

# **FALKIRK COUNCIL**

## **RISK MANAGEMENT POLICY**

### **1. PURPOSE OF THE POLICY**

- 1.1 The purpose of this document is to specify a Risk Management Policy for the Council and to embed a risk management framework and culture throughout the whole organisation.
- 1.2 It is the policy of Falkirk Council to adopt a proactive approach to Risk Management consistent with the principles of Best Value.

### **2. OBJECTIVES OF THE POLICY**

- 2.1 Whilst it is acknowledged that risk cannot be totally eliminated, the objectives of the Risk Management Policy are to:-

- Embed a risk management framework into the culture of the Council.
- Ensure compliance with statutory obligations and best practice.
- Preserve and enhance existing and future service delivery through a systematic approach to the management of risks so as to increase the likelihood of the Council's objectives being achieved.
- Safeguard the Council's employees, clients or service users, Members, pupils, tenants and all other persons to whom the Council has a duty of care.
- Protect the Council's property, including buildings, equipment, vehicles and all other assets and resources.
- Safeguard, enhance and promote the reputation of the Council.
- Maintain effective control of public funds.
- Minimise the possibility of any organisational failure.
- Support the quality of the environment.
- Ensure compliance with Health & Safety, Civil Contingencies and other relevant legislation.
- Aid performance management within the Council.

These objectives will be attained by systematically identifying, analysing and evaluating, cost effectively controlling, monitoring and responding to risk which endangers people, property, reputation and financial stability of the Council. Attainment will be reinforced by the provision of appropriate training, the promotion of best practice and adherence to the measures contained in the Risk Management Strategy underpinning this Policy.

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**Chief Executive Officer**

.....  
**Date**

# **RISK MANAGEMENT STRATEGY**

## **PURPOSE AND OBJECTIVES**

The purpose of this Risk Management Strategy is to establish a framework for the systematic management of risk, which will ensure that the objectives of the Council's Risk Management Policy are realised.

The objectives of this strategy are:-

- Identifying the scope of risk management.
- Embedding and integration of risk management into the culture of the Council.
- Assignment of responsibilities, roles and accountabilities for risk management activities within the organisation.
- Establishment, maintenance and integration of risk registers.
- Identification, evaluation and prioritisation of risks.
- Implementation of action plans to eliminate risks or reduce risks to an acceptable level.
- Ensuring that risks are considered and recorded in all decision making processes.
- Appropriate skills training for all relevant staff and Members in the effective management of risk.
- Regular monitoring of risks and reporting to Members and Corporate Management Team to enable the effectiveness of the Strategy and delivery of the Council's Policy to be evaluated.
- Identification of the outputs and benefits from risk management.

## **THE SCOPE OF RISK MANAGEMENT**

Risk management attention will be paid to the whole of the Council's risk profile, and risk management will be viewed in terms of the ways in which acts or omissions could impact on the Council and its ability to carry out its duties, plans and objectives.

Risks do not simply reside in any one level within the organisation and risk management will therefore look at all strategic, operation and project risk.

## **EMBEDDING AND INTEGRATION INTO THE CULTURE OF THE COUNCIL**

In order that a systematic framework for risk management may be implemented throughout the Council, risk management thinking has to be embedded into the culture and the thought processes of all individuals. The integration of risk management with management processes for civil contingencies, health and safety, and business continuity is also of paramount importance. An appropriate culture will be achieved through:-

- Communication and feedback
- Meeting agendas
- Training and awareness

### **Communication and Feedback**

An overview of risk management and this Risk Management Strategy will be issued to:-

- All Members of the Council
- All Chief Officers and Service Managers
- Key stakeholders such as SCG partners, Trades Unions etc.
- Other interested external parties such as Audit Scotland and Insurers

It is essential that communication on this central Strategy is a two-way process and not simply “top-down”. All individuals throughout the organisation will be encouraged to provide feedback on the Strategy and any related risk management issues.

### **Meeting Agendas**

Risk Management will be a standing agenda item for the following meetings:-

- CMT
- DMT
- Corporate Risk Management Group
- Team Meetings
- Project Boards

A quarterly up-date/monitoring report will be submitted by all Services to the Corporate Risk Management Group on the management of significant strategic risks and any other relevant item.

### **Training and Awareness**

Training Needs Analysis for all members of staff will include relevant risk management focussed objectives. For more junior members of staff, the objective may relate to individual and/or team compliance with control systems and/or identification and mitigation of routine risks.

## **ASSIGNMENT OF RESPONSIBILITIES, ROLES AND ACCOUNTABILITIES**

Whilst corporate governance responsibility rests with the Corporate Management Team (CMT), risk management will be coordinated and monitored by the Corporate Risk Management Group (CRMG). Although the CRMG will have an overseeing role, the responsibility for implementation of the risk management strategy is shared by all management within the Council. Responsibilities and compliance are summarised in **Appendix 1** to the Strategy.

Identification and assessment of the high risk areas will ensure that Service action plans to mitigate risks are formally documented in a corporate risk register and the respective responsibilities of Members, CMT, CRMG and Service Management Teams are clearly defined. CRMG may, where appropriate, appoint sub-groups to address significant issues.

The Risk Management Strategy adopted by Falkirk Council is intended to ensure the achievement of the objectives as detailed in the Corporate Plan and to implement arrangements which are robust and appropriate, given the size, nature and complexity of the organisation.

## **ESTABLISHMENT AND MAINTENANCE OF RISK REGISTERS**

Documentary evidence of identified risks and risk management must be maintained in order to support assurance and to inform the evaluation of risk management. The Council will maintain risk registers to record all risks.

The risk registers will be kept under continuous review to determine what, if any, risks have “dropped off” and no longer apply but, more importantly, to identify new risks which have manifested themselves.

Service risk registers will be drawn up in conjunction with Service Managers and those others considered to best know the risks faced by a particular Service.

Recommended best practice is to implement a computerised, networked risk register, which provides a facility for Service Managers to maintain their own part of the register and to generate local ownership of local risks.

Three types of risk register will be maintained within the risk database:

- Strategic
- Operational
- Project

The minimum information to be held in the risk registers will be:-

- Risk identification number
- Description of the risk
- Likelihood/consequence rating
- Risk type/category

- Risk owner
- Date entered into the register and appropriate validation of the entry
- Date when last reviewed and by whom
- Risk reduction actions required
- Target date for action
- Action owner
- Action complete date

Maintenance of the Strategic Risk Register will be the responsibility of the Director of Development Services, as Chair of the Corporate Risk Management Group. Regular reports will be submitted to the CMT on related topics. The term “strategic” will include those risks that could impact on the Council’s entire business or have a significant cross-cutting impact across more than one Service Directorate.

Operational risk registers will be maintained at a Directorate level by Directorate Management Teams and will comprise those risks that would impact within a limited area.

Project risk registers will be maintained for each major project and reviewed and updated by the project team as work progresses.

Risks will be categorised by type. Standard risk types are scheduled at **Appendix 2** to the Strategy.

## **IDENTIFICATION, EVALUATION AND PRIORITISATION OF RISK**

Informed decisions in respect of policy or service delivery/improvement can only be made if the risks involved in service delivery/improvement are identified. In order that all risk categories may be considered during the identification process a holistic approach will be taken.

The initial identification of risks will principally be achieved through collaborative working within the CMT and individual Service management teams. Support and advice will be available from the Corporate Risk Management Group, normally through the offices of the emergency planning team.

The Corporate Risk Management Group will evaluate individual Service plans and ensure co-ordination with and migration of information where relevant to the Strategic Risk Register, subject to appropriate CMT approval, and when necessary, elected Member endorsement.

All identified risks will be evaluated using a concise matrix which measures the likelihood of the risk occurrence with the consequences to the Council. The matrix is set out below.

Risk Management is not about completely eliminating risks. Rather, it involves making judgements in setting the Council's risk tolerance at a point beyond which a risk is deemed unacceptable.

- plot the relative position of an individual risk;
- prioritise the significance of all risks;
- establish the Council's overall risk profile, in relation to risk tolerance, above which exposure is deemed unacceptable.

## SEVERITY

	1	2	3	4	5
High					
4					
3					
2					
Low					

Low High

PROBABILITY

## **IMPLEMENTATION OF ACTION PLANS**

When risks are registered, proposed actions will be identified. The inherent risk will be assessed to determine whether or not the proposed actions enable the risk to be:

- **Treated** – through preventative measures.
- **Tolerated** – through ensuring that adequate plans exist to respond to potentially disruptive events.
- **Transferred** – through, as an example, insurance arrangements.
- **Terminated** – although in practice this is often not possible.

Approved courses of action will be recorded in the risk register and implementation will be monitored by the Corporate Risk Management Group and reported to CMT.

## **RISK CONSIDERATION IN DECISION-MAKING PROCESSES**

The Council's framework for decision-making is identified in its scheme of delegation, which covers decisions to be taken by Members and those delegated to Chief Officers.

Other requirements include the need to align reports with corporate priorities set out in appropriate Plans, identifying, as appropriate, how they may impact on issues such as crime and disorder and health and welfare.

Service Directorates will be required to demonstrate that risk has been considered as an important factor in their local decision-making processes.

## **SKILLS TRAINING**

It is essential that all members of the CMT and the Corporate Risk Management Group, together with all key staff and Members involved in the risk management process are suitably trained and familiar with risk management methodologies and approaches. The Corporate Risk Management Group will co-ordinate and facilitate appropriate training programmes.

## **REGULAR REPORTING MECHANISM**

Regular reporting to Members and Chief Officers is essential to enable the effectiveness of this Strategy and delivery of the Council's Policy to be evaluated.

The Corporate Risk Management Group will provide quarterly risk management reports to CMT. Twice yearly reports will be submitted to the Best Value and Audit Forum.

Procedures will be put in place to ensure that any serious emerging risk can be immediately reported to the Corporate Risk Management Group and CMT.

## **OUTPUTS AND BENEFITS**

Risk management is a very important initiative, which should deliver a number of valuable and tangible benefits to the Council and individual managers and assist in the delivery of services in the most effective and efficient manner. It is recognised, however, that some of the benefits will accrue incrementally and only be fully realised after the Council has achieved full implementation and analysed the impact.

Outputs from the risk management process will provide valuable additional information that should assist the Council in avoiding unpleasant surprises and aid it in the consideration of its corporate governance arrangements.

Specific anticipated benefits of a formalised risk management process include:-

- A fully documented schedule of all of the Council's key risks and actions that are being taken to mitigate those risks.
- A better understanding of risks and exposures faced by the Council.
- Greater ownership by managers of risks and the systems of control.
- An understanding of how risks are moving and the ability to model how they are accumulating, or reducing, as the case may be.
- Integration of risk management into systems and project based developments and contracting and partnership arrangements with third parties.
- Compliance with Civil Contingencies and Health & Safety legislation etc.
- A strengthening of the links between Council Risk Management, Business Continuity Management and the Council's Integrated Emergency Management Arrangements.
- More focussed use of insurance as a potential means of transferring risk.
- The implementation of a more comprehensive and cost effective control environment.
- More effective working practices between all interested parties.
- Better management information available for the consideration of the Council's corporate governance arrangements.



## APPENDIX 1

### RESPONSIBILITIES, ROLES AND ACCOUNTABILITIES

Group	Role
Elected Members	To hold the Corporate Management Team accountable for the effective management of risk by officers of the Council.
Chief Executive	Has a key role to play in promoting and supporting the risk management strategy.
Corporate Management Team	To ensure that the Council manages risk effectively through the development of a comprehensive corporate strategy and to monitor delivery by receiving regular reports. In addition, to consider strategic risks affecting the Council.
Corporate Risk Management Group (Corporate Risk Manager)	To support the Council and its departments in the effective development, implementation and review of the risk management strategy and to share experiences on risk across the Council. (To report to the Corporate Management Team and provide an annual assurance, to Members and the Corporate Management Team, on the robustness of risk management arrangements.)
Service Management Teams	To ensure that risk is managed effectively in each Service area within the agreed corporate strategy and to report to the Corporate Management Team, via the Corporate Risk Management Group, on a quarterly basis.
Service Managers	To manage risks effectively in their particular Service areas and to report on how opportunities and risks have been managed to the Service Management Team.
Employees	Will work in compliance and accordance with Council Risk Management policies and procedures and should identify and report any areas of concern to line management.

## APPENDIX 2

### RISK TYPES

#### STRATEGIC RISKS

**Political** - associated with failure to deliver either central government policy or local policy and objectives.

**Economic** - affecting the ability of the Council to meet its financial commitments.

**Social** - relating to changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.

**Technological** - associated with the Council's capacity to deal with the pace/scale of technological change. May also include the consequences of internal technological failures affecting the ability to deliver objectives.

**Legislative** - associated with current or potential changes in national or international law.

**Environmental** - relating to the consequences of progressing strategic objectives eg; energy efficiency, recycling etc.

**Competitive** - affecting the competitiveness of the Council's ability to deliver best value.

**Customer/citizen** - associated with failure to meet the current and changing needs and expectations of customers and citizens. Also includes public perception as a consequence of adverse publicity etc.

#### OPERATIONAL RISKS

**Professional** - associated with the particular nature of each provision eg; Social Services concerns over children at risk; Housing Services concerns over the welfare of tenants.

**Legal** - related to possible breaches of legislation.

**Financial** - associated with financial planning and control and the adequacy of insurance cover and internal funds.

**Physical** - related to fire, safety, maintenance, accident prevention etc risks associated with buildings, vehicles, plant and equipment etc.

**Personnel** - associated with recruitment, retention, development, authorisation and training of staff and welfare issues such as stress, absence management etc.

**Contractual** - associated with the failure of contractors to deliver services or products to the agreed cost or specification.

**Reputational** - relating to the Council's current and future reputation and the public's perception of efficiency and effectiveness.

**Technological** - relating to reliance on operational equipment including IT and machinery.

**Environmental** - relating to pollution, noise, energy efficiency etc.

#### PROJECT RISKS

**Project** - the types of risk associated with an individual project will depend upon the size and significance of the project, but the risk types will normally be a combination of Strategic and Operational risks for the larger cross-cutting projects or Operational only for smaller Service specific projects.