

NORTHAMPTONSHIRE COUNTY COUNCIL

RISK MANAGEMENT POLICY

1. INTRODUCTION

Northamptonshire County Council exists to help the people of the County to help themselves and to act as a safety net for the most vulnerable. The Council seeks to ensure that services delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need.

We are a large, complex organisation and we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

The Council defines what it seeks to achieve as a corporate body, in the form of corporate outcomes and details how it expects to deliver them through the Council Plan as well as directorate and service plans.

There are many factors which might prevent the Council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the Council's Code of Corporate Governance.

The Risk Management Policy is fully supported by Councillors, the Chief Executive and the Corporate Management Team who are accountable for the effective management of risk within the Council. On a daily basis all officers of the Council have a responsibility to recognise and manage risk in accordance with this Policy.

The Accounts and Audit Regulations 2003 states:

- The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(Additionally, the Civil Contingencies Act 2004 places a statutory duty on local authorities to establish business continuity management arrangements to ensure that they can continue to deliver business critical services if business disruption occurs. SORP 10, Emergency Planning, details the Council's approach to business continuity management and is a key aspect of effective risk management. SORP 10 can be found at: <http://intranet.northamptonshire.gov.uk/Services/policy/sorps/Pages/sorp10.aspx>)

2. WHAT IS RISK?

The Council's definition of risk is:

“Factors, events or circumstances that may prevent or detract from the achievement of the Council's corporate outcomes and service plan objectives”.

3. RISK MANAGEMENT OBJECTIVE

The Council will operate an effective system of risk management which will seek to ensure that risks which might prevent the Council achieving its plans are identified and managed on a timely basis in a proportionate manner

4. RISK MANAGEMENT PRINCIPLES

- The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps informed decision making;
- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively;
- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;
- The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality;
- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of and operate the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with Cabinet members being involved in the identification of risk on an annual basis.

5. APPETITE FOR RISK

As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers. However Cabinet has defined the maximum level

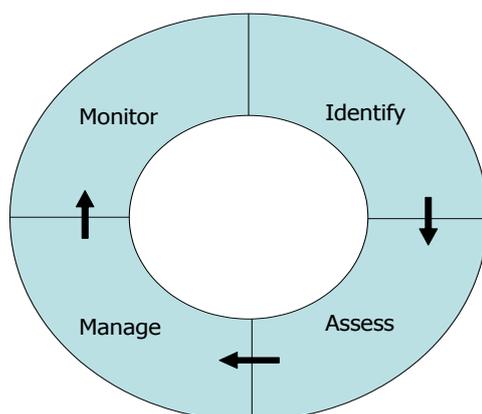
of residual risk which it is prepared to accept as a maximum risk score of 15 as per the Scoring Matrix attached at Appendix 1.

6. BENEFITS OF RISK MANAGEMENT

- Risk management alerts councillors and officers to the key risks which might prevent the achievement of the Council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that councillors and officers are fully aware of any key risk issues associated with proposals being considered.
- Risk management leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Risk management provides assurance to councillors and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.

7 RISK MANAGEMENT APPROACH

The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council:



The detailed stages of the Council's risk management approach are recorded in the Risk Management Statement of Required Practice (SORP) which was reviewed by Corporate Management Team in May 2013, which provides managers with detailed guidance on the application of the risk management process.

The SORP can be located on the Intranet at

http://intranet.northamptonshire.gov.uk/services/lgss/audit_risk/pages/default.aspx

Additionally individual business processes, such as decision making, project management will provide guidance on the management of risk within those processes.

8 AWARENESS and DEVELOPMENT

The Council recognises that the effectiveness of its risk management approach will be dependant upon the degree of knowledge of the approach and its application by officers and councillors.

The Council is committed to ensuring that all councillors, officers and partners where appropriate, have sufficient knowledge of the Council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels.

9 CONCLUSION

The Council will face risks to the achievement of its plans. Compliance with the risk management approach detailed in this Policy should ensure that the key risks faced are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

SCORING MATRIX

VERY HIGH	5	10	15	20	25
HIGH	4	8	12	16	20
MEDIUM	3	6	9	12	15
LOW	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

Red: excess of Council's risk appetite
action needed to redress, quarterly monitoring

Amber: likely to cause the Council some difficulties
quarterly monitoring

Green: monitor as necessary