

**RISK MANAGEMENT**

**POLICY & STRATEGY**

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| **Background / Purpose of Risk management Policy and Strategy:**The purpose of risk management is to effectively manage threats and leverage opportunities to achieve Council objectives.The Policy is a formal acknowledgement of the Council’s commitment to managing risk and communicates why and how risk management is implemented.The Strategy provides an overview of the Council’s Risk Management Framework, acting as a reference to those executing the process.  |
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| **Strategy & Policy Approval – Officer Level:*** Suzanne Bennett, Corporate Director
* Phil Myers, Head of Finance

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1. **INTRODUCTION – RISK MANAGEMENT POLICY STATEMENT**

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| **RISK MANAGEMENT –** Risk is unavoidable, it is the effect of uncertainty on our ability to achieve objectives, perform duties or meet the expectations of our stakeholders. Effective risk management is crucial to achievement of outcomes and is a key element of strong governance. |

* 1. Risk Management is a vital activity which underpins and forms part of the Council’s vision, values, and strategic objectives; it assists the Council to operate effectively and efficiently; and provides confidence to our community.
	2. Risk exists in everything we do – the Council’s policy is to identify, assess and manage key risks, through embedding a proactive approach throughout all processes, projects, and strategic decisions. This includes procurement and contracting, and relationships with partners.
	3. Risk management is most effective as an enabler, and the policy aims to provide a consistent, communicated, and formalised process. Our risk appetite defines the level of risk exposure which the Council considers to be acceptable, providing clarity over those risks which will threaten achievement of objectives.
	4. The policy statement and supporting documentation form the Council’s framework for effective management of risks, and through this we provide assurance to stakeholders that risk identification and management is key to delivery of our strategy and related objectives.
	5. Staff are involved and empowered to own, identify, and manage risk, supported by discussion and action by Senior Management. This includes review and confirmation of risks, and evaluation of mitigation strategies applied to reduce risk to an acceptable level wherever possible. The management of risk is an integral part of both strategic and operational planning and the day to day running, monitoring, development, and maintenance of the Council’s activities.
	6. The Council’s Corporate Strategy sets the context within which the Council operates, and the direction of travel for the lifetime of the plan. The Corporate Strategy includes statements about the Council’s priorities which help to determine the Council’s risk appetite – the risk appetite is the amount of risk the Council is willing to take in the achievement of its priorities. Risk appetite will vary over time, for example in response to a change in ambition, priorities, and the regional or national landscape of local government. The Council’s overall approach to risk is:

***To balance caution and innovation, seeking the right opportunities and minimising risk as effectively as possible. The Council is not willing to take risks which could cause significant negative consequences to our objectives, although in some cases the Council may have to accept higher risks due to the cost of controlling them or statutory obligations.***

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| Signed: **Cabinet Portfolio Holder**Date: | Signed: **Chief Executive**Date: |

1. **RISK MANAGEMENT STRATEGY AND IMPLEMENTATION**
	1. Aims and Objectives
		1. A good risk management process and culture will help protect reputation, improve resilience, reduce unexpected loss, demonstrate good governance, increase the effectiveness of change projects and programmes, and position the Council in a better place to meet strategic objectives and priorities through enabling delivery of desired outcomes.
		2. The aims and objectives of the Risk Management Strategy are to manage threats and leverage opportunities to achieve Council objectives through:
* Integration of risk management into corporate culture
* Raising awareness of the need for risk management by those connected with service delivery
* Facilitating anticipation of and response to social, environmental, and legislative changes
* Mitigating the impact and / or likelihood of risks occurring, and minimising the total cost of risk
	+ 1. The Risk Management Strategy enables this through provision of a structured framework to identify, assess and manage risks, including:
* Risk management governance (including defined roles and responsibilities for managing risks)
* Risk identification, assessment, and prioritisation
* Risk treatment and control
* Reporting, monitoring and communication
* Integration of risk management in the Council’s culture through instilling attitudes and behaviours of risk awareness, management and control
* Ensuring working arrangements with Partners and Third Parties are informed by our approach to risk management and respective risk appetites and tolerances are aligned
	1. Governance
		1. The responsibility to manage risks rests with every Member and Officer of the Council, however there are **key roles and responsibilities** required for ensuring that a clear structure exists for the coordination and review of risk information, and ownership of the processes:

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| **Group / Individuals** | **Role / Responsibilities** |
| **Elected Members – Cabinet**Overall ownership of the risk management process. Understand risks faced by the Council, use risk knowledge to inform strategic decisions | * Approve strategic direction of risk management, including through approval of Council risk management policies and strategies
* Determine the levels of risk and outcomes which are tolerable in achieving Council objectives
* Approve the Strategic Risk Register and related Management Action Plans for managing the high rated risks
* The Lead Member for Risk Management is the Cabinet Member for Resources and Performance
 |
| **Elected Members – Portfolio Holders** | * Ensure Strategic risks within their portfolio are effectively managed through discussions with Senior Officers
 |
| **Elected Members – Governance and Audit Committee**Scrutiny and oversight of risk governance and risk profile, and monitor effectiveness of risk management | * Review, scrutinise and challenge risk management processes
* Endorse the Risk management Strategy and recommend it to Cabinet
* Monitor development and operation of risk management including progress in addressing risk related issues reported to the Committee
* Ensure the Code of Corporate Governance and Annual Governance Statement properly reflects the risk environment and the adequacy and effectiveness of the Council’s risk management framework
* Review the assessment of fraud risks and potential harm to the Council from fraud and corruption
 |
| **Elected Members – General** | * Contribute to review and development of the Strategic Risk Register, including through dedicated Member Development sessions
 |
| **Chief Executive and Corporate Management Team**Champions risk awareness. Leads in identifying, owning and managing strategic risks. | * Advise on the risk management framework strategy and process
* Identify, analyse, and prioritise strategic and cross cutting risk and monitor progress against action plans
* Promote a culture of effective risk management and encourage staff to be open and honest in identifying risks or missed opportunities.
* Support and promote the embedding of risk management such that it is practiced as part of usual activities, including the sharing of best practice and experience. Review implementation.
* Contribute to the Code of Corporate Governance and Annual Governance Statement for submission to Members, including the adequacy and effectiveness of risk management arrangements
 |
| **Management Board Strategic Risk Owner**Ultimate accountability for ensuring nominated risks are appropriately managed | * Ensures risk is assessed, managed, monitored, and reported, including:
	+ Consider factors affecting inherent risk likelihood or impact
	+ Review effectiveness of mitigating controls and impact on residual risk scoring
	+ Update risk narrative to ensure accurate presentation to Management and Members
 |
| **Corporate Director – Support Services**Lead Officer for the risk management process | * Prepare and promote the Risk management Policy and Strategy and ensure it is regularly reviewed
* Develop risk management controls in conjunction with Heads of Service and generally assist the Council to ensure an appropriate internal control environment exists
* Arrange and administer insurance cover
 |
| **Corporate Directors and their Heads of Service**Develop risk management culture, own control, and report on operational risks | * Identify, analyse, prioritise, and report service operational risks, and identify risks for potential escalation to the Strategic Risk Register. Provide assurance on the effectiveness of controls to mitigate risks
* Ensure reports and information include meaningful information on risks
* Maintain business continuity plans, risk registers and action plans
* Notify the Corporate Director (Support Services) of matters related to insurance requirements or claims
* Manage processes to ensure established controls are applied and effective, provide evidence of controls and risk mitigation
* Review controls in the light of change, implement new controls as necessary with guidance from the Corporate Director (Support Services)
 |
| **Risk Manager****(*Audit Insurance & Fraud Manager*)**Coordinates risk management activity on behalf of the Council and provides link between risk management and related disciplines | * Develop, implement, and regularly review risk management policy, strategy and processes and provide advice on the same
* Coordinate risk management process, prepare reports for the Corporate Management Team and Members, provide advice and support, and make recommendations to Management Board
* Collate departmental risk profiles and assurance statements including for related disciplines
* Arrange risk assessment and risk management training for staff
 |
| **External Audit and other review bodies**Focus on financial risk, review and report on arrangements for managing risk | * As part of the annual audit of financial statements, reviews and provides assurance on the adequacy of arrangements for managing risk and the control environment risk having due regard to statutory requirements and best practice
 |
| **Internal Audit**Provide assurance to Senior Management and Members on risk management and governance | * Align the Internal Audit Plan with Strategic risks, test controls for effectiveness, and provide advice on risks and controls
* Review and challenge the effectiveness of the risk management framework, to provide assurance to Senior Management and the Governance and Audit Scrutiny Committee
 |
| **All employees**Identify, assess, and help manage risks | * Maintain awareness of risks, their impact and costs, and take ownership of the need to identify, assess and help manage risks in individual areas of responsibility
* Bring to management attention at the earliest opportunity details of any emerging risks that may adversely impact service delivery
 |

* 1. Risk Identification
		1. The aim is to understand the potential impact of risk on the Council’s strategic and operational objectives. Failure to manage risks may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer, or operational consequences.
		2. The Risk Management Process involves identifying, analysing, managing, and monitoring risks:



* + 1. Senior Management and Services should **identify risks**, and in doing so may consider internal information sources such as objectives, strategies, plans, financial arrangements, inspection outcomes etc, and also external sources such as professional guidance on trends and risks, and risks identified by other public sector organisations and partners. **Appendix 1** identifies a range of suggested risk areas for use as a prompt in identifying risks.
		2. Arrangements for the identification of **Strategic Risks** include review by Management Board, and Members via Member Development sessions and reporting to / oversight by the Governance and Audit Committee and Cabinet.
		3. **Operational Risks** are defined within Service Business Plans, with oversight by Corporate Directors / Heads of Service for each area within their remit, providing opportunity to escalate any risks considered to be of strategic importance.
		4. **Project Risks** associated with the Council’s involvement in specific initiatives are identified as part of corporate project management protocols, with oversight in accordance with project governance arrangements.
	1. Risk Assessment
		1. This is the process of analysing and assessing risks. Risks are **assessed at the inherent / uncontrolled (gross risk) state** before any measures are applied to treat the risk, this allows demonstration of the importance of controls and the degree of reliance placed on them to mitigate the risk. The **residual risk (net risk with control measures in place) is also assessed** and plotted, allowing reflection on the significance of the controls applied, and demonstrating direction of travel for mitigation of each risk.
		2. Risks are assessed in terms of **likelihood** (probability of the risk occurring) and **impact** (consequences if it did occur). The Council has adopted the following Risk Assessment Matrix – risks which fall in the **RED** zone are outside the tolerance level and require actions and controls to mitigate them.

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| **Likelihood:**A – Very HighB – HighC – SignificantD – LowE – Almost impossible | **Impact:**LikelihoodI – CatastrophicII – CriticalIII - SignificantIV – MarginalV – Negligible |

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| A |  |  |  |  |  |
| B |  |  |  |  |  |
| C |  |  |  |  |  |
| D |  |  |  |  |  |
| E |  |  |  |  |  |
|  | V | IV | III | II | I |

 Impact |

 |

 |

* + 1. A rating grid providing additional guidance on the assessment of impact and likelihood is attached at **Appendix 2**.
		2. Once assessed, risks are plotted on to a grid illustrating the Council’s risk appetite and tolerance.
	1. Risk Appetite and Tolerance
		1. **Risk appetite is a way of articulating how much risk the Council is willing to accept or tolerate in the pursuit of its corporate objectives and strategies**, balancing the propensity to take risk and the propensity to exercise control. Defining Risk Appetite provides a framework which informs decision making, and in defining risk appetite the Authority is able to:
* Enable managers making decisions to understand the degree to which they are permitted to expose the organisation to the consequences of an event or situation
* Prioritise risks for mitigation more effectively
* Better allocate resources
* Demonstrate consistent and more robust decision making around project and programme initiation
	+ 1. **Risk Appetite scales** are summarised as:

|  |  |
| --- | --- |
| **RISK APPETITE** | **DESCRIPTION** |
| **Averse** | Avoiding risk is key objective – activities undertaken will be only those considered to carry virtually no inherent risk |
| **Cautious** | Safe options with low residual risk – accept some risk where potential benefit is significant. Activity may carry higher inherent risk, but this is deemed controllable to a large extent |
| **Innovative** | Innovative, options with greater uncertainty. Potential benefit may be higher, but activity carries high residual risk |

* + 1. The Council’s overall approach to risk is defined in the Risk Management Policy Statement (section 1 above), however the appetite for different types of risk will vary, for example the Council will be averse to safety risk exposure which could result in injury or loss of life, or where there is potential significant financial loss. Risk owners for strategic risks will assess the appropriate appetite for risks, to support decision making and management of the risk.
		2. **Risk tolerance relates to the absolute boundaries of risk taking - the Council will respond to mitigate a risk where the tolerance level is exceeded**. The Council’s tolerance level is defined in para 2.4.2 above.



* 1. Risk Treatment & Control

2.6.1 Many risks identified during the first stage of the risk management process will have controls in place to mitigate them and an assessment will be made to determine their effectiveness in mitigating the risk to enable an informed decision to be made on any additional controls required. Risk action planning or treatment will address those risks considered to be at an unacceptably high level (outside approved tolerances).

2.6.2 For risks requiring additional treatment, there are four primary responses:

* **Terminate (avoid)**: where the risk is undesirable / off-strategy or outside risk appetite, does not offer attractive reward, or we do not have the capability to manage the risk. Terminating includes stopping a process or activity completely.
* **Treat (reduce):** employ controls which reduce the likelihood or consequence(s) of the risk to within acceptable levels. Includes improvements to strategy, process, systems etc.
* **Transfer:** involves transferring the cost of the risk to a third party, for example insurance, contract, outsourcing
* **Tolerate (accept):** accept risk and do nothing to mitigate it. Such risks still need to be monitored and reviewed

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| **RISK LEVEL** | **Options for mitigation of risk** |
| **MAJOR / UNACCEPTABLE RISK** | * Terminate / avoid activity
* Treat
* Transfer
* Tolerate (where no other options / last resort / Statutory function)
 |
| **MODERATE RISK** | * Treat
* Transfer
 |
| **MINOR RISK** | * Treat (if cost not prohibitive)
* Tolerate / accept
 |

* 1. Risk Register
		1. Risk owners will be assigned to each risk, and will develop action plans to record the mitigating controls, including target completion dates
		2. The risk register format attached at **Appendix 3** is intended to provide a clear summary for reporting to Management Board and Members, whilst risk owners are likely to record additional information for their own risk oversight and management purposes.
	2. Reporting, Monitoring and Communication
		1. **Strategic Risks** are reviewed by:
* **Management Board** - twice a year
* **Cabinet** – twice a year
* **Governance and Audit Committee** – twice a year
* **Additional review by Members at Members Development Evenings**
	+ 1. **Operational Risks** are reviewed by:
* Heads of Service and Directors as part of annual Business Planning and during plan monitoring, including to identify any risks requiring monitoring at strategic level
* Cabinet Portfolio Holders as part of Business Plan review and approval

2.7.3 **Health and Safety Risks** are reviewed by:

* Management Board / Corporate Director with responsibility for Health & Safety / Head of Environment / Sustainability Manager – as part of normal management oversight arrangements
* Corporate Health Safety & Welfare Committee - quarterly
* Cabinet – quarterly
	+ 1. **Fraud Risks** – are reviewed by the Governance and Audit Committee
		2. **Business Continuity Risks**
* The main threats with the potential to disrupt services, and actions to minimise their impact, are identified in service **Business Continuity Plans** and corporate procedures are in place to enable a coordinated response to a disruptive event involving Council premises, staff, Members, contractors, or suppliers.
* The specific threats associated with ICT facilities, and actions to minimise their impact are identified in the **ICT Business Continuity and Disaster Recovery Plan**
* Business Continuity plans are subject to annual review and periodic testing
	+ 1. **Other Risk Registers – Such as for Significant Projects and Contracts** are reviewed by:
* Project Boards or Steering Groups convened for oversight of a specific project, contract, or activity
	+ 1. This Policy will be accessible to all employees via the staff Intranet (the Beehive), and to Members and stakeholders via the Council’s internet page [www.braintree.gov.uk](http://www.braintree.gov.uk).
	1. Partners and Third Parties
		1. Many public services and community projects are now delivered through different forms of partnership, involving public, private and third sectors. *Partners are defined here as ‘organisations with which we work to deliver corporate objectives, with a formal agreement of roles, contract, funding agreement, or service level agreement’*.
		2. Partnerships are exposed to risks and should be managed accordingly – risks can arise from:
* Fundamental differences in agenda, strategy and objectives, legislative and regulatory environments, or governance arrangements
* Poor communication
* Resource constraints or lack of skills
* Lack of agreement on respective roles

2.8.3 Effective partnership risk management is aided by:

* Senior management team encompassing members from all organisations within the partnership, who support own and lead on risk management
* An approved risk management framework – risks should be identified, managed, and reported on an ongoing basis
* Clear ownership of every risk identified
* A partnership culture supporting well thought through risk taking and innovation
* Risk management considerations embedded in management processes and consistently applied throughout all partnership activities

**APPENDIX 1 – RISK IDENTIFICATION**

Suggested risk areas to use as a prompt in identifying risks:

|  |  |
| --- | --- |
| **STRATEGY RISKS** | Poorly defined, based on inaccurate data, not communicated, performance not managed, or fails to support delivery due to changing environment (e.g. political, economic, social, technological, environmental or legislative change) |
| **GOVERNANCE RISKS** | Unclear plans priorities or accountabilities, ineffective oversight of decision making or performance, plans based on inaccurate social profiles, leadership & authority, democratic change |
| **OPERATIONS RISKS** | Inadequate or ineffective processes resulting in fraud, error, impaired quality or quantity, non-compliance, or poor value for money.Environmental impact from Council activity e.g. pollution, emissions, energy efficiency |
| **LEGAL RISKS** | Arising from Defective transaction, claim or other event resulting in liability or loss, failure to take measures to meet legal or regulatory requirements, or to protect assets (e.g. intellectual property). Risks in professional judgement activity |
| **PROPERTY RISKS** | Risks arising from property deficiencies or poorly designed or ineffective / inefficient safety management resulting in non-compliance and / or harm and suffering to employees, contractors, service users or public |
| **FINANCIAL RISKS** | Not managing finance in accordance with requirements and constraints, accounting & reporting, delegation & limits of authority, resulting in poor returns from investment, failure to manage assets / liabilities or to obtain value for money from resources deployed, or non-compliant financial reporting, fraud & corruption |
| **COMMERCIAL RISKS** | Weaknesses in the management of commercial partnerships, supply chains and contractual requirements, governance, legacy issues, or competition for service users, resulting in poor performance, inefficiency, poor value for money, fraud, or failure to meet business objectives |
| **PEOPLE RISKS** | Arising from ineffective leadership or engagement, sub-optimal culture, inappropriate behaviours, insufficient capacity / capability, industrial action, recruitment or retention, non-compliance with relevant employment legislation or HR policy resulting impact on performance |
| **SAFETY RISKS** | Arising from deficiencies or poor hazard management in buildings and physical assets, resulting in non-compliance or harm to employees, contractors, service users or the public |
| **TECHNOLOGY RISKS** | Arising from technology not delivering the expected services due to inadequate or deficient system / process development and performance or inadequate resilience, unreliable data, cyber-crime, capacity to deal with change, product reliability, integration of systems |
| **INFORMATION RISKS** | Arising from failure to produce robust, suitable, or appropriate data / information, or to exploit it to its full potential |
| **SECURITY RISKS** | Arising from failure to prevent unauthorised / inappropriate access to information, including cyber security and non-compliance with General Data Protection Regulation (GDPR) |
| **PROJECT / PROGRAMME RISKS** | Change programmes not aligned to strategic priorities or do not deliver requirements and benefits to time, cost, and quality |
| **REPUTATIONAL RISKS** | Arising from adverse events including ethical, sustainability, systemic failure, or poor quality, leading to damage to trust and relations, and interventions |

**APPENDIX 2 – RATING RISK IMPACT AND LIKELIHOOD**

The following rating grid provides additional detail to help users assess the impact and likelihood of risks

**ASSESSING IMPACT:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Service Delivery** | **Finance & Resources** | **Reputation** | **Compliance / Legal / Regulatory** | **People H&S and Safeguarding** | **Effect on Project Objectives** |
| **I** | **Catastrophic / Very High / Major** | **Unable to deliver in medium / long term**Complete breakdown of service delivery, severe prolonged impact, affects wider organisation. Failure of strategic partnership | **Very significant financial loss**Substantial failure in accountability or integrityLarge financial loss over 50% of budget or greater than £1mTotal loss of critical building | **Total loss of trust, credibility and support**Vote of no confidence in one service areaOfficers or Members forced to resign or secretary of state interventionSubstantial adverse & persistent national media coverage | **Very serious breach/loss of contract/very high financial loss. Risk of imprisonment**Breach of law, action very difficult / impossible to defend | **Real potential for fatal injury**Death of one or more individuals | **Complete failure of project** |
| **II** | **Critical / High** | Disruption to delivery of key service for 1 to 2 weeksFailure of operational partnership | Sizeable financial loss up to 50% of budget / between £100k-£1mExtensive damage to critical building or considerable damage to several properties from one source | Criticism of key processLarge scandalHigh levels of complaints at corporate level across several service areasAdverse national media coverage | Breach of law / major statutory process resulting in legal action which would be difficult to defend | Reportable major injury to one or more people | Extreme delay, project unlikely to achieve anticipated significant benefits |
| **III** | **Significant** | Disruption to delivery of services for 3-5 days | Financial loss: £50k to £100kSignificant damage to buildings | Criticism of operations, scandal, complaints relating to specific service area.Adverse local media coverage | Significant breach of statutory process, duty or law, legal action or intervention likely | Reportable significant injury | Significant adverse impact on project and project benefitsConsiderable slippage impacting on overall finances / programme |
| **IV** | **Marginal / Medium / Moderate** | Widespread dissatisfactionDisrupted service delivery up to 3 daysCan handle but some difficulty | Moderate financial loss: £10k-£50kUnable to delivery popular policies due to budget constraintSubstantial damage to one part of building | Negative effect on perception (criticism or local bad press) | Minor breach of statutory process, duty or law, legal action is possible / likely | Minor injury | Adverse impact on project or most of expected benefitsSome project slippageWith possible impact on overall finances / programme |
| **IV** | **Negligible / Very Low / Minor** | **Minor / short term interruption**Minor service disruption, Local dissatisfaction, may result in complaints | **Negligible loss**Small financial loss less than £10k. Negligible/slight damage to property | **Minor concerns**No or minimal adverse effect on perception e.g. minor criticism of Council) | **Very minor / near miss breach**No legal implication | **No injury or damage to wellbeing** | **Minimal impact to project**Minor slippage |

**ASSESSING LIKELIHOOD**

|  |  |  |
| --- | --- | --- |
| **Score** | **Likelihood** | **Description** |
| **A** | **Very High:**Definite / almost certain | The event is expected to occur or occurs regularly |
| **B** | **High:**Very likely / probably | The event will probably occur (annually) |
| **C** | **Significant / Medium:**Likely / possible | The event may occur (1 incident in 2 years) |
| **D** | **Low:**Unlikely / rare | The event could occur (1 incident in 5 years) |
| **E** | **Almost Impossible** | The event is unlikely to occur |

**APPENDIX 3 – RISK REGISTER FORMAT**

|  |
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| 1. ***Risk Headline E.g. Medium term Financial Strategy***

*Risk Description e.g. The Council is unable to set a balanced budget and have a deliverable Financial Strategy over the medium term***Risk Owner: *Corporate Director (SB) Cabinet Member Owner: Cllr Kevin Bowers***  |
| **RISK SCORE** | **Likelihood** | **Impact** | **Risk Score** | **Risk Appetite** |
| **Inherent Risk Rating** | ***E.g. High*** | ***E.g. Critical / High*** |  | ***E.g. Cautious*** *– safe delivery options with low residual risk but restricted potential for reward/return* |
| **Residual Risk Rating** | ***E.g. Significant***  | ***E.g. Marginal*** |  A screenshot of a computer  Description automatically generated |
| **Direction of Travel (**as at XX/XX/XX**)** |  *e.g.:* |
| **Risk Cause(s)** | **Risk Consequence(s)** |
| *E.g.:** *Additional spending arising from Covid-19 and associated reduction in income from fees and charges, and Council Tax / Business Rates collection rates*
*
 | *E.g.:** *Planned savings not achieved, shortfall in resources leading to service cuts and increased use of balances or rushed decisions to identify other savings (in year and future years)*
*
 |
| **Current Controls:** |
| *E.g.:** *MTFS and Budget setting processes involving management board & Members, balanced base budget set for 2021/22.*
* *Maintain unallocated balance above minimum of £1.5m*

**EFFECTIVENESS OF CONTROLS: Completely effective / partially effective / not effective** |
| **Additional Actions Required** |
| **Corporate Director – SB***E.g.:** *Timely reporting of Budget variations (Target date)*
* *Continued close monitoring of cashflow, budgeted income and expenditure including ensuring costs reductions and income delivered on time / as budgeted (Target date)*
*
 |

**APPENDIX 4 - RISK MANAGEMENT QUICK GUIDE**

* ***External drivers e.g. Statutory Duties, directives***
* ***District demographics***
* ***External Trends e.g. climate change***
* ***Corporate Priorities / Objectives / Areas of Strategic Focus***
* ***Risk Themes (App. 1)***
* ***Known/suspected concerns***

**IDENTIFY RISK**

(See Appendix 1 for prompts)

ASSESS **INHERENT RISK** **LIKELIHOOD** & **IMPACT**

(See Appendix 2 for guidance)

 *(i.e. before any mitigating controls applied)*

**PLOT RISK** ON BDC RISK ASSESSMENT MATRIX



**RISK IN RED AREA?**

Terminate activity, treat (apply controls), or transfer

**RISK IN GREEN AREA?**

Treat (cost vs benefit) or tolerate

**ASSESS RESIDUAL RISK LIKELIHOOD & IMPACT**

(i.e. With current controls)

**RECORD RISK DETAILS**

Including: causes, consequences inherent and residual risk scores, controls, additional actions required. Assess effectiveness of controls / actions

**REGULAR REVIEW OF EXISTING AND NEW RISKS**

**APPENDIX 5 – PARTNERSHIP RISKS**

Partnership working is key to delivery of corporate priorities. Officers engaging in partnerships will adopt a proportionate approach to assessment of partnership risks, this Appendix is intended to assist in the **assessment of risks to the Council associated with engaging in partnerships**. The Council’s Constitution (16.8) contains further direction concerning arrangements for approving partnership frameworks and ensuring proper accounting arrangements and consideration of implications.

*Each Partnership will determine its own governance and risk management arrangements, the following reflects considerations for the Council in engaging with partnerships.*

**Significance of Partnership:** The Council has a number of arrangements in place which are not classed as significant partnerships and will therefore not require the same degree of review and monitoring. The following are indicators of the scale and significance of the partnership to the Council.

* Financial Commitment from the Council *– the extent of financial, resource and equipment costs to the partnership required of the Council*.
* Impact on Council objectives *– to what extent will the success or failure of the partnership affect the achievement of corporate priorities and objectives?*
* Procurement Complexity – *are contracts involved, and if so, what risks are associated with the delivery of the contracts? If the Council is the lead partner, will the Council bear those risks?*
* Organisational Impact – *will the partnership require new business processes, training or restructuring?*
* Legal Requirements – *will the partnership contribute to or directly link to the Council’s legal responsibilities?*

Detailed Risk Management is not necessary for **Low Risk ‘Partnerships’** (i.e. those with low financial or resource commitment, no or minimal impact on corporate objectives, no or minimal organisational impact, no impact on delivery of the Council’s legal requirements, and no contracts).

NB *Special interest / professional groups convened for networking and collaboration on best practice, but without risks or liabilities, are not considered to be ‘Partnerships’ for the purpose of this briefing.*

**High Risk Partnerships** will require more comprehensive management of risks as follows

|  |  |
| --- | --- |
| There is a clear **business need for the partnership** and engaging with the partnership  | *Consider alternative vehicles for achieving the desired outcome – are Partnership objectives consistent with Council priorities and* is the Partnership the best way to achieve our objectives and priorities |
| There are clear **Terms of Reference** for the partnership, identifying:* partnership **objectives**
* **governance and legal status**
* **accountability**
* **financial arrangements**
* partnership **exit strategy**
 | *Are the liabilities of the Council and other partners, and respective roles and responsibilities, clear?**Are they consistent with Council priorities, principles, Constitution, Rules, and ethics?**Will the procurement of goods and services be consistent with Council protocols?**Are funding arrangements, and responsibilities for the financial management, accounts and audit arrangements for the Partnership, clear?**Are there any taxation issues?* |
| Robust **business case** | *Does the business case justify the Council’s engagement with the partnership**Are resource implications for the Council clear (staff, premises etc)* |
| Arrangements for **Monitoring Performance / Measuring Success** | Are responsibilities and reporting arrangements clear, are the right things measured |
| Arrangements for **managing and monitoring Partnership Risks** | Is Partnership risk management clear and robust, with appropriate review and responsibility assigned |
| **Approval:*** **Cabinet**
* **S151 Officer**
* **Corporate Directors and Heads of Service**
 | * *Cabinet is responsible for approving delegations including frameworks for partnerships – Lead Officer to ensure appropriate approval obtained*
* *S151 Officer to ensure proper accounting arrangements*
* *Corporate Directors / Heads of Service to ensure the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage*
 |

**RISKS TO THE PARTNERSHIP:**

If the Council is the lead authority in the partnership, it will seek agreement from partners to adopt the Council’s approach to Risk Management for partnership risks. Partnership risks may include:

* **Poorly defined shared vision and objectives** – *there should be no conflict between Partnership vision and objectives, and the corporate objectives of partners.*
* **Engagement of Partners** (for the expected duration of the partnership) – *governance arrangements should identify how key roles and responsibilities are allocated and address how the Partnership will deal with the exit of individual partners or the termination of the partnership.*
* **Financial & Resource Commitments** - Is funding required for project costs*? How will projects be funded and what are the implications if funding is not received. Are responsibilities for financial management, accounts, and audit arrangements clear and recognised as part of the financial commitment? Are there any taxation issues?*
* **Delivery targets not met** – *are there arrangements for monitoring and reporting performance and delivery, how will failure be managed?*
* **Stakeholder Engagement** – *have all Stakeholders been identified and protocols for engagement and communication identified?*
* **Operational Risks** – *Are technical and operation risks being managed? For example, relating to: people, assets, data and technology*

Acknowledgements & Reference:

ALARM (Association of Local Authority Risk Managers) – Risk Management Toolkit 2021

ALARM National Performance Model for Risk Management in Public Services

HM Government Orange Book – Management of Risk Principles and Concepts 2020

HM Government Finance Function Orange Book – Risk Appetite Guidance 2021

The Institute of Risk Management – Risk Appetite and Tolerance