**Risk Management**
**Strategy 2017**

# FOREWORD

Welcome to the Council's Strategic & Operational Risk Management Strategy, refreshed in May 2017. The aim of the Strategy is to improve strategic and operational risk management throughout the Council. Effective risk management allows the Council to:

- have increased confidence in achieving its corporate objectives

- mitigate threats to acceptable levels

- take informed decisions about exploiting opportunities

- ensure that it gets the right balance between rewards and risks

- improve its partnership working arrangements and corporate governance

Effective risk management will help to ensure the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver its core objectives and improve outcomes for its residents.

This strategy explains Fylde Council's approach to strategic and operational risk management, and the framework that it will operate to ensure that it arranges its risks effectively.

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**Chief Executive**
**Fylde Council**

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| Information Box | |
|---|---|
| Title | Risk Management Strategy version 4.0 revised May 2017 |
| Description | Fylde Borough Council's Risk Management Strategy |
| Primary audience | Members, Chief Executive, Corporate Management Team, Heads of Service and all Fylde Borough Council staff |
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# 1.  Introduction

This document forms Fylde Council's Risk Management Strategy. It sets out:

➢ What is meant by risk management
➢ Why we need a risk management strategy
➢ The philosophy of our risk management
➢ An overview of the methodology to be adopted and its links with existing processes
➢ A summary of the implementation timetable
➢ An outline of the associated roles and responsibilities of members, chief officers and other employees.
➢ A summary of future monitoring and reporting lines for risk management

**Aim:**

The aim of this strategy is to improve the Council's ability to deliver its core objectives **(Value for Money, Clean & Green, A Vibrant Economy, A Great Place to Live, A Great Place to Visit)** by managing its threats, enhancing its opportunities and creating an environment that adds value to ongoing operational activities.

**Council's Objectives:**

The Council has adopted a Corporate Plan that sets out the Council's Vision and identifies five key corporate objectives required to achieve it.  The corporate vision is to work with partners to provide and maintain a welcoming, inclusive place with flourishing communities through four corporate objectives:

• (Value for Money) – Spending public money in the most efficient way to achieve excellent services.
• (Clean & Green) – Delivering the services that customers expect of an excellent council.
• (A Vibrant Economy) – Working with all partners.
• (A Great Place to Live) – To make sure Fylde continues to be one of the most desirable places to live.
• (A Great Place to Visit) – Promoting Fylde as a great destination to visit.

**Risk Strategy Objectives:**

➢ Fully integrate strategic and operational risk management into the culture of the Council and into the Council's strategic planning processes.
➢ Ensure that the framework for identifying, analysing, prioritising, action planning, monitoring and monitoring and reviewing risks across the Council is implemented and understood by all relevant staff
➢ Communicate the Council's approach to risk management to its stakeholders and partners
➢ Promote the co-ordination of risk management activities across the Council
➢ Ensure that the Executive, Corporate Management Team (CMT) and external regulators can obtain the necessary assurance that the Council is mitigating the risks of not achieving its objectives, and thus complying with good corporate governance practice.
➢ Ensure consistency throughout the Council in the management of risk

This strategy outlines how Fylde Council is taking on its responsibility to manage risks and opportunities using a structured and focused approach.

A policy statement is attached at Appendix A.

## 2.    What is Risk Management?

Risk Management can be defined as:

> "The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness.  In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks"
> *ZMMS/SOLACE, Chance or choice? July 2000.*

Risk management is a strategic tool and is an essential part of effective and efficient management and planning.

## 3.    Why do we need a Risk Management Strategy?

Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

Strategic risk management is also an integral requirement of demonstrating continuous improvement.

Risk management is also an essential part of the CIPFA/SOLACE framework on Corporate Governance. The CIPFA/SOLACE framework requires Fylde Council to make a public assurance statement annually, on amongst other areas, the Council's risk management strategy, process and framework. The Framework requires the Council to establish and maintain a systematic strategy, framework and processes for managing risk.  The assurance statement is disclosed in the Annual Statement of Accounts and referred to in the Performance Plan and is signed by the Leader of the Council and the Chief Executive.

## 4.    What is our philosophy?

The Council will seek to embed risk management into its culture, processes and structure to ensure that opportunities are maximised. The council will seek to encourage managers to identify, understand and manage risks, and learn how to accept the right risks. Adoption of this strategy must result in a real difference in the Council's behaviour.

Risk management is something that everyone within Fylde Council undertakes almost daily to varying degrees.   Risk Management cuts across all areas of management and it is, therefore, difficult to draw clear boundaries around risk management.  However, at Fylde Council risk management falls within the following main areas:

➢ Health & Safety
➢ Emergency Planning
➢ Business Continuity Planning
➢ Projects
➢ Business Risks i.e. risks identified in the Corporate Risk Register
➢ Partnerships/Shared Services

The risk management process contained in this strategy applies primarily to the Strategic Business and Project risk areas, however, the principle of the strategy can be applied to any operational risks.

The main areas of risk identified above are managed by the following Directorates

| Risk Area | Service Area with Lead Responsibility |
|---|---|
| Health & Safety Risks | Resources Directorate (Client) Blackpool Council Health & Safety (Contractor) |
| Emergency Planning | Resources Directorate |
| Business Continuity | Office of the Chief Executive |
| Project Risks | Initiating Directorate |
| Business Risks | Resources Directorate |
| Partnership Risks | Initiating Directorate |

**Health & Safety and Emergency Planning**
The Council has long established and effective processes for the management of risks falling within the Health & Safety and Emergency Planning areas of operation. The arrangements in place for these processes are not superseded by this strategy.

**Business Continuity Management**
Although there are clear inter-dependences between Business Continuity Planning and Strategic Risk Management, the Council's Business Continuity Planning arrangements are dealt with separately to this Strategy (Business Continuity Plan).

**Project Risks**
Projects risks can be managed using one, or a combination of the following risk management processes:

> ➢ Risk management techniques associated with the project management methodology used i.e. PRINCE2
> ➢ The Council's Strategic Risk Management Process: Project Management at Fylde Council (PM@FBC) has been developed and tested by experienced PRINCE2 practitioners. It is intended to be a 'light touch' methodology providing a scalable solution to the varied and sometimes complex requirements for officers engaged in project management and delivery across the Council and its partners.

The size and scope of the project is likely to dictate the process best suited to managing the risks. However, all projects must undertake full risk assessments.

**Business Risks**
The risk management process outlined within this strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This should cover both strategic priorities (delivery of the Council's core objectives and corporate plans) and operational activities (delivery of actions identified in directorate service plans)

**Partnership Risks**
Although there are clear inter-dependencies between Partnership Risks and Strategic Risk Management, the Council's partnership working arrangements are dealt with separately to this Strategy. (Partnership Protocol)

## 5.   What is the Risk Management Process?

Implementing the strategy involves identifying, analysing, managing and monitoring risks.

The identification of risks is derived from both a 'top down' (corporate) and a 'bottom up' (operational) process of risk assessment and analysis resulting in coverage of the whole Council. The process then prioritises the risks resulting in a focus on the key risks and priorities. The risks are then managed through

the development of appropriate action plans and fed into overall service plans and the Corporate Plan. Relevant PI's are identified and then monitored through the developing performance management framework ensuring that the focus remains on achieving Fylde Council's objectives.

| Step | Element | Activity Description |
|------|---------|---------------------|
| 1 | **Risk Identification** | Individual interviews are requested at the start of each year with the Chief Executive, Directors, Heads of Service and Chairman / Vice Chairman of the Audit & Standards Committee to identify strategic risks facing the Council over the next 12 months. Specific consideration is given to risks and opportunities associated with the Council's core objectives and priorities. |
| 2 | **Risk Analysis** | The risks identified in step 1 are analysed and clustered around common areas. These are then written into scenarios by the Corporate Support Officer and Chief Internal Auditor that show the vulnerability, trigger and consequences of each risk type. |
| 3 | **Risk Priority** | The risk scenarios are presented to a Corporate Management Team workshop to decide if the risk presented is in fact valid, if it is it is prioritised on a 5x5 matrix measuring Likelihood against Impact. Once all the risks are plotted on the matrix the risk appetite line is added. All risks above the line are then actioned planned. |
| 4 | **Action Planning** | Each risk identified above the line is action planned. This process shows what action is already taken to mitigate the risk and identifies what further actions should be taken to reduce the risk to a more acceptable level by reducing the likelihood of the risk occurring or the impact if it does. Each risk is assigned to a Head of Service who oversees the implementation of the action plan. |

| Step | Element | Activity Description |
|------|---------|---------------------|
| 5 | **Monitoring** | The strategic risk management group monitors progress on the implementation of the agreed action plans throughout the year to ensure that all actions are completed.  If necessary it will recommend to the CMT that new risk are added to the Risk Register should the need arise during the year. |
| 6 | **Monitoring & Review** | The whole process is monitored and reviewed on an annual basis.  Once the outcomes of the current years activities are known the cycle starts over with interviews to identify the risks for the following 12 months and the risks register. |
| 7 | **Operational Risk** | The managing of operational risks is conducted using the same framework but within each directorate. Operational Risks Registers are captured in each directorate's service plan and they are monitored by the Head of Service for each directorate. Reports on the progress of the individual directorate risk registers will be made to the Corporate Support Officer at 6 monthly intervals.  The headlines of this will be presented to the Strategic Risk Management Group. |

# 6.    How will this be implemented?

A detailed implementation plan has been developed to support the strategy. The following is a summary of the overall timetable:

| Action | Timescale | Responsibility of |
|---|---|---|
| Corporate assessment and prioritisation of risks | Beginning of each financial year | Corporate Management Team & Heads of Service |
| Develop strategy, report to CMT and recommend for approval by members. Report % achievement of pervious years Risk Actions | End of June each year | Corporate Support Officer |
| Raise awareness of risk management as an effective management tool | ongoing | Corporate Support Officer |
| Directorate service plans - assessment and prioritisation of risks | Beginning of each financial year | Corporate Support Officer & Performance Manager |
| Report to Audit & Standards Committee on progress on the current years Risk Actions contained in the Risk Register | Twice a year – Jun & Jan | Corporate Support Officer |

# 7.    What are the different roles and responsibilities?

The following describes the roles and responsibilities that members and officers will play in introducing, embedding and owning the risk management process: -

| Role | Responsibilities |
|---|---|
| **The Audit & Standards Committee** | ➢ Overseeing effective risk management across the Council<br>➢ Agreeing Fylde Council's Risk Management Strategy<br>➢ Ensuring that risk management is delivered by the Director of Resources on behalf of the Council<br>➢ Ensuring that a Strategic Risk Register, including details of actions taken to mitigate the risks identified, is established and regularly monitored<br>➢ Ensuring that the Risk Management Strategy and Strategic Risk Register are reviewed at least annually<br>➢ Seeking assurances that action is being taken on risk related issues identified<br>➢ Facilitating a risk management culture across the Council |
| **Chief Executive & Corporate Management Team** | ➢ Lead on risk management across the Council, with the Director of Resources as the designated CMT lead on Risk<br>➢ Advising members on effective risk management and ensuring that they receive regular monitoring reports<br>➢ Recommending a Risk Management Strategy to Members of the Audit & Standards Committee<br>➢ Identifying and managing the business risks and opportunities facing the Council<br>➢ Co-ordinating risk management across the Council<br>➢ Being responsible for ensuring that the Council fully complies will all corporate governance requirements, including the Annual Statement of Internal Control |

| Role | Responsibilities |
|------|------------------|
| **Directors** | Directors will demonstrate their commitment to risk management through: - <br><br> ➢ Ensuring that risk management within their directorate is implemented in line with the Council's Risk Management Strategy and the Minimum Standard for Performance Management <br> ➢ Ensuring partnerships initiated by their directorates are constituted in accordance with the Partnerships Protocol <br> ➢ Empower their Heads of Service to take the lead on risks within their area in order to progress effective risk management throughout their directorate. <br> ➢ Identifying, analysing, prioritising, and action planning risks arising from their business area. Identified risks to be recorded in their Directorate Business Plans. <br> ➢ Balancing an acceptable level of operational risk against programme and project objectives and business opportunity <br> ➢ Reporting systematically and promptly to the Corporate Management Team any perceived new risk or failures of existing control measurers <br> ➢ Attending (& Chairing) the Strategic Risk Management Group |
| **Heads of Service** | ➢ Acting as the main contact for their directorate on risk matters, and ensuring that corporate information and requirements are communicated through the directorate <br> ➢ Progressing across their directorate effective risk management that adheres to corporate guidelines, including ensuring that all reporting requirements are met. <br> ➢ Provide the SRMG (send to Corporate Support Officer) with twice yearly reports on the status of their directorate's Risk Register and progress made on implementing any risk action plan <br> ➢ Providing support on risk management to Directors and middle managers within their directorate <br> ➢ Promoting the benefits of risk management across the directorate <br> ➢ Communicating to staff the corporate approach to risk management |

| Role | Responsibilities |
|---|---|
| **Service Managers** | ➤ Ensuring staff receive the relevant risk management training as indicated by the Heads of Service and/or the Corporate Support Officer.<br>➤ Communicating to staff the corporate approach to risk management<br>➤ Ensuring that they and their staff are aware of corporate requirements, seeking clarification from the Head of Service / Corporate Support Officer when required. |
| **Staff** | ➤ Understanding their accountability for individual risks<br>➤ Reporting systematically and promptly to their managers any perceived new risks or failures of existing controls<br>➤ Attend relevant training courses as highlighted by their Head of Service & Corporate Support Officer. |
| **Internal Audit** | ➤ Auditing the key elements of the Council's Risk Management Process<br>➤ Using the results of the Council's Risk Management Process to focus and inform the overall internal audit plan<br>➤ Ensuring that internal controls are robust and operating correctly |
| **Risk Management Groups** | The purpose of the risk management groups is to promote good practice on risk management across the Authority and act as a "Champion" on risk management issues. The Groups will also:<br>➤ Promote the "positive" effects that good risk management can have when embedded into all Council policies and procedures<br>➤ Ensure that risk management is seen as a tool to "make things happen" in a safe and beneficial way, not a process used to "stop things from progressing".<br>➤ Investigate issues referred to it by the Corporate Management Team and report back in a timely manner<br>➤ Standardise procedures and practices to reduce property and liability losses and claims<br>➤ Advise Corporate Management Team on risk management issues referred to it by individual directorates.<br>➤ Receive reports from the Corporate Support Officer and Heads of Service on the status of the various Risk |

| Role | Responsibilities |
|------|------------------|
| **Risk Management Groups** | ➢ Adopt SMART reporting techniques for all issues sent to the group from whatever source<br>➢ Introduce more sophisticated systems to analyse and forecast losses<br>➢ Investigate the feasibility of allocating risk costs in line with the risk features of each budget holder<br>➢ Use deductibles or self-insurance where financially beneficial to provide a vested interest in loss control. Dependence on insurance will be reduced and cover sought on a 'value for money' basis, seeking cover where financially prudent<br>➢ Wherever possible, improve risk management information and investigative procedures within the authority<br><br>The terms of reference for the risk management group is attached at appendix B |
| **Corporate Support Officer** | ➢ Provide advice and guidance on insurable risks<br>➢ Provide strategic direction on the Council's approach to risk management<br>➢ Co-ordinating the Council's approach to risk management<br>➢ Provide advice to the Council on risks arising from partnership working, and possible mitigation actions such as use of Service Level Agreements<br>➢ Report on the status of the Council's Corporate Risk Register and the implementation of the associated action plans<br>➢ Liaise closely with Insurance Officer and Health & Safety to help reduce claims and accidents across the council. |

## 8.    How will the monitoring and reporting of risk management happen?

A framework of monitoring and reporting will be established that will allow: -

➢ An annual review of the risk management strategy by CMT approved by the Audit & Standards Committee
➢ Monitoring of the effective management of risks through developing performance management mechanisms including regular reporting on service and corporate performance indicators to CMT and members.
➢ An annual review of the overall process and a report to CMT and members on the effectiveness of risk management and internal control by Internal Audit.

An annual report to the Audit & Standards Committee outlining the effectiveness of the strategic and operational risk management actions undertaken as part of the Corporate and individual Directorate Risk Registers.  The ultimate measure of effective risk management is that the Council:

➢ has resilience to deliver its services and core objectives
➢ is protected from the possibility of being impacted by an unforeseen risk
➢ is protected from the possibility of a foreseen risk having significantly greater impact than anticipated
➢ is able to take cost-effective measurers to reduce or eliminate the effects of negative risk
➢ is able to identify, and take maximum advantage of, the occurrence of positive risk.

## 9.    Conclusion

The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is continuously improving and will go a long way to demonstrating effective corporate governance.

The challenge is to implement a comprehensive risk management process without significantly increasing workloads. This should be achieved in part by making risk management part of existing processes and reviews rather than treating it as a separate function.

Risk Management is everybody's responsibility and it should be used as a useful tool to assist the Council in achieving its goals and objectives more efficiently and effectively.

## Risk Management Policy Statement

The diversity of services offered by the Council presents a vast potential for personal injury, loss and damage.  It is essential for the Council to develop Risk Management programmes which ensure that, in discharging its responsibilities to the citizens, the likelihood of personal injury and loss or damage to physical assets is minimised by means of anticipating and controlling our exposure to risk.

Accordingly it is the responsibility of every member of staff to identify, analyse, eliminate and control exposure to risk and to minimise such losses as they may occur.  The purpose of the risk management policy is to achieve the following:

1. To support directorates in their efforts to appraise the risks to which they are exposed.
2. To provide advice through networks of specialists.
3. To provide guidance on best practice in loss control.
4. To motivate managers and others to manage risk effectively.
5. To provide incentives in order to increase the level of risk management.
6. To ensure that adequate risk financing is available.

The Council's Strategic Risk Management Group is fundamental to this process.  Elected Members, the Chief Executive, Directors and staff of all directorates must be fully supportive of the initiative.

It is the responsibility of every directorate to implement a sound Risk Management strategy. Management at directorate and cost centre level has the responsibility and accountability for managing the risks to which their area is exposed.

This philosophy has the support of the Council which recognises that any reduction in injury, illness or damage benefits the whole community.

# Strategic Risk Management Group
# – Terms of Reference

**Meetings**
The risk management group will meet on a regular basis (minimum of 4 meetings per year); however the Chairman of either group may call extra meetings as necessary.

**Chairmanship**
The Chairmen of the Group will normally be appointed by the CMT and will usually be a Director.

**Secretary**
The Secretary of the Group will normally be the Corporate Support Officer.

**Membership of the Group**
Every directorate will be represented at the Group. Each directorate will nominate a senior member of the directorate to represent the directorate on the group. Directorate membership should, where possible, be rotated over a cycle of a number of meetings so that risk management is promoted to as many senior officers as possible. Additional staff members may attend the meeting where it is considered beneficial to have their input on matters being discussed.

**Purpose, Focus and Scope of the Risk Management Group**

➢ The purpose of the risk management group is to promote good practice on risk management across the Authority and act as a "Champion" on risk management issues.
➢ The group should promote the "positive" effects that good risk management can have when embedded into all Council policies and procedures.
➢ Risk management should be seen as a tool to "make things happen" in a safe and beneficial way, not a process used to "stop things from progressing".
➢ The risk management group should investigate issues referred to it by the Corporate Management Team and report back in a timely manner.
➢ The group should also advise Corporate Management Team on risk management issues referred to it by directorates.
➢ The group should adopt SMART reporting techniques for all issues sent to the group from whatever source.
➢ The Strategic Risk Management Group manages 'corporate risks' which affect the Council's ability to fulfil its Corporate Objectives and is concerned with major Business risk.
➢ The Strategic Risk Management Group will also monitor the Council's Emergency Planning, Business Continuity and Disaster Recovery Plans, as well as Information Security/Risk and Data Protection

**Minutes and Reports**
Minutes of meetings should be kept and the Chairman of each Group should present these to the Corporate Management Team at the next available meeting. All reports issued by the groups should also be reported to CMT. Once minutes and reports are approved by the CMT they should be posted onto the risk management page of the Intranet.