

Report

Subject : Risk Management
Report to : Audit Committee
Date : Wednesday 4 February 2009
Author : Performance Director

Risk Management Strategy

1. Report Summary:

This report sets out the risk management arrangements for the new Wiltshire Council. In the production of this new Risk Management Strategy, risk management documents from Salisbury District Council have been shared with Wiltshire County Council. The current risk registers for Salisbury continue to be monitored by officers and the Corporate Management Team and ongoing risks will be included in the new risk registers to be created for the new unitary authority.

2. Background:

- 2.1. Due to changes to local government in April 2009 within Wiltshire, joint risk management groups have been meeting to agree the joint risk management arrangements and produce the Risk Management Strategy for the new unitary council and to ensure that management of ongoing risks are highlighted to the relevant new unitary council's Corporate and Service Directors.

The new Risk Management Strategy provides the framework and process that will enable the new unitary authority to manage risk in a systematic, efficient and effective way and is integral to the corporate governance framework. This Strategy has been produced to reflect the major changes for the new unitary council and also governance expectations nationally within local government and to ensure the ongoing effectiveness of risk management arrangements.

3. The Process:

- 3.1. The current risk management documents from each of the Wiltshire district councils and county council were used to compile the new Risk Management Strategy and the views of each of officers at each of the district councils and the county-wide Corporate Risk Management Group have been taken into account in the preparation of the new document.
- 3.2. The strategy has been developed to illustrate the contribution that risk management can make to a successful organisation and to present a structured framework to serve as a practical tool for improving organisational effectiveness and achieving objectives.



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3.3. The strategy covers the main policy statement, roles and responsibilities within the new authority for managing risk, the risk management process, and the management and reporting of risks, monitoring arrangements for key risks, documentation and communication of risks along with associated learning and development.

4. Points of Note:

A copy of the Risk Management Strategy is attached as Appendix A to this report but it is worth noting that the intention is that the strategy will be supplemented by use of the new council's intranet to allow more comprehensive documentation on guidance, details, processes, roles and responsibilities to be accessed by all who require further information and will allow documents to be updated as required.

A clearly illustrated structure of the risk management framework for managing and reporting of risk is contained in the Strategy

5. Recommendations: to Note the content of this report and the Risk Management Strategy for the new council.

6. Background Papers:

- Risk Management Strategy Documents from all Wiltshire District Councils and Wiltshire County Council.

7. Implications:

Financial	: None
Legal	: None
ICT	: None
Human Rights	: None
Personnel	: None
Community Safety	: None
Environmental	: None
Council priorities	: None
Ward Affected	: All

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Wiltshire Council

Risk Management Strategy

Author	Janette Collins
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Classification	Unrestricted

Introduction

The management of risk is critical to organisational success; informed risk-taking helps to improve performance through innovative approaches for managing the business, service delivery and value for money. It is about managing our threats and opportunities, and striving to create an environment of 'no surprises' and getting the right balance between innovation and change and the avoidance of shocks and crises.

"Risk management" provides the framework and process that enables an organisation to manage uncertainty in a systematic, effective and efficient way. Risk management is not about being risk averse but, rather, it is about understanding and evaluating risks, and making informed decisions about how those threats are then managed, or opportunities fully exploited, in order to maximise the efficiency of our services.

Risk management is a key feature of public sector management and is integral to the corporate governance framework by managing risk, stimulating performance, improving access to capital, enhancing services, improving leadership and demonstrating transparency and social accountability. High performing organisations consistently demonstrate strengths in leadership, resources, performance and risk management.

Adopting well managed risk taking is likely to lead to sustainable improvements in service delivery. More effective risk management will improve the ability to undertake the increasingly complex, cross cutting projects and demands of a modernising agenda.

How successful we are as a Council in dealing with the risks we face can have a major impact on the achievement of our key objectives and service delivery to our Community. The Risk Management Strategy will help support and underpin our key corporate objectives.

This Strategy has been produced to reflect major changes within the Council and governance expectations nationally within local government to ensure the on-going effectiveness of risk management arrangements.

The Council accepts its responsibility to manage the risks associated with all areas of its activity, and acknowledges that some risks will always exist and can never be completely eliminated. The Council will adopt a structured and focused approach to risk management, as described in this Risk Management Strategy and supported by procedures, training and guidance notes.

Ownership of managing risk is a key success criteria - everyone involved in the delivery of Council services must understand the nature of risk and accept responsibility for those risks associated with their area of activity. In order for us to continue to deliver improvements, we need to understand and respond to risks to enable us to embrace innovation and change and embed a risk management ethos into our core business processes. We expect partner organisations and contractors to be able to demonstrate that they too have adequate risk management and continuity arrangements in place.

The approach to further embedded risk management within Wiltshire should be approached as a springboard for innovation and success. The executive and senior management will provide the commitment, support and resources necessary to turn the Strategy into reality and in this way the Council will better achieve its corporate objectives and enhance the value of services it provides to the Communities of Wiltshire by making Wiltshire a better place for people to live and work.

Leader of the Council
Chief Executive
Lead Director Risk Management

Jane Scott
Dr. Keith Robinson
Dr. Carlton Brand

Wiltshire Council Risk Management Policy Statement

Risk Management is an integral part of good corporate governance and as part of its internal control and corporate governance arrangements the Council is committed to managing risk to maximise opportunities to achieve its objectives in the most economic, efficient and effective way. This strategy gives a clear explanation of what risk management is, and what is expected from members and employees in the Council. It is not intended to constrain members and employees from innovation and effective service delivery but to assist them in their activities and will help support the Council's main vision in creating stronger and more resilient communities:

Making the County a better place to live and work, through:

1. High quality, low cost, customer focuses services
2. Local, open, honest decision making and
3. Working together to support Wiltshire's communities

This strategy outlines our commitment to ensuring that risk management is integral to our management processes. It has been developed to illustrate the contribution that risk management can make to a successful organisation and to present a structured framework to serve as a practical tool for improving organisational effectiveness and achieving our objectives.

The Council provides a range of services to the public, many in partnership, and so also needs to manage a wide variety of risks to the delivery of key services to the community it serves. It recognises that it has a responsibility to identify, evaluate, manage and respond to those risks and it therefore supports a structured approach to risk management through its Risk Management Strategy.

The Council is fully committed to the management of risk:

- To integrate and further embed risk management as part of the Council's culture of governance, with members, managers and partners at all levels recognising that risk management is part of their job and held accountable for managing risk as part of normal business management processes including, service and strategic planning; decision making, programme and project management to deliver its priorities and services efficiently and effectively.
- To embed the risk management arrangements as an integral part of performance, planning, resources and management of services and partnerships.
- To integrate the partnership policy within the risk management arrangements.
- To ensure a robust and systematic approach for identifying, managing and responding to risk including evaluation, review, development, consultation and communication to support well thought-through risk taking and decision making.
- To anticipate and respond to changing external and internal environment ensuring that statutory obligations and policy objectives are met.
- To develop appropriate training and awareness arrangements for Members, Senior Officers, Staff, Partners and the Community.
- To support good corporate governance and contribute to the Annual Governance Statement.
- To prevent injury, damage and losses and reduce the cost of risk.
- To ensure resilience of services in the event of disruption through the management, control and communication of Business Continuity arrangements.
- To preserve and promote the reputation of the Council for the benefit of the communities it serves.
- To learn from risk failures to improve systems and process.

Roles and responsibilities for managing risk

All Members, managers, employees and partners must understand the nature of risk and accept responsibility for managing those risks associated with their area of activity. Everyone has a role to play in managing risk and delivering the Risk Management Strategy.

Cabinet members - Hold the Corporate Leadership Team accountable for the effective management of risks by officers. Approve the Risk Management Strategy; receive an annual risk management report and take informed decisions based on risks arising from reports.

All Members - Gain an understanding of the principles of risk management and consider risk as part of the decision making process.

Corporate Leadership Team (CLT) - Approve, promote and oversee the implementation the Risk Management Strategy and related policies. Understand risk management and its benefits and the risks facing the Council and Community. Receive regular risk reports or exception reports as appropriate.

Assurance Group - Report on and oversee the effectiveness of the Council's risk management arrangements.

Audit Committee - Provide independent assurance on the effectiveness of the Councils risk management, internal control overall assurance framework and receive reports from the Corporate Risk Management Group.

Lead Director and Member for Risk Management - Ensure that the Council manages risk effectively through the development of a robust and comprehensive Risk Management Strategy with the Risk Manager through the Corporate Risk Management Group.

Risk Manager - Responsible for the effective integration and delivery of risk management strategy to deliver resource and performance improvement and help the Council achieve its goals and priorities and to achieve LAA priorities.

Direct, leads and supports the Corporate and Operational Risk Management Groups in the effective development, implementation and review of the risk management strategy and related policies and processes.

Provides reports on behalf of CMRG to Cabinet, Corporate Leadership Team and Audit Committee.

Develops, promotes, facilitates, monitors and reviews the risk management policy framework providing advice, guidance, coaching and training. Shares experiences, best practice and lessons learned across the Council and with partners.

Establish and monitors the maturity of risk management framework performance and prepare assurances on the management of risk in the Council.

Liaises with external organisations and authorities on community and public risks.

Liaise with external organisations and authorities and support the interaction of the Council and its partners with government inspectors and contribute and prepare for audit and inspection.

Department Risk Champions - Provide the link between the Corporate Risk Management Group and Directorates. They contribute to the risk management agenda and assist with the developmental needs and the performance of departments in the management of risk and periodically report to the Corporate Risk Management Group on the performance of the management of risks within their Directorate.

Departmental Risk Leads – Considers reviews and monitors the performance of risk assessment within departments and assists with the developmental needs of directorates building capacity to enable consistent performance of risk registers within directorates and attend the Operational Risk Management group.

Corporate Risk Management Group (CRMG) - Promotes, deliver and embed a co-ordinated and consistent approach to Risk Management strategy within the ethos of the Council's culture as an integral part of strategic planning, decision-making and its performance management ensuring risks are well managed across the Council.

Responsible for the maintenance, challenge and review of the Council's Strategic - Corporate Risk Assessment and Corporate Negligence Impact Assessment.

Considers, reviews and monitor the performance, effectiveness and progress by which risk management arrangements are implemented within directorates and consider risks of a cross cutting nature, and provide opportunities for shared learning on risk management across the Council.

Operational Risk Management Group (ORMG) - Considers, reviews, monitors and communicates information on operational and cross cutting service risks including health safety & welfare, insurance, civil contingency, community and emergent risks and reports to the Corporate Risk Management Group.

Service Directors, Service Teams, Project leads - Gain an understanding of risk management; establish training requirements for their service and actively promote risk management ensuring that the strategy is implemented effectively across services.

Actively promote and engage in the identification, analysis, evaluation, management, reporting and communication of directorate and service risks.

Ensure that risks registers are in place from the initiation stage for major policies, programmes, projects and partnerships. Reporting risks to the appropriate boards / management teams on a regular and consistent basis. Ensuring that risks are fully considered in reports for resource planning and decision making with the availability of the relevant risk register on request

Ensure that partners and contractors are requested to state their approach to risk management and business continuity and to provide evidence to support their response.

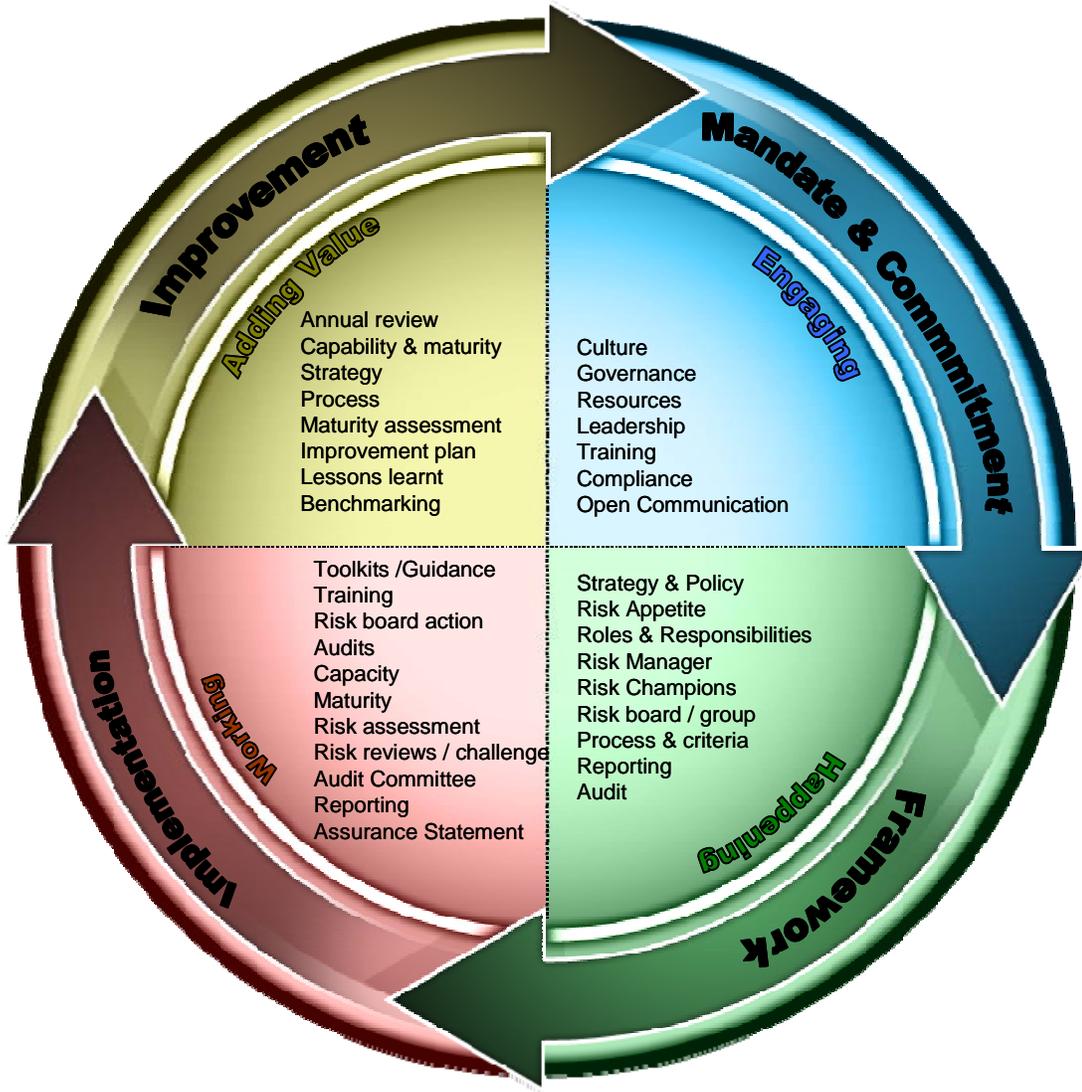
Internal Audit - Provide assurance on the effectiveness of the risk management strategy and processes to the Corporate Risk Management Group and the Audit Committee.

Develop a risk based audit plan to examine and report on the effectiveness of internal controls and develop a better awareness of risks and the evaluation of risk with Internal Audit Clients.

Employees - Assess, manage and report risks effectively in their job and report hazards / risks to their service managers and undertake their job within contractual, policy and statutory guidelines.

Roles and responsibilities are further defined and updated on the Council's Intranet.

The Risk Management Framework



Risk Management

Risk management is “*the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives.*”

Risk is “*an event or action that will prevent you from achieving your objectives, duties, aspirations and to successfully implement strategies*”

In Wiltshire risk management forms part of the integrated management of resources, performance and risk framework to improve the way we manage risk. This helps us take advantage of opportunities and minimise the impact of threats. Risk management helps achieve objectives to improve performance and our use of resources

Risk Management Process

The Risk Management Process is a cyclical process. The Council’s approach to the assessment of risk is set out in the guidance note: “**Guidance note to Risk Management Assessment**”.

Risk Assessment is ... “The **planned** and **systematic** process of **identifying** the events that can have an impact on achieving objectives. “What could happen?” **analysing & evaluating** the potential likelihood and impact of the risk being realised and implementing the most effective and efficient way of **controlling** and **financing** them and proactively **monitoring** and **reviewing** the risks on a regular basis.”

The risk management assessment methodology must be used for **Service assessments, Business cases, Programmes and projects** and **Partnerships**.

The risk assessments will show the key risks at each assessed level of activity, starting with those at the strategic level and cascading right through to individual service areas. The Risk Assessments will be held as **Risk Registers**. They will provide a documentary record of each risk, its owner, the key controls that relate to it, and the status of any planned actions to be used to direct resources towards the effective treatment and tracking of the risks identified.

As well as providing useful data internally, these documents will also provide external inspection agencies with evidence of the completeness of the risk management process in place.

In order for the risk registers to be an effective management tool it needs to be maintained up to date in the Council’s Performance and Risk system. It is important that the data that forms the risk registers is Accurate (in terms of correctness), Comprehensive (in terms of all data being captured), Valid (in an agreed format which conforms to recognised local authority and national standards), Available when needed and Stored securely and confidentially.

Partners and Contractors should:

- Use a consistent and systematic approach to the management of risk.
- Partners and contractors should be asked to state their approach to risk management and to provide evidence as requested and to accept and manage risks effectively within their contract and have continuity arrangements in place.
- Use the Council’s methodology to identify and manage their risks where appropriate.
- Ensure that their risks are included in the appropriate Portfolio Risk Register if necessary and / or the Strategic Risk Register.

Managing and reporting

Risks do not remain static, so regular reports on the Council's risks are essential for keeping all stakeholders informed of the changing conditions, our past performance in dealing with risk and our plans for dealing with future risks. This can help ensure that any serious issue is promptly drawn to the attention of the relevant level of management.

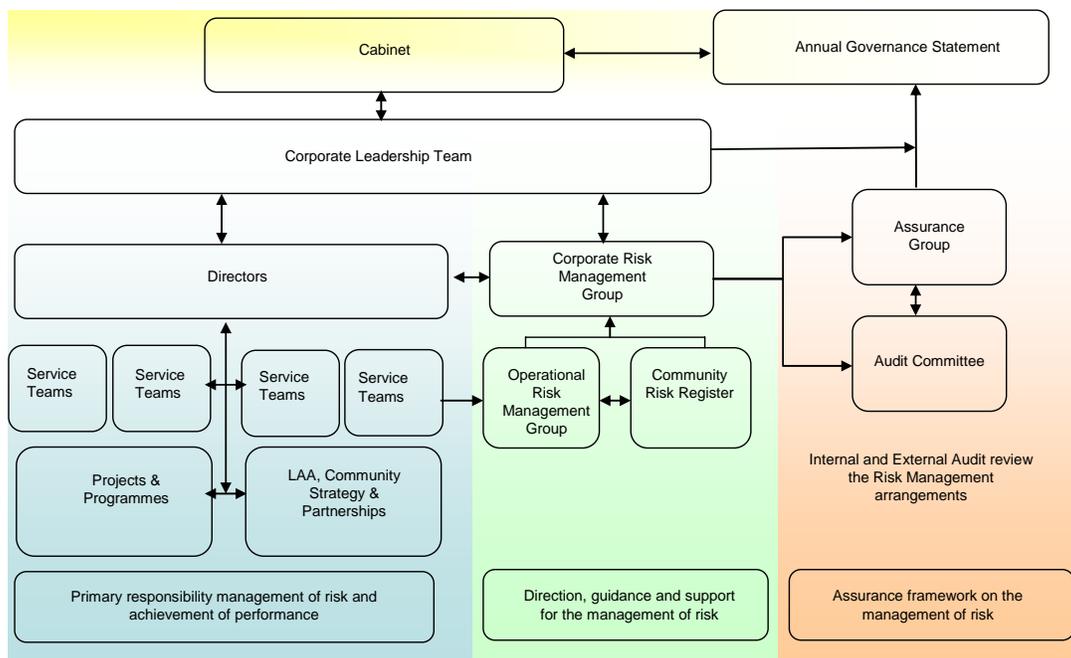
The style and frequency of reporting will vary according to the level within the Council and the type of issue being reported upon. At the very least, there must be:

- All reports submitted to Cabinet, must include a paragraph about key risks which are associated with the decision, policy or action to be taken and how those risks will be managed. The full risk assessments being available on request.
- Annual reports for Members, which will be published.
- Regular reporting to the Audit Committee who oversee the risk management process for the council.
- Quarterly and exception reports on strategic issues to the Corporate Management Team.
- Reports to service managers, programme and partnership boards as appropriate.
- Reports to service managers on a frequency to be determined by them.
- Mechanisms in place for immediately reporting any serious or emerging risks or control failures to the appropriate management level.

The key characteristics for any such reports are that they should be, timely, accurate and appropriate with the availability of exception reporting.

Regular reports on the Council's risks will enable our stakeholders and managers to remain fully aware of the extent of the risks and the changes that are occurring to them. This can help ensure that any serious issue is promptly drawn to the attention of the relevant level of management.

Risk Management is a key element of effective corporate governance. The Risk Management framework for managing and reporting risk is illustrated by the following diagram:



Performance Management – Monitoring Arrangements for Key Risks

Monitoring, managing and responding to risks are fundamental to the delivery of priorities and services. The reason for monitoring key risks is to create an “early warning system” for any movement in risk – key risks are defined as those which score 12 or above as set out in the guidance note: “Guidance note to Risk Management Assessment” . Risks scoring below 12 are considered to be managed and monitored appropriately and therefore within the Council’s “risk appetite”.

Risk Registers are living documents and therefore must be regularly reviewed and amended. The Corporate Risk Assessment and service level operational risk registers are to be monitored regularly but at least quarterly, unless a significant event has occurred that warrants early updating and exception reporting. Information on all key risks is to be recorded in Risk Registers and linked with Council’s objectives and key performance indicators as appropriate.

Documentation and Communication

Standard documentation appropriate for each circumstance needs to be maintained as part of the everyday Risk Management process to:

- provide evidence of systematic risk identification, analysis and management.
- provide a record of risks and develop the organisation’s knowledge-base.
- provide an accountability mechanism.
- facilitate continuing monitoring and review.
- demonstrate compliance with risk management arrangements.
- share and communicate information.

The nature of risk management is that it is dynamic and therefore communication and consultation will form an integral part of embedding the risk management arrangements within the Council.

All supporting documentation will be communicated through the Council’s intranet.

Learning and Development

Having defined the framework and formally assigned roles and responsibilities for risk management, it is important to provide Members and staff with the knowledge and skills necessary to enable them to carry out their duties competently.

Training requirements fall into three broad areas:

- All Members, staff and partner organisations need a general awareness of what Risk Management is and how the Council aims to manage risk effectively.
- Those with corporate responsibilities under the framework need to fully understand what those responsibilities are and how they should fulfil them.
- Those responsible for actively managing risks need the appropriate skills and knowledge to use the tools at their disposal.

The Risk Manager, will promote and monitor good practice, provide guidance, support, advice and information and organise training.

All guidance, details, processes, roles and responsibilities for risk management arrangements will be communicated through the Council’s intranet or (contact the Councils Risk Manager for further information).

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