
Report to Council

Date: 17 December 2009

Subject: Risk Management Policy and Strategy

Report by: Head of Business Improvement and Technology Services

1.0 Purpose

- 1.1. The purpose of this report is to update the risk management policy and strategy, a main aim of which is to ensure our approaches are aligned with best practice.
- 1.2. The recommendations of this report are consistent with the requirements of the Local Government in Scotland Act 2003. Failure to implement the policy may diminish the Council's ability to demonstrate Best Value.
- 1.3. To ensure effective and efficient policy deployment, a Strategy is outlined in Appendix 1.

2.0 Recommendations

- 2.1. That Council agrees:
 - (1) to approve and implement the new policy and strategy; and
 - (2) to use existing budget allocations to implement this policy and strategy.

3.0 Considerations

- 3.1. This policy forms part of the Council's internal control and performance management arrangements.
- 3.2. It explains the Council's approach to risk management, documents the roles and responsibilities of Members and officers, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
- 3.3. In addition, it describes the process to evaluate the effectiveness of the Council's internal control procedures through an annual risk assurance statement.

Key Principles

- 3.4. The following are key principles of the Council's approach to risk management:
- There will be a clear strategy and policy for risk.
 - The Council will support and promote sound risk management practices.
 - Risks and costs to mitigate them will be balanced against the benefits that may arise from taking risks.
 - The risk associated with the status quo option will also be considered.
 - People will be equipped and supported to manage risk effectively.
 - There will be effective arrangements for managing risks with partners.
 - Risk management will be an integral part of the business planning and operational management process.

Role and Responsibility of Council

- 3.5. The Council is responsible for approving the overall risk management policy and strategy.
- 3.6. In taking major decisions, Council shall satisfy itself that officers have identified and considered risks in determining their recommendations.

Role and Responsibility of Scrutiny Committee

- 3.7. Scrutiny Committee shall monitor the current status of risk identified in the organisation (see Appendix 2, which outlines the risk reporting and monitoring process).
- 3.8. Ensure adequacy of risk management arrangements through effective scrutiny of the annual risk assurance statement.

Role and Responsibility of Chief Executive

- 3.9. The Chief Executive has overall responsibility for securing adherence to the Council's policy on risk management.

Role and Responsibility of Directors' Group

- 3.10. The Directors Group will assess, review and monitor the Council risk register on an ongoing basis.
- 3.11. Provide direction to officers to ensure that risks are appropriately managed and mitigated.

Role and Responsibility of Head of Service

3.12. Heads of Service shall satisfy themselves that risks are being actively managed within their service areas.

3.13. Heads of Service are required to:

- Implement the risk management policy and strategy in their service.
- Ensure a service wide risk register is maintained, monitored and reviewed on a regular basis.
- Report significant new key risks to the Council Management Team through established reporting mechanisms.
- Ensure risk registers include a balance of strategic and operational risks.
- Ensure that appropriate officers are directly involved in the process of risk identification.
- Ensure that each identified risk has controls to mitigate or manage the risk and a lead officer with responsibility for the risk.
- Ensure risks are identified for all reports presented to Council, Committee or the Directors' Group.
- Produce an annual assurance statement on the adequacy of the risk management arrangements within their Service.
- Ensure staff are aware of risk management arrangements.

Role and Responsibility of Employees

3.14. Every employee shall comply with service risk management arrangements.

3.15. If an employee identifies a new or changed risk within their job or area of operation, they should advise their line manager.

Role and Responsibility of Business Improvement Manager

3.16. The Business Improvement Manager is responsible for advising The Directors' Group on risk management approaches.

3.17. The Business Improvement Manager shall provide support to services in the form of advice and guidance.

3.18. The Business Improvement Manager shall review annually the Council's risk strategy and make recommendations to The Directors' Group for improvement.

Risk Management Review Cycle

3.19. The Risk Management Policy will be reviewed at least once during each administrative term.

4.0 Sustainability Implications

4.1 Effective risk management is an inherent component of sustainability decision making.

5.0 Resource Implications

5.1. *Financial Details*

5.2. There are no financial implications arising directly from this report.

5.3. *Staffing*

5.4. The recommendations in this report will have no direct staffing implications.

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please tick)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

- 9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Risk Management Strategy

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Peter Broadfoot	Head of Admin and Legal	Peter J Broadfoot (signed)

APPENDIX 1: RISK MANAGEMENT STRATEGY

RISK MANAGEMENT STRATEGY

The essence of the Risk Management Strategy is to ensure efficient and effective implementation of the Risk Management Policy.

The aims of this strategy are to:

1. engender a positive risk management culture that supports efficient and effective delivery of the Council's objectives;
2. ensure consistent deployment the Council's risk management approaches;
3. ensure continuous improvement of risk management approaches.

The Council's current approach to risk management, which has been developed extensively since 2007, is fundamentally sound, as was confirmed in an Internal Audit Report in 2009. There is however, always room for improvement. This strategy therefore draws on good practice from the Association of Local Authorities Risk Managers (ALARM) and recommendations in the internal audit report on risk management. In addition it ensures compliance with Best Value 2 principles and the draft international standard ISO 31000:2009: Risk Management Principles and Guidelines.

The following action plan sets out how the strategy's aims will be achieved.

Aim	Action	Lead Officer(s)	Start Date	Planned Completion Date	Completed
1. engender a positive risk management culture that supports efficient and effective delivery of the Council's objectives	Deploy and embed the competency framework, which contains competencies related to risk management.	Head of HR	Oct 2009	March 2011	<input type="checkbox"/>
	Provide guidance, advice and support to managers and team leaders on risk management techniques.	Head of BITS	Sept 2009	Ongoing	<input type="checkbox"/>
2. ensure consistent deployment the Council's risk management approaches	Risk Management Policy and Strategy approved by Council.	Head of BITS	Aug 2009	Dec 2009	<input type="checkbox"/>
	Provide guidance, advice and support to managers and team leaders on risk management techniques.	Head of BITS	ongoing	ongoing	<input type="checkbox"/>
	Ensure that all managers are aware that risk registers should conform to corporate guidelines, and provide support to enable this where it is not the case.	Head of BITS	Nov 2009	April 2010	<input type="checkbox"/>
	Analyse results from Clackmannanshire Improvement Model (CIM) assessments to test deployment; where there are areas for improvement, ensure action is taken to resolve the issue.	Head of BITS	Sept 2009	March 2010	<input type="checkbox"/>
	Internal Audit undertake annual compliance check.	Head of Finance	March 2010	March 2011	<input type="checkbox"/>
	Introduce a council wide performance management system with a risk management facility that enables more effective and efficient monitoring of risk.	Head of BITS	July 2009	March 2011	<input type="checkbox"/>

3. ensure continuous improvement of risk management approaches	Assess and review the risk management strategy annually and implement improvements.	Head of BITS	Sept 2010	Dec 2010	<input type="checkbox"/>
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The following Key Performance Indicators will be used to evaluate the effectiveness of the Strategy:

Measures	Target 2010-11	Target 2010-11	Target 2010-11
Number of service risk registers which are found to be non-compliant	0	0	0
% of Chief Officers who state that an effective risk management culture exists within the Council	50%	65%	80%
% of CIM assessments which confirm the use of the Council's risk management approach	100%	100%	100%

APPENDIX 2: PERFORMANCE REPORTING & MONITORING PROCESS



