

## Warwick District Council Risk Management Strategy

### **Purpose of strategy**

The purpose of the strategy is to embed risk management in the Authority by establishing a risk management framework that provides:

- n an efficient control environment
- n the overt allocation of accountability for risk management throughout the organisation
- n a well-established risk assessment process
- n performance monitoring of risk management activity
- n communications process to support risk management

### **Definition and scope of risk management**

The Council has adopted the Audit Commission's definition of risk and risk management as contained in its Management Paper, 'Worth the risk: improving risk management in local government'. Although the Audit Commission has been recently abolished its definition of risk is still relevant and relied upon by many organisations.

*Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.*

*The overall process of managing risk can be divided into:*

- § *Risk analysis, or assessment, which includes the identification, estimation and evaluation of the risks; and*
- § *Risk management that encompasses the planning, monitoring and controlling activities based on the information derived from risk analysis.*

### **Aims and objectives**

The risk management policy of Warwick District Council is to adopt best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level.

It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks

associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

The risk management objectives of the Council are to:

- § integrate risk management into the culture of the Council
- § manage risk in accordance with best practice
- § consider legal compliance as a minimum standard
- § anticipate and respond to changing social, environmental and legislative requirements
- § prevent injury and damage and reduce the cost of risk
- § raise awareness of the need for risk management.

These objectives will be achieved by:

- § establishing a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all employees
- § including risk management as an agenda item at meetings as appropriate
- § continuing to demonstrate the application of risk management principles
- § providing risk management awareness training
- § maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision
- § maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- § preparing contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the Council and its service delivery capability
- § maintaining effective communication
- § monitoring arrangements on an ongoing basis.

### **Definition of the Council's risk appetite**

An organisation's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the organisation's risk appetite provides the strategic framework for effective decision-making. Risk appetites for local authorities will be lower due to the regulatory nature of most services and because of their stewardship obligations for public resources. However, local authorities may be forced to take risks beyond their choosing to comply with central government directives or to satisfy public expectations of improved services.

Warwick District Council's risk appetite is determined by individual circumstances. In general terms, the Council's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to actions being considered or proposed. Decisions on whether to proceed with such actions should only be taken after the careful assessment of the identified risks and an analysis of the risks compared to the benefits.

However, in all circumstances and at all times:

§ The Council would wish to manage its financial affairs such that no action will be taken that would jeopardise its ability to continue to provide services within its available resource; and

§ The Council would wish to secure the legal integrity of its actions.

### **Roles and responsibilities**

In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers. Although the Audit Commission no longer exists, the guidance that it produced is still relevant and thereby applied by the Council. An extract of the guidance is set out below:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- Decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the Council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness; and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

Summarised below are the risk management roles and responsibilities for the various groups and individuals within the Council.

### Executive

To oversee the effective management of risk throughout the Council; to hold the senior management team accountable for the effective management of risk by officers of the Council.

### Finance and Audit Scrutiny Committee

To scrutinise and review the management of risk on behalf of Executive.

### Elected Members

To promote the importance of risk management in all that the Council does; to champion the cause of risk management.

### Chief Executive

To be the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work.

### Senior Management Team

To ensure that the Council manages risk effectively through the development of a comprehensive risk management strategy; to monitor delivery by receiving reports from the Council's Risk Management Group and from the Audit & Risk Manager.

### Risk champion<sup>1</sup>

To champion the cause of risk management within the Council, particularly at the strategic level; to take personal responsibility for ensuring that the risk management objectives as set out in the policy are achieved.

### Risk manager<sup>2</sup>

To support the Council and its departments and services in the effective development, implementation and review of the risk management strategy.

### Risk management group

To determine, implement and review the Council's risk management policy and its risk management strategy. The risk management group is responsible for developing specific programmes and procedures for establishing and maintaining risk management activities. This group will ensure the dispersal of vital information and, where appropriate, provide guidance, interpretation and understanding of the systems involved.

*The terms of reference of this group are set out as Annexe 1.*

---

<sup>1</sup> This officer is the Deputy Chief Executive (AJ)

<sup>2</sup> This officer is the Audit and Risk Manager.

### Departmental management teams

To ensure that risk is managed effectively in each service area within the agreed risk management strategy; to report to the Risk Management Group on how hazards and risks have been managed within their service area.

### Service managers

To manage risk effectively in their particular service areas; to report on how hazards and risks have been managed to their Departmental Management Team or directly to the Risk Management Group.

### Asset Steering Group

To ensure that WDC's property assets are provided, maintained and utilised to meet the current and future needs of the Council and its service users.

### Assets Compliance and Delivery Group

Responsible to the Asset Steering Group for ensuring the compliance of corporate assets including HRA stock and also for delivering work streams and objectives from the Asset Steering Group.

### Health and Safety Advisor

To advise on all matters pertaining to health and safety in relation to the Council as an employer and provider of services.

### Insurance & Risk officer

To advise on practices which will minimise the likelihood of adverse events occurring and arrange insurance cover where necessary and appropriate.

### Employees

To manage risk effectively in their jobs and report hazards and risks to their service managers.

*The responsibilities of the various groups and individuals are summarised in the table that is included as Annexe 2.*

## **Methodology for identifying and assessing risk**

### **Risk Identification and Categorisation**

Risks can be categorised under strategic and operational.

**Strategic risks** are those risks identified as potentially damaging to the achievement of the Council's objectives. These can be sub-classified into:

- Political
- Social
- Legislative
- Competitive
- Economic
- Technological
- Environmental
- Customer/citizen

**Operational risks** are those risks that should be managed by departmental officers who will be responsible for operating and maintaining the services. These can be sub-classified into:

- Professional
- Legal
- Contractual
- Environmental
- Financial
- Physical
- Information

### **Risk Assessment**

For risk registers, the following definitions are applied for the measurement of risk in respect of probability and consequences:

#### **Probability of Occurrence**

<b>Estimation</b>	<b>Description</b>	<b>Indicators</b>
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul style="list-style-type: none"><li>• Potential of it occurring several times within the specified period (for example - ten years).</li><li>• Has occurred recently.</li></ul>
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul style="list-style-type: none"><li>• Could occur more than once within the period (for example - ten years).</li><li>• Could be difficult to control due to some external influences.</li><li>• There's a history of occurrence.</li></ul>
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul style="list-style-type: none"><li>• Has not occurred.</li><li>• Unlikely to occur.</li></ul>

## Consequences

Estimation	Description
5: High	<ul style="list-style-type: none"><li>• Financial impact on the organisation is likely to exceed £500K</li><li>• Significant impact on the organisation's strategy or operational activities</li><li>• Significant stakeholder concern</li></ul>
4: Medium to High	Apply judgement
3: Medium	<ul style="list-style-type: none"><li>• Financial impact on the organisation likely to be between £100K and £250K</li><li>• Moderate impact on the organisation's strategy or operational activities</li><li>• Moderate stakeholder concern</li></ul>
2: Low to Medium	Apply judgement
1: Low	<ul style="list-style-type: none"><li>• Financial impact on the organisation likely to be less than £10K</li><li>• Low impact on the organisation's strategy or operational activities</li><li>• Low stakeholder concern</li></ul>

## **Annexe 1 to Strategy: Risk Management Group - Terms of Reference**

The terms of the reference of the risk management group comprises:

### ***Overall aim***

- § To ensure that effective Risk Management is in place across the Council.

### ***Membership***

- § The Group will comprise representatives from key services across the Council.

### ***Specific Objectives and Responsibilities***

- § Promote best practice in the management of risks.
- § Assist in the identification and evaluation of risks that could threaten achievement of the Council's objectives.
- § Help develop, implement and review the corporate risk management strategy and policy.
- § Help managers maintain and develop their risk registers by periodically reviewing them and making recommendations on their improvement.
- § Review events and disseminate information regarding lessons learnt in an attempt to help services improve on the management of risk.
- § Compile and implement an annual work plan that helps to embed risk management in the organisation.
- § Help create a risk-aware culture by, for example, instilling in staff the need to manage risks in their jobs.
- § Identify cross-cutting and strategic risks for the attention of senior management.
- § Make recommendations to management on practices and procedures that it is intended will improve the management of risks within Warwick District Council.
- § Oversee the development and implementation of a consistent approach to risk management across the Council's services.



## **Annexe 2 to Strategy: Summary of Responsibilities**

	Develop the corporate risk management strategy	Agree the corporate risk management strategy	Provide advice and support on strategy development and implementation	Implement the strategy	Share experience of risk and risk management issues	Review the effectiveness of the strategy
Elected members / Executive		§				§
Chief Executive		§		§		§
Senior management team	§	§		§		§
Risk champion	§		§	§	§	§
Audit & Risk Manager	§		§	§	§	§
Risk management group	§		§	§	§	§
Departmental management teams				§	§	§
Service managers				§	§	§
Asset Compliance Group				§	§	
Health & Safety Adviser			§	§	§	
Insurance & Risk Officer			§	§	§	
Employees				§	§	

## **Risk Management Activities Undertaken During the Year**

### ***Corporate Activities***

#### **Programme of Service Risk Register Reviews**

The Finance & Audit Scrutiny Committee has continued its programme of service risk register reviews. This has proved to be a very effective process and has helped to raise the profile of risk management throughout the organisation as well as the value derived from it. The programme of reviews is now incorporated within overall service area reviews that includes contract risk registers, performance information and budgetary/financial information.

#### **Risk Management Group**

The Council has a Risk Management Group comprising representatives from services whose main purpose is to champion risk management throughout the organisation.

#### **Risk Management Training**

Risk management training is provided as and when required, for example after Council elections.

#### **Committee Reports Risk Template**

Committee reports are now required to detail the risk management implications in respect of the issues contained in the report. This requirement raises the profile of risk management and helps to ensure the proper consideration of risks when embarking on new projects or developing strategies and policies.

#### **Project Risk Registers**

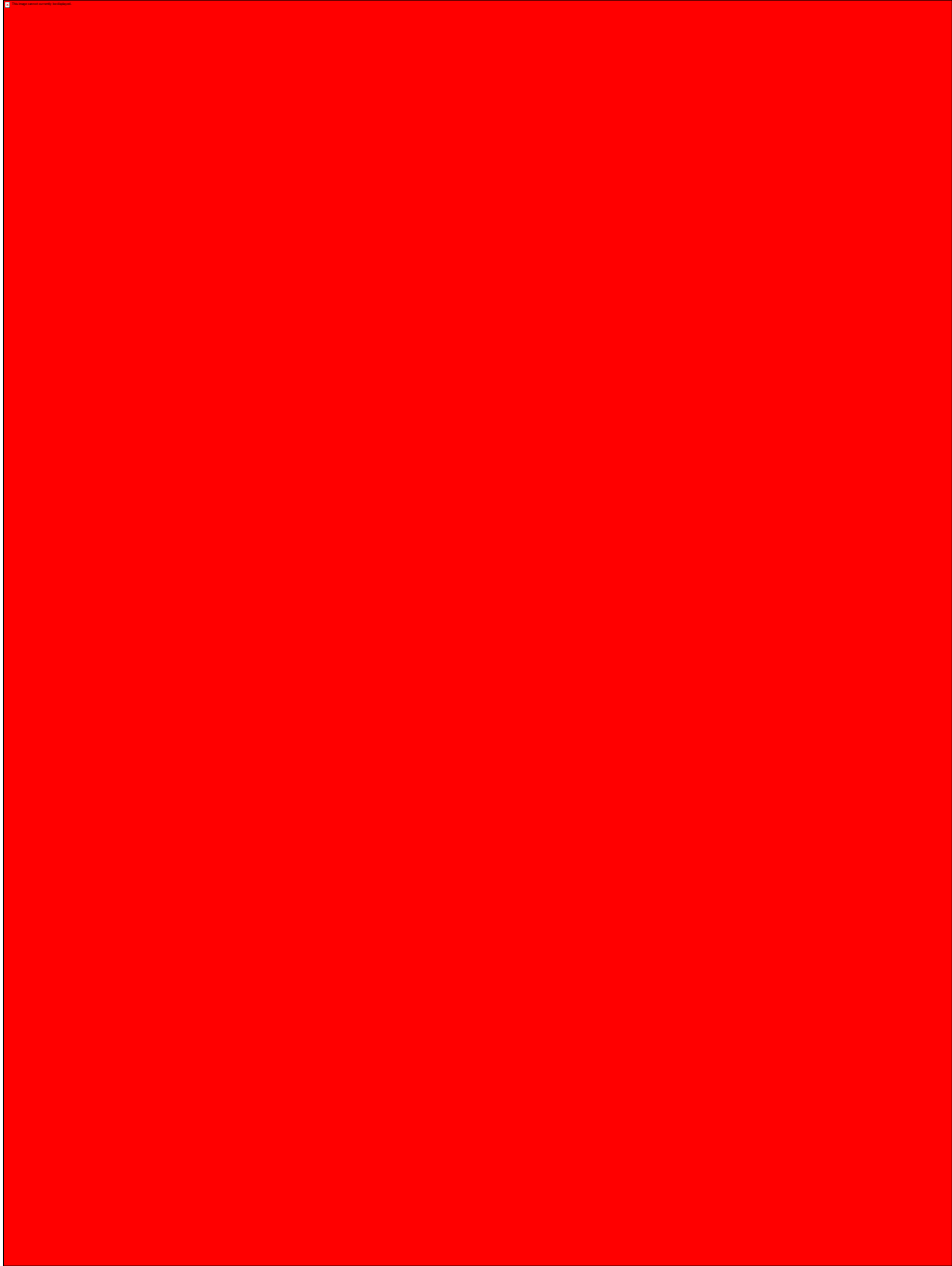
Project risk registers are now routinely in place for specific projects such as the Local Plan and Europa Way. In the case of the Local Plan, until its implementation, this was reviewed by SMT regularly.

#### **Identification of Emerging Risks**

SMT now review 'potentially emerging risks' and these are included in the quarterly Significant Business Risk Register report to Executive. Clearly, emerging risks or triggers, if they are significant, corporate or strategic, had always been included on the SBRR, but potentially emerging risks had not been highlighted in any way, either on the SBRR or in the covering report. These are risks related to events that may or may not happen such as ideas or proposals. It was felt that emerging risks should be mentioned in the covering report in order that they are brought to Members' attention. Future reports will describe any developments in respect of these prospective events.

**Performance Management Information: Risk Management Indicators**

Risk management information is used as a key indicator of organisational performance. The number of red, amber and green risks recorded on the service risk registers (in total) and on the Significant Business Risk Register is monitored by SMT quarterly. The information, together with other Governance data, is presented to SMT in the following way:



***Service-led Activities***

**Section 106 Process Improvements**

Section 106 agreements are the legal mechanism by which the infrastructure or other planning-related requirements that are necessary to bring forward a development proposal in an acceptable way are currently delivered. Examples include financial contributions towards educational and healthcare provision arising from proposals for new residential development.

In view of the scale of new development coming forward within the district and the need to ensure that the necessary infrastructure is delivered at the right time the risks associated with Section 106 contributions have grown in recent years with the need to ensure delays in Section 106 payments does not put the delivery of timely infrastructure at risk. This means we need to ensure contributions are paid fully and promptly. This appears as the highest rated risk within the Development Services risk register.

To that end, Development Services have undertaken an end to end review of the Section 106 processes including work that is carried out before applications are approved, through the process of monitoring development to ensure we are always aware of when trigger points are reached, to invoicing and receipt of payments. This work has ensured there are clear responsibilities for each step in the process and that staff and managers are fully aware of what they should do and at what stage. Work continues in embedding these new arrangements, but already we have seen significant improvements in the speed that payments are made and as new Section 106 agreements feed through the system we expect to see further improvements in the monitoring and reporting of this work, so that the progress is transparent.

### **Fire Safety in Council Housing**

Prior to the Grenfell Fire Housing Services already had in place a programme of Fire Risk Assessment on its housing blocks of flats and regular testing of fire equipment.

Following the fire there were many enquiries from residents, councillors and the media looking for reassurance as to the safety of our high rise blocks.

Immediately Housing Services wrote to all residents of its high-rise flats to inform them of the measures the Council has in place to ensure their security. A briefing for Members was undertaken and a statement issued to the press.

The Council has not been complacent, however, and hence has increased the focus on fire safety as follows:

- Further checks have been undertaken on the cladding the Council had installed to ensure that these met regulations and that what is in place was fitted as expected.
- A full fire check is now completed each day in all high rise blocks.
- With the Fire Service all the blocks have been inspected to ensure that fire doors, other equipment, signage and compartmentalisation are in place.
- All 400 flats in high rise blocks have been visited to check internal arrangements and deal with any fire hazards as well as to reinforce fire safety messages.
- Signage in housing blocks concerning what to do in the event of a fire in has been updated and improved.
- Works in all blocks has been undertaken to update smoke alarms, update communal area alarms etc.
- Comprehensive works has been agreed to upgrade front doors, communal doors and screens in addition to improvements to the communal areas to improve the look and feel of the high rise blocks. This £2.5m programme has started at Radcliffe gardens and will be rolled out across the other blocks over the coming year.

Officers meet regularly with the Deputy Chief Executive to ensure that whilst works are progressed, safety is paramount and risks are mitigated.

## **Homelessness Service**

### External Security

Following a period of initial operation of the service concerns were raised about managing risk at the hostel with regard to reputational risk to Warwick District Council with accommodating Service Users presenting with complex needs and behaviour and associated risks to themselves, staff and the wider local community. The impact would have been increase in complaints, representation to Council members and poor provision of safe working environment for staff.

CCTV equipment was available at William Walls grove House but lacked close monitoring resulting in incidents taking place and missed opportunities for early intervention to prevent escalation.

The options that were considered to mitigate these risks were:

1. Continue with existing arrangements which was proving to be inadequate and anticipated identified risks would continue to grow.
2. Utilise existing support staff resources to monitor the CCTV and, access & exit to the hostel. However, lack of security expertise, specialist training and resources within the existing team prohibited this option being taken up.
3. Procure specialist security / concierge staff to monitor onsite CCTV and access to the hostel.

Option 3 was determined to be the most appropriate response to mitigate this identified risk, this decision was further supported by similar types of best practice in similar hostel services across the West Midlands. Also, potential to fund security / concierge service through housing benefit eligibility.

Security services currently monitor CCTV and access / exit to the building 24/7 and the immediate around the hostel. This has resulted in:

- Reduced incidents of trespassing on site.
- Earlier intervention to reduce the impact of antisocial behaviour within the hostel and the local vicinity.
- Sensitive monitoring of vulnerable Service Users.
- Partnership working with the Community Police.
- Supporting the enforcement of hostel rules and, terms and conditions of occupancy at the hostel.
- Reassurance around staff safety and safe working environment.
- Prevention of the use and exchange of illicit substances and alcohol.

### Risk Assessment for New Service Users

William Walls grove House accommodates Service Users who often present with complex needs and high risks, alongside vulnerabilities around safeguarding including mental health, learning disability and trauma. This presents risks around regulatory and health & safety risks to the individual, other Service Users and staff.

Regulatory and, health & safety requirements stipulate the application of a robust and appropriate risk assessment process. Due to the expedited process for hostel

opening (tied to funding constraints and timetable), a tried and tested risk assessment process for Service Users was acquired from another service provider.

We were able to work with a similar service provider who shared their existing Service User risk assessment process. This:

- Enabled us to introduce a tried and tested system to manage Service Users presenting with complex needs.
- Resulted in an assessment process that includes a risk assessment matrix to allow for measurement of levels of risk and identifying mitigating actions.
- Supports staff to identify and report incidents requiring safeguarding reporting.
- Enables Service Users to identify their own presenting risks and tactics for management.

As part of the ongoing quality review process, risk assessment policy and procedures are reviewed for continued efficiencies.

## **Housing Strategy & Development**

### Buy Backs – mitigating financial risks

With a move over the last 18 months to increase the social housing portfolio by optimising opportunities to 'buy back' ex-council properties, Housing Services has implemented a rigorous buy-back procedure. A failure to meet the expected standard for any of the following criteria would stop the purchase:

- Is there reasonable demand for the property?
- Does the property and/or location cause concern from a housing management perspective?
- Are there any concerns over the state of repair of the property or any known inherent defects in similar properties in the locality?
- Is the price within 5% tolerance of valuation of the property?
- Is appropriate funding available for the purchase?
- Have unacceptable land issues (rights of way, easements, wayleave, restrictive covenants etc.) been identified through the conveyancing process.

## **Sustaining Tenancy**

### Universal credit

The impact of Universal Credit has been felt since Warwick District has moved over the Universal Credit full service in October 2018, this has been a substantial risk to our rent collection and arrears, which may be caused by the delay claimants have in receiving payment but mostly due to the housing costs are paid direct to the claimant, rather than the landlord. To mitigate this risk of failure a Universal Credit Action plan was developed, this resulted in employing a specific member of staff to help support tenant through the process, we have also developed a closely working relationship with the Local Job Centre and the DWP Partnership Manager. We have developed a process to work with and support our tenants as soon as we are aware that a claim for UC has been made, this has included working with the DWP to bring in a Landlord Portal with the DWP for ease of managing information. A training programme for all members of Housing Services was developed and delivered and further specialist training regarding managing the risk was received by our income and tenancy officers.

## **Procurement**

The Procurement Team within Finance have initiated the following practices and procedures to improve risk management within the procurement process:

- New Contract Register – The introduction of a new centralised Contract Register has reduced the risk of publishing inaccurate information as the new register prevents accidental deletions/amendments and enforces completion of mandatory fields.
- CreditSafe – The use of this credit assessment facility reduces the financial risk for contracts as suppliers are monitored more effectively.
- Interactive questionnaire – The use of a user-friendly interactive questionnaire within the procurement process reduces the risk of non-compliant procurement exercises.