Appendix 2

RISK MANAGEMENT POLICY

SEPTEMPER 2008

Risk Management Statement

We believe that Harrow Council is an organisation with a clear commitment to effective management of its risks and take advantage of opportunities. The successful management of risks will endure we meet our vision to be recognised as one of the best London Councils by 2012, in a borough that is cosmopolitan, confident and cohesive.

We recognise our responsibility to manage business risks effectively at all levels in the authority in order to reduce uncertainty in achieving our goals and objectives while benefiting from opportunities.

The Council will continue to embed a risk management culture where people at all levels actively assess and manage their risks.

Our strategy and associated policy detail what we will do to achieve the above goal and how we are all able to improve our performance through effective risk management.

[Signature]
Michael Lockwood
Chief Executive Harrow Council

Date…………

[Signature]
D Ashton
Leader of the Council

Date………….

Signature]
Councillor Dinesh Solanki
Risk Representative – Governance, Audit and Risk Management Committee

Date……

Introduction

Risk management is a key task for managers in a local authority.

At Harrow Council we consider a risk as either a threat that an event or action will affect its ability to achieve its objectives or an opportunity to realise an opportunity. 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 or provide opportunities.

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.

Purpose

This policy sets out the framework for managing risk and details the roles, responsibilities and processes to ensure that risk management is effectively implemented at Harrow Council. Harrow Council recognises that it has a responsibility to manage business risks effectively in order to reduce uncertainty in achieving its goals and objectives and to benefit from opportunities. This document will be kept under regular review and is formally updated annually.

Scope

This policy applies to all Council staff and its principles should be applied when working internally or with partners and other stakeholders

Objectives

We will:

- Manage risk in accordance with recognised best practice
- Understand the risks affecting the Council at all levels and integrate risk management into day to day culture
- Embed risk management to ensure that it is incorporated into our business
- Develop, use and maintain strategic, directorate, partnership/project 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 whether they be threats or opportunities
- Support the Council's corporate governance and performance management frameworks.
- Have in place a clear definition of roles and responsibilities for individuals, and groups within the Council and external partners for managing risk.

Methodology

A methodology for identifying, assessing and managing risk within the Council has been in use at Harrow for a number of years. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

The methodology consists of risk identification, quantification, assessment and control of risks and realisation of opportunities.

Guidance for managers on the application of the risk management methodology has been produced and is updated regularly on the intranet. This guidance is provided to managers and will assist with risk assessing projects, strategic and operational plan objectives. The guidance is also available on the Council's intranet.

Risk registers should be produced to support strategic policy decisions and all major projects. The Council's risk management methodology should be followed to produce these registers and a summary of the findings given in reports to Members.
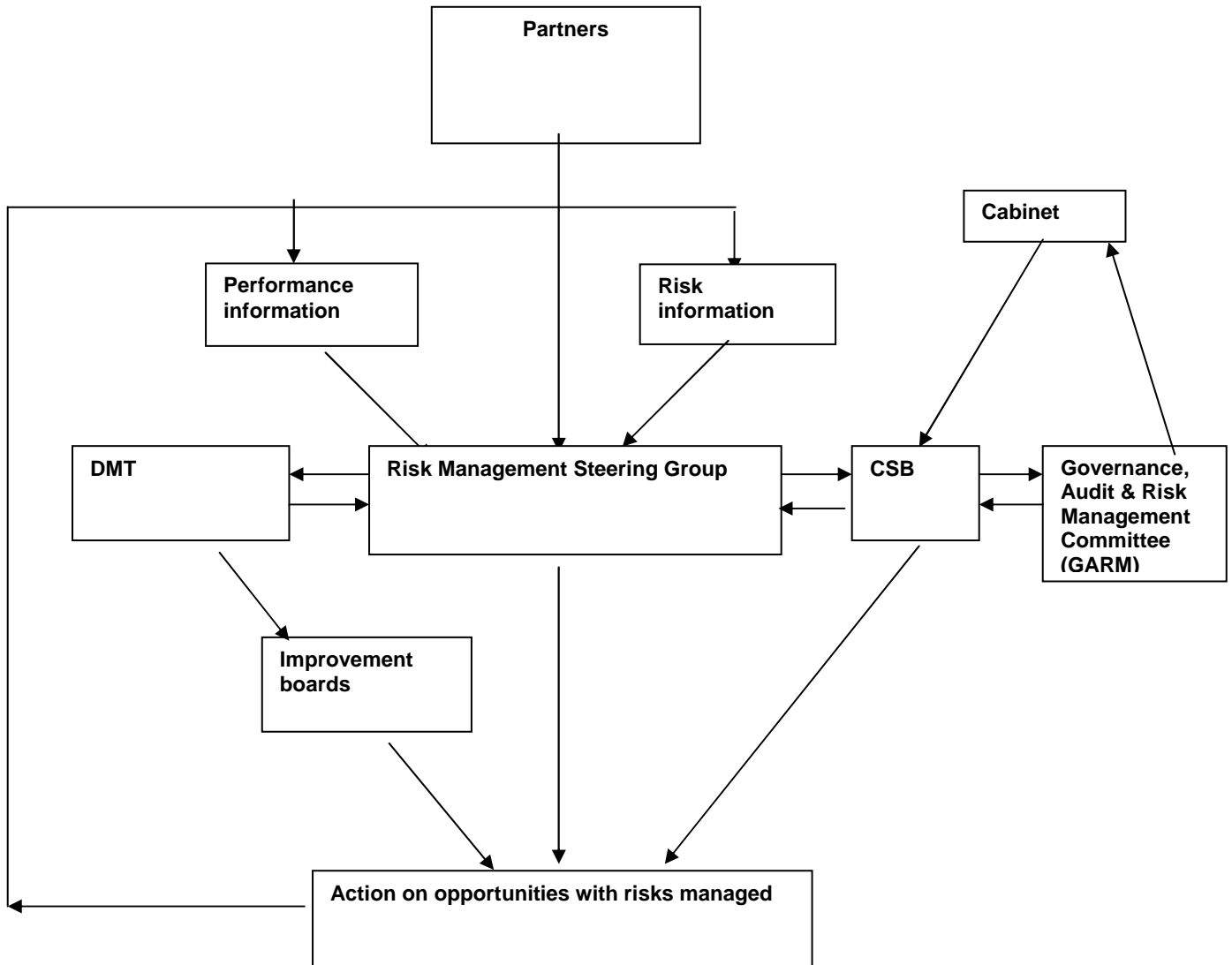
Review of Registers

At the strategic level the significant risks identified and action plans will be managed and monitored by CSB at quarterly review meetings and more frequently when justified. The Chief Executive will sign off the strategic risk register annually. After each quarterly review, the register will be referred to Cabinet.

At Directorate level, risk registers will be produced and monitored by the respective Management Team and submitted quarterly for review at their respective Improvement Boards.

At service level, each Team/Project Manager must take responsibility for monitoring the risks in her/his team plan, including any projects being led by her/his team. Team plans will contain explicit sections on risks and their management and action taken or proposed will be reported upwards during the budget and planning process, culminating in the final acceptance of targets just before the start of the financial year.

Partnerships risk registers will also be compiled to identify the shared risks the partnership faces and align work to stated objectives.

Risk Management - Organisational Framework

```
                        ┌──────────────────┐
                        │    Partners      │
                        │                  │
                        └──────────────────┘
                                 │
          ┌──────────────┬───────┼────────────┐        ┌──────────────┐
          │              │       │            │        │   Cabinet    │
          │        ┌───────────┐ │     ┌───────────┐   └──────────────┘
          │        │Performance│ │     │  Risk     │         │    ▲
          │        │information│ │     │information│         │    │
          │        └───────────┘ │     └───────────┘         │    │
          │              │       │            │              │    │
 ┌────────┐         ┌────────────────────────────┐     ┌────────┐  ┌──────────────┐
 │  DMT   │ ◄─────  │Risk Management Steering     │ ──► │  CSB   │► │ Governance,  │
 │        │ ─────►  │Group                        │ ◄── │        │◄ │ Audit & Risk │
 └────────┘         └────────────────────────────┘     └────────┘  │ Management   │
      │                         │                           │      │ Committee    │
 ┌───────────┐                  │                           │      │ (GARM)       │
 │Improvement│                  │                           │      └──────────────┘
 │boards     │                  │                           │
 └───────────┘                  │                           │
      │                         │                           │
      └──────────┐     ┌────────────────────────────────────┘
                 ▼     ▼                    ▼
           ┌──────────────────────────────────────┐
 ◄──────── │Action on opportunities with risks     │
           │managed                                │
           └──────────────────────────────────────┘
```

Roles and Responsibilities.

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

	Role/Responsibilities
Cabinet/Elected Members	o Champion risk management and provide leadership to achieve cultural change. o To formally approve the Council's risk management strategy. o Consider the strategic risks associated with the decisions they are required to undertake. o Monitor the Council's risk management arrangements via for example the strategic performance reports and audit reports. o To participate in reviews of risk registers as required**.** o To assess risk management implications on Cabinet reports and challenge where necessary**.**
Governance, Audit & Risk Management Committee (GARM)	o To review the Council's risk management strategy and monitor progress on risk management.
GARM risk representative	o Champion risk management across GARM and provide leadership to help achieve cultural change. o Evaluate and challenge risk analysis by reporting officers in Cabinet/Committee reports. o Provide updates to GARM on the progress of the risk management function and emerging areas of work.
Portfolio Holders	o To champion the work of risk management and act as interface with members**.** o To review relevant Directorate risk register at Improvement Boards**.**
Chief Executive/Corporate Strategy Board	o Overall responsibility for Risk Management in Harrow Council and key champions. o Supporting and promoting Risk Management and the Risk Management strategy throughout the Council. o To ensure that the Council manages risk effectively and identifies opportunities, through a robust process. o Consider the risks/opportunities associated with decisions they are required to take. o Develop and review the Strategic Risk Register. o Formally update the register at least each quarter and sign it off annually. o Agree the Council risk tolerance. o Monitor risk management performance of the

	Council
Directorate Management Teams	o Make arrangements for embedding risk management throughout the Council. o To develop and maintain Directorate Risk Registers o To participate in reviews of risk registers as required. o Nominate a risk champion for the Directorate.
Corporate Risk Management Group (see ToR).	o Provide advice and support on strategy development and implementation. o Share experiences of risk management issues. o Ensure consistency and effectiveness of registers. o Support and review the risk management policy and strategy. o Advise managers on changing risk management issues and requirements. o To review and learn lessons from previous experiences.
Risk Champions	o To participate in the Corporate Risk Management Group. o To maintain their respective Directorate risks registers and submit to Improvement Boards quarterly. o Receive risk related training as required. o Co-ordinate and advise on registers at group/service/project level within their Directorates. o Raise risk awareness and champion the process within their departments. o To contribute to and advise on risk management comments in reports
Risk Management Team (RMT)	o Facilitate risk workshops. o To hold all risk registers for the Council and regularly review registers to assess whether risks are being actively managed o To promote risk management and develop the policy, strategy and toolkit. o To ensure the risk management process is in line with external audit requirements. o To monitor Cabinet reports for consistency and quality.
Internal Audit	o Review and report on the risk management process. o Use risk registers to inform internal audit planning. o Share risk information with the risk management team. o To monitor effectiveness through management

	assurance.
Managers/Project Managers	o To identify opportunities and manage risks effectively in their particular service areas and report risk management concerns to senior officers. o Identify and assess risks arising from any new or proposed projects and endure a risk register is completed. o Identify partnership and contract arrangements where there are shared risks and ensure these are recorded and managed. o Consider risk management implications when writing Cabinet/Committee reports. o Promptly advise of significant identified risks with senior managers
Council Officers	o To identify opportunities and manage risk effectively in their jobs and report risk management concerns to their service managers**.** o Report any incidents or 'near misses' to line managers**.** o Consider risk management implications when writing Cabinet/Committee reports.
Partners	o To participate in the joint compilation of a partnership risk register. o Actively manage risks within the partnership. o Report on risk management issues to respective partnership board. o Show a clear link between objectives and outcomes that is customer focused.

External Drivers and Governance

Comprehensive Performance Assessment (soon to be CAA) – examines the adequacy of the Council's risk management arrangement as part of the Use of Resources judgment.

Annual Governance Statement – Public sector governance arrangements require the publication of an annual governance statement on, amongst other areas, the Council's arrangements for identifying, analysing and monitoring risks.

CORPORATE RISK MANAGEMENT STEERING GROUP

TERMS OF REFERENCE

The terms of reference of the group are as follows:

- To provide for information sharing and mutual support links with other groups.

- Support and review the risk management policy and strategy.

- Share experience on risks and opportunities and support the implementation of the risk management strategy.

- Champion and support the corporate risk management process within service areas and directorates.

- Review the strategic risk register and bring to the attention of the CMT significant areas of risk or areas where risk reduction is not effective.

- Seek to introduce training on risk management issues for all levels of the Council by looking at existing training methods and developing new opportunities for training

- Advise managers on changing requirements on risk management issues, arising from the Audit commission, private or public sector best practice or any other relevant source.

To review and learn lessons from previous experiences that do not meet intended outcomes