Corporate Risk Management

Risk Management Policy and Strategy

17 January 2012

Purpose

The Risk Management Policy & Strategy outlines the overarching risk management framework in Barking & Dagenham detailing where a formal approach to risk management must be adopted by officers.

The document details the priorities of Corporate Risk Management over the next 12 months, how risk is monitored, reported and escalated across the Council and what duties are placed on officers across the council to ensure compliance.

Related Documents

- Risk Management Charter
- Risk Management Guide

Who is Governed by this Policy & Strategy?

The Risk Management Policy and Strategy applies to all staff including and not limited to temporary staff, sessional staff and contractors. A failure to comply could be damaging to the finances and reputation of the Council.

Executive Summary

This combined risk management policy and strategy details the Council's framework for managing business risk. The risk management framework is the culture, processes and structures that are directed towards effective management of potential opportunities and risks that the council faces in delivering its objectives.

LBBD takes risks and recognises that risk is involved in everything it does and that it has a duty to manage these risks. This duty is to staff, residents and people working in the borough, service users, partners and funding agencies. Proactive risk management makes sound business sense; effective risk management is good management.

The Risk Management Charter and Risk Management Guide expand upon the principles laid out in this document; the Charter provides more detail about roles and responsibilities for managing risk and the Guide provides more support on how to undertake a risk assessment.

Contents

Risk Management Policy

Risk needs to be managed rather than avoided, and consideration of risk should not stifle innovation.

The Council delivers services in an increasingly litigious and risk averse society and believes that risk management is a tool for exploiting opportunities as well as safeguarding against potential threats. LBBD uses the discipline of risk management to promote innovation in support of the council's strategic objectives as detailed in the Corporate Plan.

The risk management framework is the all-encompassing approach that LBBD takes towards risk management; including the adoption of this Policy & Strategy, the resourcing of Corporate Risk Management and the consideration of risk management in other corporate policies and procedures.

The risk management process involves the identification, rating, prioritisation, control, review and escalation of risk. Whenever an officer is involved in an activity which has significant levels of risk, it is important that the risk management process is formalised by, for example, undertaking a risk assessment or detailing risks in a report. The council recognises that the approach to risk management should be proportionate to the level of risk present.

The management of risk is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a **formal** approach to risk management in the following areas;

- Key decision making reports
- Corporate, Directorate and Divisional planning processes
- Programme and Project management
- Procurement processes
- Partnership working arrangements
- Change management processes.

Corporate Risk Management is responsible for developing and embedding the risk management framework within which risks are to be managed across the council. This includes developing risk management capacity within the Council's workforce through the offer of training, guidance and support.

All council officers are responsible for the management of the risks that surround their role and adherence to the risk management framework. Managers also have a responsibility to ensure that their service areas have service continuity plans in place which are periodically reviewed and tested.

The Risk Management Policy and Strategy are reviewed on an annual basis by Corporate Risk Management. Public Accounts & Audit Scrutiny Committee (PAASC) Members are consulted as part of this process. This policy is approved by Cabinet.

Adherence to the requirements set out in the Risk Management Policy & Strategy is monitored by Corporate Risk Management and reported to the Corporate Risk Board, Corporate Management Team and PAASC as appropriate.

Risk Management Strategy

Barking & Dagenham believes that through the proactive management of its significant business risks it will be in a stronger position to deliver the Corporate Plan and Members Promises.

To this end, Corporate Risk Management has been issued the remit of developing and embedding an enterprise-wide risk management framework.

There is strong senior management support for both the Group Manager - Risk and the risk management discipline. The Council has a developing risk culture and a positive attitude to risk – recognising that well managed risk brings opportunity and innovation.

The Risk Management Framework

Having a robust and systematic risk management framework which is embedded throughout the organisation will;

- Help officers to fully understand the causes and impacts of the risks that they face, and in turn make more informed decisions on how best to manage risks.

- Allow officers to analyse and prioritise risks; helping inform decisions on the management, escalation and communication of risks.

- Creates a management tool which promotes discussion and helps reinforce officers' understanding of risks and how they will be managed; as well as encouraging the assignation of roles and responsibilities.

- Provide senior managers and members with the assurance that risks are being considered and managed across the organisation, and where need-be risks are escalated for their input and guidance.

Key Risk Management Objectives

In order to realise the organisational benefits of managing risk and deliver upon their remit of developing and embedding a risk management framework, Corporate Risk Management has identified the following objectives;

1. To maintain and review the risk management framework which takes into account new and emerging risk management practices in accordance with the principles of British Standard 31100.

2. To develop and maintain a service continuity planning framework that allows the council to continue to deliver it's most important services in accordance with the Civil Contingencies Act 2004 and the principles of British Standard S 25999.

3. To ensure the Council actively manages risks and opportunities in the delivery of Divisional Plans, Directorate Plans and the Corporate Plan.

4. To ensure risks in the present and the future are considered and discussed as part of the councils key decision making processes.

5. To ensure all programmes and projects in the council have a robust approach to risk management which includes risk identification, analysis, prioritisation, control, communication, review and escalation.

6. To ensure officers consider the risks associated with partner organisations, delivery agents and the voluntary sector.

7. To ensure officers consider the management of risk within the procurement process.

8. To integrate and embed risk management throughout the working culture of the Council by providing support, guidance and training to officers.

9. To monitor adherence to the Risk Management Framework and report on performance to Corporate Risk Board (CRB), Corporate Management Team (CMT), and the Public Accounts & Audit Scrutiny Committee (PAASC).

Defining Risk Management

The Council has adopted the CIPFA Better Governance Forum's definition of risk, described as:

> *"Risk arises as much from failing to capture opportunities, as it does from a threat that something bad will happen."*

This definition compliments the context of risk management as detailed in the British Standard 31100, which states;

> *"Risk management is as much about exploiting potential opportunities as preventing potential problems."*

Corporate Risk Management

Corporate Risk Management sits within the Finance & Resources Directorate under the Assurance & Risk Division. It is led by the Group Manager - Risk who is mandated to;

- Establish the councils risk management framework through developing procedures, tools and guidance on how to manage risk;
- Embed the framework by providing training, guidance and support to officers across the council on how to comply with it.

The tools that Corporate Risk Management (CRM) has developed can be downloaded from the Intranet.

For more information about the role of CRM refer to the Risk Management Charter.

Risk Management In Barking & Dagenham

Barking & Dagenham's Risk Management Policy & Strategy was first adopted in 2006 and it is reviewed on an annual basis.

PAASC acts as the risk management oversight body; receiving regular reports throughout the year and providing challenge and adding a powerful contribution to the whole process.
The Chair of PAASC and the Chief Executive promote risk management across the Council in their respective roles of Member and Officer Risk Management Champions.

This Policy & Strategy provides an overview of the risk management framework within Barking & Dagenham and outlines Corporate Risk Management's objectives over the next 12 months to further develop and embed the framework.

Risk Management Priorities for 2011-2012

The following priorities will be incorporated into Corporate Risk Management plan for 2011-2013.

- ➢ Establish a clear golden thread from the policy house to the Corporate Risk Register
- ➢ Establish the portfolio, programme and projects risks escalation & reporting
- ➢ Embed and simplify risk management process below CRR level
- ➢ Quantify impact of corporate and other risks on delivery of policy house themes (and outcomes)
- ➢ Determine role of Members

Governance & Compliance

The management of risk is woven throughout the Council's key governance frameworks and as such there are specific requirements for all officers to adopt a **formal** approach to risk management in the following areas;

- Key decision making reports
- Corporate, Directorate and Divisional planning processes
- Programme and Project management
- Procurement processes
- Partnership working arrangements
- Change management processes

A formal approach to risk management will involve for example, undertaking a risk assessment or detailing risks in a report. The council recognises that the approach to risk management should be proportionate to the level of risk present. For more information refer to the Risk Management Guide.

Compliance to the Risk Management Framework

This policy and strategy is just one part of the councils risk management framework, which also includes a 4 x 4 risk matrix scoring system, risk assessment template, corporate risk register system and service continuity planning templates.

To ensure consistency it is important that these tools are adopted across the Council. Any variations or dispensations will be kept to a minimum and must be approved by Corporate Risk Management.

Group Managers, Divisional and Corporate Directors have responsibilities to ensure that their staff adhere to the risk management framework.

For more information on the roles and responsibilities of all staff please refer to the Risk Management Charter.

Monitoring, Reporting & Escalating Risk

Corporate Risk Management continually monitors the management of risk across the council. This is done through 6 monthly reviews of each division's key risks, regular engagement on the management of risk within programmes and projects, consultation and sign-off of all key decision making reports, and review and testing of service continuity plans.

Each division's performance in relation to compliance to the risk management framework and management of risk is reported on a quarterly basis through the departmental management teams.

Risks are escalated and reported throughout the organisation in a number of different ways. As part of the 6 monthly review of key division risks, a process of aggregation and escalation occurs through which directorate level risks are developed and reported to each Corporate Director. These Directorate risks are then further analysed to develop corporate risks which are reported to Barking & Dagenham Corporate Management Team on a 6 monthly basis and PAASC annually.

Within programmes and projects the monitoring, reporting and escalation of risk is less formal. Corporate Risk Management provides support to many programmes and projects, and the corporate programme and project management methodology details the approach that should be followed for monitoring, reporting and escalating risk to project and programme boards.

The risks associated with key decisions and how they will be managed are detailed within all reports to Cabinet. The Group Manager - Risk is a mandatory consultee for all reports and this process of risk reporting helps Members to make informed decisions.

Barking & Dagenham's Risk Management Maturity - Benchmarking

The development of the risk management framework and the level to which it is embedded in the working practices of the organisation are benchmarked on an annual basis. Corporate Risk Management is a member of the CiPFA benchmarking club through which we are compared against our local authority peers.

Areas of weakness are highlighted in benchmarking feedback reports and incorporated into the annual review and informs Corporate Risk Management priorities.

Further Support, Tools, Training & Guidance

The latest version of the Risk Management Policy and Strategy and all of our documents can be obtained from either contacting the Group Manager - Risk directly or by visiting our intranet pages:

Hyperlink?

If you have any comments or feedback to do with this document, we would like to hear from you, so please get in touch and email us at the following address:

sharon.roots@lbbd.gov.uk

Risk Management Framework

Who	Role & Responsibility	Report Type	By Whom	Frequency
Assembly	Receive & Act Upon • Reports from Cabinet & Head of Paid Service • Reports, Recommendations & Advice from PAASC	Annual Governance Statement and other relevant reports	Cabinet and PAASC	Annually
Cabinet	• Agree the Risk Management Policy and Strategy and receive reports on them • Hold the political responsibility for risk within each individual portfolio • Identify a lead portfolio holder for Risk Management.	Policy & other relevant reports	PAASC/CMT	As requested
PAASC	• Oversee & Challenge Assurance and Risk Management Frameworks	• Receive assurances on effectiveness of Risk Management • Receive updates on Corporate Risks & Action Plans	Divisional Director of Assurance & Risk	Bi-Annually
CMT	• Strategic Leadership Group for Risk Management • Responsibility for effectiveness of Risk Management & Assurance Frameworks and any mitigation • Quarterly Monitoring of Corporate Risks and associated Action Plans	• Reviews of Policy, Strategy and Framework • Corporate Risk Dashboards (Operational and Strategic Risks) • Corporate Risk Board Recommendations • Action Plans	• DD of Assurance & Risk on behalf of DD Group • Programme & Partnership Boards • Performance	Quarterly
Divisional Directors Group	• To identify, manage & monitor Corporate Risks on behalf of CMT (individual corporate risks allocated to named DD's) • Monitoring and escalation as appropriate of DMT Risks • Monitoring and escalation of Project Risks (outside of programmes) as necessary	• Report to CMT on the identification, escalation, removal, monitoring & management of Corporate Risks for agreement • To receive and consider escalated risks from DMT's, PAASC & CMT for inclusion on Corp Risk Register	• DMT's • DD • Partnership & Programme Boards	Quarterly
Programme Boards Partnership Boards	Responsible for the identification and management of Risks within their given areas	Report on the management of risks and escalate High risks as required or necessary	Programme Boards Partnership Boards	Quarterly to DD Group
DMT	• To identify, manage & monitor Risks within their Services & Department in respect of Service Delivery & Strategic Policy Outcomes & Priorities • Monitoring and escalation of Project Risks (outside of programmes) as necessary • Monitoring and escalation as appropriate of Risks to either DMT or DD Group	• Review of Risk Registers and other risks as a standing agenda item at DMT/SMT Mtgs • Report via nominated DD to DD Group on those Departmental/Service/Project Risks that require consideration for escalation to the Corporate Risk Register • To receive update reports on Corp Risk Action Plans allocated to DD in own Department	• SMT's • Project Boards	Quarterly or as required to DD Group
Service Managers				Quarterly or as required
Employees	To manage risk effectively in their job and report hazards/risks to their Service Managers.	Report incidents/risks following procedures laid down in corporate policies	All Employees	As necessary/ required

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