

# **Corporate Risk Management Policy**

<b>Date Created:</b> 27 <sup>th</sup> May 2009	<b>Date of Amendment:</b> 27 <sup>th</sup> January 2012	<b>Date of Next Review:</b>
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<b>Responsible Directorate/Division</b>	Policy and Resources Risk and Emergency Planning Division
<b>Supporting documents, procedures &amp; forms of this policy</b>	
<b>References &amp; Legislation</b>	
<b>Audience</b>	All Halton Council staff
<b>Consultation</b>	<ul style="list-style-type: none"> <li>- Strategic Director, Policy and Resources</li> <li>- Audit –Mervyn Murphy [Divisional Manager - Audit &amp; Operational Finance] &amp; John Pearsall [Principal Auditor]</li> <li>- Policy – Hazel Coen [Divisional Manager – Performance &amp; Improvement] &amp; Mike Foy [Principal Performance &amp; Improvement officer]</li> </ul>
<b>Managers checklist</b>	<ol style="list-style-type: none"> <li>1. Departments to identify and assess risks as part of the Corporate Performance Management Framework</li> <li>2. Directors to complete Directorate Risk Register and highlight high risks</li> <li>3. Strategic Director (Policy &amp; Resources) to develop Corporate Risk Register through identification and assessment of corporate risks</li> </ol>

## 1.0 Introduction

- 1.1 Everything that we do as an organisation involves a degree of risk whether it be 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.
- 1.2 This policy provides a framework within which risks 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.

## 2.0 Aims and Objectives

- 2.1 **Risk** is defined as being 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** is defined as the process by which risks are identified, evaluated and controlled.

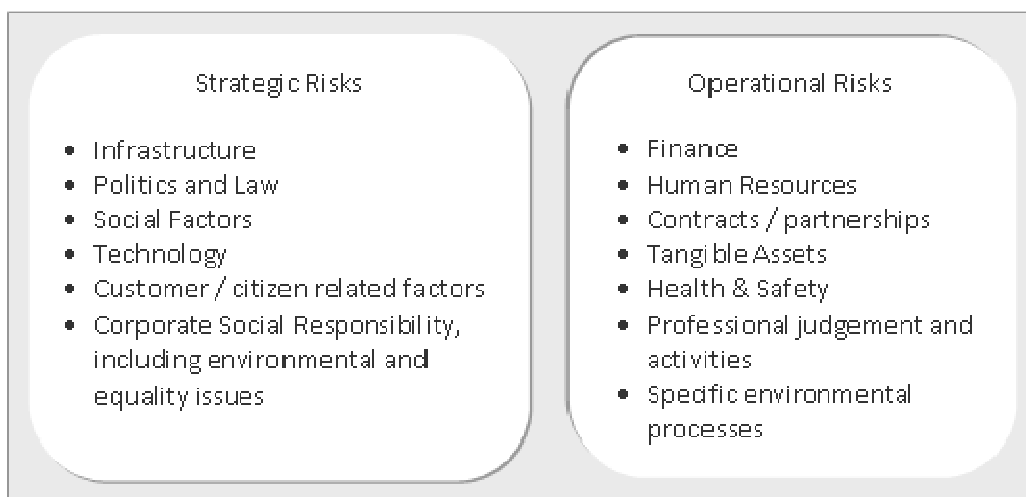
The aim of this Risk Management Policy is to provide a framework through which effectively manages the actual and potential opportunities and threats that may affect the achievement of the Council's strategic priorities and operational objectives.

- 2.2 In achieving this aim the implementation of this policy will
- Enable the Council to anticipate and respond to changing social, environmental and legislative conditions;
  - Minimise the risk of injury, damage, loss and inconvenience to residents, staff, service users, assets etc arising from or connected with the delivery of Council services;
  - Introduce a robust framework and associated procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice; and
  - Minimise the potential financial and reputational risk to the authority through effective risk recognition and active management intervention practices.
- 2.3 Effective policy implementation will require;
- A review of existing practice in light of organisational restructuring to establish clear accountabilities, roles and reporting lines across all services and departments;

- The further acquisition and development the necessary risk management skills and expertise at a broader organisational base to ensure arrangements to manage risk remain robust;
- Providing for risk assessment in all decision-making processes of the Council;
- Ensuring appropriate consideration of risk within all reviews of service performance and subsequent improvement plans; and
- To raise awareness amongst all partners, providers and delivery agents 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.

### 3.0 Types of Risks

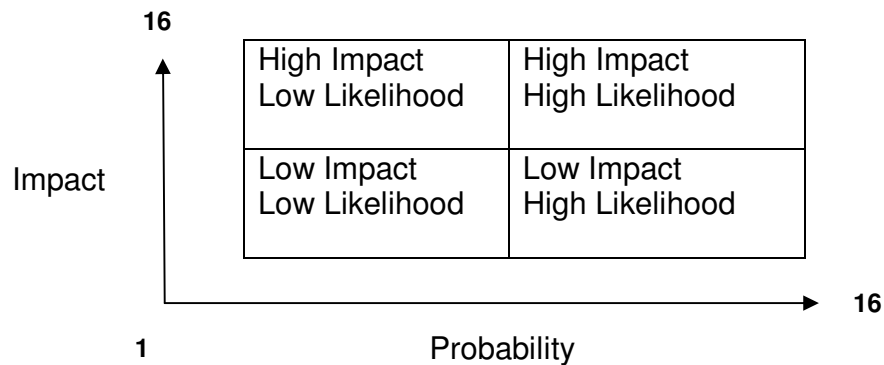
- 3.1 Generally speaking there are two types of risk that the Council needs to consider in undertaking its functions i.e. strategic and operational risks.
- 3.2 Strategic risk relates to high level, high impact longer term risks that need to be considered at a corporate level and in relation to the delivery of the Council's strategic priorities.
- 3.3 Operational risks are those that occur at the service level of the organisation and need to be considered by those with functional responsibility for the provision of specific services and initiatives.
- 3.4 Broadly speaking these risks tend to fall within the following categories;



- 3.5 It is part of the role of individual Directorate and Departmental Management Teams to identify, analyse, control and review operational

risks. These are risks that need to be taken into account in judgements about current and future service delivery.

To review these risks Directorate and Departmental Management teams will assess the impact and likelihood of occurrence of risks as shown below:



The best course of action will then be considered for this risk and agreed i.e. to avoid, eliminate/ reduce, transfer, insure or accept risk in the light of resource priorities or a combination of these options. The risks identified and the responsibility for managing and actioning will be detailed in Departmental risk registers.

Once actions have been determined, nominated managers will take actions to minimise likelihood of risk occurring and or/ reducing the severity of the consequences should they occur. High risk actions will be built into Departmental service plans.

- 3.6 In order to enhance the linkages between operational and strategic risk, each Strategic Director will submit their Risk Registers to the Risk Management Co-ordinator who with the Strategic Director, (Policy and Resources), will develop a Corporate Risk Register. This will be subject to ongoing monitoring and periodic review.

#### 4.0 Roles and Responsibilities

**It is everyone's responsibility to manage risk effectively in their job and report hazards/risks to their Service Managers.** Also, employees are to undertake their job within Risk Management guidelines.

There is a need for a "driving force" within the Council and the identification of Corporate, Departmental and Divisional roles and

accountabilities will provide a framework for the governance of corporate risk management (see appendix 'A').

Such primary roles and responsibilities have been identified as follows,

#### 4.1 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 through:-

#### 4.2 The Business Efficiency Board

(See appendix 'A' - Reporting *Biannually*)

- To review the adequacy of arrangements for identifying and managing business risks, including the Corporate Risk Management Policy and its implementation;
- To review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements;
- To make such recommendations to the Executive Board as may from time to time be necessary and appropriate; and
- To receive and consider regular reports on the risk environment and associated management action.

#### 4.3 Policy and Performance Boards

- Challenge and review risk management arrangements and activities within their areas of responsibility through corporate performance monitoring arrangements.

#### 4.4 Management Team

(See appendix 'A' - Reporting *Annually* to Business Efficiency Board)

- Should ensure that the Council manages risk effectively through the development of an all-encompassing corporate policy. Also it should identify and consider strategic risks that may threaten the delivery of strategic priorities;
- Approve the Corporate Risk Management Policy and ensure that the Council manages risk effectively through Policy implementation;
- Ensure that the Corporate Risk Management policy is coordinated with other corporate policies;

- Manage the strategic risks affecting the Council as agreed by the Strategic Director (Policy and Resources) within the Corporate Risk Register and the appetite and tolerance to those risks;
- Review and update risks depending on their nature when required, and at least annually and ensure that risks deemed no longer appropriate fall out of the review process;
- Provide the necessary leadership to implement the arrangements for managing risk;
- Approve the Annual Governance Statement;
- Approve the Corporate Business Continuity Plan;
- Promote and monitor the effectiveness of risk management activities;
- Agree any resources required to support the work corporately; and
- Strategic Directors to give personal declarations on Risk Management Assurance to the Executive Board regarding risk management compliance.

#### 4.5 Directorate Level

It should ensure that the Directorates manage risk effectively in line with their Directorate Plan and objectives. This will provide the foundations for the Corporate Risk Register.

(See appendix 'A' - Reporting *Biannually* to Management Team)

- Analyse information from Departmental Monitoring Reports in order to assess & prioritise risks according to Departmental Service activity and corporate objectives;
- Enter high risks onto Directorate Risk Register and submit to the Risk Management Co-ordinator. These will be considered when composing the Corporate Risk Register;
- Depending on the nature of the risks review and update when required, at least annually and ensure that risks deemed no longer appropriate fall out of the review process;
- Biannually monitor and record progress of any implemented measures that control the risks;
- Agree any resources required to support the work within Directorate;
- Communicate and involve Departmental employees, who should manage risks in relation to their service areas and report back to DMT's; and
- Maintain appropriate Directorate Business Continuity plans

#### 4.6 Departmental Level

(Reporting *Quarterly* on Departmental Quarterly Monitoring Report)

- Identify and analyse risks from Departmental Service Plans and objectives including emerging hazards to new projects/changes to service delivery and enter onto Departmental Quarterly Monitoring Reports;
- Depending on the nature of the risks review and update when required, at least annually and that risks deemed no longer appropriate should fall out of the review process;
- Biannually monitor and record progress of any implemented measures that control the risks; and
- Maintain appropriate Business Continuity plans.

#### 4.7 Risk Management Co-ordinator

Provides a co-ordinating role to ensure that risks are being identified both corporately and at Directorate level.

(Reporting *Annually* to Management Team)

- Receive and publicise on the Intranet the Corporate and Directorate Risk Registers;
- Biannually assists the Strategic Director, Policy and Resources, to review and update the Corporate Risk Register;
- Liaise with Internal Audit to identify the effectiveness of the Council's Risk Management arrangements;
- Provide advice to SMT's and DMT's, where required; and
- Provide training where required and publicise the Risk Management Tool Kit.

#### 4.8 Internal Audit

(Reporting *Biannually* to Business Efficiency Board)

Internal Audit provides an independent and objective assurance function for the authority. Its core role with regard to risk management is to provide objective assurance to senior management that major business risks are being managed appropriately.



- The strategic and departmental risk registers, and the significant risks contained therein, will be taken account when developing the Internal audit annual programme of work; and
- Delivery of the audit programme will provide an independent assurance of how key business risks are being managed.

## **5.0 Skills and Expertise**

5.1 Having established roles and accountabilities for risk management, the Council must ensure that it has the skills and expertise necessary at a sufficient organisational breadth and depth. It will achieve this by a programme of risk management training and learning opportunities that address the individual needs of managers by;

- Providing an understanding of the risk management processes,
- Providing an understanding of the responsibilities, and
- Providing necessary skills to understand the risks

5.2 In order to support the training a Risk Management "toolkit" will be available to all Departments through the Council's intranet. This will provide guidance on all aspects of risk management and will introduce a consistent methodology to be followed throughout the Council.

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

6.1 Risk needs to be addressed at the point at which decisions are being taken. The Council needs to be able to demonstrate that it has taken all reasonable steps in considering the risks involved in a decision. 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. 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.

6.2 In demonstrating a risk assessment process this can be achieved by;

- a) Directorates completing their own Risk Registers and submitting them for the completion of the Corporate Risk Register.
- b) Incorporating Risk Management processes within the business planning process of all Departments. This will include a risk assessment of all business aims and their plans for achieving the

Departments' key milestones, and the identification of any relevant and appropriate risk control measures.

- c) Identifying, assessing and controlling risk 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 Management Team 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.
- d) Continuing to Integrate Risk Management into the existing and future performance management arrangements of the Council.

### Version Control and Change History

Version Control	Date Released	Date Effective	Amendment
1	2001	2001	Document Created.
2	May 2011		Document updated to reflect current processes and requirements.
3	Jan 2013		In view of the recommendations from the Executive Board, scoring changed on page 5

