Northampton Borough Council

Risk Management Strategy

1. Introduction

The Council's Risk Management Policy states that "Risk management is a positive tool that is incorporated into the management process to help achieve corporate and directorate objectives. The Council is committed to adopting a corporate, systematic and structured approach to the control of risk".

The OGC document "Guidelines on Managing Risk" defines risk as:

"…uncertainty of outcome (whether positive opportunity or negative threat). The task of risk management is to ensure the organisation makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact…

The key elements that need to be in place if risk management is to be effective, and innovation encouraged, include:

- *Senior management who support, own and lead on risk management*
- *Risk management policies and the benefits of effective management are clearly communicated to all staff*
- *Risk management framework, approved at senior level, within which risk is to be Identified and managed*
- *An organisational culture which supports well thought through risk taking and innovation*
- *Management of risk is fully embedded in management processes and consistently applied*
- *Management of risk is closely linked to achievement of objectives*
- *Risks associated with working with other organisations are assessed and managed*
- *Risks are actively monitored and regularly reviewed."*

This strategy defines the processes and procedures Northampton Borough Council will follow to achieve these elements and embed effective risk management throughout the authority. This is also shown graphically at Appendix A.

Prepared by M Cumbleton
Date: 05 October 2007

2. Objectives

The key objectives of this strategy are:

- To facilitate the achievement of Council objectives whilst taking proper account of the risks involved.
- To produce commitment to risk management throughout the Council.
- To ensure that all significant risks facing the Council are properly managed on a corporate basis.
- To reduce cost and disruption to the Council.
- To ensure best use of the Council's limited resources.
- To provide evidence of a first class risk management process within the Council.

3. The Risk Management Structure

The Council will maintain Risk Registers to:

- Identify significant risks including their likely consequences
- Allocate responsibility for managing each risk to a specific individual
- Assess the likelihood and impact of each risk to provide a ranking to be used as a method of prioritisation
- Identify existing measures relied upon to control the risks, together with an assessment of their effectiveness
- Instigate any additional mitigating actions to be taken and allocate individual responsibility for these actions.
- Monitor progress in reducing the level of risk

Risk Registers will be maintained at the following levels:

- **Strategic** – to include strategic risks that would have a significant impact on the Council as a whole, or on a particular area of operation considered critical to the Council.
- **Chief Officers** – the Chief Executive and Directors will each maintain their own registers to manage high level risks appropriate to their areas of responsibility
- **Corporate Managers** – registers will be maintained at departmental level, to include strategic and operational risks, which may have a significant impact on services, or on a particular area of operation considered critical to services.
- **Project Level** – the inception and approval procedure for projects will include a formal assessment of the risks involved. Risk registers will be maintained for all major projects to take account of risks that may have a significant impact on the project outcomes.

All risks will be considered in relation to their possible effect on the achievement of objectives. The Strategic Register in particular will link risks to the Council's Corporate objectives as set out in the Corporate Plan.

All risk registers will be maintained on the corporate risk management software.

Each Corporate Manager will nominate a Manager or Team Leader to act as Risk Management Coordinator whose main duties are to act as liaison point for all risk management issues and ensure that their risk register is reviewed and updated by the management team on a monthly basis.

4. Management Responsibilities

4a Audit Committee

The Audit Committee has specific responsibility for ensuring that the Council operates effective risk management systems.

Risk Management will be a standing item on the agenda to enable the Director of Finance to report to members general progress in embedding risk management together with any specific issue(s) considered relevant.

The Chair of the Audit Committee, together with the Director of Finance, will be Risk Management Champions, and take overall responsibility for embedding risk management throughout the Council.

The Audit Committee will report to full Council at least annually on the effectiveness of the Council's risk management systems.

4b. Management Board

Management Board is responsible for:

- Reviewing and updating the Strategic Risk Register and ensuring that mitigating actions are instigated and completed.
- The effective application of risk management processes and principles to the Council's business systems

4c. Chief Executive and Directors

The Chief Executive and Directors are responsible for:

- Reviewing their own risk registers and those of their subordinates to ensure they are maintained in a timely manner and properly address all relevant significant risks (as far as foreseeable).
- Reporting to Management Board those risks which may merit inclusion on the Strategic Risk Register identified from reviews of existing registers and consideration of future developments
- Instigating and managing actions to mitigate risks

- The effective application of the risk management processes and principles to their areas of responsibility

4d. Corporate Managers

Corporate Managers responsibilities include:

- Reviewing their own risk registers with their management team to ensure they are maintained in a timely manner and properly address all relevant significant risks (as far as foreseeable).
- Instigating and managing actions to mitigate risks
- The effective application of risk management processes and principles to their areas of responsibility

4e. Project Managers

It is the responsibility of each Project Manager to ensure that:

- risk registers are properly reviewed and maintained at project team meetings
- progress in controlling risk is reported to the relevant Project Board and sponsors.

4f. Risk Management Group

The Risk Management Group will:
- Report to Management Board on a quarterly basis, on the effectiveness of risk management systems
- Establish sub groups to address specific risks
- Arrange risk management training for managers and Members.
- Promote risk management throughout the council

The Group will be chaired by the Head of Finance and consist of:
- Risk Manager
- A cross section of representatives from key service areas, approved by Corporate Managers

5. Monitoring and Reporting Risk

It is each manager's responsibility to manage the risk(s) that have been allocated to them, and to update the relevant risk register(s).

The content of risk registers will be reviewed shared and discussed with relevant team members, to encourage ownership.

All registers will be monitored, reviewed and updated to consider:

(1) Any new risks to be added or expired risks to be removed.
(2) Reassessment of current risk rankings.
(3) Review of actions completed and outstanding
(4) Any additional mitigating actions required

6. Risk Management Training and Support

The Risk Management Group will be responsible for ensuring all staff and Members receive risk management training as appropriate.

Risk management workshops will be held to produce and review each Risk Register. These will build on previous training and give staff sufficient expertise to produce and maintain their own registers. Support will be available from the Risk Manager, and externally, as necessary.

Risk Management involves a number of different disciplines including business continuity, property security, health and safety, crime prevention and fire prevention. Many of these services are available from internal resources such as Corporate Health and Safety.

This strategy seeks to complement and utilise existing resources not to replace them. Regular consultation, advice and support is available from appropriate central resources.

Where considered beneficial and cost effective, possible assistance from external organisations such as brokers and insurers will be investigated.

All members will receive Risk Management training as part of the Member Development Programme.

Prepared by M Cumbleton
Date: 05 October 2007

7. Embedding Risk Management Within the Council's Management Processes

The maintenance of risk registers is not an end in itself.

The Council's intention is to follow risk management principles whilst carrying out all aspects of its business.

Members, managers and staff will use risk registers to help take decisions to improve the level of service provided. This will be effected in a number of areas:

- Reports to Members concerning strategic policy decisions will include a risk assessment.
- All project initiation documents will include an assessment of potential significant risks involved.
- The Council's Performance Management Reviews will include the management of risk
- All Service Plans will take account of relevant risks.
- Risk registers will be used to help prioritise spending as part of the budget allocation process
- Risk Registers will be one of the factors used to help determine the Audit Programme.

Prepared by M Cumbleton
Date: 05 October 2007

Risk Management
Embedded into the Council's Management Processes