Bromsgrove
District Council

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Risk Management Strategy

Risk Management Strategy

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1. Risk Management Statement of Intent

The Executive Cabinet and the Corporate Management Team are collectively fully committed to implementing the Risk Management Strategy and acknowledge the contribution that it will make to the governance of the organisation. The Risk Management Strategy will also assist the Council in achieving its objectives, priorities, vision and values. Overall responsibility for ensuring that risks are effectively managed lies with both the Executive and the Chief Executive.

2. Introduction

Bromsgrove District Council is aware of the need to embed risk management across the whole organisation in a consistent manner. Employees at all levels will need to have an understanding of risk management and will be required to view it as a fundamental part of all functions carried out by the Council. The implementation of this Risk Management Strategy will ensure that all decisions are taken with due consideration for the relevant risks. This will maximise the benefits to the Council.

Risk management and internal control are firmly linked with the ability of the Council to fulfil clear corporate objectives. The Council's objectives are examined on an ongoing basis and are currently:

- Regeneration;
- Environment;
- Sense of Community and Well Being; and
- Improvement.

Adopting a Risk Management Strategy complies with best practice and aids in embedding a robust governance culture. The Risk Management Strategy will support the Council's Local Code of Corporate Governance, which includes the need to produce an annual Statement of Assurance. Risk management can be used to reinforce what members and senior management are seeking to achieve. By embracing risk management in this way we will focus on opportunities for the Council as well as dealing with possible threats. For risk management to be effective there must be a clear link between objectives and risks. It is therefore essential that risk management is embedded within the Council's culture and risk is considered at all levels across the Council.

3. Risk Management Overview

Risk management is the process of:

- Identifying risks that may prevent the Council achieving its strategic and operational objectives;
- Evaluating their potential consequences; and
- Avoiding or implementing the most effective way of controlling them.

It is also about considering business opportunities as well as threats.

4. Risk Management Aims and Objectives

The aim of this strategy is to ensure that Bromsgrove District Council adopts best practice in the identification, analysis and management of its risks.

a) To do this it will need to achieve the following objectives:

- Embed risk management into the culture and operations of the Council to facilitate effective decision making.
- Adopt a systematic approach to risk management as an integral element of performance management.
- Manage risks in accordance with best practice.
- Ensure that service areas have clear accountability for both ownership and tools to effectively manage risk.
- Support sustainable improvements in service delivery and the achievement of best value.

b) These objectives will be achieved by:

- Establishing clear roles and responsibilities and reporting lines within the Council's management structure.
- Incorporating risk management within the Council's decision making, business and performance management processes.
- Monitoring risk management and internal control arrangements on a regular basis.
- Reinforcing the importance of effective risk management through workshops, training, communications and shared learning opportunities.
- Providing suitable insurance or other arrangements to manage the impact of potential risks.
- A commitment to ensure that the Council's exposure to risks is cost effectively managed and that systems are in place to track and report upon any existing and emerging risks that could cause damage to the Council or its stakeholders.

Risk management is not a concept that exists in isolation and must be viewed in terms of the way in which all decisions; policies, acts or omissions could impact on the Council and its ability to achieve its vision, values, objectives and priorities.

5. Risk Management Benefits

Risk Management is a means to an end, it is not an end in itself and will not eliminate risks. The real value of risk management lies in the benefits it will deliver. Those benefits will be varied in their nature and extent and some may be more measurable than others, but they will all be important to the Council's

reputation and ability to deliver improved and value for money public services. Some of the benefits we can expect include:

- Effective performance and achievement of objectives;
- Improved financial performance;
- Increased support and justification for the decision making process;
- Enhanced reputation and public confidence;
- Improved corporate governance and controlled systems;
- Effective human resources management;
- Improved insurance management;
- Early warning of problems;
- Prioritisation of resources;
- Improved business planning by focussing on the outcome not the process; and
- Managers becoming confident risk takers.

6. Risk Management Roles and Responsibilities

In order to ensure the successful implementation of this strategy, responsibilities for risk management are detailed below.

Role	Responsibilities
Members	• Understanding risk management and its benefits. • Demonstrating a commitment to and ensure sufficient priority and profile for risk management. • Clearly expressing corporate objectives, priorities, vision and values. • Contributing to the identification, analysis and prioritisation of corporate risks. • Portfolio Holders own service specific risks and ensure the Head of Service manages risk within their area.
Executive Cabinet	• Overseeing effective risk management across the Council. • Agreeing Bromsgrove District Council's Risk Management Strategy. • Ensuring that risk management is delivered by the Chief Executive and Corporate Management Team, on behalf of the Executive Cabinet. • Ensuring that a corporate risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored.
Audit Board	• Scrutinising the Council's decisions to ensure that they meet the requirements of effective risk management. • Promoting a risk management culture across the Council.
Risk Management	• To develop and continually review an effective and appropriate Risk Management Strategy.

Role	Responsibilities
Steering Group	• To develop an integrated culture of good risk management across the Council. • To keep abreast of Government initiatives, best practice and requirements outlined in guidance and legislation. • To consolidate a Strategic Risk Register. • To keep the Executive Cabinet and Audit Board briefed and up to date on risk management issues and to actively encourage involvement/input from all Members. • To raise awareness of Risk Management throughout the Council.
Corporate Management Team	• Ensuring effective implementation, monitoring, and review of the Council's Risk Management Strategy. • Identifying and managing the corporate risks and opportunities facing the Council. • Overall co-ordination of risk management across the Council. • Being responsible for ensuring that the Council fully complies with all Corporate Governance requirements, including the Annual Statement of Internal Control.
Chief Executive	• Leading a risk management culture across the Council. • Advising members on effective risk management and recommending to members a Risk Management Strategy.
Corporate Directors and Assistant Chief Executive	• Ensuring that within their Departments, risk management is implemented in line with the Council's Risk Management Strategy. • Appointing Risk Champions for their Departments and authorising the Risk Champion to progress effective risk management that adheres to corporate guidelines. • Identifying and managing risks within their Departments.
Heads of Service	• Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy. • Identifying, analysing and profiling of risks arising from their areas of responsibility within the Departmental risk register, and prioritising and initiating action on them. • Balancing an acceptable level of operational risk against operational objectives and business opportunity. • Reporting systematically and promptly, to the Risk Management Steering Group any perceived new risks or failures of existing control measures.
Service Managers	• Communicating the corporate approach to risk management to staff. • Ensuring that they and their staff are aware of the corporate requirements, seeking clarification from the Risk Champion, when required.

Role	Responsibilities
Service Managers (cont'd)	• Working with the Risk Champion in order to facilitate the effective operation of the risk champion's role.
Risk Champions	• Acting as the main contact for their Departments and its management on risk matters, and ensuring that corporate information and requirements are communicated to their Head of Service. • Progressing effective risk management that adheres to corporate guidelines, across their Department, including ensuring that all reporting requirements are met. • Providing support on risk management to Directors, Heads of Service, and other managers within the Department. • Promoting the benefits of risk management across the Department. • Maintaining, on behalf of Heads of Service, a Service Area Risk Management Spreadsheet, that complies with corporate guidelines.
Employees	• Understanding their accountability for individual risks and how they can enable continuous improvement of risk management and risk awareness. • Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures.
Internal Audit	• Facilitating the implementation of the Council's Risk Management approach, in partnership with Departmental Risk Champions. • Request quarterly returns that are reported to the Risk Management Steering Group. • Auditing the key elements of the Council's risk management process. • Using the results of the Council's risk management process to focus and inform the overall internal audit plan. • Ensuring that internal controls are robust and operating correctly.

7. Risk Management Process

Bromsgrove District Council's risk management process consists of six clear steps:

a) Knowledge of corporate and operational objectives:

The starting point for risk management is a clear understanding of what the organisation and service is trying to achieve, providing a clear linking to the Council's overall objectives and priorities. Risk management is about managing the threats that may hinder delivery of our objectives and priorities by maximising the opportunities that will help to deliver them. Therefore

effective risk management should be clearly aligned to the strategic planning process, and should take into account the environment within which the Council operates.

b) Identifying and assessing risks:

This process involves determining an event or events that will prevent the Council or service area from achieving its objectives. Once the specific circumstances have been identified, the impact on the objective and the likelihood the event will occur needs to be established. To help guide the impact and likelihood assessment, Bromsgrove District Council has adopted a guide Risk Scorecard (attached in Appendix 2).

Once a high, medium or low score has been allocated for both the impact and likelihood, an overall risk colour and score needs to be established for each objective. Bromsgrove District Council has approved a three by three Risk Matrix (attached in Appendix 3).

Once all objectives have been identified and impact assessed, a decision needs to be taken about how to manage the risk. Any necessary action required should be detailed in the Risk Register.

c) Completing the Risk Register:

Once the relevant objectives have been established, impact assessed and improvements identified, the Council's approved Risk Management Details Spreadsheet needs to be completed (a copy can be obtained from the Internal Audit section). The Risk Management Details Spreadsheet provides details of:

- Each relevant corporate or service objective;
- Current and acceptable risk scores;
- Current key controls; and
- Established improvement actions.

d) Risk treatment:

Once the Risk Register has been completed, the Risk Register Actions sheet should be updated. The Risk Register Actions sheet contains all the previously identified actions and improvements that will help reduce the current risk score to an acceptable level. As well as the actions and improvements, the sheet should also detail:

- The Responsible Officer's name and job title;
- A target completion date; and
- A process for monitoring implementation of the actions and improvements on a quarterly basis.

e) Monitoring and reporting:

Every quarter Internal Audit will request a "current position" for each action and improvement. This information will be reported to the Risk Management Steering Group, in accordance with the management information requested.

The Risk Management Steering Group will then report to the Executive Cabinet, Audit Board or Corporate Management Team, as required.

f) Reviewing:

The Risk Management Details Spreadsheet should be reviewed on an ongoing basis to ensure that new risks are detected and managed. Any new red risks will be reported to the Risk Management Steering Group for discussion and monitoring.

8. Corporate Governance

Corporate governance is the system by which councils direct and control their functions and relate to their communities. This is achieved by the way the Council manages its business, determines its strategies and objectives, and actually achieves those objectives.

The fundamental principles are openness, inclusivity, integrity and accountability.

This Risk Management Strategy forms part of Bromsgrove District Council's corporate governance arrangements and supports compliance with the Council's Local Code of Corporate Governance.

9. Internal Control

Internal controls are those elements of an organisation (including resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of objectives. Internal financial control systems form part of the wider system of internal controls.

The Council's system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its business objectives.

10. Performance Management

Risk management is closely aligned to performance management and this is reflected in the mirroring of requirements between the Risk Management Strategy and the Minimum Standard for Performance Management. This link is strengthened by the requirement that committee reports include a section on risk management.

Departmental Risk Registers are also included and cross referenced to Service Business Plans and are included as part of the Council's planning process.

11. Project Management

Bromsgrove District Council has adopted a standard Project Management methodology. Included in the documentation is a risk assessment that should be completed for all projects. The relevant risks associated with the project should be managed on a regular basis and necessary action taken to control the risks.

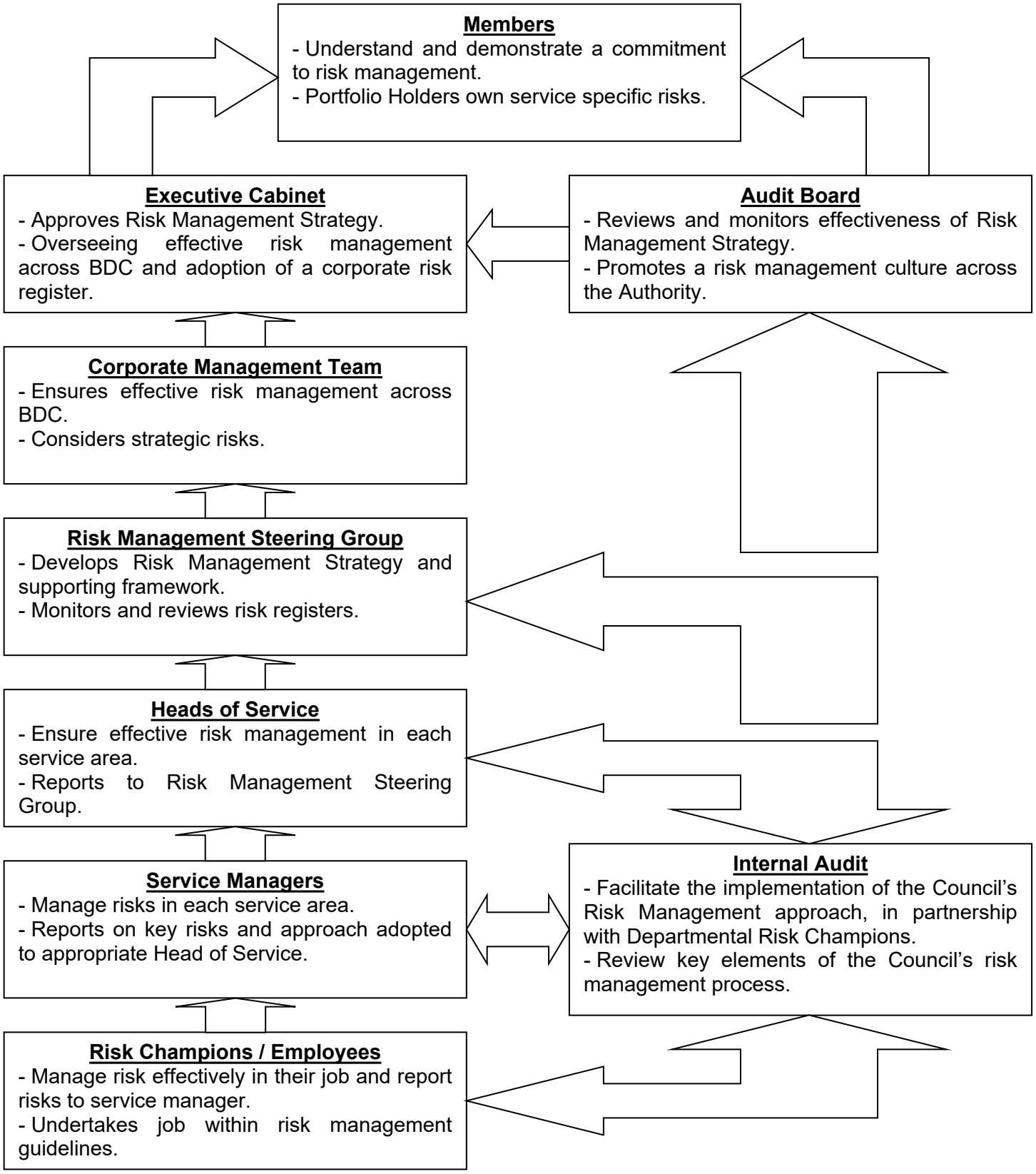
12. Internal Audit

The Internal Audit section is responsible for facilitating the implementation of the Council's Risk Management approach, in partnership with Departmental Risk Champions.

The Internal Audit section will also independently review key elements of the Council's risk management process on an annual basis and report any findings to the Executive Cabinet, Audit Board, Corporate Management Team, Risk Management Steering Group or Chief Executive, as required.

APPENDIX 1

Risk Management Framework



APPENDIX 2

Risk Scorecard

The guide Impact categories are:

	Impact		
Category	**LOW**	**MEDIUM**	**HIGH**
Financial	• < £150k. • Minor non-compliance with internal financial procedures.	• £150k - £300k. • Significant non-compliance with internal financial procedures.	• > £300k. • Major non-compliance with internal financial procedures.
Political	• Minor issues identified by assurance reviews. • Minor adverse Local media. • Minor BVPI issues.	• Significant issues identified by assurance reviews. • Significant adverse Local media. • Significant BVPI issues.	• Major issues identified by assurance reviews. • Major adverse Local, Regional or National media. • Major BVPI issues.
Social	• Service delay. • Stakeholders consulted and concerns considered.	• Service suspended. • Limited stakeholder consultation.	• Service cancelled. • Stakeholders not consulted and concerns not considered.
Technical	• Minor system problems. • Minor impact on resources (staff, equipment, buildings, etc.).	• Significant system problems. • Significant impact on resources (staff, equipment, buildings, etc.).	• Major system problems. • Major impact on resources (staff, equipment, buildings, etc.).
Legal	• Minor non-compliance with legislation or statutory requirements. • Minor penalty or warning.	• Significant non-compliance with legislation or statutory requirements. • Significant penalty or warning.	• Major non- compliance with legislation or statutory requirements. • Major penalty or warning.
Environmental	• Minor District health or cleanliness issues. • Minor schemes not consistent with stakeholder expectations.	• Significant District health or cleanliness issues. • Significant schemes not consistent with stakeholder expectations.	• Major District health or cleanliness issues. • Major schemes not consistent with stakeholder expectations.

The guide Likelihood categories are:

	Likelihood		
Category	**LOW**	**MEDIUM**	**HIGH**
Occurrence	> 18 months	6 - 18 months	< 6 months
Probability	< 30%	30% - 70%	> 70%

APPENDIX 3

Risk Matrix

Once the Impact and Likelihood of each the risk has been established, the results should be input into the following matrix and a final risk score identified:

		Impact		
	Category	**LOW**	**MEDIUM**	**HIGH**
Likelihood	**HIGH**	**7** [orange]	**8** [red]	**9** [red]
	MEDIUM	**4** [green]	**5** [orange]	**6** [red]
	LOW	**1** [green]	**2** [green]	**3** [orange]

APPENDIX 4

Related Documents

a) Annual & Strategic Audit Plan.

b) Anti Fraud & Corruption Strategy.

c) Audit Board Operating Arrangements and Terms of Reference.

d) Conditions of Service.

e) Contract Procedure Rules.

f) Financial Standards and Regulations.

g) Internal Control Framework.

h) Local Code of Corporate Governance and Statement of Assurance.

i) Member Code of Conduct.

j) Officer - Member Protocol.

k) Officer Code of Conduct.

l) Project Management Methodology.

m) Service Business Plans.

n) Statement of Accounts.

o) Statutory Officer Responsibilities.

p) The Constitution.