

# **Knowsley Metropolitan Borough Council**



## **Highway Asset Management Risk Management Strategy**

## Document Information

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<b>Description</b>	The following document outlines Knowsley Metropolitan Borough Councils approach to Asset Management in regards to Highways Maintenance

## Document History

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## 1. INTRODUCTION

Knowsley Metropolitan Borough Council recognises the importance of its highway infrastructure and how an effectively maintained and managed network contributes to the achievement of its corporate goals. There are a variety of risks at all levels and these can be used to inform and support the approach to asset management and decisions on performance, works programming and investment.

The purpose of the risk management approach outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process
- Ensure risks are identified and assessed consistently
- Clarify roles and responsibilities for managing risk
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

Risk can be defined as “an uncertain event that, should it occur, will have an effect on the Council’s Highways Management objectives and/or reputation.” It is the combination of the probability of an event (likelihood) and its effect (impact).

Risk management is the “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.” By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

## 2. RISK MANAGEMENT

Risk management is applied at all levels of service delivery and include:

**Corporate Strategic Risks** – Risks that could have an effect on the successful achievement of Knowsley’s long term priorities. These include risks that could potentially have a council-wide impact and/or risks that cannot be managed solely at a service level because senior management support/intervention is needed.

**Service Risks** – Risks at a service level that could have an effect on the successful achievement of the service plan outcomes / objectives. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the portfolio as a whole.

**Contract Risks** – Risks that could have an effect on the successful achievement of the contract’s outcomes / objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.



**Programme/Scheme Risks** – Risks that could have an effect on the successful achievement of the annual maintenance programme or schemes in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

**Partnership Risks** – Risks that could have an effect on the successful achievement of the partnership’s outcomes / objectives including engagement with key stakeholders (service users, third parties, partners etc.). These can be strategic and/or operational depending on the size and purpose of the partnership.

### 3. RISK CATEGORIES

The process for the identification, analysis and evaluation of strategic and operational risk is outlined in Knowsley’s “Guide to the Management of Risk”.

#### **Strategic Risks**

The Corporate Risk and Resilience Group will identify, analyse, control and review strategic risks and opportunities. These are risks and opportunities that need to be taken into account in judgements about the medium and long-term goal of the council and its departments. They fall into the following categories (Diagram 1):



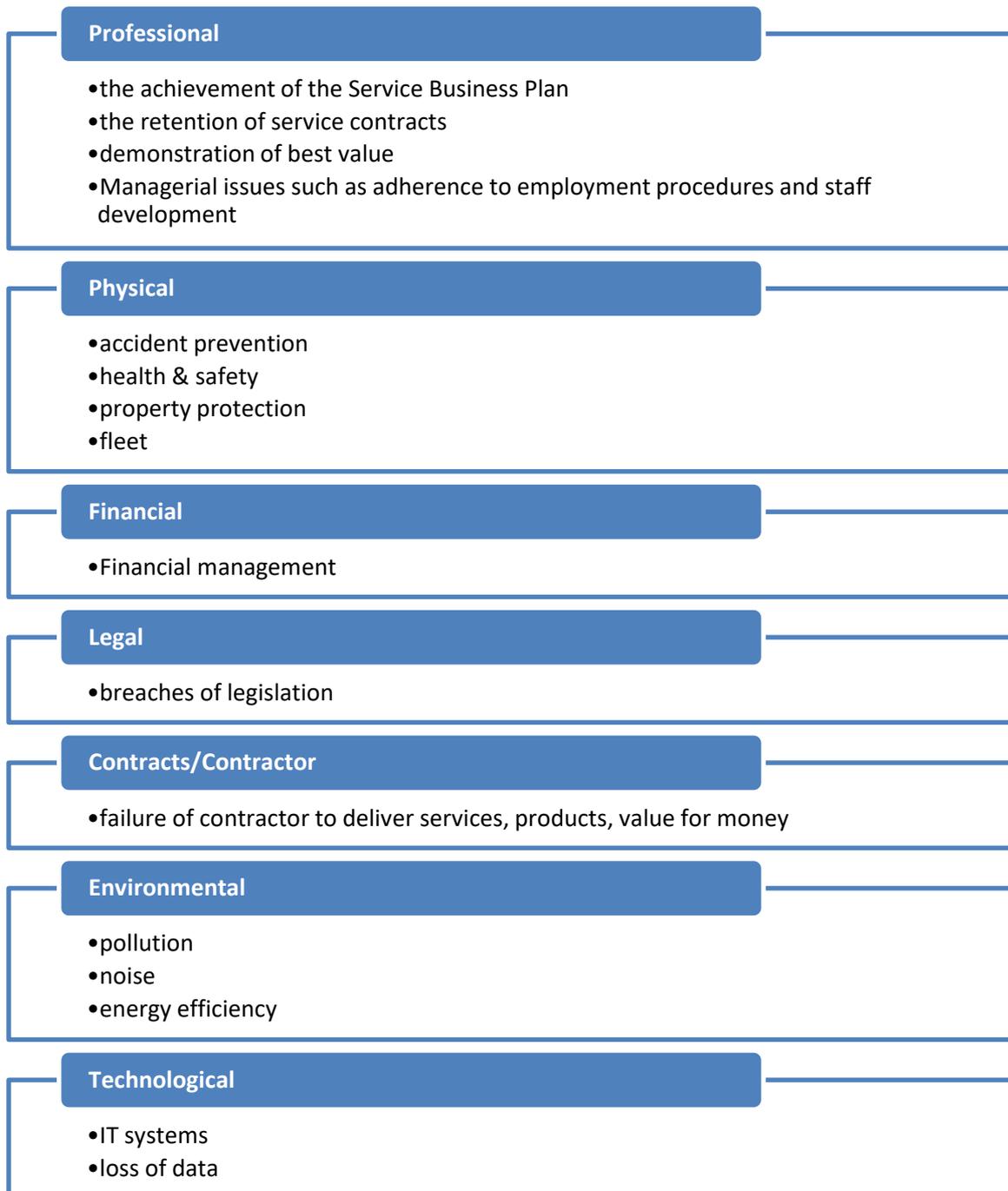
## Diagram 1



## Operational Risks

The Highways Management Service will identify analyse, control and review operational risks. These are risks that need to be taken into account in judgements about service delivery. They fall into the following categories (Diagram 2):

### Diagram 2



## 4. RISK REGISTER

Once identified, all risks are recorded in the relevant Risk Register and updated regularly.

A risk owner will be allocated and recorded against each risk on the risk register. Not all risks can be managed all of the time, so having assessed and prioritised the identified risks, cost effective action will be taken to manage those that pose the most significant threat. Risk may be managed in one, or a combination of, of the following ways:

- **Avoid** - A decision is made not to take a risk.
- **Accept** - A decision is taken to accept the risk.
- **Transfer** - All or part of the risk is transferred through insurance or to a third party.
- **Reduce** - Further additional actions are implemented to reduce the risk.
- **Exploit** - Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

To ensure that a consistent scoring mechanism is in place, risks are assessed using the agreed criteria for likelihood and impact. When assessing the risk, the highest measure identified in each table is the score taken to plot the risk level on the risk matrix (Diagram 3).

Where likelihood and impact crosses, determines the risk level. For example, Medium Likelihood (2) and High Impact (3) would result in a risk level of 6.

**Diagram 3 Risk Matrix**

		Impact		
		Low (1)	Medium (2)	High (3)
Likelihood	Low (1)	1	2	3
	Medium (2)	2	4	6
	High (3)	3	6	9

The matrix uses a “traffic light” approach to show high (red), medium (amber) and low (green) risks.



## 5. REVIEW AND REPORT

Risk management is thought of as an ongoing process and as such risks will be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact.

Where possible a review of the risks form part of existing performance monitoring timetables and there is a focus on those risks that, because of their likelihood and impact, make them priorities.

Regular reporting, through the organisational corporate reports, enables the Executive Management Team and Elected Members to be more fully aware of the extent of the risks and progression being made to manage them.

Highways contract risk registers will be reported on a monthly basis to the Operational Board and 'RED' risks will be reported up to the Strategic Board on a quarterly basis for further consideration.

Service risks will be reviewed by the Head of Service and the team on a continuous basis during annual service planning activities, monthly team meetings, performance reviews and budget monitoring meetings.

Individual programme / project scheme risks will be identified and managed as part of the specific project governance arrangements.

## 6. ROLES AND RESPONSIBILITIES

To ensure risk management is effectively implemented, all Knowsley Highway and Transportation officers and their contractors should have a level of understanding of the Council's risk management approach and regard risk management as part of their responsibilities:

### **All Employees and Contractors**

- Manage day to day risks and opportunities effectively and report risk management concerns to their line managers
- Participate fully in risk workshops and action planning as appropriate
- Attend training and awareness sessions as appropriate
- Support and promote an effective risk management culture
- Support the council to manage day today risks and report concerns to the contract manager.

