

GUILDFORD BOROUGH COUNCIL

RISK MANAGEMENT POLICY

All organisations face risks as part of their normal operations and Guildford Borough Council is no different. These risks can materially affect an organisation's capacity to achieve its objectives. The Council is committed to managing the risks that it faces to reduce their possible impact on its services.

The Council recognises that, whatever action is taken, risk cannot be eliminated entirely, that actions must be appropriate to the level of risk and must not hamper its ability to provide services.

The Council is committed to the management of risk in order to:

- Ensure compliance with statutory obligations.
- Preserve and enhance service delivery.
- Safeguard its employees, clients or service users, councillors and all other persons to whom the Council has a duty of care.
- Protect its property including buildings, equipment, vehicles and all other assets and resources.
- Maintain effective control of public funds.
- Promote the reputation of the Council.
- Protect the environment.

A Risk Management Strategy has been developed which advises how these objectives will be attained.

Councillors, the Chief Executive and Management Team appreciate the importance of the role of risk management in providing effective services to the public and fully support the aims and objectives of the Risk Management Strategy, which has been approved by the Executive.

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RISK MANAGEMENT STRATEGY

Introduction

Risk management is a key task for managers in every organisation. At the moment, identifying and evaluating the consequences of policies or actions is not always referred to as risk management. However, failure to pay proper attention to the likelihood and consequences of risks can cause the Council serious problems. Financial cost, service disruptions, damage to reputation, threats to public health or claims for compensation are among the most obvious. The effective management of risk is, therefore, a critical part of the Council's approach to delivering high quality services and achieving its objectives.

A systematic assessment of risk needs to be undertaken when judging all policy and service delivery options available to the Council.

This strategy is drawn up in order to ensure that areas of high risk are identified, appropriate remedial action is considered and, where appropriate, financial provision is made to implement risk reduction measures. Regular consultation and liaison with service managers through the corporate Risk Management Group will achieve this. Funding for initiatives will be made from the risk management budget, where this is considered appropriate.

Risk management should enhance the performance of an organisation and it is important to ensure that this is achieved. In particular, measures introduced to mitigate risks should be appropriate to the level of risk and should not be costly or bureaucratic. In addition, risk management must not discourage innovation.

Definition

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the Council caused by undesirable events. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur. Even when the likelihood of an event occurring (such as a severe storm) cannot be controlled, steps can be taken to minimise the consequences (i.e. by having an effective and robust emergency plan and business continuity plan in place).

Risk Management involves the following four processes:

Identification of Risk

A systematic approach needs to be applied if all operational risks are to be identified and managed. By identifying areas of risk before an event or loss occurs, steps can be taken to prevent the event occurring and/or minimising the cost to the Council. Reacting to events only after they have occurred can be a costly method of risk identification.

Analysis of Risk

Having identified areas of potential risk, they need to be systematically and accurately assessed. The process requires managers to make an assessment of:

- the probability of a risk event occurring; and
- the potential severity of the consequences should such an event occur.

Control of Risks

Once a risk has been identified, a decision must be made as to how the Council will react. There are four options:

1. Tolerate - Decide to live with the risk and the possibility that it might occur and its possible consequences.
2. Terminate - Eliminate the risk, usually by deciding to avoid a course of action or stop a particular activity.
3. Transfer - Some of the financial risk may be transferred through insurance and it may be possible to transfer liability through contractual arrangements.
4. Treat - Control the risk and take action to reduce the likelihood that an event will occur or the consequences if it does.

Monitoring and Review of Risk

The risk management process does not finish when the risk control actions have been identified. There must be monitoring and review of:

- the implementation of the agreed control action;
- the effectiveness of the action in controlling the risk; and
- how the risk has changed over time.

Risk Register

The processes of risk management will be assisted by the development of a risk register, which will record significant identified risks, mitigating actions and officers responsible for the management of each risk.

The register will be used to monitor the Council's progress in managing its risk profile and, as such, will be kept up-to-date. Responsibility for the administration of the risk register lies with the Head of Corporate Development and the corporate Risk Management Group.

Corporate Risk Management Group

The establishment of an effective corporate Risk Management Group is essential to the effectiveness of the risk management process. The Council has a Risk Management Group comprising the Head of Corporate Development, Head of Revenues and Payments Services, Insurance Officer, Health and Safety Officer and other directorate and service representatives as required.

The objectives of the group are to:

- identify areas of risk to which the Council is exposed;
- assess those risks and identify the most appropriate measures to avoid, minimise or control them;
- effectively develop, implement and review the Risk Management Strategy on a corporate basis and promote a risk management mentality within the Council;

- provide support to managers in implementing effective risk management solutions at the lowest possible cost;
- establish priorities for action;
- evaluate new approaches on risk management and the extent to which they would be helpful to the Council and its services;
- support the provision of staff training in, and raise the level of, risk management;
- provide for information sharing and mutual support links with other groups at regional and national level; and
- promote good risk management practice throughout the Council by co-operation and liaison with managers and employees and relevant external agencies.

Members of the group will be sufficiently senior within the Council to ensure that risk management receives appropriate attention and that they have influence and authority with service areas.

The group will report to the Management Team on a quarterly basis.

Funding

Risk management should be part of the normal day-to-day management process. As such, action to control risk will not always require extra funding. However, the Risk Management Group controls a budget which provides service managers with funds to introduce risk management initiatives where required. For example, funds may be required to improve security at a particular location. Managers must apply to the Risk Management Group for access to these funds.

The Council's insurers provide a number of days consultancy as part of the insurance contract. The Insurance Officer will decide how these days will be used, however, some may be made available through the Risk Management Group as a source of consultancy and advice on risk management matters.

Responsibilities

The following have responsibilities for risk management:

Councillors

- To oversee and scrutinise the effective management of risk by officers.

Chief Executive

- To ensure the Risk Management Strategy is fully implemented.
- To ensure that an effective strategy is in place in respect of both the business continuity plan and the emergency plan.

Chief Financial Officer

- To ensure a proper system of internal audit is carried out for the Council.

- To ensure that proper controls are in place for the management of the Council's finances.
- To ensure that appropriate insurance cover is in place and that a register of claims is maintained.

Service Managers

- To identify risks of loss, damage or injury facing service areas and minimise them through positive risk management action.
- To ensure risk is managed effectively in each service area within the agreed corporate strategy.
- To ensure that the control environment relating to systems operated within service areas is secure and that the agreed recommendations of the Head of Corporate Development are implemented.
- Invest in risk management measures to reduce damage or loss to Council assets, or personal injury to employees, visitors and persons under the care of the Council.
- Carry out risk management surveys and recommend risk management measures to eliminate, transfer or reduce the impact of risk and to seek funding for these measures.
- Effective communication within their service area of the Risk Management Strategy.

Conclusion

The Management Team considers that this Risk Management Strategy will provide a framework for the effective management of risk to the benefit of the Council, its services and customers. This strategy has been approved by the Council.