Risk Management Policy

2007/08

City of York Council
Risk Management Policy

Contents Paragraph

Introduction

1. Risk Management is inherent to good management practice and essentially; it is concerned with establishing what could go wrong (risks), the potential for success (opportunities), and achieving the right balance between the two.

2. The outcome from proper risk consideration ensures that proper managed controls are in place and can help in the effective prioritisation and allocation of potentially scarce resources to the most appropriate area (high risk), ensuring service continuity and constant improvement.

3. Many officers will already be making these considerations in their day-to-day operations and in long-term planning, but not necessarily under the title of risk management. This policy along with other key risk management documents are designed to provide the consistent and concise guidance necessary to put into place an effective consideration of risk. (The help and guidance table in paragraph 44 provides links to all key risk management documentation).

Aims & Objectives

4. This policy document is designed to provide practical advice and guidance for implementing risk management practices within all activities of the organisation. The policy aims to: -

    - fully integrate and embed risk management into the culture of the Authority, and its day-to-day business.
    - raise awareness and the profile of risk management in all areas, including partnerships.
    - achieve appropriate consideration of risk within all reviews of service performance and improvement plans.
    - maintain a robust framework of procedures for the identification, assessment, evaluation and management of risk.

5. The development and embedding of risk management within our existing frameworks will help to facilitate the following outcomes: -

    - Achieving the corporate plan and priorities.
    - Enabling the Authority to anticipate and respond to changing social, environmental, and legislative conditions.
    - Minimising the risk of damage, loss, injury, and inconvenience to citizens, staff, and service users.
    - Maximising the potential for taking advantage of opportunities.
    - Ensuring the Authority's assets both tangible and intangible are protected against loss and damage.

Overview

6.   Risk management is a key organisational responsibility and a vital component to improving our effectiveness that supports and underpins the aspirations of the Corporate Priorities.

7.   Risk can be defined as 'the uncertainty of outcome' or 'the combination of the probability of an event and its consequences'.

8.   Risk management is a proactive and systematic approach to identifying, understanding and managing those risks inherent to the organisation and is increasingly recognised as being concerned with both positive (opportunity) and negative (threat) aspects of risk.

9.   Good risk management allows the Authority to have increased confidence in achieving its desired objectives and priorities, through the effective consideration and exploitation of opportunities and the active management and mitigation of the associated threats.

Risk Management Cycle

10.   Exhibit 1 shows the standard risk management cycle that has been adopted by City of York Council. This framework details a generic process starting from identification through to monitoring, which can be easily applied in all areas of the business. Specific information and support on the various elements of the process and how to apply it are available in the risk management guidance manual; please refer to the help and guidance table in paragraph 44 for the link.

Exhibit 1.
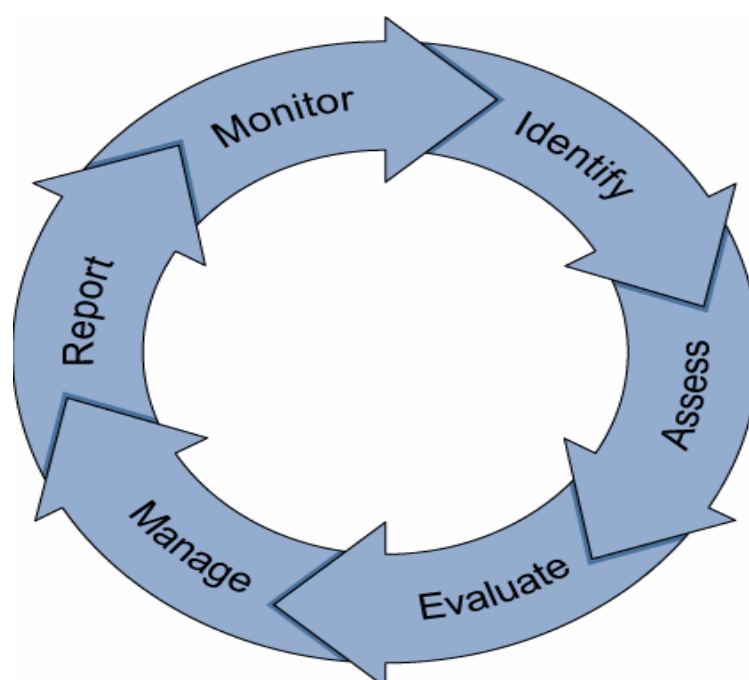
Guiding Principles

11.   This section describes how the integration of risk management into the strategic decision making and routine day-to-day business processes of the Authority is a key priority. It is through the effective embedding of robust risk management into the existing processes that the organisation will be confident it has achieved a balance between the opportunities available to it, against the threats they present.

12.   Particular consideration should be given within the following areas: -

   - Service Planning.
   - Performance Management.
   - Reports & Decision Making.
   - Projects.
   - Partnerships.

13.   The effective use of the corporate risk register (Magique) in capturing, analysing and managing risks identified through these processes is key to the success of this policy. The following paragraphs set out the various components, drivers and processes that form the risk management framework.

Service Planning

14.   Service planning provides a medium to long-term view of the direction of a service. This is a document setting out the framework for delivering services, taking into account opportunities and drivers relevant to objectives. Risk management forms an integral part of this, where the consideration of risk in relation to the services objectives is key.

15.   As part of the service planning process, the relevant management team should conduct a risk identification and assessment session. Please refer to the risk management guidance document in paragraph 44 or the risk management department for help and advice on how to do this. The output from this session is then used to update the corporate risk register and high level risks are then included in section six of the service plan.

Performance Management

16.   Improved performance is a key deliverable of better risk management, and the tracking of performance against targets and identifying opportunities for improvement is a major focus of the risk management process. It provides a way of measuring the added value, impact and opportunity of a well-embedded and mature framework.

Reports & Decision Making

17.   Since the introduction of the new constitution in 2006 and the associated report writing protocols, all formal committee reports must consider risk and include the appropriate 'risk identified' paragraph. This is to assist Members in understanding the implications of any recommendations being made. Refer to the help and guidance table in paragraph 44 for 'A Simple Guide to Risk Entry'.

18.   Risk management is already integrated into some elements of the authorities decision making processes, such as officer decision making. This is to demonstrate that reasonable steps have been taken to consider and evaluate associated risks, ensuring that they are addressed at the point decisions are taken. Thus providing for the assurance that all of our decisions are clear and transparent. Refer to the help and guidance table in paragraph 44 for 'A Simple Guide to Risk Entry'.

19.   Risks that are identified and assessed at a rating of 16 or above should be recorded in the corporate risk register. An action plan then needs to be devised to reduce the risk to at least medium and if practicable low within 12 months. Responsibility is assigned to the relevant officer and the action plan is attached to the report as annex.

20.   Effective risk management will allow strategic decision makers to ensure that key risks are recognised and dealt with effectively. This includes assigning appropriate accountability, ensuring improvement in performance, and leading to satisfying stakeholders' interests.

Projects

21.   The Authority uses the PRINCE2 (an established risk management methodology) approach to project management, as recommended by the Office of Government Commerce (OGC). Further guidance on this methodology is available via the OGC website, a link to which is available in paragraph 44.

22.   The Project Manager is responsible for identifying, monitoring, and controlling risks, ensuring their documentation and regular review.

23.   Regular reporting is an essential part of any project's monitoring and progress. The Project Board notifies the Project Manager of any external risks and makes decisions on the Project Manager's recommendations. The board balances the risks and benefits of the project, and informs more senior/corporate management of any project risks which may affect corporate or programme objectives.

Partnerships

24. Partnerships can be defined as any internal or external body (individuals or groups) with which a department works to deliver their objectives. Increased Government focus on the shared services agenda and collaborative working for the delivery of services emphasises the need to work in partnership and/or collaboration with other organisations. It is through good risk management and in turn the effective governance of these arrangements that we can deliver a successful partnership.

25. The successful delivery and embedding of risk management in partnerships will help to achieve objectives, consistent service levels, effective performance monitoring, and collaborative working.

26. A shared risk management process and risk register is a fundamental part of this success, and should be established within all partnerships.

27. A regular reporting cycle needs to be implemented for reporting risks to the partnership board and in turn the Corporate Management Team may also consider these on a regular basis.

28. A partnership governance questionnaire is available to assist in the evaluation of a partnerships governance arrangements. This is available via the link in the help and guidance table in paragraph 44.

Magique

29. Magique is the corporate risk register used to evaluate, document, monitor and report key organisational risks. There is a hierarchy of access, documentation and monitoring, to enable identified risks to sit and be reviewed at the appropriate level. It has capability to cascade significant risks to the level most appropriate to address and manage them.

30. A significant benefit of this system is the ability to monitor progress and trends of identified risks and action plan the effective control of these. It is a real-time, on-line system, with access available to Members and those with risk management responsibilities. Paragraph 44 provides a link to Magique, and contact information to arrange access.

31. It is through the proper evaluation of identified risks that you should be better able to determine those that need to be recorded within the risk register. It is not necessary to record all identified risks within the corporate risk register, only those considered to be key organisational risks that could possibly present the greatest threat to the organisation.

Internal Audit

32.   The Council designs and executes an annual risk-based audit plan in line with the CIPFA code of practice for Internal Audit.

33.   Finalised audit reports categorised as 'weak' or 'not acceptable' are forwarded to the risk management department who work with the service manager, to arrange for the recommended actions to be recorded in Magique. This is undertaken within two months of the issue of the final report, to ensure the correct documentation of significant risks and the effective use of Magique to action plan the implementation of mitigating controls.

External Inspection

34.   The Comprehensive Performance Assessment (CPA) key line of enquiry (KLOE) clearly states that risk management consideration should be embedded in the business processes. It is therefore important we can show consideration and have documentary evidence to support this, within all of the Authorities processes.

35.   Further to this, the CPA is to be replaced with the Comprehensive Area Assessment (CAA) from April 2009. This is likely to contain a forward-looking assessment of risk, which does not rely solely on judgments of past performance.

Risk Management Responsibilities

36.   Elected members, staff, and our partners must all accept the management of risks as one of their fundamental management duties, with commitment to identifying and minimising, potential and existing risks.

37.   Risk owners are identified individuals best positioned to manage a specific risk, a risk owner is assigned to every identified risk, and recorded in the risk register.

38.   Risk Owners Responsibilities: -

- Identifying, recording, monitoring and managing the risks that will directly affect their service.
- Ensuring the information contained in the risk register about their risks is kept up to date.
- Recording and monitoring identified risks in Magique (the corporate risk register).
- Overseeing the actions set out in the risk register to manage the risks that they own.
- Reporting all high level risks, to the next level up management team for their review, see 'identification and reporting cycle' in table 40.1.

Champions

39.   A Risk Management Champion has been appointed within each
        directorate and a responsible Member appointed, to help deliver the
        risk management agenda and develop good practice across the
        organisation.

39.1   Table of Risk Management Champions

Area of responsibility	Who	Position
Elected Members	Cllr Paul Healey	Member Champion
Resources	Claire Rogers	Risk Management Officer
City Strategy	Sian Hansom	Assistant Director of Resource & Business Management
Chief Executive's	Sandra Herbert	Business & Performance Manager
Neighbourhood Services	Sarah Kirby	Finance Manager
Learning, Culture & Children's Services	Kevin Hall	Assistant Director of Resource Management
Housing, Adult & Social Services	Graham Terry	Head of Corporate Services

40.   The risk management champion role includes: -

•   Providing leadership.
•   Playing an active role in the development of the risk
        management agenda.
•   Promoting and championing risk management.
•   Ensuring risks are managed, and opportunities are identified.
•   Assisting in building capacity and capability.
•   Working collaboratively with other directorate champions.
•   Monitoring progress and performance.
•   Promote the potential for taking advantage of opportunities.

Reporting Process

41.   In order to manage risk the Authority must understand what risk it
        faces, the table below sets out the responsibilities for identifying,
        monitoring and reporting risks. Identified risks are monitored at the
        appropriate management team and **significant risks (those
        evaluated with a net rating of 16 or above) should be reported to
        the appropriate senior management team**.

41.1   Identification and Reporting Cycle

Risk Level	Identification	Monitoring		Reporting	Frequency
Corporate	Corporate Management Team	Corporate Management Team	****SIGNIFICANT RISK CASCADE REPORTING****	Executive Members	Annually (September)
Directorate	Directorate Management Team	Directorate Management Team		Corporate Management Team	Quarterly
Division/ Group/ Arm	Service Planning	Management Team		Directorate Management Team	Biannually
Service	Manager	Manager & Team		Management Team	Quarterly
Project	Project Manager	Project Leader		Project Board	Ad Hoc
Partnership	Client Officer	Directorate Management Team		Partnership Board	Ad Hoc

42.   The above table illustrates a recommended minimum review
        frequency, and as part of the reporting and monitoring process
        consideration should be given to the need, where appropriate, for
        intermediate review.

43.   Regular risk reporting is essential to ensure key operational and
        strategic risks are visibly being considered, addressed and reviewed.
        To comply with this, high level risks should be included in either
        existing reporting arrangements or if necessary brought to the attention
        of the appropriate management team by means of a separate report,
        highlighting any urgent issues.

Help & Guidance

44.   Table of Risk Management links

Contents	Link
Risk Management Department	[Resources sub-site](#)
Risk Management Guidance	[Guidance Manual](#) (available from September 2007)
Risk Entry in Committee Reports & Officer Decision Logs	[A Simple Guide to Risk Entry](#)
Corporate Risk Register	[Magique](#)
Magique User Guide	[Guidance Manual](#) (available from September 2007)
Risk Management Champion	[Description of Role](#)
Partnership Questionnaire	[Questionnaire (2007/08)](#)
Officer Training Programme	[Outline Programme](#)
Project Methodology	[OGC - PRINCE2](#)

45.   Please note access to Magique is arranged via the risk management department on ext 1156.

Training & Support

46.   To assist with the development of a positive risk management culture appropriate training will be provided to all staff involved with the management of risks, including members, to better equip them in making risk based decisions. A formal risk management training programme exists, details of which are available through the hyperlink in the above table (paragraph 44).

47.   Risk Management Department – who to contact

Claire Rogers   Corporate Risk Management Officer   Ext 1156

This policy will be reviewed annually to ensure its continued relevance and to assess its performance against its aims and objectives as set out above.