

West Dunbartonshire Council



Risk Management Strategy

**Legal and Administrative Services
March 2006**

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1 INTRODUCTION

This is West Dunbartonshire Council's Risk Management Strategy. It sets out our policy on the management of the risks we face, and describes how we will ensure that our risk management actions will be effective.

The purpose of this Strategy is to manage potential opportunities and threats that may prevent the Council achieving its strategic or operational objectives. This will be achieved by managing risks that could result in losses adversely affecting the asset base, finances, operational capacity and reputation of the Council, its employees, clients and citizens.

The Strategy also seeks to maximise the rewards that can be gained through effective risk management in terms of the delivery of more efficient services.

Risk Management is a key task for managers in every organisation. In local government, identifying and evaluating the consequences of policies or actions is not always referred to as risk management. However, failure to pay proper attention to the likelihood and consequences of risks can cause the council serious problems. Financial costs, service disruption, bad publicity, threats to public health or claims for compensation are among the most obvious. The effective management of risk is therefore a critical part of the council's approach to delivering the sound governance element of Best Value.

Risk management is traditionally associated mainly with insurance or health and safety. However, a systematic assessment of risk needs to be undertaken when judging all policies and service delivery options available to the council. For example, what are the risks involved in adopting particular policies on housing repairs? What are the consequences for tenants and the council if things go wrong? What happens to key systems if virus checking software is overlooked? What are the financial and political risks associated with particular investment decisions?

***Accounts Commission
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Aims and Objectives

The Council is committed to the management of risks within its control in order to safeguard employees and service users, protect assets, preserve and enhance service delivery to its population and maintain effective stewardship of funds.

The aims of the Council are:

- Embedding risk management into the culture of the Authority;
- Raising awareness of the need for Risk Management by all those connected with the delivery of services (including Partners etc.);
- Enabling the Authority to anticipate and respond to changing social, environmental and legislative conditions;

- Minimising the risk of injury, damage, loss and inconvenience to residents, staff, service users, assets etc arising from or connected with the delivery of the Council's services;
- Maximising the rewards that can be gained through risk management;
- Maintaining a robust framework of procedures for identification, analysis, control and management of risk and the reporting and recording of events based on best practice;
- Minimising the cost of adverse risk.

These aims will be achieved by the following objectives:

- Establishing clear accountabilities, roles and reporting lines across all services and departments;
- Acquiring, developing and maintaining the necessary skills and expertise in risk management;
- Providing for risk assessment in all decision-making processes of the Authority;
- Developing and maintaining a Corporate Risk Register to manage the ranking of risks and to ensure Managers and employees at all levels actively participate in this process;
- Developing a resource allocation framework to allocate resources to previously identified priority risk areas;
- Ensuring appropriate consideration of risk within all reviews of service performance and improvement plans;
- Developing arrangements to measure performance of Risk Management activities against the aims and objectives;
- Making all partners and other providers aware of the Council's expectations on risk, both generally as set out in the Risk Management Handbook and where necessary in particular areas of service delivery;
- Ensuring the Council has access to "best practice" through association with bodies such as ALARM and other local authority networks;
- Reducing duplication between departments by managing overlapping risks, whilst ensuring gaps are identified and managed.

Guiding Principles

To fulfil the key risk management objectives the Council will:

- Continue to develop and improve processes, procedures and approach to risk management;
- Secure the commitment of management at all levels to promote risk management and provide the necessary leadership and direction;
- Develop a partnership culture that secures the involvement and participation of all services in the risk management process;
- Adopt agreed risk management standards throughout the Council which are audited and monitored;
- Ensure that the routine and systematic identification, assessment and control of risk is an integral part of all work activities;
- Have in place effective systems of communication to ensure that all Council employees are informed about risk management;
- Provide the necessary resources, facilities, information and training to meet these objectives.

2. ORGANISATIONAL ARRANGEMENTS

The Council recognises the importance of building risk management into the organisation and aims to extend its approach to all service areas. **Figure 1** summarises the Council's arrangements for risk management.

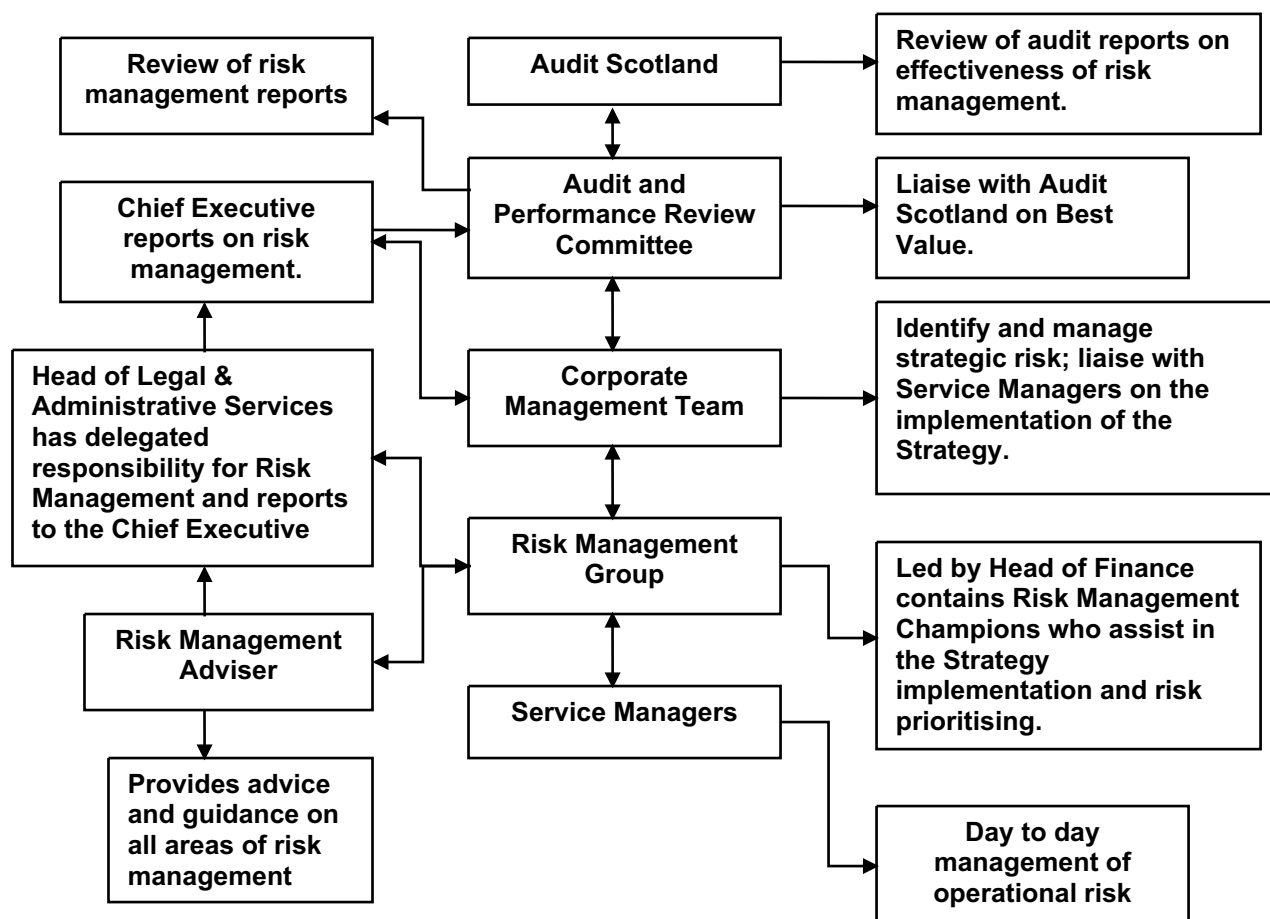


Figure1: Organisational Summary for Risk Management

Group	Role
The Audit and Performance Review Committee.	Formally approves the Council's Risk Management Strategy. Issues Statements of Internal Control annually to stakeholders after receiving reports from Chief Officers.
Corporate Management Team	Ensures that the: <ul style="list-style-type: none"> • Council manages strategic risk effectively; • Strategy is implemented throughout the Authority; • The appropriate funding to manage risk is overseen; • Through the Chief Executive, report to the Audit Performance Review Committee on risk management;
Risk Management Group (Risk Champions)	<ul style="list-style-type: none"> • Assists in the development of the Risk Management Strategy and supporting framework; • Reports to the Corporate Management Team through the Chief Executive (on a quarterly basis);

	<ul style="list-style-type: none"> • Supports the Authority in the effective development, implementation and review of the risk management strategy; • Share experiences on risk across the Authority; • Monitors and reviews the risk register; • Arrange risk management training from external training providers.
Departmental Risk Management (Risk Champions)	<ul style="list-style-type: none"> • Ensure that operational risk is managed effectively in each service area; • Discuss operational risks at Director's Team Meetings; • Report operational risk management issues to the Risk Management Group.
Service Managers (Reporting on a monthly basis to Officers within the Department with risk management responsibilities)	<ul style="list-style-type: none"> • Manage risk effectively in their particular service areas; • Report on how hazards and risks have been managed at the Directorate Team Meetings.
Employees	<ul style="list-style-type: none"> • Manage risk effectively in their job; • Report hazards/risks to their Line Managers; • Follow safe systems of work and support their line manager in the reduction of risk.

3. RISK MANAGEMENT RESPONSIBILITIES

Set out below are the key responsibilities of Elected Members, Chief Executive, Directors and Managers with operational remits in relation to risk management that must be fulfilled if the risk management strategy is to be implemented and reviewed effectively.

Elected Members

Have a responsibility to oversee the effective management of risk by officers of the Council, gain an understanding of risk management and require officers to develop and implement an all encompassing approach to risk management.

Chief Executive

As the Accountable Officer the **Chief Executive** has overall executive responsibility for ensuring that risk in the organisation is adequately managed.

- Verifying that Risk Management is implemented throughout the Authority;
- Co-ordinating risk management activities with the Corporate Management Team (CMT) and the Risk Management Group;
- Ensuring that the significant strategic and financial risks faced by the Authority are identified and managed effectively;

- Liaising with Audit Scotland and ensuring that internal audit effectively perform their roles in assuring the effectiveness of the council's system of internal control.

Directors

Have a joint responsibility for the effective management and control of both strategic risk in their role as CMT members and operational risk in their role as Service Directors.

- Verifying that Risk Management is implemented throughout their service;
- Co-ordinating risk management activities with their Departmental Management Team;
- Ensuring that the significant strategic and financial risks faced by their Service are identified and managed effectively.

Head of Legal and Administrative Services

Has delegated responsibility for risk management and is responsible for:

- Managing the risk management function and associated activities through the Risk Management Adviser;
- Liaising with the Risk Management Group;
- Monitoring the risk register and reporting significant risk to the Chief Executive and CMT.

Risk Management Adviser

In terms of this Strategy is responsible for providing advice and guidance in all areas of business risk management to the Chief Executive and the Risk Management Group by:

- Providing information, guidance and support in the identification of strategic and operational Risk;
- Developing appropriate risk calculating methodologies;
- Reviewing the risk management strategy;
- Advising on the format and content of the risk register;
- Developing and delivering risk management training;
- Undertaking operational risk reviews.

Senior Managers

Have responsibility for the effective management of risk within their area of responsibility, including ensuring that appropriate controls are in place and are being monitored. This involves maintaining systems to:

- Identify, analyse and monitor strategic and operational risks;
- Implement effective risk control measures for strategic and operational risk within their service;
- Report risk in accordance with the Council's Risk Management Strategy (including reporting risks for inclusion in the Corporate Risk Register);
- Ensure all managers and staff under their management control are aware of the Council's Risk Management Strategy and of the varied responsibilities thereunder.

Line Managers are responsible for:

- Ensuring the Council's Risk Management Strategy is implemented within their area of responsibility;
- Identifying and controlling operational risks associated within their area of responsibility;
- Informing employees of the operational risks faced by their service operational activities and what is being done to treat the risks;
- Ensuring employees under their management have access to opportunities for training and development.

It is fundamental to the Strategy that risk management is accepted as a line management responsibility. Managers at all levels must adopt this approach, take ownership of the process and be both proactive and reactive in identifying, analysing, and controlling any risk issues affecting their areas of responsibility. It is also important that Managers encourage their employees in the identification and reporting of hazards and risks, and that Managers respond positively to this.

The Risk Management responsibilities of all employees

All employees have a responsibility to ensure the effectiveness of risk management within the Authority by:

- Working to policies and procedures;
- Operating safe systems of work;
- Taking care of their own safety and that of their colleagues and all other persons who may be affected by their actions or omissions;

- Taking care of vehicles, buildings, equipment and other assets;
- Reporting, assessing and participating in the management of risks;
- Reporting incidents and near misses to their line manager and taking remedial action in accordance with the Risk Management policies and procedures;
- Attending training.

Risk Management Group

The Risk Management Group requires a multi-disciplinary membership from across all services to ensure key issues are addressed at the appropriate level. The group will assist in the implementation of the Risk Management Strategy across the Council by:

- Providing a comprehensive system of internal controls to cover all strategic and operational risks;
- Identifying areas of overlapping risk;
- Monitoring, reviewing and implementing controls to minimise risks;
- Defining the priority in which risk management issues are addressed and identifying a Director or Senior Manager to lead the implementation for each risk issue;
- Keeping the CMT informed of any significant strategic or operational risks;
- Providing information regarding the Strategy, Risk Register and minutes of the meetings of the Risk Management Group for presentation to the CMT by the Chief Executive.

Skills, Expertise and Training

Having established roles and accountabilities for risk management, the Authority must ensure that it has the skills and expertise necessary to manage risk. To achieve this a programme of risk management training will be introduced and will include risk appreciation seminars for Elected Members and Senior Managers, plus more detailed and intensive courses focusing on best practice in risk management.

This Strategy identifies risk management as the responsibility of all the Council's employees. The training and development of its staff is an integral part of the Authority's approach to risk management. Effective implementation of the Strategy requires all employees to be aware of the Council's approach to risk management and to be clear about their roles and responsibilities within the risk management process.

An assessment of training needs is being completed (this will be reviewed annually) and a programme will be in place so that:

- All new staff will attend an Induction Programme which includes risk management training and covers complaints and incident reporting;
- A baseline is established with all members of the senior managers network (including Directors) receiving risk management training;
- The Risk Management Group will produce a Training Matrix to identify training courses deemed necessary for Line Managers.

Other forms of training will be explored on specific areas of risk and they may be facilitated as follows: -

- Awareness of risk for new employees;
- Specific risk management workshops;
- Attendance at ALARM Scotland Seminars;
- Attendance at ALARM National Conference;
- Inter agency (partnership) working.

4. RISK AND THE DECISION MAKING PROCESS

The Council must be able to demonstrate that it has taken reasonable steps to consider the risks involved in decision making. All project reports or proposals submitted to the Council's Committee's should illustrate that the risks associated with the proposal have been addressed.

This will demonstrate that risks are being addressed at the point which decisions are being taken. The training described in the preceding section will equip Elected Members and Officers to make risk based decisions.

It is important to demonstrate that the risks have been considered and to have evidence that will support this.

An annual report to Council should be made which identifies key strategic risks and should make recommendations on how they can be managed. These recommendations will inform and help review current arrangements for managing risk.

5. BEST VALUE REVIEWS

The Best Value Plan will produce a number of recommendations that will affect the future of the Authority and its delivery of services. Before implementing recommendations it is essential that risks are properly assessed in order to deliver the intended benefits to the service user etc. Each review must demonstrate that an analysis of risks has been undertaken when submitted for approval through the Authority's Best Value Process.

Risk Management Handbook

A risk management handbook will be made available to all Departments. This will provide a practical “toolkit” which will ensure that a consistent methodology is used and followed throughout the Authority. This guide will be produced by the Risk Management Adviser and made available on Legal and Administrative Service’s Intranet Site. It will also be reviewed regularly to ensure that the information is relevant and up to date.

Integrating Risk Management with Performance Management

Risk Management will be integrated into the existing performance management system arrangements using the action planning database. The performance management framework is developed to monitor the impact of risk management activities and the success of the risk management strategy itself. Individual indicators have been developed to measure achievement of the aims and objectives.

Risk management performance should be seen in the context of not being merely an internal performance issue but one which strongly influences public and other stakeholder confidence in the Council.

Aim/Objective	Indicator	Actions
Integration of Risk Management into the culture of the Authority and raising awareness of Risk Management.	Employees recognise their role and responsibility for Risk Management.	No. of SMN attending training/awareness sessions.
Ensure that risk management is embedded throughout the council at both strategic and operational level	All 22 elected members to attend managing risk training.	So far 7 members have received training. 32% complete
Review the existing Risk Management Strategy and develop a new strategy that reflects the authority’s approach to risk management taking into account any risk improvement programme.	Council agree revised Risk Management Strategy.	Review role of the Risk Management Group, departmental risk management groups and the risk calculation methodology. Review the composition and terms of reference of the Risk Management Group.
Ensure that risk awareness is embedded throughout the authority at both strategic and operational levels.	Each Directorate to have at least 1 trained Risk Champion.	Departmental Risk Champions to be introduced with their role defined by the Risk Management Group.

Review existing risk register to ensure that strategic and operational risks have been identified and that the appropriate risk controls are in place.	Establish a comprehensive electronic Risk Register.	Review the existing Risk Register in terms of suitability of contents and format.
Analyse existing insurance claims history with a view to identifying trends to minimise future claims.	Reduction in liability claims.	<p>Arrange for loss control reviews of for Motor, EL and PL claims.</p> <p>Interrogate claims database to identify accident trends.</p> <p>Provide statistical information to services regarding claims history.</p>
Develop a comprehensive electronic Insurance Manual.	Complete and approved by the Chief Executive.	<p>Research format, layout and content.</p> <p>Prepare draft document for discussion with Head of Legal and Administrative Services</p> <p>Send out document to CMT for consultation.</p> <p>Make Manual available on Intranet Site.</p>

6. RESOURCES ALLOCATION FRAMEWORK

Consideration should be given to making available specific risk management initiatives through the Contingencies Fund. This is considered and supported by the Risk Management Group along “spend to save” principles.

It is envisaged that resources for risk management will need to be invested in areas where they will make the most difference. Services will need to supply a business case with each bid stating the potential risk improvement to be expected. This will enable the Risk Management Group to decide where priorities should be focused. This will be reflected in the Authority’s Contingencies Fund criteria.

Further information will be available in the Council’s Risk Management Handbook.

7. MAKING OTHERS AWARE OF RISK MANAGEMENT

Partnership Working

The Authority is currently exploring the potential benefits and rewards from partnership working and it also recognises the risks involved. While the risks can be managed by the

Authority through formal contracts and partnership agreements that clearly allocate risks to the appropriate parties e.g. a PPP arrangement, failure by either or any one of those parties to manage their risks can have serious consequences for the other(s).

Before entering into the partnership, joint working or business contract arrangements, the prospective partners and contractors should be asked to state their approach to risk management and to provide certain minimum evidence to support their response e.g. appropriate levels of insurance. This kind of approach already exists within the Council's procurement arrangements e.g. prospective contractors must submit evidence regarding issues such as health and safety that will be assessed by Corporate Health and Safety or by the Departmental Health and Safety Co-ordinators.

8. CONCLUSIONS

This strategy sets out the Council's aims and objectives for risk management and indicates how those objectives will be achieved. Every employee is obliged to manage the risks associated with their business activity to ensure the continued delivery of high-quality service.