RISK MANAGEMENT POLICY AND STRATEGY 2021 - 2023

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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 "*identification and analysis of risks, evaluating their likelihood and potential impact to determine the most effective methods of controlling them, or responding to them. It is a means of maximising opportunities and minimising the costs and disruption to an organisation caused by undesired events"*.

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. 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 Council's overall framework to deliver continuous improvement.

3. OBJECTIVES

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

- Effectively manage potential threats and opportunities to the Council achieving its strategic objectives;
- Minimise the impact and/or likelihood of risks occurring in order to prevent death, injury, damage and losses, and reduce the cost of risk;
- Minimise the impact and/or likelihood of risks 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;
- Ensure a robust framework is in place to identify, assess and manage the risks facing the Council;
- 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.

These objectives will be achieved by: -

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management;
- Maintaining risk registers at Corporate and Service levels, with risks linked to the Council's corporate, operational and partnership objectives;
- Reporting of risks to Service-level Management, Single Leadership Team (SLT) and the Audit Panel to ensure risk management is an integral part of Council management and decision-making;
- Ensuring the knowledge and skills of those engaged with the risk management process meet best practice by providing risk management training and awareness sessions;
- 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 in the risk management process, and
- Monitoring arrangements on an ongoing basis.

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

RISK MANAGEMENT STRATEGY

1. INTRODUCTION

The Council provides a wide range of services. It is important that we manage risks effectively to prevent death, injury, operational disruption, reputational damage, and protect and preserve our assets from loss or damage that may affect our ability to provide the services to the residents of the Borough.

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.

The following methodology describes how to manage the threats and enhance the opportunities to support the efficient achievement of the aims and objectives of the Council -

- Identify all potential areas of loss;
- Analyse the likelihoods and impacts of these risks;
- Work out how to mitigate or control the potential losses; and
- Continually review what we do to make sure our actions are effective.

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**
  - o Greater ability to deliver against objectives and targets

- **Improved operational management**
  - o Reduction in interruptions to service delivery
  - o Reduction in managerial time spent dealing with the consequences of a risk event having occurred
  - o Improved health and safety of those employees and those affected by the Council's undertakings
  - o Increased effectiveness of change projects and programmes

- **Improved financial management**
  - o Better informed financial decision making
  - o Enhanced financial control
  - o Reduction in financial costs associated with losses due to service interruption, compensation payments and litigation etc.
  - o Reduction in insurance premiums

- **Improved customer services**
  - o Minimal service disruption to customers and a positive external image as a result of all of the above.

3. THE RISK MANAGEMENT PROCESS

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 the following: -

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: -

- **Executive Member (Finance and Economic Growth)** . As part of his Portfolio he 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 approves the Risk Management Policy and Strategy, seeks assurance over the top level ownership and accountability for risks, and seeks assurances that action is being taken on risk related issues identified by auditors and inspectors;

- **The Director of Finance and the Assistant Director of 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 Single Leadership 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 Single Leadership 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. It also regularly reviews the Risk Management Policy and Strategy to ensure it underpins the Council's strategy and objectives, allocates resources to address top risks, and creates a culture where risk management is promoted.

- **The Head of Risk Management and Audit Services/Risk, Insurance and Information Governance Manager** will be responsible for the coordination of advice and support including the identification of training requirements and for highlighting any significant new or worsening risks to SLT or the Audit Panel for review and action.

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:-

- Corporate
- Directorate/AD
- Service Unit
- Projects

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

- Risk Number
- Organisation
- Date Added to Risk Register
- Risk Description
- Description of Impact (Consequence)
- Risk Category
- Inherent Impact and Likelihood Scores
- Inherent Risk Rating
- Controls in place to Mitigate Risk
- Evaluation of Controls
  Residual Impact and Likelihood Scores
- Residual Risk Rating
- Direction of Travel
- Risk Owner
- Responsible AD/SUM
- Proposed Actions (Including resulting benefits and cost)
- Responsible Officer
- Target Date for Proposed Action

Managers have the responsibility to record their business specific risks within an Operational Risk Register prepared for their own service area, 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 Single Leadership 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 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.

- **Single Leadership Team**
  The Single Leadership 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 receives quarterly progress reports including the Corporate Risk Register providing an update for members on risk management activities 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 either be undertaken under the auspices of the Assistant Director of Finance or via a peer review from another GM local authority.

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 risks 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
- Single Leadership Team
- Assistant Director Group
- Service Unit Managers

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 Service 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 for all members and in particular the members of the Audit Panel will be reviewed and delivered in consultation with Training and Organisational Development.

3.5 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".

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 organisational 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 Council 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 structured approach, to assist with the process and support the application of the risk management methodology.
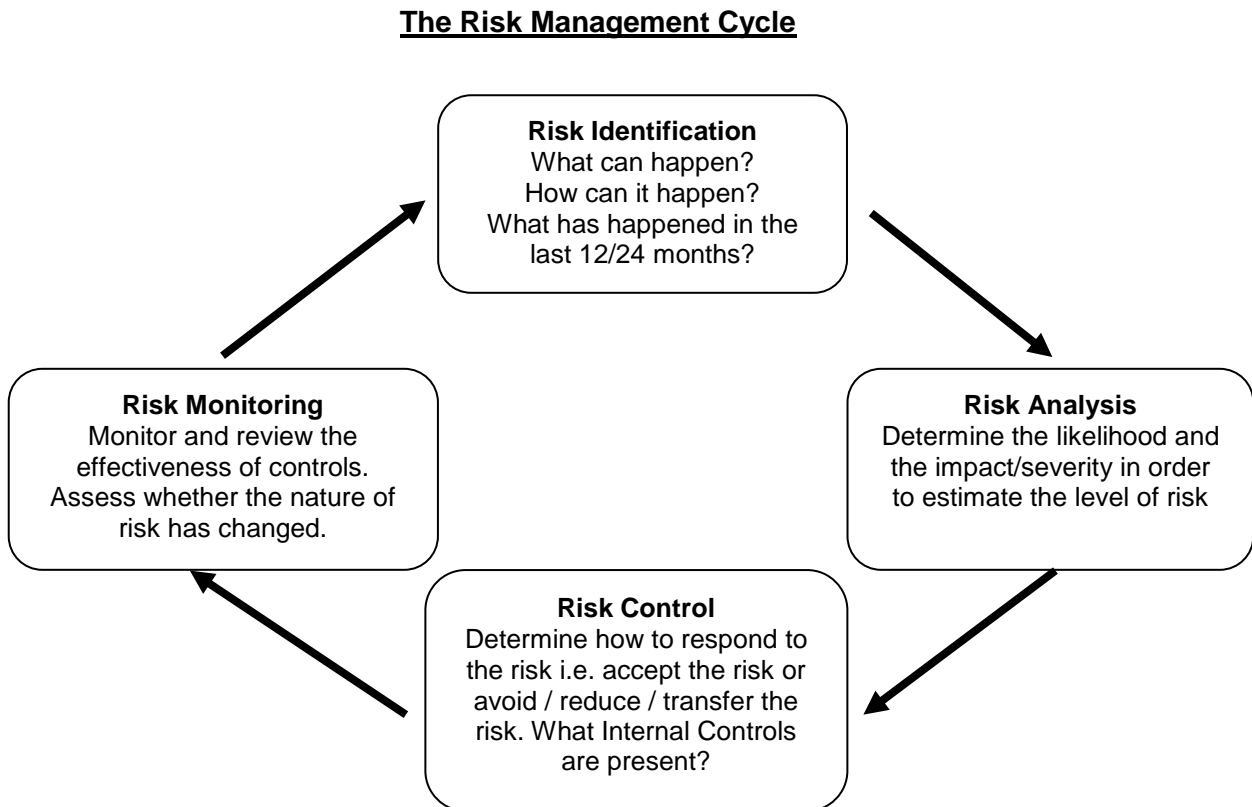
ROLES AND RESPONSIBILITIES

Group	Role
Strategic Decision Makers e.g. Elected Members	To oversee the effective management of risk by officers of the organisation.
Single Leadership Team	To ensure that the organisation manages risk effectively through the development of a comprehensive corporate strategy and consider corporate risks affecting the organisation.
Head of Risk Management and Audit/Risk, Insurance and Information Governance Manager	To support the organisation and its service areas in the effective development and implementation of risk management practices. To also highlight any significant new or worsening risks to SLT or the Audit Panel for review and action.
Internal Audit	Review and audit of the risk management strategy and systematic review of internal control systems.
Single Leadership Team/ Assistant Director Group	To share experience on risk, risk management and strategy implementation across the organisation. To monitor and review risk registers. To also regularly review the Risk Management Policy and Strategy to ensure it underpins the Council's strategy and objectives, allocates resources to address top risks, and create a culture where risk management is promoted. 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 the Single Leadership Team.
Employees	To manage risk effectively in their jobs and report hazards/risks to their Service Unit Manager(s).

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 Cycle

Risk Identification
What can happen?
How can it happen?
What has happened in the
last 12/24 months?

Risk Analysis
Determine the likelihood and
the impact/severity in order
to estimate the level of risk

Risk Control
Determine how to respond to
the risk i.e. accept the risk or
avoid / reduce / transfer the
risk. What Internal Controls
are present?

Risk Monitoring
Monitor and review the
effectiveness of controls.
Assess whether the nature of
risk has changed.

2   RISK REGISTERS

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

Risk Register
Template - July 2021

2.2   The Risk Register requires the following details:-
   - Risk No.
   - Organisation
   - Date Added to Risk Register
   - Risk Description
   - Description of Impact
   - Risk Category (Drop Down Box – see 2.3 below)
   - Inherent Impact and Likelihood Scores (Drop Down Box – see 2.3 below)
   - Inherent Risk Rating
   - Controls in Place to Mitigate Risks
   - Evaluation of Controls (Drop Down Box – see 2.3 below)
   - Residual Impact and Likelihood Scores (Drop down Box – see 2.3 below)

- Risk Rating (Formatted cell to calculate and highlight risk category see 2.4 below)
- Direction of Travel
- Risk Owner
- Responsible AD/SUM
- **Proposed Actions (Include resulting benefit and costs)**
- **Responsible Officer**
- **Target Date for Proposed Action**

The **purple 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	Risk Category
Ineffective	1	1	Political
Partially Effective	2	2	Economic
Effective	3	3	Social
	4	4	Technological
	5	5	Legislative
			Environmental
			Competitive
			Stakeholders

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.

			IMPACT				
			Insignificant (Negligible) 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

Inherent and Residual Risk Scores
Both an Inherent Risk Rating and a Residual Risk Rating must be captured for every risk.

The Inherent Risk Rating is the gross score calculated on the basis that no control measures have been put in place, or that all controls are failing.

The Residual Risk Rating is the net score taking the positive effect of all existing controls into consideration.

The reduction in the Residual Risk Rating in comparison to the Inherent Risk Rating is a measure of the effectiveness of risk management controls.

2.5 **Risk Scoring Descriptors**
Guidance on how to assess and determine which score to assign to both the impact and likelihood of each risk is provided below.

Impact Scores

1	Very Low	No injuries beyond 'first aid' level, No significant disruption to service capability, Unlikely to cause any adverse publicity, Low impact on a strategic objective, Low impact on an operational objective, Can be easily remedied, Low stakeholder concern, Damage to an individual's property without any injury.
2	Minor Impact	Minor disruption to the achievement of a strategic objective, Minor disruption to the achievement of an operational objective, Short term effect which may be expensive to recover from. Creates minor stakeholder concern, Minor injury to an individual or several people.
3	Moderate Impact	Medical treatment required - long-term injury, Short-term loss disruption of service capability, Needs careful public relations, No more than 10 people involved, High potential for complaint, litigation possible, Breaches of regulations/standards, Delays the achievement of a strategic objective, Delays the achievement of an operational objective, Medium term effect on recovery, Creates moderate stakeholder concern, Severe injury to an individual or several people.
4	High Impact	Extensive, permanent injuries, long-term sick, Medium-term loss of partnership capability, Adverse local publicity, Up to 50 people involved, Litigation to be expected, Breaches of the law punishable by fines only, Major delay in the achievement of a strategic objective, Major delay in the achievement of significant operational objective(s), Significant delays in recovery. Creates significant stakeholder concern, Major injury to an individual or several people.
5	Severe Impact	Death, Adverse national publicity, More than 50 people involved/affected, Litigation almost certain and difficult to defend, Breaches of law punishable with imprisonment, Prevents the achievement of a strategic objective, Prevents the achievement of significant operational objective(s), Very difficult and possibly long term recovery, Creates major stakeholder concern.

Likelihood Scores

Grade Descriptor	1	2	3	4	5
Percentage	<15%	15-39%	40-59%	60-79%	>80%
Probability	Only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	More likely to occur than not	Almost certain or happening now

2.6 Updated copies of Service Unit Risk Registers need to be emailed to the Risk Management Team mailbox at risk.management@tameside.gov.uk so that a central depository can be maintained.

2.7 Risk Registers need to be regularly reviewed once completed to ensure they are still relevant and to capture any changes to risk to risk rating or 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 preparation of risk registers, or any aspect of risk management, is available from the Risk Management and Audit Service.

3.2 Support can be tailored to meet the specific needs of individual Services, teams and managers. To discuss your requirements please contact Martin Nixon at martin.nixon@tameside.gov.uk or on ext. 3883.