



## Risk Management Policy & Procedure

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Related documents	Constitution (Financial Regulations and Procedures)  Audit & Governance Committee Terms of Reference  Risk Management Group Terms of Reference  Business Continuity Plan / Disaster Recovery Plan

UK Council of the Year  
2009/10  
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“Excellent”  
As rated by the  
Audit Commission

## **Statement**

West Lancashire Borough Council is committed to providing an area in which people will choose to live and work and engages with many organisations, both public and private, in order to achieve its aims. Risk is an inevitable feature of such engagements, but need not deter the Authority in its aspirations.

Risk is a part of everyday life. Risk can be defined as the likelihood of an event and its impact. Risk Management has traditionally been viewed as a negative factor but robust risk management can also identify positive opportunities. Proper risk management can have a beneficial impact in many areas.

The Authority recognises that there are risks involved in everything it does and that it has a duty to manage these risks. This duty is to employees, residents and people working in the borough, service users, partners and funding agencies.

## **Aims**

The policy aims to ensure we have a planned and systematic approach to identify, evaluate and manage the whole range of risks and opportunities facing the Authority. The policy is underpinned by procedures that detail our responsibilities, process and structure for delivering effective risk management.

The Authority will use Risk Management to maintain and improve the quality of services within the Borough. The Risk Management Strategy has the following aims and objectives: -

- Integration of Risk Management into the culture of the Authority
- Raising awareness of the need for Risk Management with all those connected with the delivery of services (including Partners etc.).
- Enabling the Authority to anticipate and respond to changing Political, Economical, Social, Legislative and Environmental conditions.
- Minimisation of injury, damage, loss and inconvenience to residents, employees, service users, assets etc. arising from or connected with the delivery of Council services.
- Ensuring this is a robust framework and procedures for the identification, analysis, assessment and management of risk.
- Minimising of the cost of risk.

The policy statement and strategy will be reviewed annually to ensure it is “fit for purpose” and to assess performance against the aims and objectives set out above.

## **Outcomes**

Outcomes should reflect specific objectives and be measured against these objectives on a regular basis. The Risk Management Working Group will conduct a review of the success of controls and looks to achieve:

- Adding value to all Council activities
- Delivering Council objectives
- Managing opportunities to improve front line services
- Help deliver value for money by informing decision making
- Protecting the image and reputation on the Council

## **RISK MANAGEMENT STRATEGY**

West Lancashire Borough Council's Risk Management Strategy seeks to minimise losses and embrace opportunities in relation to its assets, finances, operational capacity, reputation, employees and citizens. It also seeks to maximise the rewards that can be gained through managing risk.

The Authority's Risk Management Strategy has the following aims and objectives: -

- Embed risk management into the culture of the Authority.
- Raise awareness of the need for Risk Management for all those connected with the delivery of services including Partner organisations.
- Anticipate and respond to changing Political, Economical, Social, Legislative and Environmental requirements.
- Minimisation of injury, damage, loss and inconvenience to residents, staff, service users, assets etc arising from or connected with the delivery of the Council's services.
- Maximise the rewards that can be gained through risk management.
- Ensure this a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events.

These objectives will be achieved by:

- Establishing clear accountabilities, roles and reporting lines across all services and divisions.
- Acquiring and developing the necessary skills and expertise.
- Developing and maintaining a Risk Register to manage the ranking of risks and to ensure all relevant players actively partake in this process.
- Assessment of risk in all decision-making processes of the Authority.
- Developing a framework for allocating resources to identified priority risk areas.
- Ensuring risk assessments are included as an integral part of the Council's strategic planning processes.
- Ensuring that risks are explicitly considered as part of the Council's financial planning processes.
- Ensuring that risk assessments are explicitly considered in relation to proposed projects including partnership arrangements.
- Ensuring risks are explicitly considered during policy making.
- Linking the risk management process to the Council's performance management system.
- Improving co-ordination of Risk Management activity throughout the Authority.
- Developing arrangements to measure performance of Risk Management activities against aims and objectives.
- To make all partners, and other providers aware of the Council's expectations on risk, both generally as set out in the Risk Management Policy, and where necessary in particular areas of service delivery.
- Reducing duplication between divisions by managing overlapping risks, whilst ensuring gaps are identified and managed too.

## **Accountabilities, Roles and Reporting Lines**

### **Cabinet**

To ensure the effective management of risk by the Council. To receive regular reports on key risks and the risk management framework.

### **Audit & Governance Committee**

The key task for this Committee is to monitor the effectiveness of the Council's risk management arrangements. Reports will be submitted to Audit and Governance on an annual basis.

### **Individuals**

The Chief Executive will be accountable to Members for the effective management of risk within the Authority. The Council Secretary & Solicitor will be responsible for ensuring that appropriate procedures, resources and skills are in place to achieve this on a day-to-day basis. The portfolio holder for finance and performance will be the lead member in relation to risk management initiatives.

### **Risk Management Working Group**

Divisional risks are best managed by the very people who manage the delivery of the service. Key risks are best managed at Chief Officer level. However, to enhance the linkages between Divisional and Key risks there will be a clear process for reporting them within the Risk Working Group.

This group will be the "driving force" behind developing and implementing the Council's Risk Management Strategy. The Group will comprise of the Council Secretary & Solicitor together with representatives to be composed of Divisional Managers' nominees (Risk Co-ordinators) and other officers as required. This Group will examine risk management methods and maintain a formal system for risk management in the authority. This group will also identify and monitor key risks to the authority's business activities and explore controls, which might be implemented to mitigate these risks.

### **Internal Audit**

To provide assurance by assessing the Risk Management process periodically and reporting to CMB on relevant findings.

### **Employees**

To manage risk effectively in their role and report threats / risks to their managers.

### **Risk Management Framework**

A framework has been implemented that will address the following issues: -

- The different types of risk – Key and Divisional.

- Allocating responsibility for the management of identified risks.
- Corporate and Divisional roles and accountabilities.
- The need for a “driving force” within the Council.
- Prompt reporting of accidents, losses etc.

### **Skills and Expertise**

Having established roles and accountabilities for risk management, the Council must ensure that it has the skill and expertise necessary. This is being accomplished through a programme of risk management awareness/training, which addresses the needs of staff.

This programme has also included more detailed and intensive risk appreciation seminars for Elected Members and Senior Managers, focusing on best practice in risk management together with workshops to identify the Council’s key risks.

### **Risks and the Decision Making Process**

Risks need to be addressed at the point at which decisions are being taken. Where Elected Members and Officers are asked to make decisions they should be advised of the risks associated with recommendations being made. The training provided will enable this to happen.

The Authority needs to be able to demonstrate that it has taken reasonable steps to consider the risk involved in a decision. All reports requiring key decisions, including new and amended policies and strategies, include a section to demonstrate that risks have been addressed.

Current reports to Elected Members are expected to address any appropriate options that have been considered. This would be an appropriate place at which to address the risks involved with those options. This doesn’t guarantee that decisions will always be right but the important point is to demonstrate that the risks have been considered and to have evidence that will support this.

### **Resources Allocation Framework**

Resources for risk management need to be invested where they will make most difference. The Risk Management Working Group will consider how resources are used to add extra value to existing projects or initiatives.

### **Procedures and Guidelines**

Risk management training has been provided to all risk co-ordinators and they have been provided with guidance on their roles. Terms of Reference for the Risk Management Group have also been drawn up and agreed. Risk management issues will be communicated to Divisions through the risk co-ordinators and they will inform the risk management process in relation to developments within the divisions.

## **Making Others Aware of Risk Management**

The Authority recognises the potential for benefits and rewards from partnership working and it also recognises the risks involved. Whilst this risk can be managed by the Authority through formal contracts and partnership agreements that clearly allocate risks to the appropriate parties, failure by either or any one of those parties to manage their risks can have serious consequences for the other(s).

Before entering into the partnership, joint working or business contract arrangements, the prospective partners and contractors should be asked to state their approach to risk management and to provide certain minimum evidence to support their response. This kind of approach already exists within the Authority's procurement arrangements e.g. prospective contractors must submit evidence regarding issues such as Health and Safety, Financial Stability and Insurance. In addition we should always consider the Council's good reputation".

## **Performance Management**

The reporting of Key risks to Cabinet will ensure that the effectiveness of the risk management system is reviewed on a regular basis.