

## Medway Council Risk Management Strategy

### 1. Introduction

1.1 Risk management is an integral part of good governance. The Council recognises that it has a responsibility to identify and manage the barriers to achieve its strategic objectives and enhance the value of services it provides to the community.

1.2 This strategy incorporates and:

- promotes a common understanding of risk;
- outlines roles and responsibilities across the council;
- proposes a methodology that identifies and manages risk in accordance with best practice thereby seeking to prevent injury, damage, loss and reducing the cost of risk.

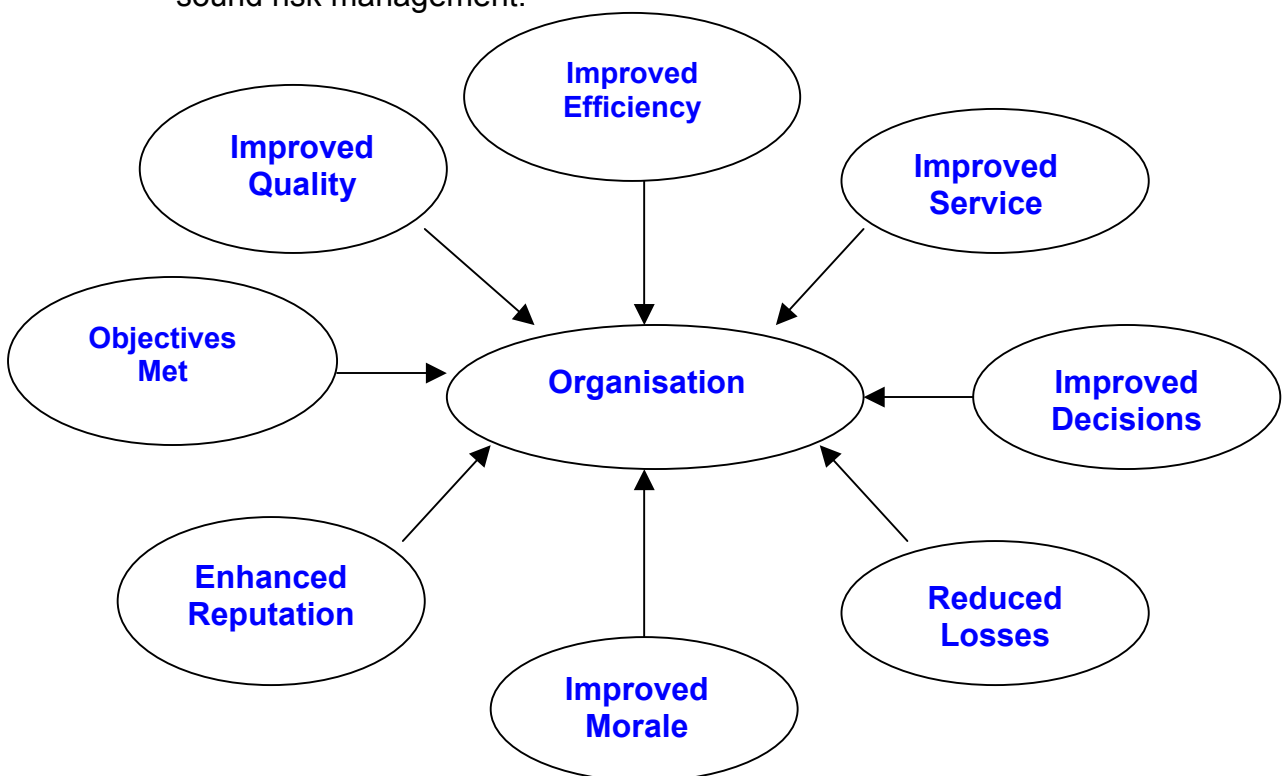
1.3 The strategy sets out:

- a definition of risk and what is meant by risk management
- actions that need to be taken.
- roles and responsibilities

1.4 The strategy will be reviewed annually to ensure that it remains up-to-date and continues to reflect the Council's approach to risk management.

### 2. The Benefits of Risk Management

2.1. The following diagram sets out the benefits that are associated with sound risk management.

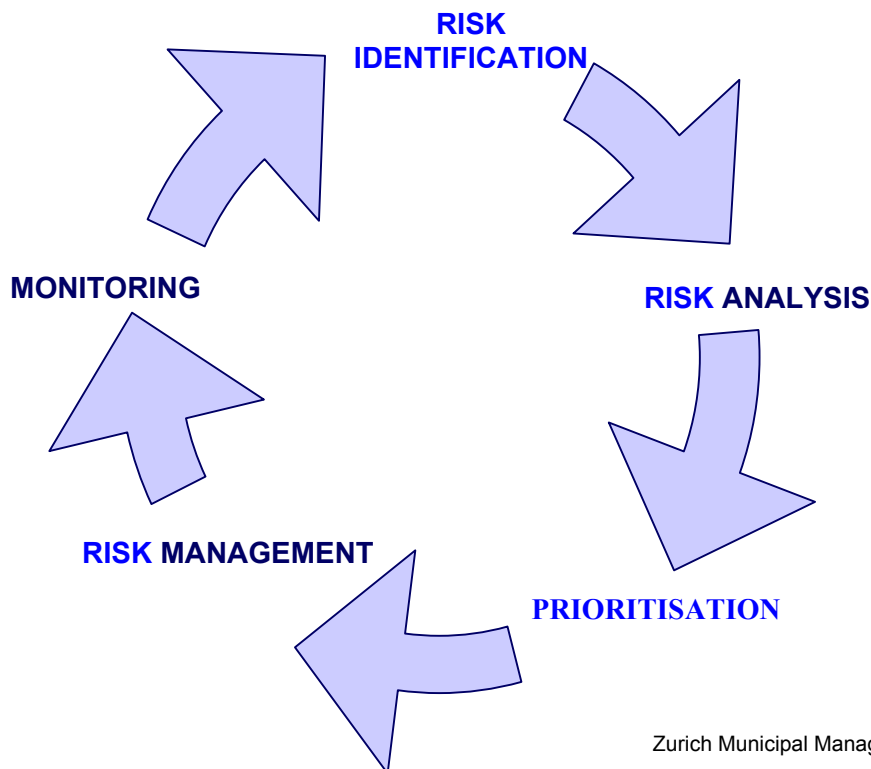


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### 3. What is Risk Management?

3.1 Risk management is a focus on the risks facing the Council, making the most of opportunities (making the right decisions) and achieving objectives once those decisions are made.

3.2.1 The process of risk management can be illustrated through the risk management cycle:



3.3 Risk helps to deliver performance improvement and is at the core of decision-making, business planning, managing change and innovation. It needs to be practised at both management and service delivery level. It enables the effective use of resources, secures the assets of the organisation and its continued financial and organisational well-being

3.4 There are two types of risks:

**direct threats** (damaging events/issues) which could lead to a failure to achieve objectives. An example might be severe flooding in Strood affecting the local economy, Civic Centre and residential properties.

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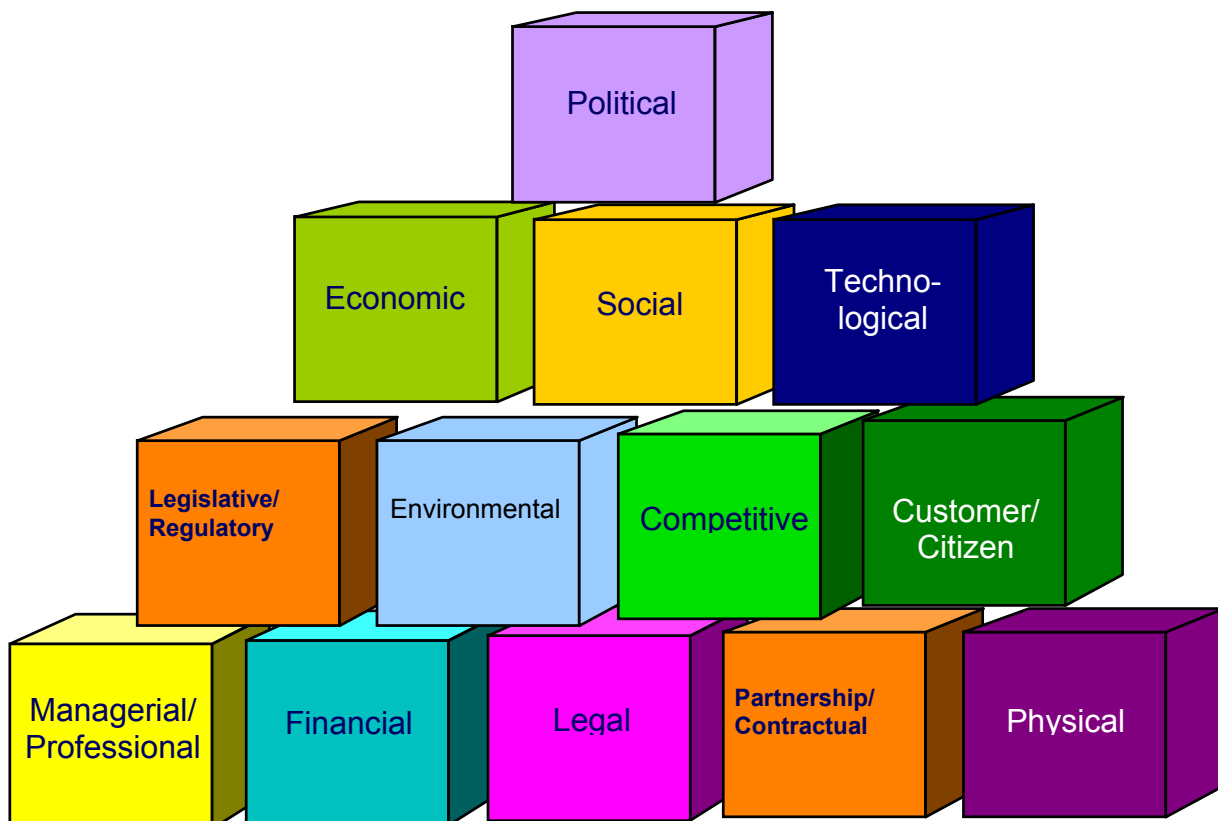
**opportunities** (constructive events/issues) which if exploited could offer an improved way of achieving objectives , but which are surrounded by threats. An example was the move to the new Corporate HQ with all ICT in one building. Having established a potential risk there is a need to work on a strategy to mitigate the risk. This particular risk has been successfully dealt with.

3.4.1 Business v Operation risks

**Business/service risks** : Those which have been identified as potentially damaging to the achievement of the Council’s objectives and departmental/ service business plans. An example might be a major fire in a Council Secondary School.

**Operational risks**: Risks which managers and staff are likely to encounter in the day-to-day work situations. An example might be a potential injury on a work site.

3.5 Risk is a condition, an act, situation or event with the ability or potential to impact on customers, units/departments by either enhancing or inhibiting corporate/departmental performance, attainment of corporate/ departmental objectives or meeting customers and stakeholders’ expectations. The Scope of Business Risk model below shows the number of areas that can be affected.



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3.6 Risk are benchmarked against corporate goals:

**a) Impact:** To what extent the issue, assuming it were to manifest itself to the degree defined in the consequences), would impact on the organisation’s ability to achieve its vision, aims and priorities? These are measured as:

- I Catastrophic (Showstopper)
- II Critical
- III Marginal
- IV Negligible

**b) Likelihood: (resource allocation):** Taking into account existing measures to manage issue (not those planned or not yet in operation), how likely is the ‘impact’ to occur within the timeframe of the corporate plan? i.e. 2007/10. These are measured as:

- A Very high
- B High
- C Significant
- D Low
- E Very low
- F Almost impossible

3.7 It may not be cost-effective to manage all risks – even significant ones. In these circumstance the Council may decide to tolerate the risk.

To help the council make that decision all risks will be categorised using the measures detailed at 3.6 and plotted against the Council’s Strategic Risk Profile shown below:

A				
B				
C				
D				
E				
F				
	IV	III	II	I

The Council have agreed the tolerance line be drawn at CII (Significant & Critical). The council will then decide what action to take to monitor such risks.

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**3.8** *Risks will be regularly monitored using service planning and AD Quarterly reports and the Council's performance management system (Covalent). Risks above the tolerance line (CII) will be escalated to the next management level as detailed in Appendix 1.*

3.9 Effective risk management includes regularly reviewing our emergency planning programmes and service continuity management to maintain a high standard in our response to potential crises. This means developing, implementing and maintaining an action oriented process for responding to any emergency, managing major incidents and recovering the service level to the local community.

### 4. Roles & Responsibilities

4.1 The following details the roles and responsibilities for delivering risk management.

Who	Roles & Responsibilities
Members	<ul style="list-style-type: none"> <li>• commit to the Risk Management Strategy</li> <li>• review risks through the 6 monthly reports on key strategic risks and information contained in the <b>Council Plan, Cabinet reports</b> and AD quarterly reports.</li> <li>• Relevant Overview and Scrutiny Committees receive reports on <b>key service risks</b>.</li> </ul>
Management Team (MT)	<ul style="list-style-type: none"> <li>• review and manage the Council's key strategic risks every 6 months.</li> <li>• provide leadership and support to promote a culture in which risks are managed with confidence at the lowest appropriate level</li> </ul>
Strategic Risk Management Group  (Membership shall be: A chairman who is a nominated director and one representative from each Directorate with an overall responsibility for risk issues.)	<ul style="list-style-type: none"> <li>• chair of group to sponsor risk management at MT (currently Director of Regeneration, Community and Culture).</li> <li>• ensure the Council's key strategic risks are reviewed, updated and presented to MT every 6 months.</li> <li>• regularly review the risk management and control process employed across the Council.</li> </ul>

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<b>Who</b>	<b>Roles &amp; Responsibilities</b>
Strategic Risk Management Group	<ul style="list-style-type: none"> <li>• review any findings and recommendations of the external auditors, internal audit or other third party in relation to risk management.</li> <li>• review the impact of any changes in the organisation on the risk management process and the response to these changes including the update of the risk register.</li> <li>• champion risk management, the practice, risk awareness and buy in across the organisation.</li> <li>• champion and oversee the implementation of business continuity planning for the organisation</li> <li>• oversee the development of service continuity plans and provide strategic support for the emergency planning service.</li> </ul>
Directorate Management Teams (DMT)	<ul style="list-style-type: none"> <li>• ultimate responsibility for the management of all directorate risks and maintenance of a sound system of internal control within the directorate and across partnership working</li> <li>• review and monitor the effectiveness of the risk management actions relative to the significant key risks to the directorate on a quarterly basis.</li> <li>• reflect significant changes to business objectives and related risks and, where relevant, address them in the Directorate Business Plan.</li> </ul>
Assistant Directors	<ul style="list-style-type: none"> <li>• oversee the effective implementation of risk management within their service area within the agreed principles and framework</li> <li>• discuss significant key risks and risk management actions with their portfolio holders and report on progress through the AD Quarterly Reports.</li> <li>• alert Directorate Management Team (DMT) if impact or likelihood of the risk increases.</li> </ul>

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<b>Who</b>	<b>Roles &amp; Responsibilities</b>
Service Managers	<ul style="list-style-type: none"> <li>• identify risks for their service areas, assess them for likelihood and impact, propose actions to mitigate them and allocate responsibility for the controls mitigating the risk.</li> <li>• record them into service plans.</li> <li>• discuss significant key risks and risk management actions with AD and reporting progress through the AD Quarterly Reports.</li> <li>• alert their line manager if impact or likelihood of the risk increases.</li> </ul>
Staff at all levels within the council	<ul style="list-style-type: none"> <li>• identify, assess and report risks within their service areas</li> <li>• practice risk management in their day to day activities</li> <li>• alert their line manager if impact or likelihood of the risk increases.</li> </ul>





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**5. Progress on actions to be taken proposed to take when the strategy was first agreed by Cabinet in April 2006.**

<b>Action</b>	<b>How</b>	<b>By Whom</b>	<b>Progress</b>
Council agrees the risk management strategy	Cabinet and O&S Committees.	Finance & Corporate Services (F&CS) O&S Committee and Cabinet	Cabinet (24/04/06) agreed the strategy. F&CS O&S (13/04/06) concentrated on the key risk analysis tables. Business Support O&S (16/10/07) recommended approval of the revised Risk Management Strategy to Cabinet..
Nominate a Member to sponsor risk management	Councillor Alan Jarrett has agreed to undertake this role		Councillor Alan Jarrett continues to undertake this role
CMT and Members to regularly review key strategic risks	Determine dates for meetings and arrange a slot on the agenda.	Quality Assurance & Client Manager (R&D) & Democratic Services	6 monthly reviews of the Council's key strategic risks have been implemented for CMT and Members.
Adopting an alternative Cabinet report format that includes a clear 'opportunities and risks' section.	Guidance to be issued to report authors	AD Customer First, Democracy & Governance	Cabinet report template now revised to include a specific section on risk.
Nominate representatives for the Strategic Risk Management Group (SRMG) and arrange meeting dates	a) Directors to inform Chairman of the Group. b) Arrange dates for future meetings	a) Directors b) Quality Assurance & Client Manager (R&D)	a) SRMG meet every three months and all directorates are represented on the group. b) Future meetings arranged

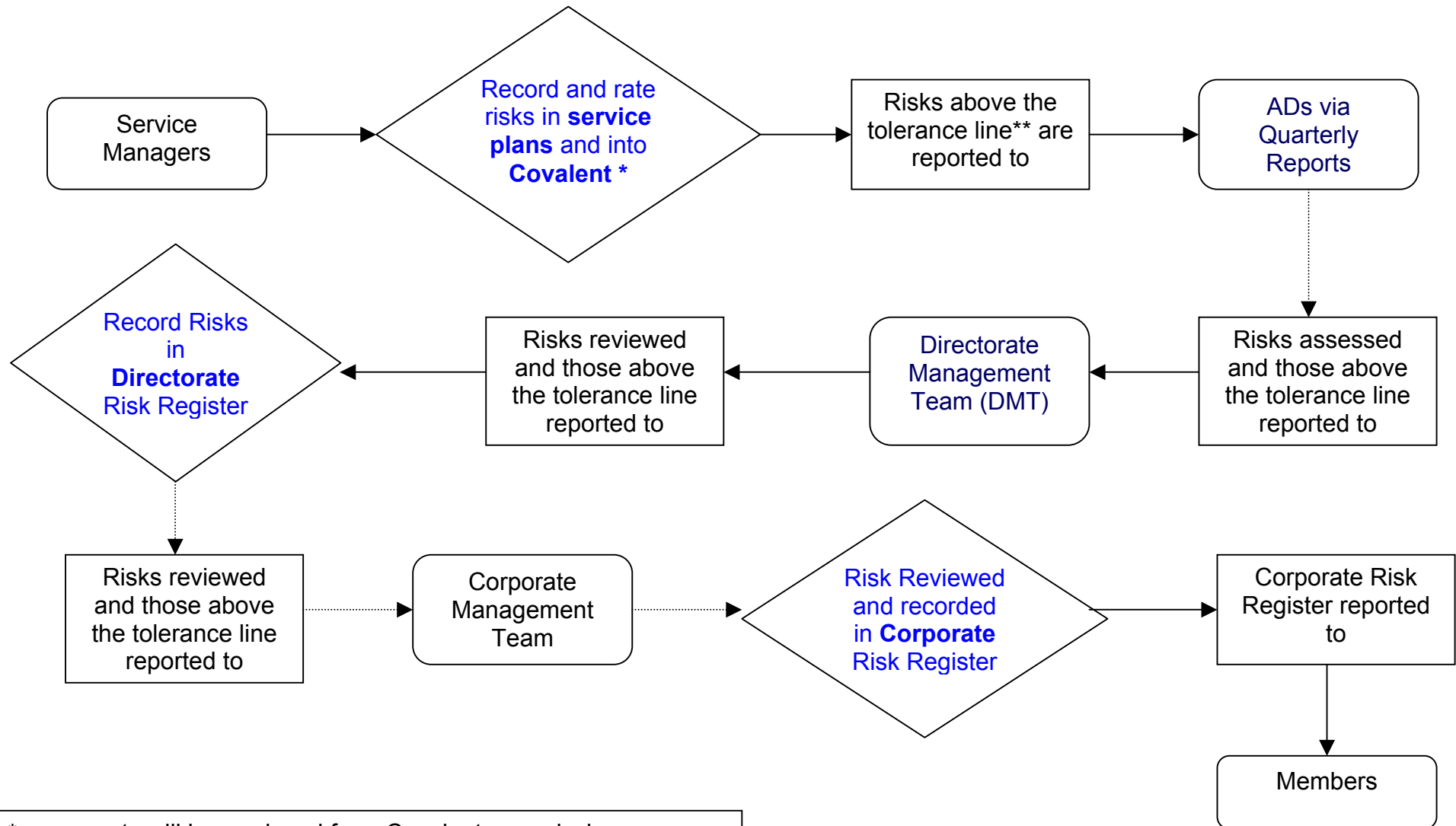
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Action	How	By Whom	Progress
Foster a culture for risk management	a) Adopt the roles and responsibilities contained in the risk management strategy b) Training for staff  c) Communicate the requirement for effective risk management to members, staff and partners through team briefings and Connections. d) Risk management training for staff to be linked to the competency framework	a) Cabinet  b) Quality Assurance & Client Manager (R&D) with Organisational & Learning Development?  c) Quality Assurance & Client Manager (R&D) with service managers and corporate Communications. d) HR/Organisational & Learning Development?	a) Roles and responsibilities were agreed when strategy was adopted.  <b>b) CMT has agreed to a programme of training. Phase 1 - training for Senior Management. Took place in August 2007, Phase 2 – training for Members and service managers took place in February 2008 and February 2009, Ad-hoc training for new staff will be on-going, Phase 3 - implement refresher training for managers and train new managers as appropriate.</b>  <b>c) Communication for both members and managers takes place through training and a web site developed on Connections.</b>  <b>d) To be progressed when new leadership programme is implemented due autumn 2009.</b>
Manage risks at the lowest level at which the manager has authority, responsibility and resources to take actions	a) Include risk management in staff induction. b) Discuss risks at team meetings and one-to-one meetings.	a) Quality Assurance & Client Manager (R&D) with Organisational Learning & Development. b) Service and team managers	<b>a) risk management is included in the Managers' Induction pack.</b>  <b>b) Still to be progressed.</b>

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<b>Action</b>	<b>How</b>	<b>By Whom</b>	<b>Progress</b>
Ensure all relevant key risks are recorded in a Corporate risk register.	Identify existing systems and processes and work towards integration where appropriate.	Strategic Risk Management Group	It has now been agreed that there will be a corporate risk register (determined and agreed at <b>MT</b> ) <b>AND service risk registers (determined by directorates)</b> . <b>It is proposed that relevant risks identified through DMTs will be put forward to MT for inclusion in the corporate risk register.</b>
Integrate risk management into the service planning process	Ensure service managers use the e-forms for service planning.	Research & Review	The e-forms system has been replaced with a new 'Word' service planning template that includes a section for the identification and management of risks. <b>These will eventually be recorded in Covalent, the Council's new performance management system.</b>
Strive to improve the effectiveness of our risk management arrangements and learn from our experience.	<p>a) Review recommendations of the external auditors, internal audit or other third party in relation to risk management.</p> <p>b) ensure risks are regularly reviewed at all levels across the organisation.</p> <p>c) risks are escalated as appropriate.</p> <p>d) the Strategic Risk Management Group to monitor the effectiveness of the arrangements.</p>	<p>a) Strategic Risk Management Group &amp; CMT</p> <p>b) Strategic Risk Management Group</p> <p>c) All staff</p> <p>d) Strategic Risk Management Group.</p>	<p>a) <b>The SRMG have:</b></p> <ul style="list-style-type: none"> <li>- <b>reviewed and, where appropriate, developed a programme to action the recommendations identified in the internal risk management audit 2008/9.</b></li> <li>- <b>responded to the CAA KLOE for Use of Resources.</b></li> </ul> <p>b) &amp; c) <b>The SRMG are reviewing procedures to ensure appropriate links are made to the new performance reporting system.</b></p> <p>d) <b>To be progressed once (b) &amp; (c) above have been agreed.</b></p>

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Appendix 1 – Monitoring and Escalation of Risk**



\* – reports will be produced from Covalent as and when required.  
 \*\* - tolerance line is currently C2

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