RISK MANAGEMENT STRATEGY

SEPTEMBER 2009

Harrow Council Risk Management Strategy 2009/10

This strategy aims to outline the vision and process for risk management at Harrow Council and replaces the previous Risk Management Strategy that was approved by Cabinet in September 2008.

The risk management objectives for Harrow Council are to:

- Manage risk in accordance with recognised best practice

- Understand the risks presenting opportunity and threat, that affect the Council at all levels and integrate effective risk management into day to day culture

- Embed risk management as a way of thinking about what we do to ensure that it is incorporated into our business decision making process

- Develop, use and maintain strategic, directorate, partnership/project and service level risk registers

- Support the achievement of corporate goals, objectives and projects 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

Where are we now?

Currently there is in place:

- A 2008 risk management strategy and policy in place.

- A Strategic Risk Register, which was split between strategic, high level risks and high level operational risks in October 2008.The registers get reviewed at one to one meetings with Corporate Directors on a quarterly basis and changes agreed at the quarterly Corporate Strategic Board.

- Directorate risk registers, which are reviewed quarterly at their respective Improvement Boards.

- A requirement that all reports to Cabinet include an assessment in terms of risk and that key findings are reflected in the report and where appropriate a risk register is compiled.

- An element of the project management toolkit where users are required to apply the risk management process and identify and implement appropriate controls.

- A training programme on risk management for Managers.

- A process to assess the effectiveness of risk management as part of the CPA use of resources assessment, at which we are currently rated 3.

- A Corporate Governance working group with a risk management representative who contributes to the Annual Governance Statement (formerly Statement of Internal Control), which documents the Council's arrangements for identifying, analysing and monitoring risks.

- A Corporate Improvement Programme project targeted at risk management improvement.

- A Corporate Risk Steering Group that champions risk management throughout the Council and routinely assesses the risks facing the Council and our approach in general.

Where do we want to be?

To position Harrow Council as one of the best London Councils by 2012, a risk aware organisation that successfully manages risk while enabling innovation with a Use of Resources score of 4. Specifically we aim to assist the Council in:

- Delivering its Corporate Priorities successfully. For the current year, these are:

  1 – Deliver cleaner and safer streets
  2 – Improve support for vulnerable people
  3 – Build stronger communities

- Delivering the Borough's longer term aims as outlined in the Sustainable Community Strategy.

- Protecting and enhancing the Council's reputation.

- Contributing to better decision-making.

What we need to get there?

In the short term (over the next year)

- Comprehensive risk registers at all levels of the Council that are being actively reviewed and used to inform decision-making. This includes major programmes and partnerships and specific areas where gaps have been identified. It also includes the new Transformation Programme.

- A risk management training programme suitably adapted to members of staff with varying risk management responsibilities as outlined in the Risk Management Policy.

- To commence work with the Harrow Strategic Partnership in ultimately embedding a risk management framework within the partnership.

- Develop a process for quickly emerging corporate risks/significant incidents (outside of the emergency planning incident process), such as Swine Flu and the Icelandic Bank incident.

- Review of the risk management implications in Cabinet reports following a full year of reporting.

- More consideration to be given to high-level risks when agreeing the annual budget round to gain assurance that the right level of funding is being allocated to areas of key risks. Review of the strategic risk register annually by the Leadership Group (CSB and Cabinet) prior to the agreement of the budget.

- Formalise the 'opportunity' risk management process and embed this positive thinking into day to day risk management at all levels of the Council.

In the long term (over the next three years)

- Create a fully endorsed Risk Management Framework for the Harrow Strategic Partnership, which will consist of an overriding Borough partnership risk/opportunity register and operational risk/opportunity risk registers within the partnership management groups. The framework will equip the Borough to achieve the best possible outcomes, take innovative risks in a managed manner and exploit opportunities. While work has commenced on this, it is anticipated that in order to have the framework operational within the partnership, a longer-term goal was needed. This is a key piece of work in directly assisting the Borough in achieving its longer term objectives as outlined in the Sustainable Community Strategy.

- Review available options for an e based risk management system to streamline process and further develop accountability.

- Develop loss prevention practices in conjunction with Insurance, Health and Safety and other sections of the Council. For example, risk management surveys in schools in accordance with insurance claims statistics.

- Develop a process for greater testing of management systems for effective controls and loss mitigants and offer challenge where necessary. This is a particular action for the Corporate Risk Steering Group going forward and an opportunity for more integrated working with Internal Audit.

RISK MANAGEMENT POLICY

SEPTEMBER 2009

Introduction

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 policy sets out our approach to risk management and is kept under regular review and is formally updated annually, along with the strategy. It details the roles, responsibilities and processes to ensure that risk management is effectively implemented at Harrow Council.

The Council's financial regulations state that 'Corporate and Divisional 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 and risk management?

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 that an event/action will add increased positive benefits.

Risk management implies adopting a planned and systematic approach to the identification, evaluation and monitoring of those risks and opportunities, which can threaten or enhance the assets or financial well being of the Council and stop it meeting its objectives. It is the management of both negative uncertainty (threats) and positive uncertainty (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. Effective risk management should enable us to achieve the best possible outcomes, take innovative risks in a managed way and exploit opportunities we otherwise would not have considered.
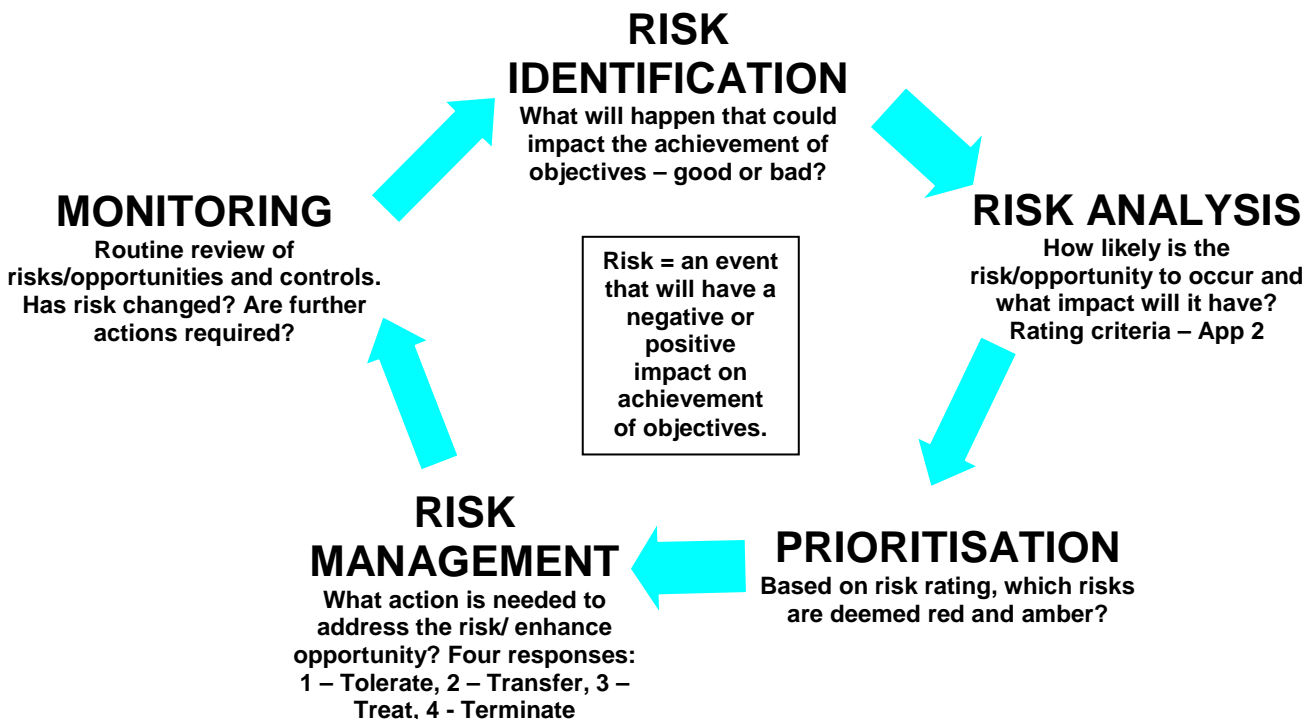
Methodology

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/opportunity identification, analysis, prioritisation, management and monitoring (as demonstrated below). At the risk analysis stage risks are assessed in terms of the likelihood of them happening and the impact they will have if they occur. The timescale for assessing the likelihood of risks depends on the circumstances. For example, when assessing project risks, the timescale would be for the life of the project and for assessing budget risks, the likelihood would be for the year in question. However, the quarterly review of risks ensures that as factors change, the risk likelihood may also change.

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 and strategic and operational plan objectives.

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.

RISK IDENTIFICATION
What will happen that could impact the achievement of objectives – good or bad?

RISK ANALYSIS
How likely is the risk/opportunity to occur and what impact will it have? Rating criteria – App 2

MONITORING
Routine review of risks/opportunities and controls. Has risk changed? Are further actions required?

Risk = an event that will have a negative or positive impact on achievement of objectives.

RISK MANAGEMENT
What action is needed to address the risk/ enhance opportunity? Four responses:
1 – Tolerate, 2 – Transfer, 3 – Treat, 4 - Terminate

PRIORITISATION
Based on risk rating, which risks are deemed red and amber?

Review of Registers at the Council

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.

At Directorate level, risk registers will be produced and monitored by the Directorate Management Team and submitted quarterly for review at their respective Improvement Boards. The Improvement Board consists of the Chief Executive or Assistant Chief Executive, Corporate Director, Divisional Director (if applicable), Corporate Director Finance or representative, Portfolio Holder (s), Relevant Heads of Service, Service Performance Team representative, Corporate Performance Team representative and Service Finance Team representative. Risks raised at the Improvement Board can be escalated to the strategic register.

At Divisional level, each Divisional Director/Head of Service must take responsibility for monitoring the risks in their delivery plan, including any projects being led by their team. Delivery 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. Risks raised at this level can be escalated to the Directorate risk register should this be deemed appropriate by Divisional Director or Service/Project Manager and the Corporate Director.

In some Directorates there are operational teams below this who maintain operational registers for their areas.
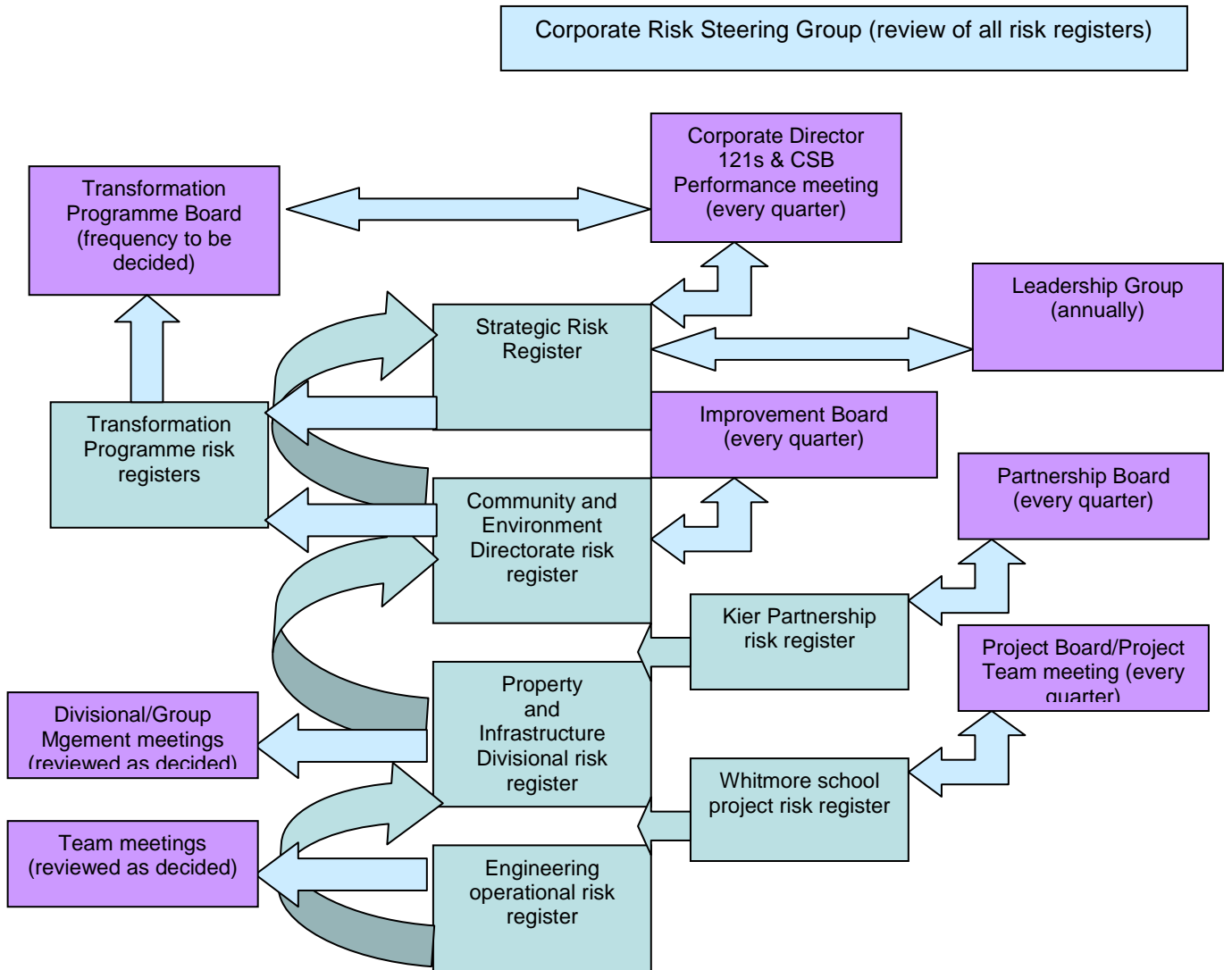
Partnerships risk registers will also be compiled to identify the shared risks the partnership faces and align work to stated objectives.

Risk and Opportunity Management will be at the heart of the new Council Transformation Programme and review of registers will be decided in due course.

The Corporate Risk Steering Group routinely assess risk registers across the Council as a way of testing controls and offering constructive challenge.

An example of this review process for a particular Directorate is shown on diagram on next page (Registers in blue and where reviewed in purple).

Risk Register Review Process

Corporate Risk Steering Group (review of all risk registers)

Transformation Programme Board (frequency to be decided)

Corporate Director 121s & CSB Performance meeting (every quarter)

Strategic Risk Register

Leadership Group (annually)

Transformation Programme risk registers

Improvement Board (every quarter)

Partnership Board (every quarter)

Community and Environment Directorate risk register

Kier Partnership risk register

Divisional/Group Mgement meetings (reviewed as decided)

Property and Infrastructure Divisional risk register

Project Board/Project Team meeting (every quarter)

Whitmore school project risk register

Team meetings (reviewed as decided)

Engineering operational risk register

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

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 Steering Group (CRSG)
Terms of Reference – January 2009

Mission Statement

The Corporate Risk Steering Group will assist the Council in embedding and enhancing the risk management process to ensure that risks are actively managed so that the council can achieve it's objectives, take advantage of opportunities and serve Harrow's community better.

Group Members (Risk Champions)

The group will consist of representatives from across the Council.

- Tom Whiting – (Chair) - Assistant Chief Executive
- Paul Williams – Service Manager – Risk Management
- Lora Gill - Risk Management Officer

- Jennifer Hydari - Finance
- Ingrid Waloff – Corporate Planning
- Varsha Dadlani – Procurement
- Susan Dixson – Internal Audit
- Peter Singh – Risk Champion – Adults Services/ Children's Services
- Anu Singh - Risk Champion – Community and Environment
- Carol Yarde – Risk Champion – Housing Services
- Isabella Uzodike – Risk Champion - Corporate Finance/Chief Executive/Legal Services
- Brenda Goring – Health and Safety
- Helen White – Legal Services
- Trina Taylor – Senior Policy Officer – Policy and Partnership
- Jane Fernley – Risk Champion - Housing Services
- Les Simpson – Risk Champion - Place Shaping

Meetings

The Group will meet quarterly and actions arising from meetings will be noted. Sub-working groups may be set up as necessary.

Aims and Objectives

- 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

Measures of Success

- Meeting the Council Improvement Programme milestones by March 2010.

- Sustained/Improved Use of Resources Score following assessment under the new Comprehensive Area Assessment.

Appendix 2

Risk Rating criteria

LIKELIHOOD		CRITERIA	

RISK RATING - THREATS

F	A				
E	V				
D	L					ld
C	S					to
B	H					to
A	V					ly

LIKELIHOOD				
A Very High	green	orange	red	red
B High	green	orange	red	red
C Significant	green	orange	red	red
D Low	green	green	orange	orange
E Very Low	green	green	green	orange
F Almost Impossible	green	green	green	green
	4 Negligible	**3** Marginal	**2** Critical	**1** Catastrophic

Impact

I	Catastrophic	Services could not be sustained or major project fails to deliver.
II	Critical	Serious disruption to services
III	Marginal	Small effect on services
IV	Negligible	Trivial effect on services

Risk Scores - Threats	
<u>C1-C2, B1-B2, A1-A2</u>	High Risk
<u>E1, D1-D2, C3, B3, A3</u>	Medium Risk
<u>F1-F4, E2-E4, D3-D4, C4, B4, A4</u>	Low Risk