Risk Management Strategy

1.   Introduction from Chief Executive

All organisations face internal and external factors that can impact on the achievement of their objectives. To be successful our council has to understand and respond appropriately to these uncertainties – or risks. This document outlines our approach to understanding and responding to this challenge. I believe the people best placed to make these decisions are the officers with responsibility for the services we provide. Therefore ~~the~~ this risk management strategy ~~that is put in place should~~ reflects the responsibility of managers for identifying and managing the risks to their service objectives and empowers and facilitates them to do this.

Effective risk management leads to resilience. A resilient organisation is one which is:

- less likely to suffer significant negative events
- better able to respond if it does suffer a significant negative event
- more likely to achieve objectives in the face of uncertainty

If the risks and uncertainties surrounding an organisation are understood something can be done about them. As the council changes the services it provides, and how it provides them, effective risk management is even more important. In order to change and be more innovative it is crucial we understand the risks this exposes us to, in order that we can manage them effectively. Finally, an effective risk management approach ~~will~~ allows communication about the risks we face across services, directorates, partners and other interested parties. Increasingly the biggest risks we face require a consistent response from the council and partners. This ~~new~~ approach ~~will~~ provides a reliable, coherent approach to the management of risk.

The risk management strategy and process has been informed by the knowledge and experience of officers, relevant standards, and guidance from professional bodies[1]. The process has several interested parties: officers, members and multiple external stakeholders including those we serve in the communities across Angus.

The key challenge for the council is to enable appropriate risk taking where there is a need to innovate. This will be supported by robust corporate governance.

No risk management process is perfect and these limitations should be acknowledged. Risk management can become bureaucratic and risk registers are sometimes no more than reheated versions of the last update. The aim of this strategy is to enable officers and members to make better decisions about the risks the council faces. It will also support better communication about risk with colleagues and partners through the use of risk registers, and being clearer about the risks we are willing to accept (our appetite), and those which we are not. This is more necessary than ever in an environment of increasingly scarce resources, and significant change to our service delivery models.

As part of ~~the new~~ our approach we ~~will~~ have a Risk~~, Resilience & Safety~~ Group with members drawn from across the council directorates and specialist risk-related functions. Membership will also include a representative from Internal Audit in an advisory role. This group is part of our overall governance structure – set out in Appendix 1. It will be the role of the group to facilitate the process

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[1] This includes ISO 31000, and A Structured Approach to ERM published by the Institute of Risk Management

and ensure it is delivering what we need. However all of us have a responsibility to manage the risks inherent in our day to day work. This responsibility cannot and should not be delegated to a central group.

In summary, if we are clear about our risk appetite and the uncertainties we face we will be in a better place to be successful in delivering our objectives. We can be innovative, and do things differently when appropriate because we understand the risks and can accept the consequences if things do not work out as planned.

All organisations experience negative events from time to time. A robust risk management process enables us to identify, evaluate and operate within a framework that supports rather than hampers progress.

Richard Stiff

Chief Executive

Risk Management Strategy

Angus Council's strategy for risk management is to embed a culture where risk management is facilitative and supports our transformation agenda. Our strategy empowers managers to manage the risks to their service and supports a culture where appropriately managed and informed risk taking is encouraged.

Our strategic risk management objectives are to:

- Embed a culture of transformational and facilitative risk management
- Focus on the material risks
- Help officers and members to make decisions and take action with a full understanding of the risks and uncertainties the council faces
- Build capacity within the council to allow officers, services, directorates and Elected Members to manage their own risks
- Increase the likelihood of achieving council objectives, the Single Outcome Agreement, and joint objectives with partners, by ~~focussing~~focusing on managing risks to the achievement of these objectives and priorities
- Increase the council's resilience
- Facilitate the sharing of knowledge about significant risks across the council
- Allow risks to be managed at the most appropriate level
- Ensure the risks the council takes are informed by its attitude toward risk
- Inform decisions and actions on internal controls and governance and counter-fraud awareness
- Enable continuous improvement
- Enable the identification of positive risk and opportunity
- Ensure a holistic approach to risk management through the corporate Risk Group. ~~a Risk, Resilience & Safety oversight forum~~

The process by which the risk management strategy will be deployed is outlined in the remainder of this document. This ~~will~~ sets out how we will approach managing our risks and uncertainties.

Risk Management Definition

The council's definition of risk management is,

> The process of identifying significant risks to the achievement of the council's strategic and operational objectives, evaluating their potential consequences and determining and implementing the most effective way of controlling them.

Three things should be noted about this definition. Firstly it is not expected that insignificant risks will be reported. These may be risks that are managed well, thoroughly understood and are very unlikely to occur, or whose consequences would be relatively insignificant. They should be managed within the business units.

Secondly risks may have positive as well as negative consequences; if the council does not take calculated risks we will not innovate or try to improve how we do things. The council must take risk in order to deliver its objectives. And finally, the most effective way to control some risks may be to continue to monitor the risk and do nothing more than is already being done.
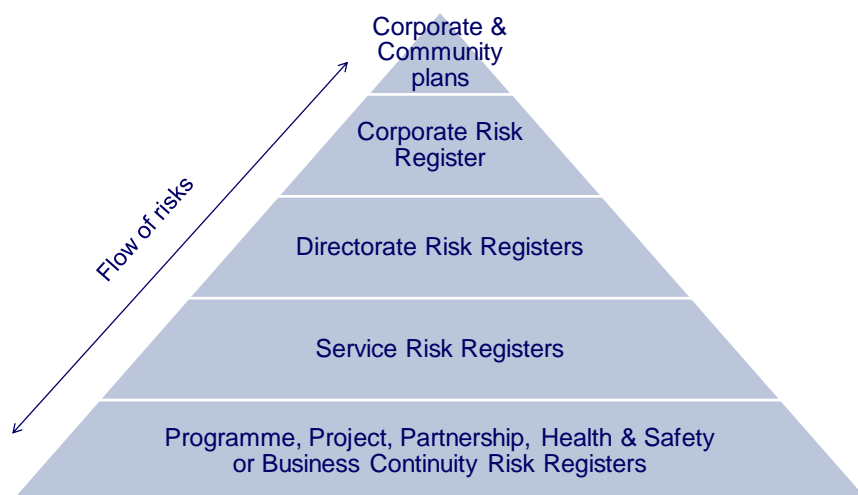
Risk Management Structure

The risk management process will be used at different levels and in different contexts. These are set out in figure 1, below. The risk registers should relate to the business planning process. For example the community planning risk register considers risks to the delivery of the community plan; corporate risk register will consider risks to delivery of the council ~~corporate~~ plan; directorate risks will consider risks to directorates and so on.

Subsidiary risk registers may also be created and maintained at individual project or partnership level, or as part of the business continuity planning process. Risks should be able to flow between levels to be managed at the most appropriate level. For example a significant programme risk relating to Transform Angus could be escalated to the corporate level if that is where the risk is best managed.

Figure 1 – Risk Management Structure

Angus Risk Management Structure

Risk Management Process

The risk management process has 7 elements as outlined in figure 2, below. Underpinning each stage of the process is communication and consultation with interested parties. The aim of this is to ensure internal and external stakeholders (if appropriate) are considered and involved in the council's work to understand and define its risks.

Figure 2 – The Angus risk management process
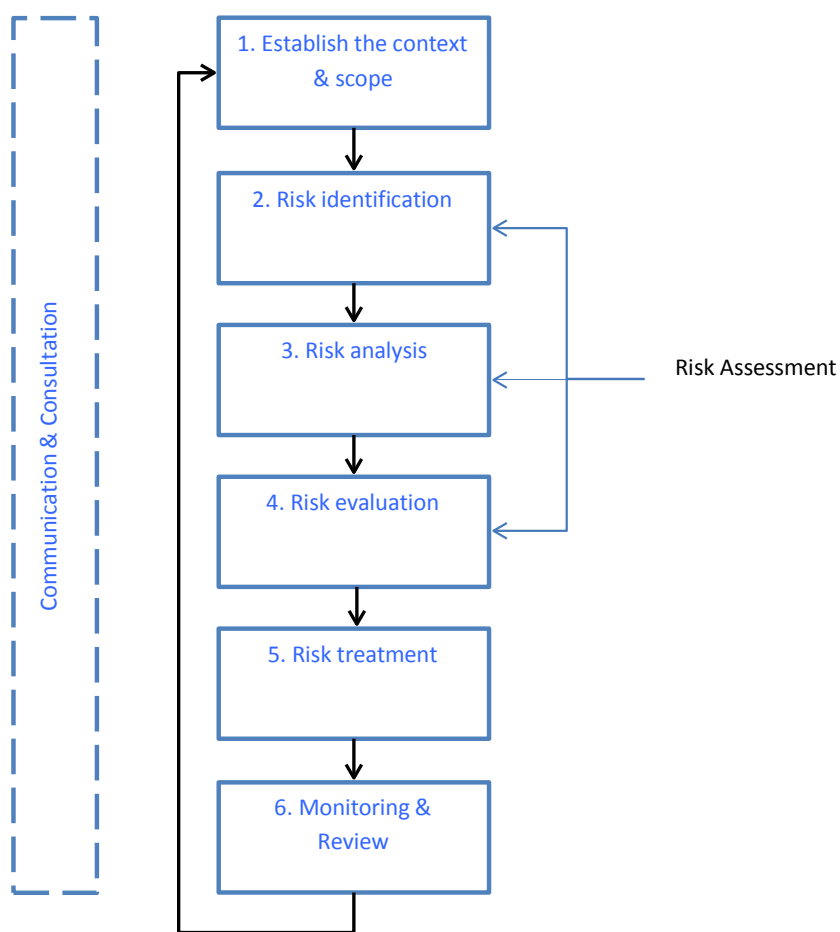
Further detail of the process and its use is contained within the Risk Management Process – Guidance Document.

Risk~~, Resilience & Safety~~ Group

To ensure the holistic approach to risk management, a group of Officers representing all directorates and risk-related specialist functions will act as a corporate support and oversight function. This group will champion the deployment of the risk culture and strategy, build organisational capacity to effectively manage risk, disseminate best practice in all related areas, support training and ensure the co-ordination and efficient consideration of the three risk-related strands of Risk Management, Resilience and Corporate Health and Safety.
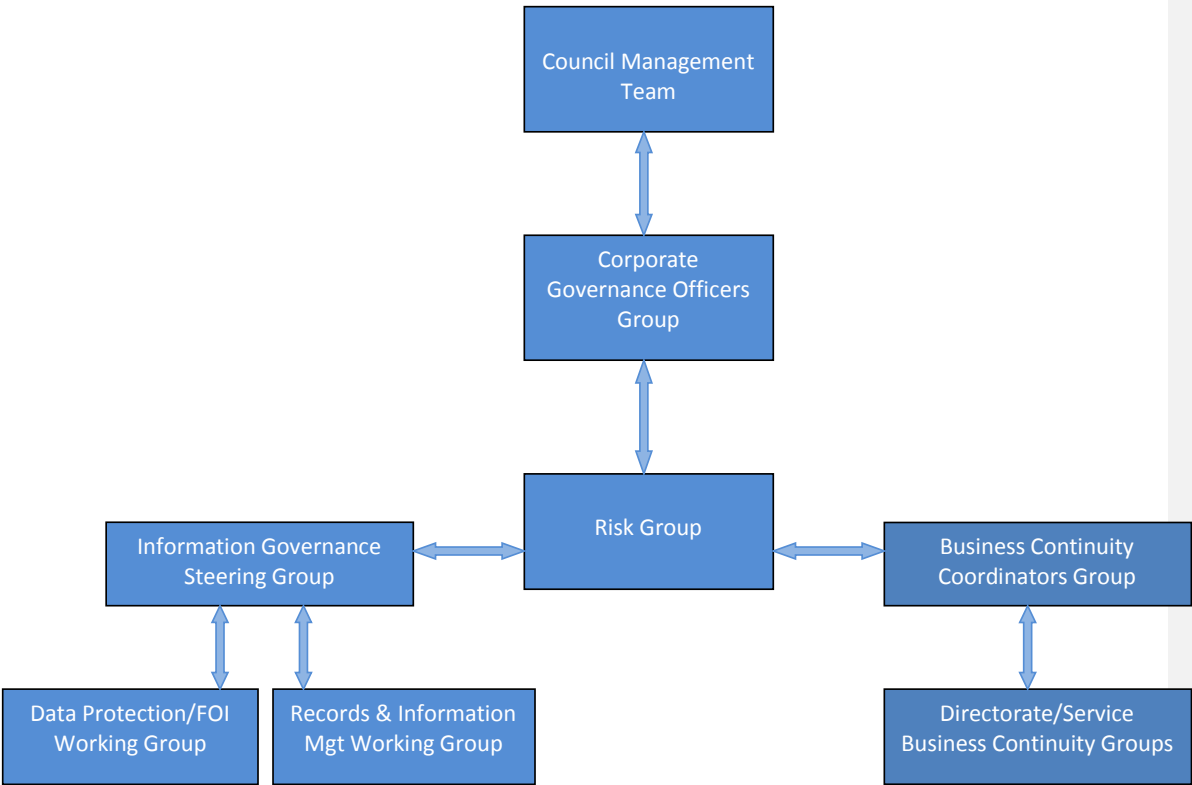
Roles and responsibilities

Risk management is the responsibility of all elected members and officers. However there are some specific roles and responsibilities which require to be outlined. These are contained in Appendix 2

Review of Strategy

The strategy will be reviewed at least every two years. ~~within the first two years of deployment. An initial~~The review will be conducted by the Risk Group ~~, Resilience and Health & Safety group~~ who will provide any change/update recommendations to the Corporate Governance Officers Group (CGOG). The CGOG will consider any matters raised and recommend any changes within the Annual Governance Statement review process.

Governance ~~and Risk~~ Structure

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                    ┌─────────────────────┐
                    │ Council Management  │
                    │        Team         │
                    └─────────────────────┘
                              ↕
                    ┌─────────────────────┐
                    │     Corporate       │
                    │ Governance Officers │
                    │       Group         │
                    └─────────────────────┘
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                    ┌─────────────────────┐
    ┌───────────────│     Risk Group      │───────────────┐
    ↕               └─────────────────────┘               ↕
┌─────────────────┐                         ┌─────────────────────┐
│   Information   │                         │ Business Continuity │
│   Governance    │                         │ Coordinators Group  │
│ Steering Group  │                         └─────────────────────┘
└─────────────────┘                                   ↕
    ↕       ↕                                ┌─────────────────────┐
┌──────────┐ ┌──────────────┐               │ Directorate/Service │
│   Data   │ │  Records &   │               │ Business Continuity │
│Protection│ │ Information  │               │       Groups        │
│/FOI      │ │ Mgt Working  │               └─────────────────────┘
│ Working  │ │    Group     │
│  Group   │ └──────────────┘
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Roles and Responsibilities

Role	Responsibilities
All elected members	• To consider risk as part of all decision making reports received • To scrutinise and question officers on the risk information provided • Encourage a culture that supports appropriate risk taking and the open discussion of risk
Policy & Resources Committee	• Approve the Risk Management Strategy • Approve any subsequent reviews of the document
Scrutiny & Audit Committee	• Promote and encourage effective risk management throughout the council • Review and monitor the effectiveness of risk management arrangements in relation to the overall governance of the council • Receive and review quarterly reports on the most significant risks facing the council. This will include considering the adequacy of risk controls
Council Management Team	• Overall accountability for implementing and leading the council in delivering the risk management strategy and process • Ensure elected members receive appropriate information about risks, as part of regular quarterly updates or on specific decisions • Ensure the most significant risks to the council's objectives are being managed in line with the risk management strategy and process document, through quarterly updates of the corporate risk register • Agree with the risk management group a procedure for ensuring risks can be escalated if needed • Encourage a culture that supports appropriate risk taking and the open discussion of risk • Review the corporate risk register quarterly with support from the Service Manager Governance & Consultancy
Risk Group	• Facilitate the council in implementing its risk management strategy and process • Discharge the Group's remit • Drive & promote a coordinated approach to risk management • Champion the deployment of the risk culture & strategy • Build organisational capacity to effectively manage risk • Disseminate best practice in all related areas • Support training and ensure the coordination and efficient consideration of the three risk related strands of risk management, resilience and corporate health & safety. • Collate risk information from each directorate, and significant partnerships and projects to inform CMT's view of the corporate risk register

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Role	Responsibilities
Risk Group cont'd	• ~~Challenging risk information, risk scores and the status of known corporate risks faced by the council through analysis and discussion~~ • ~~Review internal risk information to spot trends or common themes across directorates or projects. There may be risks where a corporate response is more effective than directorates managing risks individually~~ • ~~Review internal and external risk information to identify trends and highlighting emerging areas of risk that may affect the council over the short, medium or long term~~ • ~~Sharing best practice to ensure a consistently good approach to risk is achieved across the council~~ • ~~Agree a programme of work to support risk management activity across the council. This may include among other items, training for staff and members, peer reviews, workshops or briefings on specific risk topics, or leading on work to analyse emerging areas of risk~~ • Report regularly to the Corporate Governance Officers Group on risk management activity
Strategic Directors & Directorate Mgt Teams	• Implement and maintain a directorate risk register in line with the *Risk Management Strategy and Process* document to ensure significant directorate risks are identified and have appropriate controls in place • Ensure significant partnerships and projects being led by the directorate have appropriate risk management arrangements in place • Report quarterly, or at other agreed times, to the risk management group on directorate risks through providing an up to date risk register • Encourage a culture of risk awareness through involving others in the risk management process as appropriate, and challenging risk information • Escalate, if appropriate, risks to the corporate risk register via CMT • Scrutinise any service risk registers
Heads of Service	• Implement and maintain a service risk register in line with the *Risk Management Strategy and Process* document to ensure significant service risks are identified and have appropriate controls in place • Escalate, through the Directorate Management Teams, any appropriate service risks. • Ensure appropriate risk management arrangements and registers are in place for their services.
Service Manager Governance & Consultancy	• Develop, implement and review the risk management strategy, policy and process to ensure it is effectively managing the councils risks • Facilitate the CMT in the review and maintenance of the corporate risk register • Ensure officers and members have access to risk management training appropriate to their role • Lead the Corporate Risk Group ~~, Resilience and Health & Safety Group~~

Role	Responsibilities
Programme & Project Managers	• Maintain an up to date risk register in line with the council's project risk management toolkit and over-arching programme and project arrangements
Partnership Lead Officers	• Maintain an up to date risk register for the partnership appropriate to the level of risk • Ensure any significant risks to the council from being involved in the partnership are reported to the appropriate directorate management team or the risk group
Risk Owners	• Take the lead in monitoring own risks to ensure they are being managed in line with appetite set for that risk • Co-ordinate any further action needed to treat the risk • Review progress of the risk treatment actions • Take the lead on communicating with interested internal stakeholders about the risk • Provide updates to members or other groups on the risk if requested • Ensure Covalent is up to date
Internal Audit	• Ensure the council's audit plan is linked to the significant risks facing the council • Scrutinise the controls and mitigation in place to address significant risks • Report on the overall risk management arrangements within their annual report • Act as advisors to the Risk Group ~~, Resilience and Health and Safety group~~
Resilience	• Act as specialist advisors to the Risk Group ~~, Resilience and Safety group~~ • Bring to the group any potentially cross-cutting or material risks for consideration
Health, Safety & Wellbeing	• Act as specialist advisors to the Risk Group ~~, Resilience and Safety group~~ • Bring to the group any potentially cross-cutting or material risks for consideration
All employees	• Maintain an awareness and knowledge of the risk management responsibilities appropriate to their role • Notify line manager, or another appropriate manager, of any significant risks they identify or become aware of in their role