

Draft Corporate Risk Management Strategy

Introduction

'If a Council does not have effective risk management then it does not have effective management'.
SOLACE: Chance or Choice.

The Council's financial regulations state that 'Executive Directors and Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments by maintaining risk registers and action plans.'

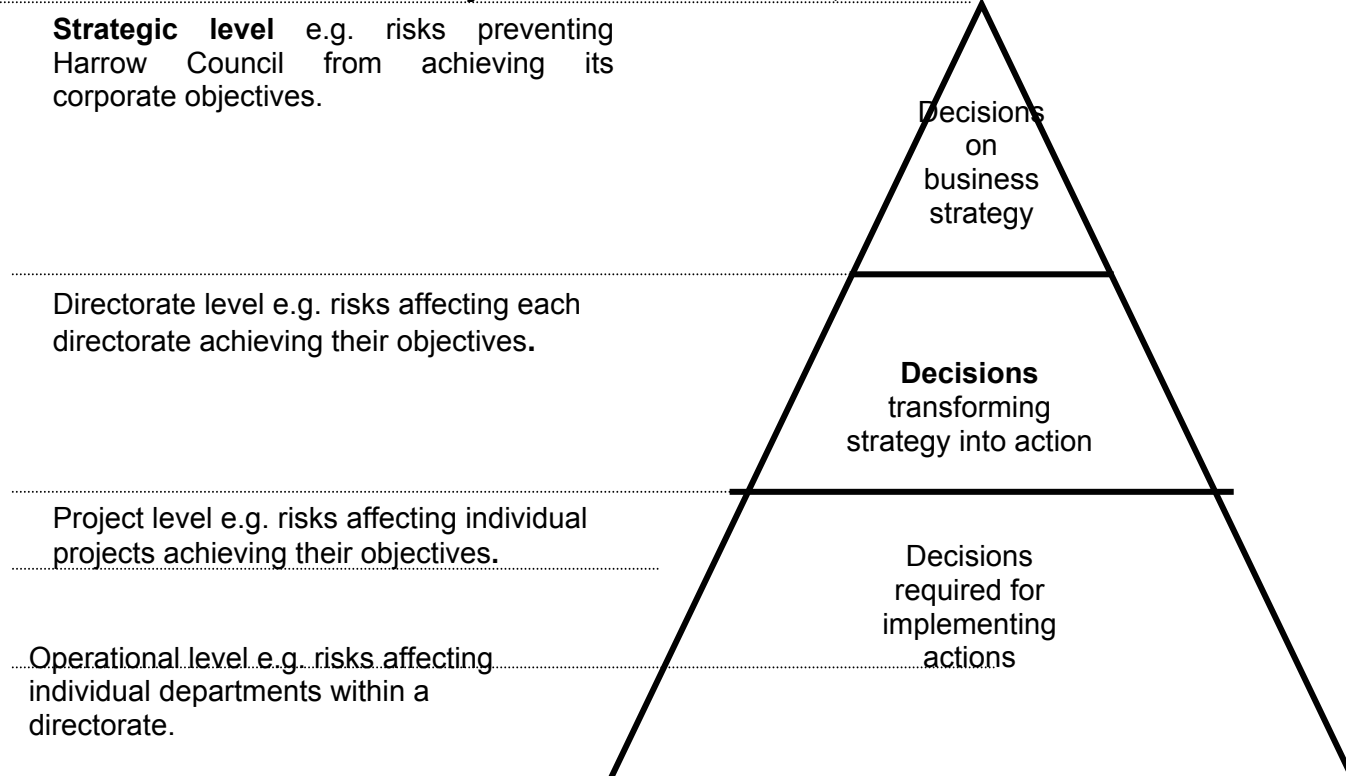
What is Risk management?

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management implies adopting a planned and systematic approach to the identification, evaluation and monitoring of those risks which can threaten the assets or financial well being of the Council and stop it meeting its objectives.

Risk Management is not about being 'risk averse' but it is about 'risk aware' and this awareness will mean that the Council is better able to take advantage of opportunities that arise. Risk management is not just about insurance or health and safety, it is about making the most of opportunities through proactively managing the risks associated with reputation, service delivery, technology etc.

The use of resources element of the Comprehensive Performance Assessment includes risk management arrangements as an important part of the assessment. It contributes to better decision making and the process of achieving objectives.

Business risks can occur at many levels within the Council, these levels are described as: -



There are many benefits of risk management some of which are:

- Meet Harrow Council's objectives and better serve the community
- Provides assurance to management and members
- Meet directorate and service objectives
- It contributes to better decision making
- Promoting a 'can do' attitude that leads to better operational management
- Improved customer service
- Improved cost effectiveness
- Greater transparency
- More informed decision making processes
- Minimal service disruption resulting in a better services to our community/customers
- Better governance and accountability.

The objectives of risk management at Harrow are to:

- Manage risk in accordance with recognised best practice
- Understand the risks affecting the Council at all levels
- Embed risk management to ensure that it is incorporated into business processes
- Maintain strategic, directorate and service level risk registers
- Support the achievement of corporate goals and objectives through the implementation of risk management techniques and best practice
- Continuously develop a robust framework for identifying, analysing, managing and reviewing risk based on best practice
- Support the Council's corporate governance framework.

The objectives will be achieved by:

- Acquiring and developing expertise within the corporate risk management team
- Establishing clear roles, responsibilities, and reporting lines within the council for risk management
- Developing corporate guidelines and frameworks for use across the Council, with a common language
- Workshops and one to one sessions with managers
- Establish a risk management group/steering committee that has clear terms of reference
- Providing risk awareness training to Members
- Establishing ongoing monitoring arrangements through the Executive
- Incorporating risk management into service planning and performance management
- Monitoring arrangements on an on-going basis.

Roles and Responsibilities:

This framework takes account of the following issues:

- Elected members have a key contribution to make to the assessment of risk
- Types of risk e.g. strategic and operational
- Where risks should be managed and by whom
- How risk management affects service delivery and the meeting of objectives
- How the Risk Management team supports the risk management process.

To implement the strategy, the roles and responsibilities of individuals and groups are as follows:

	Role/Responsibilities
Elected Members	<ul style="list-style-type: none"> ○ Champion risk management and provide leadership to achieve cultural change. ○ To formally approve the Council's risk management strategy. ○ To participate in reviews of risk registers as required.
Cabinet	<ul style="list-style-type: none"> ○ Receive quarterly reports on risk management activity across the council. Awaiting Cabinet decision.
Portfolio Holder – Business Connections and Performance	<ul style="list-style-type: none"> ○ To champion the work of risk management and act as interface with members.
CMT	<ul style="list-style-type: none"> ○ To ensure that the Council manages risk effectively and identifies opportunities, through the development of a comprehensive corporate risk management strategy. ○ To participate in reviews of risk registers as required.
DMT's	<ul style="list-style-type: none"> ○ Make arrangements for embedding risk management throughout the Council. ○ To participate in reviews of risk registers as required.
Risk Management Team (RMT)	<ul style="list-style-type: none"> ○ Facilitate risk workshops. ○ To hold all risk registers for the Authority and regularly review registers to assess whether risks are being actively managed ○ To support the Authority in embedding risk management
Internal Audit	<ul style="list-style-type: none"> ○ Review and report on the risk management process ○ Use risk registers to inform internal audit planning. ○ Advisory role on the CRSG.
Corporate risk steering group (CRSG)	<ul style="list-style-type: none"> ○ Support and champion the work of the risk management team. ○ To share experience on risk and support implementation of the risk management strategy.
Group/Service Managers	<ul style="list-style-type: none"> ○ To identify opportunities and manage risks effectively in their particular service areas and report risk management concerns to senior officers.
Other Colleagues	<ul style="list-style-type: none"> ○ To identify opportunities and manage risk effectively in their jobs and report risk management concerns to their service managers.

The assumption is that strategic risks should be managed at Director level and operational risks at a Group and Service manager level. However there are some links between the two and to address this a Corporate Risk Steering Group will be established.

Arrangements for managing risk:

Risk management should be viewed as an integral part of the culture of the Authority and therefore, as far as possible risk management processes and systems will use existing frameworks like service planning and performance management to deliver required outcomes. To identify risks and produce an action plan the Risk Management Team run workshops or meet with managers on a one-to-one basis.

Risk management is the way in which risk is identified, analysed, controlled and reviewed. The stages of this cycle are outlined below:

- Risk identification this is about identifying risks and saying what will happen and how will it happen.
- Risk profiling or risk analysis and prioritisation looks at the likelihood and impact should a risk be realised and takes into account the effectiveness of any controls in place.
- Agree tolerance i.e. the overall level of risk that can be tolerated in given situation as agreed by those attending the workshop or meeting.
- Action planning this is how to respond to the specific risks. Possible responses may include transferring some aspect of the risk e.g. insurance, tolerating the risk, treating the risk by introducing some management actions to mitigate it.
- Monitoring and review i.e. assess whether the nature of the risk has changed.

Appendix 1 shows how the risk management framework fits into all aspects of the Council.

Training/awareness raising

Training in the risk management methodology will be provided by the risk management/internal audit team and information will be posted on the intranet.

Performance Management

Some key milestones planned for 2005/6 are shown in the table below, the success of these objectives will be measured annually in consultation with managers using questionnaires and meetings.

Objective	Indicator	Measure of success
Risk management embedded into culture of council.	Staff aware of risk management and know what it means. All major new projects risk assessed e.g. those reported to Corporate project manager.	Annual survey of staff/possible extension of existing surveys. More projects succeed. Project objectives clearly defined.
Review risk management strategy.	Strategy agreed by EDG and endorsed by Cabinet.	Performance measures in strategy are met. Feedback from risk management group about usefulness of strategy.
Robust strategic risk register.	Register in place and action planning completed.	Regular monitoring by senior officers.
Robust directorate risk registers.	All directorates have risk registers.	Registers seen as a management tool and regular monitoring takes place.
Risk registers incorporated in service plans.	Service plan guidance document produced. Service plans include risk registers in corporate format. Service objectives linked to risk and risks monitored.	All service plans contain risk registers and managers actively monitor risks on a regular basis. Objectives and risks regularly monitored. Key objectives achieved.

This strategy document will be reviewed annually.

logos

logos

logos