



GLASGOW CITY COUNCIL

RISK MANAGEMENT STRATEGY

2009/10

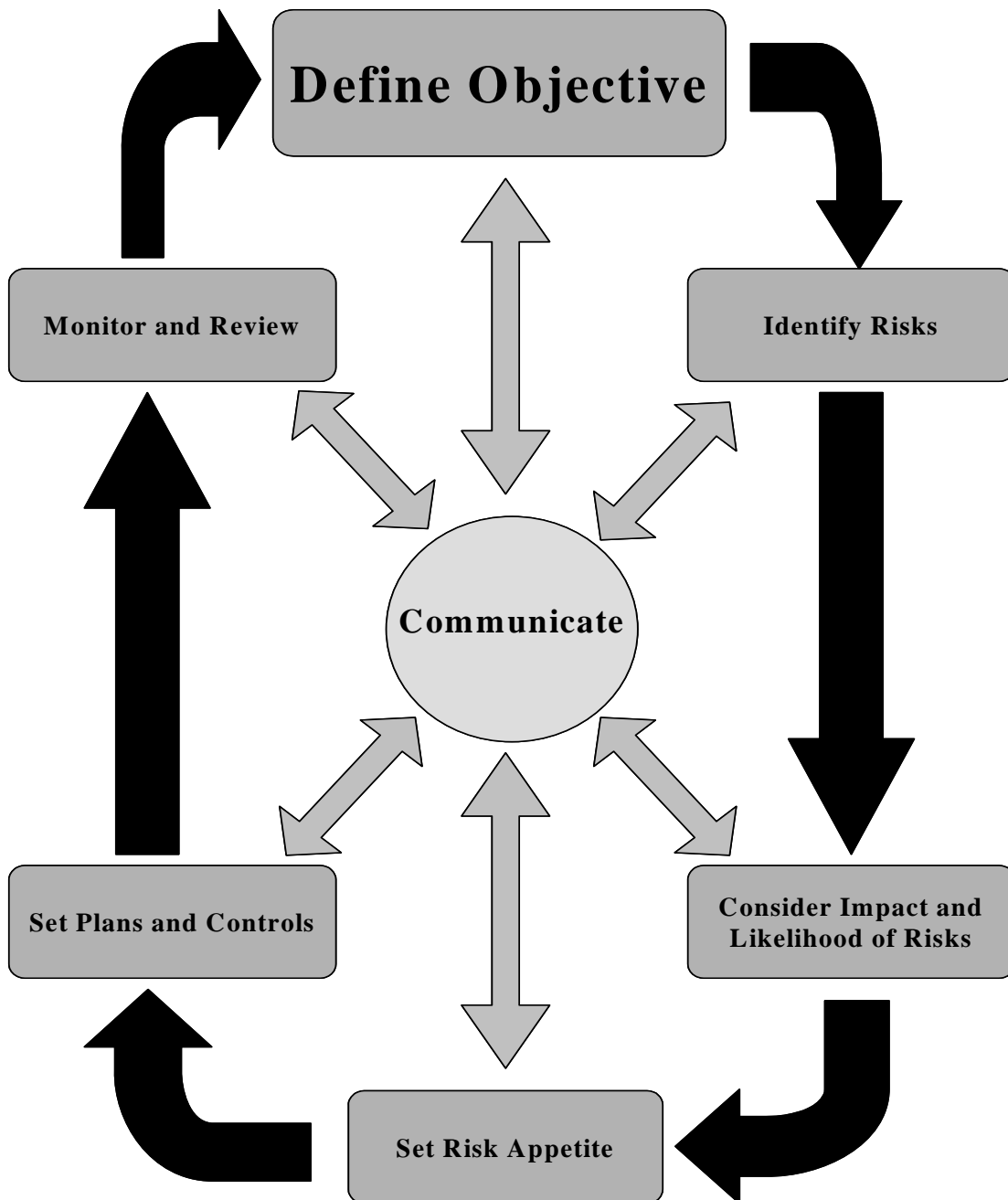
Contents

SECTION	SUBJECT	PAGE No.
1	Introduction	1
2	Risk Management Process	2 - 6
3	Implementation	7
4	Roles and Responsibilities	8 - 10
5	Reporting and Monitoring	11
6	Recording of Risk	12
7	Risk Management and Best Value	13
8	Appendices	14
	Appendix 1 – Fig Web Overview	

1 -Introduction

- 1.1 Risk is defined as the uncertainty of an outcome, be it a positive opportunity or a negative threat of actions and events. The risk has to be assessed in respect of the combination of the probability of something happening and the impact which arises if it does actually happen.
- 1.2 Risk Management requires the identification, evaluation and control of any action undertaken by the Council, which can threaten its operations, assets and other responsibilities. It affects every activity to a greater or lesser degree and failure to acknowledge this can have serious consequences. These consequences are not necessarily restricted to financial and may result in health risks, disruption risks, reputational risks, regulatory risks and the like.
- 1.3 The Council's Risk Management Strategy is intended to demonstrate a considered, practical and systematic approach to addressing its many potential and actual risks. It forms the basis for the Council to promote effective Risk Management at all levels, including Strategic, Operational, Programme and Project, through inclusion and collective working, ensuring both Best Practice and Best Value. It seeks to enhance the success of Glasgow City Council in all aspects of its work for the benefit of the people it serves and its employees.
- 1.4 Aims and Objectives
 - To promote an awareness of risk and a responsibility for managing risk amongst all Council employees, members of the public and other stakeholders who use the Council's services.
 - To initiate measures to reduce the Council's exposure to risk and potential loss.
 - To initiate measures which will enhance the Council's ability to build on success and seize opportunities with greater confidence.
 - To improve communication and sharing of risk information through all areas of the Council to aid effective Risk Management and encourage Best Practice.
 - To establish standards and principles for the efficient management of risk including regular monitoring and review.
 - To optimise the use of Risk Financing, Risk Mitigation and Risk Transfer mechanisms.
 - To encourage a continuous and ongoing development of the process of risk understanding, review and management throughout the Council.
 - To promote open reporting of risk.
- 1.5 The Council acknowledge that this Risk Management Strategy will continue to develop over time. In recognition of this fact this document is reviewed on a regular basis and updated accordingly.

2 - The Risk Management Process



- 2.1 Use must be made of the Council’s Risk Management System, “FigWeb,” to establish and maintain Risk & Assurance Registers to document and record this process.
- 2.2 Reference should be made to the following pages for more detailed comment on how to approach the process of risk management. Reference should also be made to the FigWeb Guide, which provides further information of risk management terms, together with full details of the risk register and reporting functions.

2.3 Define Objective

- 2.3.1 This applies to all activities, regardless of scale and defines the objective of that activity.
- 2.3.2 Objectives form part of the loop in the process as they will often change and develop during the process. As such they should be reviewed periodically.

2.4 Identify Risks

- 2.4.1 It is the responsibility of all parties associated with the particular objective to help identify potential risks and to report these to the manager responsible for that objective. This would include all members of partnerships where these are involved.
- 2.4.2 Risks should be directly linked to specific objectives and this is supported by recording within the FigWeb Risk Management system.
- 2.4.3 Where the risk is contained wholly within the objective, the risk should be managed by the risk owner in consultation with the manager responsible for that objective.
- 2.4.4 Where the risk is not contained wholly within the objective, the manager should liaise with other affected parties to examine and determine the impact on other objectives.
- 2.4.5 Risks should be recorded in sufficient detail to allow for an identification of the objective the risk impacts, the risk itself, the cause(s) of the risk and the effect of the risk.
- 2.4.6 Risks should be categorised reflecting good practice. Reference should be made to the Figtree Guide, although existing categories are:
 - Physical / Assets
 - Financial
 - Information Technology
 - Reputation
 - Political
 - Regulatory / Legal
 - Professional
 - Environmental
 - People / Social
 - Contractual
- 2.4.7 Risk identification techniques may include brainstorming, interviews and/or by category (see 3.4.6 above). Where possible, quantitative analysis (e.g. cost of risk occurring, time related tolerances etc.) should also be considered.

2.5 Consider Impact and Probability of Risks

2.5.1 Use of the Risk Register is critical to this phase

2.5.2 Each risk must be initially assessed for inherent risk in terms of Impact and Probability.

2.5.3 In assessing Impact the following 1 to 5 scoring system is to be followed:

5 = Incidence would be **fundamental** to the ability to deliver the defined objectives.

4 = Incidence would be **major** on ability to deliver the defined objectives.

3 = Incidence would be **moderate** on ability to deliver the defined objectives.

2 = Incidence would be **minor** on ability to deliver the defined objectives.

1 = Incidence would be **insignificant** on ability to deliver the defined objectives.

2.5.4 Table 1 below provides examples of more detailed descriptors. The use of descriptors will assist in ensuring greater consistency when scoring risks

Categories	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Fundamental
Financial*	<1% of budget	1% - 2.5% of budget	2.5% - 10% of budget	10% - 25% of budget	>25% of budget
Schedule*	<10% overrun	10% - 15% overrun	15% - 25% overrun	25% - 50% overrun	>50% overrun
Regulatory	Minor internal breach	Major internal breach	Minor external breach	Major external breach	Stops work
Health & Safety	Trivial injury(ies)	Minor injury(ies)	Major injury	Major Injuries	Death(s)
Environment	Litter	Non hazardous	Innoxious chemicals	Significant contamination	Major incident
Reputation	Complaints	Local media	Regional media	National media	International media

Table 1: Examples of Project descriptors

Please note that these descriptors are indicative only. When using these descriptors, each individual objective will need to be considered on its own merits. It is the responsibility of the objective Sponsor to set these figures for agreement with other stakeholders.

2.5.5 In assessing Probability the following 1 to 5 scoring system is to be followed:

Probability

5 = **almost certain** to occur. (>80% certainty)

4 = **likely** to occur. (51% - 80% certainty)

3 = **possible** that it may occur. (26% - 50% certainty)

2 = **unlikely** to occur. (10% - 25% certainty)

1 = **extremely unlikely** that it may occur. (<10% certainty)

2.5.6 Each risk should also be assessed regularly in terms of residual impact and probability assuming that the appropriate controls are in place. (see Section 5)

2.5.7 The scoring will help to inform the escalation of risks between levels (e.g. project, departmental, operational and strategic level risk registers). It is required that all risks rated “Red” per the Summary Risk Profile (SRP) Matrix set out in table 2 must be reported to the next management level for consideration of escalation.

2.6 Set Risk Appetite

2.6.1 Each risk may involve one or more of the following actions / decisions:

- To decide to accept / tolerate the risk;
- To transfer the risk (to insurance / delivery partners / others);
- To treat the risk in an appropriate way to constrain the risk to an acceptable level (i.e. develop countermeasures to risk); and / or,
- To actively take advantage of risk through realisation, enhancement and exploitation, where it is seen as an opportunity to gain benefit.

2.7 Set Plans and Controls

2.7.1 The manager should identify the owner of the risk, and will set plans and controls with them:

- To reduce the Probability of the risk occurring, and to reduce the impact of the risk should it occur.
- To include contingencies for when the risk occurs.

2.7.2 The persons responsible for the control-measures may also be identified.

2.7.3 In respect of table 2 below, the term “Affordable” refers to all aspects including costs, resources, time and the like.

P R O B A B I L I T Y	5	Risk Tolerance Line	Greater focus on Controls and Mitigation		Controls and Contingencies to be identified and developed.	
	4		Greater focus on Contingency Planning			
	3	Controls and Contingencies to be identified and developed if affordable.				
	2	No Controls or Contingencies to be developed unless obvious and inexpensive				
	1					
		1	2	3	4	5
		IMPACT				

Table 2: Summary Risk Profile Matrix

2.8 Monitor and Review

2.8.1 The manager responsible for the objective should monitor and review each risk with the risk owner. The frequency of review is variable but should be at least quarterly.

2.8.2 Table 3 below gives an **example** of how the frequency of review for individual risks would increase, although the exact frequency would depend on the individual risk characteristics and not risk ranking in isolation:

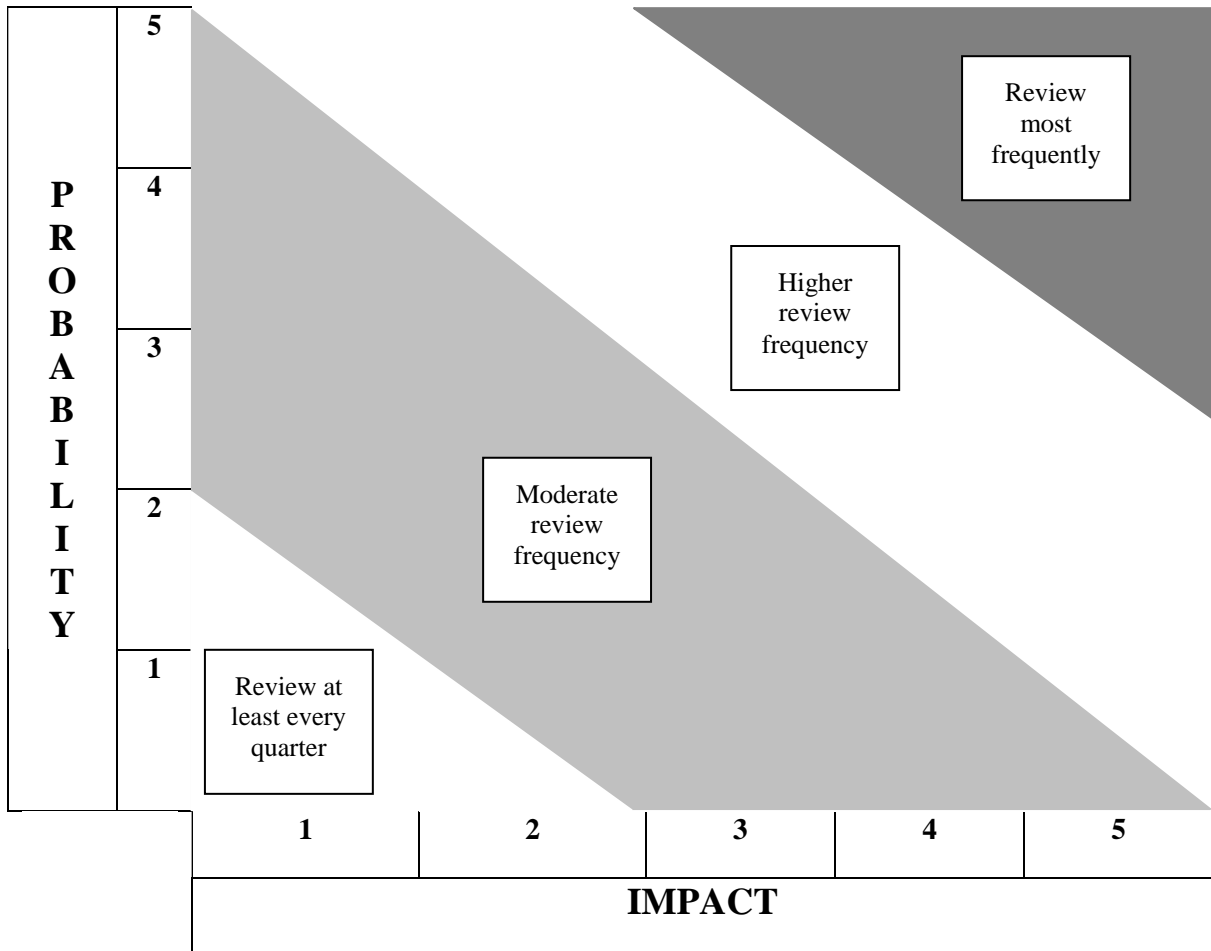


Table 3: Example of review frequency for an individual risk

2.8.3 The manager responsible for the objective should monitor and review control-measures, actions and contingencies with the risk owner if the risk probability or impact changes.

2.8.4 Where a risk is reviewed and is felt to have either a Corporate relevance or its significance is escalated to have a corporate relevance, this would be advised to the Risk Manager for raising with the Corporate Management Team in relation to the Corporate Risk & Assurance Register.

3 - Implementation

- 3.1 Implementation of the Council's Risk Management strategy will require a co-ordinated effort and will rely heavily on the following:
- Use of the FigWeb Risk Management System to record and allow access to critical risk management information across all Projects and levels.
 - Regular scheduled risk register reviews at all levels.
 - Regular and clear communication across all levels of all risk matters, including quarterly meetings of the Operational Risk Management Forum and biannual meeting of the Corporate Risk Register Working Group representing all services.
 - Continued development of Corporate and Operational Risk & Assurance Registers to be reviewed on a half-yearly and quarterly basis, respectively.
 - The development of appropriate contingency plans to support a comprehensive risk management approach.
 - The provision of appropriate risk management guidance and support.
 - A review of the Council's current Risk Financing options to ensure Best Value.
 - Clear reporting and monitoring of risk management.
 - Appropriate communication with external partners and stakeholders to enable appropriate risk sharing and consistency of approach.
 - Specific reference within the Corporate Risk & Assurance Register in respect of arms length and external organisations.
- 3.2 The above will all be linked into a developing timetable to ensure continuous progress and improvement. Progress will be reviewed on a regular quarterly basis.
- 3.3 In implementing this policy the Council will
- Promote a positive pro-active risk management culture within the Council.
 - Raise the level of awareness of risk management through the dissemination of information and appropriate support.
 - Liaise with external partners and stakeholders.
 - Identify and evaluate risks for impact and probability in order to implement practical and cost effective methods of loss control and avoidance.
 - Maintain a comprehensive record of losses.

4 – Roles and Responsibilities

4.1 The Council Leader and Members

- To secure the highest quality of life for the citizens of Glasgow, the Council endorses the Risk Management Policy and Strategy in order to protect its assets and as an integral part of its vision for the City.
- Through the Finance & Audit Committee to oversee the effective management of risk by officers of the Council and to monitor the Council's overall Risk Management Strategy and performance.
- Through the Finance & Audit Committee to receive regular reports from the Council's Risk Manager on key issues affecting the Council.
- Through the Finance & Audit Committee to review and approve the annual risk management report submitted by the Corporate Management Team, and approve the publishing of an assessment of risk.

4.2 The Chief Executive

- To endorse and promote the Risk Management Policy and Strategy adopted by the Council.
- To establish and maintain a Corporate Risk & Assurance Register.

4.3 The Corporate Management Team

- To ensure that the Council manages risk effectively through the ongoing development of a comprehensive corporate strategy.
- To support the activities of the Operational Risk Management Forum.
- To consider and approve Risk Management plans and initiatives.

4.4 The Risk Manager

- Responsible for the development and ongoing review of a corporate Risk Management Policy and Strategy and to support the Council and its Departments in the effective development, implementation and review of these.
- Responsible for preparing the annual and interim Risk Management Reports to the Corporate Management Team, including reference to Business Continuity Management. To present an annual and interim Risk Management Reports to the Finance & Audit Committee, including reference to Business Continuity Management.

- To assist in providing support and addressing training needs in the areas of risk identification, analysis, control and monitoring techniques.
- To chair the Operational Risk Management Forum.
- To consider Risk Financing options and associated areas of Insurance, the Insurance Fund and Claims Handling functions of the Council.
- To encourage the availability and sharing of risk information Council-wide.

4.5 The Operational Risk Management Forum

- To share experience on risk, risk management and strategy implementation across the Council.
- To review the suitability of Risk Management plans and initiatives and make recommendations on these to the Corporate Management Team.

4.6 Service Directors

- To ensure that risk management and business continuity are embedded at all levels within their area of responsibility in line with the Council's Risk Management Policy and Strategy.
- To be responsible for the management of risks within their control in order to safeguard their employees and clients, protect assets and to preserve and enhance service delivery to the population.
- To maintain the effective stewardship of public funds and the promotion of a favourable corporate image in line with the Council's Risk Management Policy.
- To establish and maintain a Service Risk & Assurance Register and Service Business Continuity Plans.

4.7 Departmental Management Teams

- To ensure risk is managed effectively at all levels in each service area within the agreed corporate strategy.
- To continue to develop and update their Service Risk & Assurance Registers on a regular (at least quarterly) basis.
- To ensure risk management is linked to Service Plans, projects and the like.

4.8 Head of Audit & Inspection

- To ensure Risk Management and Business Continuity is implemented across the Council in line with the approved Policy and Strategy.
- To appraise the effectiveness of mechanisms used to control identified risks.
- To include within the Annual Assurance Statement to the Finance & Audit Committee an assurance that Risk Management and Business Continuity is being effectively delivered throughout the Council.

4.9 Service Managers

- To manage risk effectively within their particular service areas.
- To meet their statutory responsibilities for risk management ensuring the Council's exposure to risk is reduced. To achieve this, managers at all levels have a responsibility for implementing and monitoring risk management practices in their area of work.
- To ensure the effective operating of business continuity plans for their area of responsibility.

4.10 Employees

- To manage risk effectively in their job.
- In the belief that every employee is a risk manager, all employees are encouraged to make suggestions that assist or contribute to the control of loss. The Council expects it's employees to make every effort to be aware of situations that may place themselves or others at risk and report identified hazards.
- The following areas are typical of those in which care must be exercised at all times:
 - slips, trips or falls
 - working at height
 - manual handling etc
 - driving while on Council business

5 - Reporting and Monitoring

5.1 The reporting and monitoring framework is shown in the following table:

Report	Owner	Reported to	Timeframe
Annual Risk Management Report	Council Risk Manager	CMT and Finance & Audit Committee	Annual to 31 st March
Annual Service Risk Management Report	Council Risk Manager / ORMF	Services and Service PDS	Annual to 31 st March
Interim Risk Management Report	Council Risk Manager	CMT and Finance & Audit Committee	Annual to 30 th September
Services Risk & Assurance Register	Services	Services & Council Risk Manager	Quarterly

Key:

CMT Corporate Management Team
 ORMF Operational Risk Management Forum
 PDS Policy Development & Scrutiny Committee(s)

6 – Recording of Risk

- 6.1 All risks associated with this strategy document will be recorded on the Council’s risk management system, “FigWeb.” An overview of FigWeb is attached at Appendix 4.
- 6.2 Appropriate training and guidance on the use of FigWeb will be provided through the Council’s Corporate Risk Manager.
- 6.3 A separate FigWeb user guide is annexed to this report, and should be referenced by all those with the responsibility for maintaining individual Project Risk Registers.

7. – Risk Management and Best Value

- 7.1 Risk Management and Best Value share a number of common goals
- they are both based on principles of quality management
 - they require a co-ordinated and integrated approach across all areas of corporate activity
 - everyone in the chain of service needs to be involved in the process.
- 7.2 Best Value cannot be delivered unless the organisations assets and objectives are protected. Risk Management is a system for controlling all risks that threaten the assets and objectives of the authority and so the two concepts form a valuable partnership. To achieve this there is a requirement at all levels for clear and effective communication and that the escalation procedures are strictly adhered to.
- 7.3 Along with achieving Best Value the Risk Management Strategy will help ensure that the Council:
- Maintains the effective stewardship of public funds.
 - Maintains sound corporate governance.
 - Protects the Council's corporate image.

8. – Appendices

Appendix 1 – Overview of the Fig Web System

FigWeb Overview:

What is it?

FigWeb is the Council's Risk Management System. It is used for the recording of all level of risk & assurance registers including detail on the risks, actions to control the risks and a status narrative on each risk.

The system also records details of financial claims against the Council.

Where is it & how is it accessed?

The system is centrally maintained and managed by the Council's Risk, Insurance and Claims section within Financial Services.

It is a "web" enabled system, permitting authorised employees with access to the Council's IT network once a secure login has been allocated to the user.

Login requests are made through the Council's Corporate Risk Manager.

How do you record information and data?

The recording and inputting of data is controlled by the user's login access. Some users will be given read only access, some read and input access. This will be agreed with the Corporate Risk Manager and line managers.

All claims data is input centrally by the claims section.

Risk information is generally input by relevant risk owners / users. This is directly onto the database through the use of open text fields, pre-set fields and "pick-lists."

Report generation

Reports are currently requested through the Corporate Risk Manager. Once a report template has been written, the user may access this to run real-time reports from the system at whatever frequency they require.

Reports are produced in html format, but may be readily exported into Excel or Word files.

Audit Controls – who and when updates/changes were made?

FigWeb is an audited system. Any changes will identify the date and time of the change and the user who made the change. Certain key fields within the database contain more specific audit tools that also identify the exact changes made to text and entries.