



RISK MANAGEMENT POLICY AND STRATEGY

Hart District Council recognises the need to manage risk and uncertainty that relates to its daily operations. Managing risk is linked to the achievement of objectives.

The Council will seek to adopt best practice to identify, evaluate and control risk to a level that the council is prepared to accept. In particular the Council will actively manage risk to protect the following:

- Property/assets
- Income
- Employees
- The general public
- Service and business opportunities
- The Council's reputation

The Council's approach to risk management will be based on the following principles:

- All Members and senior managers to take into account the principles of good risk management.
- The benefits of effective risk management will be communicated to all staff. Risk management is the responsibility of all officers and members. Managing risk should be embedded in our thinking, behaviour and actions.
- Risk management is a key element of the Council's corporate governance framework. Managing risk should be part of management processes, policy making, service improvement plans, business planning, decision making and project management.

Risk Management Strategy/Policy

- Risk taking and innovation should be encouraged as it can be an opportunity. Providing it is within a managed environment, where risks are identified and the appropriate mitigation measures are in place.
- Individual services are responsible for identifying, evaluating and managing their own risks. This should contribute to the management of corporate and service objectives.

RISK MANAGEMENT STRATEGY

1.0 Definition of Risk and Risk Management

- 1.1 Risk can be defined as uncertainty of outcome, (whether seen as a positive opportunity or a negative threat).
- 1.2 Risk Management is about responding positively to the opportunities facing the organisation whilst at the same time understanding and seeking to control any factors that could prevent success. It is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling and responding to them.

2.0 Different Types of Risk

- 2.1 **Strategic Risk:** Those risks that threaten the long term goals of the Council and therefore are mainly based around the objectives of the Corporate Plan.
- 2.2 **Operational Risks:** Those risks that threaten routine service delivery arrangements. These may also be linked to Service Plans.
- 2.3 **Project Risks:** Those risks that prevent the successful completion of an individual project.

3.0 Objectives of Risk Management

- 3.1 Risk management is a moving goal, based on the arrangements an organisation has in place to identify, assess and manage the uncertainty of risk at any given time. Good risk management practices are a key element in the achievement of corporate objectives.
- 3.2 The Objectives of Risk Management are to:
- Embed risk awareness throughout the council
 - Using effective risk management techniques as an aid to the achievement of objectives both corporate and service specific
 - Assign responsibilities for managing risk
 - Introduce a robust process to identify, assess, manage strategic, operational and project risks.
 - Produce strategic and operational risk registers

- Establish arrangements to monitor and control risks
- Establish regular reporting on the current risk profile

4.0 How will Risks be Identified and Managed

- Considering risk management as part of strategic planning and corporate governance arrangements
- Ensuring responsibility for risk management is clearly and appropriately allocated
- Maintaining documented procedures for managing risk
- Maintaining a corporate approach to identifying and prioritising key risks and assessing risks on key projects
- Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed
- Including risk management considerations in all committee reports
- Providing risk management awareness training to both members and officers
- Establishing a reporting system which will provide assurance on how well the Council is managing its key risks and ensuring that the appropriate members and officers are fully briefed on risk issues

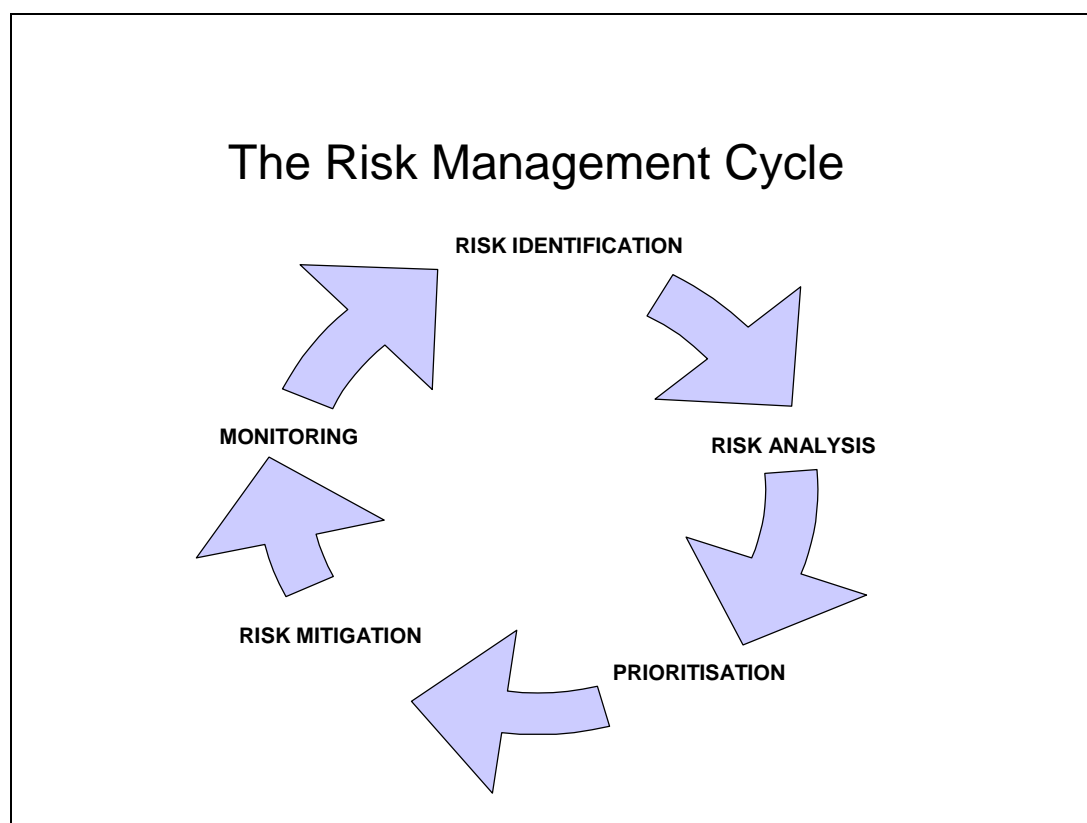
5.0 Endorsement

- 5.1 Hart District Council is committed to ensuring that risks to the achievement of the Council's objectives and to the effective delivery of services are identified and managed. It is recognised that effective risk management will enable the Council to maximise opportunities and enhance the value of services provided to the community. Hart District Council expects all officers and members to have due regard for risk when carrying out their duties.

6.0 Implementation of Risk Management

- 6.1 Implementing the strategy involves identifying, analysing, prioritising and managing risks as shown below:

7.0 The Risk Management Cycle



7.1 Stage 1 – Risk Identification

Stage 1 is to identify the ‘key’ risks that could affect the achievement of business objectives.

7.2 Stage 2 – Risk Analysis

The information that is gathered is analysed into risk scenarios to ensure clear understanding of the root cause and consequences.

7.3 Stage 3 – Prioritisation

Risks are assessed according to the potential likelihood of the risk occurring (within a specified timescale) and its impact if it does.

- Red risks are high priority and must be addressed immediately then reviewed at least quarterly
- Amber risks are medium priority and must be addressed as soon as possible and then reviewed at least quarterly
- Green risks are those which are judged to be adequately controlled currently but must still be reviewed 6 monthly as things change

7.4 Stage 4 – Risk Mitigation

For each risk an assessment is made as to whether to control, accept, transfer or terminate the risk.

- **Control** - It is usually possible to mitigate the risk by 'managing down' the likelihood, the impact, or both. Any control measures must reflect the potential frequency, severity and financial consequences of the risk event.
- **Accept** - Some risks may have to be accepted as they form part of, or are inherent in, the activity. In addition there are some risks over which we can have no control and some for which any management actions would be prohibitive in terms of resource. The important point is that these risks are identified, are clearly understood and are acknowledged.
- **Transfer** – Some risks can be transferred to another body or organisation through insurance, contractual arrangements, outsourcing, partnerships etc. It is however acknowledged that some risks e.g. reputation can never be transferred.
- **Terminate** – It may be possible to eliminate a risk by ending all or part of a particular service or project.

7.5 Stage 5 - Monitoring and Reporting

Risk management needs to be embedded into the business planning process and performance management arrangements. A framework is in place to monitor and report the current status of identified risks, this includes:

- A six monthly review of the strategic risk register by the Leadership / Management Team
- A quarterly review of operational risk registers by Heads of Service. Any risks with a constant theme within more than one service should be considered to be added to the Strategic Risk Register.
- An annual report on the overall effectiveness of risk management and internal control by Internal Audit
- A quarterly report provided to the Audit Committee detailing the current strategic and high level operational risks and the progress made in controlling them

8.0 ROLES AND RESPONSIBILITIES

8.1 Elected Members

Role

- To be aware of the arrangements in place for risk management
- To fully take into consideration risk as a part of the decision making process, particularly in relation to budget setting.

Responsibilities

- To gain an understanding of risk management principles and the benefits that it brings to the achievement of corporate objectives.
- To delegate to officers the overall approach to embedding a risk management culture.

8.2 Audit Committee

Role

- To monitor and scrutinise the Council's risk management process

Responsibilities

- To monitor arrangements for managing the Council's strategic risks and high level operational risks through quarterly reports
- To challenge and review the effectiveness of the risk management process
- To seek assurances that action is being taken to manage identified risks

8.3 Management Team

Role

- To ensure that the organisation manages risks effectively via the development of an overall corporate strategy. The focus being on strategic risks.
- Regular discussion on emerging and existing risks with management team and members.

Responsibilities

- To gain an understanding of risk management and its benefits
- To develop approve and monitor a corporate risk management strategy
- To establish a strategic risk register
- To review the strategic risk register every six months and report findings to members

Risk Management Strategy/Policy

- To oversee and promote risk management implementation across the Council
- To nominate a suitable officer who is responsible for risk management on a corporate basis
- To identify and establish a risk champion from elected members

8.4 Heads of Service

Role

- To ensure that risk is managed effectively within their own service

Responsibilities

- To contribute to the development of the corporate risk strategy and strategic and operational risk registers from a specific service perspective
- To ensure risks and business continuity is included in service plans
- To integrate risk management methodology into service and corporate planning
- To carry out and maintain an assessment of service related risks assessment and prioritisation of risk
- To establish training requirements of officers to ensure that risk becomes embedded
- Install a culture where risk is embedded within the key decision making process
- To maintain an operational risk register and consider the effects that identified risks may have on other services
- To review the operational risk register every three months
- To maintain a project risk register where appropriate
- To ensure that all reports and key decisions include a proper risk assessment.

8.5 Specific Responsibilities

Corporate Management – Role

- To act as a risk champions
- To lead on corporate risk management processes

Finance – Role

- To inform investment decisions
- To assess financial implications of strategic policy
- To negotiate insurance cover to ensure risks, etc are covered, where required
- To properly consider risk as part of the budget process

Legal Services – Role

- To provide legal advice
- To provide updates on the implications of political and legislative changes
- To assist in handling of litigation cases

Regulatory Services (including Health and Safety) – Role

- To assist in handling cases of work related illness or injury
- To advise on any health and safety implications of chosen or proposed arrangements for service delivery

All Staff

Role

- To be personally responsible for managing risk effectively in their job

Responsibilities

- To liaise with their line manager to assess areas of risk in their job
- To identify new and changing risks in their line of work and feed back to their line manager
- To undertake their work within the risk management guidelines as set down by the line manager
- To ensure that skills and knowledge passed to them are used effectively

Internal Audit

Role

- To challenge existing risk management arrangements.
- Carry out an annual assessment of the council's risk management and internal control frameworks as part of the review of corporate governance arrangements.

Responsibilities

- Review risk management processes
- Internal audit to report to The Audit Committee on controls in place to mitigate risk

