

RISK MANAGEMENT POLICY

Introduction

1. Risk management is about the *“identification, analysis and control of the threats or opportunities that affect the achievement or execution of the Council’s strategic and operational objectives”*. It is also the successful management of the control environment in which the decision making process is undertaken, such that positive risks are taken in order to innovate and improve service provision.
2. This policy is a living document, which seeks to identify and manage risk within Herefordshire Council.
3. Risk management is vital to the reputation of the Council as it demonstrates good vision, awareness and leadership. It supports the Council’s strategic and corporate priorities enabling it to meet its statutory duties and objectives by identifying issues that may stop them being achieved whilst at the same time highlighting any opportunities that occur.
4. The risk management policy sets out the governance framework at the Council detailing roles and responsibilities from the executive level, through to specific staff and individuals throughout the Council.

Our approach to the Governance of Risk

5. Our overall aim is to embed the culture of risk management throughout the Council both at a corporate level and within operational/service delivery arrangements.
6. Risks are managed every day as part of normal business activity. Risk management is not just about eliminating risk but about dealing with and reducing the circumstances in terms of its impact and probability (likelihood). A critical success factor in embedding a risk management culture is the commitment of Members, Directors and Heads of Service.
7. The Council will regularly review arrangements for ensuring that risk management is integrated at all levels throughout the authority. Evidenced by:
 - member and senior management commitment and involvement evidenced by the identification of a Member champion, and a lead director responsible for risk management corporately
 - a policy endorsed by Cabinet and Council for the integration of risk management within the Council service/performance management and financial frameworks.
 - risk management monitoring, review and embedding driven by Senior Management Team. Including liaison with key officers with specific agendas such as health & safety and business continuity.
 - a Corporate Risk Register which links in with the Council’s high-level strategic priorities and objectives. Directorate Risk Registers linked to the Corporate Risk Register and Council operations.
 - accountability for risk management at all levels – including the identification of risk owners for all risks.
 - an established risk assessment process, supported by targeted training and a user guide.

- regular review and monitoring by the Council to ensure that processes are relevant and reflect best practice.

Risk Management Statement

8. Herefordshire Council recognises that the development of policy, delivery of objectives and management of services attracts risks. In reviewing the effects of management strategies and policies, the Council will continue to:
- identify, assess and manage (opportunities and threats) risk;
 - safeguard the Council's assets; and
 - enhance the delivery of its services to the community.

Aims and Objectives

9. Risk management is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. This is achieved through preventing risks, reducing risks, transferring risks or living with risks. The Council's aim is to ensure that risk management becomes a natural component of its management processes.
10. The Council's objectives are to:
- continue to raise awareness of the need for risk management in all areas of service delivery, integrate it into the culture of the Council and embed it in the performance management framework;
 - manage risk in accordance with best practice;
 - anticipate and respond to changing social, financial, environmental, technological and legislative requirements;
 - minimise injury, damage and loss arising from exposure to risk.
11. The Council will achieve these objectives by:
- continue to include risk management as an integral part of its management processes and day-to-day operations through corporate, directorate and service plans;
 - ensuring sound systems of internal control;
 - continue to incorporate risk management into major service reviews including best value and project management;
 - continue to prepare contingency plans in areas where there is a potential for serious adverse effects on service continuity;
 - regularly monitor and review arrangements;
 - ensuring that the Council responds to and meets its legislative responsibilities in relation to the management of risk.
12. The Council has prepared a User Guide (Appendix 1 refers) to ensure that the aims and objectives of this Policy are implemented consistently throughout the Council. The risk management policy has the full support and commitment of the Council, Cabinet and Corporate Management Board (CMB).

The Risk Management Process

13. The full integration of risk management into the culture of the Council can only be achieved through the full commitment and understanding of all stakeholders. These stakeholders can be defined as follows:
 - Leader and Cabinet Members;
 - members of scrutiny Committee and other elected members;
 - Corporate Management Board;
 - Heads of Service; and
 - all Council officers.
14. All these stakeholders have a role to play in the control environment within which the Council operates, whether in connection with the setting of policy and decision making, the challenge process of accountability, the implementation of the Council's objectives, the setting of internal controls or the provision of a safe working environment.
15. Ultimate responsibility for the delivery of the Council's objectives rests with the Council, Cabinet, Chief Executive and Directors. However, in order to take the agenda forward the Council has identified a Member Champion and a Director with lead responsibility for risk management corporately.
 - Member Champion: Cabinet Member (Resources)
 - Director with Lead Responsibility: Director of Resources.
16. CMB has elected the Senior Management Team (SMT) to steer the continuing development of the overall approach and to provide a mechanism for ongoing monitoring and review. The responsibilities of the SMT need to be clearly understood and have been defined as:
 - monitoring and reviewing the Risk Management Policy and Corporate Risk Register and Action Plan.
 - identify and analyse cross cutting corporate risks and report to CMB.
 - support their Directorates in identifying, analysing and monitoring their risks (opportunities and threats).
 - champion and raise awareness of risk management and ensure that the process becomes embedded in the culture of the organisation.
 - ensure synergy with other "risk" systems, e.g. Health & Safety, Civil Contingencies, business continuity and project management.
 - ensure regular updating of the Corporate and Directorate Risk Registers.
 - ensure that cross cutting corporate risks are appropriately managed, reporting to CMB as appropriate.
 - monitor and review Directorate Risk Registers and Action Plans.
 - ensure that risk management is fully integrated into the Council's Integrated Performance reporting.
 - ensure that reports to support strategic policy decisions and project initiation documents include a risk assessment.

Risk Appetite

17. The Council evaluates risks on the basis of the likelihood of them occurring and the impact of the consequences if they do. A standard set of evaluation criteria is used to assign a score to both likelihood and impact and the resultant risks are then plotted as depicted in the guidance (Appendix 1 refers)
18. Risks are treated in accordance with the Council's "risk appetite", that is the level of risk the authority deems to be acceptable. While all risks should be judged on their own merit, managers also have the responsibility to manage their risks as they see fit. Nevertheless, good practice suggests that any risk classified as "high" should be deemed to require immediate management attention with the aim of treating it, either to reduce the level of threat or maximise the opportunity that may arise from it.
19. If management chooses to take no further action and accepts the level of any high risk as it stands, the justification for this decision must be recorded within the risk register and an appropriate risk owner allocated to monitor and report on the status of the risk on a regular basis.

Identification of Risk

20. The identification of risk operates on a top-down bottom-up approach.

Corporate

21. The CMB have a responsibility to set the overall framework and establish and monitor the corporate risk register supported by SMT. Corporate risks are those that might impact on the high level, medium to long-term, goals and objectives of the Council together with those cross cutting issues that have potential to impact significantly on service delivery and business continuity. These will be incorporated within the normal cyclical planning and resource allocation processes.
22. The CMB will have a responsibility to ensure that Directorate Management Teams analyse risks and produce risk registers and action plans specific to their service areas, whilst making the necessary connections to issues that have a corporate effect.

Directorate

23. At directorate or operational level the monitoring and identification of risk lies with Director through their Directorate Management Teams and forms part of their service planning process. These are the risks that will be encountered as a result of daily activity. Due consideration must be given to the need to involve other directorates in decision making processes in order to mitigate risk.
24. Risks should be identified by considering the opportunities and threats to the successful delivery of each of the objectives and activities of the Council.
25. Each identified risk should be allocated a risk owner, responsible for the day-to-day management and monitoring of that risk.
26. Directorates need to identify the appropriate level at which risk registers, monitoring and reporting should be undertaken.

Categorisation of Risk

27. Risks fall into a number of categories as described in the guidance (Appendix 1 refers). The categories describe the nature of the risk, indicating how the risk arises and consequently the sort of control measure needed to mitigate the risk. These categories can be applied to both Corporate and Directorate risk registers.
28. The examples used are aimed at giving an indication as to the types of things that could be categorised under these headings. Each risk should be allocated to the one category it best fits into.

Review of Policy

29. This policy will be subject to annual review.

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