

# **RISK MANAGEMENT:–**

## **POLICY & FRAMEWORK**

This guidance is supported by the following (available on Underground):-

1. Corporate Risk Register (CRR)
2. Corporate Risk Schedule (CRS)
3. Falkirk Council - Step-By-Step Guide to Risk Management
4. Falkirk Council - Partnership Risk Management Guide
5. Falkirk Council – Supplier Risk Management Guide
6. CIPFA Guidance Note 10: Risk Management Guidance for Elected/  
Board Members
7. ‘Think About Health & Safety’ – IOSH Guidance for Elected Members

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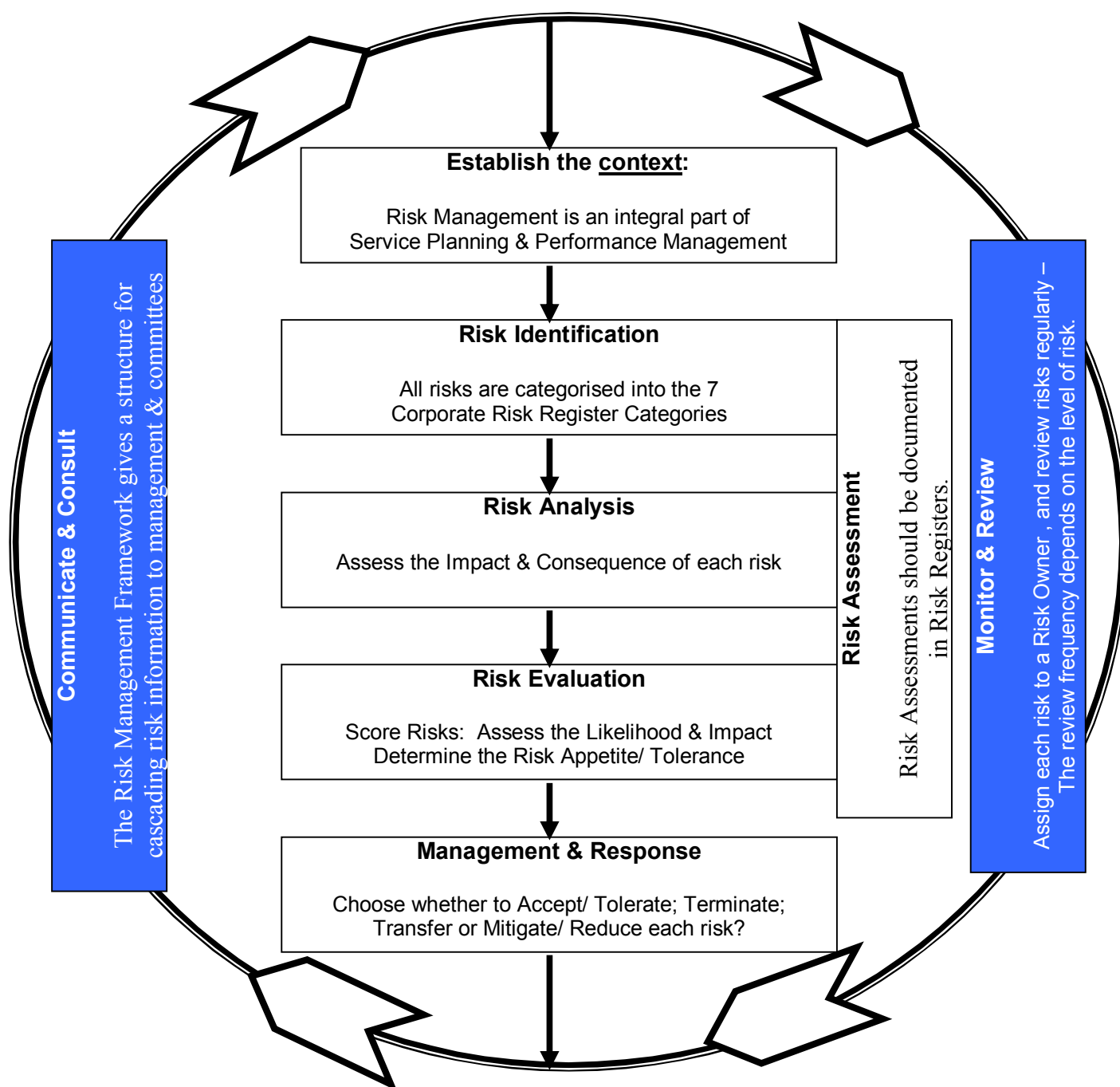
## DOCUMENT HISTORY

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## **1. POLICY STATEMENT – THE COUNCIL’S APPROACH TO RISK MANAGEMENT**

- 1.1 The purpose of this Risk Management Policy is to set out the framework for embedding risk management across Falkirk Council.
- 1.2 The Council encourages decision makers to be ‘risk aware’ rather than ‘risk averse’. This includes encouraging innovation and recognising ‘opportunity related risk’, provided that the risk is assessed and justified in the context of the anticipated benefits for the Council.
- 1.3 The Council aims to promote a culture whereby risk management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss. Risk management should be seen as an enabler to achieving the Council’s objectives.
- 1.4 Risk management requires the identification, assessment, management, monitoring and reporting of risk by the Council, in order to support the effective management of the organisation’s employees, finances, operations, assets and reputation. The following diagram summarises the required approach.

**Table 1: Risk Management Process** outlines the key stages of the process.



- 1.5 Each stage will be further defined within a ‘Step by step guide to the risk management process’.

1.6 Risk affects every activity to a greater or lesser degree and failure to acknowledge this can lead to serious consequences. The Council's Corporate Risk Register sets out risk under the following 7 headings:

- Failures in proper **financial** management
- Failures in proper **information** management (availability, integrity and security)
- Failures in **human resources** management (e.g. recruitment, retention, safety)
- Failure to properly manage **assets**
- Failure to properly recognise, plan for, and manage significant **change**, both internal and external
- Failures in **governance**, leadership, accountability or decision making
- Failures in **partnerships** or contracts with external bodies

1.7 The Corporate Risk Register, available on the Council's intranet, Underground, gives a greater description of each heading.

1.8 Risk management is a key component of corporate governance and resilience, and, therefore, should be embedded within the Council's management at every level, including Community, Corporate and Service Planning and Performance Management.

1.9 If the Council is to manage risk effectively, it requires to demonstrate that risk management is carried out in a systematic and structured manner and that it is subject to monitoring & challenge.

## 2. RESPONSIBILITIES: ELECTED MEMBERS, OFFICERS AND COMMITTEES

An overview of responsibilities is provided below, and these will be supported by training.

### 2.1 Elected Members and Officers

#### a) Elected Members

The CIPFA/ SOLACE 'Delivering Good Governance in Local Government' – and in particular Principle 4, makes explicit the elected member's decision-making role and the need to ensure that risk information contributes to the decision-making process. To support this, an appropriate analysis of relevant risks should be included within all committee papers.

CIPFA Guidance Note 10 (Risk Management Guidance for Elected/ Board Members) – available on the Corporate Risk Management section of Underground - also advises that Elected / Board Members should get involved in the identification of high level, strategic risks, and outlines the following responsibilities for them:-

- To **gain** a broad understanding of risk management and its benefits;
- To **require** officials to develop and implement an effective framework for risk Management;
- To **challenge** officials to ensure risks are considered and documented in all reports;
- To **require** that risk is formally considered at the start of major projects and re-evaluated throughout the life of the project;
- To **require** officials to report significant risks on a regular basis.

#### b) Chief Executive

The Chief Executive has overall accountability for the Council's risk management framework, and ensuring that there are effective arrangements in place to manage risks.

**c) Director of Development Services**

The Director has responsibility for overseeing the risk management framework; effectiveness of the Corporate Risk Management Group (CRMG); and for reporting issues to the Corporate Management Team (CMT). The Director will provide an Annual Report to CMT and the Audit Committee, including the risk management work-plan.

**d) Internal Audit Manager**

The IA Manager is responsible for developing and completing an Annual Risk-Based Internal Audit Plan. The aim is to provide assurance on the Council's arrangements for risk management, governance and controls.

**e) Corporate Risk Manager**

The CR Manager will provide training, advice and support across the Council on the management of Corporate, Service and/ or projects risks. He/she will also implement & maintain a process for review, maintenance and reporting of risk registers. Key outputs will be the Corporate Risk Register and Annual Risk Management Work-Plan. The annual work-plan should include a review of Service business continuity plans. The Corporate Risk Manager will support the Director of Development Services in delivering his/her responsibilities and support the CRMG activities.

**f) Service Directors and Chief Officers**

Directors & Chief Officers are accountable for embedding risk management within their Service, and monitoring its effectiveness. They should ensure that controls and review mechanisms are fit for purpose and are operating effectively; and that their respective Service Risk Register (SRR) and schedules are kept up to date.

**g) Service, Project and Partnership/ Contract Managers**

Managers are responsible for ensuring that risk awareness and training is delivered to employees, and for supporting their respective Directors and Chief Officers in their responsibilities. Managers should ensure that all current and emerging risks are identified and evaluated; and that proportionate controls, review mechanisms and performance indicators are implemented. Risk management should be a regular agenda item on all Service Management meetings.

## **h) Employees**

Employees should be aware of the risks that relate to their role, and how to protect themselves and others e.g. health and safety guidance. Employees should be involved in the risk assessment process for their roles and should be encouraged openly to report any concerns. They should have a good understanding of the part they play in delivering the Council's corporate risk management aims and objectives.

## **2.2 Committees and Officer-Led Groups**

### **a) Audit Committee**

The Audit Committee's Terms of Reference are defined as:-

- To review and seek assurance on the framework of risk management, governance and control.
- To review and seek assurance on the system of internal financial control.
- To review the Authority's Assurance Statements to ensure they properly reflect the risk environment,
- To produce an annual report on the above to support these statements.
- To take account of the implications of publications detailing best practice for audit, risk management, governance, and control.
- To take account of recommendations contained in the relevant reports / minutes of:
  - the External Auditor;
  - the Scottish Parliament; and
  - other external scrutiny agencies.

### **b) Corporate Management Team**

- Ensure that the risk management policy and framework is reviewed at least every two years to ensure that it remains fit for purpose and reflects corporate objectives;
- Promote the embedding of risk aware culture, proactively supporting and encouraging best practice;
- Provide appropriate risk information to Members to support decisions;



- Risk Appetite: Ensure there is good awareness of the Council's risk profile and appetite, and encourage proportionate risk taking and innovation by Services;
- Develop and review the CRR and the Corporate Risk Schedule, taking account of both current and emerging risks.

**c) Corporate Risk Management Group (CRMG)**

- Monitor the implementation of the risk framework and annual work-plan;
- Approve reports to CMT and Audit Committee on the effectiveness of the risk framework;
- Ensure that CRMG members and working groups progress agreed actions;
- Provide a knowledge sharing platform corporately, to inform strategy and guidance;
- Ensure that SRRs and schedules, Action Plans and Business Continuity Plans are regularly reviewed, and that the Corporate Risk Register reflects the Service risks.

**d) All Working Groups (see Appendix 2)**

- Ensure that risk is appropriately considered at all meetings and included in reports;
- Develop and maintain a risk register to support the group's (or a collection of group's with similar aims e.g. resilience, assets or protecting vulnerable people) objectives;
- Facilitate the sharing of best practice and lessons learnt;
- Implement proportionate controls and performance indicators to manage risks.

### **3. RISK REGISTERS AND SCHEDULES**

#### **3.1 Corporate Risk Registers**

The Corporate Risk Register (CRR) should contain risks which impact on multiple services or requires significant central resources in the development of risk control measures. The risks have the potential for the 'corporate body', Falkirk Council, to achieve opportunities or fail to meet objectives within the Corporate Plan.

#### **3.2 Corporate Risk Schedule**

The CRR will be an over-arching document identifying risks, impacts, controls and review mechanisms. In addition to the CRR, there will be a Corporate Risk Schedule (CRS) which rates risks – by impact and probability – and prioritises them.

#### **3.3 Service Risk Registers and Schedules**

The Service Risk Register (SRR) reflects the terms of the CRR and schedules to the extent that they have the potential to impact on individual services. Further, a Service Risk should be raised to the CRS if rated as high or very high, or where the risk is considered to need a level of awareness and intervention.

Each SRR and schedule should take account of the service business continuity plan, in particular, the business impact analysis which priorities the recovery of different functions.

#### **3.4 Team/ Divisional Risk Registers and Schedules**

These should be considered if appropriate where certain risks can exclusively be managed at this level.

### **3.5 Corporate Partnership, Supplier and Project Risk Registers**

These should identify and evaluate the risks which may affect a specific relationship, project or programme. This usually means a threat to the delivery schedule, cost or anticipated benefits that the project will deliver. Any risks remaining at the end of a project are handed over to the relevant Service to manage as business as usual.

Business continuity plans should address the risk of Council or supplier failure or interruption, including an assessment of the effectiveness /appropriateness of the supplier's own business continuity arrangement.

