



**Haringey** Council

Agenda item:

**Audit Committee**

**On 25 March 2010**

Report Title: **Risk Management update Quarter 3 2009/10 and Updated Corporate Risk Management Policy and Strategy**

Report authorised by: **Chief Financial Officer**

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management

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Wards(s) affected: **All**

Report for: **Non-key decision**

### **1. Purpose of the report**

- 1.1 To inform the Audit Committee of the current position on risk management implementation across the Council.
- 1.2 To provide an updated Corporate Risk Management Policy and Strategy for review and approval.

### **2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

- 2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by ensuring that the Council's risk management framework is in place and operating effectively. Internal audit reviews key risk registers, the controls in place to manage the identified risks. Recommendations for improvement are made, where appropriate.
- 2.2 Risk management forms a key element within the revised Use of Resources assessment and will continue to be part of the CAA from 2009 onwards. The reports to both managers and the Audit Committee on the implementation of the Council's risk management policy and strategy ensure that the requirements of the CAA assessment are fulfilled.

### **3. Recommendations**

- 3.1 The Audit Committee is recommended to note the implementation of the risk management strategy across the Council.
- 3.2 The Audit Committee reviews and approves the updated corporate Risk Management

Policy and Strategy.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for approving the Council's Risk Management Policy and Strategy as part of its Terms of Reference. In order to facilitate this, and provide information on its implementation across the Council, the corporate Policy progress reports are provided on a regular basis for review and approval by the Audit Committee.

**5. Other options considered**

5.1 Not applicable

**6. Summary**

6.1 The internal audit service makes a significant contribution to ensuring the implementation of the Council's risk management framework throughout the authority. This report focuses on the work undertaken during the third quarter of 2009/10 to ensure the risk management framework is complied with.

6.2 The Audit Committee is responsible for approving the Council's Risk Management Policy and Strategy as part of its Terms of Reference. An annual review of the Policy is completed in order to ensure that it complies with best practice and current operational requirements.

**7. Head of Legal Services Comments**

7.1 The Head of Legal Services has been consulted in the preparation of the is report, and advises that there are no direct legal implications arising out of the report or the recommendations.

**8. Chief Financial Officer Comments**

8.1 The CFO notes that the Council is fully compliant with the strategy, with all risk registers now fully integrated into the Council's performance management system (Covalent). All registers have been reviewed and are up to date for Quarter 3 and automatic reminders are sent to ensure the registers are reviewed according to the agreed timetable. Further, as outlined in section 17, the risk management policy and strategy has ensured a much more robust and integrated approach to risk across the authority.

**9. Head of Procurement Comments**

9.1 Not applicable

## **10. Equalities and Community Cohesion Comments**

10.1 This report deals with how risks are managed across all areas of the Council, which have an impact on various parts of the community. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

## **11. Consultation**

11.1 No external consultation was required or undertaken in the production of this report. Consultation is undertaken with respective service managers, Assistant Directors and Directors in the production of risk registers and internal audit reports. Their comments are included in the final report which is circulated in accordance with the agreed internal audit reporting protocol.

## **12. Service Financial Comments**

12.1 There are no direct financial implications arising from this report. The work within internal audit to implement the Council's risk management framework is part of the contract with Deloitte and Touche which was awarded following a competitive tendering exercise in compliance with EU regulations from 1 April 2007. The costs of this contract and managing the corporate risk management policy are contained and managed within the Audit and Risk Management revenue budget. Service departments manage risks as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

## **13. Use of appendices**

13.1 Appendix 1 – Update on risk registers Quarter 3 2009/10  
Appendix 2 – Updated Risk Management Policy and Strategy 2010.

## **14. Local Government (Access to Information) Act 1985**

14.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

## **15. Background**

15.1 The Council's Risk Management strategy is reviewed on an annual basis to ensure that it reflects current operational requirements and best practice. The previous version was approved by the Audit Committee at its meeting on 23 April 2009.

15.2 The Chair of the Audit Committee requested that a report on risk management and compliance with the Council's strategy be presented to the Committee on a quarterly

basis. The review and testing of risk registers formed part of the 2009/10 annual audit plan which was approved at the Audit Committee meeting on 23 April 2009. This is an ongoing process to ensure the key controls to manage identified risks are effective and operate as intended.

15.2 During 2009/10, the risk registers for all business units, departments and the corporate register were all integrated into the Council's performance management system (Covalent). Training for system users was provided when their risk registers were loaded onto the system and all risk registers have been managed using Covalent from quarter 3 2009/10, which was in accordance with the planned timetable.

## **16. Risk Registers**

16.1 As stated above, all risk registers are now managed electronically at business unit, department and corporate level. Appendix 1 shows the latest position for all Business Units and Directorates as at 31 December 2009. Risk registers for business units and directorates are up to date and reviewed in accordance with the Council's risk management strategy. During 2009/10, a number of organisational changes have taken place across the Council. Within Urban Environment, the Enforcement Business Unit is now contained within Frontline Services Business Unit. Within PPP&C, Neighbourhood Management Business Unit is now contained within Safer Communities Business Unit. The risk registers for Enforcement and Neighbourhood Management have been incorporated into the new Business Unit structure and will be reported within this for 2009/10.

16.3 The risk registers have been reviewed in accordance with the planned programme of audit work. The electronic Covalent system replicates the previous format for the council's risk registers, but provides Business Unit Managers with a more effective and flexible reporting and monitoring process than the previous manual process. The electronic system is able to produce a variety of reports and information to suit the managers' requirements. The electronic system allows managers to view and sort their current risks individually, or by risk rating; RAG status; or actions due.

16.5 Covalent automatically sends email reminders to the business unit representatives when updates are due and the system will provide an audit trail to allow for monitoring and follow up by Internal Audit. Internal Audit will also provide resources (as part of the annual audit plan) to assist business units on an ongoing basis and to ensure that all actions and updates are being done in accordance with the relevant timescales. All business units and directorates have reviewed their risk registers in accordance with the corporate policy and strategy for the third quarter.

16.6 The corporate risk register is reviewed on a quarterly basis by the Chief Executive's Management Board and reported annually to the Audit Committee.

## **17. Risk Management Policy and Strategy**

17.1 In addition to risk registers, the corporate risk management policy and strategy has brought together all key processes involving risk, including health and safety, business

continuity planning, emergency planning and project management. A corporate Risk and Emergency Planning Steering Group is in place, with representatives from all directorates, which reviews key risk issues on a regular basis and ensures implementation of the risk management strategy across the council.

- 17.2 Key documentation, including the Pre-Business Plan Review and Business Plan templates have been revised to take account of the revised risk management strategy and ensure that risk management processes are embedded across all key functions and processes. The Business Planning process for 2010/11 will ensure that all key service and business plan objectives are appropriately linked to the business unit and departmental risk registers.
- 17.3 The risk management strategy and policy has now been updated to reflect the implementation of the electronic performance management system and is attached at Appendix 2 for review and approval. No other changes to the strategy have been made.



## Progress Report Quarter 3 2009/10 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent update
1	Corporate - CEMB	Corporate	Corporate Register	January 2010
2	CE - Policy Performance Partnerships & Communication	Dept	Policy Performance Partnerships & Communication	January 2010
3	CE - PPPC	BU	Safer Communities	December 2009
4	CE - PPPC	BU	Communications	January 2010
5	CE - PPPC	BU	Policy & Performance	January 2010
6	CE - Organisational Development	Dept	Organisational Development	December 2009
7	CE - OD	BU	Human Resources	December 2009
8	CE - OD	BU	Local Democracy & Member Support	December 2009
9	CE - OD	BU	Organisational Development & Learning	December 2009
10	Corporate Resources (CR)	Dept	Corporate Resources	January 2010
11	CR	BU	Legal Services	December 2009
12	CR	BU	IT Services	January 2010
13	CR	BU	Customer Services	December 2009
14	CR	BU	Benefits & Local Taxation	December 2009
15	CR	BU	Corporate Finance	December 2009
16	CR	BU	Audit & Risk Management	December 2009
17	CR	BU	Corporate Procurement	December 2009
18	CR	BU	Corporate Property Services	January 2010
19	Children & Young People's Service (CYPS)			
20	CYPS	Dept	Children & Young People's Service	December 2009
21	CYPS	BU	Children & Families	December 2009
22	CYPS	BU	School Standards & Inclusion	December 2009
23	CYPS	BU	Business Support & Development	December 2009
		BU	Children's Networks	December 2009

## Progress Report Quarter 3 2009/10 - Risk Register Update Summary

	Department	Level	Risk Register Title	Date of most recent update
24	Adults Culture & Community Services (ACCS)	Dept	Adults Culture & Community Services	December 2009
25	ACCS	BU	Commissioning & Strategy	December 2009
26	ACCS	BU	Adult Services	December 2009
27	ACCS	BU	Recreation Services	December 2009
28	ACCS	BU	Culture, Learning & Libraries	December 2009
29	Urban Environment (UE)	Dept	Urban Environment	January 2010
30	UE	BU	Strategic & Community Housing Services	January 2010
31	UE	BU	Frontline Services	December 2009
32	UE	BU	Planning & Policy Development	December 2009



**London Borough of Haringey**  
**The Management of Risk**  
**Corporate Policy and Strategy**  
**Version 6.1**  
**January 2010**

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## **RISK MANAGEMENT POLICY**

Haringey is committed to developing a Risk Management Strategy, framework and the necessary supporting processes as part of the Council's on-going improvement programme. This will help to improve and strengthen corporate governance and front-line service delivery throughout the Council. The aim is to minimise the incidence and impact of risk taking activity, improve decision making and increase opportunities for innovation.

*The Council undertakes that this policy will promote and ensure that:*

1. The management of risk is linked to performance improvement and the achievement of its priorities and service objectives.
2. Members, Chief Executive's Management Board (CEMB) and senior management own, lead and support on risk management.
3. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
4. There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including strategic, programme, project and operational.
5. All Members and officers acknowledge and embrace the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.
6. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
7. Open and inclusive processes are established and maintained by involving all those associated with the planning and delivery of services, including stakeholders and partners.
8. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
9. Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management strategy, framework and processes.
10. The Council's approach is regularly benchmarked against high performing public and private sector organisations.
11. The Risk Management Strategy is reviewed and updated annually in line with the Council's developing needs and requirements.

## 1. BACKGROUND

- 1.1 It is now recognised that all organisations face a range of risks which may affect the achievement of their objectives. Risk management is therefore an essential part of securing the 'health' of an organisation. Risk management is an important element in the running of any business: ensuring that threats to corporate objectives and service delivery are minimised; and that business opportunities are exploited to maximise resources or revenue.
- 1.2 Risk management is part of the overall arrangements for securing effective corporate governance. Corporate governance can be described as the systems which local authorities use to direct and control their operations and relate to their communities.
- 1.3 Good corporate governance can provide the authority's various communities, partners and other organisations, with confidence that the council maintains the highest possible standards in delivering their services. It is impossible for any organisation to achieve effective corporate governance arrangements without an effective risk management framework.
- 1.4 The council also has to comply with various statutory requirements which include issues relating to corporate governance or risk management. The Accounts and Audit (Amendment) (England) Regulations 2006 require local authorities to review, at least once a year, systems they have in place to control and manage the services they provide. From 2007/08, the Council must publish an Annual Governance Statement, which represents the end results of its annual review, with its financial statements.
- 1.5 The Comprehensive Area Assessment (CAA) is the external review process which is designed to evaluate local authorities' performance over a number of areas. Risk management is included within the annual 'Use of Resources' assessment and is a key part of the assessment criteria that is integral to the CAA.
- 1.6 Other key statutory issues for the council in relation to risk management include the requirements of the Civil Contingencies Act 2004 and the Health and Safety at Work Act 1974 and its related legislation. Internally, the council has developed various business planning, performance and project management frameworks, including business continuity and emergency planning - which all require risk management to be considered.
- 1.7 Everyone within the council has a role to play in managing risk. In order to put this in context and provide an explanation of how the various statutory and local requirements should be met, this corporate policy and strategy has been developed. This builds on the Council's previous risk management strategies to indicate where the various statutory and key corporate requirements fit in.

## 2 INTRODUCTION

- 2.1 This strategy provides an overview of Haringey's risk management position and what the council needs to do to move towards achieving the highest ratings in the relevant CAA assessments. It updates the previous risk management strategy (April 2009) and clarifies the various roles, responsibilities and governance structures.
- 2.2 Haringey Council, via statutory requirements and corporately set objectives, must balance the demands of service users and tax payers; involve communities in service provision; deliver, commission and regulate services; and enter into strategic and local partnerships, often involving complex funding arrangements.
- 2.3 Balancing all of these, sometimes conflicting, objectives means that the council needs a framework which ensures that a pro-active approach is taken and risks are considered before decisions are taken by the appropriate body.
- 2.4 The aim of this strategy is to ensure that risks are identified at the right time to enable good decisions to be made, including:
- reducing the impact and/or number of risks which could prevent the council achieving its objectives;
  - ensuring that the council takes advantage of opportunities to improve its performance; and
  - working with organisations within the Haringey Strategic Partnership (HSP), and other key external partners, to maximise opportunities available.
- 2.5 Risk management can make a difference and enhance the performance of the council by:
- Identifying and preventing the bad things from happening; and
  - Ensuring that all the good things we want to do actually happen.
- 2.6 The aim of this strategy is to ensure that everyone responsible for managing and taking decisions is aware not only of the key risk management functions, but also their responsibilities in relation to them.
- 2.7 From the departments' and business unit managers' perspectives, the emphasis should be to achieve their objectives and deliver their services. Risk management should be used to facilitate this in the most effective way possible. By using a systematic approach, managers will ensure that they consider all the options available to them, and be in a better position to anticipate and respond to changing social, environmental and legislative requirements.

### 3 WHAT IS RISK?

3.1 For a public body such as Haringey Council, risk can be defined as:

*Anything that poses a threat to the achievement of our objectives, programmes or service delivery to the residents, businesses and communities of Haringey.*

3.2 Risks can come from inside or outside the council, and may include financial loss or gain, physical damage to people or buildings, client dissatisfaction, unfavourable publicity, failure of equipment, or fraud. Failing to take advantage of opportunities may also have risks for the Council, for example not bidding for external funding, or not publicising successes.

3.3 Taking advantage of new opportunities, for example working with the voluntary sector to deliver services, or working as part of the Haringey Strategic Partnership can also mean the Council has to deal with different types of risks. However, not taking advantage of these opportunities may leave the Council facing bigger risks in the future.

3.4 Therefore, some risks should not necessarily always be avoided. However, this means the Council should always carefully think through decisions which may cause losses of confidence, finance, or reputation. If risks are identified and managed effectively, they can allow the council to take opportunities for improving services.

3.5 Risks can be classified according to how they may affect the council as it delivers its services:

- **Corporate (strategic) risks** - risks which may affect the council's ability to achieve its plans.
- **Reputational risks** - risks that may undermine the confidence that the council's partners, customers, staff and the public have in it, e.g. adverse news articles.
- **Service (operational) risks** – risks which may prevent the council delivering its core services, e.g. lack of staff, damage to buildings, equipment failure.
- **Financial risks** – risks which may cause a breakdown in the council's financial systems e.g. fraud. Alternatively, risks arising from the credit crunch and economic downturn, e.g. on investments, debt management, etc.

## 4 WHAT IS AN ACCEPTABLE RISK?

- 4.1 As a general principle, the Council will seek to eliminate and control all those risks which:
- have a high potential for incidents to occur;
  - would have a substantial adverse financial or reputational impact;
  - would cause loss of public confidence in the Council and/or its partner organisations; or
  - may stop the Council from carrying out its statutory functions or achieving its strategic objectives.
- 4.2 The Council recognises that it is impossible to eliminate all risks, especially those which it has no control over e.g. the UK economy, changes to legislation, climate and weather influences, or external power failure. This is not an exhaustive list, but provided for illustrative purposes only.
- 4.3 The Council will always try to reduce or eliminate risks wherever possible, but it needs to strike the right balance between how much it costs to manage or eliminate risks and taking no action. For example, the costs of eliminating risks in a system may be more than the amount of money the Council may lose if the system were to fail. In these circumstances, the Council would want to ensure that there were sensible precautions taken to manage the risks, but that these were balanced against what it would cost if the system were to break down.
- 4.4 Systems that the Council puts in place should therefore be flexible enough to encourage innovation and imaginative use of its limited resources, subject to any legal requirements, in order to deliver better services to its residents.
- 4.5 All projects and change programmes carry with them some risk of failure. The willingness to take advantage of opportunities or new innovation, in a managed way, is a sign of an ambitious organisation. It is important that risks associated with opportunities and innovation are identified and effectively managed, to ensure that the strategic objectives of the Council are achieved.

## 5 WHAT IS RISK MANAGEMENT?

5.1 There is no such thing as a risk-free environment, but many risks can be avoided, reduced or eliminated through good risk management. Good risk management also takes advantage of opportunities while analysing and dealing with risks.

5.2 Risk management is something that managers do every day as part of their normal work, although it may not always be written down, and managers may not use a formal procedure to make their final decision. Risk management can be explained as a tool for managers to use so that they are able to identify, evaluate and manage both risks and opportunities in a logical and consistent way.

5.3 Good risk management is forward looking and helps to improve business decisions and manage performance. It is not only about avoiding or minimising losses, but also about dealing positively with opportunities.

5.4 In addition to fulfilling statutory requirements, it should be recognised that there are many benefits to making sure that risk management is considered and applied at all levels in the Council, including:<sup>1</sup>

- Allowing managers to focus on the issues that really matter;
- Spending less management time on operational issues;
- Fewer surprises;
- Managers are focused on doing the right things, in the right way;
- Better chance of achieving business objectives;
- Better chance that new developments can be delivered on time, in accordance with the planned programme and within budget; and
- More informed risk taking and decision making.

5.5 Risk management should be considered as a continuous process, which evolves as the Council gains more understanding of the risks and opportunities facing it and how to manage these effectively.

5.6 Risk management consists of a number of elements, which should be considered and applied regularly during the course of the year, as part of the Council's cycle of performance management and improvement processes:

- Understanding the Council's, department's, or business unit's objectives;
- Identifying and assessing the risks facing it;
- Assessing the actions in place to manage the risks;
- Taking action to improve, monitor and learn from experiences.

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<sup>1</sup> Source: 'Embedding Risk Management into the Culture of your Organisation' The Institute of Internal Auditors – UK and Ireland, October 2003.

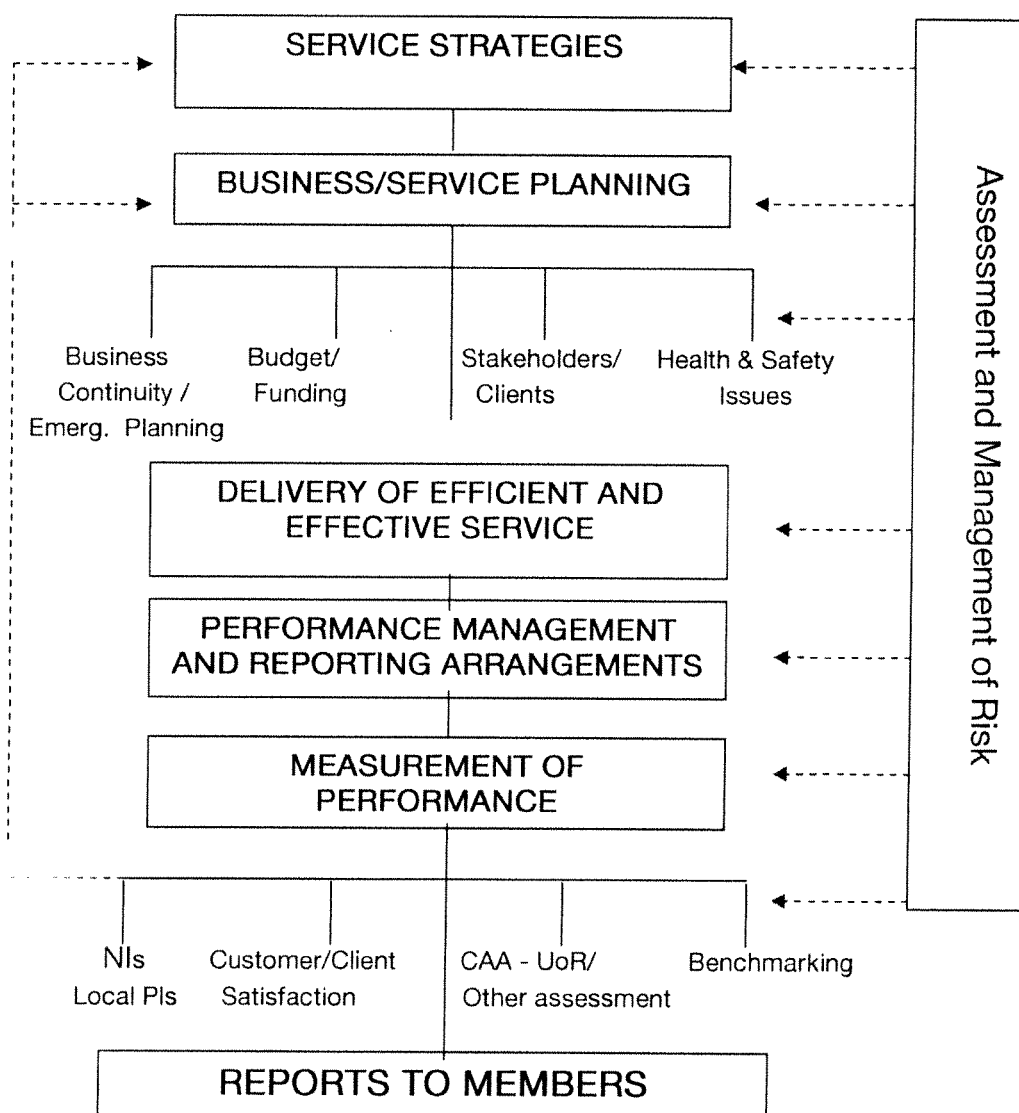


## 6 WHO IS RESPONSIBLE FOR RISK MANAGEMENT?

6.1 Directors and senior managers are responsible for managing their services. They are therefore responsible for identifying, assessing and managing the risks associated with planning, delivering and monitoring each of their services.

6.2 The following diagram illustrates the key processes in the council's overall approach to the provision of its services. The assessment and management of risk is essential to all aspects of this approach and is shown as an overarching aspect of service delivery.

Figure 1



6.2 Additionally, the Chief Financial Officer has a specific statutory responsibility, under section 151 of the Local Government Act 1972, to ensure that the Council maintains high standards in managing its financial systems and that procedures comply with all relevant legislation and local procedures.

6.4 The Chief Executive's Management Board (CEMB) is responsible for approving the Council's risk management strategy at officer level and for ensuring that this is reviewed and updated on a regular basis. CEMB is also responsible for reviewing and approving the corporate risk register, business continuity plan and health and safety policy on a regular basis.

6.5 The Council's Audit Committee has responsibility for approving the risk management strategy at member level and is also responsible for reviewing, on an annual basis, the implementation of risk management across the Council. Risk management is included as part of the portfolio for the Cabinet Member for Resources.

6.6 The Council has a statutory responsibility to "assess the risk of an emergency occurring" under the Civil Contingencies Act 2004. This responsibility is undertaken in partnership with other agencies (e.g. the Emergency Services), and the resulting Community Risk Register is signed off at the Local Resilience Forum.

6.7 The Council also has a responsibility to ensure that the strategy covers bodies working in partnership with the Council. It is critical that both the risk appetite and risk management arrangements for all parties are discussed and clearly understood before a partnership is created. In particular, a risk management strategy has been implemented for the Haringey Strategic Partnership and risk registers are in place for each of the partnership theme boards.

6.8 Figure 1 above sets out the various areas across the council where managers need to consider the risks in relation to their business, and how these should be addressed. In practice, the council has various corporate systems and processes which should be completed in order to ensure that risks are appropriately considered. These are set out below in Table 1 below:

**Table 1**

<b>Area/Process</b>	<b>Action required/Response</b>
Business/Service Planning	Risk Register(s) to be completed
Project & Programme Management	Haringey Project Management Framework to be followed
Business Continuity/Disaster Recovery	Business Continuity Plan(s) to be completed
Health and Safety	Risk Assessment(s) to be completed
Performance Management	National (LAA) and local indicators to be monitored

## 7 RISK MANAGEMENT – THE FRAMEWORK

- 7.1 Our vision is that all significant risks which may prevent the Council from achieving its objectives and all appropriate opportunities are identified, assessed and cost effectively managed, as part of the whole Council performance management process.
- 7.2 The key objectives of the framework are to ensure that the Council has a consistent approach and basis for measuring, controlling, monitoring, follow-up and reporting of risk that is based on what the Council, not any individual, judges to be acceptable levels of risk.
- 7.3 The framework demonstrates how the management of risk is embedded in the various business processes across the council, including business planning, financial planning, business continuity, performance management and project management.
- 7.4 Table 2 below provides a summary of the council’s business planning cycle and how the business processes operate within this.

Table 2

Timing	Activity	Completed by	Key Contact
April	Finalise Business Plans	BU Head	Policy and Performance Team
April, June September, December	Review and update of risk register	BU Head/ DMT/ CEMB	Head of Audit & Risk Mgmt/Policy & Performance Team
April and September	Review and update of Business Continuity Plan	BU Head/ DMT/ CEMB	Emergency Planning and Business Continuity Manager
September	Complete Pre-Business Plan Review	BU Head	Policy and Performance Team
April - March	Collate and monitor performance indicators	BU Head	Policy and Performance Team
April - March	Submission of Project Management Highlight reports	Project Lead	Project Management Office
April	Undertake risk assessments	BU Head/ DMT	Health & Safety Manager

7.5 Education, training & awareness is achieved by:

- Facilitated workshops, training sessions and meetings with Members, managers and staff at various levels.
- A developing framework of standards, practical guidance notes and briefings.
- Regular meetings with managers and staff to heighten awareness and share views, ideas and experiences.

7.6 From April 2009, the Council has implemented **Covalent** as its corporate performance management framework. This electronic interactive database is used for the following:

- Corporate, departmental and business unit risk registers that will be updated on a continuous basis. These will be based on identifying an “analysis gap” between “where we are now” and where we want to be over an agreed timeframe.
- High level risk actions that form part of Managers’ performance management dashboards.
- A database of risk data and information for analysis and reporting.
- The identification of control areas that need to underpin the Strategic and Annual Internal Audit Plans.
- Further integration with outcomes from value for money reviews; outstanding high risk audit recommendations; corporate health and safety risks; business continuity management; Civil Contingencies Act; Crime and Disorder; and Equalities.
- Effective links between risk management, performance management and business planning.

7.7 Previous sections of this strategy have listed the areas where the council requires managers to complete corporate processes. Table 3 below details the appendices which set out how the framework operates in practice for each of these areas:

Table 3

Area	Appendix
Completion of Risk Registers	A
Project & Programme Management	B
Business Continuity Plans	C
Performance Management Framework (Overview)	D

## 8 HOW ARE RISKS REVIEWED AND REPORTED?

- 8.1 The council has various means of measuring and recording risks. The reporting of each of these areas, together with the links between each process, is set out below.
- 8.2 Risk registers are subject to regular review and update on a quarterly basis by business units, departments and CEMB. The timing for the quarterly review coincides with and forms part of the annual business planning process. Key risks are escalated from business unit registers to departmental registers and ultimately on to the corporate register where the realisation of the risk may impact on the ability to achieve corporate or statutory objectives.
- 8.3 The Corporate Business Continuity Plan (BCP) is reviewed on a quarterly basis, and subject to test on an annual basis. The Emergency Planning and Business Continuity Planning team maintain the corporate plan, incorporating lessons from incidents and exercises. Business Unit BCP's should be reviewed twice a year in line with the business planning cycle (in September and April). Reports are provided to CEMB and members detailing the implementation and management of the council's BCP's. Key BCP risks are included on business unit, departmental and the corporate risk register as appropriate.
- 3.4 The council's project management framework requires risks affecting each project to be reviewed prior to the submission of each project highlight report (normally monthly) and reported to the relevant project and programme board. Reports to CEMB and members are provided on a regular basis as part of the reporting cycle. Projects which carry significant risks to the achievement of business unit or departmental objectives should be included in business unit or departmental risk registers, with escalation to the corporate risk register in cases where the failure of the project may impact on the ability to achieve corporate or statutory objectives.
- 8.5 Health and safety risks are addressed based on the Health and Safety Executive's 'Sensible Risk Management' strategy, which the council has adopted. Managers at all levels are required to ensure that key assessment processes e.g. display screen assessments and safe working practices are completed on a regular basis. Reports to CEMB and members detailing compliance with the council's policies are provided on a regular basis.
- 8.6 Performance management information, including statutory and local performance indicators, is provided on a regular basis to CEMB and members. The council uses a 'scorecard' to highlight key risk areas.
- 8.7 The Council has to produce an **Annual Governance Statement** every year, which is an assessment of the systems the Council has in place to control and manage the services they provide. This risk management strategy and framework will provide assurance to CEMB and members that risks are being properly managed.



### The completion of risk registers

#### 1. Identification of risks

- 1.1 Risk registers should allow Business Unit Heads, Directorate Managers and members of CEMB to identify and manage those risks which are the most important in making sure that the council delivers its services effectively.
- 1.2 The first stage of the process is to identify the risks (including opportunities) facing the Business Unit/Directorate/Council. In line with the CIPFA/SOLACE guidance, Haringey's risk management framework is linked to business objectives. These business objectives are identified by departments and business units as part of the annual business planning process.
- 1.3 The council has a corporate risk register which identifies the most significant risks facing it. Each department has its own risk register which identifies the key high level risks which could impact on the directorate or the council as a whole. All business units within the council also have their own risk registers which focus on the risks affecting each individual service, although some of the risks may have an impact on whether the department or the Council meets its objectives.

#### 2. Assessment of risks

- 2.1 When all the relevant risks have been identified, a numerical scoring system is used to determine which are the key risks to the department or business unit. Risks are scored using two factors:
- **Likelihood.** An assessment is made of how likely the risk is to occur in practice; and
  - **Impact.** An assessment is made on if the risk did occur, what would be the impact on the department, business unit, or system.
- 2.2 Managers decide on the likelihood and impact of each of the risks identified for their department or business unit as they are in the best position to be able to assess the likelihood and impact of each of the risks on their specific departments.
- 2.3 In order to ensure a consistent approach across the Council, specific criteria have been agreed for the likelihood and impact scores. The Impact and Likelihood Scales are attached at Appendix A1, which also provides further detail on when the relevant managers should take action, or further action, to manage risks effectively and consistently.
- 2.4 The impact and likelihood of individual risks may change over time, therefore it is important to review the assessments which have been made on a regular basis.
- 2.5 The identified control in place to manage each risk should either reduce the likelihood that a risk will occur, or the impact if it were to occur. If the score is still at an unacceptably high level having considered the controls in place, additional actions may be required in order to reduce the risk level further.
- 2.4 The Council's objective is to make sure that the most cost-effective controls are in place for each risk, and that managers have considered the cost against the benefit of the control. This may mean that certain risks have a high residual score because the cost of reducing the risk may be higher than the potential cost, if the risk actually happens.

## The completion of risk registers

2.5 The risk registers therefore contain the following:

- service delivery objectives;
- key risks and which officer is responsible for managing those risks;
- controls in place to manage the risks, and who is responsible for those controls;
- risk scores; and
- any further actions required, and who is responsible, together with a timescale for completion.

### 3. Assurances on the effectiveness of key controls

3.1 The Council wants to ensure that the controls which managers say are in place to manage the key risks, are both in place and working effectively. The annual programme of internal audit work includes resources to test the key controls specified within the risk registers, based on the level of risk involved.

### 4 Monitoring of risks

4.1 Setting up the risk registers is only one part of the risk management process. In order to achieve real benefits from implementing risk management, it is important that the risk registers are reviewed and kept up to date on a quarterly basis, in accordance with the corporate risk management strategy.

4.2 The Chief Executive's Management Board (CEMB) will review and update the corporate risk register on a quarterly basis. The update may take the form of new risks, changes to or additional controls, and changes to risk scores. Key triggers for significant changes to risk registers will be new or changing regulations, implementation of new departmental or corporate projects, high staff turnover, changes in the external environment, and Internal Audit reviews.

4.3 The Audit Committee will, on an annual basis, review the corporate risks identified and confirm their acceptance of both the risks which have been identified, and the actions in place to manage them.

4.4 Using the framework, a consistent methodology for measuring and scoring risks is applied throughout the Council. What is an acceptable level of risk for the Council, and what managers need to do to deal appropriately with risks at various levels, is detailed at Appendix A1.



## APPENDIX A

### The completion of risk registers

#### APPENDIX A1 – Impact and Likelihood Scales

To be used as a guide in assessing risk ratings:

Descriptor	Impact Guide	Likelihood Guide
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £5,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss up to £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	<i>Financial loss up to £50,000 or minor regulatory consequence or some impact on other objectives</i>	10%-20% likely to occur in next 12 months
5	Financial loss up to £100,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss up to £300,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss up to £500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss up to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months

## APPENDIX A

### The completion of risk registers

#### Measuring what is an acceptable risk

<b>Impact</b>	9	9	18	27	36	45	54	63	72	81
	8	8	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9
		<b>Likelihood</b>								

	Red
	Amber
	Green

Risk Score	Value	Action required
12 or less	Up to £50k	Acceptable level of risk. No further action is required to reduce risks, but managers should ensure that the relevant controls are operating effectively. However, departmental managers should review the controls for low risk areas carefully, to ensure there are not too many controls in place.
14 - 30	£5k - £300k	Implementation of additional controls is required. The costs and benefits of additional controls should be considered. The relevant departmental management team may then agree that no further action should be taken. This decision must be recorded on the risk register.
32 or more	£50k – £1m	Implementation of additional controls is required. If the Business Unit, or Department does not want to introduce any more controls, they must seek approval from CEMB. Any agreement from CEMB must be recorded on the risk register.
		If the impact of the risk is considered significant (impact score of 5 or 6) and/or the likelihood of the risk happening is thought to be high (likelihood score of 9), the relevant departmental management team must review them and agree the approach to manage them.
		If the impact of the risk is considered substantial, major or catastrophic (impact score of 7, 8 or 9), CEMB must review them and agree the approach to manage them.

## Project and Programme Management

Projects are one-off activities which bring about change. Projects tend to be risky for two reasons, because:

1. the organisation has limited, if any, experience of undertaking the work before; and
2. the impact of change cannot always be predicted from the outset.

To minimise risk to work done in a project environment project managers follow Haringey's Project Management Framework (PMF). The PMF outlines:

- set project management processes;
- roles and responsibilities;
- guidance on governance; and
- the monitoring structure, sign-off procedures, and quality assurance provided by the Programme Management Office.

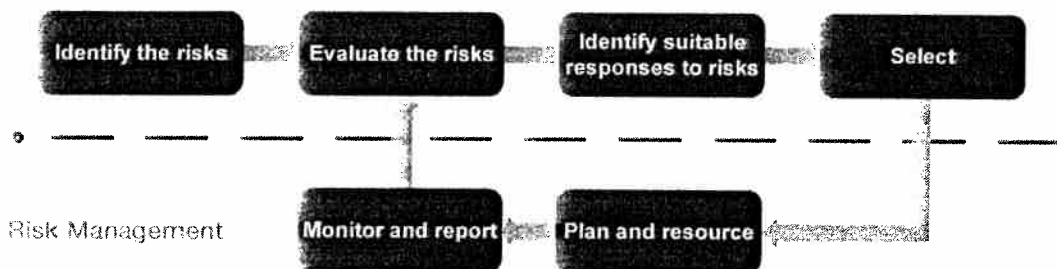
It also contains standard templates for all key documents and guidance on how they should be completed.

The Council also has a Corporate Programme Management Office (PMO) to ensure compliance with the PMF and to manage risk at a programme level.

### The Risk Management Cycle

All risks within the project environment, whether programme or project level, are handled according to the standard risk management cycle. See diagram below:

Risk Analysis



### Risk Management at Programme vs. Project level

Programme-level risks are those risks which affect the intended benefits of a programme. There are two main types of programme level risks:

- a) those risks which affect all or a number of projects within the programme; and
- b) those risks which so substantially affect the benefits of a key project that they put the programme benefits at risk.

These risks are held by the Corporate PMO in the Programme Risk and Issue Log. The Corporate PMO manages the log by:

- Horizon scanning for risk;
- Holding and updating the log, whether risks are raised inside or outside the PMO;

## Appendix B

- Circulating the log to the Programme Boards and through the Chairs of the Boards to CEMB and other key stakeholders to ensure that there is an awareness of risks; and
- Monitoring whether risk owners are undertaking management action as assigned.

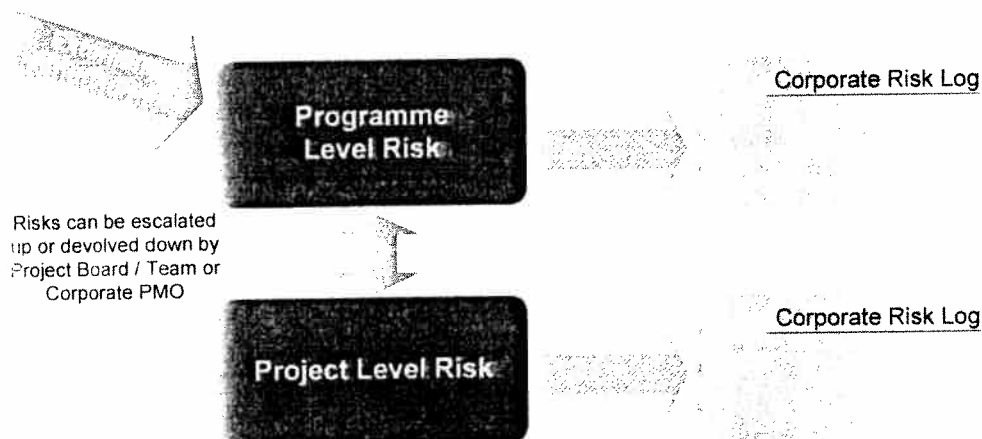
Project-level risks are those risks which affect the intended outputs or benefits of the project. Project managers are responsible for managing and logging project level risks. Project managers may delegate the management of risk to appropriate risk 'owners', but they retain accountability for the management of risk. Project managers are expected to keep unwanted outcomes to an acceptable minimum.

Project managers should review the project risk log every time they submit a Project Highlight Report. A full risk review of the project should be undertaken at the end of every project stage.

### Link with Corporate Risk Management Processes

The steps in project and programme risk management are as follows:

1. Risks which are identified at project level are logged by the project manager in the project risk log, and if this places the directorate's objectives at risk, it should also be logged on the Corporate Risk Register for the Business Unit.
2. Corporate PMO receive a copy of each project's risk log as part of the monthly Project Highlight Report.
3. Corporate PMO assess whether the risks are deemed significant at programme level. If they are, the risk is logged in the Programme Risk Log. The Programme Risk Log is circulated to all project managers, sponsors, and the senior management team on a monthly basis.
4. Programme-level risks may also be picked up by Corporate PMO and other stakeholders through horizon-scanning. If they are also significant at the project level they may be devolved down to the project manager for monitoring within the project environment too. This process is shown in the diagram below:



## Business Continuity Plans

### 1. Overview

1.1 Business Continuity Plans allow Business Unit Heads, Departmental Managers and members of CEMB to manage threats or incidents that have the potential to disrupt the delivery of services or the conduct of Council business.

1.2 By focusing on the impact of disruptive events, BCM identifies the critical services and function the organisation depends on, and what is required for the organisation to continue to meet its obligations to its many stakeholders.

This allows the organisation to:

- Take steps to protect its people, premises, IT, supply chain, reputation etc
- Plan to respond effectively to disruptive events and challenges

1.3 Business Continuity Management is a cyclical process, and is designed to manage and control risks which can be described as “low probability, high impact” events. It involves four stages:

- Understanding the organisation
- Determining the Business Continuity Strategy
- Developing and implementing the BCM Plans
- Exercising maintaining and reviewing

1.4. It requires both leadership and ownership from senior management, and understanding and support throughout the organisation. For this reason, Business Continuity Management is a mainstream activity, that is required of all Business Units.

### 2 Roles and responsibilities

2.1 The Emergency Planning and Business Continuity Team are responsible for :

- maintaining the corporate Business Continuity Plan, and advising CEMB of key Business Continuity risks, and mitigation strategies.
- providing advice and training to Business Units to support their Business Continuity planning.
- Providing a programme of exercising to validate corporate and Business Unit plans.

2.2 Heads of Business Units are responsible for:

- Considering the risk of business continuity disruption in their Risk Register
- Ensuring Business Continuity Plans are in place and reviewed twice a year.
- Providing data to the Emergency Planning and Business Continuity Team to inform the corporate Business Continuity strategy.

Each Directorate should appoint a Tier 2 lead on Business Continuity who will:

- Lead on and champion Business Continuity within the Directorate
- Represent the Directorate on the corporate Business Continuity Management team in the event of an incident requiring a corporate response.

### **3 Understanding the organisation**

3.1 There are two aspects to this stage of Business Continuity Planning:

- Identification and assessment of Business Continuity risks
- Analysis of the criticality of services and functions, and the resources required to support them.

3.2 Business continuity risks are identified by the Emergency Planning and Business Continuity Team, based on the Community Risk Register compiled in conjunction with the Emergency Services. Other Business Continuity Risks are identified by the IT Services.

3.3 Guidance on the likelihood of these risks occurring is provided centrally to Business Units, who must then consider the impact of these risks on their own operations and services. Business Units are expected to enter into their Risk Register any individual BC risks that are of particular significance to them, or a generic BC risk if no individual risk is significant.

3.4 Analysis of the criticality of services and functions of a Business Unit is undertaken on the basis of the length of time the service could cease to function for, before a "Level 5" impact was felt on the Council Risk Management Framework Impact scale (see Appendix B1). Since this prioritisation of services will determine the order in which the Council recovers its services in the event of an incident, these priorities should be agreed with the responsible Cabinet Member.

3.5 Each service is also required to identify and report to the Emergency Planning and Business Continuity Team annually on the resources they would require to maintain their service, considering:

- People
- Premises / workspace
- Resources
- Suppliers
- IT
- Vehicles

### **4 Determining the Business Continuity Strategy**

4.1 The Councils Business Continuity Strategy operates at two levels: local strategies developed by Business Units and services managers, and the corporate strategy for dealing with larger events.

4.2 Each Business Unit is required to identify local actions they can take to maintain services in an incident. These can include remote working, temporary suspension of non-key functions, supplier management strategies etc. Business Units should also consider what actions they can take to improve the resilience of their operations – for example by changing operational processes, identifying alternative suppliers of goods and services, identifying changes to the configuration of premises or infrastructure.

4.3 Corporate Business Continuity strategy focuses primarily on larger disruption of access to premises, and major workforce disruption. This strategy is developed based on an analysis of the data provided by the Business Units (see 2.5).

4.4 This plan is linked to the IT Disaster Recovery Plan, and provides the priority order for recovery of IT Services in aftermath of an incident affecting IT Services.

## **5 Developing the Business Continuity Plans**

5.1 The Business Continuity Response is again split into corporate and local actions. The Corporate Business Continuity Plan sets out the incident management framework for the Council as a whole, roles and responsibilities, notification and escalation processes.

5.2 Business Unit or service Business Continuity Plans are produced according to a corporate template, and include local notification and incident management arrangements and checklists, along with the recovery requirements and actions plans for restoration of services.

5.3 Every Business Unit must have a Business Continuity Plan or plans covering every aspect of their service.

5.4 Business Units are also required to verify the Business Continuity arrangements of their key suppliers and partners.

## **6 Exercising, maintaining and reviewing**

6.1 The Corporate Business Continuity Plan is reviewed on a quarterly basis, and exercised annually. The Emergency Planning and Business Continuity Planning team maintain the plan, incorporating lessons from incidents and exercises.

6.2 Business Unit plans are required to be reviewed twice a year (in September and April). These reviews should take account of lessons from incidents and exercises, and organisational and operational changes that have occurred since the last review.

6.3 In addition, the Emergency Planning and Business Continuity Plan will audit a number of Business Unit plans each year on a risk basis.

6.4 Business Units plans will be exercised at least every three years, based on a corporate programme developed by the Emergency Planning and Business Continuity Team.

APPENDIX B1: Service Prioritisation Guide

What are your priorities for Business Continuity, in the event of an incident, and the target recovery time?

Emergency Response (Immediate)	Critical Services (Recover within 4 hours) <i>List individual services</i>	High Priority (Recover within 24 hours) <i>or aspects of services</i>	Medium Priority (Recover within 3 days) <i>in these boxes according</i>	Low Priority (1 week + ) <i>to their priority.</i>
<p>At what point would service disruption have a “Level 5” Impact: i.e. Financial loss up to £100,000 or impact on other objectives or local adverse publicity or strong regulatory criticism</p>				
<p>↓</p>		<p>↓</p>		<p>↓</p>
<p>In general, the only services that fall into this category are those where the welfare of the public is immediately affected. For example, Home Care Services – if this was suspended, clients who were not visited may well be at a serious health risk.</p>		<p>Likely to be services with a public-facing element, but not immediately time-critical. For example, street cleansing can be delayed for a few days, without serious consequences.</p>		<p>Likely to be project work, consultation, strategy development etc.</p>
<p>The Council will prioritise services needed to respond to the immediate needs of the public in an emergency. If no emergency response is required – for example if the incident is purely internal to the Council – then these services will not be prioritised.</p>				



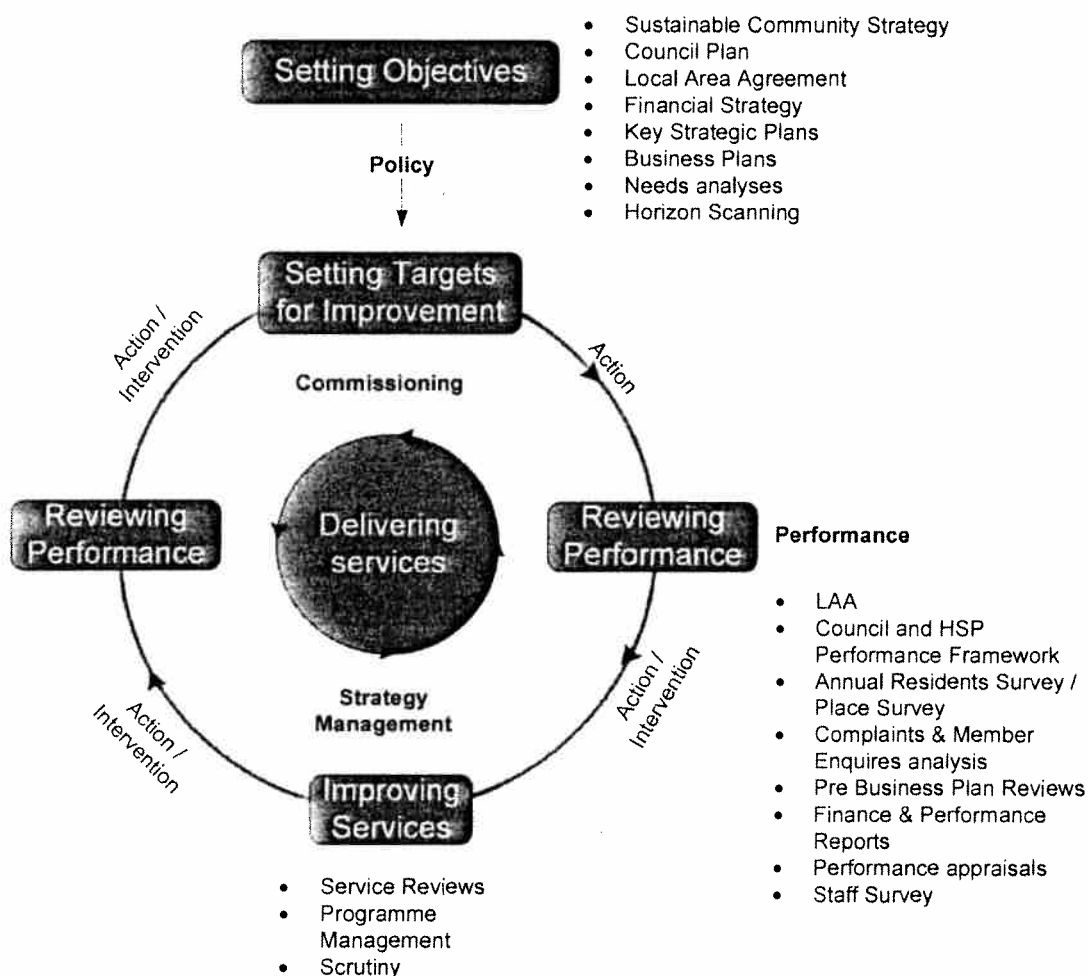
## Performance Management Framework

### An overview

Haringey has a clear vision with strong political and managerial leadership. The vision is reflected in Haringey’s Community Strategy which sets out the ambitions for the borough and the outcomes we want to achieve. It provides the framework for all our plans and puts the community at the heart of everything we do. We have established a golden thread that links the Community Strategy to our Council Plan, business plans and performance appraisal of our staff.

The diagram below shows our approach to performance management and how all the component parts fit together.

### Haringey’s Performance Management Approach



Three-year targets for improvement are set out in our Council Plan, business plans and in the Council's Financial Strategy. Stretch targets have been agreed between Haringey and the Government in our Local Area Agreement (LAA). Our Local area agreement focuses specifically on addressing the big issues identified by the local community. We negotiated thirteen stretch targets in line with our priorities as part of our first LAA and have signed off a new LAA covering the period 2008/09 to 2010/11 including 35 key improvement targets and a number of local targets.

Performance against objectives and targets is reviewed through a number of well-established mechanisms. The Community Strategy and progress against national and local improvement targets in our Local Area Agreement is monitored through a performance management framework developed for the Haringey Strategic Partnership (HSP). Regular performance review is undertaken by the HSP thematic partnership boards. The HSP main board and the executive Performance Management Group receive quarterly updates on areas key to both the delivery of the Community Strategy and the Local Area Agreement.

Progress against the business plans is reviewed mid-year through the Pre-business Plan Review (PBPR) process. The review is reported to Scrutiny and Cabinet Members and feeds into budget planning ensuring that resources are directed to priorities. Business Plans are reviewed at year end and at this stage, 3 year targets are set in line with best performance in comparable authorities.

Every month, Management Board and Cabinet Members receive a report (with a performance appendix) that tracks performance against a basket of key national and local indicators and expenditure against budget. The report focuses on reviewing performance against council priorities. In addition there are quarterly performance discussions at Cabinet Advisory Board. These discussion focus on seeking solutions and for areas where targets are not being met.

We have a well established performance appraisal scheme which ensures that our staff are clear about their contribution towards the council's objectives and that they have the necessary skills to deliver quality services. In 2007 the Council's Performance Appraisal system was updated with the introduction of a revised competency framework and management standards and upward appraisal feedback were introduced in 2008. The council has long recognised the importance of the organisational culture and people's behaviours as a major determinant of our ability to meet aims and aspirations.

The views of our residents are important to us and we consider them as key indicators of our performance. Every year we commission an independent residents survey which tracks perceptions over time and against other London authorities. This information informs our business and other strategic plans. Every eighteen months we also carry out an independent staff survey which shapes the way we manage and develop our staff. We are also an accredited Investor in People employer.

Complaints and Members' Enquires are key in identifying problem areas and in learning from our mistakes in order to improve services.

Where we feel that performance can be improved we take action to do so. Some of the mechanisms we use include: service reviews, Business Process Re-design and Scrutiny Reviews led by Overview and Scrutiny Members. To ensure that key projects are delivered within time and budget we use our project management framework which is based on Prince2.

An outline of the monthly performance review process is set out below.

### Monthly Performance Review Process

