

# Risk Management Strategy 2010

## Introduction

South Norfolk Council is a high performing authority. Risk Management is one mechanism complementing continual improvement. By taking risks, opportunities can be grasped and these are critical to the success of the Council. The positive approach of identifying, managing and reporting risks at both Directorate and Team levels allows for the escalation or demotion of risks to be managed at the appropriate level. We continue to understand and respond to emerging risks, which enable us to embrace innovation and change and incorporate the risk management ethos into our core business processes.

Risk Management at South Norfolk Council is defined as the culture, processes and structures that enable the effective management of opportunities or threats in achieving our objectives of delivering our services to the community.

We continue to manage Risks by not being risk averse but, by understanding and evaluating associated opportunities and threats. This allows us to make informed decisions about how the threats are managed, and opportunities exploited, in order to maximise the efficiency of our services.

The planned and systematic approach to identify, analyse and economically control the risks which threaten the employees, assets, or earning capacity of the Council will help plan for the right balance between innovation and change and the avoidance of shocks and crises.

The Council shall continue to record the significant risks identified as potential threats to the delivery of our aims in the Risk Register and incorporate mitigation controls within action plans. Appropriate resources shall be allocated in according to the level of risk exposure and the findings reported within the reporting framework of the Council.

This strategy requires elected members and employees to take responsibility for the identification, control and reduction of risk, within the constraints of the cost of mitigation.

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 South Norfolk.

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 corporate objectives.

## Delivering on our Corporate Priorities

The Risk Management Action Plans are linked to our Corporate Priorities and thereby help deliver our priorities. However, risks around partnerships and projects require integration, as described below:

### Partnership Risks

The Council has in place a "Framework for Partnership Working". This framework has been developed to improve the Council's corporate governance arrangements which are in place to manage financial, performance and risk management aspects of working in partnership.

The Health Questionnaire in the partnership framework will form the basis of the review of the partnership by scrutiny or relevant OSC.

The completion of the health questionnaire is not dependant on the scale of the partnership. Large or small, complex or basic, all partnerships will benefit from the test of the questionnaire to see if the partnership has the appropriate arrangements in place.

Lead officers for specific partnerships should not wait for a partnership review to complete the questionnaire. It can be completed at any time with the expectation that this will lead to the development of an action plan to address any areas of weakness.

The framework contains a risk assessment form that addresses the risks of partnership working. Although the form is new, the scoring criteria (implication score x likelihood score) and resulting risk status matches our current risk management framework and can be incorporated seamlessly.

The risk assessment incorporated into the framework has been developed by Norfolk County Council and its partners in the Norfolk Risk Management Forum so it will be familiar to those involved in partnership working.

**Reference: South Norfolk Council – Framework for Partnership Working: Risk Management in Partnerships.**

The Risk form will be completed alongside the Health Questionnaire.

Partnership risks shall be recorded in the same way as any other risk, except that it shall be pre fixed by the word “Partnerships”, and shall follow the same process as any other risk.

## Project Risks

Project risks will tend to be short term and be required to be managed on a frequent basis in order to ensure projects deliver the desired objectives. Project risks are likely to be raised and removed at regular intervals.

Risk Action Plan - Project Risks shall be recorded in the same way as any other risk, except that it shall be pre fixed by the word “Projects”, and shall follow the same process as any other risk.

## What is Risk Management?

This policy adopts the Audit Commission\* definition:

“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, now and into the future.

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.

**\*Reference: Audit Commission - Worth the Risk: Improving risk management in local government**

## 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. Staff are required to identify and assess risk. This assessment will lead to a risk score, and the member of staff will record and implement actions to reduce the likelihood and/or consequence of that risk impacting on delivery of corporate objectives.

In addition to this, each Directorate will review risks on an annual basis, which will form part of the Directorate and Business Planning process.

The risk score will determine at what level the risk is monitored, as shown below:

Priority Risk Score	Report	Lead Responsibility
10 or less	Director	Service Manager (member of Senior Managers’ Forum)
From 12 to 15	CMT	Chief Executive or Director
16 or more	CMT and Accounts and Audit Committee	Chief Executive or Director

All risks will have identified review dates. The Performance Review Officer will ensure all reviews are undertaken through a quarterly chase to Service Managers and Directors. Following the quarterly reviews of the risks, the Risk Management Group will review all significant risks, those scoring at 12 and above with the relevant Service Manager, and ensure the mitigation plans are robust, resourced, and sufficient to reduce the impact of the risk occurring to the target (acceptable) level. This will then be considered by the Corporate Management Team (CMT), with those risks scoring at 16 or more being reviewed by the Audit Committee. This cycle will occur on a quarterly basis.

## **Guidance and assistance**

The Corporate Management Team (CMT) will promote risk management throughout the Council. A Risk Management Group comprising members of CMT and a Performance Review Officer, will monitor good practice, provide guidance, support, advice and information and organise training. The Group will be supplemented by officers who are managing significant risks that CMT regularly reviews to ensure effective management. The Risk Management Group will also ensure consistency of approach across the Council.

## **Monitoring Arrangements**

CMT will monitor and manage the delivery of the Risk Management Strategy at a strategic level. The Group's purpose is to ensure effective Risk Management within the ethos of the Council's culture as an integral part of strategic planning, decision-making and its performance management framework.

## **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 Directorate Business Plans.

## **Appendices**

<b>Appendix</b>	<b>Title</b>
A	Risk Policy Statement
B	Roles and Responsibilities
C	Monitoring and Review Arrangements
D	Monitoring Arrangements for Key Risks
E	Partnership Risks -Benefits from the test of the questionnaire

## **Appendix A**

### **Risk Management Policy Statement and Aims and Objectives**

The aims of the risk management strategy are to:

- a) Integrate and raise awareness of risk management for all those connected with the delivery of Council services
- b) Reinforce risk management as an integral part of strategic, service, Partnership and project planning
- c) Maintain a standard systematic approach to risk identification, analysis, control and monitoring and reviewing
- d) Provide a robust and transparent framework for managing risk and supporting decision making
- e) Support well thought-through risk taking
- f) Anticipate and respond to changing external and internal environment
- g) Reinforce risk management as an integral part of delivering and aligning successful partnerships
- h) Manage Change
- i) Deliver our values

The objectives of the risk management strategy are:

- a) To evidence that Risk Management is part of the Council's culture of governance
- b) To provide and use a robust and systematic framework for identifying, managing and responding to risk
- c) To provide a robust and transparent track record of managing, communicating and responding to risk
- d) Manage risk in accordance the needs of South Norfolk Council, in the most cost effective and efficient manner.

## **Appendix B**

### **Risk Management Strategy – Roles and Responsibilities**

#### **Accounts and Audit Committee**

The Accounts and Audit Committee is responsible for reviewing the effectiveness of the systems and processes in place for managing risk. Committee members have a responsibility to understand the corporate/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 Accounts and Audit Committee key tasks are:

- a) approving the risk management strategy and the methodology for assessing risk
- b) approve, support and monitor the implementation and ongoing processes for identifying and managing the Council's risks
- c) receive reports on a quarterly basis on the management of the risks identified in the Risk Register
- d) review and comment on proposed recommendations for risk treatment measures for risks above the Council's recognised risk appetite
- e) commissioning and reviewing an annual assessment of the effectiveness of the risk management and internal control framework and reporting this to council
- f) make recommendations to cabinet if changes are needed to improve risk management

#### **CMT Lead on Risk Management**

The CMT Lead will be responsible for the Risk Management System, its effectiveness, review and reporting to Committee. Responsibilities will include:

- a) support and advise CMT, lead the Risk Management Group and service managers
- b) periodically review and update the Risk Management Strategy and methodology
- c) co-ordinate the annual identification of strategic and service risks as part of the annual strategic and directorate planning process
- d) direct the co-ordination of 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

#### **Performance Review Officer**

Responsibilities will include:

- a) co-ordinating monitoring information from directors and service managers
- b) report monitoring information including significant control failings or weaknesses and quality of management's ongoing monitoring of risks on a regular basis to the Risk Management Group, CMT and the Accounts and Audit Committee
- c) Direct the maintenance of the risk management page on the council's intranet with up to date best practice, risk matters and risk materials
- d) Design, develop, improve and maintain, as necessary, the Database and the Risk Register

#### **CMT**

CMT shall be responsible for advising the Accounts and Audit Committee.

Directors shall be responsible for the:

- a) review, at least annually, all risks that are recorded in their Directorate Business Plan
- b) recording of new risks that are identified at directorate and team level into the Directorate Business Plan.
- c) completion of the Risk Action Plan for each new directorate risk (including service, partnerships and projects) and its submission to the Performance Review Officer for entry into the Risk Register.

#### **Service Managers**

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

- a) 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
- b) rank risks in terms of significance to the service to enable risk improvement measures to be prioritised against available resources
- c) developing action plans for service risks identified and establishing measures of their performance
- d) monitoring, reviewing and updating owned risks on a regular basis including completion of the risk review form
- e) encouraging staff to be open and honest in identifying risks or missed opportunities
- f) ensuring the risk management process is part of all major projects, partnerships, contracts and change management initiatives within their service areas
- g) attend risk management training when required
- h) promoting risk awareness within their service area as key part of the council's culture and providing risk advice and support to staff within their service areas.
- i) co-ordinate the monitoring of progress action plans (both strategic and service) that have been put in place to manage risks
- j) the completion of the Risk Action Plan for each new risk
- k) as "Risk Owner" of the risk, its submission to the Performance Review Officer for entry into the Risk Register.

## **Corporate Health & Safety Advisor**

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 Corporate Health & Safety Advisor 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 the Risk Management Group 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 H&S culture has been embedded into the Council, and keeping up to date with H&S legislation and best practice. Reporting, recording, review and amendment, shall follow the same process as that of any other risk, by way of the Risk management Process.

## **Emergency Planning Officer**

The emergency planning 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 the Risk Management Group and CMT to enable them to ensure the appropriate and adequate insurance and financing is in place. Reporting, recording, review and amendment, shall follow the same process as that of any other risk, by way of the Risk management Process.

## **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.

The following matrix is a broad summary of responsibilities:

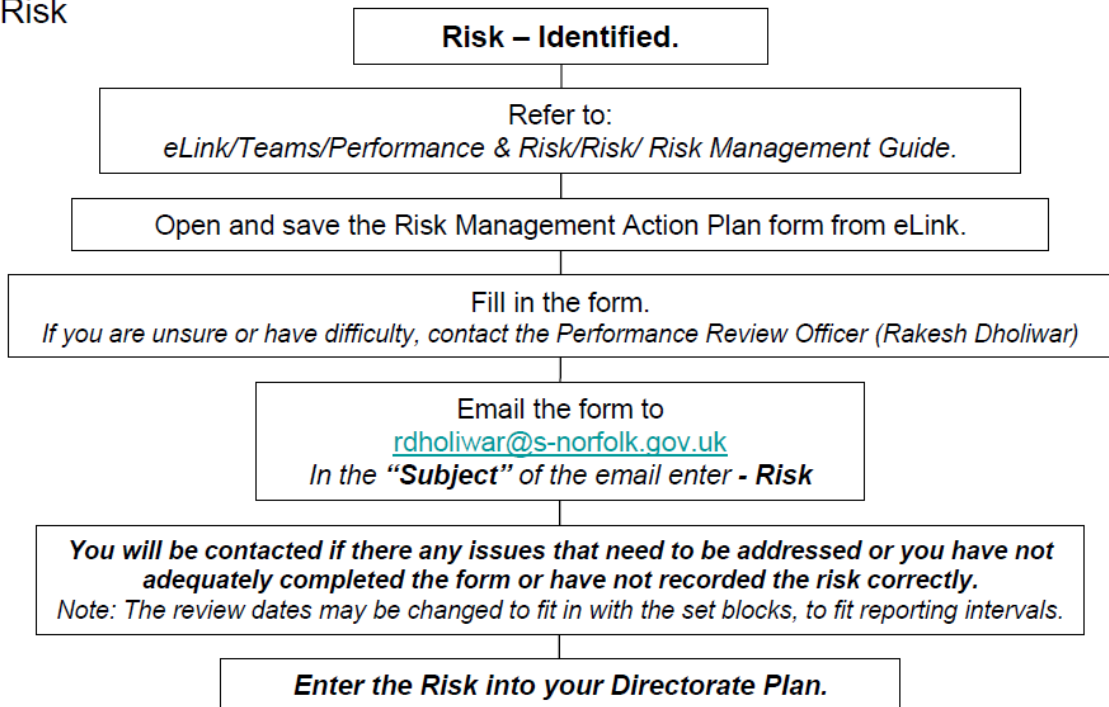
	<b>Develop the Corporate Risk Management Strategy</b>	<b>Agee the Corporate Risk Management Strategy</b>	<b>Provide advice and support on strategy development and implementation</b>	<b>Implement the Strategy</b>	<b>Share experience of Risk and Risk Management issues</b>	<b>Review the effectiveness of the Council's approach to risk</b>
Cabinet						
Accounts & Audit Committee		•				•
Corporate Management Team	•			•		
Risk Management Group	•		•		•	•
Service Managers				•	•	
Employees				•	•	
External Partners in relation to partnership risk strategy	•	•	•	•	•	•

## Appendix C

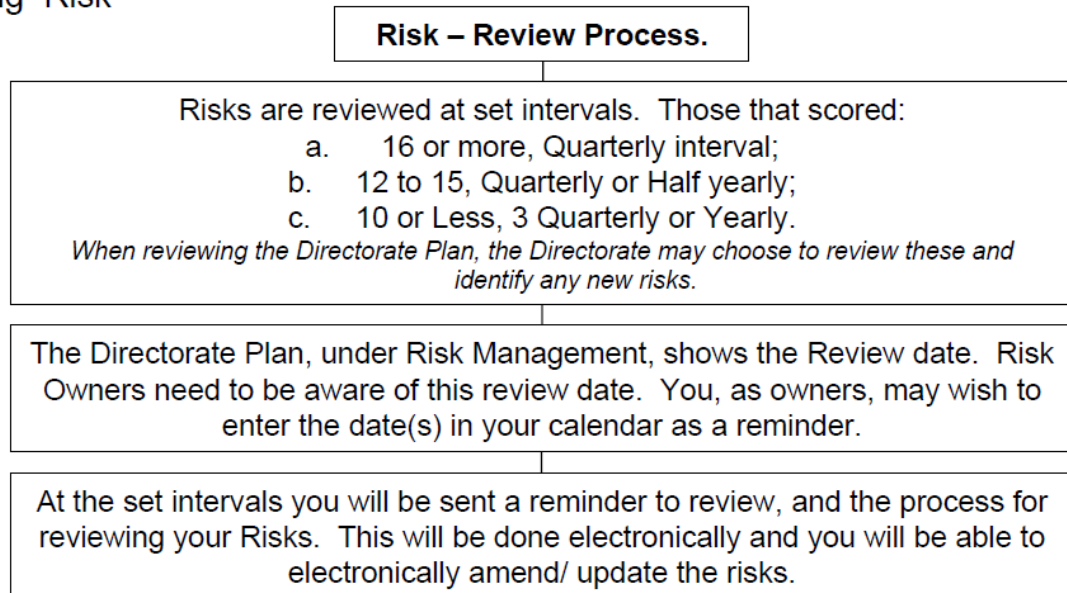
### The Management of Risk

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

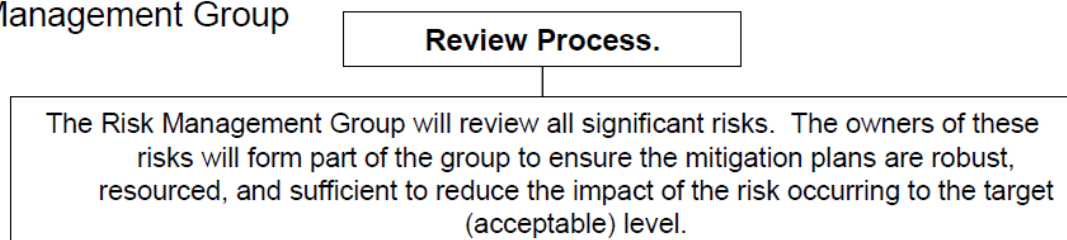
#### New Risk



#### Existing Risk



#### Risk Management Group



## 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 have responsibility for identification of Operational Risks and monitoring of effective controls and actions plans within their area of responsibility.

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

To give some consistency in the way probability of risk event happening is considered across the organisation, the criteria are set out below:

<b>Likelihood Score</b>	<b>Definition</b>	<b>Description</b>	<b>Probability (over the next 36 months)</b>
<b>1</b>	Rare	May occur in exceptional circumstances	Less than 10% chance
<b>2</b>	Unlikely	Not expected to occur	Between 10% and 30%
<b>3</b>	Possible	Might occur at some time	Between 30% and 50%
<b>4</b>	Likely	Will probably occur	Between 50% and 90%
<b>5</b>	Almost certain	Is expected to occur (Imminent)	More than 90%

## Consequence Score

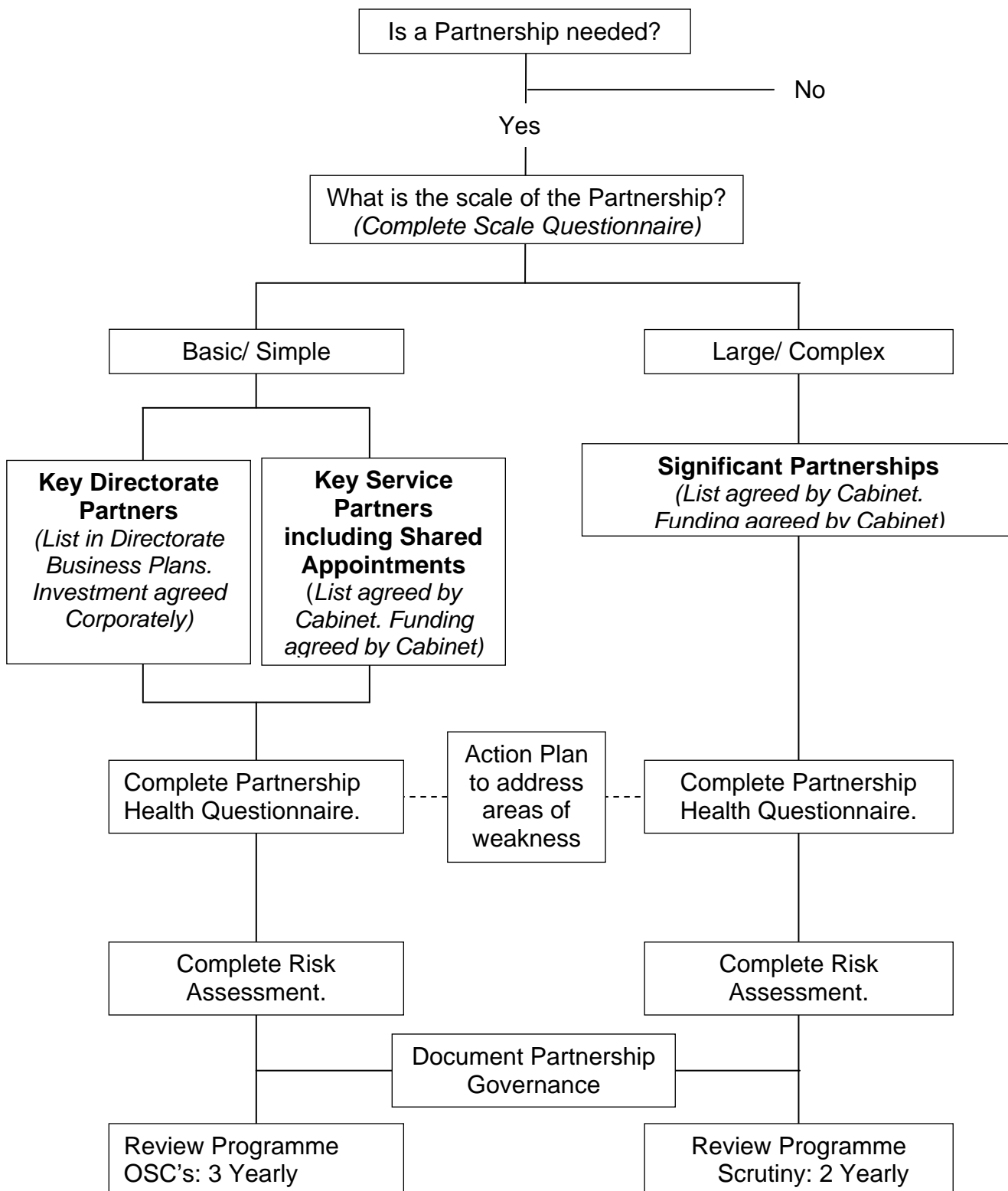
<b>5 Extreme</b>	<ol style="list-style-type: none"> <li>1. Safety incident – multiple cases of injuries or illnesses that cause or could reasonably be fatal, life threatening or cause long-term disability or hospitalisation.</li> <li>2. Financial loss – £1 million.</li> <li>3. Front line critical service (eg homelessness)disruption (unplanned) – SNC not able to provide any service cover for 5 working days or more</li> <li>4. Reputation – daily national media interest in a single issue for 5 days or more.</li> <li>5. Environment – major or widespread physical damage requiring assistance of central government.</li> <li>6. Other (but spell out fully in the “Consequence” box).</li> </ol>									
<b>Tick</b>	1	2	3	4	5	6				
<b>4 Significant</b>	<ol style="list-style-type: none"> <li>1. Safety incident – injuries or illnesses that cause or could reasonably be fatal, life threatening or cause long term disability or hospitalisation.</li> <li>2. Financial loss – £250,001 to £1 million</li> <li>3. Front line, but not critical (eg refuse collection), Service disruption (unplanned) – whole service not able to function for 5 working days or more.</li> <li>4. Reputation – national media interest in a single issue.</li> <li>5. Environment – physical damage requiring special budgetary provision to rectify.</li> <li>6. Other (but spell out fully in the “Consequence” box).</li> </ol>									
<b>Tick</b>	1	2	3	4	5	6				
<b>3 Moderate</b>	<ol style="list-style-type: none"> <li>1. Safety incident – injuries/ or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation</li> <li>2. Financial loss –£50,001 to £250,000.</li> <li>3. Back office Service disruption (unplanned) – team unable to function for 5 working days or more</li> <li>4. Front line service disruption (unplanned) for up to 5 days</li> <li>5. Reputation: e.g. ombudsman complaint justified; negative local media interest in single issue</li> <li>6. Environment – short term physical damage at a single location</li> <li>7. Other (but spell out fully in the “Consequence” box).</li> </ol>									
<b>Tick</b>	1	2	3	4	5	6				
<b>2 Minor</b>	<ol style="list-style-type: none"> <li>1. Safety incident – Minor injuries including those that require first aid <b>and</b> result in lost time</li> <li>2. Financial loss –£10,001 to £50,000.</li> <li>3. Service disruption (unplanned) affecting internal customers only– team unable to provide any cover for one day</li> <li>4. Team unable to access I.T.</li> <li>5. Reputation – ombudsman complaint made, hostile letter to local newspaper</li> <li>6. Environment – easily remedied damage</li> <li>7. Other (but spell out fully in the “Consequence” box).</li> </ol>									
<b>Tick</b>	1	2	3	4	5	6	7			
<b>1 Insignificant</b>	<ol style="list-style-type: none"> <li>1. Safety incident - Minor injuries or illnesses including those that may require first aid but do not result in 'lost time'</li> <li>2. Financial loss – loss up to £10,000. Service disruption (unplanned) – individual staff off work</li> <li>3. Individual staff unable to access I.T.</li> <li>4. Reputation – unfounded letter of complaint</li> <li>5. Environment – no obvious damage arising from incident</li> <li>6. Other (but spell out fully in the “Consequence” box).</li> </ol>									
<b>Tick</b>	1	2	3	4	5	6				

# Appendix E

## Partnership Risks

### Benefits from the test of the questionnaire

Completing the Health Questionnaire and Risk Assessment



Reference: South Norfolk Council - Framework for Partnership Working