Risk Management Policy and Strategy

October 2015

Introduction

City of York Council aspires to be a well-managed and successful organisation. A vital aspect to achieving this is the integration of risk management into its systems and processes. Having an established risk management policy, embedded into the culture of the organisation, will contribute to the achievement of the corporate strategy and in particular organisational effectiveness.

Definitions

A risk can be described as:
 "The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood."

Risk management can be described as:
 "A planned and systematic approach to the identification, evaluation and control of risk, used to manage potential threats to the achievement of objectives."

Policy Statement

The council recognises that there is an element of risk in everything it does in order to achieve the corporate strategy and to enhance the value of the services it provides to the community. The risk management policy of City of

York Council is to apply best practice in the identification, evaluation, and cost-effective control of risk to ensure that risks are managed, eliminated or reduced to an acceptable level, and that opportunities are recognized and exploited where appropriate. Due to the diversity of services provided, the risks faced by the authority are many and varied. The authority is unable to manage all risks at corporate level and so the focus is on the significant risks to the council's objectives, known as the Key Corporate Risks (KCRs).The KCRs will be reviewed every quarter at Directorate Management Team meetings and updated as required.

The basic principles underpinning this policy statement are as follows:

1. It is every employee's responsibility to identify and ensure the management of risks within their remit and to flag risks outside their remit to the risk management section.
2. All significant risks and their associated controls are documented in the council's risk register.
3. It is the responsibility of risk owners to ensure their entries within the council's risk register are maintained.
4. High and critical risks should be reduced to an acceptable level, within an appropriate timeframe and when possible to do so.
5. High and critical risks are reported to the appropriate senior management team, board or committee.
6. KCRs are reviewed and reported on a quarterly basis.

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Strategy Objectives

The objectives of this strategy are to:
- Assist to integrate and embed risk management into the culture of the authority, its day-to-day business and major partnerships and projects
- Enable the council to manage and mitigate negative risks and threats, to support the achievement of objectives
- Allow the council to recognise and maximise opportunity risks, to support innovation
- Provide a guide of practical advice for the application of risk management within all activities of the council

Risk Management Cycle

To be considered in conjunction with the Risk Management Guide at Annex A.
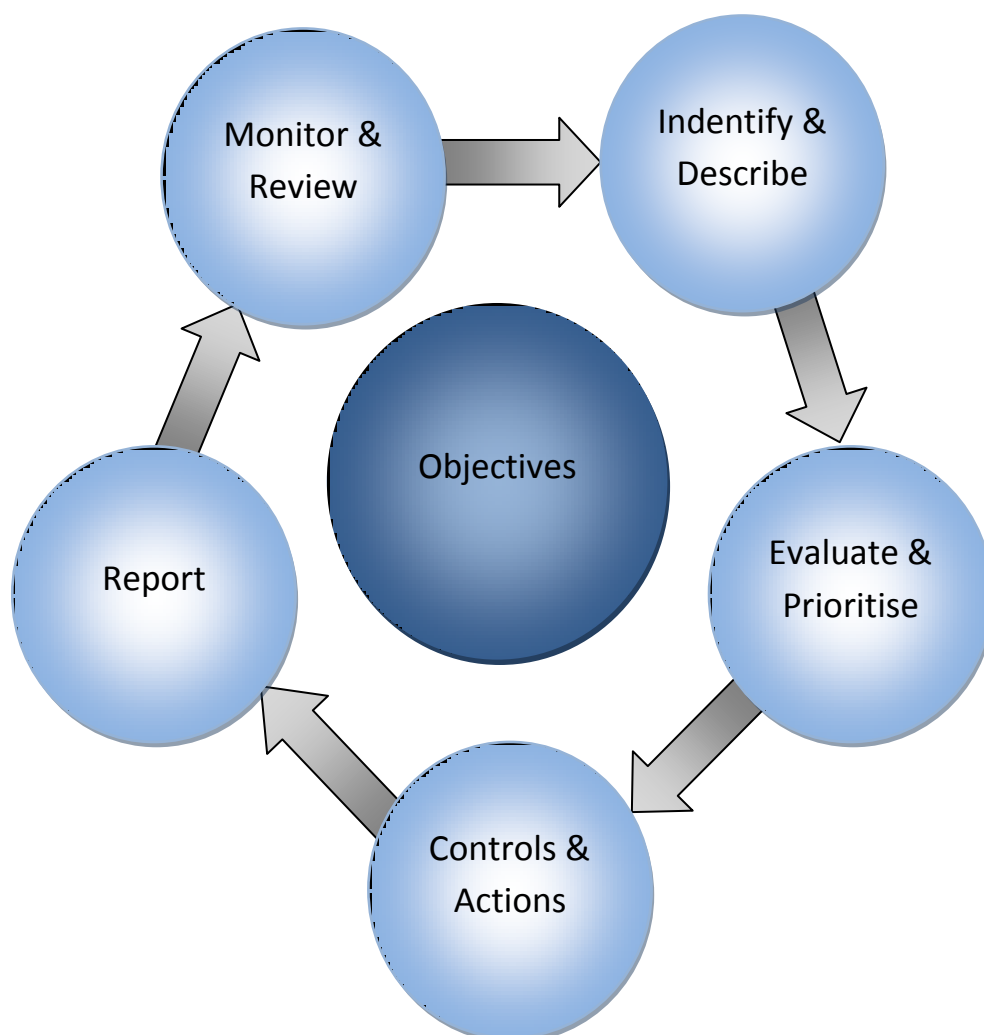
Identify & Describe

The objectives of the service, Directorate and/or the authority should always be should be a primary focus when identifying risks. What could pose a potential threat, or opportunity, to the achievement of those objectives?

Risks and issues often get confused and a useful way of remembering the difference is;

- Risks are things that **might happen** and stop us achieving objectives, or otherwise impact on the success of the organisation.

- Issues are things that **have already happened** and require management action.

Once identified, it is essential the risk is clearly described to ensure it is understood by all potential audiences.

Risks are usually identified in three ways at City of York Council:

1. A risk identification workshop to initiate and/or develop and refresh a risk register
2. Risks are raised or escalated on an ad-hoc basis by any employee
3. Risks are identified at quarterly Directorate Management Team (DMT) meetings

Annex A provides further guidance on how to write a risk.

Evaluate & Prioritise

Risks are evaluated at a gross and net level, which are sometimes known as the inherent and residual score.

Gross risk scoring assumes required controls are in place. For example, minimum staffing levels, statutory requirements etc.

Net scoring should then take into account any additional measures, such as training, reporting, local policies and procedures etc. that are currently in place.

The net score is therefore the assessment of the risk at the current level.

For example, if scoring the risk of a safeguarding failure, it should be assumed that the council will have qualified social workers in place as a minimum when determining the gross score. Further governance checks, policies and procedures, training etc. should then be considered when assessing the net score.

When scoring risks, City of York Council uses the risk matrix below:

Impact		Remote	Unlikely	Possible	Probable	Highly Probable
	Catastrophic	17	22	23	24	25
	Major	12	18	19	20	21
	Moderate	6	13	14	15	16
	Minor	2	8	9	10	11
	Insignificant	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Highly Probable
		Likelihood				

Further guidance on risk scoring is provided in Annex A.

Controls & Actions

A **control** is a measure currently in place which aims to reduce the likelihood and/or impact of a risk where possible. This is also known as mitigation.
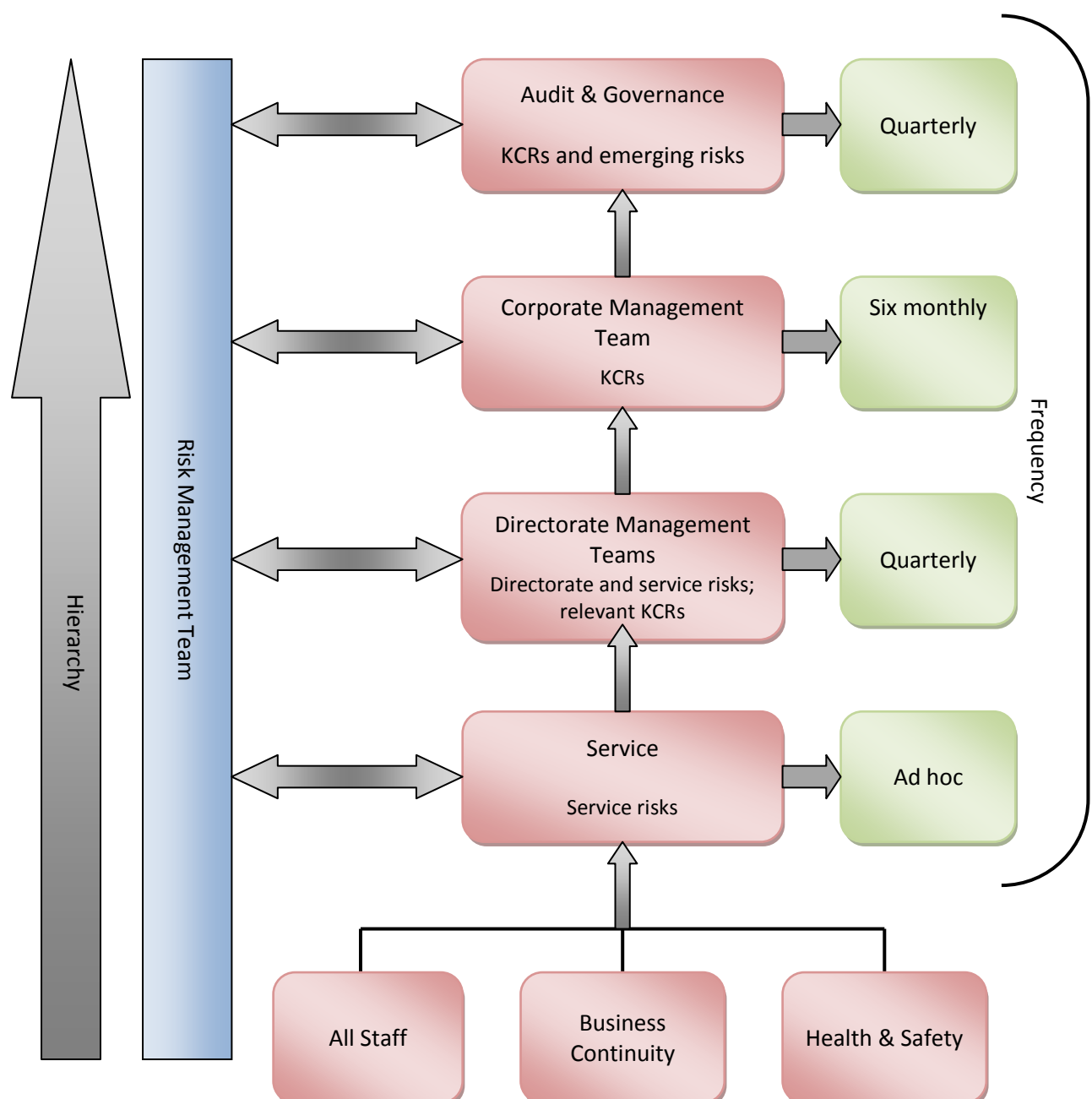
An **action** is a future management activity which aims to reduce the likelihood and/or impact of the risk further where possible.

Controls and actions should always be in proportion to the risk. Dedicating time and funds to a low scoring risk should be avoided to allow resources to be better used elsewhere.

Reporting

Risk reporting should always be a two-way communication process, to ensure risk management becomes fully embedded as a day-to-day management tool.

The risk reporting structure is shown below.

Hierarchy

Risk Management Team

Frequency

Audit & Governance	KCRs and emerging risks	Quarterly
Corporate Management Team	KCRs	Six monthly
Directorate Management Teams	Directorate and service risks; relevant KCRs	Quarterly
Service	Service risks	Ad hoc

All Staff

Business Continuity

Health & Safety

Monitor & Review

Risk scores, controls and actions should be reviewed regularly and discussed at least quarterly with risk owners, to ensure they are current and that there is full accountability. If a risk is no longer current, it should be removed from the risk register. Risk registers should be taken regularly to Directorate Management Teams for review and to horizon scan for any new or emerging risks.

Roles and Responsibilities

Elected Members
- Consider risk as an integral part of strategic planning and decision making
- Evaluate the effectiveness of officers' risk considerations as documented in the risk management paragraph in all committee reports

Audit & Governance Committee
- Corporate responsibility for risk management
- Oversee and approve the risk management framework
- Provide independent assurance on the effectiveness of controls

Chief Executive
- Charged by Members to embed an effective risk management system throughout the council

Corporate Management Team (CMT)
- Responsible for key corporate risks (KCRs)
- Identify, manage and review KCRs
- Report KCRs in more detail with relevant risk owners

Directorate Management Team (DMT)
- Identify and manage risks in their areas
- Report on movement of KCRs as required

Director of Customer & Business Support Services
- Chief officer responsible for leading and championing risk management across the organisation and for discharging these duties through the team

All Employees
- All employees should regard risk management as one of their fundamental duties.
- They have the responsibility to report and escalate risks in their business area

Risk Management Team
- Facilitate risk identification and review sessions
- Provide constructive challenge to risk registers
- Monitor and support the reporting structure
- Ensure risk registers are robust, current and that risks are effectively described and assessed
- Provide advice, support and training throughout authority where required