

STRATEGY / POLICY FRONT COVER



Name of Strategy / Policy: Risk Management Policy and Strategy

Date last updated: March 2009

Links to Council Priorities:

Priority	Linked Yes / No?
Environment – Civic Pride	Yes
Regeneration and Homes	Yes
Improving the Council	Yes
Community Safety	Yes

Links to Other Strategies and Policies

Corporate Plan, Whistle Blowing Policy, Money Laundering Policy, Anti Fraud and Corruption Policy, Health & Safety Policy

Action Plan in this document?

No. However this is supported by a separate risk management framework which outlines the actions required to demonstrate that the Council meets all the relevant requirements in relation to this.

Is progress on the action plan regularly updated?

Yes. The framework is updated quarterly.

Officer Monitoring

Name of officer responsible for co-ordinating and progressing the action plan:

Linda Everard Head of Internal Audit

Member Monitoring

Name of cabinet portfolio holder responsible for over viewing progress of the Strategy / Policy (if applicable):

No cabinet portfolio holder assigned to this policy

Chair of Audit Committee is nominated as the member risk lead

Progress in implementing the framework is undertaken on a quarterly basis by the Audit Committee

Member forum for agreeing the policy / strategy (if applicable):

Updates are initially presented to the Audit Committee for challenge before being forwarded to Cabinet for approval.

Has it been subject to a Diversity Impact Assessment? No

Has it been subject to an Environmental Sustainability Impact Appraisal? No



RISK MANAGEMENT

POLICY STATEMENT AND STRATEGY

PRODUCED BY: HEAD OF INTERNAL AUDIT

SUBJECT TO ANNUAL REVIEW

APPROVED BY:

- EXECUTIVE MANAGEMENT TEAM: 4 MARCH 2009
- CABINET: 17 MARCH 2009
- AUDIT COMMITTEE: 31 MARCH 2009

RISK MANAGEMENT POLICY AND STRATEGY

RISK MANAGEMENT POLICY

Castle Point Borough Council's Corporate Plan sets out its strategic priorities, targets and objectives. In this regard the Council recognises it has a duty of care to its stakeholders i.e. residents, employees, members and partners. This encompasses having high standards of governance including the principles of inspiring leadership, demonstrating integrity, accountability and achieving value for money.

One component of the Council's governance framework is to manage risks effectively. It is therefore committed to:

- maintaining robust risk management arrangements that make a positive contribution towards the achievement of the Council's corporate priorities and objectives and maximise the opportunities to achieve its vision
- proactively managing key external and internal risks, promoting the principles of effective risk management throughout the organisation.

The Council will continue to adopt good practice in developing processes to identify, evaluate and control key risks and ensure that any residual risks are at an acceptable level. This will be achieved through:

- adopting an effective and transparent corporate approach to proactive risk management, which is also applied to its work with key external partners
- working with partners and stakeholders to identify and exploit opportunities that will contribute to corporate objectives
- integrating risk management into the operational and management practices and procedures of the Council to promote a culture of risk awareness
- assessing sustainability and the risks on an environment as a result of delivering its objectives
- undertaking an annual review of the effectiveness of risk management arrangements to support the Council's annual Governance Statement.

The Council will achieve these aims by implementing a Risk Management Strategy and supporting action plan (i.e. framework).

The policy statement, strategy and framework will continue to be reviewed annually to ensure they evolve in line with good practice, and remain relevant to the Council.

RISK MANAGEMENT POLICY AND STRATEGY

RISK MANAGEMENT STRATEGY

DEFINITION OF RISK MANAGEMENT

The definition of risk used within Castle Point Borough Council is:

- **Risk** is the threat that an event or action will adversely affect an organisations ability to achieve stated objectives and to successfully deliver approved strategies. This will include both external and internal risks.
- **Opportunity** is how the Council impacts on the interests, values and actions of specific stakeholder groups and even broader society through operating in a positive way.
- **Risk management** is the process by which risks are identified, evaluated and managed. Risks are managed by controlling, transferring or retaining the risks.

INTRODUCTION

The Council recognises the importance of effective identification, evaluation and management of all key strategic and operational risks.

This is endorsed by the increased focus on the importance of governance to public sector bodies. The Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003:

“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes the arrangements for the management of risk.”

Risk management covers the whole spectrum of risks and not just those associated with finance, health & safety and insurance. It also includes risks associates with: service provision, effectiveness and continuity; public image (reputation); compliance with legislation; and environment.

Risk management is not about being ‘risk averse’ – it is about being ‘risk aware’. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being ‘risk aware’ the Council is in a better position to avoid threats and take advantage of opportunities.

This strategy (and the related Policy Statement) provides the foundation to permanently establish and embed risk management which supports the delivery of quality customer focused services within robust and transparent governance.

In this regard all elected Members and every employee of the Council has both a responsibility for and a contribution to make towards effective risk management.

RISK MANAGEMENT POLICY AND STRATEGY

THE BENEFITS OF RISK MANAGEMENT

Effective risk management delivers a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

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 employed, 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, litigation, etc.
- Reduction in insurance premiums

Improved Customer Service

- Minimal service disruption to customers and a positive external image as a result of all of the above.

AIMS AND OBJECTIVES

The Council's risk management aims and objectives are as follows:

- To embed risk management into the culture of the Council
- To proactively identify and manage opportunities and risks in accordance with good practice
- To take actions to maximise opportunities and to minimise the likelihood of risks occurring and/or reducing the impact of consequences should risks occur
- To report regularly on the effectiveness of the arrangements, including an annual review to ensure continued compliance with good practice guidance.

These will be achieved by:

• PROPER PRACTICES, ACCOUNTABILITY AND REPORTING

- Continuous development of corporate risk management arrangements
- Clearly identifying and communicating the respective roles, responsibilities and reporting lines for managing risk
- Ongoing monitoring and reporting to all levels

RISK MANAGEMENT POLICY AND STRATEGY

- **AWARENESS AND TRAINING**

- Reinforcing the importance of risk management as part of the everyday work of Council employees through targeted training and various awareness raising activities
- Arranging access to 'good practice' through association with external bodies (e.g. the Association of Local Authority Risk Managers ALARM and CIPFA Better Governance Forum)

- **RISK IDENTIFICATION AND MANAGEMENT**

- Incorporating risk management into the: corporate, directorate, service & financial planning; strategic policy decision making; performance and project management, health and safety and other relevant activities
- Taking actions and implementing strategies to maximise opportunities
- Taking actions and implementing controls to minimise the likelihood of risks occurring, maintain business continuity and/or reduce the impact of consequences should risks occur
- Continual development of risk registers to facilitate opportunities to reduce duplication between departments in identifying and managing overlapping risks whilst providing opportunities for shared learning across the Council
- Encouraging partners and other providers to adopt proactive risk management
- Providing a framework for allocating the risk management budget to identified priority of risk should funding become available.

DELIVERING THE STRATEGY

RISK MANAGEMENT PROCESS

The Council has adopted a Risk Management Framework (action plan) that sets out in more detail how the objectives are to be delivered. The framework:

- is reviewed and updated annually to ensure that current assessment requirements and recognised good practice is complied with
- is updated quarterly with details of actions taken
- provides links to all key risk management activities including health and safety, fraud and corruption, business continuity and insurance.

The Risk Management and Health and Safety Consultation Groups meet quarterly and oversee the delivery of their respective work programmes.

A quarterly summary report is then produced for the Executive Management Team and Audit Committee on all key issues arising.

The Council has taken the decision to adopt one risk management methodology as the basis for all risk assessments, tailored where necessary to meet specialised circumstances. This is outlined in a toolkit which is available to all staff and includes:

- categories of risks and guidance on how to scope a risk

RISK MANAGEMENT POLICY AND STRATEGY

- progress reports on delivering the framework including the annual report
- key issues arising, including feedback from the Risk Management and Health and Safety Consultation Groups
- the corporate risk assurance register
- details of progress made in dealing with actions required to mitigate specific risks to an acceptable level as well as feedback from task and finish groups.

Independent validation of the overall corporate risk management arrangements is obtained from Internal Audit, External Audit and Inspections.

APPENDIX 1: ROLES AND RESPONSIBILITIES

GROUP OR INDIVIDUALS	ROLE	RESPONSIBILITIES
Elected Members (Individually or collectively)	To oversee the effective management of risk within the Council	<ul style="list-style-type: none"> • Gain an understanding of risk management and its benefits which includes attending relevant training • Require officers to maintain and embed an effective framework for risk management • Contribute to the identification of strategic risks • Give robust consideration to the risk management implications paragraph contained within Committee reports as part of the decision making process
Audit Committee	As above	<ul style="list-style-type: none"> • Challenge risk management related policies and strategies (e.g. corporate, health & safety etc) before referring to Cabinet for approval • Receive regular reports on the: <ul style="list-style-type: none"> • adequacy and effectiveness of the Council's risk management arrangements • management of key risks. • Provide an opinion as part of its annual report on whether the assurance / risk management process is fit for purpose
Member Lead	As above	<ul style="list-style-type: none"> • To actively champion the proactive management of risk at all opportunities • To comment on strategic risk management documents and arrangements when developed or updated • To have quarterly briefings with the Head of Internal Audit and Health & Safety Manager to gain assurance that the Council's arrangements are enabling effective management of risk
Executive Management Team (Individually or Collectively)	To ensure that the Council manages risk effectively through the development of a corporate policy and strategy	<ul style="list-style-type: none"> • Maintain an understanding of risk management and its benefits which includes attending relevant training • Approve risk management related policies, strategies and the framework prior to submission to Committee • Promote risk management and oversee the implementation of the strategy across the Council • Identify and manage strategic and cross cutting risks and opportunities facing the Council and review regularly • Receive regular reports risk management activity • Agree any inputs and resources required to support the work corporately

APPENDIX 1: ROLES AND RESPONSIBILITIES

GROUP OR INDIVIDUALS	ROLE	RESPONSIBILITIES
		<ul style="list-style-type: none"> • Chair the Health and Safety Consultation Group • Periodically review and sign off service risk registers ensuring that appropriate risks have been identified for all corporate objectives (where appropriate) • Establish training requirements of service managers in relation to all aspects of risk management (where relevant)
Heads of Service / Service Managers (Individually or Collectively)	To ensure that risk is managed effectively in each service area within the agreed corporate strategy	<ul style="list-style-type: none"> • Attend quarterly Risk Management Group meetings • Maintain an understanding of risk management and its benefits which includes attending relevant training • Contribute to the development of the corporate risk management policy and strategy • Promote risk management and ensure the strategy is implemented effectively across their service areas • Liaise as appropriate with external agencies in identifying and managing risk • Establish training requirements of managers and employees with regard to strategy implementation • Ensure that risk management is incorporated into the development of service plans and resource allocation • Maintain up to date service risk registers and consider as standing item on team meeting agendas • Periodically review and sign off service risk registers ensuring that appropriate risks have been identified for all corporate objectives (where appropriate) • Provide annual assurance on the effectiveness of controls in place to mitigate/reduce risks within their service
All Employees	To manage risk effectively in their job	<ul style="list-style-type: none"> • Maintain an understanding of risk management and its benefits which includes attending relevant training • Liaise with their line manager to assess areas of risk in their job • Identify new or changing risks in their job and feed these back to their line manager
Head of Internal Audit (in risk management role)	To maintain and implement robust risk management arrangements	<ul style="list-style-type: none"> • Develop and keep under review the corporate risk management policy, strategy and framework • Promote, support and oversee its implementation across the Council

APPENDIX 1: ROLES AND RESPONSIBILITIES

GROUP OR INDIVIDUALS	ROLE	RESPONSIBILITIES
(Officer champion)		<ul style="list-style-type: none"> • Monitor and report upon the implementation of the risk management policy, strategy and framework • Identify and communicate risk management issues to services including development in good practice • Assist services in undertaking risk management activity through training and or other support • Chair the Risk Management Group
Internal Audit	To provide assurance as to whether the risk management arrangements are fit for purpose	<ul style="list-style-type: none"> • Periodically provide an independent view of the robustness of the corporate approach to risk management and compliance therewith • Review and comment on the content and relevance of service risk registers in supporting the delivery of the service plan objectives when undertaking risk based audits
Risk Management Group (see terms of reference)	To share experiences on risk management and support the implementation of the strategy across the Council	<ul style="list-style-type: none"> • Comment on updates to the risk management policy, strategy and framework • Oversee delivery of the risk management framework • Share good practice on all aspects of risk management • Identify areas of overlapping risk and help co-ordinate various risk management initiatives within the Council
Risk Management Champions (role outline to be agreed)	As above	<ul style="list-style-type: none"> • Attend quarterly Risk Management Champions Group • Keep up to date with the Council's risk management arrangements (covering the corporate approach, health & safety, anti fraud and corruption, business continuity, insurance etc) • Cascade relevant information to staff within their service area, collate information requested or issues identified from their respective service areas regarding risk • Deliver the activities contained in the role outline
Project Managers	To manage risk effectively within their project	<ul style="list-style-type: none"> • Apply the Council's project management methodology (PROMPT) to: <ul style="list-style-type: none"> • identify and assess risks within the project initiation document for any new or proposed projects

APPENDIX 1: ROLES AND RESPONSIBILITIES

GROUP OR INDIVIDUALS	ROLE	RESPONSIBILITIES
		<ul style="list-style-type: none"> • put controls in place to eliminate or mitigate risks relating to project delivery
Partnership Leads	To ensure risk is effectively managed within each significant partnership	<ul style="list-style-type: none"> • Identify and manage risks to the Council of being in each partnership • Ensure that all partnerships have effective processes in place to identify and manage their own risks

APPENDIX 2: GLOSSARY OF TERMS

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

Risk is the threat that an event or action will adversely affect an organisations ability to achieve stated objectives and to successfully deliver approved strategies. This will include both external and internal risks.

Opportunity is how the Council impacts on the interests, values and actions of specific stakeholder groups and even broader society through its operations in a positive way.

Hazard is the inherent ability to cause harm (not to be confused with risk).

Risk management is the process by which risks are identified, evaluated and managed. They can then be controlled, transferred or retained.

Strategic risks are those that may be potentially damaging to the achievement of the Councils key objectives as set out in the Corporate Plan.

Corporate risks include cross cutting risks that would impact upon more than one service and risk themes that arise across a number services.

Operational risks are those faced in the day-to-day delivery of services.

Risk Register for the Council is all such documents produced by service areas and at a corporate level that identifies key risks and mitigating controls. The register includes strategic, corporate, operational and project risks and opportunities. These risks and opportunities are scored with and without controls and are linked to any 'Actions to be Taken' to assist in further mitigation of the risk.

Internal control is the system of financial and other controls established in order to provide assurance of effective and efficient operations and compliance with laws and regulations. Internal controls form part of a risk management process and play a major part in the management of significant risks to the fulfillment of Council objectives.

Governance Statement is an annual statement produced by all Local Authorities detailing the outcome of the annual review of effectiveness the system of internal control. The statement is required under the Accounts and Audit Regulations 2003.

Business Continuity Plan is a documented set of procedures and information intended to restore and deliver continuity of predetermined critical functions in the event of a disruption.