

## Risk Management Policy Statement and Strategy

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| <b>Scope:</b>                          | This policy sets out the risk policy and strategy for the council and applies to staff and councillors of the council that manage and oversee risk.  |
| <b>Effective Date:</b>                 | April 2023   |
| <b>Review Date:</b>                    | January 2024   |
| <b>Author:</b>                         | Executive Director (Finance and Transformation)  |
| <b>Policy Owned by:</b>                | Executive Director (Finance and Transformation)  |
| <b>Statute:</b>                        | N/A  |
| <b>National Standards and Guidance</b> | CIPFA/IFAC: International Framework: Good Governance in the Public Sector (2014)<br>CIPFA/Solace: Delivering Good Governance in Local Government: Framework (2016)<br>ISO: 31000:2018<br>HM Treasury: Orange Book<br>Accounts and Audit Regulations 2015 |
| <b>Related Policies and procedures</b> | Risk Management Framework<br>Business Continuity Plan<br>Health & Safety Policies and Procedures<br>Disaster Recovery Procedures   |

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## **1** Scope

- 1.1 The purpose of this document is to outline an overall approach to risk management that addresses the risks, both negative and positive, facing the Council in achieving its objectives and which will facilitate the effective recognition and management of risks. The approach has been designed to support Members and officers in fulfilling their risk management responsibilities in a consistent manner.
- 1.2 Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning, general management and operational processes. It will also be applied where the Council works in partnership with other organisations to ensure that partnership risks are identified and managed appropriately.
- 1.3 Through understanding risks, decision-makers will be better able to evaluate the impact of a decision or action on the achievement of the Councils objectives.
- 1.4 Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Councils aim to proactively identify, understand and manage the risks inherent in our services and associated with our plans, policies and strategies, to support responsible, informed risk taking and as a consequence, aim to improve value for money.
- 1.5 The Council will seek to learn from other organisations where appropriate and to keep up to date with the best practice in risk management. Annual reviews of the Policy, Strategy and Framework will be undertaken to assess options for further alignment with practices adopted by partners.

## **2** Policy Statement

- 2.1 The Council is committed to establishing and maintaining a consistent risk management approach throughout its decision making and operational processes.
- 2.2 The Councils risk management objectives are to:
  - Ensure that risks that could prevent the Council achieving its objectives (including the protection of the Councils reputation) are identified and appropriately managed;
  - Ensure that risk management is clearly and consistently applied throughout the Council;
  - Raise awareness of the principles and benefits involved in the risk management process;
  - Inform policy and operational decisions through the identification of risks and their likely impact;
  - Ensure compliance with statutory requirements; and,
  - Ensure safety and wellbeing of staff, Members and customers.

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### **3 Strategy**

3.1 The policy objectives will be achieved by;

- Maintaining documented risk management procedures (the “Risk Management Framework”);
- Understanding and communicating’s the Council’s risk appetite.
- Considering risk management implications in reports and decision-making processes;
- Ensuring risk managers are adequately trained in the management of risk;
- Maintaining strategic, operational and project-based risk registers that identify and assess all significant risks facing the Council, which will assist the Council achieve its objectives through pro-active risk management; and,
- Ensuring effective Governance arrangements are in place for reporting and monitoring of risk, allowing action to be taken swiftly where necessary.

### **4 Risk Management Framework**

- 4.1 The Council will have a documented Risk Management Framework which provides guidance to managers on the management of risk including the identification, assessment, management and reporting of risk.
- 4.2 The Risk Management Framework will be subject to an annual review.

### **5 Risk Appetite**

- 5.1 The Risk Management Framework will set out the process for the assessment of inherent and residual risk levels.
- 5.2 Risks will be assessed into the following levels:

|            |            |         |        |
|------------|------------|---------|--------|
| Acceptable | Manageable | Serious | Severe |
|------------|------------|---------|--------|

- 5.3 The Council will accept or tolerate risks with an inherent classification of “Acceptable”. This means such risks need no further action is necessary for such risks.
- 5.4 Risks with an inherent level of “Manageable” to “Severe” require risk managers to follow the Risk Management Framework in the management and reporting of risks.

### **6 Decision Making**

- 6.1 All Committee reports, Executive Member Decisions and documented Officer decisions will include a section on risk management implications.

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## **7 Training**

- 7.1 All Senior Managers, and those responsible for the management of risk, will be provided with risk management training.
- 7.2 Refresher training will be provided on a bi-annual cycle.
- 7.3 Member training will be provided to those responsible for the Governance of Risk, including Cabinet and Audit Committee.
- 7.4 Wider training needs will be identified and scheduled as part of the general Member Development Programme as required.

## **8 Risk Identification, Assessment and Registers**

- 8.1 There will be a formal annual risk identification exercise undertaken as part of action plan setting for the year. This will identify key strategic and operational risks associated with the delivery of the action plan and corporate commitments.
- 8.2 Risk management will be embedded into the daily operations of the council, reports and decision making. Risk registers will be updated on a monthly basis with new, emerging, updated or closed risks.
- 8.3 All risks will be allocated a “Risk Owner” who will be responsible for ensuring that the risk is appropriately managed. Each strategic risk will be assigned to a member of the Senior Leader Team.
- 8.4 Risk registers will be managed within a single system, including strategic, operational and project risks.

## **9 Governance**

- 9.1 Cabinet will be responsible for the approval of the Risk Management Policy and Strategy (minor updates will be dealt with via an Executive Member decision)
- 9.2 Regular reporting for risk oversight and the management of risk will be as follows:

|                                  |           |
|----------------------------------|-----------|
| <b>Strategic Leadership Team</b> | Monthly   |
| <b>Performance Clinic</b>        | Quarterly |
| <b>Cabinet</b>                   | Quarterly |
| <b>Audit Committee</b>           | Quarterly |

- 9.3 Reporting will include all strategic risks. Operational risks will be reported where the residual risk is “Serious” or “Severe”. The management of “Manageable” risks will be the responsibility of Directors and risk managers.
- 9.4 Project Risks will be the responsibility of Project Sponsors and Managers. These will be transferred to Operational and Strategic risk registers where there is a likely impact on the Council’s ability to deliver its objectives.

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- 9.5 Audit Committee will be responsible for monitoring the Councils risk management arrangements.
- 9.6 Executive Members will be briefed where appropriate at monthly briefings to ensure they are aware of significant risks affecting their portfolios and any improvements in controls which are proposed.
- 9.7 Internal Audit will audit the process on a regular basis, to ensure effectiveness of the Risk Framework.
- 9.8 The production of the Annual Governance Statement signed by the Chief Executive and Leader of the Council at the end of each financial year, will report on the effectiveness of Risk Management and report on any governance issues.
- 9.9 Other Corporate Groups will also oversee specific themed risks, such as Health and Safety Risks being overseen by the Operational Health and Safety Board, who will report significant matters to the Corporate Governance Group.

## 10 Version History

|                                    |  |                        |            |
|------------------------------------|--|------------------------|------------|
| <b>Version no.</b>                 | 1.0  | <b>Date effective:</b> | April 2023 |
| <b>Full / partial review?</b>      | Full   |                        |            |
| <b>Brief summary of changes:</b>   | Full Refresh of Policy and Strategy                            |                        |            |
| <b>Staff consultation (teams):</b> | Senior Management Team   |                        |            |
| <b>Author:</b>                     | Richard Baker, Executive Director (Finance and Transformation) |                        |            |