

**HALTON BOROUGH COUNCIL**

**RISK MANAGEMENT POLICY**

**Revised December 2009**

## **HALTON BOROUGH COUNCIL RISK MANAGEMENT POLICY**

### ***Introduction***

Everything that we do as an organisation involves a degree of risk whether it is managing a project, determining priorities, purchasing new systems and equipment, taking decisions about the future or deciding not to take any action at all. It is therefore an essential part of good governance that we manage these risks effectively.

This policy provides a framework within which risks, both Strategic and Operational, will be managed within the Council. By adopting a formal approach to risk management we will achieve better outcomes as a result of systematically identifying and analysing the wide range of issues that affect decision-making. This involves:

- Identifying Strategic and Operational Risks – i.e. those events which could have a negative (or positive) impact on the achievement of our strategic and operational objectives
- Evaluating those risks – i.e. by looking at both their likelihood and severity of impact on our objectives to decide how significant each risk is
- Controlling those risks – i.e. by deciding on and putting in place measures which will avoid, reduce or transfer the risks that are considered significant
- Monitoring those risks – i.e. the significant risks and the control measures put in place to mitigate them need to be monitored on an ongoing basis to ensure that they remain appropriate and effective.

### ***Purpose, Aims and Objectives***

The Purpose of this Risk Management Policy is to effectively manage the potential opportunities and threats affecting the achievement of the Council's objectives.

This Risk Management Policy has the following aims and objectives:

- Integration of Risk Management into the culture of the Council
- Raising awareness of the need for Risk Management by all those connected with the delivery of services (including Local Strategic Partnership, other Partners, Delivery Agents etc)
- Enabling the Council to anticipate and respond to changing social, environmental, financial and legislative conditions.
- Minimisation of injury, damage, loss and inconvenience to residents, staff, service users, assets etc arising from or connected with the delivery of Council services.
- Introduction of robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.
- Supporting innovation and informed risk taking.
- Minimisation of the cost of risk.

To achieve these aims and objectives, the following policy is proposed;

- Establish clear accountabilities, roles and reporting lines across all services and departments.
- Acquire and develop the necessary skills and expertise for members and managers
- Provide for risk assessment in all decision-making processes of the Council.

- Develop a resource allocation framework to allocate (target) resources for risk management.
- Ensure appropriate consideration of risk within all reviews of service performance and subsequent improvement plans.
- Develop toolkits, procedures and guidelines for use across the Council
- Develop arrangements to measure performance of Risk Management activities against the aims and objectives via Management Team, Executive Board, Business Efficiency Board, and other PPBs
- To make all partners, providers and delivery agents aware of the Council's expectations on risk, both generally as set out in its Risk Management Policy, and where necessary in particular areas of service delivery.
- To publish, review and monitor Corporate and Directorate Risk Registers

**Accountabilities, Roles and Reporting Lines**

A framework will be implemented that will address the following issues:

- The different types of risk - strategic and operational
- Where they should be managed
- Corporate, Directorate and Divisional roles and accountabilities
- The need for a "driving force" within the Council
- Prompt reporting of accidents, losses etc

In many cases, Risk Management would follow existing service management arrangements - certainly operational risk is best managed in this way i.e. by the very people who manage service delivery.

Strategic risk is best managed at Management Team/Executive Board level. However, to enhance the linkages between operational and strategic risk, the Council will also establish a Corporate Risk Management Group that will be accountable to the Management Team and be the "driving force" behind developing and implementing the Risk Management Policy. A Senior Manager Resources Directorate will lead this.

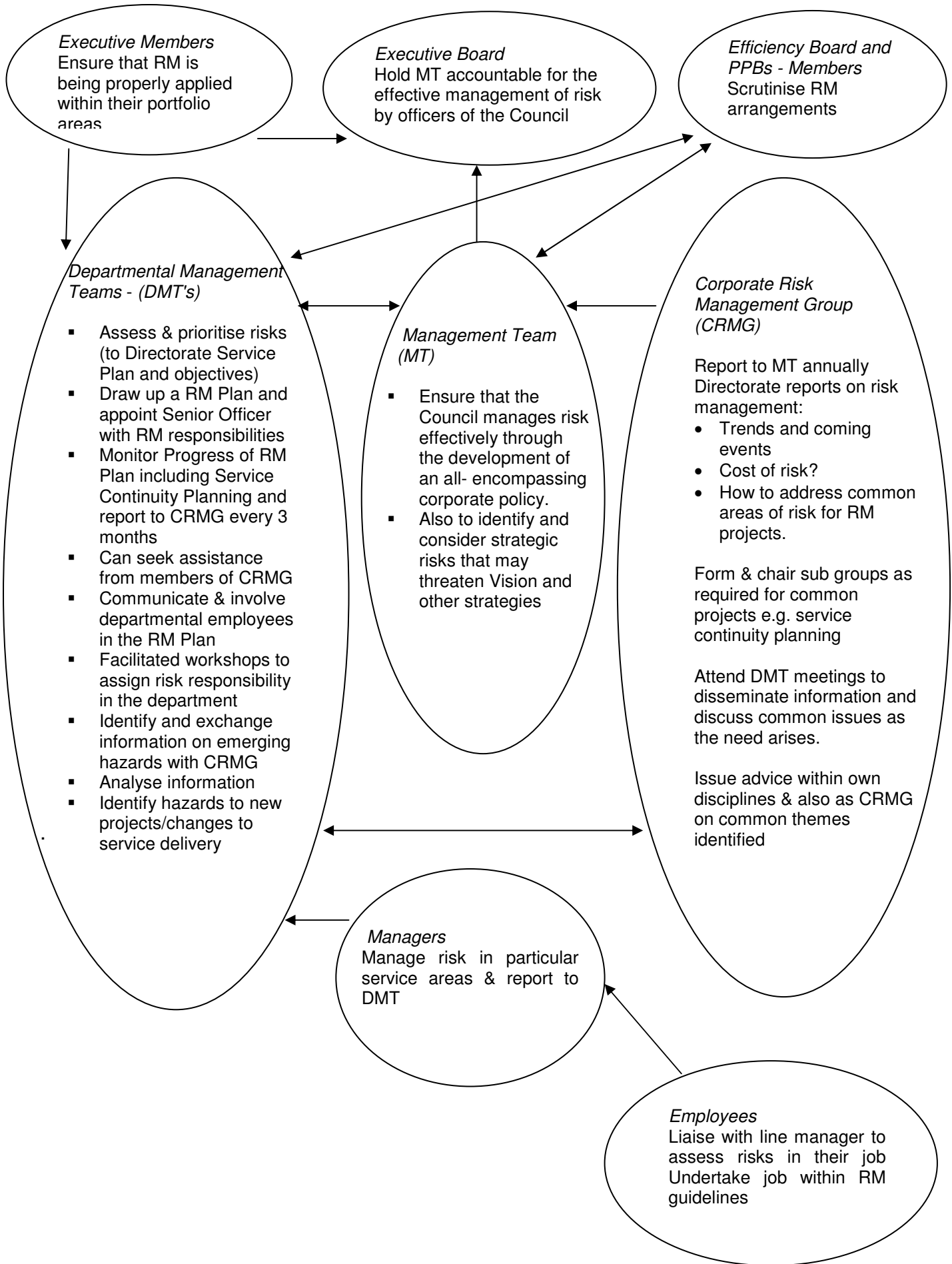
The Head of Risk and Emergency Planning will service the Corporate Group. However, each Executive Director will nominate an appropriate senior member of staff to undertake a Risk Management Liaison role, acting as a link between individual service managers, Directorate Management Teams and the Corporate Risk Management Group.

**Framework for Risk Management Reporting Lines**

Group	Role
Executive Board (Reporting <i>Annually</i> )	<ul style="list-style-type: none"> <li>• To formally approve the Council's Risk Management Policy</li> <li>• To oversee arrangements for risk management including seeking assurance from Executive Directors with regard to the application of risk management practices and procedures in their areas</li> <li>• To approve and review the Authority's Strategic and Corporate Risk Register</li> <li>• To participate in the identification of strategic risks through the corporate planning process</li> <li>• To be aware of and question the risk management implications of decisions made by the council</li> </ul>

Executive Board Members	<ul style="list-style-type: none"> <li>• Seek reassurance to satisfy themselves of the effective management of risk by officers of the Council for areas within their portfolio</li> <li>• Monitor performance of area within their portfolio in identifying and managing operational risks</li> <li>• To participate in the identification of departmental risks through the service planning process</li> <li>• To be aware of and question the risk management implications of decisions in their portfolio</li> </ul>
<p>Policy and Performance Boards</p> <p>Business Efficiency Board</p>	<ul style="list-style-type: none"> <li>• Challenge and review risk management arrangements and activities within their areas of responsibility</li> <li>• Receive risk management performance reports to ensure robust risk registers</li> </ul>
Corporate Management Team (Reporting <i>Annually</i> )	<ul style="list-style-type: none"> <li>• To ensure the Council manages risk effectively through the Risk Management Policy</li> <li>• To identify and manage the strategic risks affecting the Council</li> <li>• To provide the necessary leadership to implement the arrangements for managing risk</li> <li>• To gain an understanding of risk management and its benefits</li> <li>• Approving the Corporate Risk Management Policy</li> <li>• Promoting and monitoring the effectiveness of risk management activities</li> <li>• Agreeing any resources required to support the work corporately</li> <li>• Ensuring that the corporate risk management policy is co-ordinated with other corporate policies</li> <li>• Executive Directors to give personal declarations on Risk Management Assurance to the Executive Board regarding risk management compliance</li> </ul>
Corporate Risk Management Group (Reporting <i>Bi-annually</i> )	<p>To develop the Risk Management Policy and supporting framework,</p> <p>To report to Corporate Management Team (annually) and to Members (as required)</p> <p>To support the Council in the effective development, implementation and review of the risk management policy and share experiences on risk across the Council</p> <p>To monitor and review risk registers</p> <p>To identify area of overlapping risk</p> <p>To develop the annual risk management action plan</p> <p>To receive performance management information</p>
Departmental Management Teams	To ensure risk is managed effectively in each service area within the agreed policy and to report to the

(Reporting <i>Quarterly</i> )	Corporate Risk Management Group quarterly
Managers	To manage risk effectively in their particular service areas and report on how hazards, risks and opportunities have been managed to the Departmental Management Team.
Employees	To manage risk effectively in their job and report hazards/risks to their Service Managers. To undertake their job within Risk Management guidelines



## ***Skills and Expertise***

Having established roles and accountabilities for risk management, the Council must ensure that it has the skills and expertise necessary. It will achieve this by a **programme of risk management training** and learning opportunities that addresses the individual needs of staff - this programme will not be "one size fits all".

The programme (which has been integrated with the Council's Management Development Programme currently in development) will include relatively high-level risk appreciation seminars aimed at Members, Managers (including Strategic and Operational Directors), as well as more detailed courses focusing on best practice in risk management and on risks in specific areas, which might include:

- Inter agency (partnership) working (LSP)
- Making better decisions
- Improving the services that the public receive.

## ***Risks and the Decision Making Processes***

Risk needs to be addressed at the point at which decisions are being taken. Where Members and Officers are asked to make decisions they should be advised of the risks associated with recommendations being made. The training programme described in the preceding section will enable this to happen.

However, the Council needs to be able to demonstrate that it took reasonable steps to consider the risks involved in a decision. Decisions will be requested through reports to Management Team/Executive Board (depending on the nature of the decision and on the prevailing delegation scheme arrangements). Risks must be addressed within these reports either in the text of the report or by a note to the effect that a risk assessment has been carried out (e.g. the risk assessment could be listed as a background paper).

A balance needs to be struck between the efficiency of the decision making process and the need to address risk. Risk assessment is seen to be particularly valuable in options appraisal. Current reports for decisions are expected to address any appropriate options that have been considered. This would be an appropriate place at which to address the risks involved with those options. This doesn't guarantee that decisions will always be right but the important point is to demonstrate that the risks have been considered and to have evidence that will support this.

All matters in relation to which a Key Decision is requested should have been the subject of a risk assessment, which should be listed as a background paper to the report requesting the decision.

## ***Supporting Improvement***

Risk Management will be incorporated into the service planning process for all Departments with a risk assessment of all business aims and plans for achieving the Departments' key milestones and targets being undertaken as part of drawing up Service Plans. Risk control measures need to be included in Service Plans. Responsibility for monitoring risks should be clearly defined in Service Plans.

## ***Risk Management Assisting Project Management***

A consistent approach to identifying, assessing and controlling risk will be adopted and included in the Council's project management systems. This will be used in all major Council projects, including the development of Council Strategies. Risk assessments for major corporate projects will be presented to Corporate Management Team and the Corporate Management Group and included in the Strategic Risk Register. Other projects, which are significant from a departmental point of view, will also need risk assessments and will need to be included in the relevant Departmental Risk Register.

## ***Integrating Risk Management with Performance Management***

Risk Management will be integrated into the existing performance management system.

## ***Involvement of Elected Members***

Elected Members have a key contribution to make to the assessment of risks to the objectives of corporate strategies and should be included in assessment exercises. Reports to Executive Board should include a demonstration that risks have been addressed. An annual report to Executive Board will be made that will review existing risk management arrangements; identify key strategic risks and the way in which they will be managed.

## ***The Role of Internal Audit***

The strategic and directorate risk registers, and the significant risks indemnified therein, will be used by Internal audit to inform their audit programme. Internal Audit, in carrying out their audit programme, will provide an independent assessment of the robustness and effectiveness of the Council's Risk Management arrangements. However, managers will remain responsible for monitoring and managing specific risks and reliance should not be placed on Internal Audit to fulfil this role.

## ***The Role of the Risk Management Division***

The Risk Management Division will maintain the central risk register, and will provide specialist advice and support to the Council's Corporate Risk Management Group and to the Council's managers. As part of this role they will be a source of information on good practice and will assist in identifying and meeting training needs. They will continue to offer advice on how best operational risks can be minimised, and will continue to play a key role in the Council's Emergency Planning function.

## ***Toolkits, Procedures and Guidelines***

**A Risk Management Guide** has been issued and is available to all Departments as well as being placed on the Council's intranet. This will provide guidance on all aspects of risk management and will be a practical "toolkit" that will introduce a consistent methodology to be followed throughout the Council.

The Guide has been produced by the Divisional Manager Risk and Emergency Planning and issued through the Corporate Risk Management Group. It will be reviewed annually.



## ***Performance Management***

**A Performance management framework will be developed** to monitor the impact of risk management activities and the success of the Risk Management Policy itself. Individual indicators will be developed to measure achievement of the aims and objectives.

<b>Aim/Objective</b>	<b>Indicator</b>	<b>Comment</b>
Integration of RM into Culture of the Council and Raising Awareness of RM	<ul style="list-style-type: none"> <li>• Staff recognising their role and responsibility for RM in their area</li> <li>• Number of reports for decision that demonstrate risk assessment.</li> <li>• Responses to Audit and Inspection reports</li> </ul>	<ul style="list-style-type: none"> <li>• By surveys of staff (extension of existing surveys)</li> <li>• By audit of reports and documentary evidence of decisions</li> <li>• By audit of responses</li> </ul>
Enabling Change	<ul style="list-style-type: none"> <li>• Post event assessment of how we managed individual major changes</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
Minimisation of losses, injury and inconvenience	<ul style="list-style-type: none"> <li>• Number and length of disruptions to services</li> <li>• Levels of Fraud</li> <li>• Level of complaints, claims etc</li> <li>• Levels of Write-Offs</li> </ul>	<ul style="list-style-type: none"> <li>• Measure response and recovery performance as well as frequency</li> <li>• Informed by existing strategies and processes.</li> </ul>
Introduce Risk Management Framework (ALARM)	<ul style="list-style-type: none"> <li>• Feedback from staff</li> <li>• Compliance with standards contained in National Performance Model for R.M. in Public Services</li> </ul>	<ul style="list-style-type: none"> <li>• Did we do it?</li> <li>• Is it any good?</li> </ul>
Minimising Cost of Risk	<ul style="list-style-type: none"> <li>• Annual Insurance Premiums</li> <li>• Level of Reserves</li> <li>• Uninsured Losses</li> <li>• Management and Project Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Will incorporate budget and capital project overspends, fraud, write offs, claims, premiums etc. plus any loss in external resources.</li> </ul>

### ***Making Others Aware of Risk Management***

The Council has long since seen the potential benefits and rewards from partnership working E.g LSP. It also recognises the risks involved. Whilst this risk can be managed by the Council through formal contracts and partnership agreements that clearly allocate risks to the appropriate parties e.g. a PFI arrangement, failure by either or anyone of those parties to manage their risks can have serious consequences for the other(s).

Before entering into partnership, joint working or business contract arrangements, the prospective partners and contractors should be asked to state their approach to Risk Management and to provide certain minimum evidence to support their response to integrate into existing procurement arrangements.

### ***Halton's Risk Management Arrangements***

The process for the identification, analysis and evaluation of strategic and operational risk is outlined in the Council's "Guide to the Management of Risk".

## ***Strategic Risks***

It is the joint-role of the Corporate Management Team and the Corporate Risk Management Group to identify, analyse, control and review strategic risks. These are the risks that need to be taken into account in judgements about the medium and long-term goals of the Council and its departments. They fall into the following categories:

- Infrastructure
- Politics and Law
- Social Factors
- Technology
- Competitive
- Customer/Citizen related factors
- Environmental

## ***Operational Risks***

It is part of the role of Departmental Management Teams to identify, analyse, control and review operational risks. These are risks that need to be taken into account in judgements about service delivery. They fall into the following categories:

- Finance
- Human Resources
- Contracts and Partnerships
- Tangible Assets
- Environmental
- Processes
- Professional Judgement and Activities

## ***Risk Management Action Plans***

An action plan has been prepared to ensure that this Policy is effectively implemented within the authority. This provides for the following actions to be taken:

- The presentation of the Risk Management Policy to Management Team and Executive Board for approval
- The continuance of a Corporate Risk Management Group
- Corporate Management Team to identify the Strategic Risks facing the authority and decide which of these are significant risks
- Corporate Risk Management Group to carry out full risk assessments for each of the significant strategic risks and to develop these into a Strategic Risk Register for each year for approval by the Corporate Management Team and Executive Board
- An training programme for the Council's Members and managers and the integration of risk management training into the Council's Management Training Programme
- The continued integration of Risk Management within the performance management framework and the Service Plan process
- The creation of Directorate Risk Registers
- A Toolkit to be provided for all Managers on the Council's intranet to complement the training programme.