Corporate Risk Management Policy

2016 – 2019

DAVENTRY
DISTRICT COUNCIL

Daventry District Council

Corporate Risk Management Policy

July 2016

1. What is Risk

Risk can be defined as the chance or possibility of loss, damage, injury or failure to achieve objectives being caused by an unwanted or uncertain action, event, or chain of events. Risk therefore includes a level of uncertainty of outcome (whether positive or negative; actual or potential). Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives.

In reality the Council is subject to risk from many different sources, including (but not limited to):
- interruption to service delivery
- loss or damage to council property
- financial e.g. loss of business or revenues, significant unforeseen/unplanned expenditure
- injury to employees, the public or service users
- claims against the Council or its workforce
- adverse publicity for the Council
- litigation
- adverse implications of decisions or actions of external bodies
- failure to deliver corporate priorities through inability to understand risks and obstacles, manage resources and identify solutions.

2. What is Risk Management

Risk management is not just about arranging adequate insurance of potential financial risks – not least because over 80% of risks faced by organisations are not insurable. A corporate risk management approach should be designed to mitigate and manage the potential risks that an organisation could reasonably be expected to face. Organisational risks therefore should be managed in an integrated way at different key decision-making levels – strategic risk, operational risk, project management risk, partnership risk.

Effective risk management will manifest itself by informed and effective decision-making (making the right decisions at the right time for the right reasons), and achieving objectives and desired outcomes once those decisions are made. This is achieved through transferring risks, controlling

risks and living with risks. Certainly risk transfer and control is part of risk management, but so is risk retention and acceptance.

Accordingly, risk management in practice involves having processes in place to:
- Identify strategic, operational, project and partnership risks.
- Access up to date and reliable information to monitor risks.
- Determine the Council's "risk appetite". (see Appendix 1)
- Ensure the right balance of control is in place to deal appropriately with risks.
- Enable informed and effective corporate decision-making, supported by a framework of risk analysis and evaluation.

It is the responsibility of all Members and employees to have regard for risk in undertaking their duties, recognising that such risk, if uncontrolled, can result in the Council's failure to achieve its objectives.

3. Risk Management Approach – Objective, Policy and Culture

The Council will seek to identify, analyse and prioritise the risks it faces. Wherever practicable, it will manage and control risks to maximise the achievement of policy objectives and desired outcomes.

The framework for furthering a risk management culture within the Council will focus on the following key priorities:
- Establishing clear roles, responsibilities and accountability within the Council for risk management.
- Providing opportunities for shared learning on risk management across the Council.
- Offering a framework for allocating resources to identified priority risk areas.
- Reinforcing the implementation and delivery of effective risk management as part of everyday service management and planning by providing training to employees.
- Incorporating risk management considerations into the corporate service planning, performance management framework and the Council's Business Continuity Plan as appropriate.
- Monitoring effectiveness of arrangements and outcomes on an on-going basis.

4. Risk Management Framework - Rules and Practice

In order to put the above into practice, the Council will implement the following measures:

- Encourage all Members, employees and partners to develop and maintain a risk management culture.
- An Officer to act as the Council's "Risk Management Champion" (currently the Deputy Chief Executive).
- A member of the Corporate Governance Committee to act as a Member "Risk Champion" (currently the Chair).
- Ensure that risk assessment and management is an integral element in the annual service and financial planning process.
- Engage Members in the process of reviewing and updating the Strategic Risk Register and Action Plans on annual basis.
- Formal periodical reporting to Members on the effectiveness of the Action Plans
- Operate an Officer Risk Management Group to ensure a co-ordinated, consistent and effective corporate approach to risk management. This will be achieved by:

   o Providing advice and guidance on the contents of the Strategic Risk Register and Mitigation Plan.

   o Providing practical advice and support to Teams and Services in their efforts to appraise and mitigate the risks to which they are exposed.

   o Promoting Risk Management through the Council.

   o Monitoring and reporting risk management issues to Senior Management Team, including progress on implementation of management action plans arising from internal audits.

Strategic
- All strategies and decision-making reports should refer to any material risks that may impact upon their deliverability.
- The Senior Management Team and senior Members will be involved in identifying, prioritising and making appropriate recommendations to minimise strategic risks.

Operational
- Risk management considerations will form part of the service planning process and relate to the ability or otherwise to successfully deliver planned corporate and service objectives.
- Managers should ensure that Risk Assessments are carried out as an intrinsic part of their service planning process, in consultation with employees, service users and stakeholders, as appropriate, and informed by:

- Information from other existing plans and intelligence such as Community Safety, Business Continuity Plan and the Asset Management Plan.
  - Health and Safety risk assessments and audits.
  - Past insurance claims.
  - Advice and information from other bodies, external insurers and national associations.
- Managers will classify risks based on their 'likelihood' and 'impact' using a pre-defined corporate scoring mechanism (this is what is known as *profiling risk* and should be reviewed quarterly).
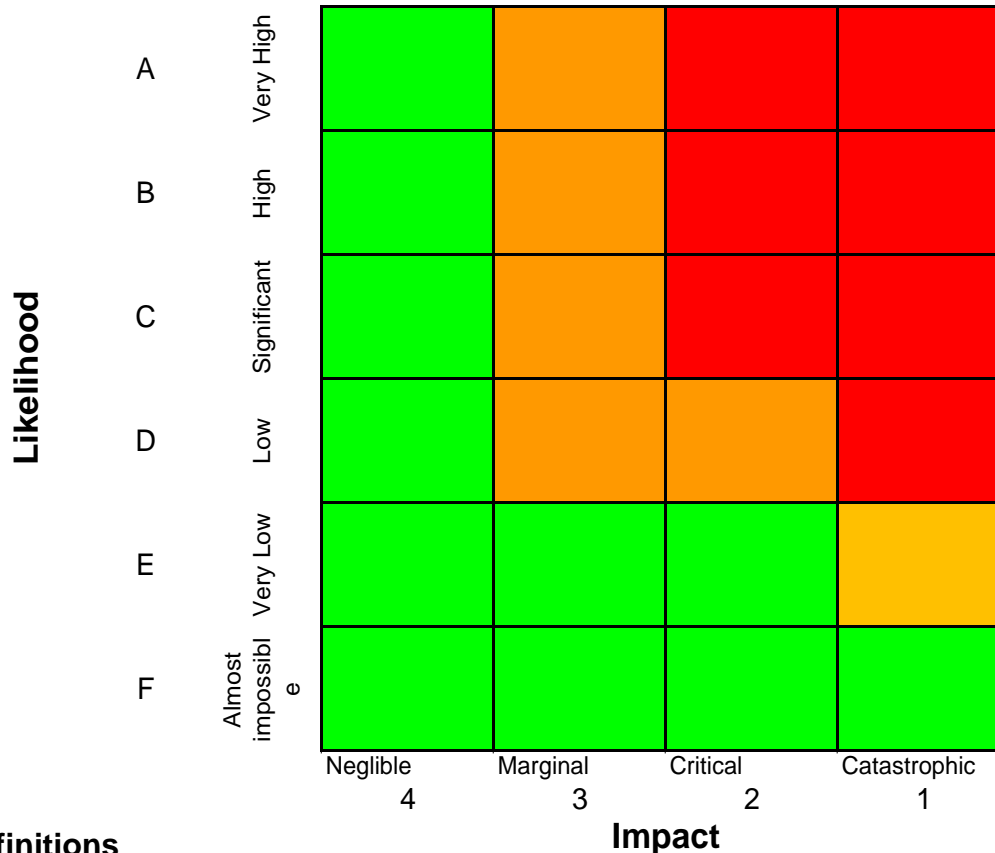
Project Management
- The Council is committed to using a formal project management methodology for all major projects and guidance on this is available on Davnet for all employees. A fundamental feature of our methodology is that it is risk-based to increase the probability that projects succeed.

Partnerships
- The Council is fully committed to partnership working. It recognises the strength and value of effective partnerships and service delivery models to find efficiency savings, improve service delivery and in some cases to keep a service running. Whilst there are opportunities there are also risks that need to be fully understood and effectively managed to ensure new and existing partnerships/service delivery models are successful.

- The Council has adopted a Partnership Toolkit that is designed to provide guidance about how we will engage and behave in partnership and how we manage partnership risks.

Risk Appetite

The red filtered risks are of greatest priority and require immediate attention. Amber risks should be reviewed and moderate risk mitigation action may be required. Green risks are likely to require no further action and should be monitored at 3-monthly intervals, in case the situation changes.

Likelihood

A	Very High
B	High
C	Significant
D	Low
E	Very Low
F	Almost impossible

| Neglible 4 | Marginal 3 | Critical 2 | Catastrophic 1 |

Impact

Definitions

Likelihood		Impact	Description guide
Very High	> 90%	Negligible	Minor financial, no effect on service provision or reputation, limited physical consequences
High	55% - 90%	Marginal	£10k - £200K, service slightly reduced, broken bones/Illness, objectives of one area not met, minor adverse local media, impact on inspection (s)
Significant	15% - 55%	Critical	£200K - £1M, service suspended short term / reduced, loss of Life/major illness, area objectives not met, industrial action, adverse national publicity
Low	5% - 15%		
Very Low	1% - 5%	Catastrophic	£1M +, service suspended long term, statutory duties not delivered, major loss of life/large scale major illness, corporate objectives not met, mass employees leaving/Unable to attract employees, Remembered for years!! Service taken over permanently
Almost Impossible	0% - 1%		