

## **Item: 13**

**Policy and Resources Committee: 27 November 2018.**

**Risk Management Policy and Strategy.**

**Report by Executive Director of Corporate Services.**

### **1. Purpose of Report**

To consider the updated Risk Management Policy and Strategy for the period 2018 to 2020.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That the Risk Management Policy and Strategy, last revised in 2016, has been amended to reflect the current Council structure and the way in which monitoring arrangements are included in the strategic planning, performance and risk management framework.

**It is recommended:**

#### **2.2.**

That the Risk Management Policy and Strategy 2018 to 2020, attached as Appendix 1 to this report, be approved.

### **3. Risk Management**

#### **3.1.**

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted a policy on Risk Management, established a Risk Management Strategy, and has implemented procedures in support of the policy and strategy which include the production and regular review of risk registers. This activity is recognised as a key component of sound corporate governance.

#### **3.2.**

The Council promotes its risk management policy objectives by systematically identifying, evaluating and thereafter seeking to control and monitor risks which would potentially endanger, or which could have a detrimental effect on the services provided by the Council, or to residents of Orkney.

### **3.3.**

The Council acknowledges that risk can never be eliminated in its entirety. The Council also recognises that managing risk can identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures which the Council adopts are the principles of good management practice which seek to control and balance risk and opportunity. Specifically, in the area of risk management, the Council seeks to:

- Meet at all times its statutory obligations and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles and other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

### **3.4.**

Appropriate risk management arrangements include the following documents, which must be maintained and updated on an ongoing / continuous basis and reviewed formally every 6 months:

- A risk register.
- As appropriate, an action plan to address the issues raised in the risk register. Action plans are optional for amber risks and compulsory for red risks.

### **3.5.**

The risks on each register are categorised into strategic or operational risks and then sub-divided into appropriate risk cluster headings, for example financial, staffing, economic, political, partnerships, governance and communication.

### **3.6.**

Any new risks which arise throughout the year are added to the relevant risk register when required.

## **4. Updated Risk Management Policy and Strategy**

### **4.1.**

The Risk Management Policy and Strategy is subject to review every two years.

## **4.2.**

The Risk Management Policy and Strategy 2016 to 2018 was approved by Council, following consideration by the Policy and Resources Committee on 29 November 2016.

## **4.3.**

The revised Risk Management Policy and Strategy 2018 to 2020, attached as Appendix 1 to this report, has been updated to reflect the current Council structure and the way in which monitoring arrangements are included in the strategic planning, performance and risk management framework.

## **4.4.**

The Council's Corporate Risk Register was last reviewed by the Senior Management Team in May 2018 in accordance with the policy and strategy and recommended for approval by the Policy and Resources Committee on 19 June 2018. Services also reviewed their service risk registers in accordance with the policy and strategy. Service risk registers were presented to respective service committees in the June 2018 cycle of committee meetings.

## **4.5.**

Risk Management is a standard agenda item at the Performance and Risk Management Team meetings which take place quarterly. Risk Action Plans are monitored on a six-monthly basis and evidenced on Aspireview, the Council's Performance Management software.

# **5. Equality Impact Assessment**

An Equality Impact Assessment has been undertaken and is attached as Appendix 2 to this report.

# **6. Corporate Governance**

This report relates to the Council complying with governance and its duties as an employer and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

# **7. Financial Implications**

## **7.1.**

There are no financial implications arising directly from this report.

## **7.2.**

Effective risk management helps the Council to reduce the incidence of events that might otherwise result in the interruption of service delivery and claims for compensation.

### **7.3.**

Any actions arising from risk management activity that are likely to incur additional revenue or capital expenditure will be considered through the Council's normal budget approval processes.

## **8. Legal Aspects**

Effective risk management helps the Council to meet its statutory obligations and discharge its legal duties of care.

## **9. Contact Officers**

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Hayley Green, Head of IT and Facilities, extension 2309, Email [hayley.green@orkney.gov.uk](mailto:hayley.green@orkney.gov.uk).

Malcolm Russell, Safety and Contingencies Manager, extension 2255, Email [malcolm.russell@orkney.gov.uk](mailto:malcolm.russell@orkney.gov.uk).

## **10. Appendices**

Appendix 1: Risk Management Policy and Strategy 2018 to 2020.

Appendix 2: Equality Impact Assessment.



**ORKNEY**  
ISLANDS COUNCIL

# **Risk Management Policy and Strategy 2018 to 2020**

## Contents

1. Policy Statement.....	3
2. Introduction .....	3
3. Terminology .....	4
4. Objectives .....	4
5. Approach .....	5
6. Benefits Diagram .....	6
7. Status of Risk Management.....	6
8. Management Arrangements .....	6
9. Business Continuity .....	8
10. Monitoring and Accountability .....	8

## Document Control Sheet.

Review / approval history.

Date.	Name.	Position.	Version Approved.
	General Meeting of the Council.	n/a.	Version 1.0.

Change Record Table.

Date.	Author.	Version.	Status.	Reason.
October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.

## **1. Policy Statement**

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted this policy on risk management, has established the attached Risk Management Strategy and has implemented procedures in support of the policy and strategy.

The Council wishes to acknowledge that risk can never be eliminated in its entirety. The Council also wishes to recognise that managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures which the Council adopts are principles of good management practice which seek to control and balance risk and opportunity. Specifically, in the area of risk management, the Council seeks to:

- Meet at all times its statutory obligations, and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles or any other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

The Council will promote these objectives by systematically identifying, evaluating, and thereafter seeking to control and monitor all risks which would potentially endanger, or which could have a detrimental effect upon the aims and objectives stated above.

The Council will support its members and officials in developing the necessary skills and competencies so as to enable the provision of good quality risk management to the Council.

## **2. Introduction**

The objective of this strategy is to ensure that risk management is an integral part of the Council's corporate and service management, forms part of the Council's governance, planning and service delivery operations and allows for monitoring and reporting on the effectiveness of that strategy.

The strategy acknowledges that risks occur at all levels of the Council's functions and activities and includes strategic or corporate risks as well as innumerable operational risks.

Risk management is part of the Council's Strategic Planning and Performance Framework, and the monitoring of risk is part of the Council's Corporate Performance and Risk Management System.

### **3. Terminology**

#### **Governance.**

The system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

#### **Risk.**

The chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. This can be further defined as “the probability of an event occurring (or not occurring, as the case may be) and its consequence.”

#### **Risk Management.**

The planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the Council. All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers in achieving these objectives.

#### **Good risk management.**

Having a process in place that can identify what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If something does go wrong, which inevitably happens, making sure that the impact is kept to a minimum. Good risk management is successfully managing the barriers to achieving objectives.

### **4. Objectives**

Orkney Islands Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The Council’s risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the Council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of incidents and accidents.
- Inform policy and operational decisions by identifying risks and their likely impact.



- Raise awareness of the need of risk management by all those connected with the Council's delivery of service.
- Recognise that good risk management also includes positive risk taking and the identification of opportunities.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the Council for risk management.
- Setting out clear risk management processes.
- Continuing to demonstrate the application of risk management principles in the activities of the Council, its employees and members.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
- Maintaining a register of risks linked to the Council's business, corporate and operational objectives, including those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the Council's ability to function.
- Monitoring arrangements continually and seeking continuous improvement.

## **5. Approach**

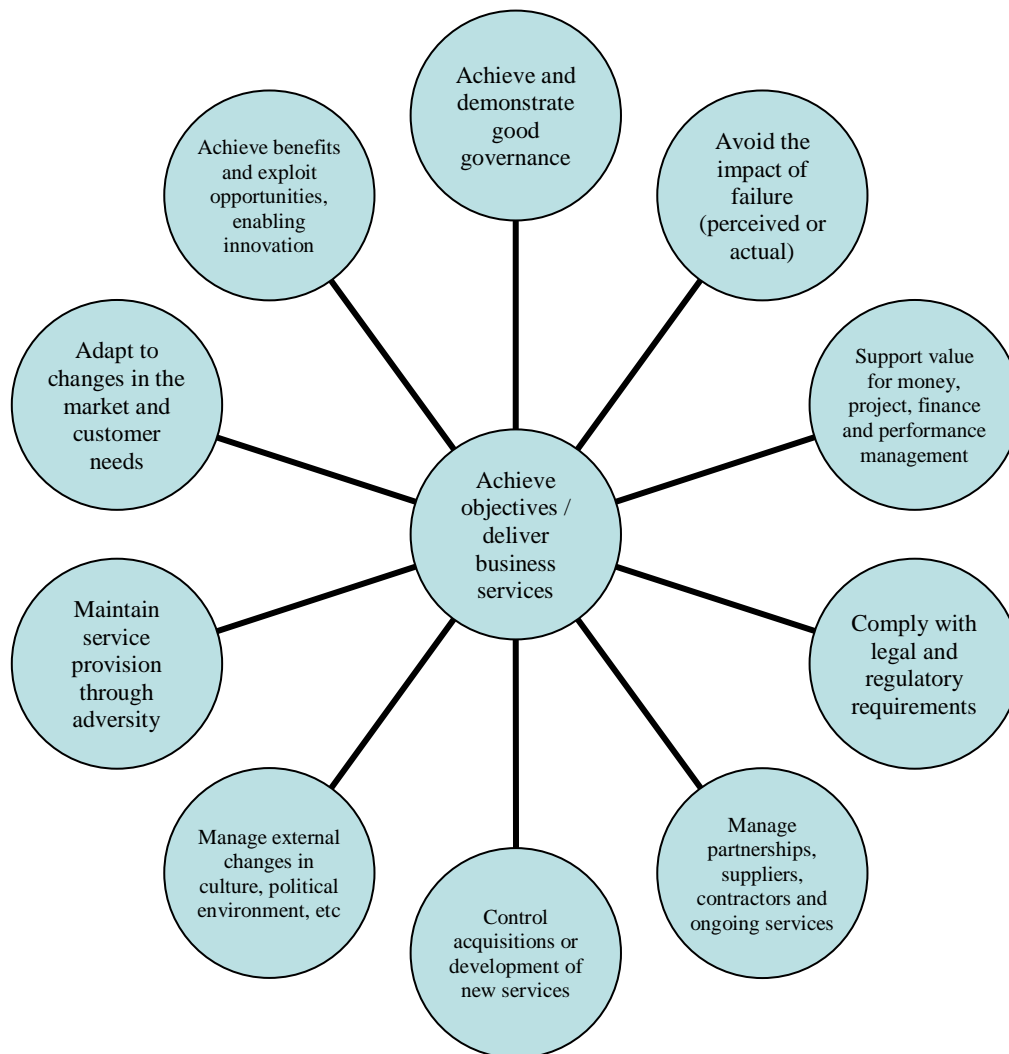
It is essential that a single risk management approach be utilised at all levels throughout the Council. By demonstrating good governance through effective management of risks and opportunities, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money.

This approach to risk management will inform the Council's business processes, including:

- Strategic planning.
- Financial planning.
- Service planning.
- Policy making and review.
- Performance management.
- Project management.
- Partnership working.

It is essential in order to achieve the objectives referred to in section 4 that processes are in place to identify and assess risks and opportunities, develop and implement controls and warning mechanisms, and to review and report on progress. The identified risks and relevant control measures will be managed through the Council's Risk Register.

## 6. Benefits Diagram



## 7. Status of Risk Management

Risk management is as much a part of the duties of Council officials as, for example, the control of budgets or the deployment of staff and assets. It is one of many substantive issues to be considered by elected members when making decisions.

If the Council is to have reasonable assurance that risk management is effective, and is effectively part of the Council's operations, risk management must be carried out in a systematic and structured manner and be subject to monitoring and reporting on its effectiveness.

## 8. Management Arrangements

Risk management is a part of service and corporate management and accordingly should be integrated as far as possible within normal management processes. The responsibility for the management of risk within a service lies with the Executive Director.

This is a responsibility which Executive Directors may wish to delegate within their service or, on exceptional occasions, refer to the Chief Executive, or to elected members, for decision. An assessment of responsibility for management of particular risks must rest primarily with the Executive Director who should take account of the particular service being provided or issue which is under consideration.

Overall accountability always rests with the Executive Director and therefore Executive Directors are responsible for ensuring that proper arrangements are in place to manage risk, and that effective monitoring is carried out. Such arrangements should include the establishment of risk management processes at all levels within the respective service so that risks identified at unit level (teams, premises, divisions etc) and through the Employee Review and Development process are recorded and either accepted, controlled or transferred to the service risk register, or further to the Corporate Risk Register. Consideration should be given to the risks identified by external / internal audit. Competent advice and guidance on Risk Management, including processes and risk management tools, will be provided by the Safety and Contingencies Manager.

Appropriate arrangements should include the following documents, which must be maintained and updated on an ongoing / continuous basis and reviewed formally every 6 months:

- A risk register.
- As appropriate, an action plan to address the issues raised in the above document. Action plans are optional for amber risks and compulsory for red risks.
- At such a review, the risk appetite should be considered and the risk tolerance line determined for the forthcoming 12 month period.

The risks on each register should be categorised into strategic or operational risks and then sub-divided into appropriate risk cluster headings (e.g. financial, staffing, economic, political, partnerships, governance and communication).

Any new risks which arise throughout the year should be added to the relevant risk register when required.

It is acknowledged that there are some aspects of operational risk management which would benefit from corporate support and co-ordination. There is also a need for the Council to be able to demonstrate that risk management arrangements are effective, through the Corporate Performance and Risk Management system.

The Council's part of Orkney Health and Care may follow the risk management system and documentation currently operated by its partner, NHS Orkney. However, the monitoring and accountability procedures in respect of the Council remain the same.

The Performance and Risk Management Group will consist of at least one representative from each Service of the Council. This will not be a decision-making body, as recommendations would be referred to the Senior Management Team and, as necessary, to the relevant service committee or in relation to Orkney Health and Care, to the Integration Joint Board or a service committee or sub-committee established with an appropriate remit.

The Risk Management Policy and Strategy should be reviewed every two years.

## **9. Business Continuity**

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The Council must ensure risk management processes are applied throughout the business continuity lifecycle.

## **10. Monitoring and Accountability**

Formal monitoring and accountability procedures should form an integral part of the risk management process, covering the following three main issues:

- Delivering the risk management strategy.
- Implementing risk management action plans, both corporate and service.
- Determining whether the action planning is making a difference to the risk, as appropriate.

The following monitoring arrangements are in place:

- Risk registers are presented to the relevant committee or board annually to advise members of the risks which may affect the achievement of the Council's strategic objectives.
- Service risks are monitored through the Corporate Performance and Risk Management System so that any performance risks are highlighted to the Senior Management Team through exception reporting.
- Ensuring that the Performance and Risk Management Group continues to be an effective and streamlined means of maintaining an overview of risk management and supporting corporate consistency in the implementation of the risk management policy.
- Internal Audit's role may include the auditing of the risk management process across the Council and the reporting on the efficiency and effectiveness of internal controls.



## Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

<b>1. Identification of Function, Policy or Plan</b>	
Name of function / policy / plan to be assessed.	Risk Management Policy and Strategy 2018 to 2020.
Service / service area responsible.	Corporate Services - Safety and Contingences.
Name of person carrying out the assessment and contact details.	Malcolm Russell, Safety and Contingencies Manager, extension 2255, Email <a href="mailto:malcolm.russell@orkney.gov.uk">malcolm.russell@orkney.gov.uk</a> .
Date of assessment.	1 November 2018.
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	The Risk Management Policy and Strategy 2018 to 2020 updates and revises previous versions to reflect the current structure of the Council and to strengthen the promotion of risk management within the Council.

<b>2. Initial Screening</b>	
What are the intended outcomes of the function / policy / plan?	To ensure that risk management procedures are in place throughout the Council in order to identify, assess and control risks, reduce and where possible remove risks.
Is the function / policy / plan strategically important?	No.
State who is, or may be affected by this function / policy / plan, and how.	The policy and strategy cover all services of the Council and places responsibilities on senior managers, Heads of Service and particularly Executive Directors to ensure that risk management is consistently embedded in the culture of the Council. All employees and everyone who uses Council services will benefit

	from the effective and efficient application of risk management.
How have stakeholders been involved in the development of this function / policy / plan?	The revised policy and strategy was developed in conjunction with the Council's Performance and Risk Management Group consisting of representatives from all services and the Corporate Management Team was consulted on the draft policy and strategy.
Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise. E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).	None know that is specifically for a risk management policy. Risk management processes involve the assessment of risk in relation to existing Council policies, plans and activities which are themselves subject to equalities assessments.
Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise. E.g. For people living in poverty or for people of low income. See <a href="#">The Fairer Scotland Duty Interim Guidance for Public Bodies</a> for further information.	No.
Could the function / policy have a differential impact on any of the following equality areas?	(Please provide any evidence – positive impacts / benefits, negative impacts and reasons).
1. Race: this includes ethnic or national groups, colour and nationality.	No. There is no differential impact.
2. Sex: a man or a woman.	No. There is no differential impact.
3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	No. There is no differential impact.
4. Gender Reassignment: the process of transitioning from one gender to another.	No. There is no differential impact.

5. Pregnancy and maternity.	No. There is no differential impact.
6. Age: people of different ages.	No. There is no differential impact.
7. Religion or beliefs or none (atheists).	No. There is no differential impact.
8. Caring responsibilities.	No. There is no differential impact.
9. Care experienced.	No. There is no differential impact.
10. Marriage and Civil Partnerships.	No. There is no differential impact.
11. Disability: people with disabilities (whether registered or not).	No. There is no differential impact.
12. Socio-economic disadvantage.	No. There is no differential impact.

### 3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No.
How could you minimise or remove any potential negative impacts?	Not applicable.
Do you have enough information to make a judgement? If no, what information do you require?	Yes.

### 4. Conclusions and Planned Action

Is further work required?	No.
What action is to be taken?	Executive Directors must ensure risks are identified, managed and included in their Service Risk Register and the Corporate Risk Register where appropriate and that Risk Management Plans are in place.
Who will undertake it?	Executive Directors and Heads of Service.
When will it be done?	The process of identifying and managing risk is continuous. Risk registers and action plans will be formally reviewed every 6 months.
How will it be monitored? (e.g. through service plans).	Through the Corporate Performance and Risk Management System; by exception reports to the

	Senior Management Team; by internal audits; annual reports to the Policy and Resources and Monitoring and Audit Committees on risk management.
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Signature:



Date: 1 November 2018.

Name: Malcolm Russell.

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Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at [hrsupport@orkney.gov.uk](mailto:hrsupport@orkney.gov.uk)