



Risk Management Strategy

Author	Performance Team
Revision	V03
Created	March 2010
Revision Date	March 2011
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 “the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives.”

Risk management is a key feature of public sector management and is integral to the corporate governance framework. Adopting well managed risk taking is likely to lead to sustainable improvements in service delivery.

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 uses the structured and focused approach to risk management described in this Risk Management Strategy and supported by procedures, training and guidance/tools.

Leader of the Council
Chief Executive
Lead Director Risk Management

Risk Management Policy Statement

Risk Management is an integral part of good corporate governance and the Council is committed to managing risk to minimise threats and maximise opportunities to achieve its objectives in the most economic, efficient and effective way. This Strategy provides the foundation and a common infrastructure for delivering, maintaining and governing risk management throughout an organisation.

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 help achieve the Council's vision to create stronger and more resilient communities. The Council will:

- Provide high quality, low cost, customer focused services
- Prioritise local issues
- Be open and honest in all our decision making
- Work with our partners to support Wiltshire's communities

This strategy reflects our approach of integrating risk management into the management of performance and resources. It presents a structured framework, supported by further guidance, outlining different roles and highlighting procedures that will be adopted to help improve organisational effectiveness and achieve our objectives.

The Council provides a range of services to the public, many in partnership, and so needs to manage a wide variety of risks to the delivery of those services. We will ensure that there is an understanding of 'risk' and that we adopt a consistent approach to identifying, analysing and prioritising the risks we face. We will manage and control risks in order to maximise the quality of our service provision and to uphold our reputation. Risk management can make a powerful contribution to continuous service improvement and the achievement of our objectives, performance and resources.

The Council is fully committed to the management of risk:

- So that risk management is part of the Council's culture of governance, with members, managers and partners recognising that risk management is part of their job and so manage risk as part of normal business, significant planning and project management processes.
- Using the robust and systematic approach shown in this Strategy and related guidance for identifying, managing, communicating and responding to risk to support well thought-through risk taking and decision making.
- Helping the Council to anticipate and respond to changing external and internal threats and opportunities to ensure that statutory obligations and policy objectives are met.
- Providing 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.

This strategy establishes how we integrate risk management into our management arrangements, to help service managers meet their responsibilities for service delivery.

Roles and Responsibilities for Managing Risk

All Members, managers, employees and partnerships need to 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.

Cabinet Members

- Hold the Corporate Leadership Team accountable for the effective management of risks by officers.
- Cabinet approves the Risk Management Strategy.
- Establish the Lead Member with portfolio for Risk, who receives regular reports on: risk management arrangements; and significant risks on the Council's risk registers.

All Members

- Need to understand the principles of risk management and consider risk as part of the decision making process.

Corporate Leadership Team (CLT)

- Take responsibility for the Risk Management Strategy, supported by assurance, advice and information from the Corporate Risk Management Group.
- Considers regular reports on the Council's risk management arrangements and significant risks with exception reports as appropriate.
- The Corporate Director of Resources is the Lead Director for Risk Management.

Assurance Group

- Report on the effectiveness of the Council's risk management arrangements as part of the Annual Governance Statement.

Audit Committee

- Agree and endorse the Corporate Risk Management Strategy.
- Consider regular reports from the Corporate Risk Management Group on the Council's significant risks and the effectiveness of the risk management arrangements.

Head of Business Arrangements and Business Performance Managers

Responsible for the effective integration and delivery of risk management arrangements into the Council's wider business management arrangements to support resource and performance improvement. Key aspects include:

- Support and challenge the Corporate Risk Management Group and Resilient Council Group to ensure the effective development, operation and review of the risk management strategy and related policies and processes.
- Provide reports on behalf of the Corporate Risk Management Group on risks and, as appropriate, on unresolved issues relating to risk management arrangements to Cabinet, Corporate Leadership Team and to the Audit Committee. Providing advice on matters relating to risk.
- Promote a risk aware culture and quality assuring the risk management in place across the Council and its key partnerships, including risk identification and evaluation, managing and responding to risks and risk registers and reporting.
- Maintain and report on the Council's significant risks, ensuring that the risk registers are kept up to date and relevant for services.

- Support good risk management by developing and providing advice, guidance, facilitation, coaching and training and by sharing best practice and lessons learned across the Council and with partners.
- Establish and monitor the maturity of risk management performance and prepare assurances on the management of risk in the Council.
- Liaise with external organisations and authorities as appropriate and support the interaction of the Council and its partners with government inspectors and contribute and prepare for audit and inspection.

Corporate Risk Management Group (CRMG)

The group comprises of six Departmental Risk Champions; Director of Legal & Democratic Services and the Chief internal Auditor; the Head of Business Arrangements supported by Business Performance.

- Provide assurance and reports to Cabinet, Corporate Leadership Team and Audit Committee on the management of significant risks and risk management compliance.
- Promote, share good practice on all aspects of risk management and deliver a co-ordinated and consistent approach to deliver the Risk Management Strategy across the council as an integral part of significant and resource planning, decision-making and its performance management ensuring risks are well managed across the Council in accordance with best practice.
- The group meets quarterly or by exception to monitor the effectiveness and manage the delivery of the risk management strategy at significant level and work to an annual action plan.
- Responsible for the maintenance, challenge and review of the Council's Risk Register and Corporate Negligence Impact Assessment.
- Shares, reviews and monitors the performance, effectiveness and progress by which risk management arrangements are implemented within directorates.
- Consider risks of a cross cutting nature, and provide opportunities for shared learning on risk management across the Council.
- Receive reports on risks and risk management as appropriate.
- Assist with the Annual Governance Statement review.

Departmental Risk Champions

- Represent departments on the CRMG working with other Risk Champions on managing significant risks across the Council; ensure risk management arrangements work well across the Council.
- Communicate to department management teams on significant risks and risk management arrangements.
- Communicate and facilitate best practice across the Council.
- Build capacity including training within departments to assist with the developmental needs to enhance the performance of managing risk and the risk management arrangements.
- Regularly report to the CRMG on the performance of the management of risks within their directorate.
- Ensure that progress is made in addressing significant risks allocated to lead officers within their department and reported back to CRMG.
- Ensure that Risk Register entries on the Performance system are maintained and kept up-to-date

Resilient Council Group (RCG)

The group comprises of the Council's Business Performance Managers, Health and Safety, Emergency Management, Business Continuity, Insurance, ICT and Climate Change representatives.

The Resilient Council Group will lead, develop, scrutinise and advise on the arrangements in place that affect the overall function of the Council and its work with partners to achieve objectives and priorities.

- Meet quarterly or by exception to share, review, and monitor information on operational and cross cutting service risks including health, safety & welfare, insurance, civil contingency, community and emergent risks.
- Report regularly to the CRMG.
- Ensure insurance arrangements are appropriate to the Council's risks.

Managers

- Have an understanding of risk management and its benefits; establish training requirements for their service areas and actively promote risk management ensuring that the strategy is implemented effectively across services.
- Ensure new staff are made aware of the risk management strategy and risk management process.
- Put in place arrangements for the effective management of risks - identifying, evaluating, managing, communicating and responding to risks through the structured approach in this Strategy.
- Ensure that risk registers are in place for the services they deliver and the objectives set.
- Actively promote and engage in the identification, analysis, evaluation, management, reporting and communication of significant and service risks.
- Ensure that risk registers are in place from the initiation stage for major policies, programmes, projects and partnerships. Ensuring risks are included in the appropriate risk register if necessary.
- Report 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 partnerships and contractors follow Council policies and procedures and have adequate arrangements in place to manage risk and business continuity.

Internal Audit

- Provide assurance on the effectiveness of the risk management strategy and processes to the Corporate Risk Management Group and the Audit Committee.
- Provide a risk based audit plan to examine and report on the effectiveness of internal controls.
- Provide Managers with information on risks identified during internal audit work, to be considered for inclusion in departmental risk registers.

All Staff

- Support managers in the identification, assessment and reporting of risk and report potential hazards to line managers.
- Undertake their job within contractual, policy and statutory guidelines.
- Support continuous service delivery and any emergency response.
- Work in a safe manner not putting yourself or others at risk.

Guidance on roles and responsibilities are on the Council's Intranet.

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 on the Intranet and risk management area of SharePoint.

Risk Assessment is the **planned** and **systematic** process of:

- **Identifying** the events that can have an impact on achieving objectives;
- **Analysing & evaluating** the potential likelihood and impact of the risk;
- **Taking appropriate action**;
- Proactively **monitoring, reviewing, communicating** and responding to risks on a regular basis.

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

The assessments will show the significant risks at each assessed level of activity, starting with those at the significant level and cascading right through to individual service areas. The risk management assessments will be held as Risk Action Plans. 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 Action Plans to be an effective management tool, they need to be reviewed regularly, kept up-to-date and accurate.

Performance, Resources and Risk

The Council uses risk management as part of its management of performance and resources. Risk is considered as part of significant and operational management and in allocating resources to achieve the Council's priorities.

Monitoring Arrangements for Significant Risks

Monitoring, managing and responding to risks are fundamental to the delivery of priorities and services. The reason for monitoring significant risks is to create an "early warning system" for any movement in risk – significant risks are defined as those which score 12 or above as set out in the guidance note on the Intranet and Risk Management area of SharePoint. 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 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 significant risks is to be recorded in risk registers and linked with the Council's objectives and key performance indicators as appropriate.

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

- All reports submitted to Cabinet, must include a paragraph about significant risks which are associated with the decision, policy or action to be taken and how those risks will be managed. The relevant risk information 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 significant issues to the Corporate Leadership Team.
- CRMG review risk information regularly and report as appropriate.
- Timely reporting of 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.

The assurance framework for managing and reporting risk management is illustrated on page 9.

Support and Guidance

Risk management guidance and tools to support managers are available on the Intranet and the risk management area of SharePoint.

Risk registers and action plans are an important method of sharing risk information and collaborating on action to manage risk, as well as evidence of active risk management.

Risk Management training for relevant Members and staff is available to enable the knowledge and skills necessary to help manage risk.

Training requirements fall into three broad areas:

- Relevant Members, staff and partnership leads 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 Business Performance Managers will promote and monitor good practice, provide guidance, support, advice and information and provide training.

Contact details for the Business Performance Managers and for Departmental Risk Champions are shown on the Risk Management pages on the intranet.

The Assurance Framework for Managing and Reporting Risk

