



## RISK MANAGEMENT POLICY AND STRATEGY

Document Status: Final

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Version: 01.01.06

Date: ~~26/10/17~~ 01/07/21

**Approved by Audit & Governance Committee**

Date ~~08<sup>th</sup> July 2021~~ 26 October 2017

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## Document Location

This document is held by Tamworth Borough Council, and the document owner is John Wheatley, Corporate Director - Resources.

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## Revision History

Revision Date	Version Control	Summary of changes
April 2010	1.01.01	
18/09/12	1.01.02	Scheduled review
30/03/14	1.01.03	Scheduled review
03/09/15	1.01.04	Scheduled review
03/08/16	1.01.05	Scheduled review
24/08/17	1.01.06	Scheduled review

## Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	Yes
CMT	Group Approval	Yes
<del>John Wheatley</del> <del>Lynne Pugh</del>	<del>Executive Assistant</del> Director Corporate Services <del>Finance</del>	Yes
<del>Angela Struthers</del> <del>Roger Bennett</del>	<del>Head of Internal Audit Services</del> <del>Operations Accountant</del>	Yes

## Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

## Distribution

The document will be available on the Intranet and the website.

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## Risk Management Policy Statement

### Statement by the Leader of the Council and Chief Executive

The Authority is committed to embedding the culture of Risk Management ensuring that its reputation is not tarnished by an unforeseen event nor is it financially or operationally affected by the occurrence.

It recognises that: -

- Management has the responsibility to plan and systematically approach, the identification, evaluation, and control of risk;
- In order for the Authority to improve risks (opportunities and threats) need to be taken, but they need to be understood and appropriately managed ;
- All ~~Managers and Team Staff Leaders~~ have responsibility for the effective control of risk utilising the support training and resources provided by the Authority;
- ~~All Staff have the~~ responsibility ~~for to manage~~ insurable losses ~~is management's, not that of an insurance company.~~ Insurance is not a substitute for the management of risk.;
- There ~~is a~~ need to fully integrate Risk Management into the culture of the Authority.

Risk Management objectives for Tamworth Borough Council are reviewed on a continual basis and reported to CMT and Audit and Governance committee on a quarterly basis. These objectives are designed to:

- To safeguard the public, members and employees,
- ~~and~~ To protect the Authority's Rreputation, Physical Assets and assets and Services it provides by minimising losses and associated insurance costs;
- To manage risks in accordance with best practice and ensure risk management is integrated into the culture of ~~Tamworth Borough Council~~ the Authority and all those connected with it;
- To identify and take advantage of available opportunities to improve service delivery and/or the Authority's financial position;
- To ensure the Authority delivers its commitments to stakeholders and to demonstrate transparency, accountability and equity in its efforts to do so;

- To anticipate and respond positively to changing social, environmental and legislative requirements; and
- To identify and manage partnership risks.

The Audit & Governance Committee will regularly review the Risk Management Policy and Strategy to ensure their continued relevance to the Borough. They will also assess performance against the aims and objectives.

We attach great significance to Risk Management and it is essential that the Protocol is known and understood by all staff within the Authority. It will form part of the induction training and performance reviews for all staff and members and will be monitored as part of the performance review process utilising the corporate performance system ~~Covalent~~~~Pentana~~. We will make adequate resources available to ensure that the commitments made in this statement are achieved.

Risk Management has our total support – it needs yours too for us to succeed.

(Signed)  
~~Head of Paid Service~~~~Chief Executive~~

(Signed)

Leader of the Council

## Policy Objectives

In implementing this Policy the Authority will: -

- Adopt a strategic approach to risk management to make better informed decisions which is vital to successful transformational change
- Identify those assets and exposures which have or may give rise to loss producing events;
- Identify opportunity risks that may give rise to increased benefits
- Maintain detailed 'Risk Registers' of the risks identified as threatening the Authority's operation and document their control on the Authority's Corporate Performance system ~~Covalent~~ Pentana;
- Ensure Pentana is routinely reviewed and updated to reflect the Authority's current Risk position
- Assess-Quantify the impact of potential loss producing events;
- Take reasonable physical ~~or~~ and financial steps to avoid and/or reduce the impact of potential losses and their impact on the Authority's Business Plan;
- Endeavour-Work to reduce all serious (RED) risks to an acceptable level either by controls or ceasing the activity;
- Ensure that all systems of work reflect the positive risk management culture of the Authority;
- Establish a comprehensive information base of insurable and uninsurable losses;
- ~~Maintain a detailed understanding of insurance and purchase insurance for those financial risks which cannot be avoided or reduced further, always retaining risks where this is economically beneficial.;~~
- ~~Purchase insurance for those risks which cannot be avoided or reduced further, always retaining risks where this is economically attractive.~~

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## Risk Management Strategy

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The Purpose of this Risk Management Strategy is to effectively manage potential opportunities and threats to support the organisation-Authority in achieving its objectives. The main objectives of the Authority's Risk Management Strategy are to: -

- Achieve continuous improvement in the management of risk;
- Develop a culture that integrates risk management into the day-to-day management process;
- Continue to develop robust systems to identify and evaluate risk;
- Develop reliable performance indicators for target-setting and for making appropriate comparisons;
- Develop systems for performance monitoring to bring about continuous improvements;
- Enabling the Organisation-Authority to anticipate and respond to changing social, environmental and legislative conditions;
- Reduce the total cost of risk and mitigate potential future increases in insurance premiums and self-insurance options.

To help achieve these objectives it will be necessary to: -

- Increase the profile of and commitment to embedding Risk Management throughout the Authority;
- Ensure adequate resources (financial and time) are provided;
- To make all partners, providers and delivery agents aware of the Organisation's Authority's expectations on risk, both generally as set out in its Risk Management Policy, and where necessary in particular areas of service delivery;
- Develop arrangements to measure performance of Risk Management activities against the aims and objectives;
- Establish clear accountabilities, roles and reporting lines across all services, departments, management and committees;
- Provide for risk assessment in all decision-making processes of the Authority;
- Develop training to build awareness across all levels of activity;
- Performance manageMonitor the performance of risk management across the Authority.

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- Ensure the Pentana Risk system is the single repository for all managed risks identified across the Authority

## Risk Financing Strategy

The Purpose of the Risk Financing Strategy is to effectively manage the financial implications of risk control measures and their impact to maximise the resources available for the provision of Services and the Authority achieving its objectives. The main objectives of the Authority's Risk Management Strategy are to: -

- Reduce the total cost of risk and mitigate potential future increases in insurance, Premiums and self-insurance options.
- To minimise costs by reducing risks
- To utilize risk self-funding where financially advantageous

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## Risk Appetite

The risk appetite is “the amount of risk that an ~~organisation~~ Authority is prepared to accept, tolerate, or be exposed to at any point in time” (CIPFA).

The Authority will manage the risks by one or more of the following ways:

- Avoid reducing, preventing, transferring, eliminating or accepting the risk - A decision is made not to take a risk
- Accept – A decision is taken to accept the risk
- Transfer – All or part of the risk is transferred through insurance or to a third party often via a contractual arrangement. This is dependent on the correct use and application of the corporate procurement process
- Reduce – specific actions taken to reduce the risk
- Exploit – A decision is made to exploit opportunities as they arise or generated.

Whilst the Authority acknowledges that it will have “severe” (red) risks from time to time, it will endeavour to reduce those to an acceptable level either through controls or ceasing the activity (if applicable). Sometimes risks are identified and even though managed, may still remain “severe” (red risk). For both Strategic and Operational risk the Authority has a Low appetite for risk. Despite the low appetite tolerance levels may be higher as it must be recognised that it is not possible to eliminate some of the inherent risks associated with the service delivery activities.

Risk Registers must be maintained and managed in the following areas:

Strategic Risks,  
Operational Risks,  
Project Risks,  
Partnership Risks,  
Opportunity Risks

“Severe” risks can appear in any of the above risk registers.

Operational risks will be reviewed by the Risk Champions group and Risks, if deemed appropriate, will be escalated and highlighted to CMT as a note on the strategic risk report.

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### **Risk Management Roles and Responsibilities**

The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. Considering risks must be embedded into corporate policy approval and operational service delivery.

The agreed roles and responsibilities within the risk management framework are outlined in the table below:

<b>Group /Individual</b>	<b>Role</b>
Corporate Management Team	<ul style="list-style-type: none"> <li>▪ Provide leadership for the process to manage risks effectively.</li> <li>▪ Review and revise the Risk Management Policy and Strategy in accordance with the review period.</li> <li>▪ Monitor and review the Corporate Risk Register on a quarterly basis including the identification of trends, upcoming events and potential new corporate risks.</li> </ul>
Audit & Governance Committee	<ul style="list-style-type: none"> <li>▪ Monitor the effectiveness of the Authority’s risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.</li> <li>▪ To monitor the actions being taken to mitigate the impact of potentially serious risks</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>▪ To provide strategic direction with regard to risk management.</li> </ul>
<u>Assistant</u> Directors	<ul style="list-style-type: none"> <li>▪ To provide leadership for the process of managing risks within their directorate.</li> <li>▪ To ensure that risk management methodology is applied to all service plans, projects, partnerships and proposals within their directorate.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ To identify and manage business /operational risks.</li> <li>▪ To ensure that the management of risk is monitored as part of the performance management process.</li> </ul>
Heads of Service	<ul style="list-style-type: none"> <li>▪ To ensure that all risks are identified, recorded and effectively managed in their area or responsibility.</li> <li>▪ To review and update their risk register on at least an annual basis but appropriate to the risk.</li> <li>▪ To determine the method of controlling the risk.</li> <li>▪ To delegate responsibility if appropriate for the control of the risk.</li> <li>▪ To notify the <u>Assistant</u> Director of new risks identified for consideration for inclusion on the corporate risk register.</li> </ul>
All staff	<ul style="list-style-type: none"> <li>▪ To ensure that risk is effectively managed in their areas.</li> <li>▪ To ensure that they notify their managers of new and emerging risks.</li> </ul>
<del>Head of Internal Audit Services/Assistant Director Finance / Operations Accountant</del>	<ul style="list-style-type: none"> <li>▪ To ensure that the <u>R</u>isk <u>M</u>anagement <u>S</u>trategy is regularly reviewed and updated.</li> <li>▪ Promote and support the risk management process throughout the Authority.</li> <li>▪ Advise and assist managers in the identification of risks.</li> </ul>

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## Arrangements

- The ~~Executive Assistant~~ Director ~~Finance Corporate Services~~ will ensure that all Managers are aware of their responsibility for Risk Management.
- The ~~Head of Internal Audit Services Assistant Director Finance~~ will be responsible for ensuring that the Risk Strategy of the Authority is achieved.
- The Operations Accountant will be responsible for the administration of risk insurance and insurance and the co-ordination of advice and support.

## Risk Management Process

### Risk Identification

The identification of risks is completed at various levels and primarily, risks (and opportunities) relate to the achievement of the Authority's objectives. The objectives can be Strategic, Operational, Project or Opportunity level. This stage can be repeated regularly to ensure that new risks arising are identified and recorded on the risk register as appropriate.

The Authority acknowledges that no one person is responsible for identifying key risks and that they are identified at various levels and various ways.

As a basis, the following risks must be identified:

Those that affect:

- 1 the delivery of the Strategic Plan;
- 2 the operational issues i.e. the delivery of a service;
- 3 the delivery of a project;
- 4 the delivery of a ~~P~~partnership arrangement.

### Recording Risks

A Risk Register is the primary tool to administer the risks identified. The ~~Covalent-Pentana~~ system **must** be used to record all ~~corporate, directorate, service~~Strategic and Operational, project and partnership risk registers.

As part of business planning, risks are identified and. ~~Business plan actions are recorded on the Covalent system under Action Central.~~ Managers should ensure that the associated risks are recorded on the risk register held within the Pentana system and linked to the appropriate business plan action.

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All risks recorded on the risk register should identify the:

- Gross risk,
- Vulnerabilities/causes of the risk,
- Potential effect/consequences of the risk happening,
- Controls in place to reduce the risk, or action plan with to introduce control these items to carry specific completion dates
- Net risk,
- Risk review period.
- Target risk, to reflect the acceptable level of risk for the issue identified.

### Reporting Risks

The Corporate Risk Register will be reviewed and updated by the Corporate Management Team on a quarterly basis and then reported to the Audit & Governance Committee.

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All reports to any Committee of the Authority require that risks are identified. The Committee report template is set up so that this is completed. It is the duty of the report writer to ensure that the relevant risk register on Covalent Pentana is updated to take account of these risks.

## **Performance Management**

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The following key performance indicators for the risk management process will be completed.

- The Risk Management Policy and Strategy to be reviewed and updated on an annual basis;
- Corporate Management Team to review and update the Corporate Risk register taking into account emerging and changing risks on a quarterly basis;
- Risks to be reviewed appropriately to the severity /changing nature of the risk;
- Staff to be appropriately trained in Risk Management and the use of the Covalent Pentana system.