

**WILTSHIRE COUNTY COUNCIL****AGENDA ITEM NO. 10**

STANDARDS COMMITTEE  
7 October 2004

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**IMPLEMENTATION OF RISK MANAGEMENT PROCEDURES****Purpose of report**

This report informs members of the Standards Committee of the following:

- progress to date in implementing the County Council's Risk Management Strategy (attached as an Appendix to this report)
- further action planned from here onwards.

**Background**

One of the outcomes of the County Council's initial Comprehensive Performance Assessment (CPA) in 2002, was that Risk Management was earmarked as an area where improvement was needed. As a result, the Chief Auditor was given a facilitating role in the development of a Risk Management framework for the authority. Progress achieved during 2003-04 was as follows:

- a Risk Management Strategy was approved by Cabinet.
- an initial Risk Register was compiled for the whole authority
- a Corporate Risk Management Group (CRMG) was established, comprising representatives from all departments
- a series of training workshops was run for service managers from all departments, covering risk identification and assessment.

More recently, following the Council's decision to undergo a full CPA updating assessment, a report to the CPA Steering Group in April 2004 recognised the short-term priority of completing an update of the corporate risk register and ensuring that it reflected the current range of strategic and operational risks facing the authority. Specifically, this involved:

- a series of interviews with chief and senior officers in order to identify in detail the current risk issues affecting all County Council services
- obtaining feedback on the draft register from service managers and departmental management teams, in order to refine and add to the risk information gained from the interview process.

## **Current position**

The risk register has recently been updated to reflect the feedback received regarding current risks facing the Council. This now represents the second, improved version of the corporate risk register originally prepared in 2002. We are currently in the process of compiling further information regarding ownership of risks, and action plans to deal with them. These are important elements in being able to demonstrate that we are adequately managing risk, and must therefore be reflected in the risk register so that it is an integral part of the overall risk management process.

## **Further action planned**

The next steps we are looking to take are as follows:

- to ensure that Chief Officers and leading members continue to be engaged in the risk management process, and to raise the profile of risk management, by means of:
  - a presentation to a forthcoming Cabinet Liaison meeting
  - publicising the County Council's Risk Management Strategy and risk register via the intranet
- to strengthen the regular and continuous updating of the risk register (via the Corporate Risk Management Group), in order to enhance ownership of risks by those responsible for managing them. This will incorporate:
  - making the risk register available on the IT network
  - assigning clear responsibility within each department for the updating process
- To put in place the filtering out of significant corporate risks to be brought to the attention of the Corporate Management Board (CMB)
- To review the effectiveness of risk assessments carried out as part of service planning in 2004, and use the outcome to inform and improve the quality of risk assessment and management as an integral part of service planning in 2005.

## **Key strategic risks**

The register as it stands represents the views and perceptions of a wide range of managers throughout the County Council. It currently holds over 100 risks identified across all services and activities, many of which are operational, with a smaller number having a wider strategic significance.

Under the County Council's Risk Management Strategy, the CMB is responsible for the management and notification of risks likely to have a significant impact on the achievement of the County Council's objectives, and to report annually on risk management processes to the Cabinet. To help meet this obligation it is planned that a quarterly report on identified corporate strategic risks will be brought to CMB. This reporting process began at the end of July, when an initial extract of strategic risks taken from the current corporate risk register, was presented to CMB.

## **Conclusion**

In order to achieve our corporate objectives and secure continuous service improvement, it is essential we have an effective risk management framework, which identifies analyses and prioritises the risks we face. In summary, we have moved forward in a number of areas:

- we have laid out our strategy for risk management
- we have taken substantial steps to identify risks, and represent these in service plans and a corporate risk register
- we have provided training to service managers in connection with risk.

We now need to continue our progress in achieving our 'next steps' as outlined above, which should move us towards better integration of risk management into our overall management arrangements. Only by securing genuine integration can risk management make an effective contribution to improving service delivery.

## **Recommendation**

Members are asked to note the contents of this progress report.

Steve Memmott  
Chief Auditor  
September 2004

**Appendix****RISK MANAGEMENT STRATEGY****Why is Risk Management so Important?**

1. All organisations, whether in public service or the private sector, face risks to people, property, equipment, vehicles, business continuity and effectiveness. Increasingly, reputation risk (the impact of adverse publicity), and regulatory risk (failure to achieve published objectives), are also being identified as key risk management issues.
2. Risk is the measure of likelihood of some uncertain action or event happening that might have an impact on the achievement of the County Council's objectives and affect service delivery to the community. Typical risks which the County Council will face, include:-
  - anything that poses a threat to maintaining service delivery, or to the achievement of corporate objectives and service plans;
  - anything that could damage the County Council's reputation and undermine public confidence;
  - failure to respond to or manage change in an increasingly dynamic environment;
  - impropriety, malpractice, waste or poor value for money;
  - failure to comply with regulations, such as those covering health and safety, employment practice, human rights and the environment.
3. To help achieve effective service delivery the County Council will develop a systematic approach to identifying, evaluating and managing the risks associated with its activities. This will be part of service planning and corporate decision making, rather than a separate initiative. At the operational level, risk management will also contribute towards reducing the number of claims arising against the County Council and improve its ability to defend them.
4. Risk management is a tool for exploiting opportunities as well as for guarding against threats. Risks may not only be related to losses, damage or injuries ("downside" risks), but may also relate to opportunities, benefits or increased income ("upside" risks). The County Council will therefore use risk management to promote innovation and ensure good service delivery as well as to help secure existing objectives.

**Why the County Council needs a Risk Management Strategy**

5. We need to recognise the importance of having an effective risk management framework as a vital component in the delivery of the County Council's services and the achievement of corporate objectives. We also need to demonstrate full commitment to the risk management process from Members and Chief Officers, and we must communicate this message effectively down through all levels of the County Council. An important first step in meeting these needs is to adopt a corporate Risk Management Strategy.

## **Vision**

6. As a County Council we will identify, analyse and prioritise the risks we face. We will manage and control risks in order to maximize the quality of our service provision and to uphold our reputation. We believe if implemented in this way, risk management will make a powerful contribution to continuous service improvement and the achievement of best value.

## **Strategy and Culture**

7. We believe that every service manager at every level throughout the authority should be responsible for identifying and managing significant risks to the delivery of their services. The purpose of this Risk Management Strategy is to establish the framework, the approach and structure which we will use to integrate risk management into our management arrangements, in order to help service managers meet their responsibilities for service delivery. This strategy will therefore:
  - provide the method of communicating the risk philosophy of the organisation
  - explain how risk management is to be implemented
  - outline the different responsibilities
  - highlight procedures that will be adopted in the risk management process.
8. The Cabinet will be asked to approve this Risk Management Strategy and review annually the effectiveness of the risk management processes.
9. The County Treasurer has overall responsibility for encouraging awareness of risk management issues throughout the County Council. The Corporate Management Board (CMB) will manage the process and be responsible for the management and notification of those risks likely to have a significant impact on the achievement of the County Council's objectives. The CMB will report to the Cabinet.
10. The Corporate Risk Management Group (CRMG) will be responsible for coordinating and ensuring consistency in risk management activity across the County Council. The CRMG will comprise senior representatives from each department, together with the Risk and Insurance Manager, County Emergency Planning Officer, Health and Safety Manager, and the Chief Auditor. The CRMG will report to the CMB.
11. The roles and responsibilities of individuals and groups in the implementation of the Risk Management Strategy are set out in the attached Appendix.

## **Implementation**

### ***Integration***

12. Risk management is a continuous process. It is not a separate initiative, but will be an integral part of the County Council's core management processes. All staff have a responsibility to be alert to risks and to take appropriate action, including bringing them to the attention of management.

13. Risk assessment, analysis and management will be embedded in:
  - operational, departmental and corporate service plans, which will also include action plans for controlling risk
  - project management
  - decision making.
14. Decisions at all levels within the County Council should be taken on the basis of adequate information, which will include an analysis of the risks and consideration of measures to manage those risks. For key decisions, this analysis will be recorded in the written report setting out recommendations for decision. For major projects, the project initiation document will address risks in line with the County Council's recommended methodology.
15. Regular corporate and departmental reviews of risk will be undertaken by the appropriate service managers to identify priorities for action based on the following:
  - identifying the risk by reference to Service/Business objectives;
  - analysing the risk in terms of probability, severity, and magnitude;
  - ranking the risk in terms of probability, severity, and magnitude;
  - prioritising the action according to the existing control environment, tolerance, and the availability of resources;
  - determining the course of action e.g. eliminate risk, reduce risk or accept risk;
  - controlling the risk e.g. taking appropriate action;
  - monitoring the reporting on progress;

### **Raising awareness**

16. Risk Management training will be provided to service managers to ensure that they have the skills necessary to identify, evaluate and control the risks associated with the services they provide and can identify how these will be embedded in existing processes. Within each service risk management "champions" will provide guidance and promote good practice. These will be the senior service representatives forming part of the Corporate Risk Management Group.

### **Monitoring and review**

17. The Corporate Risk Management Group will put in place arrangements for ensuring that risk management is implemented consistently throughout the County Council so that it can report compliance and effectiveness to the CMB.
18. The CMB will provide an annual statement to the Cabinet, summarising significant risks arising and reviewing the effectiveness of risk management measures.

## APPENDIX

## RESPONSIBILITIES FOR RISK MANAGEMENT

Group/Individual	Responsibilities
Cabinet	To approve the Risk Management Strategy To approve an annual statement on risk management.
County Treasurer	Overall responsibility for encouraging awareness of risk management issues throughout the County Council.
Corporate Management Board	To identify and manage the risks likely to have a significant impact on the achievement of the County Council's objectives To report to Cabinet as part of performance management.
Corporate Risk Management Group (Departmental Risk Management Champions, together with nominated specialist officers, plus advice and support from our risk consultant, Willis)	To support Corporate Management Board To coordinate and ensure consistent approach to risk management To receive reports on risks and risk management from senior service representatives and specialist officers covering Insurances, Health & Safety, Emergency Planning and Internal Audit. To maintain the corporate Risk Register and notify key risks for action by Chief Officers.
Departmental Risk Management Champions	To act as risk co-ordinators within their department To provide information and support To keep their chief officer informed
Chief Officers	Responsibility for effective risk management in their departments, to ensure: <ul style="list-style-type: none"> <li>• regular departmental reviews of risk are carried out</li> <li>• departmental training plans reflect risk management issues</li> <li>• compliance with corporate Risk Management Strategy</li> <li>• the Risk and Insurance Manager is advised of significant changes in service requirements/provision.</li> </ul>
Internal Audit	In conjunction with the Corporate Risk Management Group, to prepare and agree an annual review programme for risk management in order to report compliance with the County Council's risk management processes.
Service Managers and Project Managers	To ensure that risks are identified, assessed and managed for all County Council services and projects as part of the overall risk management system.
Report authors	To ensure risk assessment results are incorporated into policy and resource implications for all Member reports.
All staff	To maintain an awareness of risk, and feed into the formal process, including alerting management when risks are inappropriately managed or the level of residual risk is unacceptably high.