

## AUDIT COMMITTEE

7 MARCH 2019

## CORPORATE RISK MANAGEMENT POLICY

## Report of the Corporate Director – Strategic Resources

**1.0 PURPOSE OF THE REPORT**

1.1 To consider an updated Corporate Risk Management Policy.

**2.0 BACKGROUND**

2.1 According to the Terms of Reference of the Audit Committee, its role in risk management is:

- (i) to assess the effectiveness of the authority's risk management arrangements and
- (ii) to review progress on the implementation of risk management throughout the authority.

2.2 Following a recommendation by this Committee, the Leader of the County Council and the Executive Member for Central Services formally approved a revised Corporate Risk Management Policy in 2015 with a provision that it will be reviewed and updated every three years.

2.3 This report relates to the triennial update of the Risk Management Policy, and also makes reference to the update of the associated Strategy.

**3.0 RISK MANAGEMENT POLICY**

3.1 The triennial update of the Corporate Risk Management Policy is presently underway and this is being supported by the recently issued **BS ISO 31000:2018 – Risk Management: Guidelines**. The following minor changes have been made to the Policy to reflect this guidance:

- the definition of risk and risk management and
- the principles of risk management

Although the words may have altered, the fundamental rationale for the management of risk in the County Council has not changed. When uncertainty and change is managed effectively, the management of risk can also provide the opportunity to introduce new, innovative and effective ways of delivering services, and act as the catalyst for developing services with better outcomes and fewer risks for our staff and our local communities.

- 3.2 Minor amendments have also been made to the Policy to ensure the appropriate links to the updated Council Plan, performance management and the delivery of services beyond 2020.
- 3.3 The Risk Management Strategy is also in the process of being reviewed to ensure it continues to reflect present best practice. Dependent on the significance of the changes made to the Strategy, it may be appropriate to bring the final draft Strategy to this Committee for consideration.
- 3.4 The Committee is therefore asked to consider the updated Corporate Risk Management Policy- a “tracked changes” copy is attached at **Appendix A** for information, and a “clean” copy at **Appendix B**. Under specific delegations in the Constitution, where there are only minor changes, the Corporate Director - Strategic Resources can refer the Policy to the Chief Executive, in consultation with the Leader of the Council and the Executive Member for Finance and Assets to approve the changes to the Policy. There is no requirement for the document to go to Executive and full Council.

#### **4.0 RECOMMENDATIONS**

That the Committee:

- (i) recommends the updated Corporate Risk Management Policy (**Appendix B**) to the Chief Executive, Leader of the Council and the Executive Member for Finance and Assets for approval.

**GARY FIELDING**  
**Corporate Director – Strategic Resources**

County Hall, Northallerton

March 2019

**Author of report:** Fiona Sowerby, Corporate Risk and Insurance Manager  
Tel 01609 532400

**Background papers:** None

**NORTH YORKSHIRE COUNTY COUNCIL**

**CORPORATE RISK MANAGEMENT  
POLICY**

| 2019~~5~~

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- 1.0 Introduction
- 2.0 Definition of Risk and Enterprise Risk Management
- 3.0 Principles
- 4.0 Objectives
- 5.0 Benefits
- 6.0 Framework and Process
- 7.0 Responsibilities
- 8.0 Review

## CORPORATE RISK MANAGEMENT POLICY

### 1.0 Introduction

- 1.1 The Vision of the County Council is that “We want North Yorkshire to be a thriving county which adapts to a changing world and remains a special place for everyone to live, work and visit”.

To lead the achievement of our Vision we aim to:

- ➔ ensure that the key issues for people and places in North Yorkshire are identified and understood.
- ➔ ensure that there are strategies, developed with communities and partners, in place to tackle these.
- ➔ [make the case for North Yorkshire](#)

To **enable** individuals, families and communities to do the best for themselves we aim to:

- ➔ support empowered ~~and vibrant~~ communities to provide a range of services for local people that fully utilise all local assets, prevent loneliness and [support](#) troubled families, and contribute to healthier lifestyles.
- ➔ provide self service facilities and ready access to relevant information ~~and signposting~~ – enabling customers to access information, check eligibility, carry out a self-assessment, make appointments, make online payments, and request simple services themselves.

We also aim to **ensure** [cost effective and efficient](#) ~~the~~ delivery, [or commission from those who are best placed to deliver](#), of:

- ➔ services to the most vulnerable people.
- ➔ —
- ➔ high priority services that enable a thriving county. **And**

[To analyse our performance, use this to become better at what we do and share with stakeholders how we are doing.](#)

- 1.2 Risk, uncertainty and change create a challenging dynamic as the County Council strives to meet these objectives. Risks, whether recognised or unforeseen, create a threat to achieving performance targets and change. This may result, for example, in reductions in service quality or delay in project delivery. Uncertainty and change, when considered thoroughly however, can also provide the opportunity to introduce new, innovative and effective ways of delivering services and act as the catalyst for developing services with better outcomes and fewer risks for our staff and our local communities.

- 1.3 Risk Management is integral to all aspects of our innovation and service delivery as well as the management of all our staff, physical assets and financial resources. As

such it is reflected in all Council policies, new initiatives and Service Plans where appropriate.

1.4 This Risk Management Policy has been developed jointly by the Management Board and the Leader of the Council.

1.5 Implementation of this Risk Management Policy and associated management systems contributes to protecting and modernising frontline services during this continuing period of austerity and great change.

## 2.0 Definition of Risk and **Enterprise**-Risk Management

2.1 **Risk** is the effect of uncertainty on objectives. This can be expressed in terms of likelihood and consequences of risk sources such as an unwanted or uncertain action or event.  
~~chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.~~

2.2 **Enterprise Risk Management** is the range of coordinated activities utilised to direct and control the County Council with regard to risk.  
~~is the approach to managing all of the County Council's key service risks and opportunities with the intent of maximising service delivery effectiveness and efficiency.~~

## 3.0 Principles

3.1 The purpose of risk management is the creation and protection of value. It supports the achievement of objectives, improves performance and encourages innovation. For risk management (RM) to be effective the County Council will aspire to the following principles:

- ~~→ RM **creates and protects value.** we will ensure that RM contributes to the demonstrable achievement of our objectives and improvement of our performance such as human health and safety, security, project management, efficiency in operations, governance and reputation.~~
- RM is an **integral part of all organisational activities** - including strategic planning and all project and change management processes — we will ensure that RM is part of the responsibilities of our management and part of our activities and processes including strategic planning, and all project and change management.
- RM is **part of decision making** — we will ensure that RM helps our decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.
- RM explicitly **addresses uncertainty** — we will ensure that RM takes account of uncertainty, the nature of that uncertainty and how it can be addressed, including the fact that some risks can never be eliminated.
- RM is **structured and comprehensive ystematic, structured and timely** — we will ensure that RM contributes to our efficiency and to consistent, and comparable and reliable results.

- RM is **based on the best available information** – we will ensure that the inputs to RM are based on historical and current information, as well as on future expectations. RM explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders. ~~the inputs to the process of managing risk are based on reliable information but will always take into account any limitations of data or modelling or the possibility of divergence of opinions.~~
- RM is **customized and proportionate -tailored** – we will ensure that the RM framework and process are customized and proportionate to the County Council’s external and internal context and related to its objectives. ~~we reflect the contemporary situation in our risk management arrangements.~~
- RM **takes human and cultural factors into account** – we will ensure that we recognise human behaviour and culture significantly influence all aspects of RM at each level and stage. ~~the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of our objectives.~~
- RM is **transparent and inclusive** – we will ensure the appropriate and timely involvement of stakeholders and enable their knowledge, views and perceptions to be considered, resulting in improved awareness and informed RM. ~~appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the County Council, in order that RM remains relevant and up to date.~~
- RM is **dynamic, iterative and responsive to change** – Risks can emerge, change or disappear as the County Council’s external and internal context changes. We will ensure that RM anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner. ~~we will ensure that risk management continually anticipates and responds to change, including ensuring that the process used is not burdensome and/or overly bureaucratic.~~
- RM **facilitates continually improvement** of the County Council – we will ensure that RM is continually improved through learning and experience. ~~develop and implement processes to improve our risk management maturity alongside all other aspects of the County Council.~~
- RM will be **adequately resourced** – we will ensure that the necessary resources are in place in order to deliver excellent risk management.

## 4.0 Objectives

4.1 The objectives of this Risk Management Policy are to:

- continue to improveembed risk management and embed proportionate understanding into the culture of the County Council
- manage risk in accordance with best practice and support well considered risk taking
- anticipate and respond to changing social, environmental and legislative requirements
- minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising the resources available for service delivery

- inform policy and operational decisions by identifying risks and their likely impact
- continue to raise awareness of the need for risk management by all those involved with the delivery of County Council services

4.2 These objectives will be achieved by:

- Members and management providing leadership and commitment to ensure that risk management is considered throughout all of the County Council's activities.
- integrating risk management through a dynamic and iterative process into the County Council's purpose, governance, objectives and services.
- designing a framework which understands the County Council and its context, articulating risk management commitment and allocating appropriate resources.
- establishing clear roles, responsibilities and reporting lines for risk management throughout the County Council
- ~~providing opportunities for shared learning on risk management across the County Council~~
- ~~providing risk management training and awareness sessions~~
- using a consistent methodology to develop, monitor and review Risk Registers
- incorporating risk management considerations into the County Council's management processes (eg servicebusiness planning, project management, service reviews) and decision making (eg
- reports)
- effective communication with, and the active involvement of, staff
- effective communication with, and the active involvement of stakeholders including partners
- monitoring arrangements on an on-going basis
- operating a Corporate Risk Management Group, led by a Corporate Director, that will be proactive in implementing and developing all the above including shared learning across the County Council
- delivering a Corporate Risk Management Strategy that is consistent with, and embedded within, the County Council's overall strategic policies and practices.



## 5.0 **Benefits**

5.1 We expect that when the above principles and objectives are being met that the following benefits will be realised:

- ➔ strengthened ability to deliver against objectives and targets
- ➔ improved stakeholder confidence and trust
- ➔ an established and reliable basis for decision making and improved governance
- ➔ assurance to Members and management on the adequacy of arrangements for the conduct of business and use of resources
- ➔ improved operational effectiveness and efficiencies including a reduction in interruptions to service delivery
- ➔ reduction in management time spent dealing with the consequences of a risk event having occurred
- ➔ improved health and safety of those employed, and those affected, by the County Council's undertakings
- ➔ ability to be more flexible and responsive to new pressures and external demands
- ➔ avoids surprises and minimises loss and waste
- ➔ better informed financial decision-making
- ➔ enhanced financial control
- ➔ reduction in the financial costs associated with losses due to service interruptions, litigation, etc
- ➔ reduce, or maintain constant levels of, insurance premiums
- ➔ minimal service disruption to customers and a positive external image as a result of all of the above

## 6.0 **Framework and Process**

6.1 In order to aspire to the Principles referred to in this Policy (see Section 3) it is necessary to have a conceptual Framework for Risk Management from which a Risk Management Process can be developed. The relationship between these three components is shown diagrammatically in **Appendix A**.

6.2 Details of the Framework and the consequential Process are provided in the Risk Management Strategy.

## 7.0 **Responsibilities**

7.1 The County Council accepts and recognises that it is the responsibility of all Members and staff to have regard for risk in carrying out their duties. If left unidentified and therefore uncontrolled, risk can result in a drain on resources that would better be directed to front line service provision, and to the meeting of the County Council objectives and community needs.

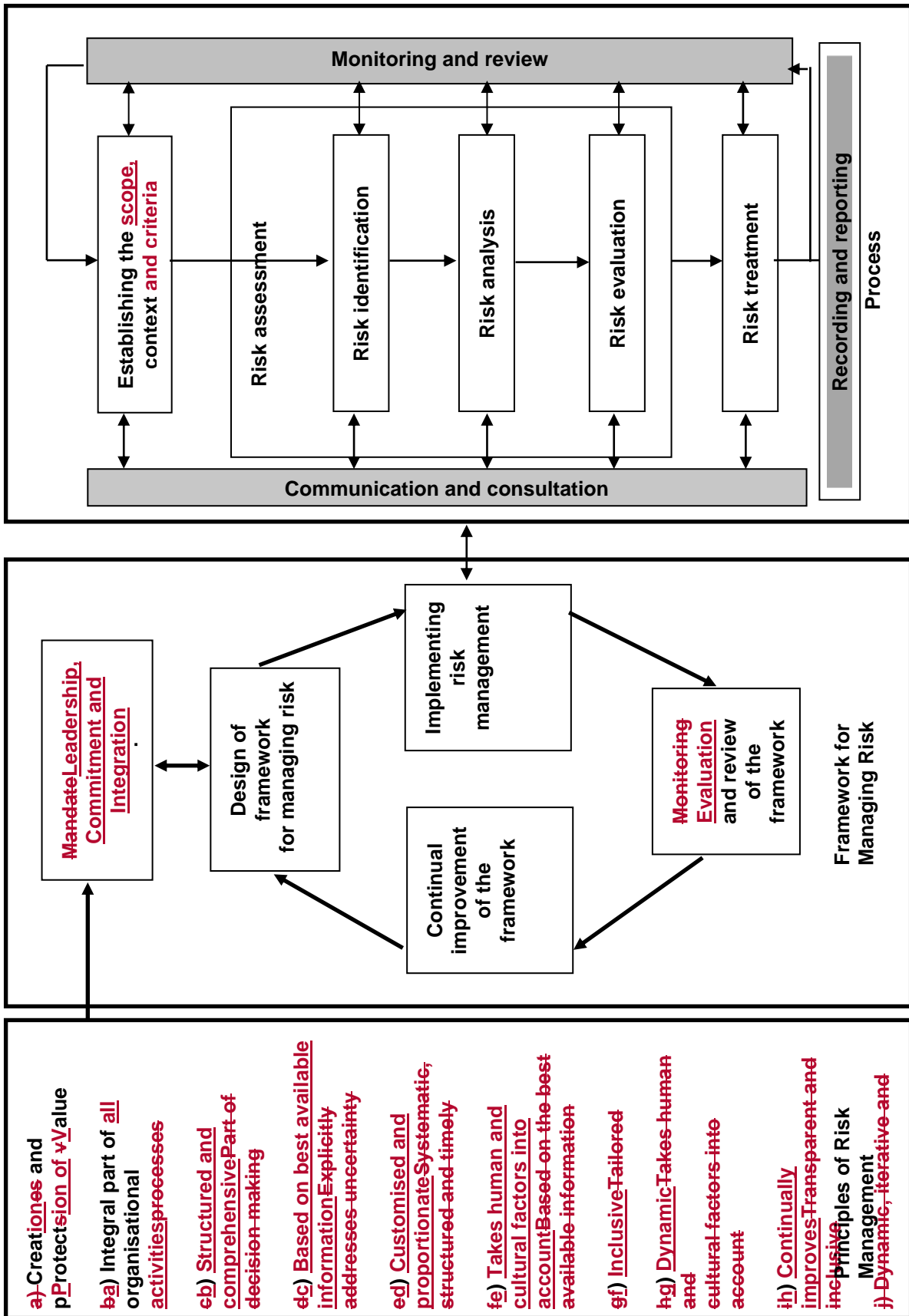
7.2 The Chief Executive, Corporate Directors, Service Heads and all line managers have the responsibility and accountability for managing the risks within their own work areas. All staff have a duty to work safely, avoid unnecessary waste of resources and contribute to risk management initiatives in their own area of activities. The co-operation and commitment of all staff is required to ensure that County Council resources are not squandered as a result of uncontrolled risk.

7.3 This Policy has the full support of the County Council which recognises that any reduction in injury, illness, loss or damage ultimately benefits the whole community of North Yorkshire.

## 8.0 **Review**

8.1 This Policy and other supporting documents such as the Risk Management Strategy will be reviewed at least every three years.

Relationships between Risk Management Principles, Framework and Process



9.0 **SIGNATURES**

9.1 We, the undersigned, confirm that we are satisfied with and approve of the content of this Risk Management Policy.

**Signed:**

Cllr ~~John Weighell~~ Carl Les  
Leader of the County Council

Richard Flinton  
Chief Executive

Date:

Date:

Cllr ~~Gareth Dadd~~ Carl Les  
Executive Member for Finance  
and Assets ~~Central and Financial  
Services~~

Gary Fielding  
Corporate Director – Strategic  
Resources (Section 151 Officer)

Date:

Date:

**NORTH YORKSHIRE COUNTY COUNCIL**

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**2019**

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- ➔ RM is **dynamic** – Risks can emerge, change or disappear as the County Council’s external and internal context changes. We will ensure that RM anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- ➔ RM **continually improves** – we will ensure that RM is continually improved through learning and experience.



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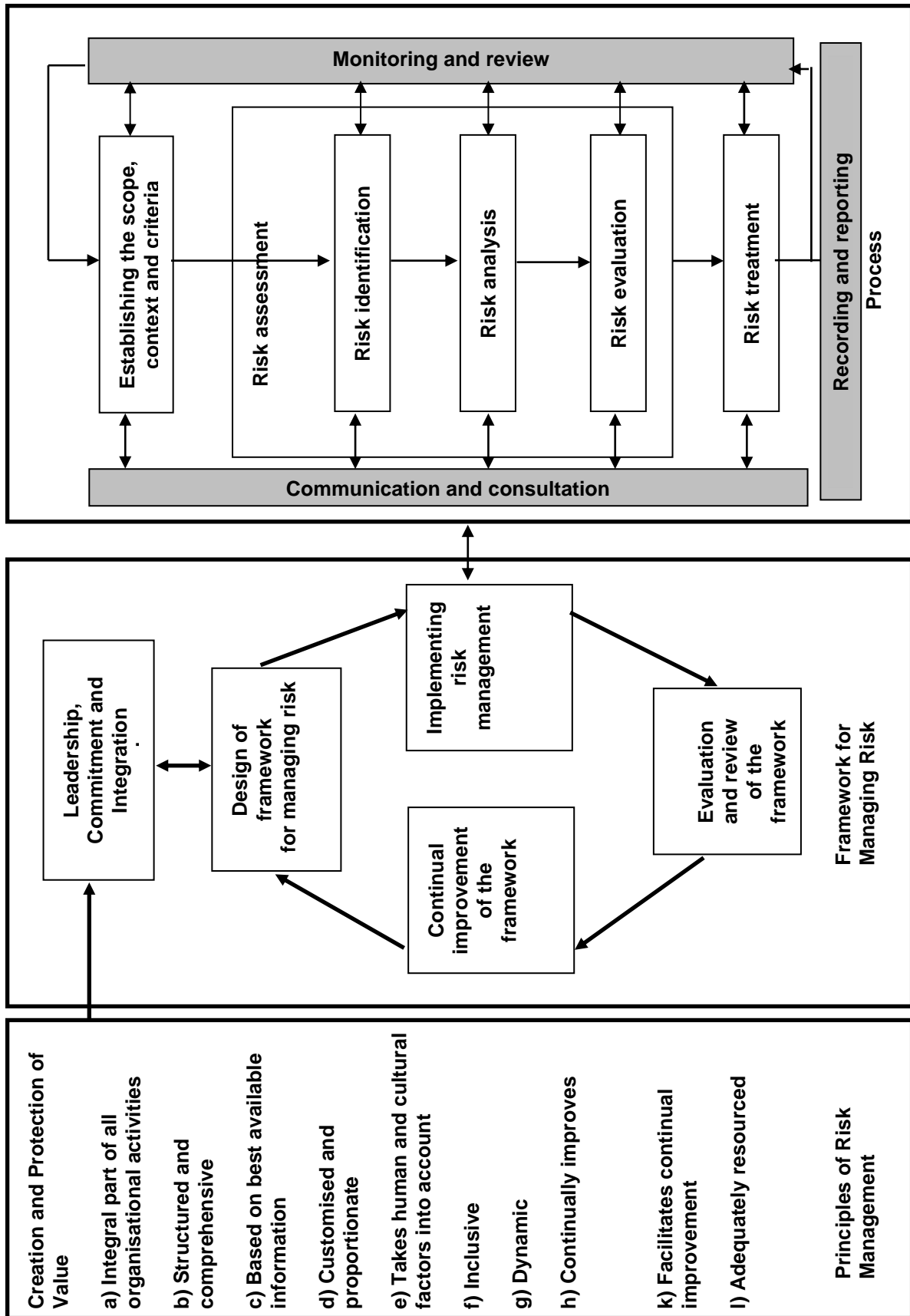
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