



RISK

MANAGEMENT STRATEGY

2007 - 2010

FORWARD

This is Ashford Borough Council's Risk Management Strategy 2007 – 2010; it builds on the Council's Risk Management Strategy 2006.
This strategy aims to improve the effectiveness of risk management across the Council.

Effective risk management allows us to:

- have increased confidence in achieving our priorities and our outcomes
- constrain threats to acceptable levels
- take informed decisions about exploiting opportunities
- ensure that we get the right balance between rewards and risks
- improve our partnership working arrangements and corporate governance
- Ultimately, effective risk management will help to ensure that the Council maximises its opportunities, and minimises the impact of the risks it faces, thereby improving our ability to deliver our priorities and improve outcomes for residents.

This strategy explains Ashford Council's approach to risk management and the framework we operate to ensure that we manage our risks effectively.



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Deputy Leader of the Council

Executive member & Portfolio holder



Chief Executive

09 - March - 2007

CONTENTS

1. Introduction - page 4
2. Aim and Objectives – page 5
3. Benefits of successful risk management – page 6
4. Roles and Responsibilities – page 7
4. Risk Management Process - page 9
5. Links to the Corporate Governance process - page 12
6. Risk Policy Statement - page 13
7. Appendix 1 – page 14
8. Appendix 2 - page 15

For further information on risk management or this strategy please contact the Corporate Governance Team on 01233 330560 or 01233 330403

INTRODUCTION

1. Risk management is both a statutory requirement, and an indispensable element of good management. As such its implementation is crucial to the Council, and essential to its ability to discharge its various functions, as a partner within the Local Strategic Partnership, with the Ashford's Future Board, a deliverer of public services, a custodian of public funds, a significant employer, and a major component part of the local community.
2. This Risk Management Strategy provides a comprehensive framework and process designed to support members and officers in ensuring that the Council is able to fully discharge its risk management responsibilities. The Strategy outlines the objectives and benefits of managing risk, responsibilities for risk management, and provides an overview of the framework we will implement to successfully manage risk.
3. Risk management in Ashford Borough Council is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing service activities.
4. Risk management is a key part of corporate governance, which is essentially the way an organisation manages its business, determines strategy and objectives, and goes about achieving those objectives. Good risk management will help identify and deal with the key risks facing the Council in the pursuit of its goals. Risk management is a key part of good management and not simply a compliance exercise.

AIMS AND OBJECTIVES

AIM

5. The aim of this Strategy is to improve our ability to deliver our strategic priorities by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing operational activities.

OBJECTIVES

6. The objectives of this Strategy are to:
 - fully integrate risk management into the culture of the Council and also into the Council's strategic planning processes
 - ensure that the framework for identifying, evaluating, controlling, reviewing, reporting and communicating risks across the Council is implemented and understood by all relevant staff. This will include a structured approach to training members and relevant staff in risk management.
 - communicate the Council's approach to risk management to stakeholders
 - improve co-ordination of risk management activity across the Council
 - ensure that the Executive, Management Team (MT) and external regulators can obtain necessary assurance that the Council is mitigating against the risks of not achieving objectives, and thus complying with good corporate governance practice.
 - ensure the Council's management of risk is consistent and encompasses all areas of risk including full compliance with the Business Continuity provisions within the Civil Contingencies Act 2004.
 - make certain that where it is financially advantageous to do so, the Council will take out suitable cover with its insurance provider to protect itself against risk and against claims.

7. BENEFITS OF SUCCESSFUL RISK MANAGEMENT

- **Effective service performance**

Corporate policies are enhanced, less disasters and surprises, increased amount of positive feedback from external agencies and stakeholders, added value across service areas, improved number of targets achieved, improved internal controls, consistent management of risk and opportunities resulting in improved service delivery.

- **Improved financial performance**

Increased percentage of objectives achieved, reduced level of fraud, increased capacity through reduction in decisions that need reviewing or revising, decreased number of and impact of critical risks, improved income generation and reduced alterations losses.

- **Improved human resources management**

Reduced staff turnover, absenteeism and stress.

- **Improved corporate governance and compliance systems**

Fewer regulatory visits, reduction in legal challenges, improved corporate governance statement which is better substantiated and demonstrated, increased public satisfaction.

- **Improved insurance management**

Reduced cost of insurance premiums and number and level of claims, reduced uninsured losses.

ROLES AND RESPONSIBILITIES

8 Everyone in the Council is involved in risk management and should be aware of their responsibilities in identifying and managing risk. However, the ultimate responsibility for managing risk lies with:

- The Leader of the Council and the Executive.
- The Chief Executive and Management Team.

9. In order to ensure the successful implementation of this policy, responsibilities for risk management are detailed below:

| ROLE | RESPONSIBILITIES |
|------------------------|---|
| The Executive | <ul style="list-style-type: none"> • Overseeing effective risk management across the Council. • Agreeing Ashford Council's Risk Management Strategy. • Ensuring that risk management is delivered on behalf of the Executive, by the Chief Executive and MT. • Ensuring that a strategic risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored. • Ensuring that the risk strategy and strategic risk register are reviewed at least annually. • Appointing a member risk champion. • Approving an annual statement on the risk management processes in place, their effectiveness, and details of any improvements required. |
| Members | <ul style="list-style-type: none"> • Scrutinising the Executive's decisions to ensure that they meet the requirements of effective risk management. • Facilitating a risk management culture across the Council. |
| Audit Committee | <ul style="list-style-type: none"> • Ensuring a robust Risk Management process is in place throughout the council. • Ensuring that Strategic Risk Action Plans are adequately monitored quarterly. • Advise the Executive of changes by exception to strategic risks. |
| Management Team | <ul style="list-style-type: none"> • Risk management across the Council is led by the Chief Executive who is the designated MT lead on risk. • Advising members on effective risk management and ensuring that members receive regular monitoring reports. • Recommending to members a risk management strategy. • Ensuring effective implementation, monitoring, and review of the Council's Risk Management Strategy. • Identifying and managing the strategic risks and opportunities facing the Council. • Overall co-ordination of risk management across the Council. <p>Being responsible for ensuring that the Council fully complies with all Corporate Governance requirements, including the Annual Statement of Internal Control.</p> |

| | |
|--|--|
| Heads of Service | <ul style="list-style-type: none"> • Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy. • Identifying, analysing and profiling of risks arising from their areas of responsibility within the service risk register, and prioritising and initiating action on them. • Balancing an acceptable level of operational risk against programme and project objectives and business opportunity. • Reporting systematically and promptly, to the senior management team, any perceived new risks or failures of existing control measures. • Seek funding approving for operational risk activities. • Reporting the results of their service risk assessment to MT via the Star Chamber process in order to provide assurance on the effectiveness of controls in place to mitigate or reduce risks. |
| Managers | <ul style="list-style-type: none"> • Communicating the corporate approach to risk management to staff. • Ensuring that they and their staff are aware of the corporate requirements, seeking clarification from Corporate Governance when required. |
| Staff | <ul style="list-style-type: none"> • Understanding their accountability for individual risks. • Understanding how they can enable continuous improvement of risk management and risk awareness. • Reporting systematically and promptly to their line manager any perceived new risks or failures of existing control measures. |
| Internal Audit | <ul style="list-style-type: none"> • Auditing the key elements of the Council's risk management process. • Using the results of the Council's risk management process to inform elements of the overall internal audit plan. • Ensuring that internal controls are robust and operating correctly. |
| Corporate Governance & Policy | <ul style="list-style-type: none"> • Managing the implementation of the integrated risk management, strategy and process on behalf of the Council. • Providing the Council with guidance, advice and support on risk management. • Co-ordinating risk management activity across the Council. • Ensuring all appropriate staff are adequately trained in risk management and risk assessment techniques. • Collating the Council's service risk registers and control assurance statements for consideration by MT. • Undertaking an annual review and update of the Risk Management Strategy for approval by MT. • Ensuring that the Council's approach to risk management fits within the Council's overall policy and strategy ethos. • Ensuring that the Council's approach to risk management is reflected in relevant policies. • Performance managing the risk management process, including validating and reporting to MT on the effectiveness of the strategy, and progress in implementing it. |

RISK MANAGEMENT PROCESS

10. Ashford Borough Council ensures its risk management process is effective and consistent by working within an overall framework, this framework is supported by set processes and procedures.
11. Ashford Borough Council's Risk Management Framework consists of six basic steps, these are:
 - Knowledge of strategic/operational priorities
 - Identifying and assessing risks
 - Compiling a risk register
 - Risk treatment
 - Monitoring and reporting
 - Reviewing
12. The following processes and procedures provide an overview of Ashford Borough Council's Risk Management Framework

13. STRATEGIC PRIORITIES

The starting point for risk management is a clear understanding of what the organisation is trying to achieve. Risk management is about managing the threats that may hinder delivery of our priorities and maximising the opportunities that will help to deliver them. Therefore effective risk management should be clearly aligned to the strategic planning process, and should take into account the environment within which the Council operates. The Council's Corporate Delivery Plan has specific references to identified risk, and the Council's Strategic Register references the areas of the Corporate Plan where the risks originate.

14. IDENTIFYING AND ASSESSING RISKS

Identifying risks involves the identification of the potential risk and the source of the risk, as well as assessing its likely impact. Ashford Borough Council uses a six by four matrix to determine the level of risk. This is our 'Risk Profile' (see page 10)

15. COMPILATION OF THE RISK REGISTER

Once all risks have been identified and the likely impact assessed and profiled, (see page 10) a decision is taken about how to manage those risks. The level of risk assessed and the appropriate management action required is described as a 'risk appetite'.

Ashford's Risk appetite is managed by 'Action Planning' those risk numbers 'outside of the grey areas' in the profiling exercise. Overleaf is the Strategic Risk profile 2007 – 2008 which clearly demonstrates how 'our' appetite is portrayed. Appendix 1 shows the 2007 – 2008 Strategic Risk Register. Appendix 2 shows the council's six most important strategic action plans as of 09/03/2007. A compilation of risks, vulnerability, triggers and consequences makes up the Risk register. The Strategic Risk Register and individual service Risk Registers form part of the Council's compendium of risk documentation.

Ashford Borough Council Strategic Risk Profile

| | | | | | |
|-------------------|----------------------------|-------------------------|-----------------------|-------------------------------------|--------------------------|
| Likelihood | Very High A | | | | |
| | High B | | 4 | 1, 2, 3, | |
| | Significant C | | 7 | 5, 6 | |
| | Low D | | 13, 14 | 8 9 10 11 12 | |
| | Very Low E | | | | 15 |
| | Almost Impossible F | | | | |
| | | IV Negligible | III Serious | II Critical | I Catastrophic |
| | Impact | | | | |

Key to top six risks: These are the risks identified as currently being most important to the Council. The corresponding action plans are detailed in appendix 2.

Risk 1: Shared services agenda. Risk 2: Structural reform. Risk 3: Financial resources. Risk 4: Capacity. Risk 5: Stour Centre. Risk 6: Use of resources.

16. Risks may be considered acceptable if they are identified as falling below the 'appetite' line (grey squares) and therefore action planning may not be necessary or indeed cost effective. Such risks do not require inclusion in the formal Strategic, or Service Risk Registers, but should nevertheless be recorded. These are kept under review to ensure that deterioration in the risk level can be identified and addressed as necessary.

17. RISK TREATMENT

The risk register contains all risks that require management. Nationally there are four, generally accepted ways of treating risks that require management. Identified risks in the Council are treated in line with this nationally recognised approach. The four approaches are; avoid, reduce, transfer or accept.

- **Avoiding the risk** – not undertaking the activity that is likely to trigger the risk.
- **Reducing the risk** – controlling the likelihood of the risk occurring or controlling the impact of the consequences if the risk does occur.
- **Transfer the risk** – either totally or in part e.g. through insurance.
- **Accept the risk** – the ability to take effective action against some risks may be limited or the cost of taking action may be disproportionate to the potential benefits gained.

18. MONITORING AND REPORTING

Quarterly monitoring and reporting of progress against the action plans developed to treat risks is undertaken in the following manner .

At a strategic level this is via Strategic Management Team, the Audit Committee and the Executive.

At service level it is undertaken with the Service Manager and senior staff meeting with the Corp Gov representative to discuss changes and or amendments to the action planning and risk register. The results of this monitoring are presented to Management Team via the Star Chamber process or directly to Management Team.

19. REVIEW

The risk management process is reviewed annually to ensure that new risks are detected and managed. This review is reported to the appropriate forum (MT and the Audit Committee), and also fed into the following year's risk management process.

LINKS TO THE CORPORATE GOVERNANCE PROCESS

20. Governance is the system by which councils direct and control their functions and relate to their communities. In other words, the way, in which they manage their business, determine strategy and objectives, and go about achieving those objectives.

The fundamental principles are openness, integrity and accountability.

21. This Risk Management Strategy forms part of Ashford Borough Council's corporate governance arrangements.

INTERNAL CONTROL

22. Internal controls are those elements of an organisation (including resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of objectives. Internal financial control systems form part of the wider system of internal controls.
23. Ashford Borough Council's system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its business objectives. For example, the Council's policy and decision making processes require all Executive reports to include an appropriate and proportional risk assessment.

PERFORMANCE MANAGEMENT

24. Risk management is closely aligned to Performance Management and this is reflected in the referenced links between the Corporate Plan, The Corporate Delivery Plan, The strategic Risk Register, all service plans, team and personal development discussions. (PDD's)

HEALTH AND SAFETY

25. The Council's Health and Safety Policy is also a key component of the Council's structure of controls contributing to the management and effective control of risks affecting staff, contractors, volunteers, service users, and the general public.

INTERNAL AUDIT

26. The Internal Audit function is a component, and custodian of, the Council's system of controls protecting its financial and other physical assets. The risk management process in turn serves the Internal Audit function by enabling it to identify areas of higher risk, and so target its resources more effectively.

RISK POLICY STATEMENT

“Ashford Borough Council is committed to the effective management of risk. The council’s employees, stakeholders, assets and ability to deliver services to the people of Ashford, are constantly affected by such risk.”

“The Council, recognises its risks need to be managed so that pitfalls are avoided, but opportunities are not missed”