

Risk Management Policy

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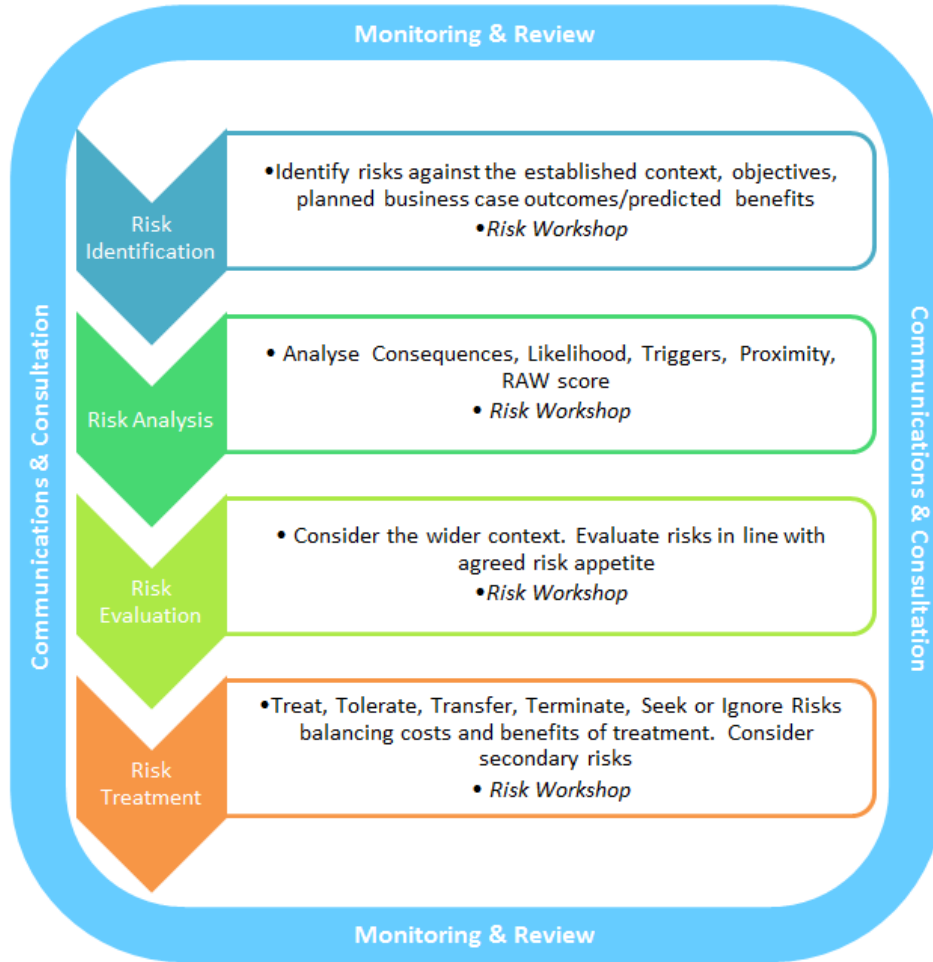
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1 Introduction

The aim of this policy is to allow all staff to proactively manage their risks and opportunities, in line with the Risk Management Strategy.

Embedded Risk Management will enable to the Council to take well managed risks. This is essential if the Council is to embrace the necessary changes in service deliver required in the years ahead.

2 Risk Management Process



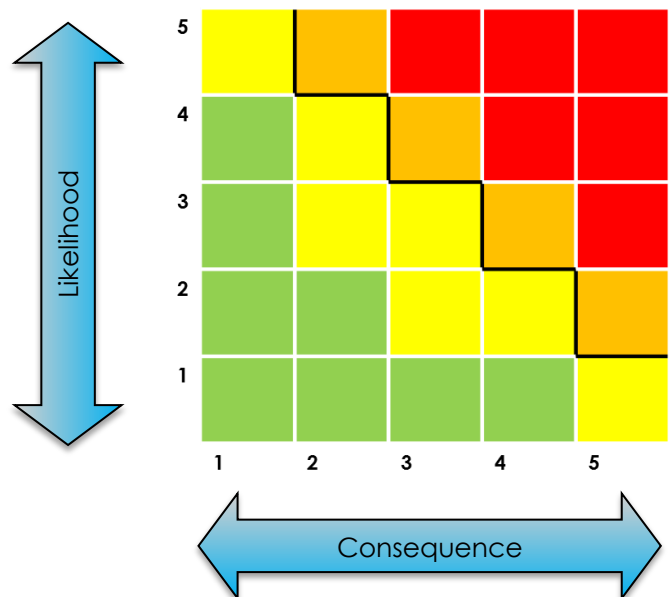
2.1 Risk Appetite

Risk Management does not mean risk avoidance. MKC has developed an attitude towards risk taking - depicting the amount of risk that it considers acceptable.

The Risk Matrix above defines the level of risk, both before (raw score) and after (residual score) current risk mitigation measures have been applied.

Each Department/Service Group/Project Board must define how much risk they are prepared to accept in order to achieve their objectives. This defined risk appetite will be recorded in the form of the target score.

If the residual score is higher than the target score, additional risk control measures will need to be applied in order to reduce the risk to the acceptable level. Movement towards or away from the target score can then be monitored and reported as required.



A risk score above the defined line in the matrix is perfectly acceptable, provided that the risk is well managed and the risk appetite (target score) has been set with clear Action Plan(s) setting out how the target score could be met.

With reductions in government funding and increase in service demand, Milton Keynes Council will need to be willing to take risks and enhance opportunities, if it is to continue to provide the wider community with the current level of services.

2.2 Governance Risk and Control Evaluation (GRACE)

GRACE is the MKC’s chosen software system used for the recording of risks and opportunities. at all levels of the Council, and partner organisations. It allows risk owners to:

- Record the risks
- Analyse the risks both pre and post mitigations
- Describe, in detail the current risk mitigations (or opportunity enhancements)
- List proposed mitigations (to allow a cost benefit analysis to be conducted)
- Have a standardised reporting structure that is recognised across the Council
- Set the risk appetite (target score)

Whilst GRACE cannot manage the risks of MKC, its correct usage can give the assurance that risk management is being carried out across all areas of the Council.

2.3 Corporate Strategic Risks

The table shows the current Corporate Strategic Risks. These are managed by the Corporate Leadership Team and each risk is allocated and to and managed by individual Directors. The risks will be influenced by risks with the Directorates/Service Groups and the Directors should review the risks within their areas to ensure that where they are being managed appropriately.

The Risk & Business Continuity Team will assist the Director in considering risks in all Directorates that may effect the Corporate Strategic Risks.

Where other risks cannot be managed at Directorate level these will be referred to CLT for consideration/escalation to a Corporate Strategic Risk.

	People	Places	Resources
Protecting & Caring for vulnerable people			
Organisational Capacity			
Future planning for cohesive growth			
Medium Term Financial challenge			

2.4 Service / Operational Risk Management

The effective management of risk is an essential part of Business / Service Planning and Performance Management.

Risks are therefore assessed and documented in the context of Service Plans and outcomes, embedding the management of risk consistently across all levels of the business using existing processes where appropriate e.g. Service Planning, appraisals, one to one reviews and team meetings to discuss risk.

Services will ensure that risks, both threats and opportunities, are regularly reviewed (at least once per quarter) and that this review is documented in GRACE.

2.5 Risks & Projects and Programmes

All Programmes and Projects require full and robust assessments of risk prior to commencement, and throughout the lifecycle of the project including the use of GRACE.

The Risk and Business Continuity Team work with project managers, to ensure projects have the correct support they need to effectively manage their risks.

The Risk and Business Continuity Team provide internal consultancy to all programme and project managers to assist them with the identification and analysis of their risks, as well as more formal project risk management training.

2.6 Risks & Contracts

It is advisable to consider the risks of entering in to a contract before the contract becomes binding. Dependent upon the size and scale of the contract, a formal risk workshop may be required.

Business level risk registers should also take in to account analysis of the risks related to those contracts, that the service is reliant upon.

This information must also feed in to Business Continuity Plans. This is necessary because if a contract fails the protections afforded within the contract instantly become a legal process, which does not deal with the immediate service implications.

2.7 Risk Review and Escalation - Reporting Processes

The Risk & Business Continuity Team work with each Corporate Director to design a structure of reporting and escalating risks within their Directorate. This will enable each Corporate Director to ensure that the substantive risks and opportunities falling within their areas can be escalated as necessary.

The 'top' Directorate risks will be presented to CLT on a quarterly basis. These risks will include those where CLT need to be made aware of the potential consequences having a strategic impact and/or when consideration needs to be given whether to escalate the risk to a Corporate Strategic risk.

The quarterly report will include the movement of risk towards or away from the acceptable level of risk i.e. the target score/risk appetite.

2.8 Risk and Change

Change Management involves the understanding and controlling the exposure to threats and opportunities that the change produces. Change will always involve a level of risk. It is important that these risks are considered if adverse impacts to the business are to be kept to a minimum.

3 Roles & Responsibilities

Everyone in MKC should have an awareness of Risk Management. We all need to be aware of the roles and responsibilities in identifying and managing risks and responding to business continuity incidents.

Clear identification of roles and responsibilities will ensure the successful adoption of Risk and Business Continuity Management and demonstrates that these two services are embedded into the culture of MKC, enabling the organisation to be risk aware and resilient.

Corporate Leadership Team/Chief Executive

- Agree Milton Keynes Council's Risk Management Policy and Risk Management Strategy, adopting overall responsibility for the Council's Risk and Business Continuity Management

- Agree the Council's level of Risk Appetite.
- Manage and review the Corporate Strategic Risks
- Ensure that risk management is used as a decision making tool
- Review the risk process and risks arising from Directorates as part of the Performance Reviews (or other process)
- Monitor key programme and project risks through the Portfolio Office reporting arrangements

Audit Committee

- Ensure a robust Risk Management process is in place throughout the Council
- Agree and endorse the Risk Management Policy and Risk Management Strategy
- Review and comment on the annual Risk and Business Continuity Report issued by the Risk and Business Continuity Team
- Ensure 'risk lessons' are understood and disseminated, in regard to difficult issues that arise
- Review Risk Registers for any matters of specific concern

Other Members

- View available risk information as confidential
- Participate in risk assessment workshops when requested
- Proactively seek assurance on the robustness of risk assessments

Programme/Project Managers

- Engage with the Risk and Business Continuity team, to ensure a consistent approach to risk management from the onset of a programme/project including taking part in a risk workshop
- Ensure programme/project risk registers are maintained using GRACE
- Ensure risks are assessed from the Council's perspective, taking in to account interdependencies between projects

Risk Management & Business Continuity Team

- Provide internal consultancy on all aspects of Risk Management across Milton Keynes Council
- Support the Council and its services in the effective development, implementation and review of the Council's Risk Management processes
- Proactively promote and communicate risk management and business continuity across the Council
- Develop and deliver risk management activity through training, rehearsals and direct support across the whole organisation
- Ensure compliance with legislation, Civil Contingencies Act 2004
- Monitor the effectiveness of the Risk Management Strategy
- Report routinely to CLT and Audit Committee on arising risks (Horizon scanning)
- Continue to maintain their Continuous Professional Development to ensure awareness of new methodologies and best practice
- Ensure that GRACE is integrated and, where detailed risks and opportunities do not provide adequate assurance, question this with Risk Owners
- Provide horizon scanning information to CLT to include areas of questioning on specific areas of risk, to be used in connection with the Performance Board
- Provide the Audit Team and/or Portfolio Office with a list of potential areas for future health checks

Assistant / Service Directors

- Ensure that risk management is used as a decision making tool
- Agree an acceptable level of Risk Appetite across the Service Area.
- Review "Child Entity" risks with Heads of Service and/or Risk Champions
- Ensure that services complete risk assessments using the agreed methodology

- Ensure the reports to Cabinet, CLT and Scrutiny include a reference to Risk Management, where appropriate
- Ensure that the profile in GRACE reflects the current Department structure

Head of Service

- Ensure that risk management is used as a decision making tool
- Ensure staff are aware of their roles and responsibilities with relation to both risk and business continuity
- Use risk management to inform outcomes in the Service Planning process
- Report on any new risks that or opportunities that arise in their area
- Report on the risk areas where the current controls are not producing the required reduction in acceptable risk or enhancing opportunities.
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