ELMBRIDGE BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

Risk can be defined as uncertainty of outcomes. Risk is always present and a certain amount of risk taking is inevitable if the Council is to achieve it's objectives

Purpose, Aims and Objectives

The Council is responsible for delivering a wide range of services and the purpose of this Strategy is to effectively manage potential opportunities and threats to the Council achieving its objectives.

This Risk Management Strategy 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 Partners, Delivery Agents etc).
- Enabling the Council to anticipate and respond to changing social, political environmental 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 a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.
- Minimisation of the cost of risk.

To achieve these aims and objectives, the following strategy has been adopted:

- Establish and maintain clear accountabilities, roles and reporting lines across all Council services.
- Acquire and develop the necessary skills and expertise.
- Provide for risk assessment in all decision-making processes of the Council.
- Develop a resource allocation framework for Risk Management.
- Ensure appropriate consideration of risk within all Council decisions, 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.
- 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.

Accountabilities, Roles and Reporting Lines

A framework has been implemented that addresses the following issues:
- The different types of risk – Strategic, Operational and Reputational.
- Where they should be managed.
- Corporate, Directorate and Team roles and accountabilities.
- The need for a "driving force" within the Council.
- Prompt reporting of accidents and losses etc.

In most cases, Risk Management follows 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 Council Management Board level.

However, to enhance the linkages between the two, the Council has also established a Corporate Risk Management Group, that is accountable to the Council Management Board and is the "driving force" behind developing and implementing the Risk Management Strategy. The Group is led by the Head of Finance includes Legal, Risk Management, Audit and Health & Safety / Emergency Planning support and frontline services, together with other appropriate Officers.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health & safety and revenue. It also includes risks associated with public image (reputation), the environment, technology, contracts, partnerships and projects etc.
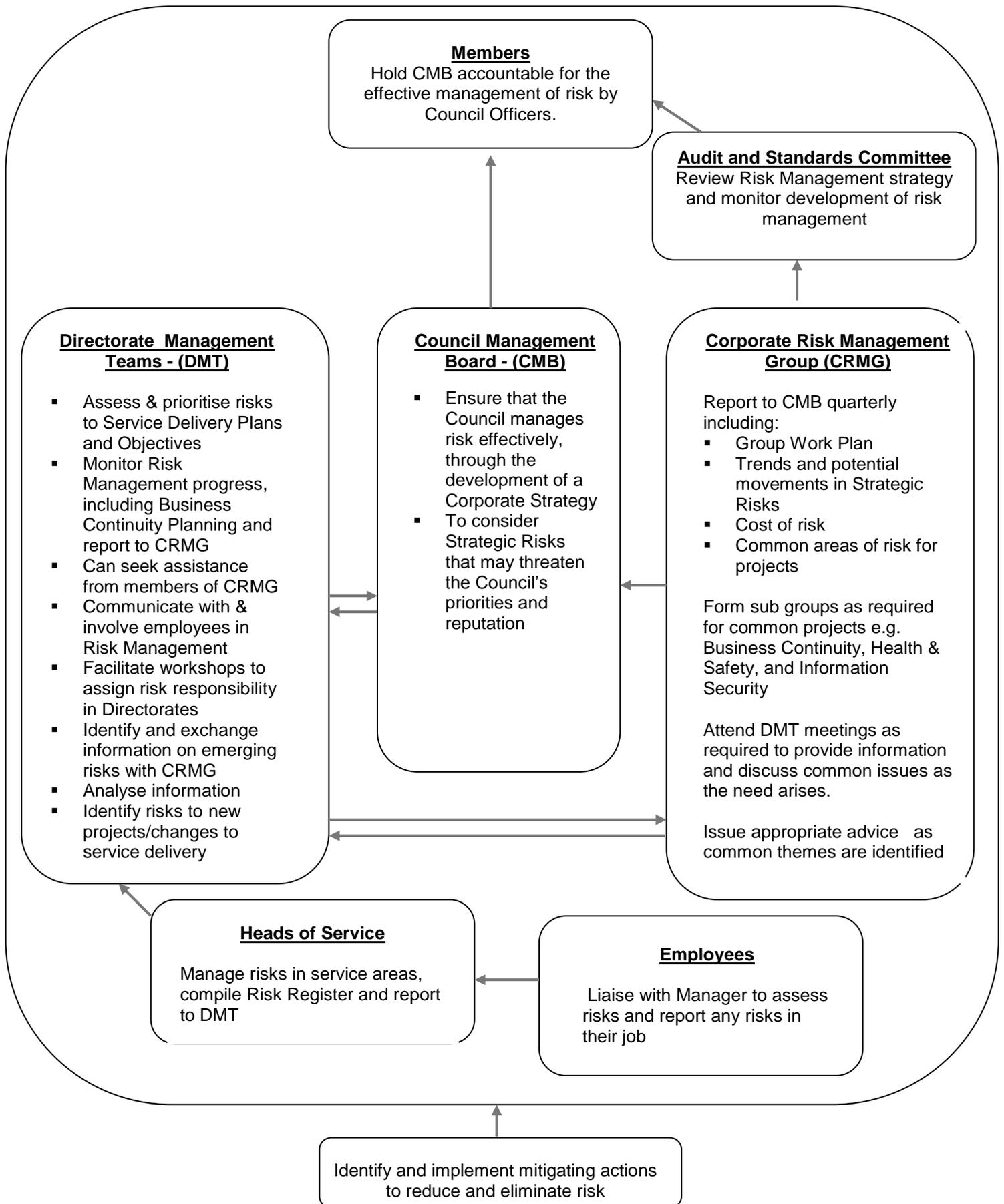
Risk Management is about adopting a planned and systematic approach to the identification, evaluation, control and finance of the risks facing the Council and is the means of minimising the impact on operations and services caused by the occurrence of adverse events.

Framework for Risk Management Responsibilities

Group	Role
Council	Approval of Risk Management Strategy
Cabinet (Reporting Annually)	Monitoring of Risk Management Strategy and Corporate/Strategic Risk Register
Audit & Standards Committee (Reporting Six Monthly)	Review of Risk Management Strategy and monitor development of Risk Management
Council Management Board (Reporting Quarterly)	To ensure the Council manages risk effectively through the Risk Management Strategy and considers Strategic Risks affecting the Council. To give advice to Cabinet regarding Risk Management practices and to determine the Council's risk appetite.
Corporate Risk Management Group (Reporting Quarterly)	Develop Risk Management Strategy and supporting framework. Monitor and review Strategic Risk Register.
Directorate Management Teams (Reporting Quarterly)	Implement Strategy and monitor Service Operational Risk Registers, reporting on progress and emerging issues
Heads of Service (Reporting Monthly (where appropriate) to Officers with risk management responsibilities)	Manage risk effectively in their service area, reporting on how risks are managed and preparing Operational Risk Register
Employees	To effectively manage risk as part of their job and report risks to their Service managers

Risk Manager	To develop and maintain a Risk Management Strategy providing for the identification, assessment, control and finance of risk. To develop and maintain a Risk Management framework for Impact and Probability classifications and revised review periods in accordance with best practice. To liaise with Heads of Service and other Risk Owners to establish appropriate and proportionate risk management responses to identified risks. To collate risk information and prepare reports as required including the maintenance of Operational and Strategic risk registers and assessments on Covalent. To provide Risk Management training to officers and Members as required.
Internal and External Audit	To provide advice and guidance on the management of risks relating to the design implementation and operation of systems of internal control.

Risk Management Reporting

Members
Hold CMB accountable for the effective management of risk by Council Officers.

Audit and Standards Committee
Review Risk Management strategy and monitor development of risk management

Directorate Management Teams - (DMT)

- Assess & prioritise risks to Service Delivery Plans and Objectives
- Monitor Risk Management progress, including Business Continuity Planning and report to CRMG
- Can seek assistance from members of CRMG
- Communicate with & involve employees in Risk Management
- Facilitate workshops to assign risk responsibility in Directorates
- Identify and exchange information on emerging risks with CRMG
- Analyse information
- Identify risks to new projects/changes to service delivery

Council Management Board - (CMB)

- Ensure that the Council manages risk effectively, through the development of a Corporate Strategy
- To consider Strategic Risks that may threaten the Council's priorities and reputation

Corporate Risk Management Group (CRMG)

Report to CMB quarterly including:
- Group Work Plan
- Trends and potential movements in Strategic Risks
- Cost of risk
- Common areas of risk for projects

Form sub groups as required for common projects e.g. Business Continuity, Health & Safety, and Information Security

Attend DMT meetings as required to provide information and discuss common issues as the need arises.

Issue appropriate advice as common themes are identified

Heads of Service

Manage risks in service areas, compile Risk Register and report to DMT

Employees

Liaise with Manager to assess risks and report any risks in their job

Identify and implement mitigating actions to reduce and eliminate risk

Skills and Expertise

Having established roles and accountabilities for risk management, the Council must ensure that it maintains the skills and expertise necessary. It is achieving this by a programme of risk management training and learning opportunities that addresses the needs of Members and Officers – this programme will not be "one size fits all".

The programme includes relatively high-level risk appreciation seminars aimed at Senior Managers (including Directors) and more detailed and intensive courses focusing on best practice in risk management.

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 enables 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 the Council Management Board (CMB) and Members and risk implications must be addressed within these reports.

There needs to be a balance 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 point 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 Committee reports include a section on Risk Management

Supporting Improvement

Risk Management has been incorporated into the business planning process for all Divisions with a risk assessment of all services being undertaken as part of drawing up Service Delivery Plans. Risk control measures feed into Service Improvement Plans.

Risk Management Assisting Project Management

A consistent approach to identifying, assessing and controlling risk has been adopted and included in the Council's project management system. This is being used in all major Council projects, including the development of all Council Strategies.

Integrating Risk Management with Performance Management

Risk Management has been integrated into the existing performance management system, primarily through the use of risk analysis in the formulation of Service Delivery Plans and monitoring of Corporate Plan Objectives.

Involvement of Elected Members

Elected Members have a key contribution to make to the assessment of risks to the objectives of Corporate Strategies and must be included in assessment exercises. Reports to Cabinet and Committees include a demonstration that risks have been addressed. An annual report to Cabinet will be made that will review existing Risk Management arrangements, identify key Strategic Risks and the way in which they will be managed.

Toolkits, Procedures and Guidelines

Toolkits for Risk Management and Contract Management which form part of a series of initiatives have been agreed by Council Management Board. Further details of these initiatives are provided in Section 7, Risk Management developments.

Performance Management

A performance management framework has been developed to monitor the impact of risk management activities and the success of the Risk Management Strategy itself. Individual indicators have been developed to measure achievement of the aims and objectives. The following table forms the basis of the performance management framework.

Aim/Objective	Indicator	Measurement
Integration of Risk Management into Culture of the Council and raising awareness of Risk Management	• Staff recognising their role and responsibility for Risk Management in their area • Number of reports for decision that demonstrate risk assessment • Responses to Audit and Inspection reports	• By staff surveys (extension of existing surveys) • By audit of reports and documentary evidence of decisions
Enabling and managing Change	• Assessment of how we managed individual major changes.	• Post implementation reviews
Minimisation of losses, injury and inconvenience	• Number and length of disruptions to services • Levels of Fraud • Level of complaints • Levels of Write-Offs • Level and cost of Claims	• Measure response and recovery performance as well as frequency • Informed by existing strategies and processes.
Introduce Risk Management Framework	• Feedback from staff • Compliance with standards	• Did we do it? • Is it any good?
Minimising Cost of Risk	• Annual Insurance Premiums • Level of Reserves • Uninsured Losses • Management and Project Costs • Claims experience	• Will incorporate budget and capital project overspends, fraud, write-offs, claims, premiums etc. plus any loss in external resources.