

## STRATEGIC RISK MANAGEMENT GROUP

### TERMS OF REFERENCE

The Strategic Risk Management Group's Terms of Reference are:

#### 1. ROLE

Develop and maintain a framework, to ensure integration of risk management into business planning, to establish an assessment process to enable corporate objectives to be met and to promote good risk management practice throughout the Council and where relevant, to share this with partner organisations.

#### 2. MEMBERSHIP

SRMG membership of the group includes:

- One Member representative – appointed by the Audit and Resources Committee
- Leader of the Council
- Executive Head of Governance & Monitoring Officer
- Chief Internal Auditor or representative
- Strategic Planning Manager
- Senior Projects & Programmes Officer
- Neighbourhood Services representative
- Safety and Resilience Manager
- One Local Area Manager
- Procurement and Insurance Officer
- Corporate Health and Safety Officer
- Finance Specialist
- Climate Change Manager
- Resource Manager

Other officers and Members may be invited as necessary, depending on the agenda items scheduled for each meeting.

#### 3. PROTOCOLS

The group will meet every 8 weeks. Additional meetings will be held if circumstances require at which the following protocols will apply:

1. Agendas for meetings will be drawn up by the Case Management/Democratic Services Officer in consultation with the Chair and circulated at least 7 days before the meeting.
2. In the absence of the Chair, meetings will be chaired by the most senior officer present.

3. Minutes will be taken by the Case Management/Democratic Services Officer and approved by whoever chaired the meeting before circulation.
4. Email will be the main method of communication outside meetings.
5. These Terms of Reference are reviewed annually and are dated accordingly.

#### **4. AIMS AND OBJECTIVES**

- Encourage a culture of risk management across the Council
- Ensure appropriate risk management is embedded in all business processes via the provision of guidance to Councillors and staff
- Manage and review the risk management framework to achieve continuous improvement
- Ensure effective risk and mitigation reporting structures and systems are operational
- Review service, programme, project, and corporate risks and advise as necessary
- Provide or arrange appropriate Risk Management training for Councillors and staff
- Periodically liaise with our Insurance consultants and external auditors to ensure the Council's risk management framework and risk profile are satisfactory
- Review and update the relevant risk management sections of the Council's Constitution

#### **5. REPORTING ARRANGEMENTS AND RELATIONSHIPS**

The flow of risk reporting information is set out below.



Any changes to the corporate risk profile will be reported to Cabinet, with the impact on corporate priorities and policy decision-making linked to these changes.

Additionally, Internal Audit will notify the SRMG of risks identified during its own risk assessment process, as the Chief Internal Auditor is a member of the group.

## 6. PERFORMANCE MANAGEMENT

For each risk, the potential impact and likelihood are rated on scales of 1 to 5, then the resulting figures are multiplied together and rated such that a rating of 1 indicates very low risk and 25 indicates the highest level of risk.

The Risk Registers require users to record current risk ratings and ratings expected following a defined plan for mitigation.

## **7. COUNCILLORS' RESPONSIBILITIES**

Elected Councillors are responsible for governing the delivery of services to the local community. Failure to deliver services efficiently and high-level incidents and scandals often result in the public questioning the competence of those in charge. It often transpires that such failures and scandals could have been avoided if proper governance procedures had been operating effectively. Such questions can impact on the public perception of individual Councillors or the Council as a whole. Cabinet members have a responsibility to understand the strategic risks that their Council faces, and to decide how these risks should be managed. They should not seek to avoid or delegate this overall responsibility as it is key to their stewardship responsibilities. Cabinet members should:

- seek implementation of a strategic risk management process as soon as is practical;
- agree on the Councillor and staff structures for planning and monitoring risk management across the authority;
- correctly position risk management as a strategic and operational tool that can help Councillor and staff to meet the challenges and demands facing them, rather than as a mere compliance exercise;
- promote the desired mindset and attitude that is essential for successful implementation and robust, ongoing risk management processes;
- view the process as a significant management exercise, with the right level of resources committed to implementation of risk policy and risk management measures;
- take a top-down approach, focusing on issues of corporate significance rather than a 'bottom-up' exercise which would be too large to manage; and
- aim for continual improvement on a longer-term basis.

## **8. KEY TASKS FOR CABINET MEMBERS**

Councillors need to determine within existing leadership structures how they will plan and monitor the Council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management policy and to provide a focus for the process;
- approve the Council's policy on risk
- agree the Council's risk appetite i.e. the degree to which the Council is willing to accept risk;
- receive reports on risk management and internal control – officers should report annually on the effectiveness of the framework, with possibly interim reporting as necessary.

Cabinet Members must support and monitor both implementation and ongoing risk management processes. This includes:

- embracing risk management in a positive way to:
  - drive service and organisational improvement;
  - assist in the achievement of Council's objectives;
  - ensure that sensible management decisions are taken;
  - minimise the likelihood of things going wrong and their potential impact; and
  - provide a framework to meet new challenges.
  
- promoting the right management culture on an ongoing basis. Most problems that materialise are likely to be people-based and arise through lack of proper application of management processes rather than through weaknesses in systems.