Colchester City Council
Governance Services

Risk Management Strategy 2026 / 2027

The Council will seek to innovate and drive forward an ambitious agenda while being mindful of limitation to capacity, capability and financial resources

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RISK MANAGEMENT STRATEGY

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance to ensure management of risk is a routine process for all services.

INTRODUCTION

This strategy will ensure that:

1. The management of risk contributes towards ensuring effective service delivery and the achievement of the Council's strategic objectives.

2. Members and the Senior Leadership Board own, lead and support on risk management.

3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.

4. There is a commitment to embedding risk management into the Council's culture and organisational processes, at all levels, including strategic, programme, project and operational

5. All members and officers acknowledge and understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.

6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.

7. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.

8. Accountability to stakeholders is demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.

9. Where possible the Council's approach is regularly assessed by an external, independent body against other public sector organisations, national standards and Best Practice.

10. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

Endorsement by Pamela Donnelly, Chief Executive

"*Colchester City Council is committed to ensuring that risks to the effective delivery of its services, and achievement of its overall objectives, are properly and adequately controlled. It is recognised that effective management of risk will enable the Council to maximise its opportunities, and enhance the value of services it provides to the community. Colchester City Council expects all officers and members to have due regard for risk when carrying out their duties*."



WHAT IS RISK MANAGEMENT

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long- and short-term objectives of the Council are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could affect the achievement of objectives and develop actions to control, or reduce, those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Council to rapidly respond to change and develop innovative responses to challenges and opportunities.

The 'Delivering Good Governance in Local Government' 2016 framework, jointly issued by The Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief states that there are seven core principles of good governance including 'Managing risks and performance through robust internal control and strong public financial management'. The document goes on to state 'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.'

A process for managing risks was first adopted by the Council in 2003 and since then has been developed to ensure that it continues to be an effective management system. This strategy defines Colchester City Council's definition of risk and the processes to be followed.

In broad terms risks are split into three categories:

- Strategic – those risks relating to the long-term goals of the Council.
- Operational – risks related to the day-to-day operation of each individual service.
- Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives.

Appendix 1 sets out the risk management process and the following are some of the practical ways that risks are managed and how effectiveness is measured:

- Provision of a comprehensive strategic register, that is regularly reviewed.
- Provision of operational risk registers for all service areas.
- Consideration of risk in Committee reports.
- Development of a comprehensive risk register for the project management programme and consideration of risk as a project management tool.
- Successful internal and external assessment.
- Provision of advice to other authorities regarding our management of risk.

This has led to a practical and workable approach to managing risk, which has resulted in the Council becoming more risk aware and taking more risks, as demonstrated by the comprehensive project risk register. Colchester is also highly regarded for managing risk by both our insurers and other authorities.

The 2025/26 Internal Audit of risk management gave a reasonable assurance opinion. Four recommendations were raised during the audit relating to producing the Operational risk registers, assessing mitigating actions, cross reliance on risks and escalation processes.

OWNERSHIP

The responsibility to manage risk rests with every member and officer of the Council however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

Appendix 2 is from the CIPFA/SOLACE risk management guide, Chance or Choice. It is a generic map of responsibility for each part of the risk management process.

The following defines the responsibility for the risk management process at Colchester:

Cabinet – Overall ownership of the risk management process and endorsement of the strategic direction of risk management.

Portfolio Holder for Economic Growth, Transformation & Digital – Lead Member for the risk management process

Governance and Audit Committee – Responsible for reviewing the effectiveness of the risk management process and reporting critical items to Cabinet as necessary.

Senior Leadership Board (SLB) – Ownership of the strategic risks and overview of the operational risks. Actively support the Risk Management Strategy and framework.

Service Director - Governance – Lead officer for the risk management process, demonstrating commitment to manage risk.

Corporate Governance Manager – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

All Service Directors – Ownership, control and reporting of their service's operational risks. Contribute to the development of a risk management culture in their teams.

All Employees – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

Internal Audit, External Audit and other Review Bodies – Annual review and report on the Council's arrangements for managing risk throughout the Council, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the control environment.

AIMS & OBJECTIVES

The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

The risk management objectives of Colchester City Council are to:

- Integrate risk management into the culture of the Council
- Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services.
- Ensure that opportunities are properly maximised through the control of risk.
- Reduce duplication between services in managing overlapping risks and promote 'best practise'.

RISK APPETITE

A risk appetite establishes a specific measurable threshold for the risk an organisation is willing to take in order to achieve its objectives, encompassing both an upper limit (too much risk being taken to achieve objectives) and a lower limit (not enough risk being taken). Following consultation and workshops with senior members and officers of the council in December 2024, the Council has set an overall risk appetite statement to support strategic decision making and resource allocation:

The Council will seek to innovate and drive forward an ambitious agenda while being mindful of limitation to capacity, capability and financial resources.

This statement is supported by individual risk appetite statements for the specific risk categories of:

- Political
- Economic / Revenue
- Economic / Capital
- Social, Community & Service Delivery
- Technological, Data Protection and Systems
- Legal, Statutory Duties & Data Breaches
- Environmental
- Corporate Objectives

The individual appetite statements are set out in appendix 3, and the overall statement has been incorporated into the strategic risk register and embedded in committee report considerations.

STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long-term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change the corporate assessment process.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Senior Leadership Board, with ownership for risks being assigned to individual officers, and will be reviewed every month. The strategic risks will be reported to the Governance & Audit Committee at least twice a year.

OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council. Each service area will have their own operational risk register that details the risks associated with providing the service. These registers will be reported, in summary format, to the Senior Leadership Board and committee on an annual basis. High risks and the success in controlling them will be reported to Senior Leadership Board on a quarterly basis, as these will help in the formulation of the strategic risk register.

ESCALATION OF RISKS

A risk should be escalated for consideration on the Strategic Risk Register where it is significant enough to affect the Council's long-term objectives, corporate priorities or ability to deliver statutory services, rather than being solely an operational or project-level matter; this may include risks with a high residual or inherent score, risks that exceed the Council's agreed risk appetite, cross-cutting risks affecting more than one service, risks with material financial, legal, statutory, safeguarding, health and safety, business continuity or reputational implications, or risks requiring corporate oversight because of their scale, complexity or external visibility.

The 'Risk Request' form should be used to escalate the risk, this captures the relevant information, creates an audit trail for Board review and decision-making, and Board retains final authority to include or decline risks on the Strategic Risk Register. The Service Director – Governance should be informed if it is considered that a risk is no longer a strategic issue and should be de-escalated. The details will be included at the next Board review of the register, for consideration.

LINKS

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture, it has to be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

- The Strategic Plan
- Service Plans
- Revenue and Capital Budgets
- Annual Internal Audit Plan

ACTION REQUIRED

The following actions will be implemented to achieve the objectives set out above:
Considering risk management as part of the Council's strategic planning and corporate governance arrangements.

- Ensuring that the responsibility for risk management is clearly and appropriately allocated
- Maintaining documented procedures for managing risk
- Maintaining a corporate approach to identify and prioritise key services and key risks across the Council and assess risks on key projects.
- Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
- Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
- Including risk management considerations in all committee reports
- Providing risk management awareness training to both members and officers.
- Developing risk management performance indicators.
- Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
- Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Council and its business capability.
- Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.
- Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to Senior Leadership Board, Governance & Audit Committee and Cabinet. Appendix 4 sets out the annual reporting programme. As well as a structured reporting process of risks and controls during the year there will need to be an annual review demonstrating the success of the following:

- The inclusion of risk management principles within Service Plans and budgets.
- The development of the Internal Audit plan based on the risk issues.
- Achievement against identified performance indicators.
- Members consistently ensuring managing risk is considered as part of the decision-making processes within the Council.
- Service managers making recommendations that regard risk as an opportunity as well as a threat.
- Risk management principles being considered in service reviews, for example in areas such as options for change and service improvements.
- Changes in risk being independently identified and assessed by Service Managers
- Compliance with any self assessment requirements.

Suitable opportunities to benchmark the risk management service against other organisations should also be explored, to ensure that it is effective, and the work carried out by the Council conforms to best practise.

The four appendices attached give greater details of key areas:

Appendix 1 – Outline of the risk management process.
Appendix 2 – CIPFA guidance on Risk Management Responsibilities
Appendix 3 – Risk Appetite Statements
Appendix 4 – Annual Reporting Programme.

APPENDIX 1

The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Council are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

Stage 1 – Risk Identification
Identifying and understanding the hazards and risks facing the council is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the relevant Head of Service who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews, then it is reported to the Corporate Governance Manager for information and the Head of Service is responsible for managing the risk.

Stage 2 – Risk Analysis
Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

Stage 3 – Risk Control
Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

Stage 4 – Risk Monitoring
The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

APPENDIX 2
Risk Management Responsibilities – CIPFA / SOLACE Guidance

	Framework, Strategy and Process	**Identifying risk**	**Analysing Risk**	**Profiling risk**	**Prioritising action based on risk appetite**	**Determining action on risk**	**Controlling risk**	**Monitoring & Reporting**	**Reporting to external stakeholders.**
Members	Agreeing the Framework, Strategy and Process Determined by Officers	Identifying risk	Analysing Risk	Profiling Risk	Determining the risk appetite and prioritising risk. Agreeing the priorities determined by officers			Reviewing the effectiveness of the risk management process.	Reporting to external stakeholders on the framework, strategy, process and effectiveness.
Risk Management Team	Providing advice And support to the executive Management Team and Members	Providing advice and support.	Providing Advice and support	Providing advice and support	Providing advice and support			Co-ordinating the results for reporting to the corporate management team and members	
Senior Management Team	Determining the framework, Strategy and Process	Identifying strategic and cross-cutting issues	Analysing Strategic and cross-cutting issues.	Profiling strategic and cross-cutting issues.	Determining the risk appetite and prioritising strategic and cross-cutting issues	Determining action on strategic and cross-cutting issues. Delegating responsibility for control.		Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process. Reporting to members.	Reporting to external stakeholders on the framework, strategy, process and effectiveness.
Senior Manager with spec responsibility for Risk Management.	Providing Advice and Support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Providing advice and support	Co-ordinating the results for reporting to the executive management team and members	Preparing draft reports for the corporate management team and members to issue.
Service Managers / G.M.T's		Identifying service Risks	Analysing Service risks.	Profiling service risks.	Prioritising action on service risks.	Determining action on service risks. Delegating responsibility for control.		Monitoring progress on managing service risks. Reporting to the group management team	
Employees, contractors And partners		Maintaining awareness of risks and feeding these into the formal process.	Maintaining awareness impact of risks and feeding information into the processes				Controlling risk in their jobs.	Monitoring progress on Managing job related risks Reporting to the service manager.	

APPENDIX 3

Risk Appetite Statements

Category	Appetite	Risk Appetite statement
Political	Cautious / Open	We are open to innovation or actions that could result in long term attainment of objectives for Colchester. We are happy to push the boundaries of what political policy dictates and would consider acceptable in order to plan based on the long-term resilience of the Council.
Economic / Financial Revenue	Open	We will be proactive in transforming services to be fit for the future, even where in the short term there are some uncertainties around central government funding the ability to generate the expected revenue. We accept that balancing budgets might involve difficult decisions should this occur.
Economic / Financial Capital	Cautious / Open	We will invest selectively and focus on protecting existing investments through sound management. We retain an intention of maximising the benefit we can provide within our financial means, but only if the opportunity is right.
Social, Community & Service Delivery	Open	We will accept some risk to the short-term resilience and reputation of the organisation and community, when longer term benefits are deemed to outweigh any short-term negative occurrence.
Technological, Data Protection & Systems	Cautious	We accept that system and platforms have to be kept up to date, but prefer a cautious approach and only move forward where solutions are proven in the public sector and we can be confident in successful implementation and the security of our data. We will align decision-making with our overall technology and data protection strategy and seek to reduce risks where possible.
Legal, Statutory Duties & Data Breaches	Open	We are willing to work widely within regulatory frameworks and explore opportunities for effective decision making even if we are exposed to some legal challenge or accusations.
Environmental	Cautious	We are forced to accept the possibility of increasing our environmental impact or achieving less carbon reductions due to internal and external circumstances. Environmental concerns remain a priority, but we acknowledge that targets conflict with other objectives which will bring some risk of not achieving environmental objectives.
Corporate Objectives	Cautious / Open	We will set some ambitious targets for the council with the understanding that we might have risks that could result in delays or non-delivery of some corporate objectives. We acknowledge that we do not have the resources to prepare for all eventualities.

APPENDIX 4

Annual Reporting Programme

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore, it is essential that there is a defined process and timetable for reporting the results of the risk management process to both members and officers.

Types of Report

- Monthly review of the Strategic Risk Register by Senior Leadership Board.
- Six monthly review of the operational risk registers and a summary report of these reviews to Senior Leadership Board
- Project risks are reported through the project management process and reported to the project management board. Significant issues will also be included in the reporting process to Senior Leadership Board
- A six-monthly report is provided to Committee (Governance and Audit) detailing the current strategic and high-level operational risks and the progress made in controlling them. The Strategic Risk Register will also be circulated to committee members in between the scheduled meetings, ensuring that the committee have an overview of the strategic risks every quarter.
- An annual report reviewing Risk Management activity, including changes in methodology and results of internal and external reviews. Going to Senior Leadership Board, Governance & Audit and Cabinet.
- Ad-hoc reports need to be provided to Senior Leadership Board when new, significant risk issues arise.

The reports can be summarised as follows:

	Services	Senior Leadership Board	Governance & Audit	Cabinet
Monthly		Review of strategic risk register		
6 Monthly	Review of operational risk register	Summary of operational review from services	Progress report of strategic & high-level operational risks (with informal updates each quarter)	
Yearly		Scrutiny of annual progress report to cttee on R.M.	Endorsement of annual progress report on R.M.	Summary of past years work on R.M.