

## Risk Management Strategy (Version 7.1, December 2017)

### 1.0 Vision

- 1.1 Our risk management vision is to ensure a strong, self-confident and proud County Council, that maximises its opportunities and manages its exposure to risks in a pragmatic and cost-effective manner.

### 2.0 Background

- 2.1 Risk is the combination of the probability of an event occurring and the consequences if it does.
- 2.2 Risk management is the process of identifying and addressing risks to ensure the effective management of potential threats and opportunities. Risk management should be a continuous and developing process which runs through the County Council's corporate strategy and through implementation of that strategy.
- 2.3 The primary objective of the County Council's Corporate Risk Management Strategy is to ***control those risks that may affect the achievement of the Council's overall Strategic Plan, and to do so in a cost-effective manner.*** Accordingly, the Corporate Risk Management Strategy assists the Council to make informed decisions, increases the likelihood of meeting its objectives, and helps it to respond effectively and efficiently to new challenges and opportunities.
- 2.4 All Members and employees have an implicit responsibility to have regard to risk in carrying out their duties. Such risk, if uncontrolled, could result in a drain on resources that could better be directed to the delivery of frontline service provision, and to the meeting of the Council's strategic objectives.
- 2.5 This does not mean that the County Council is averse to taking risks; rather it encourages the consideration of risk taking to exploit the potential of positive opportunities.
- 2.6 The Risk Management Strategy is an important element of the overall governance of the County Council. Its role is emphasised within the Financial Regulations of the authority (Section 11 – 'Risk Management and Insurance') and the Constitution identifies the need to manage the risks associated with projects over £0.25m in value. The Corporate Risk Management Strategy and the Corporate Risk Register and are both available on the County Council's intranet as follows:

<http://intranet.nottsc.gov.uk/financeadmin/corporateriskmanagementstrategy/>

- 2.7 The Risk, Safety & Emergency Management Board (RSEMB) maintains the Strategy under continual review, and a full refresh is made on a four year cycle, following the establishment of a new strategic plan. The Corporate Leadership Team is asked to endorse the strategy, which will then be reported to the Governance and Ethics Committee.

### **3.0 Risk Management in the context of the Strategic Plan**

- 3.1 The County Council's vision and priorities for 2017 – 2021 are articulated in the Council Plan:

#### **Your Nottinghamshire Your Future**

This sets out the aspiration that Nottinghamshire is a great place to:

- Bring up your family
- Fulfil your ambition
- Enjoy later life
- Start a grow your business

- 3.2 The Council may fail to achieve its vision and priorities because it is exposed to a range of risks. These can be financial risks, risks to projects, risks to the services we deliver, risks to the public and other stakeholders, risks from missed opportunities, risks from policy failures and risks to our reputation. Failure to manage these risks effectively can affect our performance across all of our services and activities.

- 3.3 Risk management is a key element of the framework of corporate governance and good strategic planning and is integral to the successful achievement of the County Council's vision. The process of risk management must run through the implementation of the Council's Strategic Plan, through:

- systematically identifying risks and opportunities as part of service planning and commissioning at all levels
- evaluating the potential consequences of risks, including the value of associated opportunities
- eliminating risks where cost effective to do so
- taking appropriate actions to control the likelihood of risks arising and reducing the impact if they do
- having appropriate arrangements in place to manage financial consequences of risk

- 3.4 In doing this, the Council will be mindful of the risks our partners and supplier are exposed to and how they are managing these.

- 3.5 A key part of ensuring integration of risk management in the County Council's activities is to have an effective risk management structure for reporting of risk at different levels. The risk management and reporting

structure for the County Council is outlined in Section 4.

#### **4.0 Risk Management framework and reporting**

4.1 The diagram at Annex 1 illustrates the risk management reporting structure in place for Nottinghamshire County Council. This is that the process of risk management is overseen by the 'Risk, Safety and Emergency Management Board' (RSEMB) and is facilitated by the emergency planning team. Membership of the Board comprises:

- Service Director – Place and Communities (RSEMB Chair)
- Service Director – Communications and Marketing
- Chairs (or representatives) of departmental 'Risk Safety and Emergency Management Groups'
- Group Manager, Emergency Planning and Registration
- Health and Safety Manager
- Risk and Insurance Manager
- Representatives of key services supporting business continuity work (Property, Facilities, Information Technology, Human Resources, Communications and Marketing and the Customer Service Centre)
- Via representative

4.2 The RSEMB is responsible for reviewing and updating the Corporate Risk Register (CRR) at regular intervals, and reviewing the Corporate Risk Management Strategy when deemed necessary, and no less than every four years. The CRR will be tabled at every RSEMB meeting. A detailed review will be made annually, plus a six month mini-review. The outcome of the annual review and mini-review will be reported to Corporate Leadership Team linking in with quarterly performance reports to CLT.

4.3 The chair of the RSEMB and the Group Manager for Emergency Planning and Registration take regular update reports to Corporate Leadership Team (CLT), highlighting key issues arising from the work of the Board. The chair of the RSEMB will also provide annual update reports to the Governance and Ethics Committee.

4.4 Each department has a 'Risk, Safety and Emergency Management Group' (RSEMG). The RSEMGs are responsible for having an overview of risk management in the department and maintaining a departmental risk register and/or Divisional Risk Registers where these are deemed appropriate.

4.5 Risks identified as 'high' or 'very high' from service level risk assessments are to be reported to the departmental RSEMG for possible inclusion on the departmental risk register. Risks identified as 'medium' or 'low' will be treated or tolerated by the department, following the Risk Assessment Procedure that accompanies the Risk Management Strategy.

4.6 The role of the County Council's Risk and Insurance Manager focuses on

operational risks (particularly relating to insurance cover) and the reduction of incidents of loss of life, personal injury and physical loss suffered by the County Council.

## **5.0 The Corporate Risk Register**

5.1 The Corporate Risk Register identifies the main risks to the County Council at a strategic level. The Corporate Risk Register is maintained in accordance with recognised good practice and:-

- Addresses the activities and aspirations of the organisation
- Identifies the key strategic risks that exist
- Assesses the risks for potential frequency and severity
- Prioritises the risks identified
- Identifies current processes for reducing the risk
- Identifies new processes or actions to further reduce the risks
- Identifies a 'Risk Owner' and 'Action Manager' for each risk
- Builds in monitoring and re-evaluation processes.

5.2 The Corporate Risk Register is available on the County Council's Intranet website as follows.

<http://intranet.nottsccl.gov.uk/financeadmin/corporateriskmanagementstrategy/>

Progress on actions is monitored routinely (in line with above) as part of the regular meetings of the RSEMB, and a thorough review of the Register is undertaken annually. The Corporate Risk Register is monitored by the Corporate Leadership Team and an annual report is taken to the Governance and Ethics Committee.

5.3 The requirements of the Risk Management Strategy are reflected in the Council's Strategic Management Framework.

## **6.0 Interface between Corporate Risks and Operational Risks**

6.1 Whilst 'Corporate Risks' relate to the strategic judgements about medium and long-term goals of the County Council, 'Operational Risks' concern the day-to-day issues that managers are faced with when delivering and commissioning services.

6.2 The Council has a long tradition of effective and efficient management of operational risk. These activities are coordinated across all departments (and with key external partners) through the work of Departmental Risk, Safety & Emergency Management Groups. This process is led by the Risk and Insurance Manager, who is a member of the Risk, Safety & Emergency Management Board.

6.3 Corporate risk issues arising through the work of the departmental risk management groups, and the Council's Health and Safety processes, are

passed to on the Risk, Safety & Emergency Management Board for consideration and inclusion in the Corporate Risk Register as appropriate.

## **7.0 Service Planning and Commissioning**

- 7.1 Risk management is an integral part of service planning and commissioning at corporate, departmental, divisional and service level. When considering objectives, managers should consider what risks are associated with each objective which may impact on its delivery. An analysis of the impact and likelihood of each risk should be undertaken, and whether actions should be taken to reduce, transfer, mitigate or accept the consequences of the risk.
- 7.2 Risks which are identified as High or Very High should be reported up to the departmental 'Risk, Safety and Emergency Management Group' for discussion and possible inclusion on the departmental risk register.

## **8.0 Complementary Structures and Strategies**

- 8.1 In fulfilling its responsibilities, the RSEMB will take account of outcomes from the 'Health and Safety Compliance Board' and the 'Information Management Group'
- 8.2 This Risk Management Strategy sits alongside and should be considered in conjunction with a number of other strategic documents, including:
- Medium Term Financial Strategy
  - Health and Safety Strategy
  - Business Continuity Strategy
  - Major Emergency Plan
  - Local Resilience Forum Constitution
  - Local Resilience Forum Community Risk Register
  - HR Strategy
  - Information governance policy framework

## **9.0 Roles and Responsibilities**

- 9.1 The County Council's Governance and Ethics Committee are responsible for:
- Agreeing the risk management strategy
  - Receiving an annual report on the highest category risks
  - Providing an annual assurance statement to stakeholders and the wider community within the Annual Governance Statement
- 9.3 The Chief Executive has overall responsibility for corporate risks, including:
- Ensuring the risk management policy (see Annex 2) and strategy are implemented throughout the County Council
  - Ensuring there is an effective mechanism for identifying, managing

- and reporting risk
- Ensuring that corporate directors consider risks and opportunities associated with issues and decisions affecting the County Council

9.4 Members of the Corporate Leadership Team are responsible for:

- Promoting effective risk management throughout the Council
- Undertaking risk management process for corporate / strategic risks
- Monitoring actions in relation to the highest risk categories
- Reviewing the Corporate Risk Management Strategy
- Reviewing service based risk management processes
- Ensuring that departmental service plans contain an appraisal of risks to service delivery

9.5 The Risk, Safety & Emergency Management Board are responsible for:

- Providing overview and leadership in Corporate Risk Management
- Ensuring preparedness against corporate risks
- Maintaining and developing the Corporate Risk Register

9.6 Risk, Safety & Emergency Management Groups are responsible for:

- Providing an overview of risk management in departments
- Ensuring preparedness against departmental risks
- Maintaining and developing Departmental Risk Registers
- Feeding risks up from departments to the Risk, Safety and Emergency Management Board if appropriate

9.7 'Risk Owners' have:

- Overall responsibility for ensuring that adequate controls and mitigations exist or are being developed to minimise the chance of harm to the County Council's business

9.8 'Action Managers' are responsible for:

- Ensuring that necessary processes and projects are in place (and operating effectively) to maintain existing mitigations and develop new ones
- Providing update reports as requested by Corporate Leadership Team

9.9 Service Directors are responsible for:

- Providing leadership and ensuring risk management is embedded in divisional service planning and commissioning
- Monitoring and taking action to reduce risks they are accountable for as identified in Corporate or Departmental Risk Registers
- Engaging with partners and suppliers to ensure they are managing their risks effectively, and that they are mindful of the County Council's risks.

9.10 Group Managers are responsible for:

- Providing leadership and ensuring risk management is embedded in service planning and commissioning
- Ensuring that managers carry out risk assessments as part of service based business or operational planning and that such risks are regularly monitored
- Feeding information on risks identified to the departmental Risk, Safety and Emergency Management Group when appropriate
- Fulfil the responsibilities of the role of Information asset managers

9.11 Managers are responsible for:

- Carrying out risk assessments as part of service based business or operational planning and monitoring these risks
- Ensuring staff have an appropriate awareness of risk management principles and training if required

9.12 All staff and Members should have an appropriate level of understanding of risk, and how risk affects the performance of the Council, and where relevant apply the principles of effective risk management in their work.

9.13 Internal Audit are responsible for:

- Reviewing Corporate Risk Register and risk management process
- Commenting upon any significant internal control issues

## **10.0 Training Strategy**

10.1 Training provided to County Council staff relating to risk management has included:

- Risk assessment training for staff involved in operational risks
- Health and Safety training
- Information Governance training
- Workforce development training
- Practical business continuity and risk management training (currently under review in terms of mechanism for delivery)

10.2 The training provision for risk management is under continual review to ensure a more integrated and balanced approach to operational and strategic risk management across the County Council.

## **11.0 Communications Strategy**

11.1 An important element of ensuring a coordinated risk management approach across the County Council is to communicate the risk management strategy and tools effectively to all staff and managers. This communications strategy outlines how this will be done.

11.2 The following methods will be used to communicate the Policy and Strategy:

- Information on the Intranet with links to the full document
- Dissemination through departmental RSEMGs
- Briefings to Corporate Leadership Team
- Briefings to Policy Committee
- Risk management and risk assessment training

11.3 The following methods will be used to communicate the Risk Register:

- Intranet page providing a link to the latest version of the Register
- Dissemination through departmental RSEMGs
- Regular reporting of updates to Corporate Leadership Team
- Risk management training

11.4 Departmental Risk Registers should be disseminated throughout the department to managers who may need to be aware of the contents of the register in their service or project planning. This may be done through:

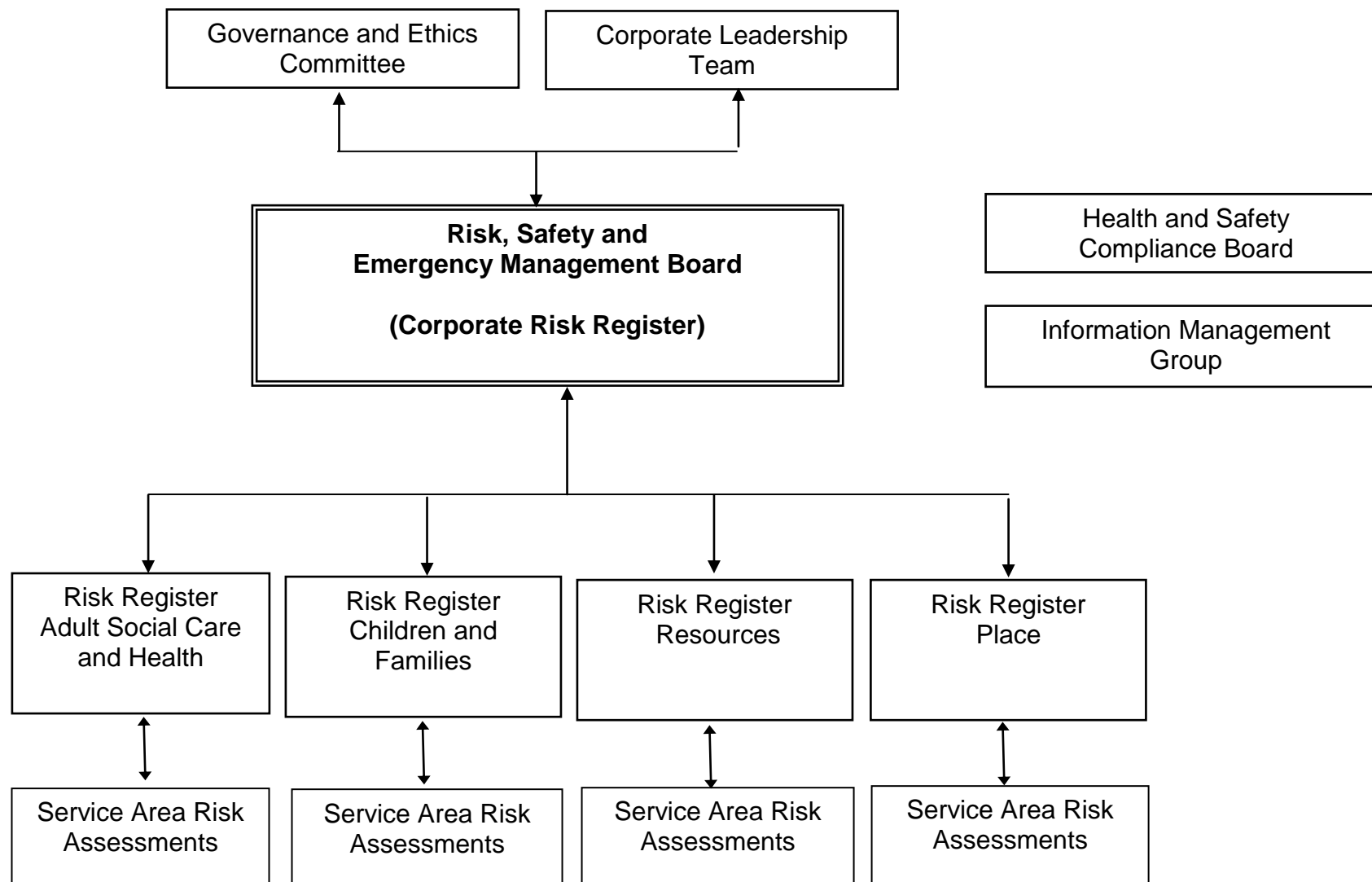
- Specific emails to managers
- Department team briefings
- Manager or leadership team events

11.5 Guidance is provided for managers to assist them in assessing risks from a service perspective and producing a risk register. This guidance is communicated through:

- Availability of information on the Managers' Resource Centre on the intranet
- Risk management and risk assessment training



## Annex 1: Risk management structure in Nottinghamshire County Council



## **Annex 2: Nottinghamshire County Council Risk Management Policy**

This policy document summarises the approach to delivery of the Corporate Risk Management Strategy

Nottinghamshire County Council is committed to embedding a culture of risk management awareness throughout the County Council, and adopting a sensible and balanced approach to risk in order to:-

- Safeguard its employees, service users, members, pupils, tenants and all other persons to whom the Council has a duty of care
- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Manage the budget effectively and be cost effective
- Protect its physical assets and resources
- Maintain effective control of public funds
- Promote the image and reputation of the Council
- Support the quality of the environment

The County Council recognises that risk management can identify both threats and opportunities. By identifying and managing our threats effectively, we will be in a stronger position to deliver the Council's strategic plan and business objectives. By managing our opportunities, we will be in a better position to deliver improved services that represent good value for money.

It is the responsibility of all members, employees and partners to be aware of risk in carrying out their duties and ensure that risks are taken in a structured and well managed manner. It should be recognising that such risk, if uncontrolled, can result in a drain on resources that could be better directed to service provision and achieving the Council's objectives.

The Corporate Risk Management Strategy outlines how the County Council will achieve an embedded risk management process.

This policy has the full support of the Council Members and Chief Executive, and the effectiveness of this policy will be reviewed at regular intervals.