



RISK MANAGEMENT STRATEGY

2014/15 - 2015/16

January 2015

1. Foreword

All of us manage risks in our daily lives almost unconsciously – assessing the speed of traffic when crossing the road, taking out insurance policies and making everyday decisions. However, risk and risk management can sometimes be seen as specialist subjects, requiring expertise outside ‘normal’ management experience. In other circumstances, risk can be ignored altogether or the view taken that risk can be avoided by maintaining the status quo.

In the rapidly changing world of local government, a status quo is unrealistic, and failure to identify and explore new opportunities is a risk in itself. The difference between a thriving authority providing value for money and stagnation could be the willingness to embrace a risk taking culture while taking timely and appropriate action in the face of threats to objectives.

Because risk management is about achieving objectives it is therefore an essential part of routine management and should be ‘part of the day job’ of all officers who are responsible for achieving objectives. Ultimately, effective risk management will help to ensure that the Council maximises its opportunities, and minimises the risks it faces, thereby improving its ability to deliver priorities and improve Harlow for residents, businesses and visitors.

This *Risk Management Strategy* and corresponding *Toolkit* is designed to provide managers with the tools needed to manage risk effectively. The *Strategy* will be periodically reviewed as necessary to ensure that it reflects the Council’s needs and remains challenging and responsive to Government direction and requirements.

Malcolm Morley
Chief Executive Officer
Harlow Council

2. What Is Risk?

2.1 “**Risk** is an uncertain event or set of events which, should it occur, will have an effect upon the achievement of **objectives**”.

2.2 Risk is not always a bad thing, as there is no activity without risk; it's in the very nature of things. Risk can also present opportunities and these need to be maximised upon and therefore subject to a risk managed approach. For example, opportunities may exist around the ability to generate income or improve the service that can be provided where risks can be taken.

2.3 Some people confuse risk and hazard. Think of a swimming pool full of sharks. That's a hazard. It's only when someone jumps in that it becomes a risk. There can be many hazards around but it is only when people, systems, property etc. are exposed to them that they become risky.

3. What Is Risk Management?

3.1 Put simply, risk management is the ongoing process of identifying threats and the implementation of measures aimed at reducing the likelihood of those threats occurring and minimising the impact if they do. Risk Management is also about looking at opportunities and assessing the risks involved.

3.2 Because risk management is about achieving objectives it is also a central and essential part of routine management. It should be 'part of the day job' of all officers who are responsible for achieving objectives.

3.3 Everybody manages risk – the Council's risk management processes provide the necessary level of formality to make risk managers consider risk systematically as well as demonstrate and communicate what they are doing to manage risk.

4. Risk Management

4.1 The objectives of this strategy are to:

- Further integrate risk management into the Council's decision making, working practices and good governance arrangements
- Provide a pragmatic and standardised approach to risk management across the organisation
- Integrate the identification and management of risk into policy and operational decisions
- Reduce the impact, disruption and loss from an event and reduce where possible the financial impact of risk
- Raise awareness of the need for effective risk management

4.2 These objectives will be achieved by:

- Maintaining clear roles, responsibilities and reporting lines throughout the Council
- Incorporating risk management into the council's management and governance processes
- Embedding risk based management into the business environment
- Establishing effective monitoring and reporting arrangements
- Making sure staff at all levels and Members are aware of their role in risk management, and providing appropriate training

5. Risk Management Process

- 5.1 Harlow Council's approach to risk management is primarily objective driven. This means that risk assessments are based on the risk of not achieving objectives. The identification, assessment and review of risk runs in parallel with the Council's corporate, service and team planning process. Risks are logged via the Council's [Service Planning Database](#).
- 5.2 To assist in the management of risk and provide consistency across the Council a [Risk Management Toolkit](#) is available. The Toolkit details a process on how to identify access and manage risk and monitor its progress.
- 5.3 Managers should review and update risk registers on a real time basis. This means updating information about the risk as and when circumstances change, and reviewing them on an on-going basis.
- 5.4 Any significant risks are reported to the Corporate Management Team so they can be considered and incorporated into the corporate risk register where appropriate.

- 5.5 The risks to the Council in achieving its objectives can be increased or reduced by the activities of external groups. Risk management should therefore be incorporated into the way the Council works with other organisations, partners, contractors etc. where they can influence the achievement of Council objectives and have financial and reputational impacts on the Council.
- 5.6 Risk also forms an important part of effective project management. The Council's business case and project initiation documents for project management include sections on risk. It is the responsibility of the project manager to identify and manage risk through this process. Compliance with this arrangement should be ensured through the project sponsor.

6. Benefits of Risk Management

The following benefits will be brought about by effective risk management:

- Achievement of objectives more likely
- Overall costs can be reduced
- Adverse (damaging) events less likely
- Costly re-work and fire fighting reduced
- Capital and resources utilised more efficiently and effectively
- Quality of service improved
- Facilitates improved performance (improved KPI scores)
- Supports better planning
- Helps better inform decision making
- More positive outcomes for stakeholders
- Provides reassurance to stakeholders
- Helps protect and enhance the Council's reputation
- Contributes towards increased organisational value

7. Roles and Responsibilities

Responsible Body	Activity	Monitoring Period	
Chief Executive Officer	Ultimate responsibility for the Council's risk management strategy and its arrangements	Quarterly	
Elected Members through the Audit and Standards Committee	Understand, scrutinise, and endorse the Council's risk management strategy and monitor the Council's risk appetite.	Quarterly	
CMT/Heads of Service	Support CMT in the identification of risk during the annual corporate planning cycle. Challenge service based risks and regularly updates key cross-cutting corporate issues and strategic risks through the Council's Service Planning Database. Help ensure consistency in risk reporting across the organisation	On-going / Annual	
Corporate Governance Group*	Chief Financial Officer	Chair of the Corporate Governance Group which oversees risk management. Ambassador of risk management and responsible for influencing improvements at the senior level.	On-going/ Annual *Includes Head of Governance
	Policy and Performance Team Leader	Monitor that each service's risk register is refreshed via the Service Planning Database. Report risks to CMT Heads of Service quarterly alongside the Joint Performance and Finance Report highlighting exceptions and cross cutting trends, themes for consideration. Facilitate the Corporate Governance Group in overseeing risk management and maintaining the risk register.	Ongoing Review the Risk Management Strategy and Toolkit
	Internal Audit	Provide independent assurance (or otherwise) of the Council's risk management arrangements. Promote risk management as part of good governance.	On-going /Annual Bi-annually
Senior insurance officer	The in-house insurance function review insurance arrangements. Identification of new or changed insurable risks. Cross refer and vice-versa. Senior Insurance Officer	On-going /Annual	
3 rd tier managers	Identifying and managing operational risks.	Ongoing	
All employees	Maintain awareness of risks and contribute to the control process where appropriate	Ongoing	
External Audit	Independent review.	Annual	

8. Risk Appetite

- 8.1 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 objectives. Risk Management is about making the most of opportunities and about achieving objectives once those decisions are made. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.
- 8.2 A clearly understood and articulated risk appetite assists in this 'risk awareness' and helps unlock value by better aligning decision-making and risk. It allows the concept of risk and reward to be explored within a better controlled environment and the balance of probability to be assessed at a reasonable level, whilst ensuring relevant contingencies are in place and without the taking of unnecessary risks.
- 8.3 Risk appetite can be defined as the amount of risk that an organisation is willing to accept in pursuit of value, or in other words, the total impact of risk an organisation is prepared to accept in the pursuit of its strategic objectives. Factors such as the external environment, people, business systems and policies and how key stakeholders perceive the Council will all influence the Council's risk appetite.

9. Monitoring, Review and Reporting Arrangements

- 9.1 Strategic, service specific and operational risks are all held on one single Risk Register. This register is available to be updated at any time via the service planning database. Changes are downloaded from the Service Planning Database into the Risk Register weekly. The complete Risk Register is available on infonet. Corporate or Service level exceptional risks scoring 18 or higher are reported to CMT HoS. Risks scoring 20 or higher are presented to Cabinet within the quarterly Joint Finance and Performance Report.
- 9.2 Work is in progress to formally define the Council's risk appetite. Once completed this will help inform the level of reporting to both CMT/HoS and the Cabinet. It is envisaged this work will be completed in 2015/16 with periodic review (annual) thereafter.
- 9.3 The opinions given by internal and external auditors on risk management form part of the Council's own assessment of the effectiveness of its management of risk and should be included within the Annual Governance Statement.
- 9.4 Areas of weakness identified through the audit process are reported to the risk owner for action and CMT for monitoring purposes. These are monitored and reported through the audit recommendation tracker process. Managers should consider incorporating actions agreed as a result of audits in their risk register.

- 9.5 Heads of Service confirm the implementation of risk management and effectiveness of controls annually in their Annual Governance Statement declarations.
- 9.6 The Policy and Performance team report quarterly to Cabinet through the Joint Finance and Performance Report. The report identifies changes to the risks that the Council faces.
- 9.7 Periodic updates on the status of risk registers and key risks facing the Council will be brought to the attention of the Third Tier Managers Group by Policy and Performance, ideally ahead of the quarterly Joint Finance and Performance report
- 9.8 Audit and Standards Committee receives regular updates on key cross-cutting corporate issues and strategic risks. This committee will approve any fundamental changes to the Council's approach to risk management.

10. Training & Awareness Sessions

- 10.1 Members of the Audit and Standards Committee are provided with periodic training and awareness regarding risk.
- 10.2 Basic risk management training is made available as part of the Council's induction process for line managers and other members of staff where appropriate.
- 10.3 Third tier managers will receive dedicated in-house risk management training on the use of the Council's risk management system as they are responsible for keeping their team plan in the Service Planning Database up to date.
- 10.4 Refresher risk awareness sessions will be identified through the Corporate Governance Group in consultation with Human Resources, who manages the Council's Wisenet system.