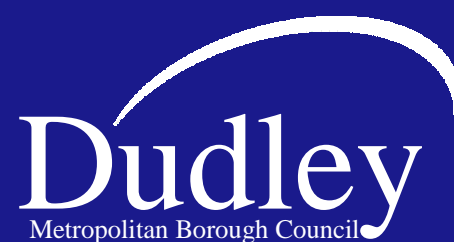


Corporate Risk Management Strategy

April 2008 – March 2009

Risk Management & Insurance
Directorate of Finance, ICT & Procurement
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Key Principles

Risk management in Dudley M.B.C. will continue to follow recognised risk management principles, they are:

- Risk identification and analysis should be undertaken at the earliest opportunity in the business processes and project assessment
- Emphasis is placed upon assigning risk ownership and mitigating actions (controls)
- A central, corporate risk register should be used by all directorates for recording and updating risks.
- Risk controls/mitigating actions should be regularly reviewed and tested for efficacy.

Formal Risk Management Assurance Protocol

To ensure a consistent approach and practical application of the aforementioned principles, a *Risk Assurance Protocol (appendix 1)* is in operation. This procedure is linked to the electronic risk database and will be monitored accordingly. This formal protocol will also assist Audit Services with its work on the Annual Governance Statement.

Roles & Responsibilities

Members – Cabinet Member for Finance will continue to lead on risk management and should ensure that all members are sufficiently informed about risk management to undertake their role. Audit Committee has specific responsibility for risk within its' *Terms of Reference* and it should ensure it is fully aware of risks to Council's key objectives. Awareness sessions conducted by the Risk Manager are publicised in the *Members Training Brochure* and will be undertaken upon request.

On an ongoing basis Members should look to the "background" section of standard reports to look for risk information.

- **Corporate Board** – will receive information regarding those risks specifically identified in the current council plan (Council Plan 2010) via the Quarterly Corporate Management Report. Risks at high (red) status will also be reported under this mechanism.
- **Directors & Principal Officers** – should ensure that risk management within their directorate is carried out in accordance with the Corporate Risk Management Strategy. Full guidance is available in the form of the *Risk Assurance Protocol – Guidance*.

It is also a formal requirement of the standard “corporate report format” to include risk information. This should consider both up and downside risks i.e. opportunities and threats. Information should be explicit and shown in the “background” section of the report. This aspect of reporting is deemed of particular importance in relation to strategic and financial planning, policy making and review and performance management.

- **Risk Champions** – Should attend quarterly meetings feeding in from and to their respective directorates the business of the group and risk issues from their respective directorates.
- **All staff** – Should remain cognizant of risks within the immediate working and operational environments, reporting risks and assisting with control measures.

Dissemination of Risk Management Information & Procedures

The Risk Manager will organise and chair the Risk Champions Group (RCG). The Risk Management & Insurance Section will maintain the electronic corporate risk register, ensuring requisite access and reporting facilities are made available. Any recommendations for amendments/improvements to the corporate risk register will be taken to the Risk Champions Group.

Risk Champions – Terms of Reference

Risk Champions are responsible for embedding best risk management within their respective directorates. The group will meet quarterly and every directorate will provide a representative. The group’s key terms of reference are:

- Ensure the Risk Management Assurance Protocol is undertaken
- Significant risk issues are brought to the attention of the group and to ensure any such issues are being properly addressed
- Provide a focus point through which risk issues can flow
- Ensure consistency in the methodology used to manage risks and controls

Common Risks

Some risks are generic and will be common to all directorates, albeit to a lesser or greater extent. Many of these risks occur in the areas of:

- Human Resources
- Finance, Information and Communications Technology
- Health & Safety

Policies and procedures to provide guidance and to assist with control and mitigation of these risks are widely available and are regularly updated.

These documents represent very important tools in the minimising and controlling of risk. Directors must therefore ensure that they consult, spread awareness and make suitable arrangements to ensure they are utilised within their respective directorates. Reference to common risks is available on the corporate risk register but Directors must accept ownership of common risks within their respective directorates.

Risk Management Match Funding

Application of sound risk management assists with the protection of the Council's assets. In this regard and as an integral part of this ongoing strategy, dedicated Risk Management Funding for Specialist Projects continues to be made available. Funding for the financial year 2008/2009 will be £195,000 and is available on a match funding basis to all directorates including schools.

More often suitable projects will be of a capital nature e.g. improved fencing, fire protection systems and intruder alarms, however support for specialist training or equipment will also be considered. Formal applications can be made via the Risk Management & Insurance Section. A copy of the formal criteria and application form is appended (**appendix 2**)

Priority Areas for the period

Much of the aforementioned represents recognised good practise and should continue throughout all directorates. In addition to these fundamental principles, this strategy sets out the most important areas of work for the forthcoming 12 months.

- **Use of Resources** - The primary steer for the embedding of risk management will continue to be Key Lines of Enquiry 4.1. (K.L.O.E.) *Use of Resources Assessment*.
- **Risk Register Database** – A new risk database was purchased in the autumn of 2007. Corporate wide installation and web access has already started. The Risk Management and Insurance Section will be undertaking training on the new system to ensure its functionality and reporting mechanisms are exploited.

- **Partnership Working** – Partnership working will continue to be an important vehicle for the delivery of some services. Accordingly, partnership risk management is now also an explicit requirement under the *Risk Assurance Protocol*. A recommendation to adopt CIPFA guidance and methodology for determining the significance of a partnership is to be taken to the Partnership Working & Consultation (P.W.C.G.). This will create a hierarchy of partnerships and will assist, amongst other things, in providing a focus for risk work within partnerships.
- **Performance Management** – Risks having the potential or likely to materially affect the achievement of Council's objectives must continue to be evaluated and reported upon. The primary vehicle for risk reporting is the Quarterly Corporate Performance Management Report.
- **L.A.A.** Whilst there is negligible reference to risk in Development of the new LAA framework, Operational Guidance 2007, it is to be expected that assessment of "risks to outcomes" will still be required. A specific methodology for assessing risks to outcomes has already been developed and the Partnership Performance Coordinators Group (P.P.C.) will ensure its operation for reporting purposes to Department for Communities and Local Government.

Review Period

All directorates should review their overall risk management procedures throughout the strategy period. However formal review of this strategy will commence in December 2007 and returned to Audit Committee and the Risk Champions Group in January 2008.

APPENDIX 1

EXAMPLE

Performance/Risk Management Assurance Protocol – 2007/08

Directorate: Chief Executive’s..... **Date:**

| | Review criteria | Y | N |
|---|---|----------|----------|
| 1 | Have any objectives for your Directorate changed, e.g. new services or projects? If so, have new significant risks been identified along with corresponding mitigating actions? | | |
| 2 | Have risks been clearly identified and adequately described? | | |
| 3 | Are the risk owners still valid? | | |
| 4 | Are the risks still valid? | | |
| 5 | Are review dates still valid? | | |
| 6 | Is the assessment of the gross risk, i.e. likelihood / impact of risks occurring still valid? | | |
| 7 | Is the assessment of each mitigating action in reducing the likelihood of the risk and the impact, should it occur, still relevant? | | |
| 8 | Are mitigating actions still operating as intended? | | |
| 9 | Are you happy with the NET STATUS of each risk? | | |

Guidance Notes:

- a) With a sound performance and risk management strategy in place, including designated responsibilities for monitoring and reporting, Directors will be able to certify that risks and mitigating actions have been reviewed and are operating satisfactorily.
- b) Your assurance as to whether mitigating actions (i.e. controls) will come from existing management arrangements and also any internal/external reports.
- c) The Assurance Protocol will need to be completed by each Directorate quarterly, with the relevant Director liaising with the Risk Champion to determine the arrangements in place to ensure compliance.

List of Partnerships assumed included in above:

| Partnership | DMBC Lead Officer | Strategic / Council Plan |
|------------------------------|--------------------------|---------------------------------|
| Safe & Sound | Dawn Hewitt | Yes |
| Dudley Community Partnership | Dennis Hodgson | Yes |

EXAMPLE

List of Corporate Risks included in above:

| Corporate Board identified issue | Risk | Risk Owner |
|--|---|----------------------|
| Civil Contingencies | Failure to provide effective authority response to a major or minor incident | Ian Skidmore |
| Health and Safety/Corporate Manslaughter | Failure to provide a healthy and safe working environment for council staff and visitors to council premises | Ray Faulkner |
| Partnerships | Partnerships, failure to develop efficient partnership working | Geoff Thomas |
| Partnerships | Failure to develop a management structure to deliver the Community Strategy | Andy Wright |
| Single Status | Job Evaluation Implementation | Steve Woodall |
| Single Status | Pay grades review | Steve Woodall |

Has there been any significant worsening of risk assessments since last review? YES/NO (If yes, please provide details)

..... **Date:**

Director

APPENDIX 2

RISK MANAGEMENT FUNDING: CAPITAL /TANGIBLE TYPE PROJECTS

Projects will only be considered where the work can be completed and invoices paid within the financial year of the application.

A valid funding application form must include full project cost details. The application will then be reviewed by the Risk Management Team, who may also require details of spending proposals from any devolved capital budget.

The following criterion is applied to all projects to be considered:

The criterion marked in italics are considered essential, with those remaining as desirable. In addition to those criteria seen as essential, it is envisaged that a successful application will meet at least 3 other criterion i.e. a total of 7 out of 10 of the criterion.

- 1 *The project must enhance the protection/safety of an asset (people or property).*
- 2 Cost of the project must be realistic in relation to the value of the asset.
- 3 *RM funding will not be a substitute for lack of repairs and maintenance or poor house keeping e.g. dilapidated windows or rubbish removal.*
- 4 *Funding will not be given retrospectively i.e. The Risk Management Section must have approved the project in the first instance.*
- 5 RM funding should be matched by funding from other sources. Ordinarily 50% is the maximum funding available from the RM fund.
- 6 Any security related project should be endorsed by the Council's Security Officers.
- 7 Projects will be viewed in conjunction with insurance data and other information given by the Police where applicable.
- 8 *Projects will pay due consideration to legislative requirements e.g. planning permission, Health & Safety and Disability Discrimination, Disability Access Strategy etc.*
- 9 Where risks are stated, these will be cross referenced with the risk register.
- 10 Life expectancy of work/project must represent value for money.

In addition to the above criteria, procedures outlined within the Capital Investment & Disposal Guide and the Capital Strategy/Reporting documents will apply.

RISK MANAGEMENT FUNDING: NON CAPITAL/ NON TANGIBLE TYPE

Risk management funding will also be considered for other areas of work. Typically these might include.

- Specialist training – e.g. Caretaker or driver training
- Support for short term posts or consultancy to assist with projects relating to safety or security of employees and assets.
- Smaller items of equipment such as security marking or safety clothing.
- Support towards posts/consultancy which will assist with the reduction of litigation or with the Council's defence of third party claims e.g. Highways Inspectors or tree inspection programmes.