TAYSIDE VALUATION JOINT BOARD
RISK MANAGEMENT STRATEGY

INTRODUCTION

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur.

Risk management offers a number of benefits. It is not simply about insurance or health and safety risks. Rather, effective risk management will provide the Valuation Joint Board with a means of improving its strategic, operational and financial management. It can also help to minimise financial losses, service disruption, bad publicity, threats to public health or claims for compensation.

Risk management is a key task for managers in every organisation. In local government, identifying and evaluating the consequences of policies or actions is not always referred to as risk management. However, failure to pay proper attention to the likelihood and consequences of risks could cause the Joint Board serious problems. The effective management of risk is therefore a critical part of the Joint Board's approach to delivering the sound governance element of Best Value.

Risk management will be an integral part of policy planning and operational management. Identifying, analysing, controlling and monitoring risk will help elected members and managers make informed decisions about the appropriateness of adopting policy or service delivery options.

Tayside Valuation Joint Board's Risk Management Strategy is the responsibility of the Governance Working Group which comprises the Depute Assessor, Assistant Assessors and Principal Valuer. The group also has responsibility for preparing, monitoring, maintaining and updating the Board's Risk Register. The strategy sets out policy in respect of business risk and provides a framework to structure the approach.

POLICY CONTEXT

Tayside Valuation Joint Board aims to provide high quality, effective and responsible services to all of our stakeholders.

In order to achieve this Tayside Valuation Joint Board is committed to the management of risks within its control in order to safeguard its employees and service users, protect its assets, preserve and enhance service delivery and maintain effective stewardship of its funds.

AIMS AND OBJECTIVES OF THE STRATEGY

The aims and objectives of the strategy include:-

- Identification of risks
- Quantification of risks
- Control of risks
- Financing of risks

SCOPE OF THE STRATEGY

All risks associated with

- services
- staff
- assets
- infrastructure
- systems
- stakeholders

will be included in the risk management process. Risk management is a continuous process which will incorporate all strategic and operational risks. Categories of strategic and operational risks are defined in Appendix 1.

PROCESS AND METHODOLOGY

To manage risk effectively, the risks associated with each policy option or service delivery method needs to be systematically identified, analysed, controlled and monitored. This process is called the risk management cycle.

In line with these requirements, a four stage approach to risk management will be adopted.

1 **Approach**

1.1 <u>Risk Identification</u>

For each category in Appendix 1, actual losses and failures which have occurred as well as those which might threaten the Joint Board will be identified and listed in a Risk Register.

1.2 <u>Risk Analysis</u>

Each risk identified will be systematically and accurately assessed. The process will assess

- the probability of risk event occurring, and
- the potential severity of the consequences should such an event occur.

Using managers' experience, judgements will be made about the likelihood and severity of events occurring and these will be categorised as low, medium or high risk.

The probability and severity will then be assessed together using the formula

Risk = Likelihood of occurrence x Severity

and prioritised for control action.

1.3 Risk Appetite

Risk appetite is defined as the amount of risk the Board is willing to accept, tolerate or be exposed to at any one time. Risk appetite is normally assessed on a scale ranging from high to zero. The Board's risk appetite has been assessed as moderate in most cases. Although there may be time critical events where this is unacceptable, the Board is generally willing to accept risks that may affect delivery of core services in the short term which is defined for the purposes of this plan as a period of up to fourteen days.

In certain cases, such as time critical periods associated with electoral registration, the risk appetite has been assessed as zero. This means that the Board is not willing to accept risks that may affect the delivery of a time critical electoral registration service.

1.4 Risk Control

Actions will be taken or planned to minimise the likelihood of the risk occurring or the severity of the consequences should it happen. This may require the identification and implementation of projects or revisions to operating practices. The appropriate action may be to transfer risk to another body.

1.5 Risk Monitoring

The effectiveness of any actions or amendments to operating practices must be monitored and reviewed and the nature of risks will be assessed for change over time.

2 Risk Register

- The Joint Board's Management Team will be responsible for developing and maintaining a risk register.
- The risk register will be reviewed by the Governance Working Group at their regular meetings.
- The risk register will be reported to the Joint Board at least annually.
- The Assessor and Electoral Registration Officer will have overall responsibility for the risk register.

ROLES AND RESPONSIBILITIES

Parties	Role
Elected Members	Oversee the effective management of risk by officers of the Joint Board
Assessor and Electoral Registration Officer	Ensure that the Joint Board manages risk effectively through the development, implementation and review of a risk strategy. Overall responsibility for the development and maintenance of a risk register. Report risk register to Joint Board. To consult with lead authority on insurance issues.
Management Team	Input into the development, implementation and review of risk strategy. Input into the development and maintenance of a risk register. To ensure risk is effectively managed across all areas of function.
Governance Working Group	Organise relevant training and raise awareness of the risk strategy. Monitor and Review success of risk control actions and procedures.
Line Managers	Assist in the implementation of the risk management strategy across relevant area of function.
Employees	Make every effort to be aware of situations which place themselves, others or service delivery at risk and report hazards. Provide information on any risks or hazards to Management Team for inclusion with risk register.
Dundee City Council – Corporate Services	Provide assistance, advice and training on budgetary planning and control. Provide assistance and advice on insurance and risk. Assist in the handling of any litigation claims. Negotiate insurance cover.
Internal Health & Safety Work Group	Advise on any health and safety implications of the chosen or preferred arrangements for service delivery.

REVIEW

- Regular reviews of the risk management strategy will be included in Service Plans.

FINANCING RISK

Risk financing is an important element of risk management. The purpose is to reduce the total cost of risk, which includes:-

- The amount of uninsured losses met by the Joint Board's funds.
- Insurance premiums for the external insurance cover obtained.
- Excesses applied to individual claims.
- Management and administration costs associated with risk and insurance.
- The cost of preventative measures taken to reduce risk.

Insurance broking and loss adjusting will be negotiated by the appropriate officers of Dundee City Council, who provide financial and corporate services to the Board.

In major initiatives and partnerships the cost of risk will be shared as far as is possible.

Revenue budgets will carry the costs relating to risk prevention and loss.

COMMITMENT

This strategy had been approved by the Valuation Joint Board.

It provides a robust framework for the continuous improvement of our risk management practices across the Joint Board's areas of function.

APPENDIX 1

STRATEGIC RISKS are hazards and risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Valuation Joint Board. These may include:-

Risk Category	Definition
Political	Those associated with failure to deliver either local/central government policy.
Economic	Those affecting the ability of the Joint Board to meet its financial commitments, including budgetary pressures, failure to purchase adequate insurance cover and changes in the economy.
Social	Those relating to the effects of changes in demographic, residential or socio-economic trends on the Joint Board's ability to deliver its service.
Technological	Those associated with the Joint Board's capacity to deal with the pace/scale of technological change, its ability to use technology to address changing demands, or the consequences of failure of technologies on the Joint Board's ability to deliver its services.
Legislative	Those associated with current or potential changes in national or European law. Those associated with failure to meet statutory duties.
Environmental	Those related to the environmental consequences of delivering the Joint Board's services.
Competitive	Those affecting the competitiveness of the service in terms of cost or quality.
Stakeholders	Those associated with failure to meet the current and changing needs, expectations and aspirations of stakeholders.

OPERATIONAL RISKS are hazards and risks which managers and staff will encounter in the daily course of their work. These may include:-

Risk Category	Definition
Professional	Those associated with the particular nature of each profession.
Financial	Those associated with financial planning and control and the adequacy of insurance cover.
Legal	Those related to possible breaches of legislation.
Physical	Those related to fire, security, accident prevention and health and safety.
Contractual	Those associated with the failure of contractors to deliver services or products to the agreed specification and cost and within agreed timescale.
Technological	Those related to reliance on operational equipment (eg IT systems, etc)
Environmental	Those related to pollution, noise or energy efficiency of ongoing service operation.