

NORTHUMBERLAND COUNTY COUNCIL

RISK MANAGEMENT STRATEGY

The Council's Risk Management Policy Statement sets out the rationale behind the mandate for risk management. This document aims to set the direction, scope and priorities for risk management.

Further details of the policy and strategy are embodied in the risk management framework. It forms a key part of the corporate governance process to generate assurance that a sound system of internal control is in place.

Risk management priorities:

- The corporate strategic risks facing Northumberland County Council are identified and assessed by officers and members to inform the medium term financial plan and service planning processes. Key corporate risks are the focus of risk management priorities with action plans developed and monitored on a quarterly basis through the performance management framework.
- Service risks are identified and assessed by managers to inform the service planning process. Key service risks are the focus of risk management priorities with action plans developed and monitored. Heads of Service should review their risks on a quarterly basis, integrated with the performance management framework, and report upon implications as appropriate.
- Service risks and corporate strategic risks are considered by directorate management teams who determine headline risks that are the focus of risk management priorities at a directorate level. Action plans are developed and monitored on a quarterly basis through directorate performance management processes.

Embedding risk management:

Northumberland County Council seeks to embed risk management throughout the organisation.

- The Council's corporate planning framework incorporates the consideration of risk at an early stage, at corporate strategic, directorate and service level. The risk appraisal process formalises the consideration of risk within projects, proposals as contained in corporate reports, and partnerships.
- The organisational hierarchy provides for the dynamic escalation and de-escalation of risks between service, directorate and corporate level so that they are always being managed where they are best able to be managed.
- Escalation within the risk appraisal process ensures that the consideration of risk is not unduly onerous for less significant issues. The process is underpinned by a risk appraisal workshop, involving all interested parties

identifying and assessing the risks within the project and, where appropriate, approval of the level of risk by Risk Appraisal Panel.

- The issue of risk should be considered in all planning, ranging from significant projects to setting objectives for individual staff. However, focus on risk must continue beyond the planning stages of a project, through to implementation and subsequent operation. The risk management function will provide support and guidance as required, to assist with the management of risk within projects.
- Monitoring of performance in managing risks is integrated with the corporate performance framework. Review and update of risk registers is undertaken as part of with the performance reporting processes.
- To assist in embedding risk management, a risk management tool kit is provided including full details of Northumberland County Council's methodology, templates, the risk appraisal process, and other relevant reference material. The risk management policy, strategy and framework, along with the tool kit, are available on the intranet for officers and members, and on the internet for reference by external stakeholders.
- A training programme exists to ensure that everyone involved understands the principles of risk management and their particular responsibilities in this regard. Training is available for members and officers to ensure an understanding of the risk management process and provide them with the necessary skills and knowledge to fulfil their responsibilities. Corporate training is scheduled to take place annually with further provision available based upon demand.

Resources required:

- The County Council, through Policy Board, is ultimately accountable for the adequacy of internal controls and corporate governance. This responsibility is effectively delegated via the Lead Executive Director, Corporate Resources, to the Strategic Management Team on a day-to-day basis. As such, SMT will monitor performance and give guidance where appropriate.
- However, everyone is required to play a part in the management of risk across Northumberland County Council. Managing risk is an integral part of good management.
- In addition, each directorate has identified 'risk champions', responsible for co-ordinating and communicating the directorate's response to, as well as promoting an awareness of, risk issues. Together, they sit on the Strategic Risk Management Group that meets on a quarterly basis to develop the Council's approach to risk management.
- Further directorate resource is available in a network of nominated risk support officers. Within directorates, they are able to facilitate workshops and provide a point of contact for guidance and advice.

- The risk management function will provide support and guidance on risk related issues, drive forward the development and embedding of processes and aim to ensure a consistent approach is adopted across the Council.
- The Council's risk management software, Magique, is used by services to record risk details and for monitoring and reporting purposes. In general, service risks are input by risk support officers, or their nominated administrative officers. They can then run reports for heads of service and executive directors. The risk management function is able to run Council-wide reports and, for example, those required to monitor periodic updating of risks and controls.

Reporting and monitoring arrangements:

- Internal Audit will review the implementation of the risk management strategy. As part of the value for money assessment undertaken in performing the audit of the Council's Annual Statement of Accounts, External Audit review the implementation of the strategy and embedding of risk management across the Council thus providing independent assurance that the risk management process is operating effectively. As stakeholders in the Council's risk management arrangements, other inspection and regulatory bodies will also make a contribution to the monitoring process.
- There will be regular update reports to the Audit Committee on progress in the embedding of risk management and the implementation of controls to reduce the level of key strategic risks.
- Detailed benchmarking of approach is undertaken through opportunities presented by membership of the Chartered Institute of Public Finance and Accountancy, (CIPFA), the Public Risk Management Association, (ALARM), and the Tyne and Wear (City Region) Risk Management Group. Further benchmarking opportunities are taken when available, for example through the insurance company or the insurance brokers.
- This strategy document is subject to annual review and update. This latest strategy was approved by the Lead Executive Director, Corporate Resources in consultation with the Deputy Leader of the Council in January 2015.