: Every 6 weeks.