



OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

Committee Report

Public

Date of Meeting: 22nd November 2001

Title: HEALTH AND SAFETY AND RISK MANAGEMENT
BEST VALUE REVIEW

Report of: DIRECTOR OF ENVIRONMENT AND DEVELOPMENT

Report reference: EN 175/01

Summary:

This report sets out current performance and objectives of the Best Value Review.

Recommendations:

After consideration of the issues set out within this report, it is **recommended** that:

1. The objectives and scope of this Best Value Review be defined.
2. A budget of £20,000 be allocated from that defined for best value in the current financial year.

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HEALTH AND SAFETY AND RISK MANAGEMENT

BEST VALUE REVIEW

1.0 **BACKGROUND**

1.1 **What is risk management?**

Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective methods of controlling them and/or responding to them.

- 1.2 Originally developed in the private sector the wider benefits have been recognised and in 2001 the Audit Commission produced a management paper "Worth the risk – improving risk management in local government". An executive summary of this paper is included as Appendix 1. This report sets out a range of key issues facing local authorities increasing the importance of good risk management embracing:

1.3 **Types of risks**

There are two main categories of risk, strategic and operational and these are summarised in Appendix 2.

- 1.4 The Authority already has in place a number of risk management procedures/initiatives:

1. Health & Safety – risk assessments and their avoidance are an integral part of existing processes.
2. As part of the insurance arrangements the Council has a corporate risk management group which also includes our Insurers and Insurance Brokers. The focus of this group relates primarily to the insurable aspects of risk and deals substantially with assets where an annual budget of £60,000 is targeted to mitigate identified risks.
3. The District Audit review of the Millennium project identified one of the key areas for improvement was risk management. Since that time specific risk assessments/monitoring have been used on

initiatives such as Leisuretime externalisation, LSVT and the Sheepmount to undertake a risk appraisal for each project to a defined format. In addition the recently adopted Capital Strategy now requires a project appraisal including a risk assessment to be undertaken for every project over £30,000.

4. A business continuity plan is in place to enable the Council to re-open services quickly in the event of computer failure or damage to key buildings.
5. A range of emergency plans is in place.
6. A number of services embrace risk management procedures, i.e. internal audit through their studies and Environmental Health through Food inspections and Section 18 (Health & Safety at Work Act) responsibilities.

2.0 CURRENT PERFORMANCE

An overview of the existing performance in these areas set out in para. 1.4 is as follows:

2.1 Health and Safety

The Authority has recently reviewed its Health and Safety (H&S) management arrangements establishing a designated H&S Advisor post, creating a corporate working group and re-defining a number of systems/procedures including monitoring. The effectiveness of these perhaps needs to be incorporated into the BV Review.

One measure of performance, reported accidents, has been regularly reported to Members in the past but Appendix 3 provides details and causes of accidents over the past 5 years. These do not reflect the severity of the accident or greater awareness. The benefits of an intensive training programme can be seen for manual handling, but another has been identified for the increasing incidence of verbal abuse/threatening behaviour to employees.

2.2 Risk Management Group

This corporate group works with the Council's insurers to identify and reduce risks primarily to physical assets but has contributed to training and other initiatives. An annual budget of £60,900 (2001/2) is allocated to priority areas defined by the group and reported annually to Members. A schedule of the schemes approved in 1999/2000 and 2000/01 is included as Appendix 4.

The objective of this policy is to reduce or minimise the increase in insurance premiums. The effectiveness can be judged by the risk management discount now offered by St Paul's subject to a continuation of the programme:

1998/99	5% discount achieved
1999/00	7.5% discount achieved
2000/01	10% discount achieved

In the main this policy appears to operate well although other comparative information is needed to verify.

2.3 Capital Projects

A sample of the risk assessment schedule approved as part of the capital strategy is included as Appendix 5. It is too early to comment on the effectiveness because it has only recently been introduced. Perhaps the key issue in the short term is to ensure this process is incorporated effectively into the operation of the Authority.

2.4 Business Continuity and Emergency Plans

These plans have been developed and are in place. Fortunately they have not yet been fully tested. They do appear to be comprehensive and the focus of this review may be how effectively they are maintained /updated.

3.0 OBJECTIVES OF THE REVIEW

- 3.1 There is a range of potential objectives for this review, but underpinning all of them is the need to strengthen the risk management procedures within the Authority. Perhaps a basis for defining the objectives is to look at the benefits of effective risk management. Included as Appendix 6 is an extract from "A key to Success", published by ALARM.

3.2 It would appear that there are three main principles to incorporate within the objective:

- (i) A number of systems/procedures are already in place particularly in financial and health and safety management and these need to be reviewed and the benefits defined.
- (ii) Systems need to be developed to improve strategic and operational management.
- (iii) Both of the above need to be integrated into the way the Council operates and risk management should be 'owned' by staff and Members and not seen as a 'bolt-on' to what they do now.

3.3 One suggestion is that the objective of the BV Review should be:

"To produce an appropriate effective risk management strategy for implementation within the Authority, building on and developing best practice".

3.4 The outcome of this review should meet a range of standard criterion amended as necessary to the organisation. These are summarised in Appendix 7 which is an extract from the ALARM risk management guide 'A key to Success'.

4.0 **SCOPE OF THE REVIEW**

4.1 There is a range of risk management strategies, but it is important to adapt best practice to one that is right for Carlisle. The types of risks and potential benefits are summarised in Appendices 2 and 6 and Members are invited to identify priorities. Obviously the greater the content then the greater the scope of the review.

5.0 **THE REVIEW TEAM**

5.1 As the review team manager I would propose to select a review team comprising the following:

- (a) Head of Financial Services
- (b) Buildings and Contract Services Manager
- (c) Insurance and Risk Management Officer
- (d) Health and Safety Advisor
- (e) A representative of a front line service
- (f) Best Value Officer

5.2 Consideration is being given to the inclusion of representatives from external agencies on the team at relevant stages, including

- (a) The Health and Safety Executive has expressed an interest in contributing to the review.
- (b) The Council's insurers/brokers could be valuable contributors.
- (c) Other major businesses within the City may have similar strategies and experience of operating the relevant systems and a representative from one of these could add value to the review.
- (d) The Best Value Inspectorate has offered in principle to contribute to this review.

6.0 **RESOURCES**

This review will need to embrace all major aspects of the Authority. A number of organisations have strategies and in many respects there is no need to reinvent the wheel. However, it is essential that these are 'customised' to meet the particular needs of the Council particularly in the differing levels of detail that will arise across the Authority. In this respect it is considered that external support should be used to introduce fresh ideas and best practice from other areas. The precise cost of this could only be defined once a brief/specification is completed and prices returned; however, an initial estimate would be in the region of £20,000. The Council has allocated a budget of £100,000 for Best Value in the current financial year and the costs would fall to be met from that budget.

7.0 NEXT STEPS

7.1 Subject to Members agreeing the objective and scope of the review, and to the use of consultants to undertake a significant role in the process the next steps are proposed as follows:

- (1) A brief will be prepared, for approval by the Committee together with a list of organisations to tender for the work, and provide their proposals for the review.
- (2) A project plan will be completed once the above details have been returned.
- (3) A joint seminar on risk management provided by District Audit has been arranged for 8th November and several places have been provisionally earmarked for Members. An update can be provided from this event.

8.0 RECOMMENDATIONS

After consideration of the issues set out within this report it is **recommended** that:

- 8.1 The objectives and scope of this Best Value Review be defined.
- 8.2 A budget of £20,000 be allocated from that defined for best value in the current financial year.

M Battersby

25th October 2001

B R I E F I N G

worth the
riskimproving risk
management in
local government**Why does risk
management matter?**

1. Risk is one of life's certainties for local authorities. It is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to execute its strategies successfully. Good risk management is necessary in all organisations, and in local government it is important for delivering public services effectively and ensuring that a council is well run.
2. Successful risk management can make a council more flexible and responsive to new pressures and external demands. It allows an authority to be better able to deliver services and to meet the needs and expectations of its community in what is a fast changing and dynamic environment. Real benefits can result from effective risk analysis and management [EXHIBIT 1, overleaf].

**Why now more than at
any other time?**

3. It is unlikely that councils will need to start from scratch as many features of risk management will already be in place. But there may be a need to adapt, improve and codify existing processes. The importance of looking afresh at risk comes in the wake of a more demanding society, bold initiatives and more challenge when things go wrong. It also arises because of the significant changes taking place as a result of the Government's modernising agenda, including, for example, creating new leadership structures within councils. Local authorities currently face pressures that potentially give rise to a range of new and complex risks and which suggest that risk management is more important now than at any other time [EXHIBIT 2, overleaf].

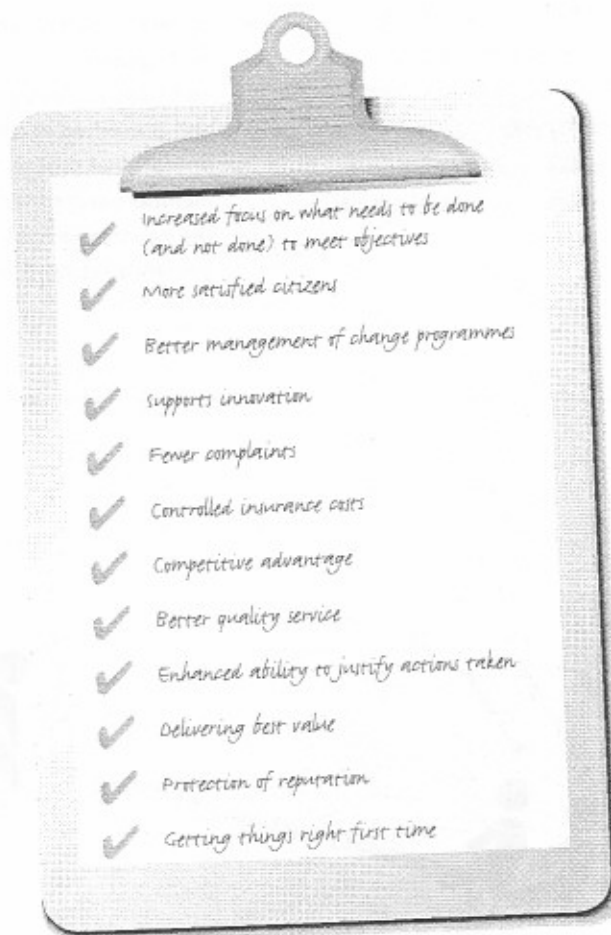
4. The introduction of the statutory duty of best value reinforces the need for good risk management. Best value is designed to bring about change and continuous improvement in local authorities. A council that avoids risk is unlikely to be a good performer. What is required is flair, innovation and the ability to take informed risks and to manage them effectively to optimise business results. Without good risk management processes, authorities are unlikely to achieve excellent performance in the best value regime. Effective risk managers will be able to deliver:

- an appropriate balance between risk and control;
- more effective decision making;
- better use of limited resources; and
- greater innovation.

EXHIBIT 1

The benefits of good risk management

A proper focus on risk management can help to bring considerable benefits



Source: Audit Commission

5. There are already examples in local government where good corporate governance processes exist and effective risk identification and management takes place. The existing specific roles for financial and statutory monitoring are important aspects of the current arrangements, but risk management requires a much broader view. As new leadership structures are implemented, authorities need to build robust arrangements for effective risk management within both executive and scrutiny roles.

Who has responsibility for risk management?

6. Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, members should:

- exercise leadership;
- adopt an implementation strategy; and
- support and monitor risk management processes.

Leadership

7. Elected members need to take the lead in order to set the right tone initially. They must ensure that risk awareness and management are part of the culture of the authority in order to help to achieve the council's objectives. Members should:

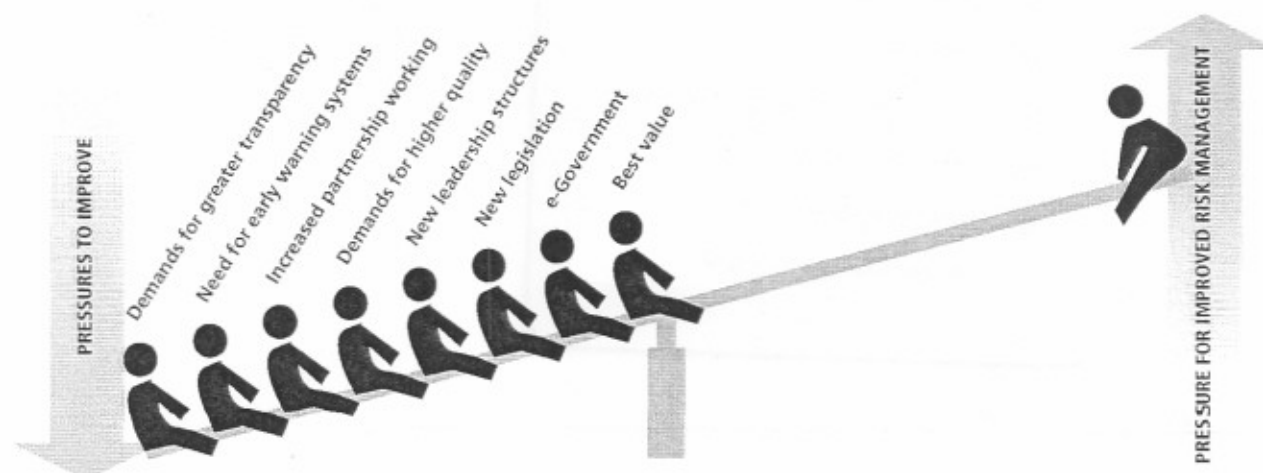
- **not delay implementation** as risk management is of critical importance now;

- **agree on the member and officer structures** for planning and monitoring risk management across the authority;
- **correctly position risk management** – it should be embedded in existing processes and presented as an operational tool to help members and officers to meet the new challenges and demands facing them, rather

EXHIBIT 2

The need for improved risk management

New pressures are acting as drivers for good risk management



Source: Audit Commission

than as a mere compliance exercise;

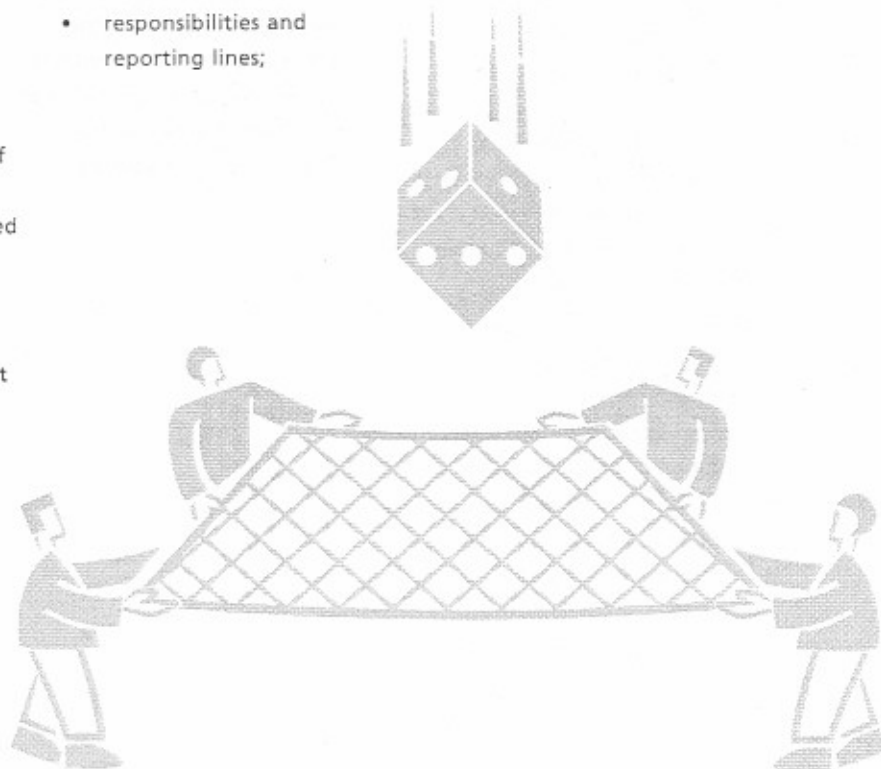
- **promote the desired mindset and attitude** that is essential for successful implementation and robust, ongoing risk management processes;
- **view risk management as an ongoing process rather than as a one-off event** – there is no quick-fix solution and the right level of resources will need to be committed to implementation and training over the medium term;
- **ensure that a top-down approach is adopted**, ensuring that members focus on issues of corporate significance, drawing on, rather than being dominated by, the bottom-up risk analysis that focuses on more detailed operational risks; and
- **aim for continual improvement** on a longer-term basis.

Adopting an implementation strategy

8. Members need to approve and adopt a strategy explaining how risk management will be implemented throughout the council, including, for example:

- the key tasks to be undertaken;
- the respective roles of members, senior officers and other officers;
- the identification of nominated risk champions;
- responsibilities and reporting lines;

- the process for identifying critical success factors and significant risks, and linking these with agreed strategic objectives;
- a timetable for implementation; and
- the allocation of resources.



Supporting and monitoring risk management

9. Members should support and monitor both the initial implementation and the ongoing risk management processes. They should:

- embrace risk management in a positive way to:
 - drive service and organisational improvement;
 - promote the achievement of council objectives;
 - ensure that management decisions are taken with relevant risks acknowledged; and
 - minimise the likelihood of things going wrong and their potential impact, and provide a framework to meet the new challenges;
- promote the right management culture on an ongoing basis – most threats that an organisation typically faces are people-based, and they arise through a failure to apply management processes rather than through weaknesses in systems;
- receive formal reports at least annually on the management of risk; and

- approve, with leading officers, a statement to be published annually on the risk management processes in place and their ongoing effectiveness. This statement will be a public assurance statement and should be evidence-based. Where improvements are needed, or risks remain without the appropriate controls, then these should be disclosed to the public, together with a summary of how they will be addressed in the future. In this way, the public and other stakeholders will be able to see clearly where the council has reached on its risk management agenda.

What officers can do

10. The chief executive should be the figurehead for the risk management process, and should appoint the most appropriate person to lead the risk management implementation and improvement process. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility. In addition, internal audit has a vital role to play in reviewing the established risk management processes, challenging risk identification and evaluation, and, more fundamentally, in providing assurance to officers and members on the effectiveness of controls. This important role should, however, be separated from the activity of establishing and operating risk management processes and control structures. These should remain the responsibility of line management.

11. When implementing more formalised risk management systems, officers should take account of the following:

- **Be pragmatic:** recognise that the process is not intended to eliminate risk and that not all identified risks can be addressed immediately. Furthermore, risks will still exist that have not been identified. What is important is a culture of continuous learning, with risk management processes being adapted according to lessons learned.
- **Do not make the processes overly complex:** in particular, there is an important need to avoid risk overload. The risks that are identified should make common sense and should be linked to members' top priorities and concerns. The focus should be on those risks that are significant in the context of the council's objectives and reputation.
- **Ensure that the process to be followed fits in with local circumstances and culture:** officers need to decide on practices that are appropriate to their circumstances.

About this management paper

12. The management paper has been prepared as a practical guide for use by elected members and officers. It includes advice on how to establish new, or improve existing, risk management structures and processes. The paper highlights the pitfalls to be aware of and includes an implementation checklist to help to support the development of effective risk management.

If you want to know more, the full management paper, **Worth the Risk: Improving Risk Management in Local Government**, looks at these issues in more detail and includes background information, case studies and specific guidance.

Audit Commission, **Worth the Risk: Improving Risk Management in Local Government** (management paper)

ISBN 1 86240 271 X

£15

Copies of this report are available from:
Audit Commission Publications

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Categories of risk

Understanding the breadth of hazards facing the organisation will help managers to identify all of the potential risks associated with providing their services. Hazards and associated risks can be strategic or operational. Sub-dividing these into the following categories provides managers with a useful checklist:

- **Strategic** - hazards and risks which need to be taken into account in judgements about the medium to long term goals and objectives of the organisation. These may be:

Political

those associated with failure to deliver either central government policy, or meet the administration's manifesto commitments.

Economic

those affecting the ability of the organisation to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes, or the consequences of proposed investment decisions.

Social

those relating to the effects of changes in demographic, residential or socio-economic trends on the organisation's ability to deliver its objectives.

Technological

those associated with the capacity of the organisation to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures affecting the organisation's ability to deliver its objectives.

Legislative

those associated with current or potential changes in national or European Law (e.g. the appliance or non-appliance of TUPE¹ Regulations, Human Rights Act, Data Protection Act, Disability Discrimination Act etc).

Environmental

those relating to the environmental consequences of progressing the organisation's strategic objectives (e.g. in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc.).

Competitive

those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver Best Value.

Customer/ Citizen

those associated with failure to meet the current and changing needs and expectations of customers and citizens.

Managing strategic risks is a core responsibility for senior managers in close liaison, with elected Members or non-executive directors. Strategic risk assessments should be undertaken a part of the community, corporate and service planning process and as a key element of service reviews. Strategic risk assessment draws on techniques such as group assessment, brainstorming and SWOT² or PESTLE analyses. The tools and techniques introduced in the section on "Managing operational risk" will also be useful.

¹ Transfer of Undertakings (Protection of Employment) Regulations

² Strengths, Weaknesses, Opportunities and Threats; Political, Economic, Social, Technological, Legislative and Environmental

- **Operational** - hazards and risks which managers and staff will encounter in the daily course of their work. These may be:

Professional

those associated with the particular nature of each profession (e.g. clinical risk management in the health sector, particular aspects of the Human Rights Act in the "blue light" services, social work service concerns over children at risk, housing service concerns as to the welfare of tenants).

Legal

those related to possible breaches of legislation

Financial

those associated with financial planning and control and the adequacy of insurance cover and internal funds.

Physical

those related to fire, security, accident prevention and health and safety (e.g. hazards/risks associated with buildings, vehicles, plant and equipment, etc.).

Contractual

those associated with the failure of contractors to deliver services or products to the agreed cost and specification.

Reputational

those relating to the organisation's reputation and the public perception of the organisation's efficiency and effectiveness.

Technological

those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery).

Environmental

those relating to pollution, noise or energy efficiency of ongoing service operation.

The categories are neither prescriptive nor exhaustive. However, they should provide a framework for identifying and categorising a broad range of hazards and risks facing each service. Each category cannot be considered in isolation. For example, changes in the TUPE *legislation* would affect judgements about the risks associated with the *competitiveness* of a service. The loss of a contract as a result of lack of in-house competitiveness may have greater *political*, *economic* and *social* consequences for the organisation if TUPE did not apply. Similarly, the *physical* risks associated with the security of a school can have *professional* consequences for teachers fulfilling their day to day duties and *financial* consequences for the organisation as a whole. As a result, managers must consider the risks associated with each of the sub-categories and their inter-relationships if a full risk assessment is to be carried out.

The area administered by one organisation has been characterised by heavy losses in employment in recent years. A large recycling company plans to locate a new plant in the area, creating 500 jobs and investing in the transport infrastructure. There will be *economic* and *social* benefits to the area as a result. However, there are a number of strategic risks associated with the proposals. Managers need to consider the following issues: **environmental concerns** - research has shown that some uncontrolled emissions leaking from this type of plant can be hazardous. However, experience from elsewhere has shown that the company has a good safety record in controlling these emissions; **customer/citizen concerns** - residents have raised concerns about noise, chemical pollution and the effects of property prices. A pressure group has been set up and a high profile media campaign is being run; **political concerns** - Elected Members or non-executive directors are being lobbied by the pressure group and the local representative in Parliament has been approached to publicly back the campaign.

Decision-makers and managers need to identify each of the risks involved and make informed judgements about their consequences for the organisation and its stakeholders.

Accidents by agent causing accident

Agent causing accident	1/4/96 - 30/9/96	1/10/96 - 31/03/97	1/4/97 - 30/9/97	1/10/97 - 31/3/98	1/4/98 - 30/9/98	1/10/98 - 31/3/99	1/4/99 - 30/9/99	1/10/99 - 31/3/00	1/4/00 - 30/9/00	1/10/00 - 31/3/01
Contact with electricity	0	0	0	0	0	0	0	0	2	2
Contact with moving machinery	1	0	2	1	0	0	0	0	1	0
Drowning or asphyxiation	0	0	0	0	0	0	0	0	0	0
Exposure to an explosion	0	0	0	0	0	0	0	0	0	0
Exposure to fire	1	0	0	0	1	0	1	0	0	0
Exposure/contact with harmful substances	0	1	0	0	2	2	0	1	1	2
Fall from a height	1	0	0	6	0	2	0	5	3	1
Handling, lifting, carrying	26	29	34	26	29	22	37	31	14	19
Hit by moving vehicle	1	3	0	0	1	2	0	0	0	0
Hit by moving/falling item	7	4	9	10	9	5	5	7	8	10
Hit by something fixed/stationary	5	8	8	4	6	5	3	4	3	0
Injured by an animal	3	1	3	1	1	1	0	0	0	1
Injury from a hand tool	4	5	2	1	2	5	9	2	4	2
Road traffic accident (1)	0	0	0	0	0	0	0	4	0	0
Slip, trip, fall on same level	10	8	7	4	8	11	10	9	6	11
Trapped by item collapsing	0	0	1	0	0	0	0	0	0	0
Verbal abuse/threatening	0	0	1	0	3	0	5	4	8	22

Accidents by agent causing accident

Violence from a person	0	0	0	0	0	1	0	1	0	0
Not specified/other	14	8	9	2	6	11	6	13	8	4
Total	73	67	76	55	68	67	76	81	58	74

APPENDIX B

Risk Management Schemes 1999/2000

	<u>Budget</u> <u>£</u>	<u>Benefit</u>
APPROVED BUDGET 1999-2000	<u>55300</u>	
Schemes Approved:		
Playground Audit	3750	To tackle increase in PL Claims
Tree Audit	5000	To tackle increase in PL Claims
John Street Hostel CCTV	4600	staff and property protection
Surge Protection - Civic Centre	2000	Property protection
Sands CCTV	5000	staff and property protection
Tullie House - Fire 'stopping' work in duct shaft	2000	Fire risk
Sealing off level in Central Core - Civic	8000	2 levels already done (fire risk)
Defensive Driver Training Programme	5000	Motor Claims
Bousteads Grassing Power Supply	11050	For Business Continuity Plan
Kingstown Nature Reserve trees - audit and removal	4550	PL claims
Total	<u>50950</u>	
Balance of 1999/2000 Budget Remaining	<u>4350</u>	Request to c/f to 2000/2001

Risk Management Schemes 2000/2001

	<u>Budget</u>	<u>Benefit</u>
	£	£
Total Budget Approved 2000/01		94,980
<u>Schemes Approved</u>		
Sealing off level in Centreal Core Civic	8,000	Fire Risk
Sands Centre Lifiting Equipment	4,020	Staff Training
Currock Community Centre Security	19,880	Security
Bousteads Grassing Power Supply Initiati	11,050	For Business Continuity
Tullie House Security System Initiative	20,000	Security
Council Vehicle Fire Extinguishers	3,350	Fire Risk
Corporate Health & Safety Training Inititi	2,600	Staff Training
Pools Security	3,560	Security
Sands Centre CCTV	920	Staff and Property Protectin
Refuse Vehicles Camera Initiative	3,930	Staff and Property Protectin
Rates Hall Interview Room	7,000	Staff and Property Protectin
Tullie House Fire Stop	570	Fire Risk
Tree Audit	6,000	Public Liability Claims
Fire Stop Service Duct	40	Fire Risk
Total Allocated to Schemes	<u>£90,920</u>	
Balance of 2000/2001 Budget Unallocated	£4,060	
Actual expenditure 2000/2001	£30,716	
Budget 'Rolled' Forward to 2001/2002	£64,264	
2001/2002 Base Budget	£60,900	
Total Risk Management Budget 2001/2002	<u>£125,164</u>	

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PROJECT RISK ANALYSIS

Risk Category	Risk Identification		Risk Analysis		Risk Control Control Action	Monitoring	
	Hazards	Risks	Likeli hood	Impact			
Strategic							
Professional							
Financial							
Legal							
Contractual							
Technological							
Environmental							
Physical							

Likelihood (What are the chances that this will happen?) : 1= small chance 2 = moderate chance : 3= significant chance
 Impact (If it did happen how serious would it be?) : 1= small impact : 2 = moderate impact : 3 = significant impact

Benefits of Managing Risk Effectively

"The benefits are compelling. To create exceptional value in today's business environment, companies need to take risk. To succeed, they are not required to take greater risk than others – they simply need to have a better understanding of what risks they can handle and how best to handle them. Occasionally they will fail. But companies with a best practice risk management process are likely to fail less often"

Arthur Anderson
Positive Risk Management

"...the public sector is being required to innovate and to take the initiative on behalf of its citizens which is great news. But with innovation comes risk, and the only way to ensure innovation is successful is to manage that risk."

SOLACE
Chance or Choice

"Between the years 1990/91 and 1992/93, the number of malicious fires was reduced and the cost of repairs was halved from the £5m incurred in 1990/91"

Accounts Commission 1997

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the organisation as a whole.

These can vary in their nature and extent from service to service. However, they will be important to the organisation's reputation and its ability to deliver best value.

Improved strategic management

- better informed selection of strategic objectives and associated targets as a result of the risk identification, analysis, control and monitoring process
- greater ability to deliver against more realistic and achievable objectives and targets

Improved operational management

- improved innovation
- reduction in interruptions to service delivery
- reduction in managerial time dedicated to dealing with the consequences of a loss event having occurred
- enhanced managerial control as a result of risk identification, analysis, control and monitoring
- a more systematic approach to addressing legislative, regulatory or competitive demands
- improved control of the risks associated with any arms-length or contractual working arrangement
- improved health and safety and the enhanced condition of property and equipment
- improved project management and greater success rate.

Improved financial management

- better informed financial decision-making on investment, insurance, option appraisal, etc.
- enhanced financial control as a result of risk identification, analysis, control and monitoring
- reduction in the financial costs associated with losses due to service interruption, litigation, bad investment decisions, etc.
- reduction in insurance premiums and/or direct costs met through self-insurance.

Improved customer service

- minimal service disruption to customers and a positive external image as a result of all of the above.

Figure 18 - ALARM 10-point plan for testing embeddedness of risk management in culture

RISK MANAGEMENT STANDARD FOR BEST VALUE

In order to demonstrate a Best Value Risk Management programme in Public Bodies, the following criterion should be met:

- The organisation has a formal framework for managing risk and has implemented an effective strategy on managing risk which is supported by the Chief Executive and Chief Officers or managing Board.
- There is a documented and approved framework for risk management implementation
- The risk management framework and its effectiveness are subject to at least annual review
- The board makes an objective analysis of external opportunities and threats to business operations
- Internal analysis identifies key strengths, weaknesses and competencies of the organisation
- The goals and objectives of risk management programme are communicated and embraced throughout the organisation
- The objectives are measurable, have associated plans, are deadline driven, command specify resource allocations and address qualitative as well as quantitative outcomes
- Responsibility for implementing action plans is clearly assigned and reconciles resource allocation and availability
- There is an organised procedure for monitoring and reporting activity to the board on a periodic and progressive basis
- Business Continuity planning is regularly reviewed and tested at executive level.