



Risk Management Strategy

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RISK MANAGEMENT STRATEGY

Risk Management Policy

The Council is committed to developing its Risk Management Strategy, framework and the necessary supporting processes as part of the Council's on-going improvement programme. This will help to improve and strengthen governance and front-line service delivery throughout the Council. The aim is to minimise the incidence and impact of risk taking activity, improve decision making and increase opportunities for innovation.

The Council undertakes to promote and ensure that:

- i. The management of risk is linked to performance improvement and the achievement of its priorities and service objectives.
- ii. Members and the senior management own, lead and support risk management.
- iii. Ownership and accountability are clearly assigned for the management of risks at all levels throughout the Council.
- iv. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including corporate, programme, project, operational and service.
- v. All Members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good governance. This is reinforced through the delivery of on-going training programmes.
- vi. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
- vii. Open and inclusive processes are established and maintained by involving all those associated with the planning and delivery of services, including stakeholders and partners.
- viii. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
- ix. Accountability to stakeholders is fully 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.
- x. The Council's approach is regularly benchmarked against high performing public and private sector organisations.

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

1.0 Introduction and background

- 1.1 This Strategy provides an overview of the Council's arrangements for risk management. It updates the previous Strategy (April 2008) and seeks to clarify the various roles, responsibilities and governance structures.
- 1.2 Through priority plans and service objectives, the Council must balance the demands of service users, tax payers; involve communities in service provision; deliver, commission and regulate services; and enter into local and strategic partnerships, sometimes involving complex funding arrangements. Balancing all these competing demands and objectives means that the Council needs a framework that ensures that a pro-active approach is taken and risks are considered before decisions are taken.
- 1.3 Risk management is an essential part of securing the "health" of the Council because it is a crucial part of the overall arrangements for securing effective corporate governance. Risk management can make a difference and enhance performance by:
 - Identifying and preventing the bad things from happening; and
 - Ensuring all the good things we want to do actually happen.
- 1.4 The Council has to comply with various statutory requirements that include issues relating to risk management. Risk management is a key element of the Council's Annual Governance Statement and is included within the annual Use of Resources assessment; it is still a key part of the assessment criteria for 2009 that is integral to the new Comprehensive Area Assessment (CAA).

2.0 Risk Management Objectives

- 2.1 The purpose of this strategy is to set out how we will manage risk throughout the Council and to ensure that risks are identified at the right time to enable good decisions to be made. In particular to:
 - Ensure risk management is part of strategic and operational management decision making, planning and implementation
 - Manage risks in accordance with the Authority's risk management strategy, recognised best practice and to enable good governance
 - Take account of internal and external changes that may impact on the Council's overall risk profile
 - Respond to risk in a balanced way, mindful of the risk level, risk reduction potential, cost/benefit, and relationship to resource constraints
 - Raise awareness of the need for effective risk management

3. What is Risk?

- 3.1 Risk can be defined as anything that poses a threat to the achievement of the Council's objectives, programmes or service delivery to residents, businesses and communities. It can come from inside or outside the organisation; may involve financial loss or gain; physical damage to people or property; customer dissatisfaction; unfavourable publicity; failure of equipment; or fraud, etc. Failure to take advantage of opportunities may also have risks, e.g. not bidding for external funding, etc.

4. What is Risk Management?

- 4.1 Risk management is the management of risk in a manner consistent with the virtues of economy, efficiency and effectiveness. It is about making the most of opportunities (making the right decisions) and about achieving objectives once such decisions are made.
- 4.2 There is no such thing as a risk free environment, but many risks can be avoided, reduced or eliminated through good risk management – something managers do every day as part of their normal work.
- 4.3 There are many benefits to making sure that risk management is considered and applied at all levels in the Council, including:
- Allowing managers to focus on issues that really matter;
 - Managers are focussed on doing the right things in the right way;
 - Fewer surprises;
 - More likely to achieve business objectives;
 - More likely that new developments can be delivered on time and on budget;
 - More informed risk taking and decision making

5.0 Types

- 5.1 To aid the management of risk we have set out the following categories:
- Corporate risk
 - Operational risk, which includes service delivery, project management and health and safety.
 - Financial risk
 - Business continuity and disaster recovery
 - Reputational risk
- 5.2 **Corporate risks** are those high level and cross cutting risks which need to be taken into account in judgements about the Council's priorities, plans and objectives. These are identified as part of the process of preparing the corporate plan and other related strategies, e.g. the Medium Term Financial Plan. Members and officers are involved in the identification, assessment and

treatment of those risks. The identified risks are recorded on an electronic database and monitored by members and officers during the year.

- 5.3 All reports to members include a risk management assessment.
- 5.4 **Operational risks** are those risks which managers and staff will encounter in the daily course of their work and impact on front line service delivery.
- 5.5 As part of the annual cycle of service plan preparation, all service plans include a risk assessment of the service area actions which are provided by service managers and approved by corporate heads.
- 5.6 We are committed to ensuring that we comply with the necessary Health & Safety legislation to ensure the safety of our members, workforce, visitors and contractors whilst on our premises and those who use any of our facilities.
- 5.7 **Financial risks** may result from a breakdown in the Council's financial systems or there may be risks arising from the credit crunch and economic downturn, e.g. on investments, debt management, etc.
- 5.8 **Business continuity** and disaster recovery are associated with those risks which prevent the Council from delivering critical services to its customers. These risks are identified for all critical services and are reviewed on an annual basis which meets the Council's obligations under the Civil Contingencies Act 2004. Business continuity plans are included in the risk action plan scrutinised by the Governance & Audit Committee. A business continuity group remains established within the Council.
- 5.9 **Reputational risks** are those risks that may undermine the confidence that partners, customers, staff and the public have in the Council, e.g. adverse news articles.
- 6.0 Embedding risk management**
 - 6.1 The Portfolio Holder and the Senior Management Team are jointly responsible for ensuring that risk management is embedded throughout the Council.
 - 6.2 It is the responsibility of all Corporate Heads and Service Managers to ensure that within their directorate and service areas, risks are being effectively managed.
 - 6.3 The Governance & Audit Committee is responsible for scrutinising our risk management systems.
 - 6.4 It is important that this Strategy covers bodies working in partnership with the Council and the arrangements for managing risk are clearly understood.
 - 6.5 The Finance & Risk Team will provide advice and assurance on a day to day basis.

7.0 Risk assurance

- 7.1 We will obtain assurance that our risk management processes are working effectively by:-
- Examination and review providing general review of the function;
 - These procedures are set out in appendix A

8.0 Methodology

- 8.1 We use the methodology set out in appendices B and C when undertaking risk assessments.

9.0 Roles and Responsibilities

- 9.1 All officers and members have a key responsibility to ensure that risk management is effective across the whole of the authority's operations. Specific roles and responsibilities are set out in Appendix D.

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