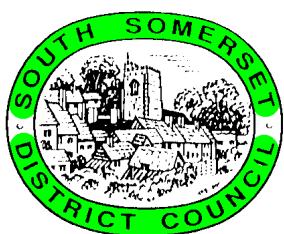


SOUTH SOMERSET DISTRICT COUNCIL



Risk Management Policy Statement

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RISK MANAGEMENT POLICY

1. What is Business Risk?

We face risks in everything we do, both in the delivery of services and in our private lives. When we use the word 'risk' we usually mean something uncertain and probably dangerous. This is on the right lines. Risk is formally defined as 'the chance of something happening that will have an impact on objectives'. It is measured in terms of consequence and likelihood.

Risk can be a threat (downside) or an opportunity (upside). A threat is an event or action that will adversely affect an organisation's ability to achieve its stated objectives and to successfully deliver approved strategies. An opportunity is an event or action that will enhance the organisation's ability to achieve its objectives and deliver approved strategies, whether these be short term, long term or indeed planned. This will include both external and internal risks and opportunities.

Risk Management is the process by which risks are identified, evaluated and managed. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

2. Policy

South Somerset District Council is committed to a corporate plan that delivers value to our community and underpins our responsibility as a Council to our citizens. The corporate plan – agreed by the Executive – demands that we have clear goals and objectives and that we actively manage the risks to our achieving them.

The Council has structures and processes in place which set out individual and service responsibilities and activities. This is because effective risk management needs to be embedded in the way we do business: but not so deeply embedded that it becomes invisible! Citizens have a right to know that we are managing risk proactively.

South Somerset District Council's Plan 2012/15 sets out the Council's strategic aims, priorities and values. In this regard the Council recognises it has a duty of care to its stakeholders - residents, employees, Members and partners. This encompasses having high standards of governance including the principles of inspiring leadership, demonstrating integrity, accountability and achieving value for money.

One component of the Council's corporate governance framework is to manage risks effectively in order to make a positive contribution towards the achievement of the Council's corporate aims and objectives and to maximise the opportunities to achieve its vision, whilst obtaining assurances about the management of those risks.

The Council is committed to the proactive management of key external and internal risks and actively promotes the principles of effective Risk Management throughout the organisation and its partner organisations. Effective partnership risk management allows the Council to demonstrate a positive risk culture and improved outcomes, whilst improving its ability to deliver innovative and challenging projects.

Effective risk management is essential for both an organisation and its partners to achieve strategic objectives and improve outcomes for local people and for this to occur there needs to be strong leadership from Senior Officers and Members, clear strategies in place and trained and engaged staff.

Risk management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with: service provision, effectiveness and continuity; public image (reputation); compliance with legislation; and environment.

Risk management is not about being ‘risk averse’ – it is about being ‘risk aware’. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk Management is about making the most of opportunities and about achieving objectives once those decisions are made. By being ‘risk aware’ and understanding its risk appetite the Council is in a better position to avoid threats and take advantage of opportunities.

3. Who Manages Risk at the Council?

The Management Board	Sets risk appetite. Directs strategy and reviews strategic risks. Receives risk and control reports from management (via Corporate governance group). Receives report from Audit Committee on the process for managing risk and on the management of key risks. Allocates funding and resources where significant risk mitigation needs funding etc.
Managers	Owns risks and management within their service area. Reports to the Board (self certification) on their management of risks.
Risk Management Team (Support services)	Provides expert resources for supporting the database. Advises on the transfer of risk via outsourcing and insurance. Analyses risks and reports to the Corporate governance group and Management board. Provides corporate oversight of risks and their management. Learns from incidents and events and passes that learning back to service. Monitors leading indicators of changes in risk. Checks and cross references risk within projects.
The Audit Committee	Receives reports from Internal Audit on the process for managing risk and on the management of key risks.
Internal Audit Team	Provides assurance to the Audit Committee on

	the system of internal control and risk management. Provides assurance to the Audit Committee and the Project resources group on the management of specific risks.
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4. Aims and Objectives

The Council's aims and objectives with respect to risk management are as follows:

- To embed risk management into the culture of the Council;
- To understand, proactively identify and manage opportunities and risks of both the Council and those partnerships with which it is involved, in accordance with best practice;
- To respond to risk in a balanced way, mindful of the risk level, risk reduction potential, cost/benefit, and relationship to resource constraints;
- To take actions to maximise opportunities and to minimise the likelihood of risks occurring and/or reducing the impact of consequences should risks occur; and
- To provide information as to the effectiveness of the arrangements for risk management as a contribution towards the annual governance assurance statement.

5. Risk Management Policy Statement

The Council's Risk Management Policy and Guide will apply best practice to the identification, evaluation and control of key risks and ensures that any residual risks are at an acceptable level. This will be achieved through:

- Adopting an effective and transparent corporate approach to proactive Risk Management by the Council and the work of key external partners.
- Integrating Risk Management into the operational and management practices and procedures of the Council to promote a culture of risk awareness.
- Providing information to support the Council's annual assurance statement, as to the effectiveness of the arrangements for risk management and internal control mechanisms in place.

The Council is committed to developing its Risk Management Policy, Guidance and the necessary supporting processes as part of the Council's on-going improvement programme. This will help to improve and strengthen governance and front-line service delivery throughout the Council.

The Council undertakes to promote and ensure that:

1. The management of risk is linked to the achievement of its priorities and service objectives and supports continuous improvement in service delivery and performance.
2. Members and the senior management team own, lead and support risk management. Ownership and accountability are clearly assigned for the management of risks at all levels throughout the Council
3. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including corporate, projects, operational and service.
4. All Members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good governance.
5. Effective and transparent monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
6. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual assurance statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes. This includes the Annual Governance Statement.
7. The Risk Management Policy is reviewed and updated in line with the Council's developing needs and requirements.
8. A culture of integrity and measured risk taking where we learn from mistakes rather than automatically assigning blame first.
9. An effective control environment in which risk management is done with openness and inclusively, integrity and accountability in everything we do both as an organisation and as individuals.
10. Established processes for identifying and assessing risk.
11. Performance monitoring of the risk management activities at an operational and a strategic level.
12. Sound information and communication processes to support risk management. Understanding our risks is a key part of understanding our business.

Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk Management is about making the most of opportunities and about achieving objectives once those decisions are made. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

6. How we manage risk

A clearly understood and articulated risk appetite assists in this ‘risk awareness’ and helps unlock value by better aligning decision-making and risk. It allows the concept of risk and reward to be explored within a better controlled environment and the balance of probability to be assessed at a reasonable level, whilst ensuring relevant contingencies are in place and without the taking of unnecessary risks.

Risk appetite can be defined as the amount of risk that an organisation is willing to take on in pursuit of value, or in other words, the total impact of risk an organisation is prepared to accept in the pursuit of its strategic objectives. Factors such as the external environment, people, business systems and policies and how key stakeholders perceive the Authority will all influence the Council’s risk appetite.

- The Council uses an electronic risk register to assist in managing risk.
- Each service area of the Council will have its own Risk register that forms the corporate SSDC Risk Register.
- The Management Board will have oversight of Risk above the risk appetite level.
- Only significant risks are detailed on the register.
- Day to day operational risks are not recorded on the register.
- Management Board will have oversight of risk defined on the register as Corporate in nature.

The risk register contains details of all of the significant risks the council officers have identified. Corporate risks are those risks which could have a major impact across the whole of the Council. Risk above the risk appetite line may only be service based but could materially affect the council in a significant way. The corporate risks are reported on a yearly basis to the Audit and Governance Committee as well as being regularly reported to and monitored by the Council's Management Team. Operational risks are monitored by service managers and do not appear on the risk register.

Further guidance can be found in the Risk Management guidance document (insert hyper link <http://insite/our-services/procurement-risk/risk-management.aspx>)

The Risk Register may contain personal or sensitive information and as such will be classified as SENSITIVE and as such care should be taken that details of the risk register itself are treated in accordance with the Information Security Policies.

7. Policy Compliance

Non-compliance with this Policy could have a significant effect on the efficient operation of the Council; may result in financial loss and an inability to provide necessary services to our customers. In particular, Users must ensure that personal data, especially categorised as sensitive, is secured, appropriately, in line with the Data Protection Act 1998 to avoid or to reduce the risk of a fine or other sanction from the Information Commissioner’s Office (ICO).

If any User is found to have breached this Policy, they may be subject to the Council's disciplinary procedure. If a criminal offence is considered to have been committed further action may be taken to assist in the prosecution of the offender(s). Civil penalties may also arise in some cases.

8. Policy Governance

The following table identifies who within South Somerset District Council is Responsible, Accountable, Consulted or Informed with regards to this Policy.

Responsible for developing and implementing the Policy	Procurement and Risk Manager
Accountable for the Policy	Assistant Director Finance
Consulted prior to final implementation of the Policy	Management Board, Unions, Human Resources, Legal Services, Fraud and Data Services, and Community Cohesion Officer.
Informed after Policy implementation or amendment	All Council Employees including temporary, casual, agency users and locums, all Contractors, Councillors and Partners.

9. Review and Revision

This Policy will be reviewed as it is deemed appropriate, but no less frequently than every 3 years. The Procurement & Risk Manager will undertake a review of this Policy.

10. References

Risk Management System