

RISK MANAGEMENT POLICY – CARLISLE CITY COUNCIL

1. INTRODUCTION

The purpose of the policy is:

- to define Risk and Risk Management
- to define roles and responsibilities within the authority for Risk Management
- to describe how the authority will analyse risk
- to articulate the authority's tolerance to risk

This policy enables stakeholders to scrutinise the authority's approach to risk and provides officers with unambiguous guidance on how to analyse risk and what levels of risk are acceptable.

Risk is defined by the Office of Government Commerce (Management of Risk: Guidance for Practitioners) as *uncertainty of outcome*, whether positive (an opportunity) or negative (a threat). Risk Management describes all of the activities required to identify and control exposure to risk which may have an impact on the achievement of an organisations objectives.

Carlisle City Council recognises Risk Management to be an essential part of the organisation's corporate governance arrangements. Risk Management not only ensures that the authority minimises exposure to avoidable risk but also ensures that it maximises opportunities by taking risks in a controlled manner.

If organisations do not take risks then nothing will change. Thus a managed approach to risk is critical for effective change management.

Risk management is part of strong public leadership and a high standard of governance, making a public statement of how the Council manages risk demonstrates openness, integrity and accountability.

2. COMMENTS ON THIS POLICY

If you would like to comment on or complain about this policy, please contact:

Strategic Director and Deputy Chief Executive, Carlisle City Council, Civic Centre, Carlisle CA3 8QG.

3. POLICY DETAILS

3.1 Responsibilities

- 3.1.1 The Chief Executive has overall responsibility for risk management arrangements in the Council.

- 3.1.2 A member of the Executive will be designated the Risk Champion. This member will sit on the Corporate Risk Management Group and will ensure that the Executive acts in accordance with the Risk Management Policy.
- 3.1.3 The Senior Management Team is responsible for the design, implementation and review of risk management arrangements. The Corporate Risk Management Group (chaired by the Deputy Chief Executive) carries out this work and reports to Senior Management Team.
- 3.1.4 The Resources Directorate has specific responsibility for providing the risk management group with insurance claims experience and to ensure that the annual Audit Plan adequately addresses risk issues.
- 3.1.5 Members of the Senior Management Team have responsibility for ensuring the overall management of risks to their respective work programmes.
- 3.1.6 All managers have responsibility for managing the risks in their area of control, unless they cannot be managed for one or more of the following reasons:
- the identified risk relates to more than one manager's area of responsibility
 - actions to manage the identified risk require additional resources
 - actions to manage the identified risk require approval elsewhere (*e.g.* by Members or a corporate group)
- In these cases, the manager is responsible for reporting their findings to the Corporate Risk Management Group via their Director.
- 3.1.7 Personnel and Development has responsibility for providing the Corporate Risk Management Group with relevant information regarding grievance and disciplinary matters.
- 3.1.8 The Governance Directorate has specific responsibility for providing Corporate Risk Management Group with relevant information on legal, Human Rights, and litigation matters. A Health and Safety function provides advice to managers.
- 3.1.9 The Policy Team have specific responsibility for facilitating links to planning and decision-making processes.
- 3.1.10 Corporate Risk Management Group is responsible for delivering and reviewing the Risk Management Strategy, maintaining and improving risk management processes and the corporate risk register, and for reporting to the Senior Management Team as appropriate.

3.2 Standards

- 3.2.1 All decisions affecting the achievement of Council's objectives must consider risk.
- 3.2.2 The Council and each service area must at least annually consider the risks to achieving objectives.
- 3.2.3 In considering risks, the following will be assessed:
- What are the risks to achieving our objectives?
 - Do we understand the risk, what is the underlying cause?
 - What is the potential impact of the risk, including financial?
 - What is the likelihood of this happening?
 - Is this risk associated with an opportunity for improvement – if so what is its impact and likelihood?
 - Can this risk be controlled?
 - How might this risk be controlled?
 - Is the control strategy feasible and cost effective?
 - Should this matter be reported to Corporate Risk Management Group?

The impact and likelihood of risks, and appropriate control strategies, will be assessed using the criteria at Appendix 1.

- 3.2.4 Policies and procedures relating to health and safety and personal safety will be applied.
- 3.2.5 Every identified risk to Council objectives that is high or critical and reasonably probable or probable, according to the criteria at Appendix 1 will have a named owner. They have responsibility to develop a control strategy for that risk and for its reporting to Corporate Risk Management Group.
- 3.2.6 Corporate Risk Management Group will maintain a Corporate Risk Register. This will identify risks, owners, impact, likelihood and control strategy. The control strategy should recognise any opportunities for improvement that may have arisen from managing the risk – including the sharing of appropriate learning. These opportunities will be clearly identified on the Corporate Risk Register.

3.3 Risk Acceptance

- 3.3.1 All risks with a probable or reasonably probable likelihood and a critical or high impact on Council objectives will not, in principle, be tolerated (but see below). A control strategy must be developed, and they must be reported to Corporate Risk Management Group.
- 3.3.2 When risks are accepted which match the criteria at 3.3.1, this will be recorded in the risk register, and will be reported to Corporate Risk Management Group along with the rationale. Corporate Risk Management Group will report to SMT,ROSP and Audit Committee. The position will be reviewed annually.

Appendix 1 – Risk Assessment

Impact Assessment

Potential Impact	Critical 4	High 3	Marginal 2	Negligible 1
Failure to meet a Council objective	Failure to deliver on a priority aim	Failure to deliver on a priority objective	Failure to deliver on a publicly stated performance	Failure to achieve an internally agreed objective
Cost, including legal and insurance costs	Council revenue or capital budget impact of 5%	Council revenue or capital budget impact of 1-5%	Council revenue or capital budget impact of less than 1%	Council revenue or capital budget impact of less than £30k
Death, injury, or illness of staff or a member of the public	Death or serious injury of a service user, member of staff, or member of the public due to Council actions or inaction	Injury of a service user, member of staff, or member of the public due to Council actions or inaction	Death or serious injury of a service user, member of staff, or member of the public despite appropriate Council actions	Injury of a service user, member of staff, or member of the public despite appropriate Council actions
Disruption to service provision	Inability to provide business critical services	Reduced ability to provide business critical services in more than one location	Reduced ability to provide business critical services in one location	Slight reduction in business critical services in one location
Damage to public confidence in the Council	Widespread and permanent reduction in public confidence	Limited but permanent reduction in public confidence	Very limited and temporary reduction in public confidence.	
Reduced user satisfaction with services	Widespread and permanent reduction in user satisfaction	Limited but permanent reduction in user satisfaction	Temporary reduction in user satisfaction	Very limited and temporary reduction in user satisfaction
Damage to the Council's reputation	National adverse media coverage Damage to reputation with the government	Countywide adverse media coverage Compulsory redundancies	Localised adverse media coverage	Isolated adverse media coverage
Failure to comply with legislation	Conscious failure to comply with legislation	Unconscious failure to comply with legislation		
Failure to deliver government policy		Failure to deliver on stated government priority	Failure to deliver on multiple other government policies	Failure to deliver on one government policy
Damage to assets	Destruction of building (s) Inability to maintain information infrastructure	Damage in excess of £100k Minor reductions in information infrastructure	Damage in excess of £30k	Damage less than £30k
Damage to the environment	Permanent and significant environmental damage	Permanent environmental damage	Temporary environmental damage	

Likelihood Assessment:

Probable – likely to occur in the short term

Reasonably probable – probably will occur at some point

Remote – may occur in time

Extremely remote – unlikely to occur

Risk Scoring:

Probable 4	4	8	12	16
Reasonably probable 3	3	6	9	12
Remote 2	2	4	6	8
Extremely Remote 1	1	2	3	4
	Negligible Impact 1	Marginal Impact 2	High Impact 3	Critical Impact 4

Control Strategies:

Probable	Take cost effective action	Immediate action		
Reasonably probable				
Remote	Keep under periodic review	Produce a contingency plan and consider cost effective action		
Extremely Remote				
	Negligible Impact	Marginal Impact	High Impact	Critical Impact

Potential Mitigating Actions

Threats	Avoid	Quick, decisive action, fundamental change eg revise strategy, revisit objectives or stop the activity	Risk Action Strategies	Quick, decisive action, fundamental change eg revise strategy, new or revised objectives to make the opportunity happen	Exploit	Opportunities
	Transfer	Insure against the risk or transfer to a third party eg a contractor or partner who is better able to manage the risk		Seek a third party best able to manage the opportunity	Share	
	Reduce	Plan actions that target the cause of the risk and/or reduce the potential impact		Plan actions that increase the probability and/or consequence of the opportunity to maximise the benefit	Enhance	
	Accept	Where costs of action outweigh potential benefits or nothing further can be done to reduce the level of the threat.		Where costs of action outweigh potential benefits.	Ignore	

RISK MANAGEMENT STRATEGY (May 2010)

Introduction

This strategy should be read in conjunction with the Council's Risk Management Policy. The Risk Management Policy describes the Council's approach to risk, this strategy describes how that policy will be put into practice and performance measured and evaluated.

This strategy is owned by the Corporate Risk Management Group and will be reviewed at least annually by that group. Senior Management Team and Resources Overview and Scrutiny Panel will be consulted about any proposed changes following a review of the strategy.

The Corporate Risk Management Group will monitor delivery of the Strategy. The group will produce six-monthly reports for consideration by Senior Management Team and annual reports to Resources Overview and Scrutiny Panel.

Definitions of risk and the importance of Risk Management are described in the Risk Management Policy.

Aim of the Strategy

To establish sustainable and efficient risk management arrangements to effectively identify, assess and control the major risks to the Council's objectives.

Objectives of the Strategy

- Ensure appropriate risk taking is encouraged, particularly to respond to opportunities arising.
- Anticipate and respond to changing social, environmental and legislative needs, pressures or constraints, as well as changes in the internal environment.
- Manage risk in accordance with best practice including integration with performance and financial management including partnership arrangements.
- Improve performance and efficiency and in particular minimise injury, damage and losses and make effective use of resources.
- Protect the Council's assets, reputation and operational capacity.
- Maintain existing control over harm and loss risks.
- Establish arrangements that ensure that the Council's leaders (managers and members) know what major risks the Council faces and what is being done to address them.
- Embed risk management into the Council's culture and management processes.

- Ensure that all managers in the organisation understand their responsibilities for risk management, and how to meet them.

Critical Success Factors:

We need to develop arrangements that:

- Consider risk in all the Council's key planning processes
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services
- Ensure risk management is explicitly considered in all decision making by, incorporating links to all key decision points e.g. committee reports, delegated decisions, project management, shared arrangements and partnership agreements
- Provide a clear picture of the major risks the Council faces in the delivery of its key strategies and plans, establishing the nature, likelihood and potential impact of each major risks
- Establish a shared and unambiguous understanding of what risks will be tolerated
- Develop an awareness of our ability to control the risks we have identified
- Clarify, establish and maintain clear roles, responsibilities and reporting lines within the Council for risk management
- Enable and empower managers to manage those risks in their area of responsibility within a consistent framework that includes regular risk monitoring and a review of the effectiveness of internal control
- Ensure arrangements are non-bureaucratic, cost efficient and sustainable
- Understand and proactively manage external risks to the objectives of the organisation
- Provide opportunities for shared risk learning on risk management across the Council and with key partners

The Strategy - What We Are Going To Do

Review the Corporate Risk Register. The Corporate Risk Register is reviewed on an ongoing basis in the light of new and emerging risks to the organisation.

The Corporate Risk Register must reflect the Corporate Plan. The most important risks to the Council are those which may affect the delivery of corporate objectives.

The Corporate Risk Management Group will co-ordinate the update of the Corporate Risk Register. Senior Management Team will quality assure the document by ensuring that all relevant risks are identified, evaluated and have a plan for their management.

Service Managers are responsible for ensuring that relevant risks are addressed in their Service Plans and in the day to day operations of their services. This will ensure that the actions necessary for reducing corporate risks are resourced and planned for in an integrated way. Operational Risk Registers will be reviewed every 3 months and the Corporate Risk Management Group notified of new or escalating risks that are within the red zone on risk heat map.

The Corporate Risk Register will be reviewed at each meeting of the Corporate Risk Management Group. Significant changes to the Corporate Risk Register (either in the form of new risks or the status of existing risks) will be reported to members via the annual report to Resources Overview and Scrutiny Panel described elsewhere in this strategy.

Produce Regular Performance Reports for Resources Overview and Scrutiny Panel and Audit Committee. The performance of the Council in relation to risk management will be reviewed and reported to Resources Overview and Scrutiny Panel.

The performance report will contain information on the following:

- New corporate risks
- Changes in status to existing corporate risks
- Significant actions (and outcomes) taken to address risk
- Costs or savings as a direct result of risk management.

The chair of the Corporate Risk Management Group (Deputy Chief Executive) will present the report.

The format and content of the report will be developed to meet the needs of the committee on an ongoing basis.

The Role of Elected Members in Risk Management. The relevant Portfolio Holder is the Member Champion for risk management and is a member of the Corporate Risk Management Group.

The corporate risk register will be made available for inspection by any elected member who wishes to do so.

The principle interface with elected members for the purpose of monitoring risk management will be the Resources Overview and Scrutiny Panel. The Panel's involvement will be as follows:

- The Panel will receive the annual risk management reports described elsewhere. This will apprise members of the Council's performance in relation to risk management and provide an opportunity for challenge and discussion.
- The Panel may review the corporate risk register at its request.
- The Panel may identify new risks for evaluation and management by the Corporate Risk Management Group.

All overview and scrutiny panels have a role to scrutinise project risk registers where appropriate (i.e. for projects that fall within that particular panel's area of interest)

Put in place clear procedures for managing and identifying risk. Responsibilities for risk management are identified in the Risk Management Policy. The procedures for identifying and managing risk will be issued as guidance to officers. In outline this will be as follows:

- Operational, strategic and project risks can be identified in a number of ways. A good method is to hold a workshop where stakeholders can identify and discuss risks and agree upon those that need to be analysed.
- The analysis of risk will be carried out in accordance with the Risk Management Policy. The impact and likelihood will be determined.
- The appropriate officers according to the type of risk will carry out risk analysis. For example a project team for a project risk or Corporate Risk Management Group for a crosscutting corporate risk.
- The circumstances under which a risk should be 'escalated' to the Corporate Risk Management Group are described in the Risk Management Policy.
- The outcome of risk analysis will determine whether the risk can be tolerated by the Council and what kind of remedial action should be taken if necessary. The appropriate control strategies are described in the Risk Management Policy.
- The appropriate actions for control of risk must be integrated into service plans and project plans.