

**Chief Executive's Office**

Chief Executive: N.M. Pringle

**To: All Members of Cabinet:  
R.J. Phillips (Leader)  
G.V. Hyde (Deputy Leader)  
Mrs. L.O. Barnett  
P.J. Edwards  
Mrs. J.P. French  
J.C. Mayson  
D.W. Rule MBE  
R.V. Stockton  
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R.M. Wilson**

Your Ref:

Our Ref: NMP/CD

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5th April, 2004

Dear Councillor,

**MEETING OF CABINET  
THURSDAY, 15TH APRIL, 2004 AT 2.15 P.M.  
COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

**AGENDA (03/27)**

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2. DECLARATIONS OF INTEREST**

To receive any declarations of interest by members in respect of items on this agenda.

**3. CORPORATE HEALTH PERFORMANCE**

To receive an update on the Council's corporate performance in relation to our national and Local Best Value Performance Indicators from 1st April, 2003 to 31st January, 2004. (*Pages 1 - 4*)

**4. RISK MANAGEMENT STRATEGY**

To approve the revised Risk Management Strategy for Herefordshire Council and the arrangements for the development, promotion and monitoring of Risk Management within the Council. (*Pages 5 - 20*)

**EXCLUSION OF THE PUBLIC AND PRESS**

**In the opinion of the Proper Officer, the next items will not be, or are likely not to be, open to the public and press at the time they are considered.**

**RECOMMENDATION:**

**That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Schedule 12(A) of the Local Government Act 1972 as indicated below.**

**5. HEREFORD MARKET AUCTIONEERS**

To agree Heads of Terms with Hereford market Auctioneers for their relocation to a new market site. *(Pages 21 - 24)*

**This item discloses any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.**

**6. BELMONT**

To agree a way forward to resolve the longstanding issues concerning the delivery of public open space on the former landfill site area. *(Pages 25 - 30)*

**This item discloses any instructions to counsel and any opinion of counsel (whether or not in connection with any proceedings) and any advice received, information obtained or action to be taken in connection with –**

- a) any legal proceedings by or against the authority, or
- b) the determination of any matter affecting the authority (whether, in either case, proceedings have been commenced or are in contemplation)

Yours sincerely,



**N.M. PRINGLE  
CHIEF EXECUTIVE**

Copies to: Chairman of the Council  
Chairman of Strategic Monitoring Committee  
Vice-Chairman of Strategic Monitoring Committee  
Chairmen of Scrutiny Committees  
Group Leaders  
Directors  
County Secretary and Solicitor  
County Treasurer

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# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

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# CORPORATE HEALTH PERFORMANCE

## PROGRAMME AREA RESPONSIBILITY: AUDIT AND PERFORMANCE MANAGEMENT

CABINET

15TH APRIL, 2004

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### Wards Affected

County-wide

### Purpose

To receive an update on the Council's corporate performance in relation to our National and Local Best Value Performance Indicators from 1st April 2003 to 31st January, 2004.

### Key Decision

This is not a key decision.

### Recommendation

**THAT performance in relation to the Council's National and Local Corporate Best Value Indicators, from 1st April 2003 to 31st January, 2004, be noted**

### Reasons

The Council has developed revised performance monitoring arrangements as outlined in the Comprehensive Performance Self-assessment document submitted to the Audit Commission. The revised arrangements ensure that the Chief Executive's Management Team, the Strategic Monitoring Committee, Scrutiny Committees, and Cabinet are all involved in the performance monitoring process.

### Considerations

1. During 2003/2004 corporate performance is being reported to Cabinet at 4, 6, 8, 10 and 12 monthly intervals, in line with the Council's Performance Management Framework.
2. Corporate performance for the 10 month period 1st April 2003 – 31st January 2004 has been reported on an exception basis and only those indicators where there is a variation on the target of at least + or – 10% are highlighted.

### Above target performance

3. **The percentage of top 5% of earners that are from black and minority ethnic communities (National Indicator):** The target for this indicator during 2003/2004 is 2%, whereas the actual level from 1st April 2003 to 31st January 2004 was 2.3%.

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Further information on the subject of this report is available from  
Tony Michael, Policy Officer, on (01432) 261823

4. **Number of recorded complaints, both formal and informal (Local Indicator):** The target for this indicator during 2003/2004 is 285, whilst the number of complaints recorded for the first 10 months of this year is already up to 328. The high level of recorded complaints reflects improved collection arrangements and a greater focus on customer service issues across the authority.
5. **Staff mileage (Local Indicator):** The target for this indicator during 2003/2004 is to reduce mileage by 1% in comparison to 2002/2003. Performance for the 10 months up to 31st January 2004, compared to the 10 months up to 31st January 2003, showed a 20% reduction.
6. **Use of public transport by staff (Local Indicator):** The target for this indicator during 2003/2004 is to increase expenditure on the use of public transport by 5%. Performance for the 10 months up to 31st January 2004, compared to the 10 months up to 31st January 2003, showed a 40% increase.

## Areas for Improvement

7. **Average time for processing new housing benefit claims (National Indicator):** The target for this indicator during 2003/2004 is 33 days, whilst performance for the 10 months up to 31st January 2004 was 54 days. This shows an improvement over the performance for the first six months of the year when the average processing time was 56 days. A significant amount of downtime in systems, the implementation of tax credits and shortages in staffing resources, have all affected performance in this area. During January 2004 a pilot scheme was introduced to improve performance, by arranging special interviews with applicants to obtain all the information required at the outset of an application. If the pilot is successful it will be introduced on a countywide basis.
8. **Average time for processing notifications of changes of circumstance for housing benefit claims (National Indicator):** The target for this indicator during 2003/2004 is 9 days, whilst performance for the 10 months up to 31st January 2004 was 11 days. This shows an improvement over the 8 month period up to 30th November 2003, when performance was 12 days. The late notification by the Inland Revenue of working tax and child tax credits entitlements during the early part of the year resulted in a significant amount of additional changes in circumstances to be dealt with by the Benefits Team, compared with the same period last year. The additional changes in circumstances have now been cleared and current performance is now meeting the 9 day target.
9. **Percentage of housing benefit renewal claims processed on time (National Indicator):** The target for this indicator during 2003/2004 is 83%, whilst performance for the 10 months up to 31st January 2004 was 25%. During 2003/2004 staffing resources have been put into dealing with new claims and changes in circumstances at the expense of renewal applications to give priority to those people waiting for benefit. From October 2003, there was no longer a requirement to issue renewal claims to pensioners and performance for the month of February has now improved to 40%. The requirement to submit renewal claims will be abolished for all claims from April 2004 and this indicator will no longer be used.
10. **Domestic burglaries per 1000 population (National Indicator):** The target for this indicator during 2003/2004 is 8 per 1000 population, whilst performance for the 10 months up to 31st January 2004, suggests that the annual figure will be approximately 10 per 1000. The West Mercia Police Force has established a burglary action plan in order to reduce the number of burglaries. A team of officers has been



created that are dedicated to burglary and vehicle crime in support of this strategy. The Division is also working with neighbouring Forces in order to reduce the number of cross-border offenders.

11. **The number of types of interactions that are enabled for electronic delivery as a percentage of the types of interactions that are legally permissible for electronic delivery (National Indicator):** The target for this indicator is 100% by 31st March 2004, whilst performance up to 31st January 2004 was only 42%. However, we are still aiming for 60% by that date. During 2003/04, there has been limited development of the current web site, with the focus of effort being concentrated on the development of the e-Gateway infrastructure, which will be the main platform for the delivery of electronic services in the future.
12. **The percentage of standard searches carried out in 10 working days (National Indicator):** The target for this indicator during 2003/2004 is 100%, whilst performance for the 10 months up to 31st January 2004 was 87%. However, this compares with an outturn performance of 58% for 2002/2003, demonstrating a significant improvement in performance for the current year.
13. **The percentage of Staff Review and Development interviews completed in the previous 12 months (Local Indicator):** The target for this indicator is 100%, whilst performance for the 12 months period up to 31st January 2004 was 57%. As part of the Council's new Performance Management Framework, it is planned to undertake the majority of Staff Review and Development interviews during March, April and May of each year as part of the annual service planning cycle. It is anticipated that these new arrangements will result in improved performance in relation to this indicator.
14. **The percentage of agreed training plans arising from Staff Review and Development interviews (Local Indicator):** The target for this indicator during 2003/2004 is 90%, whilst performance for the 12 months period up to 31st January 2004 was 57%. It is anticipated that the increased emphasis on the Staff Review and Development process, resulting from the implementation of the Council's revised Performance Management Framework, will result in improved performance in relation to this indicator.
15. **Percentage of employees receiving a corporate induction within 3 months of commencing employment (Local Indicator):** The target for this indicator during 2003/2004 is 100%. Performance for 10 months up to 31st January 2004 was 71%. This compares with an outturn performance for the 12 month period 1st April 2002 to 31st March 2003 of 45%, which demonstrates significant improvement in relation to this indicator.
16. **First Stop INFO customer enquiries resolved within agreed timescales (Local Indicator):** The target for this indicator during 2003/2004 is 80%, however performance for the 10 months up to 31st January 2004 was 65%. Service level agreements and the procedures for dealing with first stop customer enquiries are currently being reviewed in order to improve response rates.

## **Risk Management**

Failure to review performance and improvement activity would undermine the implementation of the Council's Performance Management Framework.

## **Background Papers**

- Herefordshire Council's Performance Management Framework
- Best Value Performance Plan 2003/2004

# RISK MANAGEMENT STRATEGY

## PROGRAMME AREA RESPONSIBILITY: AUDIT AND PERFORMANCE MANAGEMENT

CABINET

15TH APRIL, 2004

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### Wards Affected

County-wide.

### Purpose

To approve the revised Risk Management Strategy for Herefordshire Council and the arrangements for the development, promotion and monitoring of Risk Management within the Council.

### Key Decision

This is not a key decision.

### Recommendation

**THAT the implementation of the Risk Management Strategy be approved.**

### Reasons

The revised Risk Management Strategy further develops the Council's approach to this important issue.

### Considerations

1. There is a need to refocus the Council's attention and thinking on Risk Management due to the greater emphasis now being placed on Corporate Governance nationally. What has gone before has been robust and has laid a solid foundation for the future but now needs to be formalised.
2. Risk Management needs to be a key consideration when undertaking Service Planning, Project Management (Prince 2), Best Value reviews, Budget Planning, Performance Management, Annual Insurance report, Internal Audit reports, Cabinet Reports, External Inspections and Improvement Planning.
3. The comments and recommendations made by the Audit Commission, organisations such as ALARM (The Association of Local Authority Risk Managers) & CIPFA and the results of the Comprehensive Performance Assessment have been taken on board in order to ensure that the Council's strategy complies with all of their requirements. However considerable attention has also be paid to making the document as "user friendly" as possible.

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Further information on the subject of this report is available  
Mr I Hyson, County Treasurer on (01432) 260235

4. The Head of Performance Management and the Performance Leads have been fully engaged in developing this strategy as it links intrinsically with performance management and project management. They will take the lead on monitoring it acting as the Council's corporate risk management group.
5. The necessary training and resources must be secured in order that this strategy is incorporated across the whole authority. Performance Leads have undergone a one-day training session and sessions to include all managers are scheduled for March/April 2004. The introduction of Risk Management within induction training will also be pursued.
6. The need to ensure that elected members are kept informed will be addressed in the near future by way of a seminar.
7. Each Directorate/Department should in time review its training needs in relation to Risk Management and should make this known via their member on the Performance Leads Group.
8. The attached appendices set out in full the revised Risk Management Strategy along with guidance to aid officers in its implementation
9. The Risk Management & Insurance Officer will collate the strategic risks identified to produce a corporate risk register. (However, it must be stressed that the risk management & insurance officer is not the owner of the risk. The ownership and therefore the responsibility to regularly monitor and review the risk stays with the individual manager). The corporate risk register will form the basis of a quarterly review by the Head of Performance Management and Performance Leads and an annual review of strategic risks and the Strategy itself, to be reported to Cabinet and the Strategic Monitoring Committee.
10. It is proposed that the initial tasks of identifying the strategic risks is undertaken by 31st March with a report to Chief Executive Management Team during April and Cabinet and Strategic Monitoring Committee thereafter.

## **Risk Management**

The development of a Risk Management Strategy is critical to the effective management of all risks.

## **Consultees**

Chief Executive's Management Team.

## **Background Papers**

None identified.

# **Risk Management Strategy –**

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## Introduction

Risk Management is assuming a much higher profile in Local Government. Not only do Councils touch the life of all their residents but also have resources to match many large businesses. This requires a sound approach to managing the risks that are significant to the achievement of the Council's objectives. The Council, through its Corporate Plan, is committed to ensuring that it has "**the energy, ability and ambition to seek improvement, whilst retaining the ability to innovate**". The adoption of a strong Risk Management Strategy is key to achieving this and meets the requirements of the Comprehensive Performance Assessment Improvement Plan, "Committed to Excellence".

The exposure to risks is often measured in financial terms only, for example, repairs to property, motor vehicles, additional staff costs and increase in insurance policy premiums. However, it also includes inconvenience, lowering of morale, adverse publicity, disruption of service etc. As such risks can be either operational, strategic or a mixture of both.

Managers are used to managing risk in their day-to-day operations: from decisions about whether to take a child into care to the safety implications of trailing leads in an office. Managing strategic risks however, though drawing on this good and often instinctive practice, requires us, as a Council, to take a more formalised approach.

It is a requirement that Councils have an agreed approach to strategic risk management as part of its wider corporate governance regime. The Audit Commission and other Inspection bodies are increasingly focusing on this as an indicator of a well-run authority, via Comprehensive Performance Assessments and other Inspections.

This document sets out Herefordshire Council's approach to risk management focusing on those strategic risks which will emerge in developing service plans, projects, making funding bids and managing change (e.g. financial changes). It provides a framework that is simple to use while sufficiently structured to ensure that consistent judgements are made on risk.

The approach will ensure that all areas of risk are identified, evaluated, controlled and reviewed. This process **must** be applied in the above strategic contexts but can also support operational risk management.

The cycle of Risk Management involves four processes:

- A systematic and regular **Identification** of risk
- Evaluation** of each risk
- Control** of each risk
- Monitoring** of risks with further corrective action as necessary

Herefordshire Council's Risk Management Strategy, outlined here, addresses each of these aspects to ensure that it meets the overall objectives of good corporate governance. This document has been produced to set out the framework and support needed to meet your obligations in this respect.

Neil Pringle, Chief Executive

Roger Philips, Leader

## Definition of Risk Management

**“ Risk management is a business discipline that public and private sector organisations use to effectively manage potential opportunities and threats to the organisation achieving its objectives. It is a key part of the strategic management and performance management processes.”**

(Association of Local Authority Risk Managers)

In addition, in assessing Councils under the Comprehensive Performance Assessment regime, the Audit Commission is checking that **“ the Council is risk aware particularly when entering new arenas and always assesses risks inherent in the things it does”**

(Audit Commission – Key lines of enquiry)

Risk management is not about avoiding risks altogether, but managing them prudently. Nothing is achieved without some element of risk and good opportunities can be lost if organisations are over cautious. Risk management can help us to evaluate and balance hazards and opportunities to make well-informed decisions and provide sustainable improvements in service delivery.

In this sense it has always been a key aspect of a manager’s role and has been undertaken very effectively in many instances. What this Strategy will do is to provide a consistent framework and audit trail evidence to support those judgements.

The strategy has been designed to support the management of the strategic risks the Council faces. (see **Appendix A** for a guide to strategic risk categories). Operational risks will continue to be assessed in the normal way. However managers should be alert to any operational risks that may become strategic and hence require consideration within this framework.

## Statement of Policy on Risk Management

The Council recognises its business has an impact on the people who live, work and play in Herefordshire.

The Council undertakes to take all reasonably practicable measures to ensure that the impact of its decisions does not have an adverse effect on the resources of the Council, the people working for the Council or those receiving the services of the Council by ensuring that:

- A strategic overview of the management of risks facing the Council is undertaken
- Risk assessments are undertaken on any projects, service plans, and changes to procedures or processes
- The 4 stage cycle of risk management is adhered to
- Employees at all levels understand their role in managing risk

## Responsibilities for Risk Management

**All employees** have a responsibility to identify and manage the risks that they face on a day-to-day basis (operational risks).

However, certain roles carry specific responsibilities in respect of managing risk, particularly strategic risks, as follows:

**Elected members** have overall responsibility for managing the strategic risks of the Council.

The **Chief Executive** is accountable on a day-to-day basis for managing the Council's risks and for providing advice to Elected Members to enable them to undertake their role.

**Directors and Heads of Service** are responsible for managing risks effectively within their Directorate/Department/Service.

The **County Treasurer** is the Council's nominated Risk Manager and manages the Council's insurance arrangements.

The **Head of Performance Management** is responsible for monitoring the overall policy/strategy, assisted by the **Performance Leads Group**. (see below)

The **Risk Management and Insurance Officer** maintains the Council's corporate risk register, providing monitoring reports as required to the County Treasurer and Head of Performance Management. This Officer also liaises with external insurers to ensure that future premiums reflect all Risk Management activities being undertaken and that advice and resources available from insurers/brokers are made available to the Council.

### Performance Leads Group

Senior management commitment and involvement of employees at all levels is the key to good risk management, and unless the principles are fully embraced, they are unlikely to be successfully imposed.

The Performance Leads Group, chaired by the Head of Performance Management, is responsible for overseeing all aspects of the Performance Management framework. It consists of representatives, at Head of Service level from across the Council. The Risk Management and Insurance Officer is also a full member of the Group. It meets the need for a forum in which issues can be freely debated, providing an opportunity to learn from others, share good practice and areas of difficulty.

The relevant terms of reference of the Group, in respect of risk management, are as follows:

- Ensure the Council's performance and risk management frameworks are integrated into the day-to-day activities of the Directorate/Department
- Ensure that projects within their Directorate/Department are managed within the agreed project management framework
- Contribute to raising the awareness of, and developing skills in performance, project and risk management within the Council

As important as the specific terms of reference is the responsibility, which members have, in providing leadership to their Directorates/Departments in risk management.



## The Risk Management Cycle

As described earlier the risk management cycle consists of four stages (**Appendix B**).

### Identification

This process is achieved by:

- Specifying the risks to which the Council is exposed both strategic and operational.
- Analysing past claims, incidents and other losses.
- Creation and maintenance of a corporate risk register.

### Evaluation

Having identified areas of potential risk they need to be analysed by:

- An assessment of impact.
- An assessment of likelihood.

### Risk Control

Following evaluation there are four main control options:

- Tolerate – monitor and re-evaluate in the future
- Terminate –do not undertake the activity
- Treatment (pre and/or post loss) – manage it, put in place effective controls
- Transfer – pass the risk on (e.g. to contractor/insurer)

To assist in the above process a simple guide along with the necessary documentation have been drawn up and are attached to this strategy as **Appendices A – E**. It is important that a coordinated approach to the management of risk is established throughout the authority and that managers adhere to this process.

### Monitoring

The Risk Management cycle requires a suitable reporting and monitoring system, which will report effectively on the Council's current risk profile. Monitoring needs to be a pro-active approach that triggers further evaluation and control of risks as necessary. Reporting of Risk Management will be as follows:

- The Performance Leads Group will, on a quarterly basis, consider and review those risks reported and submit their findings to the Chief Executives Management team via the County Treasurer and Head of Performance Management.
- A formal review and report will be generated annually. This will form the basis of an annual review of strategic risks to be reported to the Strategic Monitoring Committee and Cabinet.

## Our Approach

The Council is committed to ensuring best practice in the management of its strategic risks and has taken up corporate membership of ALARM to keep abreast of developments in this field. This learning will be shared with managers. As a minimum there needs to be a shared awareness and understanding within the authority of:

- the nature and extent of the risks it faces
- the extent/type of risks regarded as acceptable
- the likelihood and potential impact of the risks happening
- its ability to reduce the incidence and impact of risks through effective controls.

The risk management process should be ongoing, embedded in the culture of the authority and assist the organisation in further developing performance management and good governance generally. There will be key points, however, when managers are required to undertake a formal risk assessment within this framework as follows:

- As part of the service planning process
- As part of a project scoping
- When managing change
- When making funding bids
- When presenting reports to Elected Members

In addition managers need to be alert to what operational risks they are managing and at what point these might become strategic. An example might be when the ongoing operational risks associated with child protection become exacerbated by a high number of vacancies or when the Council's reputation is at risk because of a high profile complaint.

The tools to identify and manage operational risks are not always labeled as 'risk management' but can help to identify potential strategic risks. They include:

- Health & Safety audits
- Induction training
- Staff Review and Development
- Operational Risk Assessments
- Customer Surveys
- Benchmarking
- Insurance arrangements

Strategic risk management related activity within the Council is already quite wide ranging. It is generally, if not formally, undertaken as part of

**Service Planning, PRINCE2 Project Management, Best Value Reviews, Budget Panel reports, Performance Management, Annual Insurance Report, Internal Audit reports, Cabinet Reports, External Inspections, Improvement Planning, Funding Bids, Reviews**

In adopting the Risk Management Strategy the Council is ensuring that there is a consistent and rigorous approach adopted right across the Council setting out when, how and by whom risks are to be assessed and managed. The implementation of the strategy is set out later in the report. However it is worth noting here that rather than attempting to undertake a retrospective risk assessment in every case, the approach will be to start with a clean sheet and evaluate and manage those risks which emerge throughout the year. All 2004/5 Service Plans **should be** risk assessed together with any ongoing significant projects.

## **Implementation Plan**

### **Approval**

The production of the Risk Management Strategy was overseen by the Performance Leads Group and approved by Chief Executive's Management Team on 17<sup>th</sup> February 2004 and Cabinet on 25<sup>th</sup> March 2004.

### **Monitoring**

The Performance Leads reporting to Chief Executives Management Team will undertake the monitoring of the operation of the Strategy on a quarterly basis. An Annual Report will be presented to Cabinet and the Strategic Monitoring Committee. The overall Strategy will also be reviewed on an annual basis and any required revisions will be put forward for re-approval. The success criteria will be based on the number of plans, change proposals and Cabinet/Committee reports, risk assessed to the required standard. There is also a planned Internal Audit of the Strategy and its implementation, the date of which is currently being determined.

### **Training and Development**

The Performance Leads Group received a day's risk management training in November 2003 delivered by Gallagher Bassett, the Council's risk consultants. In addition the Council has purchased the ALARM "Risk Management Training Toolkit" and the Risk Management and Insurance Officer and Head of Performance Management have attended a "training the trainers" course on its use. Risk management is also covered in the Management Development Programme delivered by Aston Business School as part of the Certificate in Management (Project and Performance Management Module).

The Risk Management Strategy will be rolled out through workshops run for Directorate and Departmental Management Teams. These workshops will be used to identify further training needs in this area. It will also be necessary to ensure that any new managers receive appropriate training and that risk management is covered as part of new employee induction.

The corporate membership of ALARM not only provides us with leading edge thinking but access to workshops, conferences and accredited training at a reduced rate. This can be made available to managers other than the named corporate members. Anyone interested should contact the Risk Management and Insurance Officer.

### **Communication**

Proper management of risk is the responsibility of everyone, albeit at different levels. The Risk Management Strategy will be posted on the Intranet and will be one of the documents in the Managers Guide to Rocket Science toolkit being produced for key Managers. (Also available in CD ROM format) Managers should ensure that their Teams understand the broad approach to risk management via Team Briefings and other appropriate mechanisms.

A newsletter Risk Matters, edited by the Risk Management and Insurance Officer is produced three times a year for interested managers. In future this will be circulated to the Key Managers Group. Further advice/support on undertaking risk assessments will be available from the Head of Performance Management, the Risk Management and Insurance Officer and Performance Leads,

## Timetable

What	Who	When
Approval Performance Leads	Head of PM	January 2004
Approval CXMT	County Treasurer	February 2004
Approval Cabinet	County Treasurer	March 2004
Initial Training Workshops	Head of PM	March/April 2004
Further training/support to risk assessments	Head of PM/Performance Leads	April-September 2004
Ongoing Monitoring	Head of PM/Performance Leads	Ongoing
Review of Strategy	Head of PM/Performance Leads	March 2005

The Audit Commission has given the following definition of strategic risks:

**‘Risks that need to be taken into account in judgments about the medium to long term goals and objectives.’**

And CIPFA has given guidance on when strategic risks should be assessed, in this way:

**‘Strategic Risk assessments should be undertaken as part of the community, corporate and service planning process and as a key element of service reviews’.**

The following categories of strategic risks, these should be used as **a guide only** in the Risk Management process and is not an exhaustive list.

**Competitive:** those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.

**Customer/Citizen:** those associated with the failure to meet the current and changing needs and expectations of customers and citizens.

**Environmental:** those relating to the environmental consequences of progressing the council’s strategic objectives (e.g. energy efficiency, pollution, waste recycling, etc.).

**Financial:** those affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance, the consequences of proposed investment decisions, interest rate instability and inflation.

**Information & knowledge:** *those associated with the Council’s ability to identify, understand and manage new or key information which may impact on its ability to deliver business objectives or forecast changing circumstances.*

**Legislative:** those associated with current or potential changes in national or European law

**Partners/ Contractors:** Over reliance on key contractors, failure of outsource providers to deliver. This could be in terms of quality, quantity, timescales or their own exposure to risk. Collapse of contractors, insolvency.

**Personnel:** Recruitment/retention of qualified staff, over reliance on key officers, inability to implement change. Lack of clarity over roles and responsibilities.

**Political:** those affecting the standing of Elected Members in the community or with National organizations, including Government Departments or their representatives

**Property (including IT):** Loss of or loss of use of assets. This could include loss caused by natural disasters, pollution incidents, aircraft/vehicle collision

**Reputation –** i.e. bad publicity in local press over an extended period, items in the national press, matters raised in parliament or the EU.

**Social:** those relating to the effects of changes in demographic, residential or socio-economic trends on the council’s ability to deliver its objectives. For example the changes in population ratios, more older people, more ethnic groups

**Technological:** those associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands or the consequences of internal technological failures on the council’s ability to deliver its objectives.

**Well being and safety:** those which impact on the Council’s ability to ensure the well-being and safety of its employees, customers or others involved in the Council’s activities, over and above operational health and safety concerns.

<h2 style="margin: 0;">Managing Risk – Strategic Risk Identification &amp; Assessment</h2>	 <b>HEREFORDSHIRE COUNCIL</b>
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### Process Summary

STAGE ONE

**A – Identify a Responsible Officer**  
Identify a responsible officer (service manager, project officer) who will be responsible for carrying out the process on form **RIA2**.

**B – Risk Identification**  
Identify the risks to the business process/project using the strategic risk categories list as a guide, enter these on form **RIA2**.

**C – Risk Assessment & Prioritisation**  
Assess the *impact* of the identified risk and the *likelihood* of the risk occurring (assuming no control measures are in place). Prioritise the risks using the scoring system below and enter the results on form **RIA2**. Apply the 4T test to identify how risks should be managed. (see below)

		Impact			
		1	2	3	4
Likelihood		<i>Minor</i>	<i>Significant</i>	<i>Serious</i>	<i>Major</i>
<b>Very Likely</b>	4	LOW	MEDIUM	HIGH	HIGH
<b>Likely</b>	3	LOW	MEDIUM	MEDIUM	HIGH
<b>Unlikely</b>	2	LOW	LOW	MEDIUM	MEDIUM
<b>Very Unlikely</b>	1	LOW	LOW	LOW	LOW

STAGE TWO

**A – Risk Management**  
Identify the control measures needed to manage the high priority risks. Summarise these on form RIA2 but use form RIA3 to expand.

**B – Action Planning**  
Produce action plan for implementing risk control measures.

**C – Re-Assessment of Risk**  
Re-assess the *impact* of the identified risk and the *likelihood* of it occurring this time with the control measures in place, enter the new scores and overall rating on form RIA2.

**D – Action Planning**  
Undertake regular monitoring of risk control measures.

**The 4 Test** (Terminate (Don't do), Transfer (Pass risk on), Treat (Manage and Control), Tolerate (Go ahead but monitor))

RED (Score 11-16) TERMINATE, TRANSFER OR TREAT

YELLOW (Score 5-10) TRANSFER OR TREAT

GREEN (Score 1-4) TOLERATE

**DEFINITIONS  
ASSESSING IMPACT**

Impact Rating	Score	Description	Possible Indicators
Major	4	<ul style="list-style-type: none"> <li>Major loss of service facilities.</li> <li>Major financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>Service disruption &gt;5 days.</li> <li>One or more fatalities.</li> <li>Financial loss up to 75% of budget.</li> </ul>
Serious	3	<ul style="list-style-type: none"> <li>Loss of major service.</li> <li>Major injuries.</li> <li>Serious financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>Service disruption 3-5 days.</li> <li>Major injury to individual/several people.</li> <li>Financial loss up to 50% of the budget.</li> </ul>
Significant	2	<ul style="list-style-type: none"> <li>Major impact on aspect of service.</li> <li>Severe injuries.</li> <li>Significant financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>Service disruption 2-3 days.</li> <li>Severe injury to individual/several people.</li> <li>Financial loss up to 25% of the budget</li> </ul>
Minor	1	<ul style="list-style-type: none"> <li>Brief disruption to service.</li> <li>Minor injuries.</li> <li>Minor financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>Service disruption &lt;1 day.</li> <li>Minor injury to individual/several people.</li> <li>Financial loss up to 10% of budget.</li> </ul>

**ASSESSING LIKELIHOOD**

Likelihood Rating	Score	Description	Possible Indicators
Very Likely	4	More than 75% chance of occurrence.	<ul style="list-style-type: none"> <li>Regular occurrence.</li> <li>Circumstances frequently encountered-daily/weekly/monthly.</li> </ul>
Likely	3	40 – 75% chance of occurrence.	<ul style="list-style-type: none"> <li>Likely to happen at some point within the next 1-3 years.</li> <li>Circumstances occasionally encountered (few times a year).</li> </ul>
Unlikely	2	10 – 40% chance of occurrence.	Only likely to happen once every 3 or more years.
Very Unlikely	1	Less than 10% chance of occurrence.	Has happened rarely or never before.

Overall Risk Score	Risk Rating
11-16	High
5-10	Medium
1-4	Low





# Managing Risk – Strategic Risk Identification & Assessment



HEREFORDSHIRE COUNCIL

Directorate/Department/Function/Project: \_\_\_\_\_

Business Objective: \_\_\_\_\_

Accountable Officer: \_\_\_\_\_

Stage One		Stage Two				
Identified	Risk Reference Number	Assessment of Risk (Assume NO controls in place) using risk matrix		Risk Controls Measures	Assessment of Residual Risk (With control measures implemented)	
		Impact (Severity)	Likelihood (Probability)		Impact (Severity)	Likelihood (Probability)

Signed: \_\_\_\_\_ Position: \_\_\_\_\_

Date: \_\_\_\_\_

**Managing Risk –  
Strategic Risk Control Measures: Proposed**



Directorate/Department/Function/Project: \_\_\_\_\_

Accountable Officer (as RIA2): \_\_\_\_\_ Date Completed: \_\_\_\_\_

Risk Reference Number	Proposed Control Measures	Target Date	Accountable Officer

I confirm that all the proposed control measures detailed in the above table have been implemented.

Signed: \_\_\_\_\_ Position: \_\_\_\_\_

Date: \_\_\_\_\_

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