BOLSOVER DISTRICT COUNCIL

Risk Management Strategy 2011

Date 1st October 2011

This Strategy addresses the following Corporate Aims (show those which are appropriate to the Strategy only):

COMMUNITY
SAFETY

Bolsover District Council Equalities Statement

Bolsover District Council is committed to equalities as an employer and in all the services provided to all sections of the community.

☐ The Council believes that no person should be treated unfairly and is committed to eliminate all forms of discrimination in compliance with the Equality Strategy.

☐ The Council also has due regard to eliminate racial discrimination and to proactively promote equality of opportunity and good relations between persons of different racial groups when performing its functions.

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If you need help to read this document please do not hesitate to contact us.

Our Equality Improvement Officer can be contacted via **Email** or by telephoning 01246 242407.

Minicom: 01246 242450
Fax: 01246 242423

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اگر آپ کو یہ دستاویز سمجھنے میں مدد کی ضرورت ہو یا یہ بڑےحروف یا ترجمہ کی شکل میں درکار ہو تو برائے مہربانی اس صفحے کے آخر میں دیے گئے نمبر پر ہم سے رابطہ کریں ۔

☎ **01246 .... Department:** ....

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Revised February 2011

Risk Management Strategy 2011

Details of Document	Comments / Confirmation
Title	Risk Management Strategy 2011
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Lead Author(s) of Strategy	Director of Resources Performance and Quality Officer
Member route for Approval & Cabinet Member concerned	Executive on 5th September 2011 Leader of the Council
Date Risk Assessment completed	As part of the Policy
Date Equality Impact Assessment approved	To be considered with other grouped strategies
Consultation Undertaken (Internal or External) if required	Business Risk Group, Senior Management Team, EMT (by email), Cabinet
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Strategy Approved by	Executive on 5th September 2011
Date Approved	5th September 2011 – to be confirmed
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Date forwarded to CSPD (to include on Intranet and Internet if applicable to the public)	

Contents

Scope

This Strategy aims to ensure that all our significant risks are considered using the methodology set out below. All new areas of work that require any financial decisions that exceed £10,000 or work that may require the recruitment of a member of staff (temporary or permanent) must be assessed. This Strategy also sets out the process for the maintenance and development of Risk Management.

Principles of Risk Management

"Risk is defined as the uncertainty that surrounds future events and outcomes. It is an expression of the likelihood and impact of an event with the potential to influence the achievement of the Organisation's objectives and goals. Risk management is the systematic approach to setting the best course of action in areas of uncertainty by identifying, assessing, understanding, acting on and communicating risk issues"*

* See References

Risk management should:
- o   create value
- o   be an integral part of organisational processes
- o   be part of decision making
- o   explicitly address uncertainty
- o   be systematic and structured
- o   be based on the best available information
- o   be tailored
- o   take into account human factors
- o   be transparent and inclusive
- o   be dynamic, iterative and responsive to change
- o   be capable of continual improvement and enhancement *

* See References

Risk Assessment
Risk Assessment is a methodology of assessing or quantifying potential loss and probability of occurrence. The outcome of an Assessment should be dealt with as quickly as possible. Guidelines for assessing risks:

- All mitigation actions should be implemented and delivered to a timetable, monitored by the BRG.
- Generally, the **Operational Register** should contain no nore than 20-25 active Risks at any one time, and;
- The **Strategic Register** should have no more than 7-10 Risks active at any moment in time.

A Risk Management Plan is a document prepared to foresee risks, to estimate the effectiveness of a plan or policy, and to create response plans to mitigate the risks.
A risk is defined as "an uncertain event or condition that, if it occurs, has a positive or negative effect on a project's objectives". Risk is inherent with any plan, project or policy and managers should assess risks continually and develop plans to address them. The risk management plan contains an analysis of likely risks with both high and low impact, as well as mitigation strategies to help the project avoid being derailed should common

problems arise. Risk management plans should be periodically reviewed by the project team in order to avoid having the analysis become stale and not reflective of actual potential project risks.

Broadly, there are four potential approaches, with numerous variations to risk management. Managers may choose to:

- o   Accept risk; simply take the chance that the negative impact will be incurred.
- o   Avoid risk; changing plans in order to prevent the problem from arising.
- o   Mitigate risk; lessening its impact through intermediate steps.
- o   Transfer risk; outsource risk to a capable third party that can manage the outcome i.e. mitigation through insurance.

Strategic Risks

"Strategic risk is defined as the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services through mergers and acquisitions, enhancing infrastructure, etc. To mitigate strategic risk, management should have a strategic planning process that addresses its business goals and objectives. Because businesses often rely on third-party service providers the strategic plan should also include a comprehensive vendor management program" *

* See References

Here at Bolsover DC, Strategic Risk Management is about managing those risks that are not confined to one service. For example, the Risks associated with a Flu Pandemic would affect the whole Council so managing those Risks would be a corporate function and not just at departmental level.

Departmental Risks

Our Operational or Departmental Risk Management is about managing those risks that are particular to one service. For example, the risks associated with a failure to deliver a policy e.g. the Affordable Housing Strategy would need to be dealt with by the department responsible for Affordable Homes i.e. Regeneration.

Business Risk Group (BRG)

The Head of Service from each department has to ensure that there are arrangements in place so their department is represented on this group at each 2 monthly meeting. At regular intervals, the Head of Service will be asked to give a report on their departmental register, to provide feedback to the group and for members of the group to monitor the registers and provide constructive criticism.

How to carry out a Risk Assessment

All decisions that impact on business and service delivery will have an element of Risk. We now have a reviewed and updated Risk Management process that will assist you with the Assessment of those threats and with the management and mitigation of the Risks.

Step 1: Identify Risks *

Consider services' key activities, and ask yourself *"what if?"* questions, and imagine scenarios. The following headings may be helpful:

- **People** – Failure to deliver services as a result of the lack of a sufficient, suitably qualified and/or skilled, valued, healthy and motivated managers and workforce
- **Property** – Failure to provide accommodation / tools / equipment that is fit for purpose
- **Pounds** – Failure to provide safe and sufficient levels of service due to financial constraints / inability to provide correct and timely payments to staff / contractors
- **Performance** – Inability to deliver effective standards of services and meet statutory requirements and effectively monitor performance
- **Partners** – Inability to maximise the benefits of partnership working.
- **Policy and Procedures** – Failure to establish and adhere to policies and procedures
- **Political** – Failure to provide timely and accurate information to Elected Members
- **Profile** – Failure to maintain the good reputation of services and/or communicate effectively with the media.

List the risks you have identified and then evaluate each one individually as follows:

Step 2: Assess Risks

It is important that the same basic process is used for assessing risks across all Council activities so that risks can be compared across services and across departments in a consistent manner.

Use a separate copy of the attached Risk Assessment Form for <u>each</u> identified risk.

* See references: Criteria for carrying out a Risk Assessment

In each case, include separate assessments of:

➢ the **LIKELIHOOD** of the risk materialising; and
➢ **the** severity of the **IMPACT / potential consequences** if it does occur

This is your own expert opinion, as a manager. It is subjective. There are no right or wrong answers, but it will be a useful tool to highlight topics of potential concern. Assessment of the likelihood should, wherever possible, be decided upon known fact, experience and skill drawn from the team/service that is managing the hazard.* see below

Each factor is evaluated on a sliding scale of 1-5; with 5 being the highest value i.e. highest likelihood / most severe impact / consequences. **Use the following guide** to assess these. This will also introduce a measure of consistency and comparability into the overall risk assessment process.

LIKELIHOOD

Score	Description	Indicative Guidelines
5	Common occurrence	• Is expected to occur in most circumstances • Will undoubtedly happen, possibly frequently e.g. annually or more frequently • Imminent / near miss
4	Likely	• Will probably occur in many circumstances • Will probably happen, but not a persistent issue e.g. once in 3 years • Has happened in the past
3	Foreseeable	• Could occur in certain circumstances • May happen occasionally, e.g. once in 10 years or more than 5 events in the last 5 years • Has happened elsewhere
2	Occasional incident	• May occur only in exceptional circumstances • Not expected to happen, but is possible e.g. once in 25 years or 1-3 events in the last 5 years • Not known in this activity
1	Freak event	• Is never likely to occur or no knowledge of this occurring at all. • Very unlikely this will ever happen e.g. once in 100 years • Force majeure

*You should utilise the experience and professionalism of your team/service in determining the 'actual' likelihood as opposed to the 'theoretical', wherever possible e.g. 1 = no known event, 2 = 1-3 no. events in the last 5 years, 3 = 5+ events in the last 5 years, etc.

IMPACT

Score	Description	Indicative Guidelines
5	Catastrophic	Risks which can have a catastrophic effect on the operation of the Council or service. This may result in critical financial loss, severe service disruption or a severe impact on the public. E.g.s:- • Unable to function without aid of Government or other external Agency • Inability to fulfil obligations; • Medium - Long term damage to service capability • Severe financial loss – supplementary estimate needed which will have a catastrophic impact on the Council's financial plan and resources are unlikely to be available • Death • Adverse national publicity - highly damaging, severe loss of public confidence • Litigation certain and difficult to defend Breaches of law punishable by imprisonment
4	Severe	Risks which can have a severe effect on the operation of the Council or service. This may result in major financial loss, major service disruption or a significant impact on the public. E.g.s:- • Significant impact on service objectives • Short - Medium term impairment to service capability • Major financial loss - supplementary estimate needed which will have a major impact on the Council's financial plan • Extensive injuries, major permanent harm, long term sick • Major adverse local publicity, major loss of confidence • Litigation likely and may be difficult to defend Breaches of law punishable by fines or possible imprisonment

Score	Description	Indicative Guidelines
3	Moderate	Risks which have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget. E.g.s • Service objectives partially achievable • Short term disruption to service capability • Significant financial loss - supplementary estimate needed which will have an impact on the Council's financial plan • Medical treatment required, semi-permanent harm up to 1 year • Some adverse publicity, needs careful public relations • High potential for complaint, litigation possible Breaches of law punishable by fines only
2	Minor	Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. E.g.s • Minor impact on service objectives • No significant disruption to service capability • Moderate financial loss – can be accommodated at service level • First aid treatment, non-permanent harm up to 1 month • Some public embarrassment, no damage to reputation • May result in complaints / litigation Breaches of regulations/standards
1	Negligible	Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. E.g.s • Minimal impact, no service disruption • Negligible impact on service capability • Minimal loss - can be accommodated at service level • No obvious harm/injury • Unlikely to cause any adverse publicity, internal only Breaches of local procedures/standards

Having scored each risk for likelihood and impact, next plot the coordinates onto the following matrix and follow the guidance as appropriate. This enables risks to be categorised into Low, Medium and High Risk, which in turn can trigger different levels of response. A 5x5 matrix is used across the Council to measure risk.

- A Risk score of 8 or above must always be addressed and mitigated.
- The impact of a Risk always attracts the same score; only its likelihood can be reduced.

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		LIKELIHOOD				

Green = Low Priority
No immediate action other than to set a review date to re-consider your assessment

Yellow = Medium Priority
Check current controls and consider if others are required

Red = High Priority
Take action to mitigate the risk.

Step 3: Manage and Control Risks

Next consider the following headings and record your findings: *

- **Current Controls / Mitigation** – existing measures that will (or can be used to) alleviate any possible problems. Ask yourself what contingency plans are in place already that can be brought into action.
- **Additional Controls / Mitigation required** – new measures that can be introduced to alleviate possible problems (e.g. Business Continuity planning helps to manage risk)

It may be helpful to consider the four T's:
Risks can be – *tolerated, transferred, terminated, or treated*.

Identify a person to take ownership of the risk and who will be responsible for managing the risk (the Responsible Officer). Also consider relevant timescale and line of reporting. Record all this information on the Risk Assessment form

* See Appendix 2: Risk Terminology

Risk Management Improvement Plan 2011/12						
Improvement	**Lead Officer**	**Target Date**	**Expected Outcome**	**Resources**	**Progress Update**	**Actual Outcome**
Draw up a 12-month timetable for Business Risk Group (BRG) meetings	John Brooks	Sept 2011	Improved level of understanding of Risk at Bolsover and ensuring there is a robust system of control is in place	Officer time	Timetable in place – 20/7/11, 31/9/11, 23/11/11, 20/1/12, 21/3/12, 23/5/12, 18/7/12, 18/9/12, 23/11/12.	Timetable in place until Dec 2012 allowing a programme of review to be implemented.
Establish and implement a timetable for Heads of Service (or their nominee) to present their Registers to the BRG on a regular basis.	John Brooks/ Robin Railly	Sept 2011	Tighter control of Risk Management, greater ownership by managers, more complete picture of Risk at Bolsover	Officer time	Timetable approved at July 20th 2011 BRG	
Launch the refreshed Register: • Flow process diagram / Posters / Written guidance Set up Risk intranet webpage Guidelines to include Links, Strategy Access to Risk Register,On-line Risk forms with alt tags.	John Brooks/Robin Railly/Lee Hickin	Dec 2011	Greater understanding and take up of the Risk Management process by Officers and staff. Higher level of 'ownership' by managers.	Officer time		

Risk Management Improvement Plan 2011/12						
Improvement	**Lead Officer**	**Target Date**	**Expected Outcome**	**Resources**	**Progress Update**	**Actual Outcome**
BRG - Carry out briefings for managers on Risk Management	John Brooks/ Robin Railly	Mar 2012	Greater understanding and take up of the Risk Management process by Officers and staff.	Officer time		
Each departmental Service Plan to include details of risk management process (as per the template) for e.g. the annual 'detox' of their Register items; to close down 'nullified' Risks.	Heads of Service	Sept 2012	By demonstrating to our Insurance broker that we have robust systems and processes in place premiums can be kept to a minimum.	Officer time		
Carry out Risk Management briefings for Elected Members post-May 2011 Elections	John Brooks/ Robin Railly	Mar 2012	Improved level of understanding of Risk and the role that it plays in service delivery by Elected Members.	Officer time		Travellers did Member training on 7th July 2011. 13 Members attended.
Implement agreed recommendations from Internal / External Auditor	John Brooks	Ongoing	To ensure the authority is complying with its statutory and legislative responsibilities.	Officer time		

Risk Management Improvement Plan 2011/12						
Improvement	**Lead Officer**	**Target Date**	**Expected Outcome**	**Resources**	**Progress Update**	**Actual Outcome**
Implement improvements gathered through the bi-ennial Employee Survey	Robin Railly	Mar 2012	The improvement of the Risk Assessment and Management process by implementing improvements suggested by the workforce. Also, improving the understanding of Risk amongst the workforce.	Officer time		Draft Survey 2011 will not have usual risk question within it.
Establish and implement a process to ensure that the Risk Register is reported to SMT, Executive, Overview & Scrutiny and Audit Committee on a regular basis, minimum annually.	John Brooks	Ongoing	Establishment of a Data Quality and Auditable process to further enhance the Council's credentials for sound financial management.	Officer time		
Implement recommendations from Insurance Brokers (AON)	John Brooks	Ongoing	The reduction of insurance premiums through the implementation of process improvements.	Officer time		
Carry out an EIA of the new document	Robin Railly/Pam Burrows/Lee Hickin	Sept 2011	Ensuring that the Council's Single Equality Policy is implemented.	Officer Time		

Risk Management Improvement Plan 2011/12						
Improvement	**Lead Officer**	**Target Date**	**Expected Outcome**	**Resources**	**Progress Update**	**Actual Outcome**
Carry out an Annual Review	John Brooks	On going	Report on: - Changes to the Risk Register over the last year. - Risk registers in the context of service planning and budget setting. - Risk management activity linked to strategic and service risk registers. - Maintaining the scope and quality of management's ongoing monitoring of risk. - Communication of the results of Risk monitoring to the Council - effect on claims experience, insurance premium and the equitable re-charging of the costs to Service departments and cost centres	Officer time		

Acknowledgements / Bibliography / References

With thanks to AON, the authority's Insurance Broker for their assistance in producing this document

Office of Internal Oversight Services (OICS)

International Organisation for Standardisation (ISO)

Criteria for carrying out a Risk Assessment
1. All new Council Policies must be assessed
2. All new areas of work whose value exceeds £10,000
3. Where, for example, the employment of a new full time member of staff would be required (but not part time).

Appendices

1. Risk Assessment on-line form column headings
2. Risk Terminology

Risk Assessment Form								
Reference Number		Department			Officer			
Brief Description of Potential Risk								
Corporate Aim					Scrutiny Group			
Summary of Risk with Current Controls in place		Impact	Likeli-hood	Risk Score	Summary of Risk Control Measures to mitigate Risk	Impact	Likeli-hood	Risk Score
				0				0
Date of Risk Assessment		Date for completion of Action			Actual Completion Date			
Financial Data								
Milestones (if any)								
Comments								

Business Risk Terminology

Control (risk) self-assessment: A class of techniques used to assess risk and control strength and weaknesses against a Control Framework. The "self" assessment refers to the involvement of management and staff in the assessment process. *

Financial risk: the risk that deficiencies in controls of expenditure, or funding problems, will adversely affect the entity's goals and objectives.

Inherent risk: the uncertainty or exposures that exist assuming no controls are in place.

Internal (risk) controls: the process designed to mitigate risks and provide reasonable assurance regarding the achievement of objectives.

Operational risk: the risk that the entity will not meet its operational goals and objectives i.e. departmental.

Physical or security risk: the risks associated with the safety and security of the organisation's personnel and facilities.

Reputational or image risk: the risk that an action or inaction by the entity will impair the organisation's ability to reach its goals and objectives.

Residual risk: the risk remaining after management takes action to reduce the impact and likelihood of an adverse event.

Risk: an expression of the probability that an event or action may adversely affect the organisation.

Risk assessment: the identification and analysis of relevant risks associated with achieving the objectives of the organisation.

Risk management: the systematic approach to assessing and acting on risk, to ensure that organisational objectives are achieved.

Risk Map: the visual representation of risks for a given entity, which have been identified through a risk assessment exercise, in a way that easily allows priority-ranking them.

Risk Profile: A description of the characteristics of a risks, mapping the change in the likelihood and impact of the risk to which an organisation has exposure.

Strategic risk: the risk that the entity will not meet its strategic goals and objectives i.e. corporate or 'cross service'.

* See References