Risk Management Strategy
2020-2021

Gravesham Borough Council
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Introduction

1.1 Gravesham Borough Council pursues a forward-looking and dynamic approach to delivering services to the local community, in doing so the authority is exposed to risk both in terms of threats and loss of opportunities. (The table in Appendix I provides a brief outline of the major elements of risk to which Gravesham Borough Council could potentially be exposed). The authority recognises that risks are inevitable and, in practice, cannot be entirely avoided; therefore the council will tolerate a certain degree of risk when pursuing objectives, executing strategies and delivering services.

1.2 The council will consider risk in most of its activities and decisions. Reports to the council's Management Team and Members require risks associated with the decision being taken to be considered. The council's project management approach also recognises the need to identify, manage and monitor risks as a contributing factor to effective project management.

1.3 To ensure the council's risk appetite remains reasonable and does not exceed acceptable levels the authority has adopted a prudential approach to risk taking, whereby decisions are made within the parameters of the council's internal control arrangements as set out within the constitution. In addition, to help drive continuous improvement and promote good risk management practices, a Risk Management Strategy has been developed which supports the following key systems:

- Corporate governance.
- Community focus.
- Structures and processes.
- Service delivery arrangements.
- Use of resources.
- Standards of conduct.

2. The aims & objectives of the Risk Management Strategy

2.1 The purpose of the risk management strategy is to embed risk management into the daily operations of the council. Good risk management will lead to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

2.2 The aim of the Risk Management Strategy is to:
- Ensure the security of Council assets.
- Ensure the safety and well-being of Members, employees and service users.
- Safeguard the reputation and image of the organisation.
- Prevent litigation and criminal prosecution.
- Prevent corruption, fraud and financial losses.
- Minimize the overall cost of risk to the organisation.
- Protect the quality of service delivered.
- Manage organisational, political and technological changes.
- Ensure the integrity of the organisation.
- Ensure sound ethical conduct and probity.

2.3 The objectives of the Risk Management Strategy is to ensure officers and Members to**:**
- Adopt a logical and systematic approach to identifying, analysing, evaluating, treating, and monitoring and reporting all risks, associated with any activity, objective, function or process within which they become involved.
- Evaluate the consequence and likelihood of risks to measure their severity.
- Utilise the Risk Management Process and structure to minimise losses and maximise opportunities.
- Manage to a reasonable level, all types of risk to which the organisation is exposed including Environmental, Financial, Strategic and Operational.
- Be actively involved in using the risk management process to evaluate risks associated with Corporate and Service objectives including risks involved in failing to achieve these objectives.
- Maintain at all times safe, places of work, systems of work, equipment, materials for work, together with a safe and healthy working environment.
- Keep all work activities under review by carrying out regular risk assessments, internal and external audits so as to identify all matters likely to affect the safety of members, employees, service users, Partners, visitors and others, as well as the effective and efficient running of organisational processes.
- Participate with other bodies including the Council's insurers to develop and share risk management best practice.
- Implement policies, procedures, preventative and protective measures information and training for employees and others based on the outcome of such risk assessments / audits, as are necessary to adequately control risk.

3. The importance of Good Risk Management?

3.1 Risk management is considered the central part of an organisations strategic management. A robust risk management process can help create a culture of "no surprises" by enabling risks attaching to an organisation's activities to be proactively identified, evaluated and appropriately treated thereby increasing the probability of success, and reducing both the probability of failure and the uncertainty of achieving objectives. The benefits of good risk management can be seen in illustration I.

3.2 A robust risk management process will help raise awareness and understanding of:

• The nature and extent of the risks facing the organisation.
• The extent and categories of risks that are regarded as acceptable.
• The likelihood and potential impact of risks materialising.
• The ability to reduce the incidence of impact on the organisation of risks that do materialise.
• The significance of regular and on-going monitoring and reporting of risks including implementation of early warning mechanisms.
• The cost of operating particular controls relative to the benefit obtained in managing related risks.
• The importance of conducting, an annual review of the internal control systems that are in place.
• The results that are reported from the annual review as well as the explanation of actions to be taken to address any significant concerns identified.

Illustration I

The Benefits of Good Risk Management
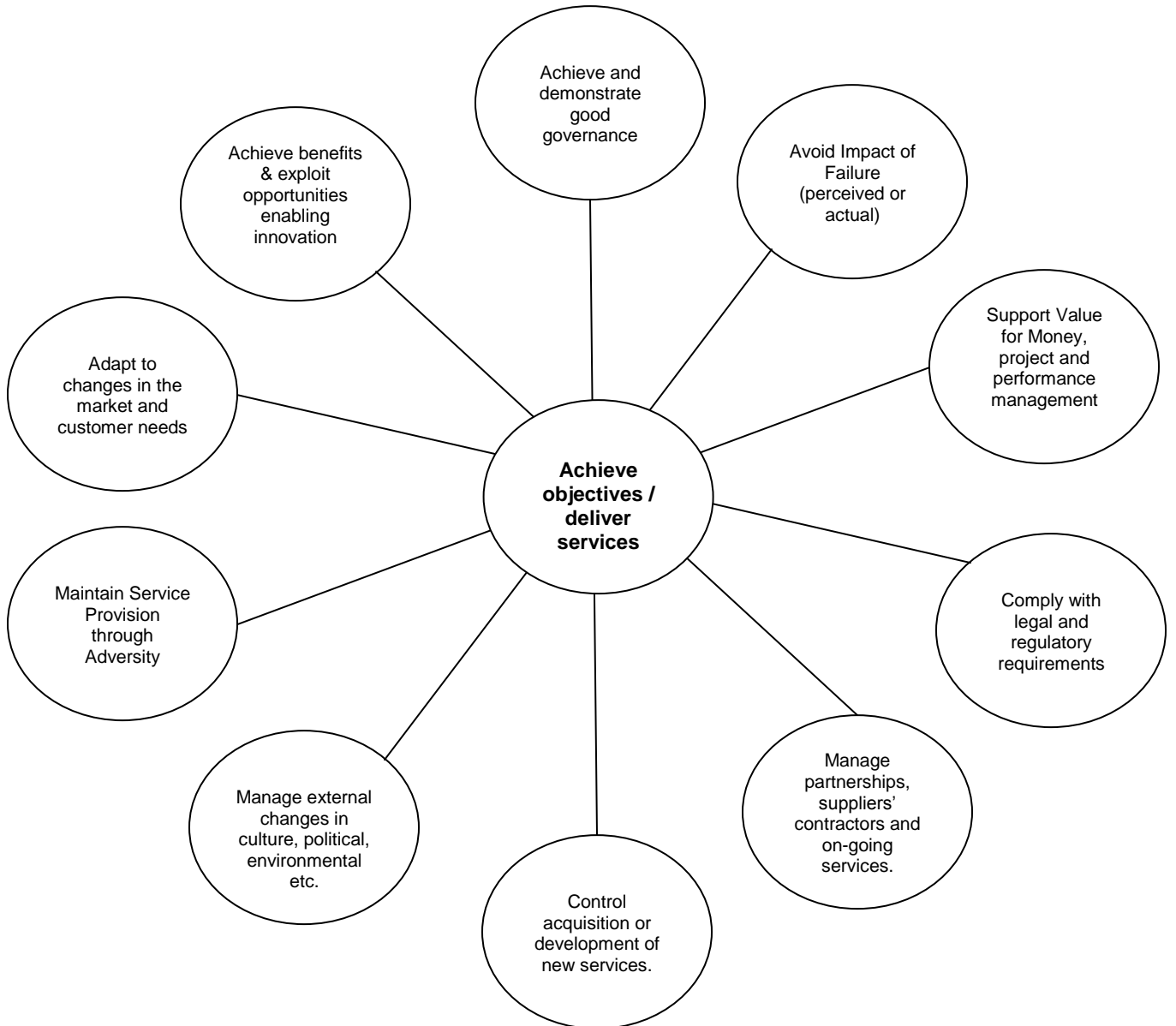
4. The Risk Management Process

4.1 An annual strategic risk management exercise to identify, analyse and prioritise risks that may affect the ability of the council to achieve its objectives is conducted by the authority. There are a number of critical steps that are taken during the risk management exercise and these are as follows:

4.2 Identifying risks

Potential risks that may arise are identified by Members, Management Team, Wider Management Team and Service Managers, so that informed decisions can be made about policies and/or service delivery methods. They may be general, relating to the environment within which the council operates, or specific, relating to a key area of service delivery.

4.3 Analysing risks

Available data is used to provide information to help assess the **likelihood** of any risk arising or the potential **impact** on the councils activities. The council has introduced a risk matrix which is a numerical scoring system for analysing risks that have been identified by the council: (The risk matrix can be seen at Appendix II).

4.4 Profiling risks

Risks are profiled according to their likelihood and severity as follows:

High risk	A total risk scoring 10 or above (red).
Medium risk	A total risk scoring between 5 and 9 (amber).
Low risk	A total risk scoring 4 or below (green).

4.5 Prioritising risks

Risks are prioritised based on the how the council decides to approach each risk. Control action is then determined based on tolerance and aversion to risk balanced against the availability of resources.

4.6 Determining actions on risk

A course of action can then be determined based on whether the risk is to be Transferred, Tolerated, Treated or Terminated.

4.7 Controlling risk

Once appropriate action is determined for each risk, the process of controlling that risk commences. This involves either Treating/Terminating/Tolerating or Transferring the risk and/or alleviating its potential impact.

4.8 Monitoring and progress reporting

Once risks have been identified, evaluated, their control action agreed and implemented, risks must be monitored and their progress should be formally reported so that:

- The adequacy of control actions that have been implemented can be reviewed.
- Changes in the severity of risks can be promptly identified and reported.
- Additional action to further control escalating risks can be promptly undertaken.
- Actions being carried out to control risks in respect of strategies that have been executed, or objective's that have been met can be terminated.
- Lessons can be learned for future risk assessments and decision making.

4.9 Recording Risks

All risks identified during the risk management process are recorded in either the **Corporate Risk Register;** and or individual **Service Risk Registers**. The purpose of risk registers is to document:

- Details of each risk, their severity and the monitoring and control actions that have been agreed to control each risk.
- Details of person(s) who are responsible for monitoring and controlling risks and reporting on their progress.
- Details of whether or not agreed controls are effectively managing risks.
- Details of what additional control actions are necessary to ensure intended actions are being achieved.
- Details of any new and emerging risks.

5. **The roles and responsibilities of various key individuals and groups in relation to risk management**

5.1 Responsibility for risk management runs throughout the council. Specific roles and responsibilities have been identified so that risk management is embedded in the culture of the council. (Table (i) in Appendix III shows the roles and responsibilities of various key individuals and groups in relation to risk management and Table (ii) shows the annual risk reporting programme).

6. **Links to Governance issues**

6.1 The following governance arrangements have been identified as having links to the councils Risk Management Strategy:

6.2 Controls

To ensure departments operate in an efficient and effective manner Service Managers are responsible for ensuring appropriate processes and procedures that incorporate adequate controls exist and are followed thereby enable the authority to;

- Comply with statutory and management requirements.
- Safeguard assets.
- Maintain accurate and secure records.
- Identify and correct any errors, omissions or oversights.

6.3 Systems of internal control

The council as a whole operates within a framework of policies and procedures intended to direct the activity of the council and ensure transparency in decision making. The Constitution forms the main spine of these arrangements and includes the council's financial procedure rules and contract procedure rules. Responsible officers are expected to ensure that effective internal control arrangements are incorporated into the design or development of systems and procedures. Such arrangements would include ensuring adequate segregation of duties, authorisation and physical security controls to protect the council from error, misappropriation or loss.

Compliance with internal controls is reviewed by the council's Internal Audit function. Internal Audit is an independent, objective assurance and consulting function designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

6.4 Control environment

The councils control environment comprises of its system of governance, risk management process and system of internal control these systems are designed to ensure:

- Risk management is embedded into the activity of the organisation.
- Achievement of the organisations objectives is established and monitored.
- Compliance with established policies, procedures, laws and regulations.
- Staff are trained and equipped to manage risk in a way appropriate to their authority.
- Resources are used economically effectively and efficiently to facilitate continuous improvement.
- Finances are prudently managed and reported.
- Performance is effectively managed and reported.

All managers are responsible for ensuring the councils objectives are delivered with proper controls in place and through the effective and efficient use of resources thereby providing value for money. Controls are reported through the Annual Governance Statement, to ensure that systems are delivering consistent, predictable and effective results in or to meet service or corporate objectives.

6.5 Data Quality

The councils approach to delivering and improving data quality across the whole

authority is outlined in the **Data Quality Policy**. The policy demonstrates the council's commitment to ensuring that all information retained or provided by the council is accurate, reliable and fit for purpose.

6.6 Anti-Fraud and Corruption

The councils approach to all forms of fraud and corruption is detailed in the **Anti-Fraud & Corruption Strategy**. The strategy is designed to:

- Encourage prevention.
- Promote detection.
- Support investigation of fraud, bribery and corruption.

6.7 Whistleblowing

The councils Whistleblowing Policy aims to ensure openness, probity and accountability by encouraging Officers and others, who have serious concerns about any aspect of the council's work, to come forward and voice their concerns within the council, without fear of reprisals, rather than overlooking a problem or "blowing the whistle" outside.

6.8 Money Laundering

In order to prevent the use of council services and personnel for money laundering, the council has developed an **Anti-Money Laundering Policy** that sets out internal procedures to ensure:

- Potential areas where money laundering may occur are identified.
- All legal and regulatory requirements are complied with.
- Actual or suspected cases of money laundering activity are appropriately reported.

6.9 Business Continuity Management

Service Managers are responsible for documenting Business Continuity Plans relevant to their service areas, so that critical functions and services can continue to be provided and there is effective recovery in the event of and following a disruption or catastrophic event.

The two categories in which the range of risks facing Gravesham Borough Council can be placed into is **Strategic Risks** and **Operational Risks**. The table below provides a brief outline of the major elements of risk facing Gravesham Borough Council) under both categories.

Strategic Risks	Operational Risks
Political Risks: arising from changes in political control or significant policy changes at a national or local level.	**Professional Risks:** associated with the professional competence of Officers employed by the authority.
Economic Risks: arising from changes in the economic climate.	**Financial Risk:** associated with inadequate financial planning resulting in lack of funding.
Social Risks: arising from unanticipated effects of changes in demographic, residential or social trends.	**Contractual Risks:** arising from the failure of contractors to deliver services to an agreed cost and quality specification.
Technology Risks: arising from unanticipated technological changes that might render significant investments obsolete or undermine key assumptions.	**Technological Risks:** arising from over-reliance on IT and other operational equipment.
Legislative Risks: arising from legislative change at UK or European level placing significant new obligations on the authority.	**Legal Risks:** arising from breaches of legislation.
Environmental Risks: arising from unexpected adverse environmental impacts on the council's delivery of services.	**Environmental Risks:** arising from pollution, noise or the energy efficiency of on-going service operations.
Customer/Citizen Risks: arising from unexpected changes in the needs and expectations of the public.	**Partnership Risks:** where projects or activities are at risk of not being delivered effectively to cost or on time because of the complexity of partnership working or failure of a partner in some aspects of delivery.
	Reputational Risks: threat to the organisation's reputation and public perception of service including its efficiency and effectiveness.
	Physical Risks: fire hazards, lack of security, inadequate health and safety measures, etc.

The Risk Matrix

LIKELIHOOD			Negligible	Significant	Serious	Critical
Very High	5		5	10	15	20
High	4		4	8	12	16
Medium	3		3	6	9	12
Low	2		2	4	6	8
Very Low	1		1	2	3	4
			1	2	3	4
High Risk			Negligible	Significant	Serious	Critical
Medium Risk						
Low Risk						

IMPACT

Guidance used for assessing Likelihood and Impact   **Appendix II**

Likelihood:

Rating	Score	
Very High	5	On the evidence and knowledge of officers and members it is almost certain that this issue will occur sometime within the next year. The issue may have already occurred in previous years either at the council or elsewhere.
High	4	On the evidence and knowledge of officers and members it is very likely that this issue or event will occur in the coming year.
Medium	3	On the evidence and knowledge of officers and members the issue is more likely to occur than not in the coming year.
Low	2	On the evidence and knowledge of officers and members it is unlikely that this event will occur in the coming year. Occurrences of this risk have occurred in the past but occurrences are very few and far between.
Very Low	1	On the evidence and knowledge of officers and members it is unlikely that this event would occur in either the coming year or in future years.

Impact:

Rating	Score	
Critical	4	The impact that the occurrence of this risk would have on the authority would threaten the council's financial stability. The delivery of service to the public could be affected either permanently or for a long duration and the council would be unable to achieve its key objectives. There would be a seriously damaging impact on the council's reputation through poor media coverage.
Serious	3	The financial impact on the authority would be serious although would not threaten the stability of the council's financial position. Services would experience disruption with the delivery of services being affected for a number of days. Whilst the council's objectives would be met there would be significant delays in achieving them. The council would endure poor media coverage for a period of time affecting the council's reputation which would take some time to recover from.
Significant	2	There would be a financial impact on the authority however this would be manageable within the council's existing financial resources. There may be disruption to services and possibly delays in achieving the council's objectives. There may be poor media coverage which could affect the council in the long term.
Negligible	1	There is little or no financial impact of the risk to the authority. There would be no disruption to the delivery of the council's key objectives or frontline services. It is unlikely that this risk will impact on the council's reputation.

The roles and responsibilities of various key individuals and groups in relation to risk management   **Appendix III**

Table (i)	Cabinet & Members	Finance & Audit Committee	Management Team	Service Managers	Support Services	Service Providers
Risk Management Framework	Review of the Risk Management Framework on an annual basis.	Provide independent assurance on the adequacy of the Risk Management Framework.	Determine & agree Risk Management Framework.		Provide advice & support.	
Risk Management Strategy	Review the Risk Management Strategy on an annual basis.	Review Risk Management Strategy prior to Cabinet approval.	Determine & agree Risk Management Strategy.		Provide advice & support.	
Corporate Risk Register	Determine & agree risks for inclusion in Corporate Risk Register. Carry out annual review of the Corporate Risk Register.	Identify risks for inclusion in Corporate Risk Register. Review Corporate Risk Register prior to Cabinet approval.	Determine & agree risks for inclusion in Corporate Risk Register.	Identify risks for inclusion in Corporate Risk Register.	Provide advice & support.	
Service Risk Registers			Agree risks for inclusion in Service Risk Registers Carry out annual review of Service Risk Registers.	Determine risks for inclusion in Service Risk Registers.	Provide advice & support.	

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Table (i)	Cabinet & Members	Finance & Audit Committee	Management Team	Service Managers	Support Services	Service Providers
Step 1 Risk Identification	Identify strategic risks.	Discuss possible risks for inclusion in the revised risk register.	Identify strategic & cross service risks.	Identify strategic & service risks.	Provide advice & support.	Maintain awareness of risks & feeding these into the formal processes.
Step 2 Risk Analysis	Analyse likelihood & impact of strategic risks.		Analyse likelihood & impact of strategic & cross service risks.	Analyse strategic & service risks.	Provide advice & support. Responsible for core functions of risk management.	Maintain awareness of the impact & cost of risks & feeding information & data into the formal processes.
Step 3 Risk Profiling	Profile strategic risks.		Profile strategic & cross service risks.	Profile strategic & service risks.	Provide advice & support.	
Step 4 Risk Prioritisation	Prioritising strategic risks.		Prioritise strategic & cross service risks.	Prioritise strategic & service risks.	Provide advice & support.	

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Table (i)	Cabinet & Members	Finance & Audit Committee	Management Team	Service Managers	Support Services	Service Providers
Step 5 Determining risk management Actions	Determine actions to transfer, tolerate, treat or terminate strategic risks.		Determine actions to transfer, tolerate, treat or terminate strategic & cross service risks.	Determine action on Strategic and service risks. Delegate responsibility for control. Ensure adequate service continuity plans are in place.	Provide advice & support.	
Step 6 Risk Control	Determine control actions.		Control risks by delegating responsibility.	Control Risks including those delegated by Management Team.	Provide advice & support, & control specific risk areas.	Control risk in their jobs.
Step 7 Monitoring & Progress/ Performance Reporting		Monitor the effective development & operation of risk management in the authority.	Monitor progress on managing strategic & cross-business risks & review the implementation of the Risk Management Framework, Risk Management Strategy & Risk Management Process.	Monitor progress on managing risks. Report to the departmental management team.	Provide advice & support.	Monitor progress on managing job related risks. Report to the Service Manager.

The annual risk management reporting programme 2020-2021

Table (ii)

January 2020	**Management Team** to discuss and review the Risks identified and included in the draft version of the Corporate Risk Register for 2020-2021.
17 February 2020	**Finance & Audit Committee** presented with the draft version of the 2020-2021 Risk Management Strategy and Corporate Risk Register. Copy to be sent to **Corporate Performance Team**.
March 2020	Draft version of the 2020-2021 Risk Management Strategy (if necessary) and Corporate Risk Register presented at **Chief Executive Briefing** for review.
23 March 2020	**Cabinet** presented with the final version of the 2020-2021 Risk Management Strategy and Corporate Risk Register**.**
14 April 2020	**Council** presented with Annual Report on Strategic Risk Management (including Risk Management Strategy).
September 2020	**Senior Officers** are contacted and requested to provide progress information relating to risks recorded in the 2020-21 Corporate Risk Register.
November 2020	**Finance & Audit Committee** presented with mid-year risk report. F&A are required to review and discuss progress information and consider any new risks that have been identified for inclusion in the - 2021-2022 Corporate Risk Register.
December 2020	**Senior Officers** requested to carry out risk identification exercise and consider control actions to be implemented to manage identified risks. Development of the draft version of the Corporate Risk Register for 2021-2022 commences.