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

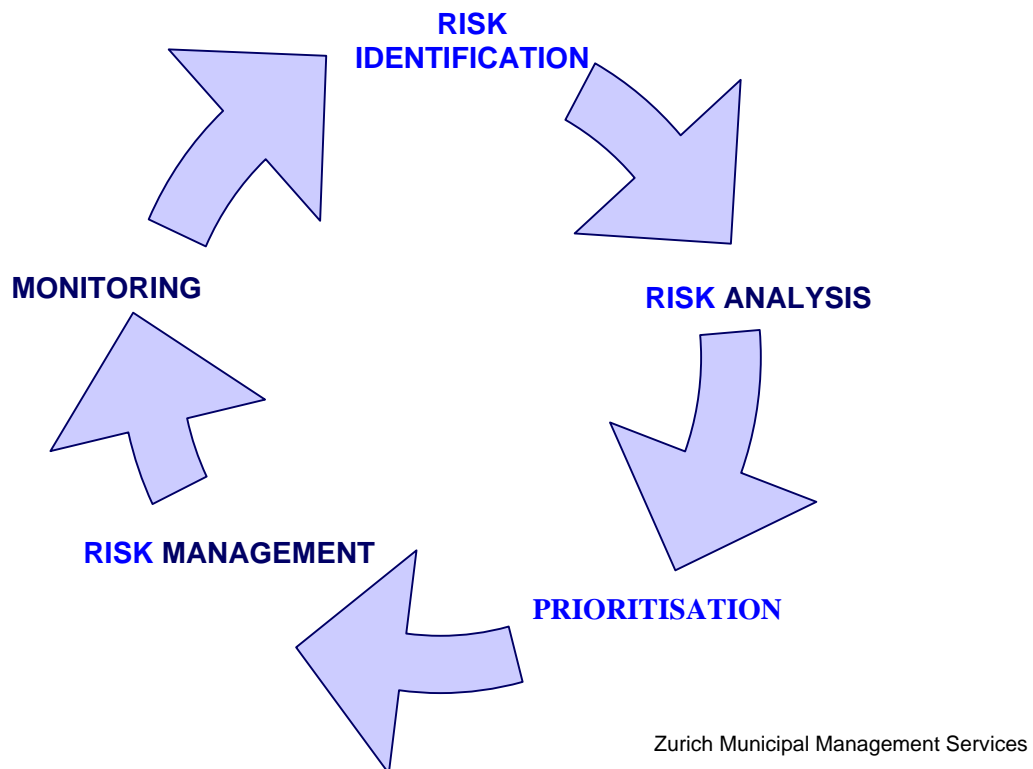2.1   The following diagram sets out the benefits that are associated with sound risk management.

Created March 2006, reviewed annually, last review August 2014
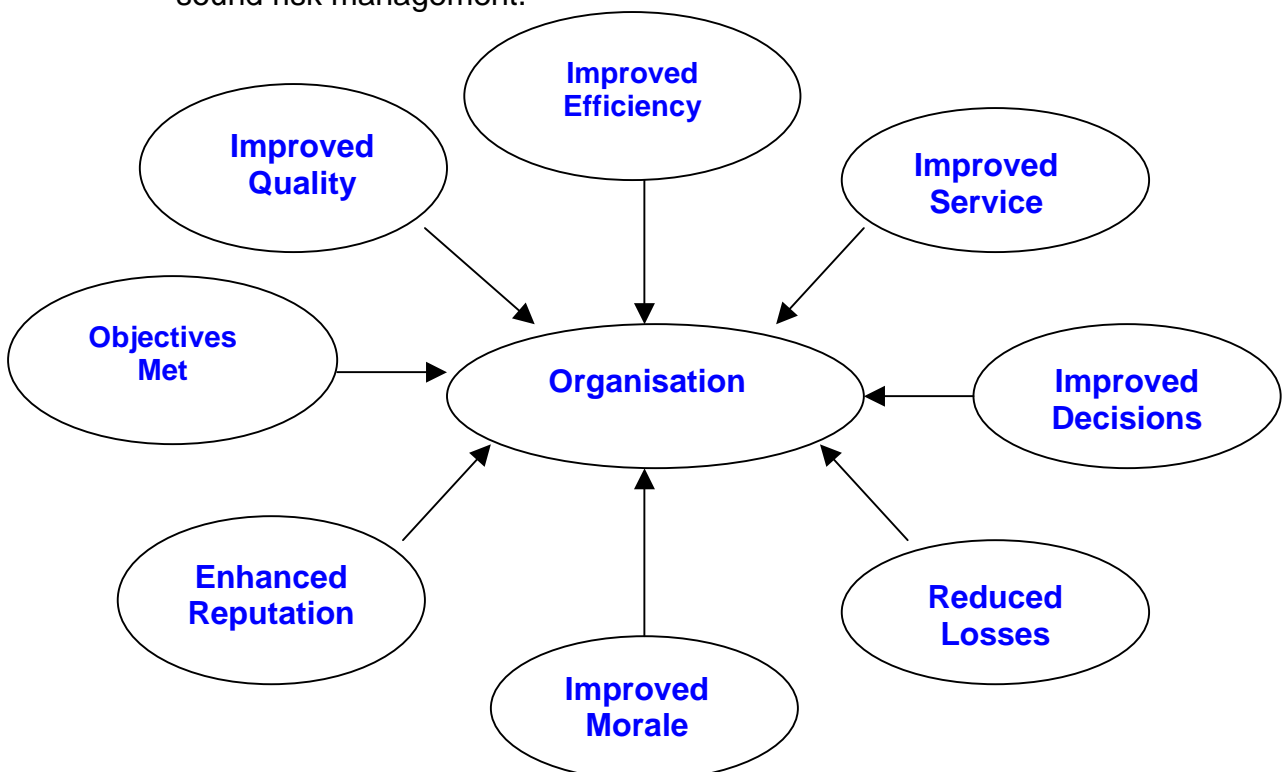
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3.   What is Risk Management?

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.

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

RISK IDENTIFICATION

MONITORING

RISK ANALYSIS

RISK MANAGEMENT

PRIORITISATION

Zurich Municipal Management Services

3.2   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.

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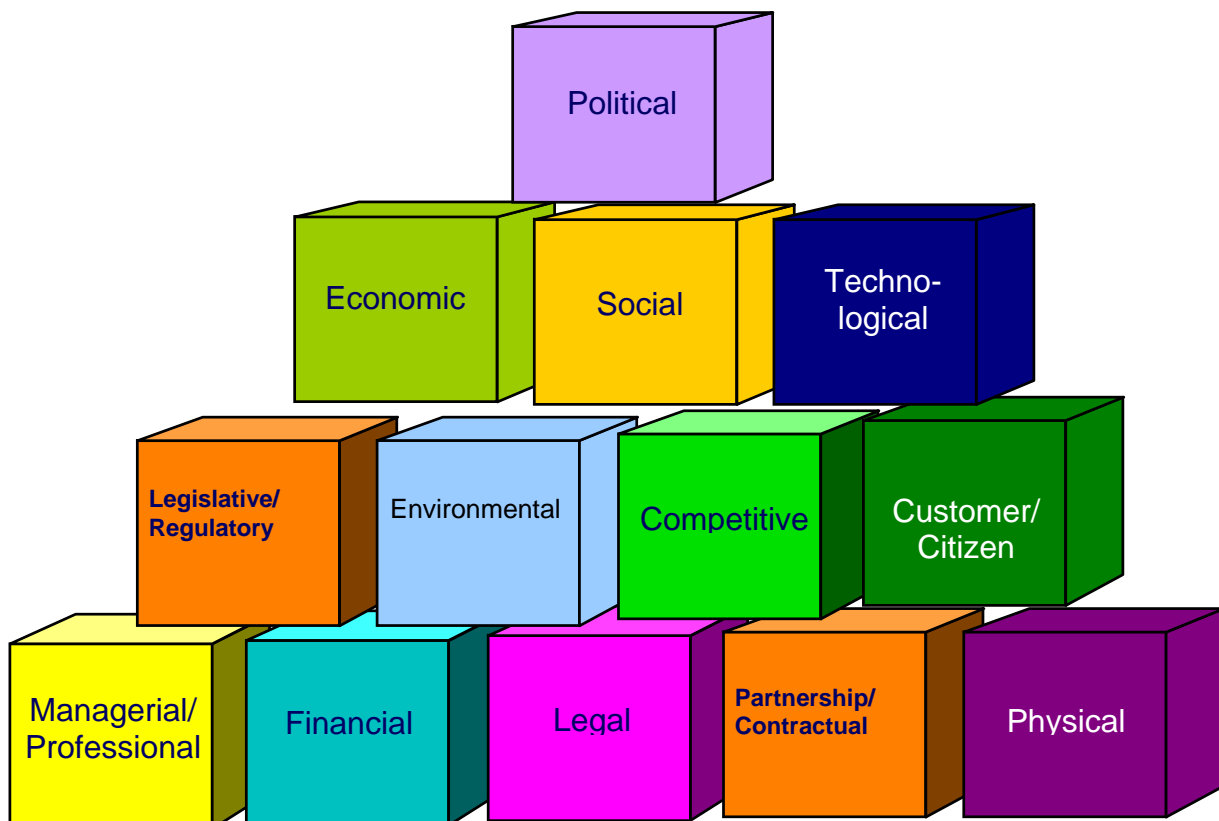
opportunities (constructive events/issues) which if exploited could offer an improved way of achieving objectives, but which are surrounded by threats. An example was the move to the new Corporate HQ with all ICT in one building. Having established a potential risk there is a need to work on a strategy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

3.4 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 School.

Operational risks: Risks which managers and staff are likely to encounter in the day-to-day work situations. An example might be a loss of key staff.

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.

Political

Economic | Social | Techno-logical

Legislative/ Regulatory | Environmental | Competitive | Customer/ Citizen

Managerial/ Professional | Financial | Legal | Partnership/ Contractual | Physical

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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.　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 circumstances 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:

	IV	III	II	I
A				
B				
C				
D				
E				
F				

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.

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.

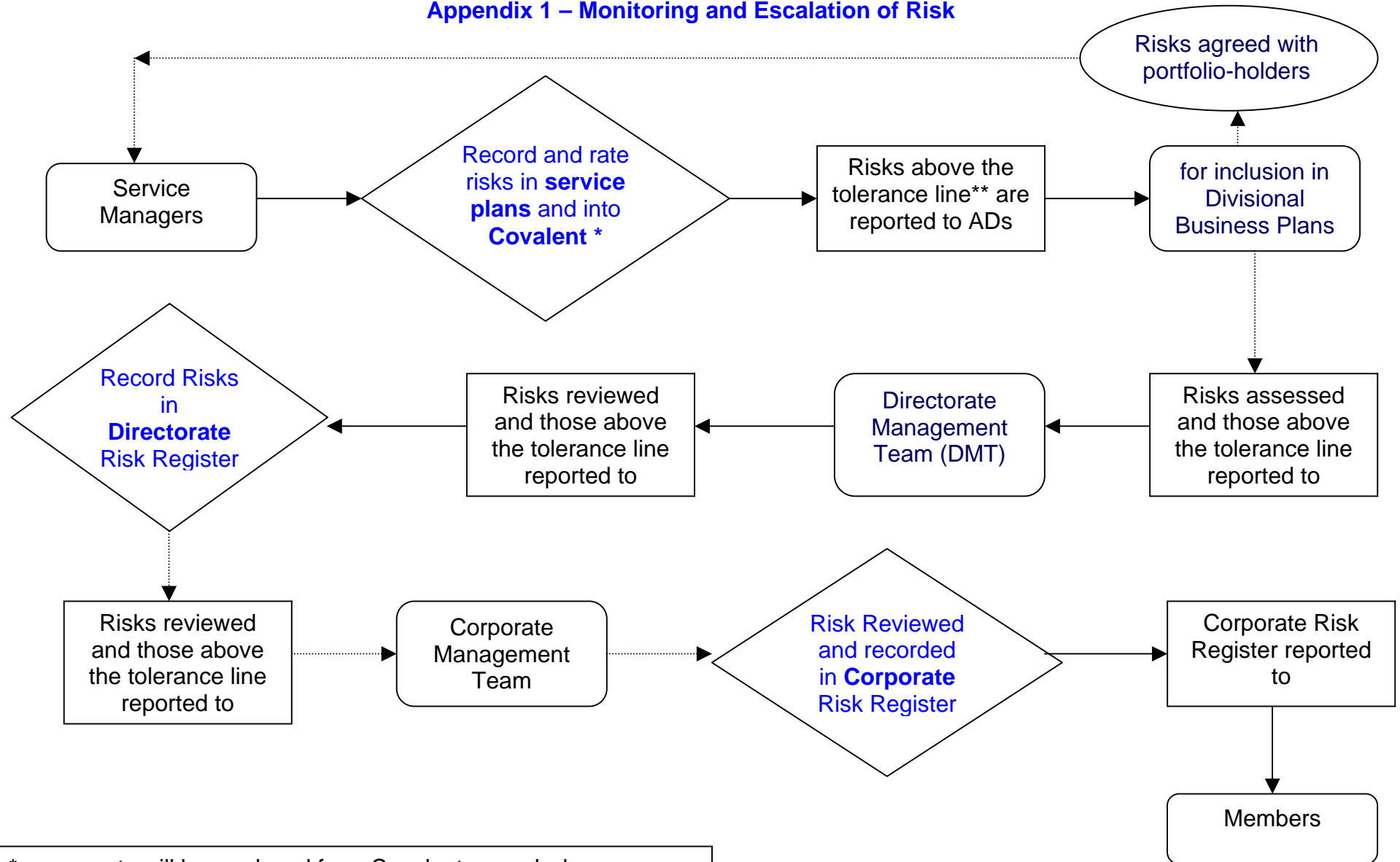| Who	Roles & Responsibilities
Members	• commit to the Risk Management Strategy. • review risks through the 6 monthly reports on key strategic risks and information contained in the Council Plan, Cabinet reports and AD Quarterly Reports.
Management Team (MT)	• review and manage the Council's key strategic risks every 6 months. • provide leadership and support to promote a culture in which risks are managed with confidence at the lowest appropriate level.
Strategic Risk Management Group (Membership shall be: A chairman who is a nominated director and appropriate representation from each Directorate with an overall responsibility for risk issues.)	• chair of group to sponsor risk management at MT (currently Director of Regeneration, Community and Culture). • ensure the Council's key strategic risks are reviewed, updated and presented to MT every 6 months. • regularly review the risk management and control process employed across the Council.

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Who	Roles & Responsibilities
Strategic Risk Management Group	• review findings and recommendations of external auditors, internal audit or other relevant third parties in relation to risk management. • 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. • champion risk management, the practice, awareness and buy-in across the organisation. • provide strategic support to the development of service continuity plans and the emergency planning service.
Directorate Management Teams (DMT)	• 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 • review and monitor the effectiveness of the risk management actions relative to the significant key risks to the directorate on a quarterly basis. • reflect significant changes to business objectives and related risks and, where relevant, address them in the Directorate Business Plan.
Assistant Directors	• oversee the effective implementation of risk management within their service area within the agreed principles and framework. • discuss significant key risks and risk management actions with their portfolio holders and report on progress through the AD Quarterly Reports. • alert Directorate Management Team (DMT) if impact or likelihood of the risk increases.

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Who	Roles & Responsibilities
Service Managers	• 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. • record them into service plans. • discuss significant key risks and risk management actions with AD and reporting progress through the AD Quarterly Reports. • alert their line manager if impact or likelihood of the risk increases.
Staff at all levels within the Council	• identify, assess and report risks within their service areas. • practice risk management in their day to day activities. • alert their line manager if impact or likelihood of the risk increases.

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Appendix 1 – Monitoring and Escalation of Risk

Service Managers → Record and rate risks in **service plans** and into **Covalent** * → Risks above the tolerance line** are reported to ADs → for inclusion in Divisional Business Plans

Risks agreed with portfolio-holders

for inclusion in Divisional Business Plans → Risks assessed and those above the tolerance line reported to → Directorate Management Team (DMT) → Risks reviewed and those above the tolerance line reported to → Record Risks in **Directorate** Risk Register

Record Risks in **Directorate** Risk Register → Risks reviewed and those above the tolerance line reported to → Corporate Management Team → Risk Reviewed and recorded in **Corporate** Risk Register → Corporate Risk Register reported to → Members

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