

RISK MANAGEMENT POLICY AND STRATEGY

Sunderland City Council recognises that a positive and proactive approach to the management of risk is essential to enable the Council to take opportunities to improve the quality of life and improve services for all local people and ensure that risks to achieving its priority outcomes are successfully managed.

The purpose of this Policy and Strategy is to outline how the Council will manage risks and opportunities effectively.

Risk Management is defined by ISO 31000 Risk Management – Principles and guidelines as *“The co-ordinated activities to direct and control an organisation with regard to risk”* and the risk management process as the *“Systematic application of management policies, procedures and practices to the activities of communication, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.”*

Given its importance all councillors, employees, service providers, partners, and stakeholders are expected to play a positive role in embedding the culture, ethos and practice of effective Risk Management in all activities.

Objectives of Risk Management

Objective 1

Ensure there is an effective corporate risk profiling process in place to identify, assess, manage, review and report on strategic and corporate risks and opportunities.

Objective 2

Enable the Council to successfully identify, assess, manage, review and report on risks and opportunities at a service / operational, programme, project and partnership level.

Objective 3

Embed the effective management of risk into the culture, ethos, policies and practices of the Council.

The specific actions to deliver the objectives above will be set out in a Risk Management Annual Plan, agreed by the Audit and Governance Committee.

Governance

The Cabinet Member with responsibility for Resources is the Member Champion for Risk Management.

The Financial Procedure Rules state the Executive Director of Commercial and Corporate Services is responsible for the development, monitoring and review of the Council's risk management policy and strategy, which will be approved by Cabinet and shall be the Council's principal risk management adviser and co-coordinator.

Roles and responsibilities within the Council in relation to risk management are set out in Appendix A.

The Accounts and Audit Regulations 2011, require the Council to produce an Annual Governance Statement and the arrangements for managing risk are an integral part of the internal control framework. Heads of Service are required to make statements as to the effectiveness of their systems for identifying profiling, controlling and managing all significant corporate and operational risks. This is confirmed by each Director/Chief Officer signing a Controls Assurance Statement.

Risk Profiling

The Council will maintain a Corporate Risk Profile, and a range of other risk profiles for Directorates, programmes, projects and partnerships, where considered necessary.

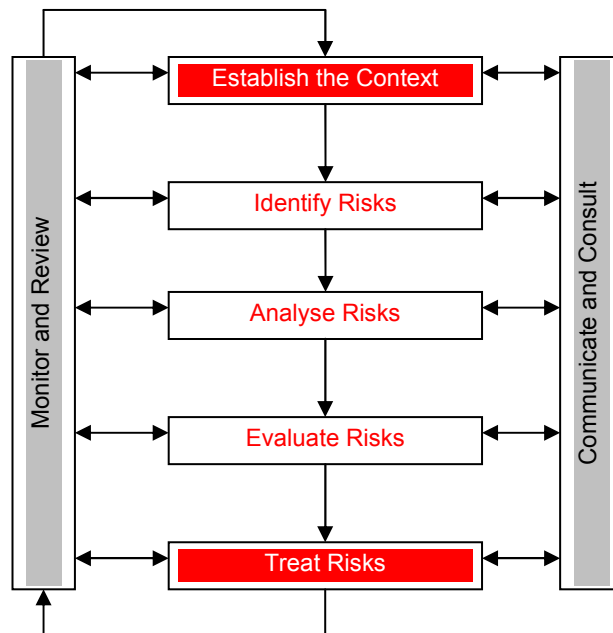
Risk Appetite

Given the breadth of services and functions the Council undertakes it will inevitably have a variable appetite to risk in different areas. Decisions will depend on the context, on the nature of the potential losses or gains, and the extent to which information regarding the risks is complete, reliable and relevant.

Risk appetite will be assessed as part of the risk profiling process.

Risk Management Process

The overall process followed for risk management is set out below.



The process above provides a systematic, effective and efficient way by which risks can be managed at different levels throughout the organisation.

Reporting

At a strategic level, an annual review of the Risk Management Policy and Strategy will be carried out and an Annual Report prepared as to the effectiveness of the risk management arrangements in place. The findings will be reported to the Executive Management Team (EMT), Cabinet and Audit and Governance Committee.

The Corporate Risk Profile will be reviewed twice yearly and the findings will be reported to EMT, Cabinet and the Audit and Governance Committee.

Directorates will report quarterly to the Corporate Risk Management Group on the effectiveness of their approach to Risk Management, covering:

- Updates on Corporate Risk Profile actions;
- Directorate / Service Risks;
- Partnerships;
- Projects;
- Training and Communication.

Risk Management - Roles and Responsibilities

Councillors

- Ensure that an effective policy and strategy is in place to manage risks throughout the Council;
- Be aware of the risk management implications of decisions;
- Approve a Member Champion.

Member Champion

- Alongside the Executive Director of Commercial and Corporate Services embed effective risk management throughout the Council.

Cabinet

- Consider reports relating to the Council's Corporate Risk Profile;
- Consider reports containing a risk analysis of the major issues which could impact on policy decisions.

Audit and Governance Committee

- Approve the Risk Management Annual Plan;
- Consider reports relating to the Council's Corporate Risk Profile;
- Consider the Risk Management Annual Report.

Executive Director of Commercial and Corporate Services

- To ensure an effective framework for the management of risks and opportunities throughout the Council is in place.
- Embed effective risk management throughout the Council.

Executive Management Team

- To receive jointly reports on the Corporate Risk Profile;
- To ensure jointly and individually that the actions contained in the Corporate Risk Profile are completed including reporting as appropriate;
- To ensure that an effective framework is in place to manage risks faced by their Directorate / service areas;
- To ensure that reports to support strategic or policy decisions and project initiation documents include a risk assessment including a sustainability impact appraisal, where appropriate;
- Ensure staff are aware of key risk management process and their responsibilities;

Corporate Risk and Governance Group

The above group is made up of senior managers from all Directorates and oversees the Risk Management process throughout the Council. The group is chaired by the Head of Audit, Risk and Procurement. In relation to Risk Management the group has responsibility for:

- The development and implementation of the Risk Management Policy and Strategy;
- Ensuring the framework for managing risks throughout the Council including partnerships is effective;
- Ensuring risk management is embedded in key business processes;
- Providing a Risk Management Annual Report;
- Developing, monitoring and reviewing the Corporate Risk Profile and associated actions;
- Providing six monthly reports for the Executive Management Team and Audit and Governance Committee in relation to the Corporate Risk Profile;
- Reviewing Directorate progress relating to risk management activity;
- Reviewing training needs and programmes in relation to Corporate Risk Management;
- Ensuring communication links with Directorates are effective.

Corporate Risk Management Team

- Spreading the ethos of effective Risk Management throughout the Council;
- Supporting the activities of the Corporate Risk and Governance Group;
- Assisting Directorates in identifying, analysing and controlling the risks that they encounter;
- Providing guidance and support to Directorates in relation to risk management generally;
- Organising and promoting risk management awareness and development;
- Liaising with both internal and external audit with regard to risk management.

Programme Boards

- Provide leadership and direction for risk management;
- Understand and agree the nature and level of risk acceptable within the programme and associated projects;
- Clarify rules of escalation from projects to the programme and delegation from programme to projects relating to the risk register;
- Identify how inter-project dependencies / cross programme risks will be identified and managed.

Project Boards

- Provide leadership and direction for management of risks to the project;
- Notifying the Project Manager of any external risk exposure to the project;
- Making decisions on the Project Managers recommended reactions to risk;
- Striking a balance between the level of risk and the potential benefits that the project may achieve;
- Notifying corporate or programme management of any risks that affect the projects ability to meet corporate or programme objectives.

Employees

- Being risk aware and managing risk effectively in their job.

