Appendix 1

Risk Management Policy Statement And Strategy 2010/11

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Southend Borough Council
Risk Management Policy Statement

The Council recognises it has a duty of care to its stakeholders - residents, employees, members and partners. This requires us to maintain high standards of governance including the principles of inspiring leadership, demonstrating integrity, accountability and achieving value for money.

A key component of the Council's Corporate Governance Framework is to manage risks effectively to contribute towards the achievement of the corporate aims, objectives and corporate priorities, and to maximise the opportunities to achieve the vision of 'Creating a Better Southend'.

The Council is committed to the proactive management of key external and internal risks and actively promotes the principles of effective risk management throughout the organisation. The Risk Management Strategy and Framework aims to apply best practice to the identification, evaluation and control of key risks and ensure that residual risks are monitored effectively. This can best be achieved by:

- Enabling senior management and Members to support and promote risk management;
- Developing and embedding clear strategies and policies for risk;
- Equipping and supporting staff and partners to manage risk well;
- Establishing and promoting effective arrangements for managing risks with partners;
- Developing effective risk management processes to support the business;
- Ensuring risks are handled in a way which gives the Council assurance that risk management is delivering successful outcomes and supporting creative risk-taking; and
- Using risk management to contribute to the delivery of improved outcomes.

Southend Borough Council will achieve these aims by implementing and maintaining a Risk Management Framework, comprising of this Risk Policy Statement, a Risk Management Strategy, Risk Toolkit and Risk Management Framework Document (Action Plan). These documents will be reviewed each year against good practice guidance to ensure that they are fit for purpose and continue to drive forward a robust approach to risk management.

…….	……..
Councillor N Holdcroft	Rob Tinlin
Leader of the Council	Chief Executive

June 2010

Southend Borough Council
Risk Management Strategy 2010/11

1. Introduction

The business of Southend Borough Council is exposed to a range of risks. This is because of the diverse range of its activities and the extensive changes taking place under the Government's agenda. The nature of the Council's work means constant change. This includes entering into partnerships and projects to achieve objectives.

The need for effective risk management in Local Government is more essential than ever, as public expectations increase and tolerance of failure by public service organisations reduces.

This Risk Management Strategy aims to ensure that risks surrounding the authority's activities are consistently and robustly managed. During 2010/11 it will be further integrated into the culture of the authority with an effective programme led by the senior management and Members. This document should be read in conjunction with the Council's Risk Management Policy Statement and Risk Management Toolkit.

2. About this Strategy

The Strategy aims to give a clear explanation of what risk management is, and what is expected from Members and employees. It is not intended to constrain innovation and effective service delivery but to assist achievement in a controlled by successful environment.

If uncontrolled, risks can result in a drain on resources that could better be directed to front line service provision and to meeting the Council's aims and objectives. This Strategy sets the foundations that allow the Council to ensure that all areas of risk are identified, evaluated, controlled, monitored and reported. The process applies equally to both strategic and operational risks and is integrated into the business planning process. The Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003:

> *"The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk".*

The Council has ensured that responsibility for risk is assigned throughout the organisation and that this Strategy supports accountability and performance measurement, thus promoting operational efficiency at all levels.

3. What is a risk?

The definition of risk used by Southend Borough Council is:

> The chance of something happening that will have an impact (negative – threat or positive – opportunity) on the Council's ability to achieve its objectives and successfully deliver its strategies. This includes both external and internal risks and opportunities.

Risk management is the process by which risks and opportunities are identified, evaluated and controlled.

The aim of risk management is to improve risk taking activities and to reduce the frequency of loss events occurring and to minimise the severity of the consequences if they do occur' Cipfa

Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its aims and objectives. By being 'risk aware' the Council is in a better position to avoid threats, take advantage of opportunities and achieve success.

The Council's Risk Management Framework consists of a Risk Management Policy Statement, this Risk Strategy, a Risk Management Toolkit and a Risk Management Framework Document (Action Plan).

4. What this Strategy aims to deliver

The broad function of risk management is to help the authority achieve its Corporate aims and objectives, and to protect the assets and resources of Southend against risk in the most efficient way. The Council's strategic approach to risk management is to:

- Identify and assess the opportunities and risks to which the authority is exposed, both at strategic and operational level, to enable their effective management;
- Integrate, within the business planning and project planning processes, appropriate measures to ensure that all portfolios and partnerships are avoiding, reducing and economically controlling opportunities and risks;
- Support Members and managers in their responsibilities for carrying out risk management and promote the benefits of risk management;
- Enable effective service delivery to local people and to minimise the risk of service failure;
- Protect physical assets, promote employee and public safety and maximise resources;
- Learn from risk failures to improve the systems of internal control and risk management;
- Promote good corporate governance and therefore contribute to the Annual Governance Statement and Local Governance Framework;
- Assist in decision making at all levels within the authority;
- Embed risk management into the culture of the Council;
- Use risk management to contribute to the delivery of improved outcomes.

Delivering this strategy will bring about a number of tangible and intangible benefits to individual services and the Council as a whole. These include:

Improved Strategic Management

- Greater ability to deliver against aims, objectives and targets.

Improved Operational Management

- Reduction in interruptions to service delivery;
- Reduction in managerial time spent dealing with the consequences of a risk event having occurred;
- Improved health & safety of those employed, and those affected, by the council's undertaking.

Improved Financial Management

- Enhanced financial control;
- Reduction in financial costs associated with losses due to service interruption, litigation, etc;
- Reduction in insurance premiums.

Improved Customer Service

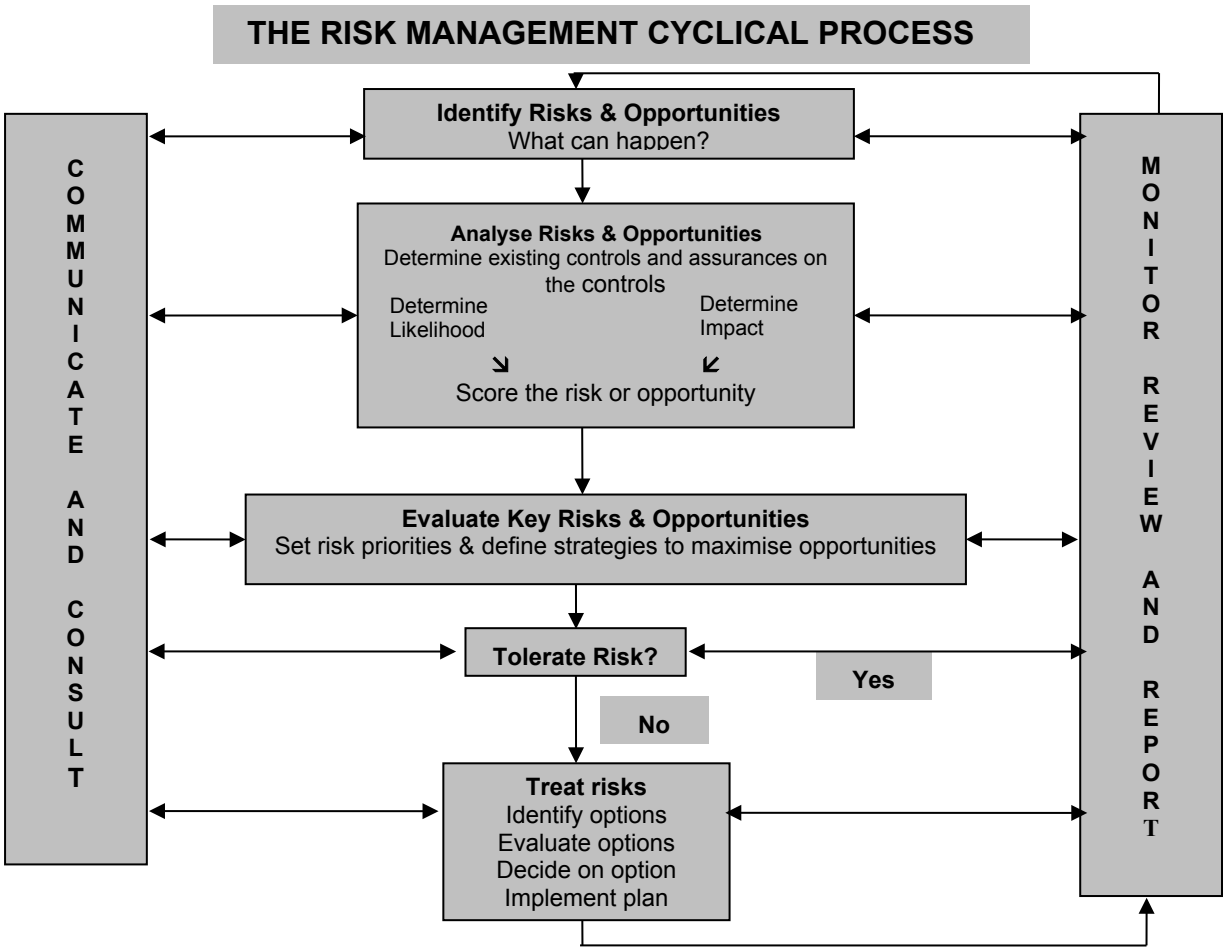
- Minimal service disruption to customers and a positive external image as a result of all of the above.

5. The Council's risk management approach

The Council's risk management approach is set out within the Risk Management Toolkit. It is designed to support the delivery of quality customer focused services within a robust and transparent framework of corporate governance. Identification of risk covers the whole spectrum of risks, not just those traditionally associated with finance, health & safety and security. It also includes risks associated with service continuity and effectiveness, projects, reputation, the environment, fraud and corruption, value for money and compliance. The Council assesses its approach to risks by terminating, transferring, treating or tolerating them (table below).

Treat	Manage it, put in place effective controls
Tolerate	Monitor and re-evaluate in the future
Transfer	Pass the risk on, for example to a contractor e.g. PFI or insurer
Terminate	Do not undertake the activity

The critical steps in identifying and manage risks in all council activities are shown in the diagram below:



Roles and Responsibilities

Group or Individuals	Role & Responsibilities
Leader of Council	• Ultimate Member with responsibility for embedding risk management throughout the council.
Cabinet	• Approve and adopting the Risk Management Policy and Strategy • Contribute towards identification of strategic risks. • Receive reports on key strategic risk issues, including as part of the annual statement of assurance, to ensure that corporate business risks are being actively managed. • Actively consider the Risk Management implications paragraph contained within reports to committees.
Audit Committee	• Approve the corporate risk arrangements and monitor quarterly the effective development and operation of good practice risk management and corporate governance arrangements across the council.
Scrutiny Committees	• Conduct inquiries into matters relating to risk management, make recommendations which advise officers and the Council as a whole on policies, budget and service delivery. Be consulted on forthcoming decisions and the development of policy.

Group or Individuals	Role & Responsibilities
Chief Executive	• Ultimate officer with responsibility for embedding risk management throughout the council.
Head of Policy and Improvement	• The Head of Policy and Improvement is the Officer Risk Champion with overall responsibility for embedding risk management throughout the council.
Directors (Individually or Collectively)	• Approve and adopt a Risk Management Policy and Strategy • Contribute towards the identification and management of strategic and cross cutting risks and opportunities facing the Council. • Receive and consider reports on key strategic risk issues including as part of the annual statement of assurance • For key issues / projects to determine the Council's risk preference (risk averse or risk taking). • To promote integration of risk management principles into the culture of the Council and its partners via all Heads of Service. • Embed risk management into business planning and performance management. • Ensure risk management is a regular item on Departmental Management Team meeting agendas. • Review and approve the Corporate Risk Register. • Review and approve Service Risk Registers. • Identify and propose the escalation and de-escalation of risks between service and corporate risk registers.
Member Champion	• Promote and embed a risk management culture within Members. • Act as the Member link for Risk Management with the Council. • Contribute to the identification of risks relating to business planning within the Council and its partners. • Promote risk management activities. • Contribute to the development or revision of strategic documents (i.e. the risk management framework and policy and strategy documents). • Attend regular meetings with the Council's risk officer for briefing sessions on risk management prior to the Audit Committee.
Members	• Contribute to the identification of risks relating to business planning with the Council and its partners.
All Heads of Service	• Ensure risk management is a regular item on Service meeting agendas. • Identify and analyse service risks. • Review and approve Service Risk Registers. • Identify and propose the escalation and de-escalation of risks between service and corporate risk registers. • To provide annual assurance on the effectiveness of controls in place to mitigate/reduce risks within their service. • To ensure tolerance levels and risk indicators are in place to monitor service delivery and projects/programmes. • To maintain awareness of and promote the approved risk management policy and strategy to all relevant staff. • Embed risk management into service planning and performance management.

All other Service Managers	• Identify and analyse service risks with Heads of Service. • Ensure risk management is a regular item on team meeting agendas. • Ensure risk tolerance levels are complied with. • Escalate team risks to service risks when tolerance levels have been exceeded. • To maintain awareness of and promote the approved risk management policy and strategy to all relevant staff. • Ensure that risk management is incorporated into service plans.
Corporate Risk Management Group (Officers from the following areas - Head of Policy & Improvement, Strategy & Performance Advisor - Risk Management, Insurance Manager, Emergency Planning Officer, Health & Safety Advisor, Fire Officer, Project Office Manager, LSP Partnership Advisor - Risk, Head of Audit)	• Provide a focus for and co-ordinate risk management activities throughout the Council. • Develop and maintain the risk management framework documents to reflect current good practice and meet the Council's needs. • Ensure the maintenance of robust arrangements to identify, evaluate, quantify and limit the risk exposure in relation to all functions (insurable and non-insurable) that threaten the achievement of the Council's objectives. • Proactively identify and manage risk opportunities in accordance with best practice. • Progress and monitor progress the risk management framework and input into the annual benchmarking exercise (May). • Ensure that the risk management process is properly integrated with other relevant corporate processes including the Strategic Health and Safety Group. • Contribute to the risk briefing sheet presented at CMT. • Keep key risk areas under regular review and ensure that actions identified to mitigate risk are being addressed within timescales agreed. • Consider opportunities to further embed the application of risk management principles in other corporate processes and arrangements. • Co-ordinate activities to obtain a more effective risk management solution from existing resources. • Commission investigative work from task and finish groups if opportunities arise to reduce risk or manage it more effectively.
Directorate Risk Leads (individually and as a Group) Officers from each Directorate – ACS, SS, CL, ETE and PI	• Provide a focus for and co-ordinate service risk management activities throughout the Council. • Identify and analyse service risks with Heads of Service to align to service planning activities and day to day operational service delivery. • Ensure that risk management is incorporated into service plans. • Ensure risk management is a regular item on team meeting agendas. • Develop risk tolerance levels within service areas to manage operational risk. • Develop risk indicators for service and project/programme risks. • Present Service Risk Registers to DMT's on a regular basis (aligning to Audit Committee Meetings) and escalate team risks to service risks when tolerance levels have been exceeded. • To maintain awareness of and promote the approved risk management policy and strategy to all relevant staff.

Programmes Office	• Monitor strategic projects within the Capital Programme. • Provide assurance to Corporate Delivery Board by carrying out health checks on strategic projects. • Work with the Corporate Risk Lead to develop the Project and Programme Risk Strategy. • Develop and promote risk management awareness within projects and programmes. • Ensure risks are managed in accordance with the Risk Management Strategy. • Ensure risks are monitored and escalated to the appropriate Board. • Ensure that potential Corporate Risks are escalated through the relevant Head of Service and Director through to the Corporate Risk Register.
Strategy & Performance Team	• Develop Risk Management Policy Statement, Strategy, Framework and Toolkit with arrangements for annual review. • Continual development and maintenance of the Corporate Risk Register and Service Risk Register. • Corporate advisors of risk at strategic and operational level. • Promote a culture of risk awareness within the organisation. • Co-ordinate risk management initiatives within the organisation. • Provision of corporate and service based advice, support and training as required. • Regular reporting to Members.
Internal Audit	• Provide independent review of corporate approach to risk management and compliance therewith. • To contribute to the accuracy and integrity of the corporate risk register (as part of the risk based approach to audit).
All Employees including risk champions	• Identify and report potential risks via the appropriate route (team meetings, service meetings etc). • Maintain awareness of risks and contribute to the control process where appropriate.

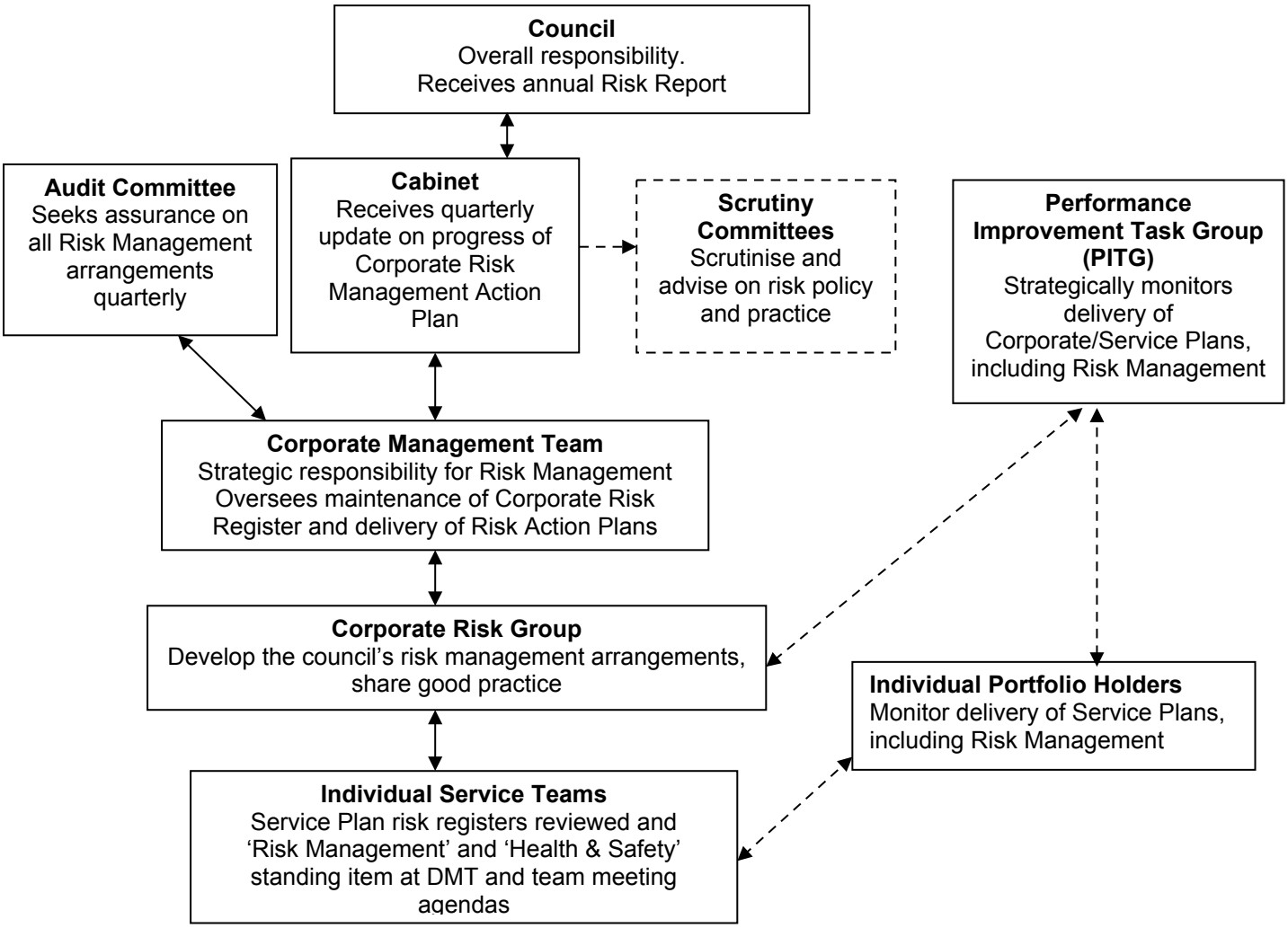
Monitoring Arrangements

At a Corporate level the Council has a number of mechanisms that provide independent validation of the overall corporate risk management arrangements, these include:

- The Local Governance Framework and supporting the Annual Governance Statement
- The work of Internal Audit
- External Audit and Inspection – specifically Use of Resources
- Other specific reports and reviews to elected Members.

At a Department and Service level Service Risk Registers are monitored and reviewed on at least a quarterly basis by relevant management teams.
In addition the Council will continue to follow its established framework for reporting and monitoring risk (below).

Risk Management Reporting Structure



Note: Strategic Projects are set by the Capital Board and monitored for compliance by the Corporate Delivery Board.

6. Delivering and developing this Strategy

The Council will deliver this Strategy by continually;

- Developing the corporate framework for the proactive identification, analysis, assessment, management and reporting of opportunities and risks;
- Taking actions and implementing strategies to maximise opportunities;
- Taking actions and implementing controls to minimise the likelihood of risks occurring and/or reduce the impact of consequences should risks occur;
- Identifying and communication the respective roles, responsibilities and reporting lines for managing risk;
- Developing the Corporate Risk Register to facilitate opportunities/ risk administration, including reducing duplication between departments in identifying and managing overlapping risks whilst providing opportunities for shared learning across the Council;
- Reinforcing the importance of risk management as part of the everyday work of council employees;

- Incorporating risk management into the corporate strategic, service & financial planning, performance management and project management processes.
- Encouraging partners and other providers to adopt proactive risk management;
- Ensuring ongoing monitoring and reporting arrangements to all levels; and
- Ensuring the Council has access to 'best practice' through association with external bodies such as ALARM (the Association of Local Authority Risk Managers) and Cipfa Better Governance Forum.

Specific actions to be implemented during 2010/11 are:

- Continue targeted risk management training and awareness for relevant staff and Members;
- Develop the risk appetite and tolerance levels for risk; and
- Ascertain details for risk financing.

7. Glossary of Terms

Annual Governance Statement is an annual statement made by all Local Authorities detailing the outcome of the annual review of effectiveness of the Authority's system of internal control.

Assurances are identified against the controls that are in place to help mitigate or reduce the risk.

Business Continuity Plan is a documented set of procedures and information intended to restore and deliver continuity of predetermined critical functions in the event of a disruption.

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is the way in which organisations manage their business, determine strategy and objectives and go about achieving these objectives within the underlying principles of openness, integrity and accountability.

Hazard is the inherent ability to cause harm (not to be confused with risk).

Internal Control is the system of financial and other controls established in order to provide assurance of effective and efficient operations and compliance with laws and regulations. Internal controls form part of a risk management process and play a major part in the management of significant risks to the fulfillment of council objectives.

Local Governance Framework is a document setting out the Council's Governance arrangements and detailing how it gains assurance that those arrangements are leading to effective internal control.

Operational Risks are those faced in the day-to-day delivery of services.

Risk is the threat or opportunity which an event or action can have which can adversely affect or enhance an organisation's ability to achieve stated objectives and to successfully deliver approved strategies. This will include both external and internal risks and opportunities.

Risk Management is the process by which risks and opportunities are identified, evaluated and managed. Risks are managed by terminating, transferring, treating or tolerating them.

Risk Profiles are extracts from the risk register listing the risks and opportunities relating to particular Council activities.

Risk Register is the corporate database of the Council's key risks and mitigating controls. The register includes strategic, corporate, and operational and project risks and opportunities. These risks and opportunities are scored with and without controls and will usually have defined actions to assist in further mitigation of the risk.

Strategic Risks are those that could impact upon more than one service and may be potentially damaging to the achievement of the Councils key aims and objectives as set out in the Council's Corporate Plan.