

Risk Management



Strategy 2004 - 2008



where people matter

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1. PREFACE

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.

2. 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 (Appendix A). 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.

3. 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.

4. ROLES AND RESPONSIBILITIES

The Council

The Council is responsible for corporate governance and the 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 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 the Council. Internal Audit will use the Risk Register to inform their Audit Plan for the year ahead and ensure that high risk areas are reviewed.

5. 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.

6. RISK REGISTER

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

Strategic Risks

These are the risks that the Council faces at a strategic level, ie, the risks that will stop the Council achieving it's Corporate Priorities. Risks may relate to a service area with a high profile or they may relate to a number of service areas with crosscutting issues.

Operational/Service Risks

These are the risks that relate to the objectives set out in the annual Service Plans. They relate directly to the aims and objectives of individual service areas and Service Managers are asked to assess the areas they manage that are high risk or high profile.

Methodology

1. A Risk Management Workshop is held in order to identify strategic risks. Members and Directors are represented at the workshop and the main strategic risks agreed upon and evaluated (Appendix B).

An action plan is then developed to mitigate the risk and this is implemented by the Corporate Team Member. Corporate Team Members bring quarterly updates to Corporate Team meetings to inform other team members on progress with actions plans and changes in the risks being monitored.

2. Service risks are identified within each Service Area. The process of service risk identification is built into the Service and Resource Planning Process and the templates attached used to guide the process (Appendix C).

Scores are allocated to the risks on the basis of its likelihood, severity and the current controls in place to mitigate and monitor it. Action Plans are then developed to take forward any necessary actions agreed. These actions have owners and deadlines and are implemented by the Service Manager.

Service Managers are also asked to rate the likely risk after the Action Plan has been implemented, in order to ascertain the adequacy of the actions planned.

The Risk Management Group reviews these risk assessments, agrees the ratings and suggests any further action required. This is then fed back to the Service Manager.

In devising action plans, 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, i.e. through insurance or contracting out of services.

7. MONITORING

The Risk Register will be monitored by the Risk Management Group. The Group will be responsible for ensuring that all required assessments have been completed, are appropriately rated and action plans are delivered.

The risk assessments and their associated action plans will be reviewed on a six monthly basis. Deadlines will be reviewed and risk ratings reassessed. The Financial Accountant will lead this with the Service Managers.

Progress with the action plans will then be reported to Corporate Team and the Scrutiny Committee at the next available meeting.

Corporate Team Members will bring quarterly updates on their risk assessments to Corporate Team and this will be feedback to the Scrutiny Committee twice a year.

8. 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 has been incorporated into the Service and Resource Planning Process (SARP), training for Service Managers will be incorporated into the SARP procedures.

Specific Risk Management training will be provided during the course of the year, targeting Members and Officers not involved in the SARP.

9. 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 Resource 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.

10. ANNUAL TIMEPLAN

(eg 2005/06)

Apr 05 Strategic and Service Risk Action Plans are put into action for 2005/06.

Jun 05 Corporate Team reviews Strategic Risk Action Plans for 2005/06.

Sep 05 Service Managers review Service Risk Action Plans for 2005/06.
Corporate Team reviews Strategic Risk Action Plans and results from Service Risk Reviews for 2005/06.
Risk Group reviews progress with all Actions Plans.
Scrutiny are updated on Action Plan progress.

Dec 05 Corporate Team reviews Strategic Risk Action Plans for 2005/06.
Risk Assessments for 2006/07 are finalised.

Mar 06 Service Managers review Service Risk Action Plans for 2005/06.
Corporate Team reviews Strategic Risk Action Plans and results from Service Risk Reviews for 2005/06.
Risk Group reviews progress with all Actions Plans.
Scrutiny are updated on Action Plan progress.

Appendix A: Risk Management Policy

West Wiltshire District Council recognises the need to take all reasonable measures to safeguard its resources and protect service delivery.

The Council will identify, evaluate and control risks to ensure that they are eliminated, transferred or reduced to an acceptable level.

It is acknowledged that all risk can not be totally eliminated but action can be taken to reduce both insured and uninsured losses suffered by the Council.

A balance has to be struck between risks that can be tolerated, those managed internally and those covered by Insurance.

The Council will identify all strategic and operational service risks through a comprehensive internal risk review process involving service managers and members. This information will be used to formulate a register of potential risks, taking into account likelihood, severity and control.

The register will be prioritised and used to determine a programme of risk management activity for the year, which will be co-ordinated and supervised by the Risk Management Group. The register and overall process will be subject to regular monitoring throughout the year by the Corporate Management Team and Scrutiny Committee.

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. The Council will ensure that all staff are aware of risk management and that specific training is supplied to those staff who manage particular risks as an element of their responsibilities. Reporting and communication of risks and their management will form a standard component of the Council's organisational management framework.

The Council will perform an annual review of risk management effectiveness and an annual Risk Management report will be presented to Corporate Team and Cabinet.

Reporting arrangements:

Policy set by Council

Policy recommended by Cabinet

Policy developed by Corporate Governance Group

Monitoring and review by Corporate Governance Group, Corporate Team, Internal Audit and Scrutiny

Identification and operational management of risk by Risk Management Group, service managers and members.

Appendix B: Strategic Risk Assessment Example

Risk/Vulnerability:

Requirement for savings restricts service delivery

Possible consequences:

- Loss of capacity
- Level of service delivery decreases
- Loss of finance
- Failure to achieve corporate plan

Current actions and monitoring process

- MTFP
- Monitoring continuous – performance and budget
- Review programme
- Ongoing lobbying
- Service plan reflects resources
- Corporate plan provides forms

Assessment of effectiveness (1 Very – 5 not at all)

- Before – 4
- After – 2
- treat

Action	Officer Responsible	Key dates
Re-launch review programme	IJ/CMT	May 05
Update MTFP	IJ/CMT	May 05
Actively pursue Gershon agenda	IJ/PM, CMT	Ongoing
Continue to lobby for better financial settlements	AP/Leader IJ	Ongoing Op-driven
Review service plans in line with available resources	IJ/IG/SM/CMT	Sep-Jan

Appendix C: Service Risk Assessment Guidance/Example

Service Risk Assessment Guidance

This Risk Assessment aims to consider your objectives for 2005/06 and attempt to anticipate the risks involved in achieving these objectives. Anticipating the risks in advance will allow you to put any necessary action plans in place to manage the risks. In tackling risks at the outset of the year, they are less likely to disrupt the achievement of your objectives during the year ahead.

The Risk Assessment is not a new process but an attempt to introduce a more useful risk analysis into the current Service and Resource Planning Process.

Guidance

Complete the Risk Assessment form for each of the objectives identified in your Service Plan. Complete the form electronically and expand the sections according to your needs. A concise but comprehensive assessment is recommended.

A Objective

State the objective you aim to achieve in 2005/06:

Eg, "Continue implementing the outcomes of the Best Value review"

B Risk

State the risk/s associated with not achieving this objective:

Eg, "We fail to implement the outcomes from the Best Value review due to a lack of monitoring"

Consider what the risk would be but also why it may occur. If you are stating that an objective won't be met, try also to include what the reasons for this might be. Avoid simply stating the opposite of the objective! This helps in deciding how to treat the risk later on.

C Consequences

What are the consequences of this risk occurring?

- *Our service fails to improve and customer service deteriorates*
- *Staff motivation falls due to not achieving team objectives*

D Current Actions

What are we currently doing to manage that risk?

- *The Service Manager has reviewed the report and initiated some actions*
- *The outcomes of the report have been communicated to the team*

E Risk Management Decision

Taking all of the above into account, how do we want to manage the risk?:

1. Tolerate – accept there is nothing we can do to manage the risk if it occurs.
2. Transfer – can we insure the risk or transfer it to another party?
3. Terminate – has the objective become too risky/unmanageable and therefore should be terminated? Often difficult in Local Government where most objectives are statutory!
4. Treat – the most common solution, where a way of managing the risk is sought.

F Action Plan

If action is to be taken; list them, allocate owners and indicate deadlines.

1. The recommendations in the review will be allocated to individuals and teams to deliver (Service Manager and Team Leaders – end May)
2. Actions will be reviewed quarterly (Service Manager – quarterly)

That's it! The idea is to involve as many members of staff as possible. Asking your teams to suggest the risks that they feel oppose them in achieving service objectives is ideal. If you require any assistance please contact Tracey Gay on x504.