

# Risk Management Strategy

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## Introduction

We recognise that Risk Management is an essential part of delivering good governance in a Local Authority and reduces the uncertainty of achieving Basildon's strategic ambitions as defined in the Council's Corporate Plan. Effective and efficient risk governance and oversight provide management with assurance that the Council's business activities will be positively enhanced by opportunities, but not be adversely impacted by threats that could have been foreseen. The effective management of risk can support the organisation in delivering transformed services required within the dynamically changing environment of local government.

We are committed to driving the organisation forward to achieve a risk aware culture and in doing so Basildon Council has identified ways to manage risk which enable us to make effective decisions to meet the Council's objectives and to safeguard the Council's assets.

## Vision Statement

To be risk aware rather than a risk averse by embedding the identification and management of Risk to support the achievement of Basildon Council's objectives

## Why do we do it?

Effective risk management is essential for a Council to demonstrate that it is acting in the best interests of the community it serves.

There is an ongoing requirement from the Accounts and Audit Regulations to produce an Annual Governance Statement (AGS) which sets out the processes we have in place for managing the significant risks to the achievement of our objectives.

We are accountable to the Audit and Risk Committee and Governance and Assurance Board for the way in which we implement risk management. We need to continue to demonstrate that we have a structured approach, which is embedded into our planning and reporting cycles and decision making processes at all levels.

In order to meet its objectives the Council recognises that some managed risk-taking is essential. It is not the Council's policy to manage out all its risks, as this would not be cost effective. Instead the Council focuses its attention on managing only those risks that may significantly affect the achievement of its objectives.

## **Benefits of Risk Management**

Without good risk management practices the Council cannot manage its resources effectively. Risk management means more than preparing for the worst, it also means taking advantage of the opportunities to improve services or to reduce costs.

- Provides early warning on key / emerging matters to enable transparent, timely decision-making and intervention at appropriate levels;
- Improves decision making at all levels of the organisation allowing intelligent 'informed' risk-taking
- Focuses efforts – helps prioritise
- Improves outcomes leading to the achievement of the Council's objectives
- Protect assets, people and the Council's reputation;
- Supports consistent good governance and internal control;
- Allows better informed financial decision making leading to greater financial and budget control.

## **Goals & Objectives**

To ensure all Officers and Members within Basildon Council are clear about their roles, responsibilities and accountabilities for risk management demonstrating their ability to;

- Recognise that risk management is part of good management and that we must be risk aware not risk averse
- Identify risks and opportunities at every level of the organisation in everything they do, including projects, partnerships, shared services, policies and strategies

- Evaluate risks and take mitigating action on those risks that may significantly affect the achievement of the Councils objectives.
- Implement risk management on a day to day basis and recognise that risk is an integral part of how services are developed
- Communicate risk information to ensure that effective decisions are made, based on a sound understanding of the risks and opportunities we face
- Use risk management as an enabler to move the organisation forward and take challenges which are well managed

## **Our measurable outcomes will be:**

For all staff and members to be appropriately trained;

For all officers to proactively identify, analyse and regularly review significant risks within their Service(s) taking action where appropriate;

For the Councils risk management framework to be embedded, with standardised effective risk identification, controls, actions and escalation processes across all key performance, projects and partnerships.

Committee, Strategic, Operational meetings receive appropriate information in relation to risk to facilitate decision-making and implementation of actions;

Independent assurance that Basildon Council's Risk Management Strategy, Framework and Policy are followed.

## Risk Management Process

The Council will adopt the following key steps to identify and manage risks in all Council activities:



Risk management needs to be dynamic in order to capture and anticipate new risks and to assess the trade-off between risk and opportunity. It should be an ongoing cycle, that used properly, will help to ensure that effective decisions are made, based on a sound understanding of the risks and opportunities we face.

The Council will adopt the following key steps to identify and manage risks in all Council activities:

**Risk Identification** - Risk cannot be managed unless it is first identified. The aim of risk identification is to identify possible risks that may affect, either negatively or positively, the objectives of the business. Answering the following questions identifies the risk: What can happen? Why can it happen? What are the risks of doing/not doing a project?

**Risk Assessment and Prioritisation** - The risk analysis step will assist in determining which risks have a greater consequence or impact than others, which allows senior management to focus resources on those risks that would significantly impact the Council. Risk analysis involves combining the possible consequences, or impact, of an event, with the likelihood of that event occurring. The result is a 'level of risk'.

**Actions to Mitigate the Risk** - This step is about deciding whether risks are acceptable or need treatment.

Risk acceptance - A risk may be accepted for the following reasons:

- The cost of treatment far exceeds the benefit, so that acceptance is the only option
- The level of the risk is so low that specific treatment is not appropriate with available resources
- The risk is such that there is no treatment available, for example the risk that the business may be affected by unforeseen adverse weather conditions.

Treat the risk - Risk treatment involves identifying options for treating or controlling risk, in order to either reduce or eliminate negative consequences, or to reduce the likelihood of an adverse occurrence. When implementing the mitigating actions it is important to ensure that adequate resources are available, a timeframe has been defined and responsibilities have been assigned for monitoring progress against the actions. Escalation to SLT may be required if these are out of your control or need to be shared with other services.

Transfer The Risk - Transference is a risk management strategy which involves the transfer of the impact and management of the risk to someone else. Purchasing insurance is a common example of transferring risk from an individual or entity to an insurance company.

**Regular monitoring and review** – Managers/SLT must monitor risks and review the effectiveness of the treatment plan, strategies and management system that have been set up to effectively manage risk. Risks need to be monitored regularly to ensure changing circumstances do



not alter the risk priorities. Very few risks will remain static, therefore, the risk management process needs to be regularly repeated, so that new risks are captured in the process and effectively managed

## Types of Risk

- **Corporate** - Those risks, which if they occurred, would have a major impact on the organisation or delivery of its priorities. Corporate risks also include cross-cutting risks that impact more than one service. These risks are owned and managed by the Senior Leadership Team.
- **Significant Service (Including Project)** - Those risks, which if they materialised, would seriously inhibit the achievement of a corporate outcome or aims and objectives of the Directorate. [They differ from Corporate Risks in that they do not impact the organisation as a whole.]
- **Service BAU risks** are those that relate directly to the objectives and business of the individual service areas.
- **Partnership** - Those risks, which if they materialised, would inhibit the achievement of the aims and objectives of the partnership.

## Emerging Risks

Emerging risks are newly developing / changing risks which may have a major impact on the organisation. Questions to ask when identifying an emerging risk include:

- Does the risk affect the delivery of strategic objectives?
- Is the nature of the risk such that it stops delivery within a particular area of work?
- Are there any proposed changes to policies, procedures or legislation to consider?
- Are there any potential reputational issues to consider?
- Has a horizon scanning exercise identified any issues?

## Risk Roles & Responsibilities

Group or Individuals	Role & Responsibilities
Elected Members of the Council	<ul style="list-style-type: none"> <li>• All Members have strategic responsibility for risk management as part of their responsibility for governing the delivery of local services. The Council approves the Annual Governance Statement which includes commentary on risk management, how it has been applied during the year and how effective the arrangements are.</li> <li>• Members, should seek to explore and understand service risks in the process of formulating policy and decision making.</li> <li>• All decisions put before Members include information on the risk impact of making these decisions, and of not making the decision.</li> </ul>
Audit & Risk Committee	<ul style="list-style-type: none"> <li>• Have overall responsibility for the direction of Risk Management Strategy and Policy.</li> <li>• Members have responsibility for embedding risk management throughout the Council, including developing, approving and challenging the Risk Management Framework.</li> <li>• Approve the Risk Management Policy &amp; Strategy.</li> <li>• Consider the effectiveness of the Council's risk management arrangements as part of seeking assurance on the overall governance and control environment.</li> <li>• Seek assurance that action has been taken on risk- related issues identified by Internal and External Audit.</li> <li>• Ensure that the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.</li> <li>• Review arrangements for Strategic Risk Management and monitor the key corporate risks.</li> <li>• Members to attend risk management training</li> </ul>
Audit & Risk Committee Risk Management Working Group	<ul style="list-style-type: none"> <li>• Challenge Officers on how they manage high risks facing the Council; review other key risks selected by the Working Group.</li> <li>• Members to attend risk management training</li> </ul>
Chief Executive	<ul style="list-style-type: none"> <li>• Has the responsibility for maintaining a sound system of internal control which manages the key risks to the achievement of Basildon Council's policies, aims and objectives. Also has a key role to play in promoting and supporting the Risk Management Strategy.</li> </ul>
Senior Leadership Team	<ul style="list-style-type: none"> <li>• Adopt the Risk Management Policy and Strategy.</li> </ul>

	<ul style="list-style-type: none"> <li>• Contribute towards the identification and management of strategic and cross cutting opportunities and threats facing the Council.</li> <li>• Receive and consider reports on key strategic risks, including the Annual Governance Statement and the quarterly performance report to the Governance and Assurance Board.</li> <li>• Promote the integration of risk management principles into the culture of the Council and its partners.</li> </ul>
Governance and Assurance Board	<ul style="list-style-type: none"> <li>• To monitor the effectiveness of the council's risk management arrangements</li> </ul>
Basildon Managers Group	<ul style="list-style-type: none"> <li>• Identify, analyse, profile and manage service risks.</li> <li>• Provide regular assurance on the effectiveness of controls and actions in place to mitigate / reduce risks within their service.</li> <li>• Maintain awareness of and promote the approved risk management policy and strategy to all relevant staff.</li> <li>• Consider risks within quarterly performance reports.</li> </ul>
All other Service Managers	<ul style="list-style-type: none"> <li>• Ensure risks are clearly and accurately identified and scored within relevant committee reports.</li> <li>• Review and update risks to be presented to the Senior Leadership Team (SLT) in performance reports.</li> <li>• Identify, analyse and profile service risks, including new and emerging risks.</li> <li>• Regularly update and maintain service and project risk profiles.</li> <li>• Ensure risk management is a regular item at team meetings.</li> <li>• Maintain awareness of and promote the approved risk management policy and strategy to all staff and partners, where relevant.</li> <li>• Ensure that risk management is incorporated into service plans, business plans and performance management.</li> <li>• Ensure compliance with all risk management procedures which are integrated within corporate procedures and strategies.</li> </ul>
Risk Management Team	<ul style="list-style-type: none"> <li>• Develop the Risk Management Policy, Strategy and Toolkit with arrangements for periodic review.</li> <li>• Develop and maintain the corporate risk register regularly, ensuring that Service Managers comply with update timescales.</li> <li>• Ensure risks and related assurances are identified, monitored and refreshed in relation to the Corporate Plan.</li> </ul>

	<ul style="list-style-type: none"> <li>• Act as corporate advisors of risk at strategic level. Co-ordinate the various strategic risk management initiatives within the organisation, ensuring risk management procedures are integrated within all corporate strategies and procedures.</li> <li>• Provide corporate and service-based advice and support to ensure appropriate risk management is included in all decision-making and other Member reports.</li> <li>• Lead on issues relating to risk management on the Audit &amp; Risk Committee.</li> <li>• Report key risks regularly to Members and the Senior Leadership Team in quarterly and other performance reports.</li> <li>• Promote a positive culture of risk awareness within the organisation and to all partners, demonstrating the ability to improve outcomes.</li> <li>• Ensure risk management supports the delivery of innovative and challenging projects.</li> <li>• Encourage the Council's key external partners to adopt an effective and transparent approach to proactive Risk Management, including the use of joint risk registers.</li> <li>• Give advice and support to keep risk profiles up to date</li> <li>• Provide assistance in the identification of emerging risks and the identification of fraud and corruption related risks.</li> <li>• Continually improve and update corporate risk management procedures based on current best practice and benchmarking results.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Provide an independent review of the corporate approach to risk management and compliance with it.</li> <li>• Contribute to the accuracy and integrity of the corporate risk register (as part of the risk-based approach to audit), with particular regard to the effectiveness of mitigating actions and fraud risk.</li> </ul>
All Employees (including new starters and newly promoted staff)	<ul style="list-style-type: none"> <li>• Maintain an awareness of risks and contribute to the control / action process as appropriate.</li> <li>• Complete on-line risk management training.</li> </ul>

## Action Plan & Resources

Key Actions	How	Responsible Service	Lead Officer	Timescales
Executive and Senior Leadership team to promote the Risk Management Framework across all aspects of decision making	<ul style="list-style-type: none"> <li>• Governance and Assurance Board to review and agree the principles of the Risk Management Policy, Strategy and Toolkit</li> <li>• The Risk Management Framework must be driven from the top of the organisation in all aspects of Council business</li> <li>• Risk Management to be a standard agenda item at all meetings</li> </ul>	Senior Leadership Team	Assistant Director Resources	Ongoing
Engage with Senior Management to own, review and drive Corporate Risks proactively.	<ul style="list-style-type: none"> <li>• Build risk reporting into the new Performance Management arrangements</li> <li>• Support Risk Management discussions at DMT's</li> </ul>	Governance and Assurance	Senior Risk Management & Governance Officer	Ongoing
To review and define the Councils tolerance levels in regards to taking risks to meet its objectives	<ul style="list-style-type: none"> <li>• Identify stakeholders and their expectations together with an analysis of the risks to achieving aims and objectives of the Corporate Plan</li> <li>• Establish a desired level of risk exposure that will lead to a risk appetite statement for each risk category</li> <li>• Define and agree a statement of acceptable risk tolerances</li> <li>• Review the Councils current risks exposure in line with the agreed risk appetite and plan actions to bring current risk exposure into line with risk appetite</li> </ul>	Senior Leadership Team	Senior Risk Management & Governance Officer	December 2020

	<ul style="list-style-type: none"> <li>Formalise and ratify a risk appetite statement and communicate the statement with stakeholders and implement accordingly</li> </ul>			
Maintain suitable risk policy, strategy, and procedures. Adapt the Council's risk approach taking account of good external practices and internal / external stakeholder feedback.	<ul style="list-style-type: none"> <li>Review approaches based on the effectiveness of internal risk management and external leading practice.</li> </ul>	Governance and Assurance	Senior Risk Management & Governance Officer	Ongoing
Develop and deliver tailored training approaches related to risk management including the Risk Management Toolkit and Guide	<ul style="list-style-type: none"> <li>Tailored 1-2-1 / team sessions</li> <li>Online Risk Management Training</li> <li>Guidance Documents</li> <li>Risk Management Team</li> </ul>	Governance and Assurance	Senior Risk Management & Governance Officer	Ongoing
Engage with Service Managers to identify, analyse and regularly review significant risks within their Service ensuring mitigating actions are proportionate against key risks	<ul style="list-style-type: none"> <li>Service/Team meetings include the continuous identification of significant new risks</li> <li>Key controls are identified and regularly reviewed to ensure the risks are managed effectively</li> </ul>	All Services	All Senior Managers	Ongoing
Ensure that appropriate information is available for significant and corporate risks to be reviewed effectively at relevant Committee / strategic / operational meetings to	<ul style="list-style-type: none"> <li>Produce relevant reports for the Audit and Risk Committee, Governance and Assurance Board and build into Performance reporting</li> </ul>	All Services Governance and Assurance	All Senior Managers Senior Risk Management & Governance Officer	Ongoing

facilitate decision-making and implementation of actions.				
Capture significant risk information for programme and project risks, engaging with PMO where appropriate.	<ul style="list-style-type: none"> <li>• Cross-reference and identify any missing risks and support project managers accordingly.</li> </ul>	All Services	All Senior Managers	Ongoing
Support Service Managers in review, identification and recording of Partnership/Shared Service Risks	<ul style="list-style-type: none"> <li>• To undertake a review of the Councils Partnership arrangements, in order to evaluate the various Partnerships that the Council has in place.</li> <li>• To develop a Partnership Framework</li> <li>• Partnership and Shared Services risk registers to be developed for all significant Partnerships/Shared Services</li> </ul>	All Services	Head of Engagement Senior Risk Management & Governance Officer	December 2020
Engage with the Senior Performance Officer to develop a portal to capture the Corporate and Significant risks that could affect the delivery of the Corporate Plan	<ul style="list-style-type: none"> <li>• To develop a portal to enable the Senior Leadership to identify and challenge risks that may impact on the delivery of the Corporate Plan.</li> </ul>	Governance and Assurance Head of People and Change	Senior Risk Management & Governance Officer Senior Performance Officer	March 2020

## LINKS TO OTHER CORPORATE POLICIES AND STRATEGIES

This document should be read in conjunction with the Council's Risk Policy and Risk Toolkit. It is also closely linked with the Corporate Land Inspections, Health and Safety and Counter Fraud Policies that together underpin the production of the Annual Governance Statement. More widely, Risk Management plays an integral part in the consideration of all Council initiatives in support of the delivery of the Council's Corporate Plan.