AGENDA ITEM NO 9
REPORT NO 434/11

ANGUS COUNCIL
STRATEGIC POLICY COMMITTEE – 14 JUNE 2011
RISK MANAGEMENT STRATEGY
REPORT BY CHIEF EXECUTIVE

ABSTRACT
This report advises of the outcome of a review of the council’s risk management strategy.

1 RECOMMENDATION
The Committee approve the risk management strategy as amended, Appendix 1 refers.

2 INTRODUCTION
Reference is made to the meeting of this committee on 17 March 2009 which adopted the council’s current risk management strategy.

The strategy indicates that it will be subject to review on an annual basis as an integral part of the review of the council’s corporate governance arrangements.

3 RISK MANAGEMENT STRATEGY REVIEW
The outcome of this year’s review of the council’s corporate governance arrangements will be submitted to the Scrutiny and Audit Sub Committee on 21 June 2011.

The review has highlighted that certain amendments should be made to the risk management strategy, responsibility for which rests with this committee.

The revised strategy is attached as Appendix 1 and it is proposed that this strategy be approved.

The amendments essentially reflect changes which have been made to the council’s performance management arrangements since the strategy was adopted in 2009.

A tracked changes version is also attached, Appendix 2 refers, to enable members to readily identify where the amendments have been made.

4 FINANCIAL IMPLICATIONS
There are no financial implications associated with the terms of this report.

5 HUMAN RIGHTS IMPLICATIONS
There are no human rights implications associated with this report.

6 EQUALITIES IMPLICATIONS
The issues dealt with in this report have been the subject of consideration from an equalities perspective. An equalities impact assessment is not required.

7 CONSULTATION
The Chief Officers Management Team has been consulted on the amendments to the risk management strategy.

The Director of Corporate Services, Head of Finance and Head of Law and Administration have been consulted on the terms of this report.
NOTE No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.
RISK MANAGEMENT STRATEGY

1. INTRODUCTION

1.1 Risk management is an essential part of effective and efficient management and planning. Identifying, understanding and managing risks, and learning how to assess the right risks should result in better management and delivery of services.

As a large organisation Angus Council is exposed to a wide variety of risks. The council recognises that a culture in which risk management is embedded into our processes and structures is essential to the achievement of our corporate and operational objectives.

Effective risk management arrangements are also integral to our corporate governance arrangements.

The council’s original risk management strategy was adopted in 2003. This revised strategy, building upon our experiences since then, outlines our continuing commitment and our current approach to the management of risk within the council.

Whilst the strategy sets out formal processes for managing risk, it is recognised that successful risk management can only be achieved on a day to day basis by staff at all levels within their working practices; it does not simply lie inert in corporate policies and management structures.

2. OBJECTIVES

2.1 The objectives of this strategy are to continue to:

- Develop risk management and raise its profile within the council.
- Integrate risk management into the culture of the organisation.
- Embed risk management through ownership and management of risks as part of the decision making process.
- Manage risk in accordance with best practice.
- Minimise the council’s exposure to potential significant risks.
- Create effective processes which enable annual public assurance statements (through the Annual Governance Statement) to be made on risk management arrangements within the council.

2.2 To achieve these objectives the council will:

- Take a structured, integrated and focused approach to managing risk.
- Ensure that responsibility for identifying and managing risks is aligned to the relevant managers so that they can be held accountable.
- Provide training, support and advice to staff on risk management principles, the risk management strategy and the application of the risk management process.
- Provide resources to develop and maintain comprehensive risk management arrangements throughout the organisation.
- Ensure elected members are consulted on strategic risk issues and kept apprised of our approach to risk management.

3. THE RISK MANAGEMENT PROCESS AND MONITORING AND REVIEW FRAMEWORK

3.1 A systematic approach will be applied to the identification and management of operational and strategic risks.
The process will identify risks, assess the likelihood and impact of each risk, prioritise the risks and develop a risk tolerance line which will lead to a focus on key risks ie those above the risk tolerance line which will then be managed through the development of risk management action plans.

Whilst action plans will only be developed for risks above the risks tolerance line all identified risks will be recorded to ensure that all risks can be monitored.

3.2 Each department will have a risk register which identifies the operational risks facing the department and which incorporates an action plan for managing those risks above the tolerance line.

Where applicable divisions within departments will have a risk register which identifies the operational risks facing the division and which incorporates an action plan for managing those risks above the tolerance line.

The department risk register will be informed by any divisional risk register.

An operational risk is defined as one which could impact on the quality of service delivery and which could contribute to failure to achieve corporate objectives/priorities.

3.3 There will be a corporate risk register which identifies the strategic risks facing the council and which incorporates an action plan for managing those risks above the tolerance line.

The corporate risk register will also be informed by departmental risk registers.

A strategic risk is defined as one directly related to the achievement of key corporate objectives/priorities.

3.4 Each department will conduct an annual review of their departmental, and where applicable any divisional, risk register. This review will be conducted in parallel with the budget and service planning process to ensure that any associated risks are reflected in updated risk registers.

The Chief Officers Management Team (COMT) will on an annual basis review the corporate risk register.

On a quarterly basis each department/division will review their risk register and consider any emerging risks or changes to risks to ensure the ongoing accuracy and relevance of the risk register.

On a quarterly basis the corporate risk register will be reviewed by the COMT. This review will consider progress against action plans and any emerging risks or changes to risks to ensure the ongoing accuracy and relevance of the register.

Each director will identify any emerging risks within their department for possible elevation to the corporate risk register.

3.5 Department/division risk registers are essentially operational performance management tools for consideration by the department/division senior management team.

They will however be forwarded to the Chief Executive following the annual review and any emerging risks following quarterly reviews will also be forwarded to the Chief Executive.

The departmental risk register will also inform the annual review of the corporate risk register.

The corporate risk register will be referred to the Scrutiny and Audit Sub Committee and the Strategic Policy Committee following the annual review.

Following the second quarterly review of the corporate risk register by the COMT it will also be reported to the Scrutiny and Audit Sub Committee.
4. EMBEDDING RISK MANAGEMENT

4.1 Risk management will be a standing item on chief officer management team and department/division management team meetings.

4.2 A risk register will be prepared at the outset of a major project. The register will be prepared by the lead officer of the project along with other key officers involved in the project.

The risk register will be regularly reviewed throughout all stages of the project from plan to completion.

4.3 All reports to council or committee requiring a strategic decision to be made by the council or committee ie one that involves major spend or saving or which will have a significant effect on communities and service delivery, should include an assessment and analysis of the risks associated with the requested decision within the report.

Evidence of risk assessment should be retained for other key decisions which are delegated to officers.

There may be a need for partnership risk registers which deal with specific risks to which the partnership is exposed where this approach would be more effective than managing these risks through corporate or departmental risk registers.

4.4 It is essential that within any partnership the risks to achieving the objectives of the partnership are clearly identified, analysed, prioritised and managed.

Formal risk management processes should be used when considering entering into any new partnership arrangements.

4.5 Business Continuity Management is a process which is designed to ensure continuity of service delivery following an unexpected disruption to normal.

The council is required by statute to have in place effective business continuity plans for key services.

Each department will maintain and review a business continuity plan in accordance with the separate processes established for that purpose.

4.6 The role of the corporate health and safety team and the corporate risk and insurance and risk management team and the Information Technology Division in risk management is also recognised. It is the responsibility of these teams to provide advice and guidance to departments on risk within their respective remits. However these teams do have a responsibility to raise any risks which they consider should be elevated to their division or department's risk register or indeed to the corporate risk register.

5. TRAINING

5.1 It is important to ensure that staff understand in a way that is appropriate and relevant to their role what the risk strategy is and what their role is in identifying and managing risks and keeping risk registers up to date.

Risk management training and guidance will therefore be provided to all staff involved in risk management.
6. ROLES AND RESPONSIBILITIES

6.1 Elected members have a responsibility to understand the corporate strategic risks that the council faces and to be aware of how these risks are being managed.

Key tasks are to:
- Approve any changes to the risk management strategy.
- Monitor the council’s risk management arrangements.
- Review the effectiveness of the risk management arrangements.

Responsibility in regard to these tasks rests with the Scrutiny and Audit Sub Committee and Strategic Policy Committee in accordance with the council’s Standing Orders.

6.2 The Chief Executive is pivotal in promoting and embedding risk management and ensuring its consistent application across the council.

Key tasks are to:
- Support and promote risk management throughout the council.
- Ensure risk management is carried out effectively throughout the council.

6.3 The COMT is responsible for ensuring the continuous identification, prioritisation and management of corporate strategic risks and overseeing the implementation of associated action plans.

Key tasks are to:
- Report and promote risk management throughout the council.
- Ensure the preparation, ongoing management and annual review of the corporate risk register.
- Consider cross service operational risks and consider the most appropriate means of addressing such risks.

6.4 Departmental management teams are responsible for embedding risk management within their department and ensuring its consistent application.

Key tasks are to:
- Ensure risk management is carried out effectively throughout the department.
- Ensure the preparation, ongoing management and review of the department risk register.
- Ensure the risk management process is part of service planning, major project and change management initiatives in the department.

6.5 The Chief Executive’s department is responsible for overseeing the implementation of the risk management process.

Key tasks are to:
- Provide guidance and advice on the risk management strategy.
- Identify and consider common risks emerging from departmental risk registers.
- Assist the COMT in its quarterly and annual reviews of the corporate risk register.
- Chair a Risk Support Group comprising a senior representative from health and safety, risk and insurance, information technology and emergency planning.
- Ensure synergy between the risk management and business continuity planning processes.
• Provide advice to the Chief Executive on the effectiveness of risk management throughout the council.

6.6 The Risk Support Group will support the Chief Executive’s department in discharging the remit in 6.5 above.

Key tasks are to:
• Ensure synergy between those functions with risk management responsibilities.
• Provide a forum for raising issues.
• Act as a sounding board for advice and development of guidance.

7. REVIEW OF STRATEGY

7.1 The risk management strategy will be reviewed on an annual basis as an integral part of the review of the council’s corporate governance arrangements. The outcome from that review will be incorporated within the Chief Executive’s annual assurance statement on the council’s corporate governance arrangements to the Scrutiny and Audit Sub Committee.