

West Wiltshire District Council

Risk Management Strategy

July 2004

The Risk Management Strategy is the document that will provide a framework for all risk management processes throughout the Council and provide a means for Members and Officers to understand how risk management fits into their roles.

We will aim to achieve a balanced approach to Risk Management by developing our culture, management arrangements, resource allocation and controls to support ourselves and our partners in the achievement of our objectives.

1. Introduction

Risk Management is an essential element of the Council's Corporate Governance arrangements and systems of internal control.

The Risk Management Strategy identifies the key components required to meet the objectives of the Risk Management Policy. It sets out the roles and responsibilities required to deliver the elements of the risk management programme, the means by which they will be delivered, monitoring arrangements, training plans and lines of communication.

All Risk Management activities will be aligned to the Corporate Plan and Council Priorities and will aim to protect and enhance the reputation of the organisation.

2. Risk Management Definition

Risk Management is the framework used to effectively manage potential threats and opportunities arising from the Council delivering its objectives. The aims of good Risk Management are to improve and inform decision making and promote a positive attitude to the management of risks.

The benefits of this approach should be; greater security in achieving the Council's objectives, effective allocation of scarce resources, a proactive and less reactive approach to problem resolution and an increased awareness of the potential threats and opportunities to the Council.

3. Role and Responsibilities

The Council

The Council is responsible for the overall corporate governance and systems of risk management. In order to fulfil this obligation the Council will provide direction to the organisation and will set the risk management policy. The Council will actively

consider risk in all aspects of Council strategy and decision-making processes and ensure the application of the necessary resources required to enable key risks to be managed effectively.

Risk Management Group

The Group will meet quarterly in order to develop and agree policies, plan training and review the Risk Register. Service Managers representing the Council's main risk areas will sit on the Group and take part in the aforementioned responsibilities. Each group member will be responsible for leading risk management in their service area and will act as a point of contact for any risk issues that may arise. These representatives will manage, control and report operational risks, such activities being part of their normal duties.

Member/Officer Leadership

The Corporate Portfolio Holder and the Financial Accountant are the risk management leads. Both will sit on the Risk Management Group; the Portfolio Holder representing the interest of Members and the wider community and the Financial Accountant leading risk management activities throughout the organisation.

Officers

The identification and evaluation of risks is an ongoing process within the Council and all staff are responsible for identifying the risks arising from the activities they perform and the responsibilities they hold. Risks will be reported to line managers or to Risk Management Group members.

Internal Audit

The Council's internal audit function (KPMG) has a vested interest in the effectiveness of the internal control systems. The audit reports form a key element of the ability to review the adequacy of the risk management processes and efficiency of the risk management systems implemented across Council. Internal audit may feel the need to refer concerns to the Cabinet or Council where issues have been raised in audits.

4. Risk Management Policy

The Risk Management Policy sets out the intent of the Council in terms of identifying and managing risks. It outlines the reporting arrangements required and the lines of communication to be used in disseminating risk management information across the organisation. The Policy is a high level document that summarises the Council's Risk Management approach.

The Risk Strategy takes the key elements from the Policy and provides a framework to drive the objectives forward. The detail needed to support these processes is also contained within the Strategy.

5. Risk Register

The Council's Risk Register has been designed to incorporate essential elements of CIPFA/ALARM best practice guidance. The register is split into those risks of a strategic and those of an operational nature:

Strategic

Risks which need to be taken into account in judgements about the medium to long term objectives of the Council.

Political

Risks associated with failure to deliver either central government policy or meet the administration's political commitments.

Economic

Risks affecting the ability of the Council to meet its financial commitments eg, regional economic problems, treasury management risk and failure to demonstrate best value.

Social

Risks relating to changes in socio-economic conditions and their effect on the Council's ability to deliver its objectives.

Technological

Those associated with the capacity of the Council to deal with technological change or the impact of technological failure on the delivery of objectives.

Legislative

Those associated with current legislation or potential changes in national or European Law.

Operational

Risks that managers and staff will encounter in the daily course of their work.

Professional/Personnel

Risks associated with the particular nature of each profession and the risks associated with personnel issues.

Financial

Risks associated with financial planning and control and the security and liquidity of cash.

Physical

Risks associated with buildings, vehicles, plant and equipment etc, including disaster recovery.

Technological

Risks relating to reliance on operational equipment.

Legal

Risks relating to possible breaches of legislation.

Contractual

Risks associated with the failure of contractors to deliver services or products according to agreements.

Methodology

A Risk Management Workshop will be held in order to identify strategic risks. Members and Directors will be represented at the workshop and the main strategic risks agreed upon and evaluated.

Operational risks will be identified within each Service Area. The process of service risk identification will be built into the Service and Financial Planning Process and the categories outlined above used to guide the process.

Scores will be allocated to the risks on the basis of its likelihood, severity and the controls in place to mitigate it. Action Plans will then be developed to take forward any necessary action agreed.

The risks will then be prioritised according to their resultant scores and discussed at the Risk Management Group, in order to gain an overview of any necessary course of action that is to be taken.

In devising any action plans required, the cost of mitigating risks or maximising opportunities will be compared to the benefits gained or the costs incurred if no action is taken. Not all risks will therefore be controlled if the costs outweigh the benefits.

Circumstances will arise where the Council will take remedial action to control the risk but in some cases the risk may be better transferred to a third party, ie, through insurance or contracting out of services.

6. Monitoring

The Risk Register will be monitored by the Risk Management Group. The prioritised risks and any associated action plans developed will be reported to Corporate Team on a quarterly basis and to the Internal Overview Committee at the next available meeting.

Incident reporting is a key part of risk control monitoring and an effective means of reporting all incidents, including near miss type incidents, will be installed across the Council. Incident response procedures should ensure that effective corrective and preventative actions are taken following incident reports. This will be dealt with in a separate set of procedures to be developed by the Risk Management Group in the future.

7. Training

The aim of any training will be to raise awareness of Risk Management with staff and members whilst encouraging debate and feedback.

As the development of the Risk Register will be incorporated into the Service and Financial Planning Process, any training will be considered as the process is

developed. Specific Risk Management training may be provided during the course of the year if required.

8. Communication

In implementing the Risk Strategy, each member of staff will be made aware of their role and responsibilities in controlling risks. This will be achieved through existing structures, such as Team Briefs and staff newsletters as well as through the Service and Financial Planning process.

The Risk Management Group will aim to liaise with other Councils in order to benefit from best practice and share learning across organisations.