Dorset Councils Partnership

JOINT RISK MANAGEMENT STRATEGY

Issue date: December 2016

Next review date: December 2018

Introduction

The Joint Risk Management Strategy forms part of the Authority's internal control and corporate governance arrangements.

The strategy explains the underlying approach to risk management, documents the roles and responsibilities of the Members, Senior Leadership Team and staff at all levels.

Strategy

Risk is defined as something that might have an impact on the achievement of the Dorset Council Partnership (DCP) objectives and its delivery of services to the community.

Risk Management can be defined as *"the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives".*

We use the risk management process to identify, evaluate and control risks. Risk management need not mean risk avoidance and may involve taking steps to reduce risk to an acceptable level or transfer risk to a third party. The DCP recognises that they have to deliver services in an increasingly litigious and risk-averse society. The DCP will therefore use risk management to promote innovation in support of the corporate strategy.

Risk is defined in the widest sense and is not confined to the traditional areas of insurance and Health & Safety. The majority of risks faced by the organisations are not insurable. Risk transfer is part of Risk Management, but so is risk retention and control.

Risk Management Objectives

The DCP has a long term commitment to risk management and it should be an inherent part of good management and governance practices. It should secure the assets and reputation of the DCP and ensure continued financial and organisational wellbeing. The DCP has the following objectives:-

- Continue to integrate risk management into the culture of the DCP and raise awareness of the need to manage risk more effectively

- Anticipate and respond to changing social, political, environmental, technological and legislative requirements

- Prevent death, injury, damage and losses and reduce the cost of risk

- Manage risk in accordance with best practice and raise awareness of the need for risk management by all of those connected with the DCP's delivery of services

- Ensure consistency throughout the DCP in the management of risk

These will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the DCP for risk management

- Embedding risk management into the DCP's decision making process, service planning and delivery, project management and partnership working

- Providing opportunities for training and shared learning on risk management across the DCP, including Members and partners

- Offering a framework to identify priority risk areas, including the provision of risk registers at strategic and operational levels
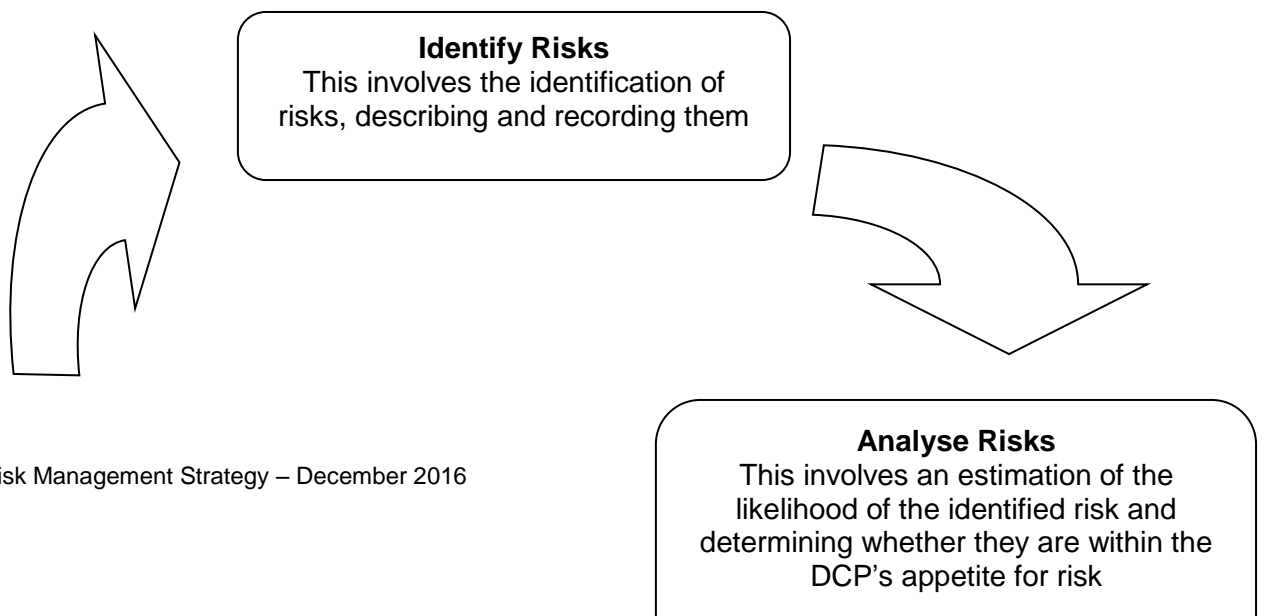
- Reinforcing the importance of effective risk management as part of the everyday work of employees

- Monitoring arrangements and seeking continuous improvement

- Identification and evaluation of risks associated with partners, contractors and other agencies and community groups

- Ensuring robust Business Continuity arrangements are in place

- Linking with the Information Governance framework to better understand our information and the risks associated with it.

- Implementing best practice risk management arrangements in accordance with the DCP's local code of Corporate Governance and the CIPFA Finance Advisory Network (FAN) guidance on the Annual Governance Statement

The Risk Management Process

Risk management should be a continuous and developing process which runs throughout the organisation and the implementation of the strategy, methodically addressing all risk surrounding the DCP's past, present and future activities. It is essential that the incidence of risk is kept under review to see whether it has changed over time. New risks will be identified, control measures updated and some risks will cease to be relevant.

It is vital that everybody understands the role that they play in effective risk management.

The DCP is committed to establishing a systematic and consistent approach to risk identification, analysis, control, monitoring and review.

Identify Risks
This involves the identification of risks, describing and recording them

Analyse Risks
This involves an estimation of the likelihood of the identified risk and determining whether they are within the DCP's appetite for risk

Risk monitoring and review
Progress in managing risks should be monitored and reported to ensure actions are carried out to review the effectiveness of the control and to inform decision making
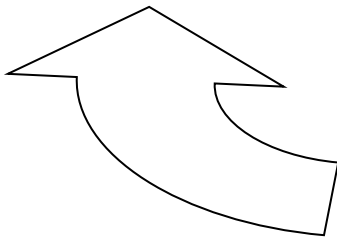
Control Risks
This involves the identification and implementation of control measures to mitigate the risk impact, the cost effectiveness of implementing these measures and the estimation and evaluation of residual risk (that part of risk which cannot be managed away)

Risk Registers

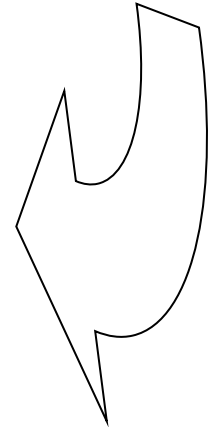The risk registers will document each identified risk as part of the risk management process and are a key feature of effectively embedding risk management throughout the DCP. All risk registers are entered onto the DCP's performance management system (QPR) and should be reviewed on a quarterly basis, or more frequently if necessary, to ensure that new risks are identified and existing risks are updated in response to changing internal and external events.

A corporate strategic risk register has been produced along with service risk registers for each of the 12 services. All 'Very High' or 'High' risks are reported in the Business Review committee report each quarter.

In determining an appropriate response to a risk, the cost of control/risk management, and the impact of risks occurring will need to be balanced with the benefits of reducing risk. This means that we will not necessarily set up and monitor controls to counter risks where the cost and effort are disproportionate to the impact or expected benefit.

Control measures will need to be reviewed and the management of existing risks progressed. If there are now adequate controls in place some risks will no longer be relevant.

Using the likelihood and impact tables/matrix (below) the registers will include:

- *Raw* risk score: a "worst case scenario" assuming that no controls are functioning

- *Current* risk score: the present situation taking into account all controls that are believed to be functioning. All controls currently in place should be recorded

- *Target* score: the situation we aim to reach once any further controls are put in place and are fully functioning. This records the residual risk that the DCP is willing to accept. An action plan of any additional controls to be put in place should be included. The target risk score may be the same as the current risk score.

- The Lead officer responsible for managing the risk

- Review and target dates

- Progress made to date – add notes when reviewed

Likelihood Table

1	Rare	<6%
2	Unlikely	6-20%
3	Possible	21-50%
4	Likely	51-80%
5	Almost certain	>80%

Risk Table

		Financial	Strategic Priorities and Opportunities	Health & Safety	Reputational	Criticality of Service (following Business Impact Assessment)
5	**CATASTROPHIC**	**Over £300,000**	**Complete failure to deliver on a strategic priority**	**Fatality; multiple permanent injuries**	**Receives national / international attention with potential for long term impact on public memory; Total loss in public confidence**	**Critical Service Level One (i.e. Those that present a major risk to public health or safety)**

4	**MAJOR**	**£100,000 - £300,000**	**Major impact (positive or negative) on a strategic priority**	**Major injury or illness leading to long term incapacity/ disability; multiple significant injuries**	**Receives national / international attention with medium term impact on public memory**	**Critical Service Level Two (i.e. Those that present a medium to major risk to reputation / finances)**
3	**MODERATE**	**£50,000 - £100,000**	**Moderate impact (positive or negative) on a strategic priority**	**Moderate injury or illness requiring professional intervention; RIDDOR reportable; multiple minor injuries**	**Receives local press attention with medium term impact on public memory**	**Critical Service Level Three (i.e. Those that present a medium risk to public health or safety)**
2	**MINOR**	**£10,000 - £50,000**	**Minor impact (positive or negative) on a strategic priority**	**Minor injury or illness requiring minimal intervention or treatment**	**Receives local press attention but with likely short term impact on public memory**	**Critical Service Level Four (i.e. Those that present a low to medium risk to reputation / finances)**
1	**NEGLIGIBLE**	**Up to £10,000**	**Negligible impact (positive or negative) on a strategic priority**	**None, or minimal injury or illness requiring no intervention or treatment**	**Minor complaints or rumours**	**Critical Service Level Five (i.e. Those that present minor risk to public health or safety)**

Scored Risk Matrix

			LIKELIHOOD				
			1	**2**	**3**	**4**	**5**
			Rare	**Unlikely**	**Possible**	**Likely**	**Almost Certain**
			< 6 %	*6% - 20%*	*21% - 50%*	*51% - 80%*	*> 80%*
IMPACT	**5**	**Catastrophic**	High 5	High 10	High 15	Very High 20	Very High 25
	4	**Major**	Low 4	Medium 8	Medium 12	High 16	Very High 20
	3	**Moderate**	Low 3	Low 6	Medium 9	Medium 12	High 15

2	**Minor**	Low 2	Low 4	Low 6	Medium 8	Medium 10
1	**Negligible**	Low 1	Low 2	Low 3	Low 4	Low 5

Risk control approaches

- *Avoid the risk* – not undertaking the activity that is likely to trigger the risk
- *Reducing the risk* – controlling the likelihood of the risk occurring, or controlling the impact of the consequences if the risk does occur
- *Transfer the risk* – handing the risk on elsewhere, either totally or in part e.g. through insurance, contractor or partner
- *Accepting the risk* – acknowledging that the ability to take effective action against some risks may be limited or that the cost of taking action may be disproportionate to the potential benefits gained.

The Members and Senior Leadership Team encourage the taking of controlled risks, the grasping of new opportunities and the use of innovative approaches to further the interests of the authority and achieve its objectives, provided the resultant exposure is within the organisations risk tolerance.

All personnel should be willing and able to take calculated risks to achieve the organisations objectives. The risks associated with the proposed actions and decisions should be properly identified, evaluated and managed to ensure the exposure is acceptable. Anything that has a sizeable impact should be discussed with the appropriate line manager.

Organisational policies and guidance manuals define where there are mandatory processes and procedures, e.g. Equal Opportunities policy etc. Compliance with these standards is required as non compliance constitutes an unacceptable risk.

Managers may take risk management decisions on the basis of their delegated authority and devolved responsibilities.

Benefits of Risk Management

When risk management is embedded within the existing planning and decision making process, it ensures implications are thought through, that the impact of initiatives, projects and decisions are considered, and that conflicts are balanced. This will influence success, achieve objectives and improve service delivery.

The Joint Risk Management Strategy provides assurance to Members and Management on the adequacy of arrangements for the conduct of business and the use of resources. Implementation of the strategy leads to a greater risk awareness and an improved control environment, which should mean fewer incidents and other control failures. In some cases this could result in lower insurance premiums, level of claims and lower total of uninsured losses.
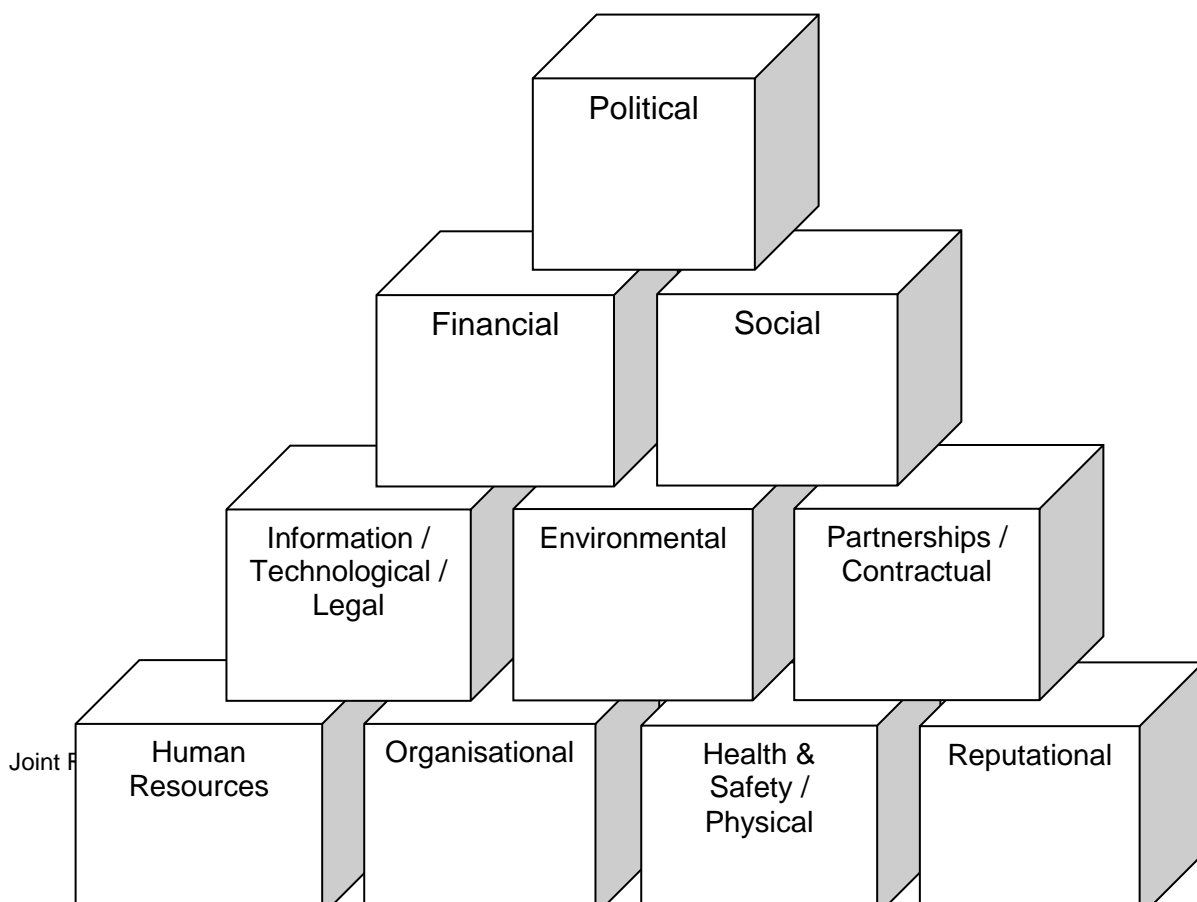
Benefits

- Protecting and adding value across the DCP service areas by supporting the achievement of the DCP's objectives and corporate priorities, improved internal controls and service delivery.

- Improved strategic, operational and financial management, improved decision making, planning and prioritisation, contributing to more efficient use/allocation of resources.

- Consistent management of risk and opportunities, fewer surprises and potential disasters averted.

- Protection of employees, clients, service users, members of the public and any other person to whom the DCP owes a duty of care. This will assist towards a cultural change in respect of morale and reputation.

- Protection of property, equipment, vehicles and other assets, including information, will ensure efficient use of resources.

Categories of Risk

The DCP is faced with both strategic/corporate and operational/service risks that could impact on the achievement of the long-term and day to day delivery of services.

Political

Financial   Social

Information / Technological / Legal   Environmental   Partnerships / Contractual

Joint P   Human Resources   Organisational   Health & Safety / Physical   Reputational

- **Political** – those associated with the failure to deliver either local or central government policy

- **Financial** – those affecting the ability of the DCP to meet its financial commitments; failure of major projects; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; initiative overload

- **Social** - those relating to the effects of changes in demographic, residential, or socio-economic trends on the DCP's ability to deliver its corporate priorities

- **Information/Technological/Legal** – those associated with the capacity of the DCP to use our information in the way we need, for as long as we need and deal with the pace/scale of technological change. It would also include consequences of information becoming unusable, lost or inappropriately accessed or internal failures on the DCP's ability to deliver its objectives. The ability to evidence a defendable position in the event of legal actions and meet legislative demands affecting breaches of legislation (UK & EU).

- **Environmental –** those relating to the environmental consequences of progressing the DCPs strategic objectives in terms of energy efficiency, pollution, recycling, landfill requirements, emissions etc.

- **Partnerships/contractual–** those associated with the failure of partners/contractors to   deliver services to an agreed cost and specification; compliance with procurement policies (internal/external); ensuring open and fair competition.

- **Human Resources –** those associated with professional competence of staff; lack of training and development; over reliance on key personnel; ineffective change/project management; recruitment and selection issues.

- **Organisational –** those associated with the review of service and delivering continuous improvement.

- **Health & Safety/Physical –** those related to fire, security, accident prevention and health & safety which pose a risk to both staff and the public; safeguarding and accounting for physical assets.   Complying with the Health & Safety at work act 1974, and all associated regulations.

- **Reputational –** those associated with the changing needs of customers; ensuring appropriate consultation; avoiding bad public and media relations.

Organisation

The DCP will review the effectiveness of risk management every two years.

North Dorset District Council – Cabinet is responsible for approving the authority's Risk Management Strategy.

West Dorset District Council - Executive Committee is responsible for approving the authority's Risk Management Strategy.

Weymouth & Portland Borough Council – Management Committee is responsible for approving the authority's Risk Management Strategy.

The Joint Advisory Accounts & Audit Committee will approve the action plan and approach to Risk Management for the DCP.

Internal Audit (South West Audit Partnership) will carry out an independent assessment of the risk management system.

The DCP Chief Executive has overall responsibility for Risk Management. They will be assisted by:

- Senior Leadership Team
- The Head of Financial Services and the Financial Performance Manager
- Heads of Service / Corporate Managers
- Members of Joint Advisory Accounts & Audit Committee
- Internal Audit (SWAP)
- Project Leads
- Safety Champions group

Roles and Responsibilities

Members
- To gain an understanding of risk management and its benefits
- Ensure that an effective strategy is in place to manage risks throughout the DCP
- Joint Advisory Accounts & Audit Committee terms of reference should include members responsibility for corporate risk management
- Be aware of risk management implications of decisions
- To ensure that officers develop and implement a corporate approach to risk management
- To receive regular reports re:
  - Corporate risk management progress
  - Highest-level risks (via quarterly *Business Review* reports)
  - Major project risks (via reports from the project lead / Strategic Director)

Senior Leadership Team

To ensure the Joint Risk Management Strategy is implemented and observed by all services in the DCP.
- To ensure that all significant risks are identified affecting service delivery across all 12 services.
- Manage the DCP Corporate Strategic Risk Register.

Head of Financial Services
- Champion risk management

- Responsible, in conjunction with the Financial Performance Manager / Financial Resources Manager, brokers and insurers, for minimising the overall cost of claims

Heads of Service / Corporate Managers and Project Leads

- Be responsible for risk management in their service areas by managing a range of operational risk registers plus a risk register for each major project
- Carry out risk assessments
- Ensure that risk registers are routinely reviewed by risk owners/lead officers and that appropriate actions are taken to mitigate risks
- Ensure that all service areas have risk registers
- Carry out risk assessment for partnership working and ensure that all partners produce a risk assessment
- Ensure that all partnership risks are regularly reviewed
- Evidence risk sharing
- Produce a report for all major projects to support strategic policy decision, to include initiation documents, risk assessments and sustainability impact appraisal

Risk Owner / Lead owner

- Regularly review (on a quarterly basis) the risk register to ensure that all risks have been properly identified, add any new risks and update existing risks and control measures.
- Carry out any necessary actions on the risk action plan to mitigate risk to the target level

  within the set deadline.
- Discuss risk registers with their team, review, moderate scores, update QPR and add any new risks which have been identified through this team process.

Internal Audit (SWAP)

- To provide an independent assessment of the corporate risk management arrangements
- To provide an independent assessment of the implementation of risk management and effectiveness of the risk management strategy
- When planning an audit, review the relevant risk registers to ensure that they are up to date
- Assess the effectiveness of key controls as part of the audit of the service area
- Feedback any new risks identified, or failures of key controls, to the risk owner/lead officer so that the risk register and/or risk action plan can be updated
- Include actions in the audit action plan as appropriate

Financial Performance Manager

- To support the DCP in the effective development, implementation, and review of the Joint Risk Management Strategy
- Implement the effective embedding of risk management across the DCP
- Raising the awareness of the risk management process
- Assist officers to maintain both strategic and operational risk registers in QPR
- Deliver training
- Minimise the overall cost of inevitable claims that do arise
- Support the risk management programme by supplying advice and data
- Identify and address cross-cutting risk/risk management issues
- Report the highest-level risks via the quarterly *Business Review* reporting process

Safety Champions Group
- Look at all areas of health, safety and risk for the DCP
- Undertake safety tours against every occupied site within the DCP and provide feedback from the tours for analysis by the safety champion group
- The group is made up of a wide spectrum of relevant officers from across the DCP
- Report issues which cannot be resolved or have more serious consequences are submitted to the Joint Safety Panel made up of Councillors, Service Managers and Unions

All Employees
- To understand their role in the risk management process including accountability for individual risks
- Undertake mandatory health & safety induction and refresher training
- Promptly report any new risks or failure of existing control measures
- To manage risk effectively in their jobs
- Participate in team discussions regarding existing and new risks, assist in moderating and reviewing the scores and control measures

Partnership Risks

As the DCP is increasingly using partnership working to deliver its priorities and services, it is essential that:

- The risks associated with working in partnership with other organisations have been identified. Some of these risks can be managed through formal contracts and partnership agreements

- Ensure that partnerships have effective risk management procedures in place

- A Partnership risk assessment should be carried out prior to entering into any partnership and should be monitored throughout. These details will be contained in the DCP 'Partnership toolkit'.

- Ensure the Corporate Strategic Risk Register is reviewed on a regular basis

- Ensure Service 'very high' and 'high' risks are reported in the Business Review report on a quarterly basis.

Project Risks

The DCP has introduced a project management software system. The Project In A Box (PIAB) system enables a standard project management process across all projects.

All project documents are also in a standard format. This enables consistency and the ability to monitor all corporate projects in one area.

A Corporate Projects Risk Register process is being created in order to formally monitor and improve transparency for the risks associated with large scale projects. These risks will feed into the Corporate Strategic Risk Register.

The Corporate Projects Risk Register and the process for reporting issues is currently being formalised.

Risk Management Inspections

Risk Management Inspections are required on a regular basis to identify defects of land and property owned or operated by the DCP.

An Inspection Record is a key document with which to record any defects, including relevant details, or to note 'No defect found' if appropriate. This document can then be used in order to defend a claim against the DCP.

Heads of Service / Corporate Managers are responsible for nominating a delegated officer to carry out and record the inspections. They will identify how often these inspections are undertaken which will be dependant on the type of risk, for example Weymouth Beach inspections are carried out daily in peak season.

For 2016/17 Zurich Municipal will provide inspection training to show members of staff how to carry out inspections and what information to record.

Information Asset Registers

Information Asset Registers (IAR) are currently under development. They are a tool to categorise individual pieces of information into manageable groupings.

Each Head of Service or Corporate Manager will be an Information Asset Owner, with responsibility for completing an IAR and managing risks associated with the information in their service area on an annual basis, or more frequently if required. This role provides assurance to the Senior Information Risk Owner (SIRO),

The IAR only provides space for a high-level risk assessment, any medium or high information risks requiring greater visibility and monitoring should be promoted to the service risk register.

Further guidance will be provided to Information Asset Owners.

In relation to this, a Data Protection Training Plan has been created to address how staff process personal data and information so that the DCP is best equipped in meeting its data protection obligations.

Data Protection training will be available to all staff as an e-learning module by the end of 2016, with a view to provide in-person training targeted at employees who handle personal data as part of their job role.

The training will reduce the likelihood of fine or enforcement and prevent regulatory action against, and/or reputational damage to, the organisation, and damage and distress to individuals.

Risk Management Review

The effectiveness of the Strategy and information on the content of the risk registers will be monitored and reviewed as outlined above. The Joint Risk Management Strategy for the DCP will be reviewed every two years in line with the risk management action plan.

The Corporate Strategic Risk Register and Risk Management will be reviewed and updated every six months and submitted to the Joint Advisory Accounts & Audit Committee.