Risk Management Strategy

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Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

This strategy document aims to help Members, Managers and Staff at all levels to apply risk management principles consistently across their area of responsibility. Managing our risks will lead to more effective use of resources and direct improvements to services and to our customers and stakeholders, as well as improving corporate governance and performance.

Local Government increasingly involves dealing with uncertainty and managing major change. At the same time we are under increasing pressure to deliver better services in new and innovative ways, often through partnership working. All of this attracts both risks and opportunities that need to be managed successfully if desired outcomes are to be successfully achieved.

It is acknowledged that some risks will always exist and will never be eliminated. All members and employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of the leadership and senior management will be provided.

We believe that Risk Management is a vital component to ensuring that Blaenau Gwent County Borough Council becomes a high performance organisation.

We fully endorse this strategy and are committed to ensuring that Risk Management is embedded throughout the Council.

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Mission Statement

Blaenau Gwent County Borough Council will adopt best practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or managed to an acceptable level.

What is Risk?

Risk is the threat that an event will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk can be defined as the combination of the probability of an event and its consequences (ISO/IEC Guide 73).
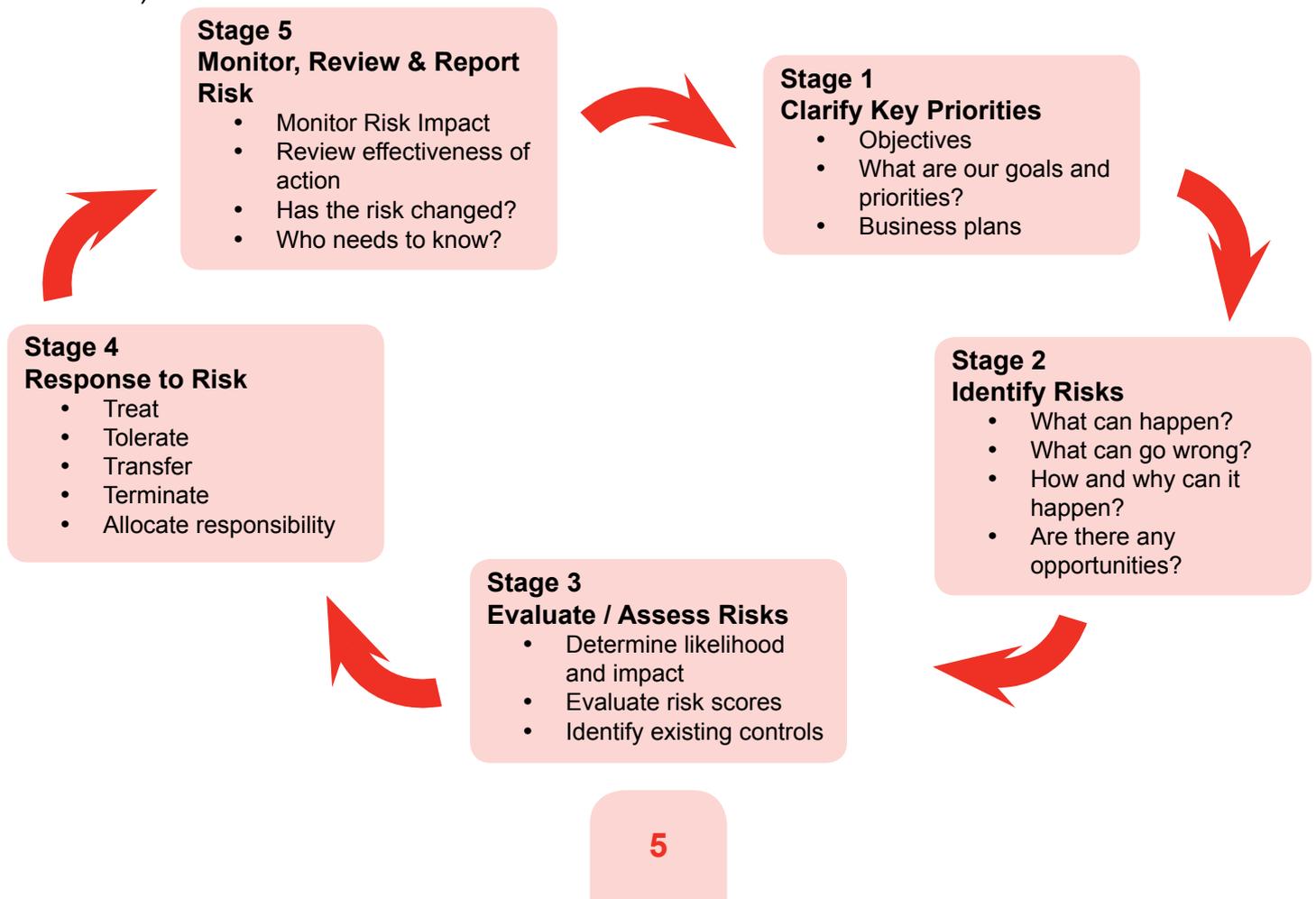
What is Risk Management?

Risk management is the systematic process of understanding, evaluating and addressing risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable. Essentially, effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and a rigorous approach to monitoring and controlling them.

The aim of risk identification is to identify the most significant risks facing the Council so that the most effective methods of prevention or management can be determined. Risk management should be used in strategic planning, change initiatives, project management, partnerships and any decision making process; in simple terms risk identification is thinking about what needs to happen to ensure key priorities are achieved and asking "what could happen?" to prevent us achieving them.

The term "risk management" tends to imply threat, loss or hazard, when in fact the process equally applies to identify benefit or opportunity.

The key stages in the risk management process, based on the Risk Management Standard - Institute of Risk Management (IRM), The National Forum for Risk Management in the Public Sector (ALARM), and the Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC) are set out in the diagram below: - (More detail on the Risk Management process can be found in the Risk Management Handbook)

Stage 5
Monitor, Review & Report Risk
- Monitor Risk Impact
- Review effectiveness of action
- Has the risk changed?
- Who needs to know?

Stage 1
Clarify Key Priorities
- Objectives
- What are our goals and priorities?
- Business plans

Stage 4
Response to Risk
- Treat
- Tolerate
- Transfer
- Terminate
- Allocate responsibility

Stage 2
Identify Risks
- What can happen?
- What can go wrong?
- How and why can it happen?
- Are there any opportunities?

Stage 3
Evaluate / Assess Risks
- Determine likelihood and impact
- Evaluate risk scores
- Identify existing controls

Why do we manage risk?

The Council has a statutory responsibility to have arrangements for managing risk in place. The CIPFA / SOLACE framework on Corporate Governance requires the Council to make a public assurance statement annually (Annual Governance Statement), on amongst other areas, the Council's risk management strategy, process and framework. The Council's Code of Governance also sets out a requirement to ensure that an effective risk management system is in place.

The Authority has a general duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement. Delivering high quality services and addressing community needs requires the Authority to understand local needs and priorities and make the best use of resources and capacity to meet them.

To ensure that the Council meets the risk management requirements of the Well-being of Future Generations (Wales) Act 2015 in improving the social, economic, environmental and cultural well-being of Wales, our Risk Management approach will need to ensure that long term risks and challenges to both service delivery and our community are considered.

A further impetus to adopting Risk Management is that external auditors will be seeking assurance that the Council has effective and robust systems in place to manage risk.

Benefits of Risk Management

- ENSURES BETTER MANAGEMENT OF PROJECTS PARTNERSHIPS & CHANGE PROGRAMMES
- PROTECTION OF REPUTATION & DEMONSTRATES OPENNESS & ACCOUNTABILITY
- IMPROVED ABILITY TO ACHIEVE OBJECTIVES
- GOOD RISK MANAGEMENT
- REDUCTION IN INTERRUPTION TO SERVICE DELIVERY
- ENABLES INFORMED DECISION MAKING
- FEWER COMPLAINTS & MORE SATISFIED STAKEHOLDERS
- EXPLOIT OPPORTUNITIES ENABLES INNOVATION BETTER VALUE FOR MONEY

Risk Escalation Process

Critical to effective risk management is the reporting of information to the appropriate management level. To ensure risks are considered at the appropriate level the following escalation process has been established:

EXECUTIVE

- Review the Corporate Risk Register quarterly as part of the Finance and Performance Report

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SCRUTINY COMMITTEE

- Corporate Overview review and challenge the Corporate Risk Register (quarterly) as part of the Finance and Performance Report and make recommendations to the Executive Committee
- As part of the performance management arrangements all committees to review and challenge significant risks on relevant Directorate Risk Registers (on an exception basis as a minimum)

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CORPORATE LEADERSHIP TEAM (CLT)

- Provide ownership for the Corporate Risk Register
- Review and challenge the Corporate Risk Register on a quarterly basis
- Agree risks to be included on the Corporate Risk Register (including those escalated from Directorate Risk Registers)

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WIDER CORPORATE LEADERSHIP TEAM
(WIDER CLT)

- Review and challenge the Corporate Risk Register and make recommendations to CLT
- Review and challenge Directorate Risk Registers on a rolling basis

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DEPARTMENTAL MANAGEMENT TEAM

- Review and challenge risks on the Directorate Risk Register in accordance with monitoring guidelines
- Review and challenge Service Risk Registers and consider risks for inclusion on the Directorate Risk Register
- Consider risks for escalation to the Corporate Risk Register

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SERVICES

- Maintain and review service risk registers in accordance with monitoring guidelines

- Identify, manage and mitigate all major risks (corporate, operational, partnership and project) improving the Council's ability to ensure successful achievement of its objectives.

- Manage risk in accordance with best practice and consider legal compliance always as a minimum standard.

- Anticipate and respond positively to risks arising from changing community, social, environmental, legislative and business requirements.

- Ensure the active involvement of every member and employee of the Authority through clearly defined roles and responsibilities.

- Integrate risk management into the culture of the Council ensuring that the Council maximises its opportunities and minimises the impact of the risks it faces.

- Raise awareness of the need for risk management by all those connected with the delivery of service (including partners, external providers etc).

- Ensure consistency throughout the Council in risk management arrangements.

These objectives will be achieved by:

- Nominating a political lead with responsibility for Risk Management.

- Maintaining effective communication and the active involvement of every member and employee of the Authority under a clear framework of roles and responsibilities.

- Maintaining a risk management framework to identify, evaluate and monitor risk at all levels.

- Incorporating risk management into all aspects of business planning, project and partnership arrangements.

- Raising awareness and the promotion of the application of risk management principles by providing ongoing risk management training at all levels.

- Recording the Council's most significant risks in a Corporate Risk Register and ensuring that these are regularly reviewed and scrutinised.

- Providing a clear protocol for the escalation of risks between service, directorate and corporate risk registers and including risk management as an agenda item at meetings as appropriate.

- Ensuring the Council maintains business continuity plans to provide continuation of critical key services in the event of a major disruption to comply with the Civil Contingency Act.

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address risk is clearly understood. The framework of roles and responsibilities below shows how these are allocated.

Role of the Council

- To review the Corporate Risk Register on an annual basis.

Role of the Leadership

The role of the Leadership is:

- To ensure a political lead for risk management is appointed.

- To ensure risk management receives a high profile in the governance arrangements of the Council.

Role of the Member Champion

The role of the Member Champion is to provide direction by:

- Acting as Risk Champion for risk management throughout the political process.

Role of the Managing Director

The role of the Managing Director is:

- Ensuring that an effective risk management strategy is developed and recommending this strategy to the Executive.

- Leading on the implementation of the risk management policy at strategic level.

- To promote effective risk management and ensure a framework is in place for relevant officers to address risk.

- To advise the Leadership on corporate risks and the strategy to manage them.

- Ensuring that a mechanism is in place for the regular review and consideration of corporate risks.

- To lead on Emergency Planning.

Role of the Corporate Leadership Team (CLT)

The role of the Corporate Leadership Team is to:

- Understand the risks that the Council faces and ensure that they are identified, managed, monitored and reviewed.

- Provide ownership for the Corporate Risk Register.

- Ensure regular reviews of Directorate Risk Registers by DMT's.

- Review and challenge the Corporate Risk Register ensure the risks are managed and that progress against mitigation measures are monitored quarterly.

- Agree risks to be included on the Corporate Risk Register.

- To promote the Risk Management Strategy within the Council.

- Ensuring that the Risk Section in Corporate Reports accurately reflects the relevant risks and where appropriate, that the risks have been included in the relevant risk register.

Role of Heads of Services

Each Head of Service is responsible for: -

- Developing specific responses for managing risk.

- Ensuring the dispersal of vital information to colleagues in their service area and directing the services in identifying and dealing with service and corporate risks.

- Utilising their risk registers in the planning of future service delivery.

- Ensuring that the Risk Section in Corporate Reports accurately reflects the relevant risks and where appropriate, that the risks have been included in the relevant risk register.

Role of Department Management Teams

Department Management Teams are responsible for :-

- Reviewing, verifying and robustly challenging Service and Directorate Risk Registers

- Ensuring that Directorate Risk Registers are reviewed and updated in line with the Council's risk monitoring guidelines with meaningful risk information.

- Escalating risks on Directorate Risk Registers above the Council's risk appetite for escalation to the Corporate Risk Register.

- Providing reassurance of the management of relevant risks on the Corporate Risk Register to Corporate Leadership Team (CLT) by way of quarterly progress reports.

- To ensure that Service Risk Registers are completed in line with the Business Planning process and reviewed and updated in line with the Council's Risk Monitoring Guidelines.

- Encouraging staff to be open and honest in identifying risks and opportunities.

- Ensuring the risk management process is part of all major partnerships, projects and change management initiatives.

- Ensuring that the Risk Section in Corporate Reports clearly and accurately reflects the relevant risks and mitigating actions and how they will reduce the risk rating and where appropriate, that the risks have been included in the relevant risk register.

The Role of the Executive Committee:

- Ensures risks are considered as part of every decision made by the Executive Committee.

- Agrees the overall risk management strategy and periodically approve changes to key elements of the risk management processes and procedures as recommended by Scrutiny Committee.

- Receives the Corporate Risk Register quarterly as part of the Finance and Performance Report.

Role of the Corporate Overview Scrutiny Committee

- To review financial and other governance services.

- Receives the Corporate Risk Register quarterly as part of the Finance and Performance Report.

- To scrutinise other significant risks on relevant Directorate Risk Registers (on an exception basis as a minimum) quarterly.

- Recommend changes to the Executive Committee on key elements of the risk management strategy processes and procedures.

Role of Other Scrutiny Committees

- To scrutinise the Council's significant risks on the Corporate Risk Register in relation to the relevant service area and make recommendations to the Executive Committee.

- To scrutinise other significant risks on relevant Directorate Risk Registers (on an exception basis as a minimum) quarterly.

Role of the Audit Committee

The role of the Audit Committee is to:

- Review the Risk Management Strategy annually.

- Provide independent assurance of the adequacy of the Council's Risk Management arrangements to deal with risk identification, evaluation and mitigation.

Role of the Individual Members

The responsibilities of the individual members are:

- To understand the role of risk management and corporate risks that the Council faces.

- Monitor risk management across the Authority.

- To consider the risks associated with the decisions they undertake.

- To suggest areas for scrutiny review.

Role of the Wider Corporate Leadership Team

Role of the Wider Corporate Leadership Team (CLT):

- Recommend to CLT/ Executive a clear strategy on risk management which is reviewed in line with the Council's developing needs and requirements, but at least every two years.

- Raise the profile and promote the benefits of risk management as part of the culture of the Council.

- Review and challenge the risks and control measures identified in the Corporate Risk Register.

- Advising Corporate Leadership Team on emerging and changing corporate risks (to include an assurance role with regards to risks escalated from the Directorate Risk Registers to ensure consistency of approach).

- Make recommendations on how generic and cross cutting risks at Department level can be addressed corporately.

- Consideration of risk management issues referred by CLT and work to recommend mitigating actions.

Role of the Chief Finance Officer

- Acts as chief advisor to the Council on financial strategies and risks.

- With the assistance of the Head of Financal Services arranges appropriate insurance to cover all the major risks as notified and updated by the responsible Chief Officers.

- Determines the most economic balance between insurance purchase and self insurance.

Role of the Risk and Insurance Team

- To assist Corporate Leadership Team (CLT) in ensuring that Directorate Risk Registers are reviewed by Departmental Management Teams through attendance at quarterly Departmental Management Team meetings.

- Coordinate Risk Management communications and training to ensure consistency and quality accross the Council.

Role of Individuals

It is the responsibility of all employees, members, contractors and other stakeholders to:

- Be aware of the Council's risk management processes

- Understand the risks that relate to their roles and activities and report all potential hazards

- Minimise risks to themselves and those they come into contact with

- Minimise risks to the Council's assets and business