

GREAT YARMOUTH BOROUGH COUNCIL

RISK

MANAGEMENT

FRAMEWORK

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RISK MANAGEMENT POLICY AND STRATEGY

Policy

- 1.1 We define risk as something that might have a detrimental impact on the achievement of the Council's objectives, reputation, or service delivery.
- 1.2 The appraisal and management of risk will be part of our business planning and project management.
- 1.3 We will use risk management to promote innovation as well as to help secure our objectives.

Organisation

- 2.1 This risk management strategy will be subject to endorsement by the Audit and Risk Committee.
- 2.2 The Head of Policy and Improvement is responsible for risk management. The Corporate Management Group (CMG) will support the Head of Policy and Improvement in assessing risks likely to have a significant impact on the achievement of the Council's objectives. The CMG is responsible for the development of advice and guidance on risk management matters.
- 2.3 Heads of Service will implement risk management within their services and ensure that;
 - annual service packs contain an appraisal of risks to service delivery
 - managers carry out risk assessments as a routine part of service planning and management activities
 - Head of Financial Services is notified of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure that appropriate and adequate insurance and financing measures are in place.
- 2.4 The Head of Policy and Improvement is responsible for coordinating the Council's approach to risk management. The Corporate Risk Officer sits within the Policy and Improvement team and is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with controls introduced by CMG to manage risks.
- 2.5 The Audit and Risk Committee is responsible for reviewing the effectiveness of the systems and processes in place for managing risk.

Arrangements

- 3.1 An annual corporate risk assessment and action plan linked to the Strategic Priorities in the Corporate plan will be undertaken, and will be reviewed and updated by CMG and the Audit and Risk Committee as a routine part of service and corporate planning activities.
- 3.2 Annual Service Plans will include a risk appraisal and action plan which will be reviewed and updated by CMG as a routine part of service and corporate planning activities.
- 3.3 Reports to Cabinet will include an appraisal of risk.
- 3.4 Corporate and service specific risk assessments will identify the relevant risks and:
 - assess the risks for likelihood and impact
 - identify mitigating controls
 - allocate responsibility for the mitigating controls.
- 3.5 Risk Management training will be provided to CMG and senior managers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide. Councillors will receive training on risk so that they can consider the implications of risk in their work for the Council.
- 3.6 Every partnership or project team will appraise strategic and operational risks associated with the partnership or project and make provision for dealing with those risks.
- 3.7 This strategy will be communicated to Councillors and staff and will be reviewed annually by the CMG.

1. Introduction

The fundamental principles adopted by the Council on Risk Management are described in the policy and strategy statement on Risk Management (page 3).

Adopting and implementing the framework detailed below will achieve compliance with the policy and strategy.

2. Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the organisation's reputation. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

Great Yarmouth Borough Council has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services. One of the elements of this framework is the requirement to ensure that an effective risk management system is in place.

The risk management framework aims to:-

- Clarify responsibilities for identifying and managing risks
- Ensure that an appropriate level of risk management is consistently applied across the Council
- Increase awareness and use of risk management as a normal element of service management and improvement
- Facilitate sharing of experience and good practice across the Council and with other bodies

3. Leadership and Responsibility

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 potential risks is clear.

Responsibility for effective risk management rests with all Members and Officers of the Council.

The Managing Director is the Officer with overall responsibility for securing adherence to the Council's policy on Risk Management.

The framework of roles and responsibilities in Appendix One shows how these are allocated.

4. Resourcing Risk Management

Risk management is not a new issue and, as identified at paragraph 3, every Member and Officer is responsible for considering risk implications as they relate to their actions. However, it is recognised that the concept of risk management needs to become formalised and part and parcel of the culture of the Council. The implementation plan will therefore include appropriate training and awareness sessions.

The designated Risk Champion(s) at Corporate Management Group Level is The Head of Policy and Improvement.

The Corporate Risk Officer will be the link for all aspects of risk management.

Information Technology will need to be used to its maximum potential and the risk part of the performance system will need to be implemented by March 2009.

5. Role of the Corporate Management Group

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Corporate Management Group will provide this consistency of approach. The Group acts as a link between service managers, specialised groups dealing with particular areas of risk, senior management and Members.

Six monthly updates on the Corporate Risk Register will be provided to CMG and risk will be an agenda item on all meetings to identify any emerging risks or changes.

6. Risk Management Role in the Cabinet and Audit and Risk Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The Audit and Risk Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the Audit and Risk Committee with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at specific Audit and Risk Committee meetings.

7. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody, within the Authority.

The key people are the service managers who will be actively monitoring their service plan to identify risks and change management practices and controls to reduce their impact. They can also be escalated to being a corporate risk through the Head of Policy and Improvement, Corporate Risk Officer and eventually the Corporate Management Group.

Members, Senior Officers can also identify corporate or service risks through the Corporate Management Group.

8. Involvement of Other Related Groups

There are a number of other officer groups in existence which deal with specific areas of risk management. These include both the Health and Safety Group, Asset Management Group and the Corporate Business (Service) Continuity Group. These groups are represented on the Corporate Management Group by their Heads of Service so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the groups listed above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Head of Service and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented.

9. External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others. In order to share risk management information and experiences, the Council has established networks with other authorities and agencies. Specifically, the Council is a member of the Norfolk Risk Managers' Group. This Group, whose members include local authorities, police authority and others from Norfolk, meets on a regular basis to discuss risk management issues that are common to organisations and to share examples of best practice.

10. Partnerships

A guidance note (toolkit) outlines the Council's approach to assessing partnership risks for partnerships (in particular the significant ones). The guidance note, which will be available on the Council's intranet, will explain the steps that should be taken to assess risks before the decision is made to enter into a partnership and also how to undertake ongoing monitoring of risk once a partnership has been established.

To support the development of the new Sustainable Community Strategy and the Local Area Agreement, this Council will work together to identify and assess the main strategic risks facing Great Yarmouth as a whole. The aim of this exercise is to produce an overall risk register for Great Yarmouth.

11. Methodology

A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes see Appendix three.

Guidance for managers on the application of the risk management methodology has been produced and is updated on an annual basis. This guidance is distributed to managers to assist with risk assessing departmental and section service plan objectives. The guidance will also be made available on the Council's intranet.

Risk assessments should be produced to support strategic policy decisions and all major projects. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members.

A guidance note will be available on the Council's intranet, which explains how risk should be presented in reports to Members.

Risk management training will be provided for managers to assist with implementing the risk management methodology.

12. Risk Management Approach

The development of a consistent, corporate approach to risk management needs to be done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden.

To ensure that risk management is handled in the most efficient way within the Council, the risk element has been included in the Service Plans and work to integrate risk management and performance management is under way.

13. Reviews

This Framework will be reviewed by the Audit and Risk Committee at its meeting of 16th February 2009 and then annually.

Shared Leadership – Role and Responsibilities

Everyone has a role to play in an integrated risk management framework. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles as identified at present are:

1. CABINET

Approve the Corporate Risk Management Policy Statement and Risk Management Strategy.

Consider Council's corporate strategic risks and agree a programme of risk reduction where appropriate.

Consider risks attached to proposals for new / changed policies and service delivery arrangements

Reports to Cabinet will include an appraisal of risk.

2. AUDIT AND RISK COMMITTEE

Receive progress reports on risk reduction programme and agree revisions to "corporate risk register".

Monitor to ensure that an adequate risk management framework and associated control environment is in place.

Monitor arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Receive progress reports on the corporate risk register at each meeting.

3. MANAGING DIRECTOR

Overall responsibility for securing adherence to the Council's Policy on Risk Management.

Appoint a Head of Service to take responsibility for risk management.

APPENDIX One (contd)

4. CORPORATE MANAGEMENT GROUP

Agree the Corporate Risk Management Framework including the Policy Statement and Risk Management Strategy.

Consider risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that this framework is applied.

Consider and agree the Council's corporate strategic risks and identify those requiring further action.

Allocate responsibility to Heads of Service to develop action plans for corporate strategic risks.

Receive progress reports on risk reduction programme and propose revisions to "corporate risk register"

Is responsible for the development of advice and guidance on risk management matters.

Supports the Head of Policy and Improvement in assessing risks likely to have a significant impact on the achievement of the Council's objectives.

5. HEAD OF POLICY AND IMPROVEMENT

The Head of Policy and Improvement is responsible for risk management

The Head of Policy and Improvement is responsible for coordinating the Council's approach to risk management.

6. HEADS OF SERVICES

Heads of Service will implement risk management within their services and ensure that;

- annual service packs contain an appraisal of risks to service delivery
- managers carry out risk assessments as a routine part of service planning and management activities
- Head of Policy and Improvement is notified of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure that appropriate and adequate insurance and financing measures are in place.

APPENDIX One (contd)

7. CORPORATE RISK OFFICER

Coordinate risk management activity across the Council

Report on risk management activity to CMG and Members

Maintain a corporate risk register and liaise with Service Managers relating to service risks.

Provide risk management training for officers and Members, appropriate to their needs and responsibilities.

The Corporate Risk Officer sits within the Policy and Improvement team and is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with controls introduced by CMG to manage risks.

8. INDIVIDUAL SERVICE MANAGERS

Develop action plans in relation to corporate strategic risks as they relate to their area.

Identify risks attached to proposals for new / changed policies and service delivery arrangements

Ensure that a service risk register is maintained and that action plans are implemented

9. EMPLOYEES

Maintain awareness of risk management principles and take responsibility for managing risk within their own working environment

Apply risk management to those risks requiring further action, particularly new developments and "project" work

Maintain a record of risk assessments undertaken relating to them and any resulting action plans

APPENDIX One (contd)

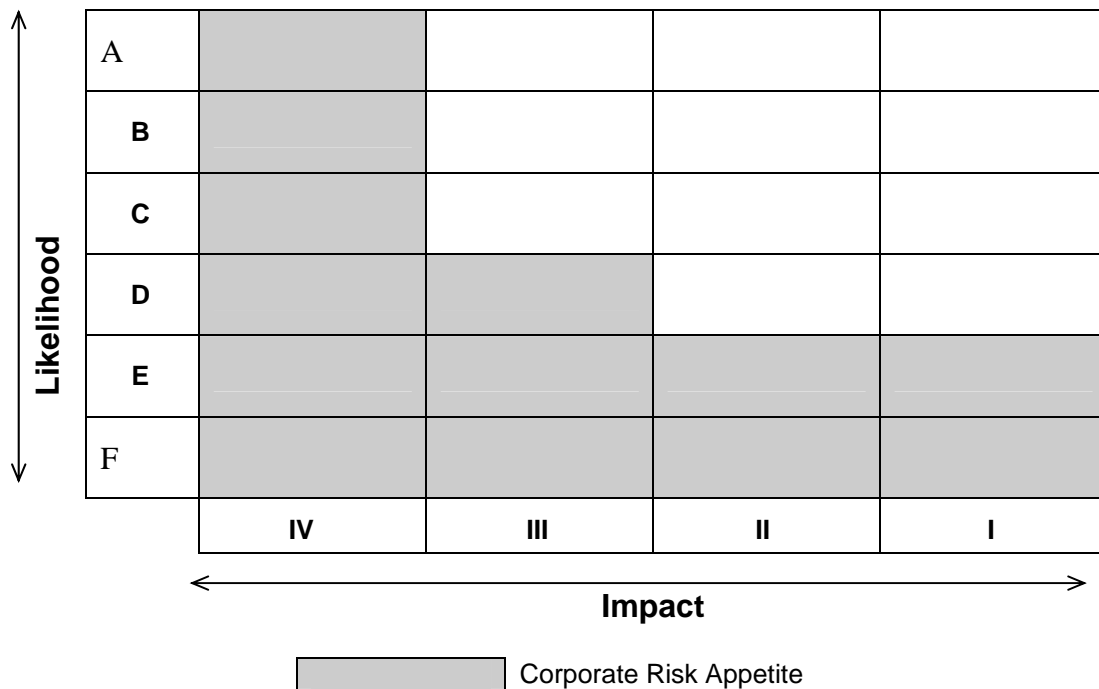
10. INTERNAL AUDIT

Reporting to Management on the organisations performance under the Risk Management Framework.

11. EXTERNAL AUDIT

Reporting to Management via Use of Resources etc on the organisations performance on risk management.

RISK MATRIX CRITERIA



Likelihood:

Likelihood	Probability	Timing
A Very High	Over 90 %	This week
B High	55 % to 90 %	Within 6 months
C Significant	15 % to 55 %	This year
D Low	5 % to 15 %	Next year
E Very Low	1 % to 5 %	Probably within 10–15 years
F Almost Impossible	Less than 1 %	Probably not for at least 15 years

Impact:

Impact Type	Negligible (IV)	Marginal / Moderate (III)	Critical (II)	Catastrophic (I)
Financial (loss)	£0k – £10k	£10k – £200k	£200k – £1m	Over £1m
Service Provision	No effect	Slightly Reduced	Service Reduced or Suspended Short Term	Service suspended long term or statutory duties not delivered
Projects	Minor Delay – days	A few Milestones missed	A Major Milestone missed	Project does not achieve objectives and misses majority of Milestones
Health & Safety	Sticking Plaster / First-aider	Broken bones / illness	Loss of Life / Major illness	Major Loss of Life / Large scale Major illness
Objectives	No effect	Team Objectives not met	Portfolio Objectives not met	Corporate Objectives not met
Morale	No effect	Some hostile relationships and minor non-cooperation	Industrial Action	Mass Staff leaving / unable to attract staff
Reputation	No media attention / minor letters	Adverse local media Leader	Adverse National publicity	Remembered for years!!
Government Objectives	No effect	Poor Assessments(s)	Service taken over temporarily	Service taken over permanently

APPENDIX THREE

ACTION PLAN

Page	Action	Responsible	Date
4 and 8	Risk Management Training to be provided to CMG and Managers.		
6 and 9	Risk Management system to be implemented and used.	Corporate Risk Officer	31/3/2009
8	Partnership toolkit for assessing risks.		
8	Identification of main strategic risks facing Great Yarmouth as a whole.		
8	Guidance for managers to be available on the intranet.		
8	Guidance on how risk to be presented to Members is made available on the intranet.		

APPENDIX FOUR

TIMEFRAMES 2009/2010

Action	Date	Responsible
Completion of service plans (including service risks)	February 2009	Heads of Departments
Completion of service risks for each service	February 2009	Service Managers
Corporate Risk Register reviewed by CMG	February 2009	Corporate Risk Officer
Corporate Risk Register reviewed by Audit and Risk Committee	March 2009	Corporate Risk Officer
Service Risks assessed against Corporate Risks	July 2009	Corporate Risk Officer
Corporate Risk Register reviewed by CMG	August 2009	Corporate Risk Officer
Corporate Risk Register reviewed by Audit and Risk Committee	September 2009	Corporate Risk Officer
Review the Risk Framework	December 2009	CMG / Audit and Risk Committee