



## RISK MANAGEMENT STRATEGY

### 1. What is Risk Management?

**1.1. Risk** is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. **Risk Management** is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

**1.2. Risk Management** is an essential feature of good governance, contributing to improved decision making and supporting achievement of objectives. When embedded within the existing planning and decision making process, risk management provides a basis for ensuring implications are thought through and ensures that the impact of decisions, initiatives and projects are considered and that any identified conflicts are balanced. This will influence success and improve service delivery.

### 2. Classification of Risk

**2.1.** Risks can be classified into various categories but it is important to recognise that for all categories any direct financial loss may have less impact than indirect costs, such as disruption of normal working or failure to fully implement policies.

**2.2. Strategic Risk** – long term adverse impacts of poor decision making or poor implementation. Such actions risk damage to the reputation of the Council and/or loss of public confidence.

**2.3. Compliance Risk** – failure to comply with legislation or laid down procedures, or the lack of documentation to prove compliance. Such actions risk exposure to prosecution, employment tribunals, inability to enforce contracts etc..

**2.4. Financial Risk** – fraud or corruption, waste, excess demand for services. Such actions risk impacting on financial reserves and ultimately Council tax levels, additional audit investigations, reduced service delivery options.

**2.5. Operating Risk** – failure to deliver services effectively, hazards to service users, the general public and/or staff, damage to property. Such actions risk damage to the reputation of the Council, as well as potential insurance claims, resulting in higher insurance premiums.

### **3. Why does the Council need a Risk Management Strategy**

- 3.1. Structured and consistent risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.
- 3.2. The risk management strategy will help to ensure that all Council Committees have an understanding of “risk” and that the Council adopts a uniform approach to identifying and prioritising risks. This should, in turn, lead to conscious choices as to the most appropriate method of dealing with each identified risk, be it elimination, reduction, transfer or acceptance.

### **4. Risk Management Policy Statement**

- 4.1. West Bletchley Council recognises that it has a responsibility to manage risks effectively, in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its aims and objectives and to maximise the opportunities to achieve its vision. The Council is committed to identifying, reducing or eliminating the risks to people and the natural and built environments. The Council will seek to embed effective risk management into its culture, processes and structure to ensure that opportunities are maximised.

### **5. Objectives**

- 5.1. The objectives of the Council’s risk management strategy are to:
  - Integrate risk management into the culture of the Council.
  - Prevent loss, disruption, damage and injury and reduce costs thereby maximising resources.
  - Manage risk in accordance with “best practice”.
  - Inform policy and operational decisions by identifying risks and their likely impact.
  - Raise awareness of the need for practical risk management among all those connected with the planning and delivery of Council services.

### **6. The Risk management Process**

- 6.1. Implementing the strategy involves identifying, analysing/prioritising, controlling and monitoring risks.
- 6.2. **Risk Identification** – identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery. The risks associated with such decisions can then be effectively managed.
- 6.3. **Risk Analysis** – once risks have been identified they need to be assessed, where necessary using proven systematic techniques. If identified risk is seen to be unacceptable then steps need to be taken to control it or respond to it.
- 6.4. **Risk Control** – is the action taken to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur.
- 6.5. **Risk Monitoring** – the effectiveness in controlling risk should be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time.

## **7. Roles and Responsibilities**

7.1. It is important that risk management becomes embedded into the everyday culture and performance management process of the Council.

7.2. **Elected Members** – risk management is seen as a key part of the Elected Member's stewardship role and there is an expectation that Elected Members will lead and monitor the approach adopted.

### **7.3. Council Officers –**

- Clerk to the Council – will act as the Lead Officer on Risk Management, overseeing the implementation of the detail of the Strategy. The Clerk will:
  - Provide advice as to the legality of policy and service delivery choices.
  - Keep the Council updated on the implications of new or revised legislation.
  - Provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions.
  - Report progress to the Council via the Finance and General Purposes Committee.
  - Assess the financial implications of strategic policy options.
  - Provide assistance and advice on budgetary planning and control.
  - Ensure that the Financial Information System allows effective budgetary control.
- **The Council's Managers** – will ensure that Risk Management is an essential part of the planning process for all new service delivery proposals and all reviews of existing services. Will also be responsible for the implementation and monitoring of risk assessments for all operational processes.

## **8. Conclusion**

The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective corporate governance.

***Adopted by West Bletchley Council on 22<sup>nd</sup> August 2011***

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