Risk Management Strategy

Version 11

November 2014

thanet
district council

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Foreword

Risk management is an important aspect of all our lives. We are exposed to risk both in terms of **threats** to service provision and from the potential of **lost opportunities**. It is essential that the council can demonstrate to our citizens that it is fully considering the implications of risk as we deliver our business for the benefit of the residents of our community.

The council introduced its first Strategy for addressing risk management in November 2004. Since then, steady progress has been made in embedding risk management throughout the council, and risk management is now an integral part of our service planning process and project management toolkit.

Ultimately, **effective risk management** will help to ensure that the council **maximises its opportunities**, and **minimises the risks it faces**, thereby improving our ability to **deliver our priorities and improve outcomes**.

Councillor Elizabeth Green
Cabinet Portfolio Holder
Member Risk Management Champion

Madeline Homer
Acting Chief Executive
Officer Risk Management Champion

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Statement of Commitment

Thanet District Council is committed to adopting best practice in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the council's objectives and deliver core service provisions. It is acknowledged that some risks will always exist and will never be eliminated.

All employees must understand the nature of the risk and accept responsibility for risks associated with their area of work. In doing this they will receive the necessary support, assistance and commitment from senior management and members.

The council's risk management objectives are a long term commitment and an inherent part of good management and governance practices. The objectives need the full support of members and active participation of managers.

The council, as a corporate body, is bound by legal obligations to provide for the health and safety of its members, employees and those that it serves. The council is also obliged to protect its material assets and to minimise its losses and liabilities.

Definitions

Governance

Governance is the system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Ensuring that the right thing, is done in the right way, for the right people, in an open, honest and timely manner.

Risk

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the council.

Risk the **chance** of something happening that will have an **impact** on the **council's business** or **objectives**.

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Risk Management

Good risk management is about identifying what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If it does go wrong, as some things inevitably will, making sure that the impact is kept to a minimum.

Risk management should ensure that an organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support better decision making through a good understanding of risks and their likely impact.

Risk management should be a continuous and developing process which runs throughout the organisation's strategy and the implementation of that strategy, methodically addressing all risks surrounding the council's activities past, present and future.

> The process of identifying and managing risk, is to increase the probability of success and reduce the opportunity of failure.

Our Objectives

Thanet District Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The council's risk management objectives are to:

▪ Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the council.
▪ Manage risk in accordance with best practice.
▪ Anticipate and respond to changing social, environmental and legislative requirements.
▪ Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
▪ Prevent death, injury, damage and losses, and reduce the cost of risk.
▪ Inform policy and operational decisions by identifying risks and their likely impact.
▪ Raise awareness of the need for risk management by all those connected with the council's delivery of service.

These objectives will be achieved by:

• Clearly defining the roles, responsibilities and reporting lines within the council for risk management.
• Including risk management issues when writing reports and considering decisions.
• Continuing to demonstrate the application of risk management principles in the activities of the council, its employees and members.
• Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
• Maintaining a register of risks linked to the council's corporate risks linked to working in partnership.

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- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the council's ability to function.
- Maintaining regular performance management of risk.

Our Approach

It is essential that a single risk management approach be utilised at all levels throughout the council. By effectively managing our risks and opportunities, which is all part of good governance, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money. This approach to risk management will inform the council's business processes, including:-

- Strategic planning
- Financial planning
- Service planning
- Policy making and review
- Performance management
- Project management
- Partnership working

For those with responsibility for achieving objectives, responsibility also lies for identifying and assessing risks and opportunities; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress. The identified risks and relevant control measures will be managed through the council's performance management system.

Some objectives could be reliant upon external groups that the council may work with, such as other organisations, partners, contractors etc. This partnership working could affect the achievement of an objective and therefore the risk management process has been incorporated into the way the council works within these partnerships.

The management of risk will become an integral part of corporate policy decisions and the initiation of major projects, which will include a statement on risk to help inform the decision making process.

This will assist members and officers to ensure that new risks are detected and managed, by providing more detail on the process for managing risk, where each stage builds upon the other and provides basic practical guidance on how to identify, assess and treat risks, and monitor their progress. To assist with this approach to risk management and to ensure consistency across the council, a guidance document on the risk management process has been prepared, which will be reviewed on an annual basis and reported to the Governance and Audit Committee for approval and adoption.

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Comment [AH1]: For SMT: The Council's Partnership Framework was last revised in 2010. As far as we are aware it is not being used. Hence we have removed reference to it in this document.

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The Benefits

Achieve and demonstrate good governance

Achieve benefits and exploit opportunities, enabling innovation

Avoid the impact of failure (perceived or actual)

Adapt to changes in the market and customer needs

Support value for money, project, finance and performance management

Achieve objectives / deliver business services

Maintain service provision through adversity

Comply with legal and regulatory requirements

Manage external changes in culture, political environment, etc

Control acquisition or development of new services

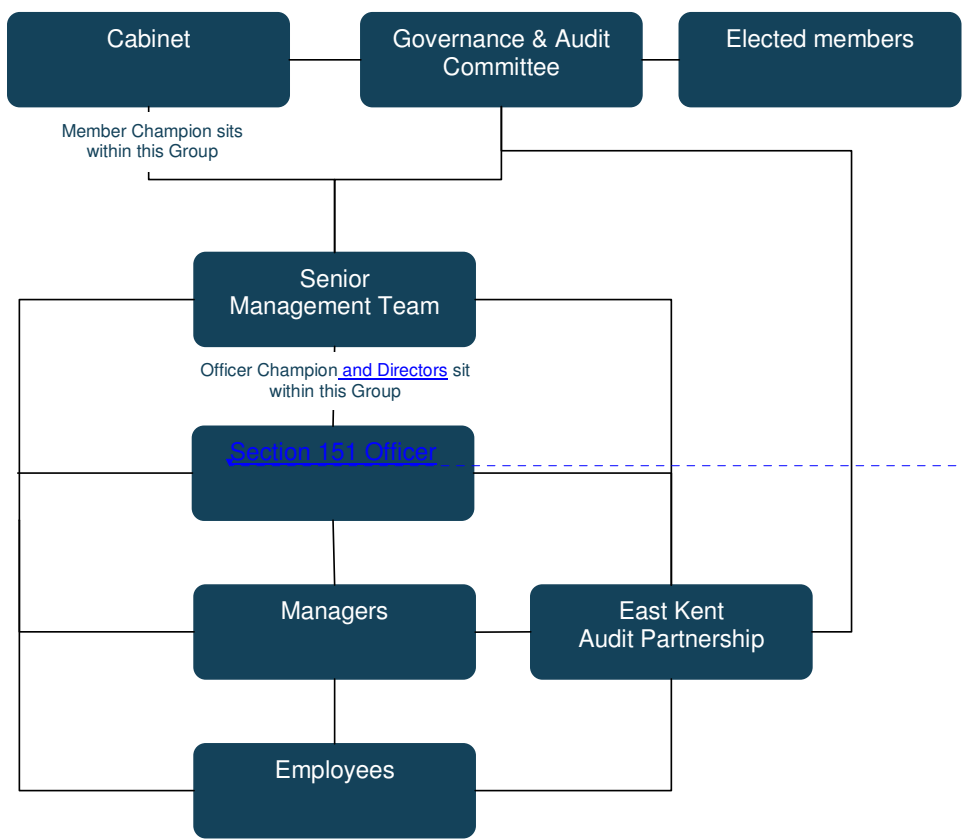Manage partnerships, suppliers, contractors and ongoing services

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Roles and Responsibilities

Responsibility for risk management should run throughout the council. Clear identification of roles and responsibilities will ensure the successful adoption of risk management and demonstrate that it is embedded in the culture of the council.

Everyone has a role to play in the risk management process.

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Cabinet        Governance & Audit        Elected members
               Committee

Member Champion sits
within this Group

               Senior
               Management Team

               Officer Champion and Directors sit
               within this Group

               Section 151 Officer                    Deleted: Service¶
                                                       Managers

               Managers        East Kent
                               Audit Partnership

               Employees
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Thanet District Council – Risk Management Strategy

GROUP OR INDIVIDUAL	ROLE
Member Risk Management Champion	To understand the importance of risk management in all that the council does and to champion the cause of risk management.
Cabinet	Oversee the effective management of risk throughout the council, and gain an understanding of its benefits, ensuring officers develop and implement an all encompassing approach to risk management.
Elected Members	Gain an understanding and promote risk management and its benefits throughout the council.
Governance and Audit Committee	Provide independent assurance of the risk management framework and associated control environment, independent scrutiny of the council's financial and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process. As stated in *Audit Committees: Practical Guidance for Local Authorities,* produced by CIPFA.
Senior Management Team	Gain an understanding and promote the risk management process and its benefits, oversee the implementation of the risk management strategy and agree any inputs and resources required supporting the work corporately.

Support the development of the risk management process, share experience on risk, and aid / advise in the review of risk management issues. Identify areas of overlapping risk and share good practice on all aspects of risk management. |
Officer Risk Management Champion	Champion the risk management process throughout the council with both members and officers, ensuring the process is embedded and effective.
Section 151 Officer	Ensure that the risk management processes are considered as specified in the Finance Procedure Rules.
Directors	Ensure that the risk management process is promoted, managed and implemented effectively in their service areas within the organisation. Liaising with external agencies to identify and manage risk. Disseminating relevant information to service managers and employees.
Managers	Raise awareness, manage and implement the risk management process effectively in their service areas, recommending any necessary training for employees on risk management. Incorporating risk ownership through the appraisal scheme with employees and share relevant information with colleagues in other service areas.

GROUP OR INDIVIDUAL	ROLE
Employees	Manage risk effectively in their jobs, liaising with their manager to assess areas of risk in their job. Identify new or changing risks in their job and feed these back to their line manager.
East Kent Audit Partnership	Challenge the risk management process, including the identification and evaluation of risk and provide assurance to officers and members on the effectiveness of controls.

Links to Governance issues

Internal Control

Controls

Ensure that the processes and procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded, completeness and accuracy of records are secured and identifies and corrects when something has gone wrong.

Systems of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisations objectives;
- the facilitation of decision ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
- ensuring the economic, effective and efficient use of resources and ensuring continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- the financial management of the organisation and the reporting of financial management;
- the performance management of the organisation and the reporting of performance management.

Managers will be responsible for ensuring that proper controls are in place to ensure that resources are used appropriately, to provide value for money and delivery of the council's objectives. The controls will be reported through the Annual Governance Statement, to ensure that the systems and services they are responsible for deliver consistent, predictable, effective results in or to meet service or corporate objectives.

An audit process exists which independently monitors the controls and procedures across the council to enhance value for money, ensure systems' reliance, minimise risk and act upon suspicion of fraud or corruption. External Audit relies on the audit processes in place in formulating their opinion of the council's control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives.

Performance Monitoring

Performance monitoring of risk management activity will ensure that the treatment of risk remains effective and the benefits of implementing risk control measures outweigh the costs of doing so. Performance monitoring is a continual review not only of the whole process, but also of individual risks or projects and of the benefits gained from implementing risk control measures. The section regarding the communications process includes reporting, which aids the achievement of performance monitoring.

Project Management

Ensuring that we are capable of delivering major and complex projects across many of our services is key to achieving the council's objectives. Achievement of these projects is only possible because good managers take the time to plan, organise and manage their projects well. A project management toolkit has been established for the council, which draws on many areas of good practice that already exist across the council and provides a practical reference point for managers and staff embarking on projects. This tool includes provision for undertaking and continually reviewing the risk management process throughout the life of the project.

Data Quality

The council needs to ensure that the data we use for performance monitoring and to inform decision making is accurate, reliable and fit for purpose. If the information is misleading, decision making may be flawed, resources may be wasted, poor services may not be improved and policy may be ill-founded. These could represent significant risks to the council. There is also a danger that good performance may not be recognised and rewarded. The council has a Data Quality framework which sets out the measures in place to ensure that data is fit for purpose.

Anti-Fraud and Corruption

The council has an anti-fraud and corruption framework, which will direct the council towards ensuring a professional and ethical approach to combating fraud. The council has adopted a strategic approach in order to minimise the risk of losses through fraud and corruption.

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To further ensure a comprehensive approach to tackling fraud and corruption, it is paramount that the full range of action is taken, integrating all the different strands. The council recognises that this is an ongoing process, with each element building and feeding back to others in a continuous improvement cycle.

Whistleblowing

Thanet District Council is committed to the highest possible standards of propriety and accountability in the conduct of its activities for the community. Employees are often the first to realise that something wrong may be happening within the council. The Whistleblowing Code is intended to help employees who have concerns over any potential wrong-doing within the council.

Anti Bribery

The council is committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti bribery compliance 'business as usual', rather than as a one off exercise.

Money Laundering

The council's policy is to do all that it can to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The council must ensure risk management processes are applied throughout the business continuity lifecycle.

Reporting

The structure for reporting risk management effectively is as follows:-

Timeframe	Description	Involvement from
Annually March	Review of the Corporate Risk Register	Cabinet
Annually September	Review of the risk management strategy and process document to identify and agree major changes	Governance & Audit Committee Cabinet

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Thanet District Council – Risk Management Strategy

Quarterly June September December March	Risk Register reports to Governance & Audit Committee with responsibility for risk management	Member Risk Management Champion Governance & Audit Committee
Ad hoc	Risk / Opportunity reviews	Risk / Control measure owners

Document History

Version	Date	Agreed by	Minute ref
V1	18 Oct 2004 1 Nov 2004 9 Nov 2004	Corporate Risk Management Group Heads of Service Management Team	CRMG 31 201/04-05 222/04-05
V2	1 Mar 2006 24 Jan 2006 7 Feb 2006 23 Feb 2006	Corporate Risk Management Group Finance, Best Value and Performance Review Panel Cabinet Council	CRMG 63 R186 2005/06 C/05 2005/06 66 2005/06
V3	6 Feb 2007 22 Feb 2007	Cabinet Council	C/07 2006/07 67 2006/07
V4	27 Sep 2007 1 Nov 2007 18 Dec 2007	Governance and Audit Committee Cabinet Council	R114 C11 61
V5	18 August 2008 24 September 2008 6 November 2008	Governance Group Governance and Audit Committee Cabinet	GOV08 R115 CR6
V6	1 September 2009 29 September 2009 5 November 2009	Governance Group Governance and Audit Committee Cabinet	GOV05 36. 126
V7	6 September 2010 28 September 2010 11 November 2010	Governance Group Governance and Audit Committee Cabinet	GOV04 102. 66.
V8	29 September 2011 17 November 2011	Governance and Audit Committee Cabinet	182. 165.
V9	23 August 2012 25 September 2012 8 November 2012	Senior Management Team Governance and Audit Committee Cabinet	2. 251. 28
V10	21 November 2013 11 December 2013 21 January 2014	Managers Forum Governance and Audit Committee Cabinet	N/A 324. 128.
V11	24 September 2014 13 November 2014	Governance and Audit Committee Cabinet	

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Business Support and Compliance Manager	Support the council and its services in the effective development, implementation and review of the council's risk management processes. Identify and communicate risk management issues to services, and assist in undertaking risk management activity through training or direct support.