BRECKLAND COUNCIL
Risk Management Policy
2012-13

Introduction

A risk can be defined as **"An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of a perceived threat or opportunity and the magnitude of its impact on objectives[1]".**

Every aspect of Council work involves some risk, there is an increasing expectation that risk needs to be managed well, to cut waste and inefficiency, and reduce unanticipated problems. Successful organisations are not afraid to take risks; unsuccessful organisations take risks without understanding them. Making the most of opportunities to improve public services, involves some amount of risk taking.

This policy sets out Breckland District Council's commitment to managing risk. It states the principles that will be followed for implementing effective risk management and provides an overview of the anticipated benefits in taking this approach to risk management.

This policy should be read in conjunction with the Risk Management Process Guide, which details the processes for the identification, assessment, planning and monitoring of risk.

This policy and the accompanying risk management process guide take account of the Mangagement of Risk guidance (M_o_R) and the principles of the international standard for risk management ISO 31000: 2009. Implementation of these principles and the risk management framework will ensure that the Council achieves excellence in the approach to the management of risk.

This risk management policy is owned by the Assistant Director Democratic Services and is an underlying policy that should be considered alongside all areas of Council policy and activity. This policy and other supporting documents will be reviewed annually.

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[1] Management of Risk (M_o_R) definition of risk. M_o_R is a Registered Trade Mark of the Office of Government Commerce in the United Kingdom and other countries.

The Principles and Objectives of Risk Management

The following general principles of risk management activities will be applied across the authority:

1. ALIGNS WITH OBJECTIVES

Risk management aligns continually with organisational objectives.

2. FITS THE CONTEXT

Risk management is designed to fit the current context.

3. ENGAGES STAKEHOLDERS

Risk management engages stakeholders and deals with differing perceptions of risk.

4. PROVIDES CLEAR GUIDANCE

Risk management provides clear and coherent guidance to stakeholders.

5. INFORMS DECISION MAKING

Risk management is linked to and informs decision-making across the organisation

6. FACILITATES CONTINUAL IMPROVEMENT

Risk management uses historical data and facilitates learning and continual improvement

7. CREATES A SUPPORTIVE CULTURE

Risk management creates a culture that recognises uncertainty and supports considered risk-taking.

8. ACHIEVES MEASURABLE VALUE

Risk management enables achievement of measurable organisational value.

Benefits of Risk Management

Effective risk management delivers benefits to individual services and the Council as a whole. The key benefits include:

- A better, more informed, decision making process.
- The ability to manage the process of achieving objectives.

By delivering enhanced risk management practice and adhering to the above principles, we expect the following benefits to be realised:

- Clear focus on objectives
- Established and reliable basis for decision making and planning
- Increased likelihood of achieving our objectives

- More robust assessment of opportunities
- Improved business planning through risk based decision making
- Improved governance
- Improved controls
- Enhanced stakeholder confidence and trust
- Enhanced performance through an integrated approach
- Effective allocation and use of resources for risk treatment
- Improved organisational resilience.

Roles and Responsibilities

To implement the framework specific roles and responsibilities have been identified. All members, managers, officers and partners must understand the nature of risk and accept responsibility for managing those risks associated with their area of activity.

Audit Committee
The Audit Committee is responsible for reviewing the effectiveness of the systems and processes in place for managing risk. Audit Committee members have a responsibility to understand the strategic risks that the Council faces, and will be made aware of how these risks are being managed through the annual strategic and service planning process. The Audit Committee key tasks are:- • approving the risk management policy and associated documentation on an annual basis • approve, support and monitor the implementation and ongoing processes for identifying and managing the Council's risks • receive reports on a regular basis on the management of the risks identified in the strategic risk register • review and comment on proposed recommendations for risk treatment measures for risks above the Council's recognised risk appetite • commissioning and reviewing an annual assessment of the effectiveness of the risk management and internal control framework and reporting this to council • make recommendations to cabinet if changes are needed to improve risk management

Elected Members
Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council faces and the benefits of good risk management. Members key tasks are:- • effectively assess risk stated in reports to Council, Cabinet, a Review Board or Committee as part of the decision making process • attend risk awareness training when required • approving the public disclosure of the annual outcome of this assessment (the assurance statement), and publishing it in the Annual Statement of Accounts

Corporate Management Team
The Corporate Management Team (CMT) is responsible for the promotion and embedding of risk management. The successful outcome of this culture change would be risk management practiced throughout the Council as part of usual activities and the sharing of best practice and experience between services. CMT key tasks are:

- to own and assure adherence to the risk management policy.
- review the risk management policy and associated documentation on an annual basis
- to identify strategic risks which are likely to have a significant negative or positive impact on the achievement of the council's objectives and monitor and update these risks on a regular basis
- individual directors will be responsible for developing action plans for the strategic risks identified and establishing measures of their performance
- to review the risk implications identified for all reports before going to Council, Cabinet or other relevant committees
- to define the risk appetite for the Council.
- rank risks in terms of significance to the council to enable risk improvement measures to be prioritised against available resources
- produce reports to the Audit Committee with recommendations for the treatment of strategic risks above the council's risk appetite
- review reports produced by heads of service for proposed recommended risk treatment for service risks above the council's recognised risk appetite
- building a corporate risk aware culture within the council
- encouraging staff to be open and honest in identifying risks or missed opportunities
- to review risk management arrangements across the council
- ensuring the risk management process is part of all major projects, partnerships, contracts and change management initiatives
- to provide advice and support to the Risk Management, Business Continuity, Health & Safety and Insurance Officers

Managers

(A manager is used here generically as someone who leads a service irrespective of formal title)

Managers will demonstrate their commitment to risk management within their services through:-

- identifying service risks which are likely to have a significant negative or positive impact on service delivery and on the achievement of the Council's aims/priorities as part of the annual service planning process
- rank risks in terms of significance to the service to enable risk improvement measures to be prioritised against available resources
- individual heads of service will be responsible for developing action plans for service risks identified and establishing measures of their performance
- monitoring and updating owned risks on a regular basis
- reporting service risk information at monthly portfolio meetings
- encouraging staff to be open and honest in identifying risks or missed opportunities
- ensuring the risk management process is part of all major projects, partnerships, contracts and change management initiatives within their service areas
- producing reports to the Audit Committee and CMT with recommendations for the treatment of service risks above the council's approved risk appetite
- attend risk management training when required
- promoting risk awareness within own service area as key part of the council's culture and providing risk advice and support to staff within their service areas.

All Staff

All staff need to understand their role in the risk management process and why they should be concerned with risk in order to achieve their aims/objectives. They need to know how to

evaluate risks and when to accept the right risks in order to pursue an opportunity. To do this staff will need to have an understanding of the different risk management techniques available to use and when to use them.

It is important that all staff recognise that they share responsibility for embedding a risk management culture into the heart of the council by ensuring that risk management becomes an integral and natural part of the way they work. This involves staff incorporating risk management into core business processes such as service planning, project management, performance, decision making, policy making and partnership working within their service areas. Through embedding an effective risk management culture the council is able to demonstrate value for money gains, long term sustainability, effective decision making and leadership, and how it supports innovation. All staff therefore need to recognise and understand the contribution they make, and to be proactive in supporting and driving a culture of well-managed risk taking.

Lead Risk Management Officer

The Lead Risk Management Officer will support CMT and the heads of service in championing risk management and driving its implementation within the Council.

Responsibilities will include:

- ensuring the risk management policy is implemented
- support and advise CMT and service managers
- periodically review and update the risk management policy and framework
- co-ordinate the annual identification of strategic and service risks as part of the annual strategic and service planning process
- co-ordinating monitoring information from CMT and service managers
- report monitoring information including significant control failings or weaknesses and quality of management's ongoing monitoring of risks on a regular basis to CMT, Audit Committee and Programme Board meetings.
- establish any links between operational and strategic risk registers and action plans and ensure consistency of approach
- co-ordinate the monitoring of progress action plans (both strategic and service) that have been put in place to manage risks
- co-ordinate risk management training when required
- to research, attend risk management conferences/seminars, identify best practice in risk management, to provide guidance and support on introducing risk management measures and techniques, and assist with promoting best practice
- maintaining the risk management page on the council's intranet with up to date best practice, risk matters and risk materials

Health and Safety

It is recognised that health and safety considerations will be an important feature in many of the key risks identified on the strategic and operational risk registers and that the health, safety and welfare of all employees and council stakeholders should be paramount.

The Lead Health and Safety Officer is responsible for ensuring that corporate health and safety risks are identified, that risk assessments are undertaken, monitored and reviewed at least on an annual basis. To report any significant changes in health and safety provision likely to arise if a risk materialises to CMT to enable them to ensure the appropriate and adequate insurance and financing is in place. This officer is also responsible for assisting CMT to ensure that an effective health and safety culture has been embedded into the Council, and keeping up to date with health and safety legislation and best practice.

Emergency Planning

Emergency Planning is responsible for ensuring that the council has robust and effective emergency and business continuity plans in place in the event of an emergency, and that these plans are reviewed and updated on an annual basis. Keeping up to date with best practice, and to report any significant changes in business continuity provision likely to arise if a risk materialises to CMT to enable them to ensure the appropriate and adequate insurance and financing is in place.

Risk Management Framework

In carrying out its objectives the Council faces internal and external factors that make the successful achievement of our objectives uncertain. Risk arises because our objectives are pursued against this uncertain background.

As risk is very much concerned with the achievement of our objectives, the management of risk is closely linked to the creation of our corporate, business, project and partnership plans and objectives. Risk is implicit in the decisions that the Council makes and how we make those decisions will affect how successful we are in achieving our objectives. Therefore, decision making is an integral part of day-to-day management of our services and is particularly important in times of change.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

We will continually monitor, review and improve the framework. This process will be achieved by reviews being undertaken by the audit committee, internal audit and self assessment reviews. We will also introduce a number of risk management process performance indicators.

Risk Levels

Strategic: Future direction of the Council.

Programme/Project: Turning strategy into action – Programme, Project and Change management.

Operational: Day to day operations – including; people, processes, partnerships, information security, health and safety, business continuity, etc.

Figure 1 – The different levels of risk within the organisation

The Council manages risk at three levels – strategic, operational (departmental / service) and programme and project management.

Risk Management Process

The risk management process is set out in the Risk Management Process guide.

Risk Appetite and Risk Tolerance Levels

The Council has decided that any Strategic or Operational risks that are scored at level 6 to 9 will be viewed as unacceptable in the first instance and must be "treated" with Senior Management involvement. At this stage some form of *cost / benefit analysis* may be needed to ensure that the cost of further risk mitigation action does not outweigh the cost of tolerating or accepting the risk. All risks scored as "High" (6 – 9) will automatically be reported to the Audit Committee on a quarterly basis, in order that they can review the effectiveness of the management of the authority's highest risks.

Procedure for Escalation and Delegation

All operational, programme and project risks will be escalated to the relevant programme board in the case where further control measures or delegated authority are required in order to effectively manage risk. Where appropriate these risks will be escalated to strategic level.

Risk Reporting

Risk reporting takes place at various levels across the Council. The audit committee has responsibility for overseeing the work of the internal and external audit functions of the Council and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes.

The performance team will review risks on a regular basis with all risk owners to ensure that the identified control measures and mitigation plans continue to remain effective. Risk updates will be provided to the audit committee, corporate management team and programme boards as necessary.

All risks will be captured in the performance management system.

The table below sets out the way in which different types of risk will be monitored and reviewed:

What	Why	Who	When
Strategic Risk Registers	To monitor progress of risk treatments and to add or remove risks from the register	Corporate Management Team	Quarterly
Operational Risk Registers (Dept. & Service risk registers)	To monitor progress of risk treatments and to add or remove risks from the register. To escalate existing risks if necessary.	Service Management	Monthly
Programme / Project Risk Registers	To monitor progress of risk treatments and to add or remove risks from the register. To escalate existing risks if necessary.	Programme & Project Managers	As agreed by the relevant Programme / Project boards

Partnership / Contract Risk Registers	To monitor progress of risk treatments and to add or remove risks from the register. To escalate existing risks if necessary.	Partnership / Contract Managers	As agreed by the Partnership boards.

Risk Training

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 3 broad categories:

1. **General Awareness** – all members and staff need a general awareness of what risk management is and how the Council aims to manage risk effectively.

2. **Corporate Responsibility** – those with corporate responsibility under the framework need to fully understand what those responsibilities are and how they should fulfil them.

3. **Actively Managing Risk** – Those responsible for actively managing risks need the appropriate skills and knowledge to use the tools at their disposal.

The training plan will define when and how frequently training is required for each of these groups.

Performance Management

Risk management and performance are closely aligned, as risk management encompasses managing uncertainties and the impact this will have on the achievement of objectives.

The Council will use the following process indicators to monitor the success of the Risk Management Policy and Framework:

- The percentage of key decision reports to member panels and Cabinet that include effective risk assessment.
- The percentage of staff and members receiving risk management awareness and process training.
- The percentage of major projects with good operational risk management
- The percentage of significant contracts / partnerships with good operational risk management
- All key risks (strategic and operational) are fully reviewed at least annually
- Risk management audit reports provide at least "Adequate Assurance".
- Risk management self-assessment reports show improvement