

HAVANT BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

2008 - 2011

May 2008

1.0 Risk Management Strategy

Risk management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to achieving our objectives. The purpose of this strategy is to explain how the Council will implement sound management of risks and opportunities. Risk Management is not just the responsibility of a few individuals – all employees, councilors and the wider community have responsibility for risk management. It makes sound business sense; effective risk management is good management.

We believe that risk needs to be managed rather than avoided. Consideration of risk should not stifle innovation. The Council recognises that it has to deliver services in an increasingly litigious and risk averse society. However, risk management is a tool for exploiting opportunities as well as a safeguard against potential threats. The Council will therefore use risk management to promote innovation in support of the Corporate Strategy.

A systematic approach to identifying and analysing risks will be an integral part of all management processes and day to day working, rather than a separate initiative and will be maintained using the simplest possible means.

The objectives of this strategy are to support the Havant Borough Sustainable Community and Corporate Strategies and:-

- further embed risk management as an integral part of service, strategic and project planning and decision-making through
 - Corporate risk management
 - Project based risk management
 - Partnerships risk management
 - Service based risk management;
- maintain an effective and explicit system of key risks identification, analysis and control;
- facilitate innovation and manage projects well;
- achieve better management of operational risk, through management and supervision, inspection and greater ownership of risk management by all employees;
- ensure robust Business Continuity arrangements.

Achieving these aims will:-

- enable better Member and Officer decision making;
- contribute to sustainable improvements in services to customers and the achievement of best value;
- result in better management of change;
- result in more effective Partnership arrangements;
- reduce the number and cost of claims and adverse incidents and improve our ability to defend them; thus controlling insurance costs and reducing the potential for adverse publicity;

- reduce complaints;
- protect the Council's reputation.

2.0 Organisation

Members have strategic responsibility for risk management as part of their responsibility for governing the delivery of local services. The Staffing Matters Committee will be the lead Member body monitoring risk management. To assist with the task of effective Risk Management:-

- a) Members and Executive Management Team decision making, and all other decision making, must include the consideration of risk. Risk will be specifically identified in Executive reports.
- b) The Risk Management Strategy Group will advise and support in the context of risks likely to have a significant impact on the achievement of the Council's objectives. The Group currently comprises the Head of Resources, Head of Environmental Services, Internal Audit Manager (Havant/Winchester), Environmental Health Manager, Emergency Safety Officer, Insurance and Treasury Officer, Technical Support Team Leader and any external insurance or risk advisers.
- c) Directors and Heads of Service will champion the risk management process and will each be given roles as champions of risk management to cover all the key risks in the corporate risk register.
- d) All staff will be trained, through induction training and ongoing training programmes agreed at appraisals, to have regard to risk management in their day to day activities and to understand the part they play in the Council's overall risk management.
- e) All teams (including internal audit, accountancy, contract supervisors and project teams) will have particular regard to risk management techniques in their work, documenting the risk assessments and inspections carried out.
- f) The Council's Health and Safety Adviser will offer advice and assistance to employees on health and safety matters – recognising that there must be ownership of responsibility for health and safety throughout the organisation.
- g) Internal Audit will provide an independent appraisal of the adequacy, application and effectiveness of the arrangements put into place by management. The Internal Audit Plan is linked to the Risk Register.
- h) Established Civil Emergency arrangements will continue.
- i) The Head of Resources/Chief Financial Officer is responsible for arranging appropriate insurance cover.

The **Risk Management Strategy Group** will:-

- Update on an ongoing basis the list of corporate key risks and score risks on a consistent basis.
- Review on an ongoing basis the controls in place for key risks and make recommendations as appropriate.

- Assist Staffing Matters Committee in their review of risk management
- Report any matters of particular concern to Executive Management Team
- Help build a culture where everyone realises that proper risk management is not “someone else’s problem”; it is something everyone must do every day.
- Monitor insurance claims and accidents and advise as to actions required to reduce the costs associated with claims against the Council.
- Consider the implications of adverse events as they occur and assist in planning a response should controls fail. Assist in improving future procedures. The Group will normally have access to some internal audit days in the Internal Audit Plan for areas of emerging risk.
- Where appropriate assist directors and heads of service to arrange training to give employees the skills necessary to identify, evaluate and control the risks associated with the services they provide. Seminars and reviews of risks will be also be arranged for Members.
- To monitor Business Continuity arrangements.

Directors, Heads of Service and their staff will:-

- Comply with Financial Regulations and Contract Standing Orders.
- Ensure that risk management becomes embedded in the culture of the Council particularly in relation to management and supervision, inspections and when new policies and service delivery methods are considered.
- Ensure that Service Plans include evaluation of risk.
- Consider and act promptly in relation to risk management issues raised by the Risk Management Strategy Group and refer risk management issues for discussion by the Risk Management Strategy Group where appropriate.
- Review processes and controls continuously and ensure employees have a clear understanding of the consequences of lack of control.
- Keep Business Continuity Plans up to date.
- Carry out risk assessments and eliminate health and safety risks where practicable.

3.0 Methodology for strategic top down Risk Assessment

Categories of risk (subject to regular review) will be:-

- People
- Money
- Strategic
- Environmental
- Information and Data
- Physical Assets incl. Property

The 28 Key Risks for Havant Borough Council currently identified (as set out in the Appendix) will be continually reviewed by the Risk Management Strategy Group. Controls will be reviewed against each risk and the controls will be classified as:-

- Green – in place and working.
- Amber – Don’t know or not convinced.
- Red – Not significantly in place.

The Key Risks will be classified by scoring both impact and likelihood between 0 – 5 (Over 2.5 being high, Under 2.5 Low) and then the Risks will be categorised as:-

- A High Impact, High Likelihood
- B High Impact, Low Likelihood
- C Low Impact, High Likelihood
- D Low Impact, Low Likelihood

Key Risks are likely to fall in categories A and B.

4.0 Key Elements of Risk Management work



Corporate Risk Management

Evaluation of those risks that have major consequences for the Council in achieving its overall goals. Executive Management Team, The Executive and the Risk Management Strategy Group have key roles in evaluating the Council's key risks supported by the Executive Management Team roles as risk champions and monitoring by Staffing Matters Committee.

Project based Risk Management

Evaluation of those risks that impact on the delivery of projects and major programmes of change management. The Council uses its own toolkit for projects based on best practice and this includes the evaluation of risk throughout the project.

Partnerships Risk Management

There are many potential benefits and rewards from partnership working but there are also risks involved. Some of these risks can be managed by the Council through formal contracts and partnership agreements that allocate risks to appropriate parties. Failure by either of the parties can have serious consequences.

All significant partnerships that are established need to identify the risks (events or actions) that could prevent the partnership from achieving its objectives. A risk assessment will be undertaken for each partnership that:-

- Highlights the risks that the partnership faces
- Identifies the barriers to the partnership's success
- Creates a common understanding among the partners of the issues the partnership faces
- Prioritises the risks and ensures that these are regularly reviewed and monitored
- Allocates responsibility for managing the risks to the party best placed to do that
- Provides the necessary assurance to each organisation that the partnership is being adequately managed.

The systems for establishing and regularly reviewing the risks associated with existing and new key partnerships will be improved during the strategy period. For new partnerships the monitoring process should be agreed when the partnership is set up. Reports to the partnership and the individual organisations will be determined by the significance of the risks involved.

Service based Risk Management

Evaluation of those risks which impact on delivery of services including welfare issues, health and safety, asset management issues, budgetary issues etc. Each service is required to include risk evaluation in its service plans. Particular emphasis is given to managing health and safety risks in accordance with best practice.

5.0 Linked Strategies

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| Havant Borough Sustainable Community Strategy | Sets priorities to improve the quality of life in Havant Borough 2008 - 2012 |
| Corporate Strategy | Sets the priorities for the Council 2008 – 2012 |
| Medium Term Financial Strategy | Sets the financial strategy to secure a forward looking approach and long term sustainability in service provision – led by the Council's priorities set out in the Corporate Strategy. |
| Code of Corporate Governance | Sets out the system by which the Council directs and controls its functions and relates to the local community. |

6.0 Review of Strategy

This Strategy will be reviewed annually by the Risk Management Strategy Group. Any significant amendments to the strategy will be referred to the Staffing Matters Committee.

APPENDIX

KEY RISKS ASSESSMENT 2008

HIGH IMPACT/HIGH LIKELIHOOD (A)

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|---------------------------------|--|
| People | Lack of employee motivation/efficiency |
| Money | Income not collected, income sources not fully explored |
| Strategic | Wrong strategic priorities or major change in strategic direction Incorrect pace of modernisation/innovation. Failures in partnership working. |
| Information and Data | IT security risks/system failures. Information overload or processes too bureaucratic. |
| Environmental | Major incidents – weather, civil unrest etc. |
| Physical Assets/Property | Loss of assets/unable to access buildings and vehicles or assets not well managed. |

HIGH IMPACT/LOW LIKELIHOOD (B)

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|-----------------------------|---|
| People | Litigation. Over reliance/too demanding of certain officers. Unable to recruit and retain staff or to ensure the right staff are taken on. Health and Safety. One person able to make decisions without sharing/recording getting approval for actions. Councillors and officers not supporting each other. |
| Money | Contractor/supplier failure with significant effect. Major budget variation. Treasury risk. General local, sub-regional and regional economic conditions. Fraud and corruption. Financial practices failure. Losses from claims or loss/damage to property |
| Strategic | Not achieving statutory duties/obligations. Public and media relations – effect on strategy. Community planning oversights/errors due to not properly researching/consulting. Decisions taken out of HBC hands that affect our strategic objectives. Failure of major projects, new initiatives. Failure of services to deliver. |
| Information and Data | Data Quality |