

Nuneaton & Bedworth Borough Council

Risk Management Strategy

1. Foreword and Introduction

All organisations exist to achieve objectives (service aims and priorities in the Council's case). They face risks that threaten these objectives, also opportunities to enable and improve their achievement. Risk is unavoidable, cannot be ignored and therefore must be managed. The purpose of successful risk management is to achieve optimum protection through appropriate risk controls, and to successfully take advantage of new opportunities.

The Council has adopted the ALARM definition of risk management:

“Risk management is the identification, analysis and economic control of those risks which might prevent an organisation achieving its objectives”.

We recognise this necessarily involves the aspects of recording, assessing (for likelihood and impact), prioritising, mitigating and monitoring the Council's strategic and operational risks, also the allocating of owners to risks.

Good risk management at all levels is critical to achieving objectives. The Council will therefore pursue a systematic, holistic and consistent approach to risk management in relation to all its functions and activities. This Risk Management Strategy is concerned primarily with organisational risks and controls (including risks relating to the use of external contractors and partnership working).

2. **Context**

The key standards relating to risk management and organisational controls are detailed separately in related policies and procedures, which should be read in conjunction with this Strategy.

a). **The Council's Statutory Responsibility**

The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations:

“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective, and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.”

Additionally, the Civic Contingencies Act now imposes a duty upon the Council as a “Category 1” responder to have a Risk Management Register.

The management of risk is also a duty of corporate governance.

b). **The Council's Corporate Aims and Priorities**

All activities of the Council are affected by risk, therefore the management of risk is relevant to all the Council's aims and priorities. In particular, the following item in the Corporate Plan links to the management of risk:

Aim 4, Priority 1: “To continue to improve the performance and quality of key services.”

c). **Benefits of Effective Risk Management**

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

Improved Strategic Management

- Greater ability to deliver against objectives and targets
- Increased likelihood of change initiatives being achieved effectively
- Improved reputation, hence support for regeneration

Improved Operational Management

- Reduction in interruptions to service delivery: fewer surprises!
- Reduction in managerial time spent dealing with the consequences of a risk event occurring
- Improved health and safety of employees and others affected by the Council's activities
- Compliance with legislation and regulations

Improved Financial Management

- Better informed financial decision-making
- Enhanced financial control
- Reduction in the financial costs associated with losses due to service interruption, litigation, etc.
- Improved containment of insurance premiums

Improved Customer Service

- Minimal service disruption to customers and a positive external image.

d). **What is “Risk” and how does it differ from “Hazard”?**

A “hazard” can be defined as “the **inherent characteristic** of anything to cause loss, damage, harm, disruption or failure to achieve objectives.”

“Risk” can be defined as “the **likelihood and potential impact** (high or low) of a hazard causing loss, damage, harm, disruption or failure to achieve objectives.”

A “downside” risk is one which could adversely affect services, personnel or facilities. An “upside” risk is one which could adversely affect the taking of new opportunities.

An “inherent” level of risk is that which exists in the absence of control measures. A “residual” level of risk is that which exists when controls are in proper operation.

e). **Risk Management Principles**

A number of principles underlie risk management at Nuneaton and Bedworth:

- (i) Risk management is a fundamental aspect of corporate governance within the Council.
- (ii) All statutory and mandatory requirements with which the Council must comply will represent some degree of risk.
- (iii) The involvement of people and functions throughout the Council is essential to ensure risks are properly controlled and objectives met.
- (iv) When considering risk management, the health and safety of individuals is the first priority.
- (v) Effective risk management is promoted by clarity of responsibilities and by sound communication and training processes.
- (vi) Risk management and internal control are linked with the ability of the Council to fulfil its objectives.

- (vii) Risk management is a method of informing Senior Officers and Elected Members of significant risks which affect the organisation and for which they are responsible.
- (viii) Reports to Elected Members should properly reflect risks associated with proposals.
- (ix) Alongside the management of risks, it is essential to plan for the recovery of service provision in the event of a significant interruption, especially to **essential** services.

f). Principal Categories of Risk

We recognise that not all risks are insured or insurable, also that risks fall into a number of categories, principally as follows:

- Political
- Economic
- Social
- Human Resource-related
- Physical
- Financial
- Technological
- Information-related
- Legal/Legislative
- Environmental
- Customer/Citizen/Stakeholder
- Competitive (competitiveness of the service or its ability to deliver best value)
- Professional
- Contractual / Partnership-related
- Reputational

g). Strategic and Operational Risks

Strategic risks primarily concern the Council's medium and long-term objectives. Accordingly, the authority will ensure that risk management is properly taken into account when formulating and approving Council policies.

Operational risks concern the day to day issues confronting the Council as it seeks to deliver its strategic objectives. Risk management will therefore be properly taken into account in planning and implementing services.

3. Current Situation

a). Identifying Risks

The Council identifies risk at various levels and in various ways, including as follows:

- By individual directors, managers, supervisors or any other employee
- By the Council's Risk Management & Insurance Officer, Internal Audit officers or Occupational Health & Safety Manager
- Through Health & Safety meetings at various levels
- At Corporate Management Team and Extended Management Team meetings
- By the Council's external auditors
- By the Council's insurance broker/risk advisers
- By considering the causes of accidents, incidents and near misses
- By periodic risk reviews undertaken internally or by external consultants or the Council's insurers
- By risk management literature received from various sources
- Through discussion at individual team meetings
- From the results of inspections undertaken
- By examining complaints received.

b). Recording Risks

Risk Registers are a primary tool to administer the recording, assessing, prioritising, mitigating, monitoring, review and auditing of significant risks to the Council's services and activities, including projects and partnerships. Responsibility for preparing, acting on, updating and revising Risk Registers is as follows:

Strategic Risk Register: Corporate Management Team

Operational (Service Unit) Risk Register: the appropriate Assistant Director or acting Assistant Director (for Legal Services and Democratic Support Service: their respective Service heads).

For individual Project Risk Registers: the officer identified as operationally responsible for the project.

For Partnership Risk Registers: the officer of the lead partner, who is identified as operationally responsible for the project.

Risk Registers are working documents and will be reviewed and updated on a regular basis as changes in risk are identified.

c). Recognising Improvements

Each year, the Risk Management & Insurance Officer circulates to Directors and Assistant Directors a schedule of NBBC Risk Management Improvements and Initiatives, with a request for amendments, deletions and additions.

In identifying actual risk improvements and initiatives across the Council, this helps individual managers to become aware of any which might be adopted in their own areas of responsibility. Ahead of each renewal date, the Risk Management & Insurance Officer forwards an updated schedule to the Council's insurance broker and direct insurer. This information identifies specific examples of the Council's ongoing attention to risk management.

4. Risk Management Strategy Objective

The objective of this Strategy is to ensure that risks to the Council's services, objectives, employees, contractors and partnerships are identified, recorded, assessed, prioritised and then mitigated, transferred, or eliminated, to achieve an acceptable level of exposure.

5. Partnerships

The Council's Risk Management Group has developed a guidelines document "Managing the Risks of Partnership Working" to assist officers and elected members.

Where NBBC is not the lead partner, the NBBC officer operationally responsible for this authority's participation should ensure at the outset that our partners agree to adopt a Partnership Risk Register in a form which (as far as practicable) complies with the requirements of this Risk Management Strategy.

He/she should then fully participate in the development of the register and ensure that satisfactory assurances are obtained as to the management of the partnership risks (liaising with his/her line manager in the event of any significant inadequacy or concern).

6. Issues Arising and Actions to be Taken

a). Controlling Risks

Prompt action will be taken to control risks falling into the "High" category and action plans will be developed to reduce the threat of these risks, so bringing them within the "Medium" category.

"Medium" risks will also receive appropriate attention where this is cost effective and will be kept under review.

“Low” risks may also receive attention where cost-effective and will be kept under review.

Each risk will be addressed in whichever of the following ways is most appropriate:

- Transfer it, either by insuring or by means of contract conditions (although neither removes the risk entirely)
- Treat it, by adopting or improving control measures (most risks are expected to be treatable)
- Tolerate it, for example in the case of a “Low” risk for which no cost effective improvement is available.
- Terminate it where the only viable option is to eliminate the cause of the risk (e.g. a particular activity).

b). Risk Management in Service Development Planning

Operational risk management planning will be outlined alongside each Service Development Plan. This will be reviewed annually in accordance with the Corporate framework.

c). Funding of Risk Management

Initially, funding of risk management is from within existing budgets. If specific budgets become necessary, approval will be sought from the Corporate Services Director and the Assistant Director (Corporate Finance).

7. Monitoring and Review

a). Monitoring Risks

CMT will regularly monitor the management of the Council’s Strategic Risks.

Assistant Directors will monitor the management of their respective Service Units’ operational risks (including appropriate “cross-cutting” risks).

b). Reviewing and Updating the Management of Risks

EMT will regularly review the operational Risk Registers with the responsible senior officers, to introduce a level of positive challenge, to drive up standards and to set positive

expectations. CMT will consider operational risks rated as “high” (including possible budgetary implications).

CMT will review the strategic Risk Register on a regular basis throughout the year, revising and updating it as appropriate. The Risk Management Group will consider strategic risks assessed as “high” as a regular agenda item.

c). Auditing and Reporting on the Management of Risks

The Corporate Services Director is the designated Corporate Director with overall responsibility for ensuring the implementation of the Council’s Risk Management Strategy.

The Council’s internal auditors will audit the risk management process at periodic intervals, and adopt a risk based approach to the day to day auditing of the Council’s activities.

The Corporate Services Director will bring a Risk Management Report to the Council’s Corporate Management Team annually.

d). Assessing and Prioritising Risks

Each Service Unit maintains its own operational Risk Register. The main services provided by each Unit are listed, distinguishing between mandatory and discretionary. Individual risks which significantly affect the Unit are identified, also the related control environments. “Likelihood” and “Impact” ratings are included to produce a score for each risk. To achieve an acceptable level of consistency in these scores, ‘Likelihood and Impact Descriptors’ are used. By relating the risk scores to a matrix, each is placed in a “Low”, “Medium” or “High” band.

Corporate Management Team has produced a Strategic Risk Register, incorporating input from the Risk Management Group. Each risk is categorised as “Low”, “Medium” or “High”, both in terms of likelihood and impact, thereby producing an overall score which identifies its priority level.

e). Review of the Risk Management Strategy

Given the dynamic nature of risk management, this Strategy will be reviewed in liaison with the Risk Management Group

(normally annually), and re-presented to elected Members as required.

Appendix A: Risk Management Roles & Responsibilities.

1. The Chief Executive

- Is the officer ultimately responsible to ensure the Council adopts an effective risk management strategy and that risks are fully considered in all strategic decision making processes.
- Has overall responsibility for health and safety in relation to Council activities, for establishing a positive health and safety culture and for actively encouraging ownership and accountability at all levels.
- Is ultimately responsible to ensure the Council adopts effective planning and testing arrangements to recover from interruptions to service provision.

2. The Directors

- Are responsible to assist the Chief Executive in carrying out the above responsibilities.
- Will ensure that necessary training and resources are available to Assistant Directors to enable them to fully comply with all relevant health, safety and welfare legislation and to fulfil their wider risk management responsibilities.

3. The Council Leader

- Is responsible to ensure the Council's Elected Members fulfil their responsibility to oversee the effective management of risk by the Council's officers.

4. The Member Risk Champion

Is responsible to:

- Promote risk management interest, awareness and commitment among other elected members.
- Ensure that elected members are periodically reminded of their risk management responsibilities in relation to Council matters.
- Liaise with the Officer Risk Champion in relation to significant risk management issues affecting the Council.

5. The Cabinet

- Receive and review periodic risk management reports from senior officers.
- Are responsible to contribute to and/or challenge officers as appropriate, in relation to the managing of their risks.

6. Elected Members

- Are corporately responsible to oversee the effective management of risk by the Council's officers, particularly when considering reports and proposals from officers.

7. The Corporate Management Team (CMT)

Is responsible to:

- Identify and manage the Council's strategic risks, including the management of change.
- Appoint the Council's Officer Risk Champion.
- Liaise with the RMG through its Chair.
- Provide input to the RMG regarding (primarily) strategic and (if appropriate) other risks.
- Respond to Assistant Directors concerning their regular reports to CMT on red (high) risks and their periodic reports on other risks within their service units.
- Oversee the work of EMT in assessing and addressing the main continuity threats to the Council's services.

8. The Officer Risk Champion

Is responsible to:

- Ensure the management of risk is accorded due significance by other senior managers and at meetings of the senior management team with others.
- Chair meetings of the Risk Management Group.
- Liaise with the Member Risk Champion in relation to significant risk management issues affecting the Council.

9. The Extended Management Team (EMT)

Is responsible to:

- Provide a level of positive challenge to Assistant Directors and other service heads by requiring their feedback in relation to the management of operational risks within their service units, including the development and use of their risk registers.
- Review the main risks facing the Council, including major changes and any new risks, also noting any which no longer pose a threat.
- Consider whether any significant risks have been overlooked or not given due priority.
- Escalate any risk which EMT considers should receive the attention of CMT.

- Assess the main continuity threats at a corporate level and delegate specific actions to manage those threats, using an action plan (to include response measures, activation, core team etc).

10. The Risk Management Group (RMG)

- Supports the Council in the effective management of risk.
- Meets approximately every four months (and ad hoc as required) to review risks to which the Council is or may become exposed and to determine any action to be taken by or through any of its members.
- Reviews the Strategic Risk Register, determines any changes to be made to its format and (when appropriate) provides feedback to CMT on its content.
- Reviews the Operational Risk Registers, determines any changes to be made to their format and addresses any issues arising from their content.
- Oversees the Council's risk management Action Plans, the issue of risk management awareness and guidance documents, the development of the Risk Management Strategy and arrangements for providing risk management training.
- Considers any continuity management issues brought to the Group's attention.
- Normally includes a representative from the Council's insurance broker/risk adviser. Other external parties may attend as required.

11. The Borough Safety Committee (BSC)

- Approves and agrees new health and safety policies and procedures.
- Monitors health and safety performance.
- Addresses strategic health and safety issues, making recommendations for change.
- Monitors and responds to changes in health and safety legislation.
- Promotes a positive approach to health and safety.

12. The Health and Safety Co-ordinators Group (HASCOG)

- Provides a forum for discussion and consultation between managers, employees and union representatives on health, safety and welfare issues.
- Develops health and safety policies and procedures.
- Considers implications of changes in health and safety legislation.
- Promotes the health and safety of all employees and contractors.
- Analyses accident statistics and trends; identifies necessary corrective action.

13. Assistant Directors

For the purposes of this paragraph, the Heads of Legal Services and Democratic Support Services are included in this designation.

Assistant directors are responsible to:

- Effectively manage operational risks within their respective services.
- Ensure their Service Unit's Operational Risk Register is maintained and used as a working document, involving their respective teams in the review and updating process.
- Ensure that all significant risks are identified and controlled through the process of risk assessment and mitigation within their areas of responsibility.
- Liaise appropriately, particularly with other Assistant Directors, in relation to "cross-cutting" operational risks.
- Take account of risk management considerations within the budgeting process.
- Link their Operational Risk Register to their annual Service Development Plan.
- As part of annual Service Development Planning, identify their service unit's significant external partnerships
- Regularly report to CMT on the management of red (high) risks within their service units (CMT to decide the reporting frequency in each case).
- Periodically report to CMT on the management of other risks within their service units, as required by CMT.
- Establish a positive health and safety culture within their service units and actively encourage ownership and accountability at all levels.
- Take responsibility for health, safety and welfare matters within their service unit, ensuring as far as reasonably practicable that their employees are well informed and trained to carry out their health and safety duties.
- Comply with corporate requirements for Business Continuity Planning.

14. The Standards Committee

- Has assumed the core function and responsibilities of an audit committee.

15. The Head of Internal Audit

- Supports the Council and its services in the effective development, implementation, review and monitoring of the Council's risk management strategy and process.
- Develops an Internal Audit Plan using a risk-based approach.

- Provides line management to the Risk Management and Insurance Officer.

16. The Internal Audit Unit

- Assists in monitoring whether risks have been adequately identified, included in the appropriate risk registers and acted upon.

17. The Risk Management & Insurance Officer (RM&IO)

- Administers the Council's insurance of certain risks.
- Is a day to day point of reference on issues relating to the management and insurance of risks.
- Provides risk management information & advice, both proactively & reactively.
- Liaises widely within the Council, also with the Council's insurance brokers/risk advisers and direct insurers, with other local authorities and with other external bodies.
- Assists with formal arrangements to promote risk management awareness and to arrange risk management training within the Council.
- Attends meetings of the Health and Safety Co-ordinators Group (HASCOG).
- Liaises with the Council's Occupational Health and Safety Manager on relevant issues.
- Works with the owners of operational risks to identify and manage those risks and to maximise opportunities.

18. The Occupational Health & Safety Manager

- Advises and guides the Council on all Occupational Health and Safety related matters.
- Promotes an effective, healthy and safe organisational culture by developing, implementing and monitoring health & safety policies and procedures.
- Organises meetings of the Health and Safety Co-ordinators Group (HASCOG).
- Is a day to day point of reference concerning health and safety issues.

19. Building/Site Co-ordinators

Are responsible to:

- Provide a focal point for health, safety and welfare concerns within their building or on their site.
- Ensure quarterly inspections are completed and actioned accordingly.
- Ensure that building/site related health, safety and welfare arrangements are adequate and effective.

20. Middle Managers and Supervisors

Are responsible to:

- Manage risks effectively in their own service areas.
- Be aware of all corporate health and safety policies, procedures and guidance relevant to their team and to ensure they are implemented.
- Ensure that satisfactory health and safety standards are maintained.
- Ensure adequate health and safety communication channels operate within their areas of control/responsibility.
- Ensure that employees know and accept their individual health and safety responsibilities and are adequately trained to carry them out.

21. Safety Representatives

Are responsible to:

- Consult with employees and the Council on matters affecting health and safety.
- Work in partnership with the Council to promote a positive health and safety culture in which health and safety responsibilities are actively accepted.
- Assist the Council in undertaking quarterly health and safety inspections.

22. Employees (including agency and casual)

- Should develop awareness of risks in their own areas of work and take appropriate care.
- Should report any new or changing risks to their manager or supervisor.
- Have a legal responsibility for the health, safety and welfare of themselves and others who may be affected by their work activities.
- Must follow instructions, procedures and safe systems of work designed to ensure their health, safety and welfare.

Appendix B: Risk Management Matrix.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Impact →			

Likelihood

- 6 = Very High
- 5 = High
- 4 = Significant
- 3 = Low
- 2 = Very Low
- 1 = Almost Impossible

Impact

- 4 = Very High (Catastrophic)
- 3 = High (Serious)
- 2 = Medium (Moderate)
- 1 = Low (Negligible)

Likelihood and Impact Descriptors

Likelihood

6: Very High: Occurrence is most likely (or has happened and is very likely to do so again) if control measures are not introduced.

5: High: Very likely – occurrence is anticipated in the next 12 months.

4: Significant: Likely – occurrence is probable on more than one occasion in the next three years.

3: Low: Possible – limited likelihood of occurrence in the next three years.

2: Very Low: Unlikely – not very likely in the next three years.

1: Almost Impossible: Rare – only anticipated in the most exceptional circumstances.

Impact

4: Very High (Catastrophic), typically:

Medium to long-term impact on performance. Major loss of life or large scale major illness. Affecting all or many groups of stakeholders, with a long-term impact on public memory and possible long term damage to reputation. Drawing national attention, with the rapid intervention of legislative/regulatory bodies. May result in major financial loss (over £1,000,000).

Examples include serious public disturbances, terrorist attack, total failure of key systems and services, many individuals personal details compromised/revealed.

3: High (Serious) typically:

Affecting more than one group of stakeholders, with widespread medium-term impact on performance and possibly on reputation. Loss of life or major illness. Attracting the medium-term attention of legislative/regulatory bodies. May result in significant financial loss (over £100,000).

Examples include prolonged failure of a key system, strongly adverse external report (such as from Best Value inspectorate), a significant number of individuals personal details compromised/revealed.

2: Medium (Moderate) typically:

Affecting more than one group of stakeholders, with appreciable but short-term impact on performance and possibly on reputation. Broken bones / illness. May attract the short-term attention of legislative/regulatory bodies. May result in significant financial loss (over £20,000).

Examples include incidents of pollution, short-term failure of key systems, high-profile litigation, a limited number of individuals personal details compromised/revealed.

1: Low (Negligible) typically:

Affecting only one group of stakeholders (internal or external), with very limited impact on performance and reputation. Limited physical consequences. Organisationally localised, with position essentially recoverable within a month. Financial implications will be low (less than £20,000).

Examples include minor employee accidents, failure to meet minor project deadlines

Analysis of Risk Matrix

Risk Matrix Score Band: 15 – 24.

Traffic Light Colour: RED
Level Category: High

Ranked as:
Unacceptable (urgent control/improvement required).

Risk Matrix Score Band: 9 - 12.

Traffic Light Colour: AMBER
Level Category: Medium

Ranked as:
Acceptable Risk (to be actively monitored; cost effective control improvements sought).

Risk Matrix Score Band: 1 - 8.

Traffic Light Colour: GREEN
Level Category: Low

Ranked as:
Acceptable Risk (to be reviewed periodically; low cost control improvements sought if practicable).

Appendix C: Risk Management Awareness, Guidance & Training.

The Council will promote risk awareness and provide appropriate risk management guidance and training in various ways.

As an organisation's risk awareness and that of its personnel grows beyond the scope of its insured risks, the need for risk management guidance and training becomes increasingly apparent to those involved. Therefore when relevant risk issues are brought into focus in discussions, at meetings and by taking other opportunities, an appetite for risk management guidance/training is promoted and the embedding of risk management is taken forward.

The means by which the Council will promote risk awareness and provide risk management guidance and training includes the following:

- By addressing risk management issues at CMT, EMT and other regular meetings of senior officers (including meetings with elected members).
- By circulating the Council's Risk Management Strategy to all members and employees and by including it on CLIP.
- By circulating the minutes of Risk Management Group meetings to all members and assistant directors.
- By appropriate circulation of risk management and business continuity bulletins and articles to officers and the Member Risk Management Champion (usually by the Risk Management & Insurance Officer).
- By encouraging and enabling members and officers to attend risk management and business continuity events and training appropriate to their individual roles and responsibilities. Examples would be risk management seminars and workshops provided by ALARM (the Association of Local Authority Risk Managers), by the Audit Commission, by firms of solicitors and by insurers and insurance brokers.
- When the Council purchases risk register software, by arranging for training in its use by members and appropriate officers.
- By encouraging the Council's various partners to consider and make known their risk management training needs in relation to new and existing partnerships (and by working with our partners to meet those needs).
- By developing and providing Risk Management guidance material for the benefit of members, employees and partners.
- By setting up a library of Project and Partnership risk assessments in CLIP as these become individually available.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

17th Aug 2007