

RISK MANAGEMENT
POLICY and STRATEGY
2016 - 2017

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RISK MANAGEMENT POLICY STATEMENT

1. Definition of Risk Management

“All activities of an organisation involve risks. Risk management aids decision making by taking account of uncertainty and its effect on achieving objectives and assessing the need for any actions”*. To control the risks an appropriate risk management process should be in place which requires “applying logical systematic methods for communication and consultation throughout the process; establishing the context; identifying, analysing, evaluating and treating risk associated with any activity, process, function, project, product, service or asset; monitoring and reviewing risk; and recording and reporting the results appropriately”*.

2. Policy Statement

The Council recognises that it has a responsibility to reduce and control risks effectively in order to manage its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision.

The Council is aware that risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focused approach to managing risk. However risk management is not about being ‘risk averse’, it is about being ‘risk aware’. Some amount of risk taking is inevitable and necessary if the Council is to achieve its objectives. The Council seeks to capitalise on opportunities and to achieve objectives once those decisions are made. By being ‘risk aware’, the Council is in a better position to avoid threats, take advantage of opportunities and ensure its objectives and goals are realised.

Risk management is an integral part of the Council's corporate governance arrangements and has been built into the management processes as part of the Authority's overall framework to deliver continuous improvement.

3. Objectives

The objectives of the Council's risk management strategy are to: -

- Increase the likelihood of achieving the council's vision and strategic objectives;
- Prevent or reduce the potential consequences of events which could have been reasonably foreseen;
- Prevent or reduce events or actions that could damage the reputation of and public confidence in the council;
- Raise awareness of risk management to all members and staff, making it an integral part of their thinking and actions and integrate risk management into the culture of the council and its processes;
- Manage risks in accordance with best practice;
- Anticipate and respond to changing social, economic, environmental and legislative requirements;
- Inform policy and operational decisions by identifying risks and their likely impact and thereby improve use of resources; and
- Raise awareness for the need for risk management.

(* ISO31000:2011 Introduction)

These objectives will be achieved by: -

- Establishing clear roles, responsibilities and reporting lines within the council for risk management;
- Reporting to SMT providing opportunities for shared learning on risk management across the council;
- Providing risk management training and awareness sessions;
- Incorporating risk management considerations into the Council's management processes e.g. business planning and project management;
- Purchasing insurance for those risks, which cannot be avoided or reduced further, always retaining risk where this is economically attractive;
- Effective communication with, and the active involvement of employees;
- Monitoring arrangements on an ongoing basis; and
- Use of a standard risk register template to support the risk management process.

The Risk Management Strategy details how the above points are managed and implemented with the Council.

4. Responsibility for Risk Management

The Council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties. If uncontrolled, risk can result in a drain on resources that could better be directed to front line service provision and to the meeting of the Council's objectives and community needs.

Senior Management (Executive Directors, Assistant Executive Directors and Service Unit Managers) has the responsibility and accountability for managing the risks within their own work areas. Employees have a duty to work safely, avoid unnecessary waste of resources and contribute to risk management initiatives in their own area of activities. The cooperation and commitment of all employees is required to ensure that Council resources are not squandered as a result of uncontrolled risks.

The Council recognises that any reduction in injury, illness, loss or damage benefits the whole community, by allowing all objectives to be met.

RISK MANAGEMENT STRATEGY

1. Introduction

The Council provides a wide range of services. It is important that we protect and preserve our assets from loss or damage that may affect our ability to provide the services to the residents of the Borough.

It is the responsibility of everyone to identify, analyse, eliminate and control our exposure to potential risk and to reduce the incidence of losses.

The aim of this Risk Management Strategy is to provide an effective framework whereby, having identified and evaluated its risks, the council can design and implement appropriate measures to reduce the impact of those risks, where it would be cost-effective to do so. The explicit and measured acceptance of residual risk represents the Council's risk appetite; the objective is not to eliminate risk totally from service delivery and central support activities but to manage them.

We realise we cannot eliminate risk totally but we can take action to reduce any adverse impact on service delivery and insured and uninsured losses. To do this we must: -

- Identify all potential areas of loss
- Calculate the likely impacts of these losses
- Work out how to remove or control the potential losses
- Continually review what we do to make sure our actions are effective.

By undertaking these actions, we can support the efficient achievement of the aims and objectives of the Council.

2. The Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole: -

- **Improved strategic management**
 - Greater ability to deliver against objectives and targets
- **Improved operational management**
 - Reduction in interruptions to service delivery
 - Reduction in managerial time spent dealing with the consequences of a risk event having occurred
 - Improved health and safety of those employees and those affected by the Council's undertakings
- **Improved financial management**
 - Better informed financial decision making
 - Enhanced financial control
 - Reduction in financial costs associated with losses due to service interruption, compensation payments and litigation etc.
 - Reduction in insurance premiums
- **Improved customer services**
 - Minimal service disruption to customers and a positive external image as a result of all of the above.

3. The Purpose of the Risk Management Strategy

The purpose of the strategy is to ensure a consistent and structured approach to risk management across the whole Council and that the objectives identified in the Risk Management Policy are achieved. This will be delivered by: -

3.1 Roles and Responsibilities

Identifying and allocating roles and responsibilities for Risk Management is essential if the strategy is to be developed, implemented, embedded and reviewed effectively. All roles are outlined in Appendix A, however, the key roles involved in directing and leading the risk management process to ensure that it is fully embedded in the culture of the Council are detailed below: -

- The First Deputy as part of his Cabinet Portfolio has the responsibility to lead, monitor, have oversight and where necessary to take decisions about policy/strategy and provision of corporate finance functions including Internal Audit, Risk Management and Insurance.
- The Audit Panel considers the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud, bribery and corruption arrangements. It also seeks assurances that action is being taken on risk related issues identified by auditors and inspectors;
- The Executive Director (Governance, Resources and Pensions) and the Assistant Executive Director (finance) supported by the Head of Risk Management and Audit Services will ensure that all managers are aware of their responsibility for Risk Management, by regularly attending the Senior Management Team to provide updates on new risk exposures and changes to the risk management process to ensure we keep pace with recommended best practice.
- The Senior Management Team will consider risk management on a regular basis, ensuring that information and shared learning is disseminated within their service areas and requesting risk presentations from managers responsible for managing the corporate risks.
- The Head of Risk Management and Audit Services will be responsible for the co-ordination of advice and support including the identification of training requirements.

3.2 Arrangements for Managing Risks

To manage risks effectively, they need to be systematically identified, analysed, controlled and monitored.

The Risk Management Guidelines including the Risk Register Template are detailed in Appendix B.

The Template is versatile and can be used to record risks at many levels:

- Strategic
- Directorate/AED
- Service Unit
- Projects

The information detailed in the risk register is detailed below:-

- Risk Description
- Description of Impact (Consequence)
- Controls in place to Mitigate Risk
- Evaluation of Controls
- Impact
- Likelihood
- Risk Rating
- Risk Owner
- Proposed Actions (Including resulting benefits and cost)
- Responsible Officer
- Target Date for Proposed Action

Managers have the freedom to enter their business specific risks, no prescribed operational risks have been provided for evaluation.

It is the responsibility of all managers to enter their risks into the risk register template and regularly review and update them. Corporate risks will be recorded and updated by the Risk Management and Audit Service under the direction of the Senior Management Team.

3.3 Monitoring Risks

Progress in managing risks will be monitored and reported on by the following: -

- Risk Management and Audit
The risks recorded in the Risk Register Templates will be reviewed and challenged at least annually to ensure that risks have been captured in relation to the specific service area or unit and also to identify any potential areas, which require support or training.
- Senior Management Team
The Senior Management Team will receive quarterly reports on the corporate risk register and any significant operational/service risks and call managers to account to challenge and learn from risk management experience across the council.
- Audit Panel
The Audit Panel receive a quarterly progress report from the Head of Risk Management and Audit Services providing an update for members on risk management activity to enable them to challenge the risk management process in place in order to ensure that risks are being properly managed across the Council.

Internal Audit will carry out reviews of the Council's risk management arrangements to provide independent assurance as to their effectiveness. In view of the Head of Risk Management and Audit Services key role in risk management, the audit will be undertaken under the auspices of the Senior Management Team.

Internal Audit has adopted a risk based approach and is therefore giving assurance that risks are being identified, assessed and managed constantly throughout the year whilst delivering the Annual Audit Plan.

The Head of Risk Management and Audit Services reviews the Corporate Risk Register as part of the audit planning process to ensure that the corporate risk register are used to inform the Internal Audit Plan.

3.4 Training and Communication

Training in risk management methodology and techniques will be provided to those officers with direct responsibility for and involvement in leading and directing the risk management process across the Council, i.e. representatives from: -

- Risk Management and Insurance
- Internal Audit
- Senior Management Team

Risk Management training will be provided for all managers/officers responsible for managing risks via risk workshops and/or by one to one support sessions to further embed the risk management process.

The Risk Management and Audit Servicer will also provide advice and support to managers, for specific projects or undertakings to ensure the management of risks and discuss any implications for insurance cover as some policies have specific requirements that have to be adhered to.

Training in relation to risk management is also delivered corporately and in service areas, examples of these courses are: -

- Managing Safely
- Working Safely
- Moving and Handling Course (Adult Services)
- Food Hygiene and Infection Control (Adult Services)
- Stress Management

Risk awareness is a built in part of the audit process as all audits are undertaken on a risk basis and therefore the management of risks is a continual process.

Risk Management awareness sessions will be provided for all members and in particular the members of the Audit Panel in consultation with Training and Organisational Development.

3.5 Funding of Risk Management

The funding of risk management will be from existing budgets. However, a Risk Management Fund has accumulated from contributions from our insurers. This is monitored by the Head of Risk Management and Audit Services and controlled by the Assistant Executive Director (Finance) and the Senior Management Team.

Applications for funding in excess of £3,000 have to be approved by the Senior Management Team (SMT). All reports have to be submitted to the Head of Risk Management and Audit Services and the Assistant Executive Director (Finance) prior to the meeting so that the funding bid can be reviewed and a recommendation prepared for SMT.

The criteria used to assess a funding bid are as follows: -

- The Fund only provides financial assistance, where there is evidence of a financial commitment from the Service Unit involved.
- Must mitigate the risk; and/or

- Enhance internal Control
- Full support will only be considered in exceptional circumstances.

3.6 Review of Risk Management Strategy

This strategy will be reviewed biennially to ensure that it is still relevant and meets the requirements of the Council, its staffing structures and services and takes into account the dynamic nature of risk management.

4. Risk Appetite

Risk appetite can be defined as “the amount and type of risk that an organisation is prepared to seek, accept or tolerate” (Source: British Standard on Risk Management BS31100 2008).

Generally organisational attitudes to risk, including public sector organisations, can be said to range across a spectrum of attitudes and appetites, ranging from:-

- Low Risk/Risk Averse - here there is avoidance of any form of risk and uncertainty as a key organizational objective
- Medium Risk/Cautious - here the organisation’s preference is for safe delivery options that have a low degree of inherent risk)
- High Risk/Risk-Seeking - the organisation is innovative and chooses service delivery options offering higher customer satisfaction/quality despite greater inherent risk in these activities.

It is important to note that risk appetites may often vary across different types of risk at different times, and may even vary across directorates in these terms and that an organisation’s overall risk appetite is often a composite or aggregate of these different risk appetites.

The current position for the Council is **Medium Risk/Cautious**

5. Risk Maturity

The effectiveness of the Council’s risk management systems, in identifying and managing their principal business risks, can be assessed against the five levels of risk maturity. These are as follows.

- Risk Naïve - No formal approach developed for risk management.
- Risk Aware - Scattered silo based approach to risk management.
- Risk Defined - Strategy and policies in place and communicated. Risk appetite defined.
- Risk Managed - Enterprise wide approach to risk management developed and communicated.
- Risk Enabled - Risk management and internal control fully embedded in the operations.

The current position for the Council is **Risk Managed**.

6. Partnerships

Working in partnership usually means that organisations will commit some level of resources, which may be significant, in terms of officer time or direct financial funding to develop and subsequently deliver the desired outcome.

Due to this level of commitment partnerships need to carefully consider the allocation of risks and ensure that these are duly recorded in case of future challenge. The Risk Register Template can be adopted for this purpose.

By using an identified Risk Management Strategy within a partnership, this will allow the risks of the organisation to be mitigated as much as possible and support the objectives of the partnership towards a successful outcome.

7. Insurance Cover

The Risk Management and Audit Service procure insurance cover on behalf of the Council to allow the transfer of certain risks. Consultation takes place annually at the renewal stage with appropriate service area officers to ensure that the covers required are still relevant and that asset valuations included in the schedules are kept up to date and remain appropriate.

Advice and guidance is provided to managers/officers as and when required in relation to insurance risk transfer.

8. Conclusion

Risk management is an important aspect to the effective overall management of the Council. It can benefit the achievement of objectives, whilst protecting the Council and community against preventable hazards.

In addition to offering cost savings it can also encourage innovation with undertakings on the basis that risks are identified and are reduced to acceptable levels, to ensure positive outcomes can be achieved.

Many of the skills and resources needed to manage risk effectively already exist within the Council. This strategy offers a more structured approach, to assist with the process and support the application of the risk management methodology.

ROLES AND RESPONSIBILITIES

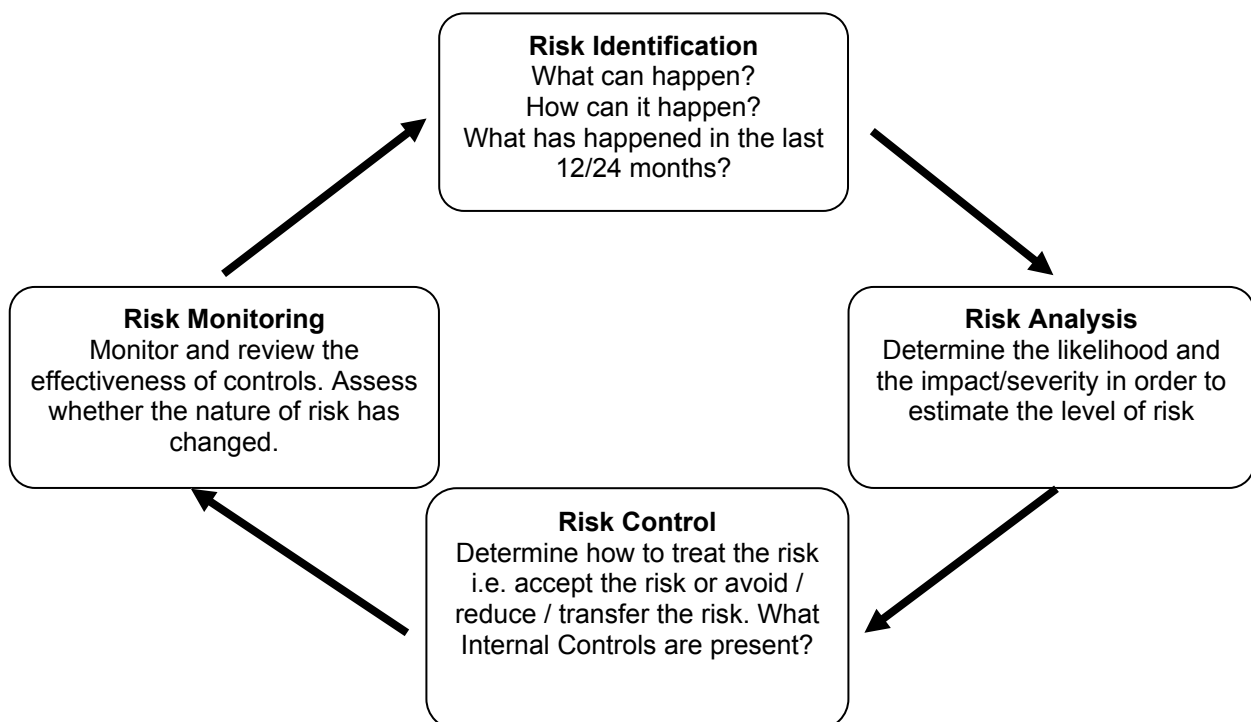
Group	Role
Strategic Decision Makers e.g. Elected Members	To oversee the effective management of risk by officers of the organisation
Executive Team	To ensure that the organisation manages risk effectively through the development of a comprehensive corporate strategy and consider strategic risks affecting the organisation
Head of Risk Management and Audit Services and other central support services	To support the organisation and its service areas in the effective development and implementation
Internal Audit	Review and audit of the risk management strategy and systematic review of internal control systems.
Senior Management Team (Corporate Risk Management Group)	To share experience on risk, risk management and strategy implementation across the organisation. To monitor and review risk registers. To ensure that risk is managed effectively in each service area within the agreed corporate strategy
Service Unit Managers	To manage risk effectively in their particular service areas and to report on how hazards and risks have been managed to Senior Management Teams
Employees	To manage risk effectively in their jobs and report hazards/risks to their Service Unit Managers

RISK MANAGEMENT GUIDELINES

1 RISK MANAGEMENT CYCLE

1.1 The 4 stages in the risk management cycle are illustrated in the diagram below:

The Risk Management Lifecycle



2 RISK REGISTERS

2.1 A risk register template has been developed in Excel for completion and it is attached below.



Risk Register
Template 2.xlsx

2.2 The Risk Register requires the following details:-

- Risk Description
- Description of Impact
- Controls in Place to Mitigate Risks
- Evaluation of Controls (Drop Down Box – see 6.3 below)
- Impact Score (Drop down Box – see 6.3 below)
- Likelihood Score (Drop down box – see 6.3 below)
- Risk Rating (Formatted cell to calculate and highlight risk category see 6.4 below)
- Risk Owner
- **Proposed Actions (Include resulting benefit and costs)**
- **Responsible Officer**

- **Target Date for Proposed Action**

The **blue bullet points** only need to be completed if the controls are judged to be ineffective or the risk rating is high.

2.3 The Drop-Down Box contents are as follows:-

Evaluation of Controls	Impact	Likelihood
Ineffective	1	1
Partially Effective	2	2
Effective	3	3
	4	4
	5	5

2.4 The risk rating is arrived at by multiplying the impact score by the likelihood score. The cell within the spreadsheet is formatted so that the cell will be colour coded as shown below. **Both scores are evaluated with the control in place.**

		IMPACT					
		Insignificant 1	Minor 2	Medium 3	Major 4	Major Disaster 5	
LIKELIHOOD	Almost Certain	5	5	10	15	20	25
	Very Likely	4	4	8	12	16	20
	Likely	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Very Low	1	1	2	3	4	5

2.5 Further guidance is built into the spreadsheet that explains in more detail the content for each cell (Tab 2) and how to assess and determine which score to assign to both the impact and likelihood factors (Tab 3).

2.6 A copy of all Risk Register needs to be emailed to Danielle Cunningham-Hobbs at d.cunningham-hobbs@tameside.gov.uk so that a central depository can be maintained.

2.7 Risk Registers need to be reviewed once completed to ensure they are still relevant and to capture any changes to the controls in place. Where proposed actions are identified to further mitigate a risk these need to be monitored more closely to ensure the desired outcome is achieved. Risk registers relating to specific projects (including service redesigns) need to be revisited on a regular basis to ensure that the risks are managed.

3 SUPPORT AVAILABLE

3.1 Support and further guidance on any aspect of risk management is available from the Risk Management and Audit Service for any managers who want help in putting their risk registers together.

3.2 Support can be tailored to meet the specific needs of individual services, teams and managers. To discuss your requirements please contact Wendy Poole at wendy.poole@tameside.gov.uk or on ext. 3846.