

# Risk Management Strategy

## 2011-14

### **OUR MISSION**

To deliver excellent, customer focused  
and cost effective housing services  
to all our residents



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Please feel free to get in touch with us if:

- You feel this document is not as clear and easy to read as you would expect; or
- You believe that we aren't doing the things that this document says we will do; or
- You just want to talk to someone about this document

Whatever the reason, if you want to talk to us about this document you should contact:

**Executive Director (Resources) on Freephone 0800 195 5552**

Approved:

DRAFT

Effective from:

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## Introduction

- 1.1 SHP's approach to the delivery of services to the tenants and leaseholders of Sutton Council and the employment of its staff is underpinned by a number of drivers, one of which is the management of risk across the organisation.
- 1.2 In this context risk is defined as the threat or possibility that an action or event will adversely or beneficially affect our ability to achieve our objectives. Risk management is the process of the identifying, measuring, controlling and financing these risks through a range of internal controls (e.g. policies, procedures, regulations). Risk management takes place within the parameters set in our Risk Management Framework. In addition to negative risk, risk management enables the identification of risk taking opportunities that may lead to positive benefits.
- 1.3 There are other driver strategies for Customer Focus, Equality & Diversity, Environmental Sustainability and Value For Money and together with the strategies for direct and support services our strategies provide the focus for achieving our Priorities.

## Where Are We Now?

- 2.1 The current position in relation to the embedding of risk management is reflected in the following:
  - Roles and responsibilities have been assigned throughout the organisation to manage risk. Though the Board retains overall responsibility for risk management, the Audit and Risk Committee (ARC) keeps the arrangements under review and report to the Board;
  - Zurich Risk Engineering UK was engaged in 2008 to provide training and support for managers in identifying the risks relating to their services. In addition, a workshop was held with the Executive Management Team to identify strategic risks that would prevent us achieving our mission and priority objectives;
  - We have a Risk Management Framework that identified how risks are identified, assessed, managed and reviewed;
  - Risks are categorised as strategic, operational and health & safety. In relation to health & safety risks, we have a separate Health & Safety Policy that identifies our approach to these risks;
  - Risks are re-assessed on a regular basis, according to the guidelines contained in the Risk Management Framework, and reported to each meeting of the ARC;
  - To assist with the embedding and monitoring process, Covalent, our performance management software, is populated with all risks and all re-assessments are recorded on the system;
  - An internal audit review of risk management arrangements was carried out in February 2011 and a substantial assurance opinion issued. The recommendations from this review have been incorporated in to the risk management action plan for 2011-12.

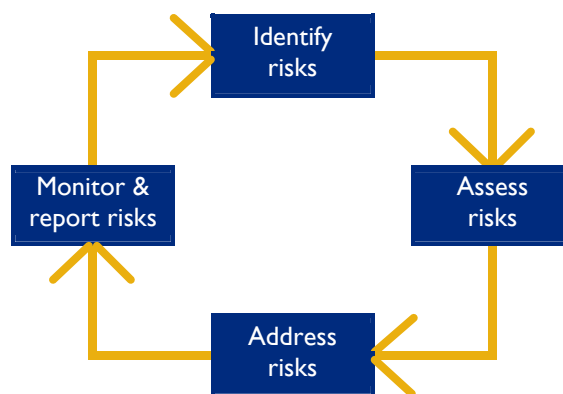
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**2.2** It was the view of the Audit Commission in their inspection of October 2009 that risk management is robust. They commented that “A new strategy identifies categories of risk and how they are to be managed. Risks are identified at various levels. All risks are recorded and reported to managers and the risk and audit committee which reviews the risks and recommends actions to the board. The board regularly discusses potential risks and contingency plans. For example to bring forward MRA funds to continue decent homes works when funding was not secured. Risks are being managed and minimised.”

### Where Do We Want To Be?

**3.1** We want to see a situation where all staff effectively manage the risks, both positive and negative, associated with their activities because there is:

- A comprehensive risk management framework in place that effectively identifies and manages risks through the following processes:



- Compliance with legal and regulatory requirements;
- A timely response to changing social and environmental requirements;
- Protection against fraud and poor stewardship of public money;
- Prevention of injury, damage and loss to stakeholders and employees and their property;
- Recognition that taking controlled risks is fundamental to innovation and developing a ‘can do’ culture;
- Clear understanding of our risk appetite;
- Appreciation of the significance of high levels of risk and effective procedures in place to deal with it.

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## Our Strategic Objectives

**4.1** In order to embed risk management we have prioritised a number of strategic objectives, namely:

- **To ensure that all relevant staff have a good understanding of risk management concepts [RM01]**  
*Covering training & development*
- **To implement a risk management framework that meets good practice within the sector and the expectations of partners and stakeholders [RM02]**  
*Covering identification, assessing, addressing, reporting*
- **To ensure that all risks are managed within our agreed appetite for risk [RM03]**  
*Covering management and control*

**4.2** To measure our progress in meeting these objectives we will use quantitative and qualitative indicators including:

- Volume of risk management training that takes place;
- Regular reports to the Managers' Performance Group and the ARC on how all categories of risks are being managed.

## Embedding Our Drivers

**5.1** In delivering our services we will seek to embed the organisation's strategic drivers:

- In delivering the best possible service to **customers** we will consider customer impact in risk assessment and we will seek the most beneficial outcome for customers in addressing risks;
- To ensure that the **diversity** of the local community is reflected in the services we deliver we will seek to minimise the risks of excluding any groups or individuals from accessing our services, receiving high quality customer service or participating in the development and monitoring of services;
- We will consider **sustainability** by ensuring that risks to sustainability are identified and that actions taken to address all risks are considered in relation to their potential impact on sustainability;
- In pursuing opportunities for **value for money** we will seek to provide a framework that provides the most effective outcomes for the resources required to implement it. We will seek to identify the most cost effective methods for addressing identified risks.

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## Issues To Consider

**6.1** The issues which may impact on the embedding of risk management are:

- Changes in policy and legislation (e.g. health & safety) that impacts on our approach to risk management;
- By its nature effective risk management involves the assessment of potential external issues that may impact on an organisation. As such there should be fewer unidentified issues to consider.

## Expected Impact

**7.1** We expect, through the successful implementation of this strategy, to have the following impact:

- **Customers** will benefit from the reduced risk of a loss of service and a reduced impact when a risk event occurs. A willingness of the organisation to take controlled risks will result in more innovative services;
- **SHP** will be better placed to manage risks and to effectively deal with risk events occurring (e.g. loss of service). Staff will be more innovative as a result of the organisation encouraging controlled risk taking.

## Resources Required

**8.1** To successfully deliver this strategy we will require the appropriate level of resources, the implications of which are:





- Risk management is not a separate service within the organisation, it is the responsibility of all to allocate sufficient time to deliver the following:
  - ◇ The Board/ARC to oversee the effective management of risk by senior managers within the organisation
  - ◇ The Executive Management Team to ensure the organisation manages risk effectively through the development of a comprehensive corporate strategy
  - ◇ The Corporate Risk Manager (Executive Director – Resources) to support the effective development, implementation and review of the risk management strategy
  - ◇ The Heads of Service to ensure that risk is managed in each service area
  - ◇ Employees to manage risk effectively in their job;
- Further training will be required in the use of Covalent, our performance management software, to manage risks and the use of Covalent will need to be effectively supported by the ICT team.

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## Strategy Delivery

















- 9.1** The actions required to implement this strategy in its first year are contained in the appended Risk Management Action Plan 2011-12. It should be noted that in the process of embedding risk management many of the actions relating to this driver will be contained in the Service Plans of individual service areas.

## Action Plan Key

Reference	Summary of action	Responsible Officer	Start date	End date	Evidence of action having been completed
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Impact on identified driver			

## Operational Actions

RM.OA.01	Formalise and structure the actions to manage and mitigate strategic risks	BC	Apr-11	Apr-11	Actions to manage and mitigate strategic risks recorded and linked to risks on Covalent
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Clearer identification of actions being taken to enable more effective monitoring to take place			
RM.OA.02	Update and reassess operational risks for each service area including prioritising risks	Service Heads	Apr-11	May-11	Operational risks updated on Covalent
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): More accurate identification and prioritising of operational risks			
RM.OA.03	Provide ARC with the opportunity to agree their preferred risk report format	AR	Jun-11	Jun-11	Alternative formats provided to June ARC and minutes record ARC decision on preferred format
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Management of risk is monitored on a regular, planned basis			
RM.OA.04	Meet with the H & S Advisor to ensure the health and safety risk register is up to date	AR	Jun-11	Dec-11	Health and safety risks assessed and recorded on Covalent with twice yearly review
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Health and safety risks assessed and actions to reach target risk identified			
RM.OA.05	Undertake planned quarterly reviews of operational risks with relevant managers	AR	Jun-11	Mar-12	Assessment review history available from Covalent
 	 	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Management of risk is monitored on a regular, planned basis			

RM.OA.06	Provide regular reports on all risks recorded on Covalent to the ARC	AR	Jun-11	Mar-12	Committee reports and minutes
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Audit & Risk Committee are able to monitor risk management based on accurate and up to date information			
					
RM.OA.07	Review the organisations strategic risks and (re)assess them	EMT	Aug-11	Aug-11	Strategic risks updated on Covalent
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Identified strategic risks are accurate and current			
					
RM.OA.08	Undertake a 6-monthly review of each risk register to ensure all risks have been identified	BC/ AR	Sep-11	Mar-12	Additional identified risks recorded on Covalent
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Ensures robustness of risk identification process			
					
RM.OA.09	Review the organisations strategic risks and (re)assess them	Board	Feb-12	Feb-12	Strategic risks updated on Covalent
	 ✓	Beyond maintaining current performance levels, there will be the following impact on the driver(s) indicated (✓): Identified strategic risks are accurate and current			
					







***Putting Customers First***  
***Making Services Accessible To All***  
***Achieving Value For Money***  
***Providing Quality Homes***  
***Creating Safe, Welcoming Neighbourhoods***

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