

Audit Committee

30 June 2011

Risk Management Strategy and Policy for year April 2011 – March 2012



Report of Don McLure, Corporate Director Resources

Purpose of the Report

1. This report seeks approval of the draft Risk Management Strategy and Policy attached in Appendix 2.

Background

2. In line with the CIPFA/SOLACE guidance 'A keystone for Community Governance', the purpose of this policy and strategy is to determine and successfully deliver the risk management objectives that will deliver the five key principles set out in that guidance. It defines a systematic approach to how business risk will be managed across the Council.
3. The policy and strategy applies to all Council employees and Service functions. It does not replace those areas of the Council work where there is a need for specialised risk assessment for specific statutory requirements or where a policy is in place that requires a specialised risk assessment to be completed e.g. health and safety. Specific guidance should be referred to separately where there is such a need. A risk management manual is in place to support this policy and strategy and includes more detailed examples and guidance in order to address risk management issues.
4. The Corporate Risk Management Group (CRMG) oversee the implementation of this policy and strategy, and in line with best practice they have undertaken an annual review of the Council's business risk management arrangements. At the CRMG meeting on 5 April 2011, it was agreed that no revisions to the existing policy and strategy were required.

Example Risk

5. At the request of the Chair of the Audit Committee, the Risk and Governance Manager will demonstrate to the Committee at the meeting how the policy and strategy operate in practice.

Recommendations and reasons

6. Audit Committee to approve the Risk Management Strategy and Policy 2011-12.

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Appendix 1: Implications

Finance - Addressing risk appropriately reduces the risk of financial loss.

Staffing - Staff training needs are addressed in the risk management training plan.

Equality and Diversity - None

Accommodation - None

Crime and disorder - None

Human rights - None

Consultation - None

Procurement – None.

Disability Discrimination Act – None.

Legal Implications – None.

Appendix 2: Risk Management Policy and Strategy

DOCUMENT CONTROL

Version Date	Version Ref.	Revision History	Reviser	Approved By	Review Date
30 April 2011	3.0	Revision of the previous County Council risk management strategy and policy to meet the demands of the new Authority	Dave Marshall	Audit Committee	Jan 2012

Risk Management Policy Statement

As a modern local authority, Durham County Council is committed to delivering quality services to its communities and is aware that some risks are inherent in innovative service delivery.

The County Council needs to operate within the statutory framework and it recognizes that its ability to achieve its objectives and successfully execute its strategies will be enhanced by ensuring that risk management is an integral part of its business philosophy, service planning and delivery arrangements. It is essential that the Council's approach is holistic, recognizing the concept of risk in its widest sense, embracing broader strategic, political, legal, social, environmental, technical and economic risks.

In managing hazards and risks, the Council supports a structured and focused approach facilitated through its Risk Management Strategy.

In line with the CIPFA/SOLACE guidance 'A keystone for Community Governance', the Council's key purpose in relation to risk management is to establish and maintain a systematic strategy, framework and processes for managing risk. This will be delivered by following the principles of:

- **Accountability.**
- **Effectiveness.**
- **Integrity.**
- **Openness and Inclusivity.**
- **Relevance.**

Risk Management Strategy

Aim

The aim of the risk management policy and strategy is to embed risk management into the culture, ethos, policies and practices of the Council.

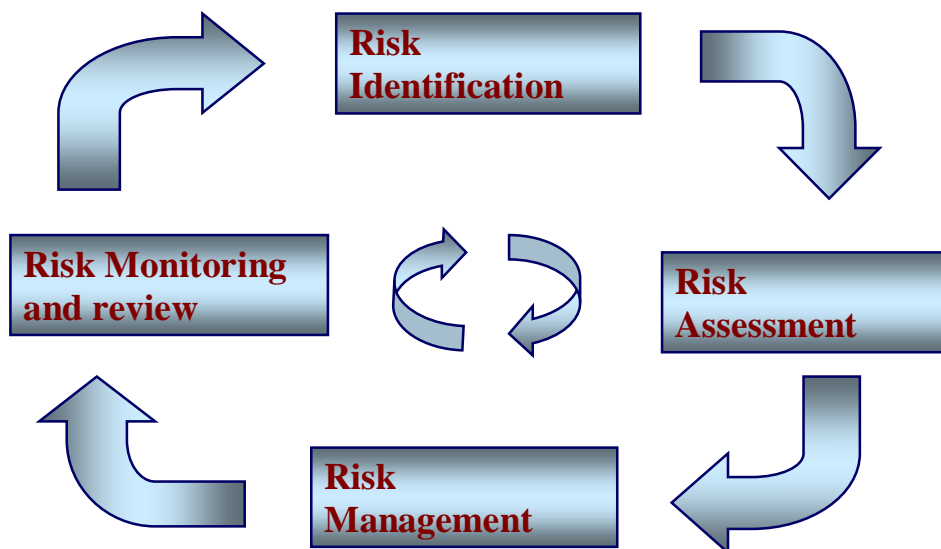
Strategic Objectives

In achieving this aim, we will meet the following strategic objectives:

- Effectively support the Council's Corporate Governance Framework;
- Enable informed, transparent and risk-managed decision making;
- Demonstrate improved outcomes as a result of risk management, including the successful delivery of innovative and challenging projects;
- Inform local communities and other stakeholders of the key risks faced by the Council, and, where appropriate, how it will manage those risks;
- Raise awareness of the need for risk management by all those connected with the delivery of services, including partners;
- Enable the Council to anticipate and effectively respond to changing conditions;
- Ensure that the approach to managing risk is proportionate to the risk involved and provides value for money;
- Meet statutory and best practice requirements in relation to risk management;
- Ensure that all parties understand their roles and responsibilities, and are adequately skilled to perform these roles;
- Consider risks relating to significant partnerships, including working with partners to mitigate joint risks.

To deliver these objectives in 2011/12

- A systematic approach to the identification, prioritising and mitigation of risk according to the likelihood of occurrence and potential impact on the Council's services will be undertaken. The systematic approach will adopt the following cycle:



- Processes, procedures, roles and responsibilities to support this strategy will be documented in the Risk Management Manual.

- Risk management will be embedded in the Council's corporate business processes, including:
 - strategic and service planning;
 - financial planning ;
 - policy making and review;
 - performance management;
 - project management;
 - decision making;
 - procurement;
 - managing partnerships.
- Named owners will be assigned to each risk, and will be accountable for ensuring that adequate mitigation of that risk is in place
- A Member Risk Champion will act as risk management sponsor among elected Members.
- An Officer Risk Champion will act as risk management sponsor among Council officers.
- The Corporate Risk Management Group will oversee the direction and progress of business risk management across the Council.
- Corporate and Service strategic risk registers will be compiled with each risk linked to the relevant strategic objective and analysed in terms of likelihood and impact, with a prioritised action plan to direct its risk management activity.
- Risks identified during our strategic and service planning will be documented in the Service Improvement Plans and the Council Plan. Where these risks are assessed as significant enough to be managed by Corporate Management Team or Service Management Teams, they will be recorded in the Corporate and Service strategic risk registers.
- Corporate and Service strategic risks will be recorded on Magique, the Council's Risk Management Software.
- Corporate Management Team and Cabinet will review the corporate strategic risks of the Council at least annually.
- Service Management Teams will review their service risks on a quarterly basis.
- Based on the appetite for risk, management will either tolerate, treat or transfer the risk, or where appropriate, terminate the activity which causes the risk to occur.
- Arrangements will be in place for identifying and managing new and emerging risks.
- Reports supporting a Key Decision will disclose details of the significant risks associated with that Decision.
- The Council will work closely with lead partners to mitigate joint risks.
- For significant partnerships, Services will identify, assess and manage the risk to the Council, using guidance set out in the Partnership Governance Framework. Key areas of concern will be reported to Service Management Teams and where applicable to the Corporate Management Team.
- Reports outlining the status of corporate and service strategic risks will be produced quarterly to the Cabinet, Corporate Management Team and the Audit Committee.
- The Audit Committee will take appropriate action to ensure that corporate and service strategic risks are being actively managed.

- Internal Audit will ensure that the Audit Plan includes a review of control systems for operational and strategic risk.
- The Council will measure the performance of risk management against measurable outcomes, including finance, service performance, reputation, good governance and lessons learnt, and will benchmark risk management performance against other organisations.
- Risk management training will be undertaken to ensure that all staff and Members:
 - involved in the council's risk management arrangements receive relevant training and guidance;
 - whether new or promoted, receive risk management awareness training in their induction;
 - effectively undertake their roles and responsibilities for risk management.
- Risk management will contribute to the overall corporate governance framework of the Council, including the Annual Governance Statement and the Code of Corporate Governance.
- Resources will be allocated to embed risk management across the Authority.
- The Risk Management Policy and Strategy will be reviewed at least annually.