MERSEYSIDE WASTE DISPOSAL AUTHORITY

Risk Management Strategy

1. INTRODUCTION

The Authority recognises that Risk Management is a fundamental part of good Corporate Governance.

This Risk Management Strategy provides the Authority with a framework to identify and analyse the risks associated with its activities and ultimately supports the Authority in planning for and delivering its Corporate Plan.

This strategy aims to reflect the need to manage the negative impact of risk whilst balancing this with the positive opportunities which will arise from effective risk management through better decision-making and performance management.

2. FRAMEWORK

The principal elements of the Authority's Risk Management Strategy are as follows:
- Risk Management Objectives
- Roles and Responsibilities
- Partnership and Shared Risks
- Risk Management Process
- Risk Analysis and Evaluation
- Risk Registers
- Monitoring and Reporting
- Training
- Review of the Strategy

3. RISK MANAGEMENT OBJECTIVES

This strategy sets out to deliver the objectives outlined in the Authority's Risk Management Policy Statement, which are to:

- Embed risk management as an integral part of the Authority's systems and decision-making processes
- Work with partners to ensure that shared risks are managed effectively
- Manage risk in accordance with best practice

- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those involved with the delivery of Authority's services.

A copy of the policy statement is attached at Appendix 1.

4. ROLES AND RESPONSIBILITIES

The key roles and responsibilities which enable the Authority to manage risk effectively are as follows:

Members of the Authority:

Elected Members have a strategic responsibility for risk management as part of their overall responsibilities for effecting good governance arrangements.

This is achieved by:
- The review of the Authority's Corporate Governance arrangements and approval of the Annual Governance Statement. This will include commentary on risk management and how it has been applied during the year;
- An annual review of the Authority's Corporate Plan and Corporate Risk Register;
- The appointment of a Lead Member for the Risk Management portfolio; and
- As part of the decision-making process, the inclusion of an assessment of risk in relation to making the decision or otherwise.

Officer and Officer Group Responsibilities:

The Director has overall strategic responsibility for risk management within the Authority with specific responsibilities delegated to the relevant Assistant Director.

The Senior Management Team as a whole has a responsibility to embed risk management throughout the Authority and to regularly review and update the Corporate Risk Register at a strategic level.

Managers and Assistant Managers are responsible for the identification and management of project and operational risks arising from their service areas. For the purposes of this strategy, the Risk Manager is the named officer responsible for delivering a particular project or service area.

The above responsibilities in relation to risk management shall be reflected in all relevant job descriptions.

The Assistant Director Operations, working with the Health, Safety and Risk Committee is responsible for managing risks in relation to working conditions and safe working practices at all sites and locations operated by the Merseyside Waste Disposal Authority, and from those sites not operated by the Authority but visited by its employees in the course of their duties.

The Primary Assurance Group is responsible for assessing the internal control environment and corporate governance arrangements of the Authority, including the identification of improvements to strengthen potential risks or weaknesses.

All staff have a general duty to support the Authority in its management of risk with specific duties in relation to Health and Safety reflected in all job descriptions.

5. PARTNERSHIP AND SHARED RISKS

The nature of the Authority's business requires effective partnership working with those organisations which deliver services on its behalf, organisations that rely on the services provided by the Authority and those that have a shared or mutual reliance.

This strategy recognises that where shared risk exists which could have a significant impact on the delivery of the Authority's corporate objectives, these risks should be recognised and managed effectively.

To support this, where appropriate:
- work directly with partner organisations (agreeing contracts or service level agreements, managing/monitoring performance or working together to deliver services)
- ensure there is a clear understanding between partners of the shared risks, ownership of risks and how they will be managed
- where appropriate, establish joint risk registers which set out clear lines of responsibility and how risks will be monitored, reviewed and managed
- seek assurance that partners' risk management/corporate governance arrangements are adequate as part of the Authority's Annual Corporate Governance Assessment.

6. MANAGEMENT PROCESS

The process of risk management, whether at a strategic or operational level, will demonstrate a cyclical process involving the following step-by-step approach:

Step 1	Identifying risk	
	(strategic and operational)	
Step 2	Analysing and profiling risk	
	(determine consequences/implications of risk and its Risk Value(Llikelihood x Impact values))	
Step 3	Prioritising action	
	(assess tolerance / resources available based on Risk Value)	
Step 4	Determining strategy for each risk	
	(Eliminate, transfer or manage?)	
Step 5	Controlling risk	
	(identify process to identify /minimise occurrence and deal with events should they occur, through mitigation / contingency planning)	
Step 6	Monitoring and Reporting	
	(continuous review of risk management process including impact of actions identified at Step 5 on Risk Value)	

7. RISK ANALYSIS AND EVALUATION

Analysis and evaluation of identified risks will be based on a standard scoring system as follows:

Risk Value = Li x Im		
Rating	Likelihood (Li)	Impact (Im)
1	Extremely unlikely	Insignificant
2	Possible	Low
3	Likely	Medium
4	Most certain	High
5	Certain	Almost certain Critical

Prioritisation of risks will be based on the Risk Values (RV) whereby the Risk Manager will assess the level at which control systems should be enabled.

This strategy adopts the following approach:

- Risks with a RV less than 5 shall be recorded in the register and reviewed regularly.

- Risks with a RV equal or greater than 5 shall be controlled and the necessary management systems will be implemented and monitored.
- All risks identified with either a maximum likelihood or impact value (5) will always be controlled.

Contingency planning will be identified where appropriate and cross referenced to the Authority's Business Continuity Plan.

In assessing priority and appropriate control systems, consideration will be made to the level and availability of resources required.

8. RISK REGISTERS

Risk registers will be developed and maintained by the relevant Risk Manager to deliver effective risk management in relation to the Authority's services, key projects and other activities.

A Corporate Risk Register will be maintained to record and manage corporate level risks, however, this should not be relied upon to risk manage key projects or service areas which require their own risk registers.

Corporate Risk Register:
A Corporate Risk Register shall be maintained by the Corporate Services Manager and will detail all corporate risks identified using the process described in the previous sections.

This register is for corporate level risks only – that is risks which fall into either of the following:

Strategic Risks: factors which can damage the achievement of the Authority's vision, aims and objectives

Operational Risks: factors which can affect day to day service delivery

These risks are therefore closely linked to the Authority's Corporate Plan and Annual Service Plans and will inform and be informed by the annual review of these planning documents.

The Corporate Risk Register will make cross references to other risk registers where appropriate and will be monitored by the Senior Management Team.

Other Risk Registers:

Section Managers will apply effective risk management processes to their own service areas on a project or activity-specific basis, for which

there will be individual risk registers to be maintained and monitored by the relevant Risk Manager on an ongoing basis.

These risk registers will make cross references to the Corporate Risk Register where significant corporate risks are highlighted

Content of a Risk Register:

The register shall record the following:
- Description of the risk
- Risk Implications
- Risk Rating (Likelihood, Impact, Risk Value)
- Strategy
- Mitigation
- Risk Value after Mitigation
- Secondary Risk
- Owner of the Risk
- Contingency Plans
- Related Risk Register

An extract from the latest Corporate Risk Register, highlighting the current risks being managed, is attached at Appendix 2.

9. MONITORING AND REPORTING

Risk Management is an ongoing process and risk registers will be monitored and reviewed regularly.

The Corporate Risk Register will be considered by the Senior Management Team regularly at its monthly meetings. In addition to this, a complete review of corporate risks will be undertaken during the annual review of the Corporate Plan and development of the Authority's Annual Service Plans.

In general, risk management should not be seen as a time bound task and will be embedded within the day-to-day management activities of the Authority.

Guidance on specific actions and their frequency is summarised as follows:

Process	Frequency	Method
Corporate Risk Register	Monthly with annual review	Senior Management Team Meetings
Forward Plan and Key Decisions	Six Weekly	Risk Analysis included as standard in Key Decision Sheets and Authority Reports
Executive Decisions	As required	Risk Analysis included as standard

Corporate and Service Planning	Annually with 6 month review	Included in planning process for Senior Management Team
Project Management	Continuously throughout the life of the project	Project Manager to manage project risks

10. TRAINING

It is recognised that some staff will not necessarily have relevant experience in risk management. The Corporate and Management Training Programmes will therefore include the continued development of risk management skills and raise awareness of this strategy.

To facilitate the implementation of an effective risk management system, the following issues will be addressed:

- Risk Management Training to be included as part of staff development process.
- Management Team and Project Team meetings to be used to share risk management skills.

11. REVIEW

Risk Management arrangements will be reviewed annually as part of the Authority's Code of Corporate Governance Annual Review.

The Director will be responsible for approving any subsequent updates to the Risk Management Strategy in so far as they reflect the existing Risk Management Policy Statement. Amendments to the Risk Management Policy Statement will require Member approval.