Gloucester City Council
Risk Management Policy Statement and Strategy

2017 - 2020

Gloucester
City Council
Transforming Your City

Risk Management Policy Statement

Gloucester City Council (GCC) recognises that Risk Management is one of the key principles of effective Corporate Governance. It is also a key contributor to a sound internal control environment and the Annual Governance Statement.

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportional control of risks and opportunities to ensure that they are managed at acceptable levels. Risk management within GCC is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to demonstrate improved services and better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Risk management therefore needs to be taken into the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

The Cabinet and the Senior Management Team are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the communities within Gloucestershire.

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Risk Management Strategy

This strategy recognises that the next few years will present unprecedented challenges for the Council in delivering its services and corporate priorities.

Risk Management is a central part of the Council's strategic management. It is a cyclical process whereby the Council identifies, evaluates, monitors and controls potential opportunities and adverse effects that challenge the assets, reputation and objectives of the organisation. It enables the Council to effectively manage strategic decision-making, service planning and delivery, to safeguard the wellbeing of our customers and stakeholders.

The Council should not be afraid of identifying a risk or feel that identifying a risk is a failure. Identification of a risk provides an opportunity for improvement and success!

What are the real benefits of managing risk?

Risk Management will strengthen the ability of the Council to achieve its corporate objectives and enhance the value of services provided by:

- Informing strategic and operational decision-making;
- Safeguarding all persons to whom the Council has a duty of care;
- Increasing our chances of success and reducing our chances of failure;
- Enhancing stakeholder value by minimising losses and maximising opportunities;
- Increasing knowledge and understanding of exposure to risk;
- Enabling not just backward looking review, but forward looking thinking;
- Contributing towards social value and sustainable development;
- Reducing unexpected and costly surprises;
- Minimising our vulnerability to fraud and corruption;
- Freeing up management time from 'fire-fighting';
- Providing management with early warnings of problems;
- Ensuring minimal service disruption;
- Ensuring statutory compliance;
- Better targeting of resources i.e. focus scarce resources on high risk activity;
- Reducing the financial costs due to, e.g. service disruption, litigation, insurance premiums and claims, and bad investment decisions;
- Delivering creative and innovative projects; and
- Protecting our reputation.

Our Strategic Risk Management Objectives

➢ Strategic approach to risk management to make better informed decisions which is vital to successful transformational change;

➢ Setting the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and priorities. Understanding our 'risk appetite' and acknowledging that how we 'think about risk' will be different depending on the context of corporate impact and sensitivity;

➢ Risk management enables us be more consistent in options appraisals and more flexible/agile in delivering change. Risk aversion can result in the bar being set much higher for commissioning a change compared with maintaining the status quo;

➢ Acknowledging that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;

➢ Developing leadership capacity and skills in having a clear understanding of the risks facing the Council and how we manage them;

➢ Risk management should be integral to how we run Council business/services. Risk management processes provide effective arrangements that identify and achieve successful local and national priority objectives;

➢ Supporting a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures;

➢ Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management and continues to be a key and effective contributor to Corporate Governance and a satisfactory Annual Governance Statement;

➢ Effective monitoring and Board intelligence on the key risks facing the Council; and

➢ Good practice tools to support the Council in the management of risks.

What is the Council's Risk Appetite?

There are numerous definitions of organisational 'risk appetite', but it all boils down to how much of what sort of risk an organisation is willing to take. The HM Treasury definition being: 'The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.' So why do we need to determine our risk appetite?

If managers are running the business with insufficient guidance on the levels of risk that are legitimate for them to take, or not seizing important opportunities due to a perception that taking on additional risk is discouraged, then business performance will not be maximised. At the other end of the scale an organisation constantly erring on the side of caution (or one that has a risk-averse culture) is one that is likely to stifle creativity and not necessarily encouraging innovation, nor seek to exploit opportunities.

A framework has been developed and implemented to enable risk judgements to be more explicit, transparent and consistent. By enhancing our approach to determining risk appetite we are able to raise the Council's capability to deliver on challenging targets to raise standards, improve service quality, system reform and provide more value for money.

This framework is considered by all levels of the business, from strategic decision making, to operational delivery.

How are our objectives going to be met?

The Council's objectives will be achieved by:

➢ Adopting good practice risk management principles, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2009). The application of the standards and principles within it will be reviewed annually and amended accordingly to reflect key changes;

  ➢ Establishing clear roles and responsibilities and reporting lines within the Council for risk management;

  ➢ Incorporating risk management into the council's decision making and strategic management processes;

- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;

- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and

- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

Monitoring and Review of Risk Management Activities (minimum requirements)

- A quarterly review of the Strategic Risk Register;

- A quarterly review of service area risk registers;

- A monthly review of programme/project/partnership risk registers;

- An annual review of the corporate Risk Management Policy Statement and Strategy;

- An annual report on risk management activity; and

- An annual review and report on the overall effectiveness of risk management and internal control by Internal Audit, which feeds into the Annual Governance Statement.

Accountabilities, Roles and Responsibilities

There needs to be clarity in terms of 'who does what' otherwise we will be exposed to risks being unmanaged, causing us damage or loss that we could otherwise influence, control or avoid. The key roles and responsibilities are outlined below:

Cabinet/Portfolio Holders

- ➢ Endorse the Risk Management Policy Statement and Strategy;
- ➢ Endorse the content of the Strategic Risk Register and proposed risk mitigation plans, and monitor implementation;
- ➢ Be aware of the risk management implications of decisions;
- ➢ Monitor key performance results including the production of an annual report on strategic risk management activity; and
- ➢ Nominate a Lead Member Risk Management Champion to be responsible for the championing, scrutiny and oversight of the risk management activities.

Scrutiny

- ➢ Ensure that risks and opportunities within their portfolio are identified and effectively managed through discussions with Corporate Directors and Service Heads;
- ➢ Facilitate a risk management culture across the council;
- ➢ Contribute to the Cabinet review of risk and being proactive in raising risk from the wider Gloucestershire area and community; and
- ➢ Monitor and challenge key risk controls and actions.

Audit and Governance Committee

- ➢ Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
- ➢ Receive an annual report on risk management activity.

Senior Management Team (SMT) / Corporate Governance Board

➢ Provide corporate leadership of risk management throughout the council;

➢ Agree an effective council-wide framework for the management of risks and opportunities;

➢ Advise Members on effective risk management and ensure Members receive relevant risk information;

➢ Ensure that the council complies with the corporate governance requirements relating to risk management;

➢ Own the council's Strategic Risk Register and ensure that risks are reviewed as part of the wider council's performance arrangements;

➢ Ensure that reports to support strategic and/or policy decisions include a risk assessment;

➢ Monitor the implementation of key mitigation plans and controls assurance programmes;

➢ Ensure processes are in place to report any perceived new/emerging (key) risks or failures of existing control measures; and

➢ Nominate a Corporate Director to be responsible for the championing, scrutiny and oversight of risk management activities.

Corporate Directors

➢ Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;

➢ Assist in the preparation of the council's Annual Governance Statement by providing an assurance statement for the internal control framework operating within their service(s);

➢ Ensure that risks associated with the delivery of outcomes are identified and effectively managed by owning risk registers;

➢ Ensure regular review of the risk registers as part of wider council performance;

➢ Challenge relevant Heads of Service on relevant risks relating to their areas of responsibility;

➢ Proactively raise risk issues at management team meetings and with Scrutiny members; and

➢ Nominate a Risk Champion to work alongside the Corporate Risk Management Team, who will be the key interface in supporting the application of risk management principles within their service.

Heads of Service

➢ Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Strategy;

➢ Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;

➢ Ensure regular review of the service risk register as part of wider council performance;

➢ Report to Corporate Directors on any perceived new and emerging risks or, failures of existing control measures;

➢ Promote and share good practice across service areas;

➢ Liaise with their service Risk Champion; and

➢ Challenge risk owners and actions to ensure that controls are operating as intended.

Managers

➢ Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Strategy;

➢ Communicate the risk management arrangements to staff;

➢ Liaise with their service Risk Champion;

➢ Identify training needs and report these to their service Risk Champion;

➢ Take accountability for actions and, report to their Head of Service; and

➢ Report any perceived new and/or emerging risks or, failure of control measures to their Head of Service.

Staff/Other Stakeholders

➢ Maintain risk awareness, assessing and managing risks effectively in their job and, report risks to their manager.

Corporate Risk Management Team (Audit, Risk, Assurance ARA)

Strategic and Operational Risk

➢ Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the council;

➢ Undertake an annual review of the council's Corporate Risk Management Strategy and update accordingly, presenting any revisions to the Audit and Governance Committee, senior management and Cabinet for approval;

- ➢ Spread the ethos and, promote the effectiveness of good risk management throughout the council;
- ➢ Facilitate the review and update of the Strategic Risk Register;
- ➢ Support the identification of cross-cutting risks and risk management issues;
- ➢ Support the development of the council's service, programme, project and partnership risk registers;
- ➢ Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support the Risk Champions in delivering their role;
- ➢ Lead, co-ordinate and develop risk management activity across the council with the support of the Risk Champions;
- ➢ Ensure that all relevant staff and Members are adequately trained in risk management and risk assessment techniques;
- ➢ Moderate and challenge the application of risk management principles accordingly;
- ➢ Liaise with external consultants and risk management organisations and review national standards to identify, share and maintain best practice within the council; and
- ➢ Liaise with both internal and external audit with regard to risk management.

Financial Services - Risk Financing and Insurance

- ➢ Lead on the development and implementation of the council's insurance programme;
- ➢ Provide advice and guidance with regards to insurance requirements, indemnities and legal liabilities; and
- ➢ Lead on claims management and investigation services for claims made against the council.

Corporate Risk Management (virtual) Group

The virtual group is made up of senior officers within the following:

- ➢ Corporate Risk Management;
- ➢ Legal Services;
- ➢ Finance;
- ➢ Performance;
- ➢ Service area risk champions;
- ➢ Information Management; and
- ➢ Health and Safety.

The key aims of the virtual group are to:

➢ Act as the main risk management contact/advisor for their service areas, ensuring that corporate information and requirements are communicated throughout the service areas and that key service risk information is escalated, to enable appropriate action to be taken by the Corporate Risk Management Team i.e. 'top down – bottom up' approach;

➢ Support the development and implementation of the council's Risk Management Policy and Strategy;

➢ Support the development of the Strategic Risk Register;

➢ Support the development of and advise on the adequacy of the service, programme, project and partnership risk registers;

➢ Identify and address cross cutting risks and risk management issues;

➢ Provide support on risk management to Corporate Directors, Service Heads and other managers within their service area;

➢ Promote the benefits of risk management across their service areas;

➢ Identify their service areas training needs and notify the Corporate Risk Management Team;

➢ Maintain, on behalf of their services, risk registers that comply with corporate guidelines;

➢ Promote and share best practice/lessons learned across the service areas; and

➢ Report on the progress and development of the risk management strategy within the council.

Internal Audit

The role of Internal Audit in respect of risk management is to:

➢ Provide an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the council which feeds into the council's Annual Governance Statement;

➢ Provide advice and guidance on risk and control; and

➢ Ensure that the Internal Audit activity is focused on the key risks facing the council.

Risk Management Governance Structure

Support Functions

Council

Audit and Governance Committee

Overview and Scrutiny Committee

Regulatory and Other Committees

Cabinet

Senior Management Team (SMT) / Corporate Governance Board

Management Teams –Project and Programme Boards

Staff/Other Stakeholders

Corporate Risk Management Team

Corporate Risk Management (Virtual Group)

Performance

Internal Audit