

Risk Management Strategy 2008

In its report *Chance or Choice?*, the Society of Local Authority Chief Executives said, "If a Council doesn't have effective risk management then it doesn't have effective management".

High performing organisations consistently demonstrate strengths in leadership, financial management, performance management and risk management.

Embedding strong organisational leadership has been at the core of our Council. As a result we have been able to focus our energy on achieving improvements in key service areas, reengaging with the community, building and embedding improved management processes and establishing the appropriate culture both to sustain the gains we have already made and to develop our capacity to ensure further improvement.

In order for us to continue to deliver that improvement, 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.

This strategy document has therefore 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.

Risk Management can be defined as the culture, processes and structures that are key to the effective management of potential opportunities or threats to an organisation in achieving its objectives delivering services to the community. Risk management is not about being risk averse but, rather, it is about understanding and evaluating risks, whether they are an opportunity or a threat, and making informed decisions about how those threats are then managed, or opportunities fully exploited, in order to maximise the efficiency of our services.

The planned and systematic approach to the identification, analysis and economic control of those risks which threaten the employees, assets, or earning capacity of an organisation will help plan for the right balance between innovation and change and the avoidance of shocks and crises.

The Council will record the significant risks identified as potential threats to the delivery of its aims within Risk Registers and incorporate mitigation controls within action plans, allocating appropriate resources according to the level of risk exposure and will report findings within the reporting framework of the Council.

This strategy requires elected members and employees alike to assist in, and take responsibility for, the identification, control and reduction of risk and containment of cost in all aspects of their activities and areas of responsibility.

The benefits gained with a Risk Management Framework are improved strategic, operational and financial management, continuity of knowledge, improved compliance and, most importantly, improved customer service delivery. We embrace the management of risk to enable the provision of high quality services to the residents and businesses of Breckland.

Our Vision is to make Breckland “A Better Place with a Brighter Future for everyone”

Our vision is for the Council to underpin pride and self-confidence through ensuring that risk management is embedded in its culture to help successfully deliver its corporate and service aim/priorities.

Risk Management is now generally acknowledged as a key feature of public sector management and is integral to the Corporate Governance Framework. Good Corporate Governance helps reduce risk, stimulate performance, improve access to capital, enhances services, improves leadership and demonstrates transparency and social accountability.

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 promises, aims and service delivery to our Community. The Risk Management Strategy will help support and underpin our five corporate aims.

To enhance and improve the wealth profile, well-being and quality of life for the communities within the Breckland district

Working with partners our Business Aims to support this vision are:

- **Building Safer and Stronger Communities** - Ensuring that communities are safe, secure, integrated with fairness and equality of opportunity for all
- **Environment** – Our green agenda
- **Prosperous Communities** - Healthy, prosperous and sustainable communities
- **Your Council, your services** - To tailor services to customer needs
- **Entrepreneurial Council** - To recognise the full earning potential of the council and ensure value for money

In seeking continuous improvement, Risk Management is a framework by which managers can view, manage and respond to risks, both threats and opportunities in a robust, systematic and documented way.

The benefits gained in managing risk are improved strategic, operational and financial management, continuity of knowledge and information management processes, becoming less risk adverse in innovation, increased focus on outcomes and not processes, increases likelihood of achieving aims by identifying the barriers to achievement, improved compliance and most importantly, improved customer service delivery.

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 Risk Management Strategy...

...outlines our commitment to ensuring that Risk Management is at the heart of everything we do.

What is Risk Management?

This policy adopts the Audit Commission definition as contained in its management paper "Worth the Risk: Improving risk management in local government"

"Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies"

Risk Management can be defined as the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives.

This Strategy is intended to reaffirm and improve effective Risk Management in Breckland, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its aims.

Ensuring that there is an understanding of 'risk' and that the authority adopts a uniform approach to identifying, prioritising and reporting risks should lead to conscious choices over the most appropriate method for dealing with each risk, whether that is by avoidance, reduction, transfer or acceptance.

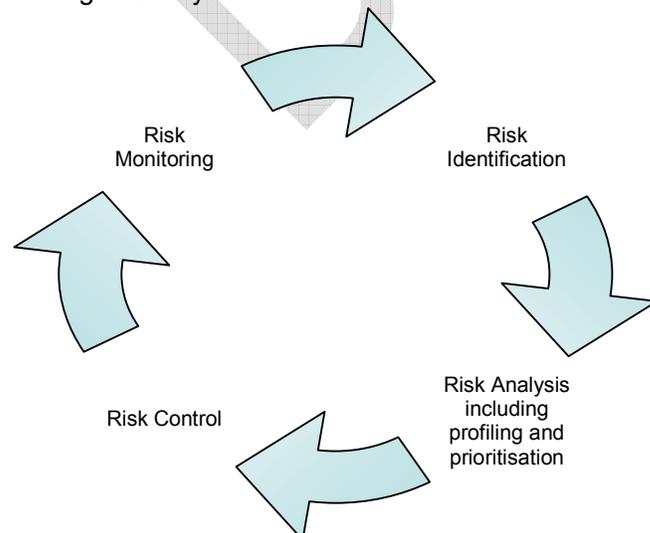
Policy Statement and Aims and Objectives

A clear Policy Statement together with the aims and objectives of the Risk Management Strategy are outlined at Appendix A.

Roles and responsibilities

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. These roles and responsibilities are shown in Appendix B.

The Risk Management process can be represented diagrammatically using the risk management cycle:



Guidance and assistance

The Corporate Risk Management Team (CRMT), through the Lead Support Officers in Risk Management, Business Continuity, Health & Safety, and Insurance will promote and monitor good practice, provide guidance, support, advice and information and organise training. A Methodology for Assessing Risk has been produced which offers guidance to officers for completing The Risk Questionnaire for Decision Makers when writing a report to Council, Cabinet, a Review Board or Committee, and when identifying Strategic and Operational risks as part of the Corporate and Operational annual business planning process. This Methodology is a complete guide for assessing risk including the risk matrix to be used for scoring risks, risk appetite, risk register template and monitoring arrangements. All risk guidance materials are made available to all officers via the Council's intranet risk page.

Best Practice guidance can be sourced from:

- Audit Commission – Worth the Risk and Seeing the Light
- Association of Local Authority Risk Managers (ALARM) – key to success
- Society of Local Authority Chief Executives (SOLACE) – Change or Choice
- CIPFA/SOLACE – Delivering good Governance in Local Government
- NAO and CIPFA guidance for public bodies
- Institute of Risk Management - Risk Management Standard
- HM Treasury – Orange Book and Green Book

Monitoring Arrangements

CRMT will monitor and manage the delivery of the Risk Management Strategy at a strategic level. The Group's purpose is to effectively embed Risk Management within the ethos of the Council's culture as an integral part of strategic planning, decision-making and its performance management framework. The Group are also responsible for the development and monitoring of the Strategic Risk Register. Service Managers under the direction of CRMT and support from the Lead Risk Management Officer are responsible for the delivery of this strategy at an operational level and for the development and monitoring of service level Operational Risk Registers. A full description of monitoring arrangements is shown at Appendix D.

Performance Management

Monitoring, managing and responding to risks are key to the delivery of priority outcomes and services. The Council's Performance Management system will provide a robust monitoring and management framework for identified risks by enabling the recording of risk registers and associated action plans and linking these to the Corporate Plan and Service Plans.

Corporate Governance

Risk Management is key to effective corporate governance and the diagram at Appendix C illustrates the central role it plays in relation to other key systems and processes.

Appendices

- A – Risk Policy Statement
- B – Roles and Responsibilities
- C – Monitoring and Review Arrangements
- D – Monitoring Arrangements for Key Risks

Author	Melanie BATTERY
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Appendix A

Risk Management Policy Statement and Aims and Objectives

Breckland District Council is aware that, as an organisation, it is exposed to a very wide range of risks and threats to the delivery of key services to the community it serves, and it therefore has a responsibility to manage those risks (and opportunities) effectively and in an integrated manner in order to achieve its corporate and individual service objectives.

The Council recognises that it has a responsibility to identify, evaluate and manage those risks and it therefore supports a structured approach to risk management through its corporate risk management strategy, the aims and objectives of which are described below:

The aims of the risk management strategy are to:

- Integrate and raise awareness of risk management for all those connected with the delivery of Council services
- Embed risk management as an integral part of strategic, service and project planning
- Establish a standard systematic approach to risk identification, analysis, control and monitoring and reviewing
- Provide a robust and transparent framework for managing risk and supporting decision making
- Support well thought-through risk taking
- Anticipate and respond to changing external and internal environment
- Embed risk management as an integral part of delivering and aligning successful partnerships

The objectives of the risk management strategy are:

- To embed Risk Management as part of the Council's culture of governance
- To provide and use a robust and systematic framework for identifying, managing and responding to risk
- To provide a robust and transparent track record of managing, communicating and responding to risk
- Manage risk in accordance with best practice

Appendix B

Risk Management Strategy – Roles and Responsibilities

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 corporate/strategic risks that Breckland 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 strategy, methodology for assessing risk, and risk questionnaire for decision makers 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

Members

Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the corporate/strategic risks that Breckland 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 Risk Management Team (CRMT)

The CRMT members consist of the Chief Executive and Directors who are pivotal in the promotion and embedding of risk management. The successful outcome of this culture change would be risk management practiced throughout Breckland DC as part of usual activities and the sharing of best practice and experience between services. This group will meet on a regular basis and will be chaired by the Chief Executive

CRMT key tasks are:-

- identifying strategic/corporate risks which are likely to have a significant negative or positive impact on the achievement of the Council's aims/priorities as part of the annual business planning process
- rank risks in terms of significance to the council to enable risk improvement measures to be prioritised against available resources
- individual directors will be responsible for developing action plans for the strategic/corporate risks identified and establishing measures of their performance
- monitoring and updating owned risks on a regular basis including completion of the risk review form
- produce reports to the Audit Committee with recommendations for the treatment of strategic/corporate 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
- review the risk implications identified for all reports before going to Council, Cabinet or committees and complete the report authorisation form to confirm that risk has been assessed correctly
- review the risk management strategy, methodology for assessing risk, and risk questionnaire for decision makers on an annual basis
- building a corporate risk aware culture within the Council
- encouraging staff to be open and honest in identifying risks or missed opportunities
- to meet on a quarterly basis 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 Lead RM, BC & H&S and Insurance Officers
- to remain up to date on risk matters and best practice and promote risk management
- ensuring consistency and compliance with this strategy

Service Managers

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

Service 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 including completion of the risk review form
- 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 CRMT with recommendations for the treatment of service risks above the council's approved risk appetite

- notifying the Chief Accountant and Lead RM Officer of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure the appropriate and adequate insurance and financing is in place
- 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.

Lead Risk Management Officer

The Lead RM Officer will support CRMT and heads of service in championing risk management and driving its implementation within Breckland DC.

Responsibilities will include:

- support and advise CRMT and service managers
- periodically review and update the risk management strategy, methodology for assessing risk & risk questionnaire for decision makers
- 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 directors and heads of service
- report monitoring information including significant control failings or weaknesses and quality of management's ongoing monitoring of risks on a regular basis to CRMT, Audit Committee and Performance Clinic
- 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

Lead Health & Safety Officer

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 H&S 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 H&S provision likely to arise if a risk materialises to CRMT to enable them to ensure the appropriate and adequate insurance and financing is in place. This officer is also responsible for assisting CRMT to ensure that an effective H&S culture has been embedded into the Council, and keeping up to date with H&S legislation and best practice.

Lead Emergency and Business Continuity Planning Officer

The lead emergency planning and business continuity officer is responsible for ensuring that the council has robust and effective emergency and business continuity plans in place in the event of a disaster, 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 CRMT to enable them to ensure the appropriate and adequate insurance and financing is in place.

All Staff

All staff needs 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. This will ensure that the most effective tool is used to give the maximum benefit for the least amount of effort.

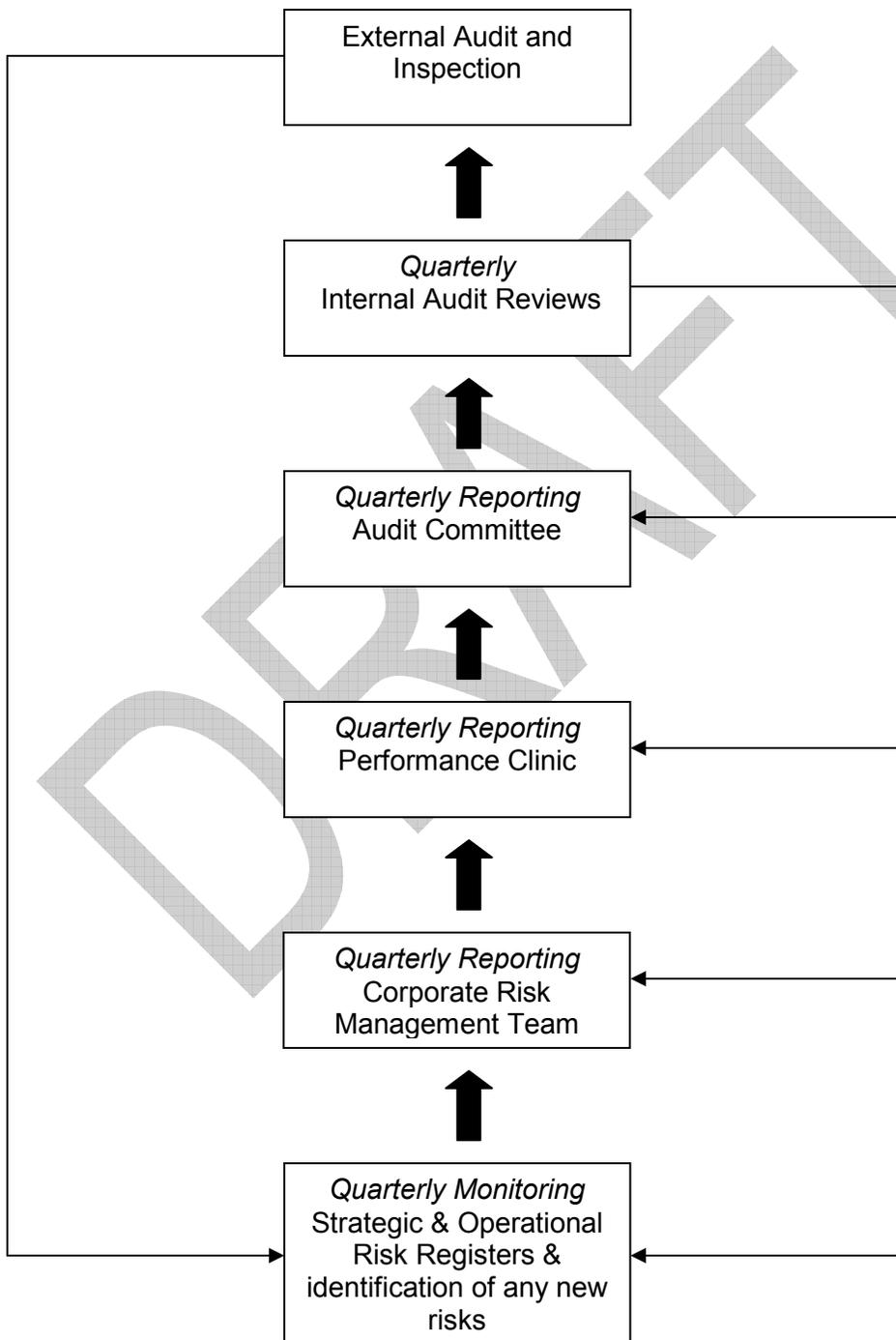
It is important that all staff recognise that they share responsibility for embedding a risk management culture into the heart of the council by ensuring that risk management becomes an integral and natural part of the way they work. This involves staff incorporating risk management into core business 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 support 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.

Appendix C

The Management of Risk

The overall framework for managing risk is illustrated by the following diagram:

Monitoring and Review process



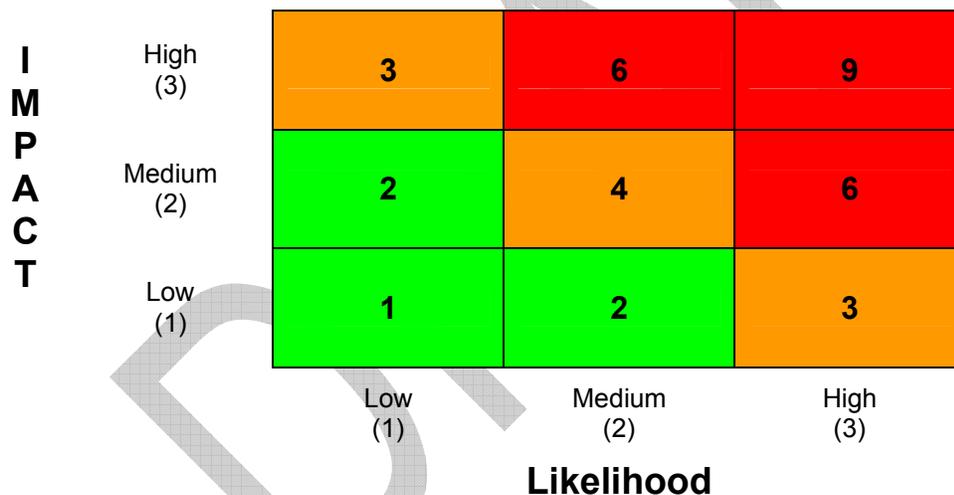
Appendix D

Monitoring Arrangements for Key Risks

Risk Registers are living documents and therefore must be regularly reviewed and updated. The reason for monitoring risks is to create an “early warning system” for any movement in risk. Directors have responsibility for identification of Strategic Risks and monitoring of effective controls and actions plans within their area of responsibility, whilst Service Managers, Project/Partnership/Contract Managers have responsibility for identification of Operational Risks and monitoring of effective controls and actions plans within their area of responsibility.

Monitoring reports are presented for approval to the Corporate Risk Management Team for Chief Executive and Director agreement prior to final ratification by the Audit Committee on a quarterly basis. All risks are recorded on the TEN Performance Management System and are linked with Corporate and Service aims and Key Performance indicators as appropriate.

It is important that that member and manager attention is focused on risks appropriate in terms of impacts and likelihood. The Council’s Risk Evaluation Grid below helps to clarify this along with how the risk should be managed:



KEY TO MATRIX	RISK CATEGORY	HOW THE RISK SHOULD BE MANAGED
	High Risk (6-9)	Immediate action required, Senior Management must be involved and management responsibility specified
	Medium Risk (3-4)	Management responsibility specified and manage by specific monitoring or response procedures
	Low Risk (1-2)	Manage by routine procedures, unlikely to need specific or significant application of resources