Risk Management Strategy

DARTFORD BOROUGH COUNCIL

Author	Date	Approved by	Date	Date of next review
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		Audit Board	26 January 2022	

RISK MANAGEMENT STRATEGY

1. POLICY STATEMENT

1.1 The Council aims to effectively manage all risks to the achievement of its objectives, both in terms of reducing threats to an acceptable level and maximising available opportunities. Risk is present in all of the Council's activities and it is therefore neither prudent or desirable to eliminate all risk. The Council supports a focused and empowered corporate approach to managing risks, whereby it will not be averse to a degree of commercial risk but where risk decisions are focused, balanced and proportionate.

1.2 The objectives of the Council's risk management strategy are to:

- Ensure the highest standards of corporate governance and accountability in order to protect the interests of our community and our stakeholders
- Embed risk management into everyday operations so that the Council is able to anticipate, and proactively respond to, changes and events that may impact on the delivery of objectives
- Ensure that risk management is integral to decision making processes so that potential impacts are clearly understood and decisions are made on the basis of the best available information
- Enable the Council to achieve its strategic and operational objectives by recognising and managing possible events that may impact on this
- Enable the Council to remain adaptable and flexible, anticipating and responding to changing social, environmental and legislative requirements.
- Enable the Council to create and identify opportunities to maximise positive outcomes
- Safeguard and protect our residents, staff and wider community
- Embed a collaborative approach to risk management through effective communication, sharing and aggregation of risk knowledge, thus enhancing risk awareness, responses and reporting

2. DEFINITIONS

2.1 A **risk** is defined as "the possibility of an event occurring which may impact the achievement of objectives."

2.2 Enterprise Risk Management is defined as "a structured, continuous approach to identify, manage and respond to risk".

2.3 A **control** is "any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved."

2.4 A **key control** is a primary control that is important to the management of risk; it may cover more than one area or it may fulfil a function that no other control fulfils.

3. ROLES AND RESPONSIBILITIES

3.1 All officers and Members have a role to play in risk management, as risks may arise in any part of the Council's operations. In particular, managers and staff who are accountable for achieving an objective are accountable for managing risks to achieving that objective.

3.2 Other groups or individuals in the Council, such as the Health and Safety, the Insurance Function and Emergency Planning, have responsibility for risk specialisms.

3.3 Key roles and responsibilities are set out below.

Cabinet	• Approve the Risk Management Strategy including the risk appetite.
Audit Board	• Approve the Risk Management Strategy, prior to approval by Cabinet • Maintain an overview of the effective development and operation of risk management in the Council, which is achieved by periodic reporting and monitoring, and independent assurance • Review the risk register (six monthly)
Leadership Team	• As a collective, Leadership Team own, and are accountable for, the Strategic Risk Register • This includes ensuring that all risks have been identified, that responses selected are appropriate, and that effective controls are in place to manage the risk to the desired levels • They set the risk management strategy and determine the risk appetite, prior to final approval by Audit Committee / Board / Cabinet. • They will ensure there are resources and arrangements in place to provide periodic assurance on the risk management framework (as this cannot be undertaken by the in house IA team)
Chief Officer and Director of Corporate Services	• The Chief Officer and Director of Corporate Services leads on Risk Management at Leadership Team • This includes preparing and promoting the Risk Management Strategy and ensuring that this is maintained under regular review.
Directors	Individually, Directors are responsible for: • Acting as 'risk owners' for identified risks on the Strategic Risk Register, including regular updates and ensuring the effectiveness of the controls to manage the risk within risk appetite • Ensuring that there are effective arrangements for Risk Management within their own areas, in line with the Risk

	Management Strategy, including risk escalation where appropriate •
Heads of Service / Service Managers	Heads of Service / Service Managers are responsible for: • Identifying risks within their own service areas • Maintaining up to date service level risk registers • Implementing controls to manage those risks where appropriate • Monitoring the effectiveness of the controls to manage the risk • Ensuring that the service risk register is subject to regular scrutiny, including the agreement of target scores • Providing their risk registers six monthly to the CRMG / Audit Manager for the purposes of aggregate risk reporting
Senior Management Team	• Consider and review updates to the Risk Management Strategy and Guidance. • Champion and co-ordinate risk management activities within their Chief Officer / Director areas. • Ensure that service risk registers are reviewed on a regular basis including at the key points highlighted below • Review service risk registers as a collective to identify any cross cutting risks that should be considered for escalation to the Strategic Risk Register. • Provide scrutiny and challenge to the Strategic Risk Register, where appropriate
Head of Finance (s151 Officer)	• Review the risk management strategy alongside the Chief Officer and Director of Corporate Services and the Audit Manager • Work with the Audit Manager to update the Strategic Risk Register • Take updates of the SRR to Management Team and Audit Board
Audit Manager	The Audit Manager will • Assist the Chief Officer and Director of Corporate Services to maintain and review the Risk Management Strategy and guidance in line with best practice • Facilitate the update of the SRR • Co-ordinate risk reporting, including aggregate reports of service risk registers
All elected Members and staff	• Identify risks and contribute to the management of risks as relevant and appropriate. • Project / Programme / Contract Managers are also responsible for ensuring that risk management is embedded with their project / programme / contract

4.   RISK APPETITE

4.1   The Council recognises that it is not possible or desirable to eliminate all risk. Some acceptance or exploitation of risk may be necessary in order to maximise opportunities; other risks may be outside the control of the Council or it may not be cost effective to reduce the risk further.

4.2   Any risks with a current score within the 'High' category will be considered outside the Council's risk appetite and further action to reduce the risk will be necessary.

4.3   Any 'Medium' risks currently scoring 10 or above are also likely to be outside the Council's risk appetite. Careful consideration should be given as to whether further, cost-effective action can further reduce impact or likelihood.

4.4   'Low' scoring risks will be considered within the organisation's risk appetite and no further action will be necessary.

4.5   Whether a risk is within or outside the Council's risk appetite will also be determined by the scoring applied to the risk (see Risk Management Guidance). All risks must be given a target score as well as the inherent and current scores. The target score will provide the level of risk that the Council is prepared to accept for that particular risk; hence it is important that the target score is subject to regular scrutiny separate from the risk owner.

5.   RISK MANAGEMENT PROCESS

5.1   The risk management process is cyclical and consists of the following stages:

Diagram 1 – Risk Management Process

5.2   Further information on each of these stages is set out in the **Risk Management Guidance**.

5.3   Risk management takes place on three levels; Strategic, Operational (service level) and project / programme / contract as per the diagram below. The table explains each of these levels in greater detail:
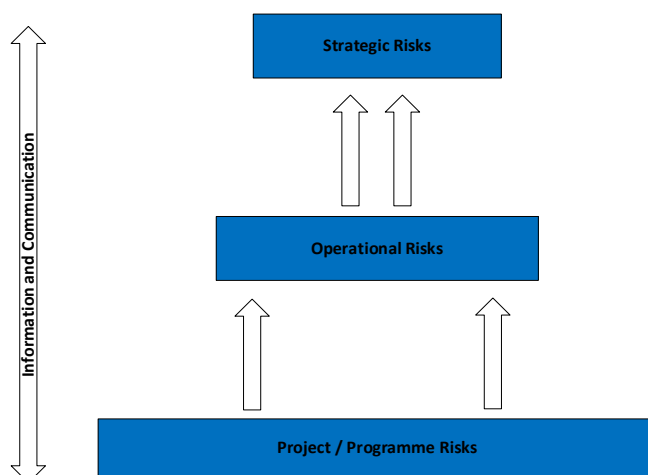
Diagram 2 – Risk Management Levels

Strategic	• Strategic risks are those which affect key corporate objectives or may impact the Council as a whole, or several different services within the Council. They may also be 'High' risks escalated from service level risk registers. • Strategic risks are captured on the Strategic Risk Register (SRR) and are collectively owned by Leadership Team. • Risk owners at this level will usually be a member of Leadership Team although there may also be a named Senior Manager with joint responsibility • The SRR is updated and presented to Leadership Team quarterly; these updates are facilitated by the Audit Manager working alongside the Head of Finance and in discussion with risk owners. • The SRR is presented twice yearly to Audit Board for assurance.
Operational (Service Level)	• Service level risks are those which may impact the day to day operations or the objectives of individual services. • Service level risk management is owned by the relevant Service Manager or Head of Service. • Chief Officers / Directors ensure that effective arrangements are in place in their own Directorates • Service level risks are captured on service risk registers which are owned by the relevant service manager / Head of Service. These should be updated as often as is necessary. However as a minimum they should be updated alongside the Service Plan and during the budget planning process • Individual Directorates will need to establish processes for ensuring that service risk registers are subject to collective scrutiny and debate. This could be achieved by:

	○ Review and discussion at service management team meetings ○ Submission to the Director alongside Service Plans ○ Review and discussion with the Director during regular 121s. - Any 'High' risks should be considered for escalation to the Strategic Risk Register, in discussion with the relevant Chief Officer/Director - The Senior Management Team will review Service risk registers as a collective to identify any cross cutting risks, interdependencies and any discrepancies in risk appetite or response - The Audit Manager will present an aggregate report of service level risks to SMT annually
Project / Programme / Contract	- Project / programme risks are those which may impact delivery of the project / programme. - Individual projects, programmes and contracts should have their own risk registers to capture and monitor risks. - These are the responsibility of the project / programme / contract manager and should be discussed regularly at project / programme boards. - Any 'High' risks should be considered for escalation to the service risk register.

6. INTERDEPENDENCIES AND INFORMATION FLOWS

6.1 The cyclical process set out above in *Diagram 1* should be in place at each of these three levels. However, none of the levels operate in isolation as there are links, interdependences, escalation routes and information flows between them.

6.2 As a minimum, any risks with a current net score of 'High' should be considered, in conjunction with the Service Manager or Chief Officer, for escalation to the next level.

6.3 Similarly, any cross cutting risks identified on two or more service risk registers should be considered for inclusion on the Strategic Risk Register.

6.4 Management Team will review service level risk registers to identify any cross-cutting risks and interdependencies, and an annual report on aggregate risks from these registers will be provided to Leadership Team.

7. STRATEGY REVIEW

7.1 The Risk Management Strategy will be reviewed and presented to Audit Board and Cabinet for approval every two years at a minimum.