



# **Risk Management**

**POLICY STATEMENT AND STRATEGY**

## **Risk Management Policy Statement**

1. All organisations face risk. Local Authorities need to understand risk in order to be able to make bold decisions on behalf of citizens. Authorities which stimulate effective and efficient risk management and strive to create an environment of 'no surprises' should be in a stronger position to deliver objectives, sustain services and achieve better value for money. The emphasis is on recognising and grasping opportunity, where calculated risk is accepted and even applauded.
2. Local government's purpose and its relationships with Europe, the UK Government and local stakeholders are being rapidly redefined. Authorities are already in a new norm that is volatile, uncertain, complex and ambiguous. Continuing austerity, future economic uncertainty, escalating pension liability, loss of experience and knowledge, increased expectations and understanding the drivers of demand alongside concerns about councils having the capacity and capability to respond are creating a lasting change. The movement from being service providers to service commissioners and strategic partners in order to facilitate long term outcomes, adds new layers of complexity and risk, but also opens up new opportunities for innovation, collaboration, transformation, community engagement and new approaches to service delivery. These include prevention and integration strategies collaborating with communities and other partners, embracing digital technology, venturing into commercial and income generating activities and decentralising government powers to newly formed and jointly governed combined authorities.
3. Leicestershire County Council (the Council) recognises that in order to successfully achieve its own fundamental transformation, effective risk management is vital. The Council will develop and embrace a culture where managers are encouraged and supported to be innovative whilst understanding the risk and implications so they might make informed decisions in order to achieve objectives and deliver results. By being risk aware, reviewing its risk appetite and tolerance, the Council will be better placed to both take advantage of opportunities and manage threats.
4. This Risk Management Policy Statement and supporting documentation form an integrated framework that supports the Council in the effective management of its risk. In implementing the framework, the Council provides assurance to its stakeholders, partners and customers that the identification, assessment, evaluation and management of risk, plays a key role in the delivery and achievement of the vision contained in its Strategic Plan 2014-18 and all of its other plans, strategies and programmes. In order for risk management to be most effective, and become an enabling tool, a robust, consistent, communicated and formalised framework will be applied across the Council.
5. This Policy has the full support of Members and the Chief Executive, who are committed to embedding risk management throughout the Council and is reliant upon the co-operation and commitment of all management and employees to ensure that resources are utilised effectively.

Signed: 

Title: Chief Executive

Date: 12<sup>th</sup> January 2017

## **Leicestershire County Council Risk Management Strategy**

### **1.0 Defining Risk and Risk Management**

Under ISO31000 'Risk management – Principles and guidelines'–

Risk is defined as:

*'The effect of uncertainty on objectives, where effect is any deviation from the expected – positive or negative'*

Risk Management is defined as:

*Coordinated activities to direct and control an organisation with regards to risk*

The effect of uncertainty on achieving an organisation's objectives is risk. Risk management is the process of ascertaining what might go wrong, what the potential consequences may be, what could trigger the occurrence and deciding how best to minimise the risk materialising. If it does go wrong, as some things inevitably will, proactive risk management will ensure the impact is kept to a minimum.

This Risk Management Strategy outlines how Leicestershire County Council (the Council) will use risk management to successfully deliver corporate, departmental and service, objectives and priorities.

### **2.0 Why undertake risk management?**

#### **Statutory requirements**

Part 2 of the Accounts and Audit Regulations 2015 (Internal Control) places explicit requirements on the Council around risk, that is: -

- Paragraph 3(c) - the Council must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk;
- Paragraph 4.4(a - iii) – the Chief Financial Officer must determine, on behalf of the Council financial control systems which must include measures to ensure that risk is appropriately managed;
- Paragraph 5(1) the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management processes.

## **Constitutional requirements**

The Council's Corporate Governance Committee has delegated functions:

- the promotion and maintenance within the Authority of high standards in relation to the operation of the Council's Code of Corporate Governance and in particular to ensure that an adequate risk management framework and associated control environment is in place
- Monitor the arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Principle D (Decision-making) of the Council's Code of Corporate Governance requires that the Council will take informed and transparent decisions which are subject to effective scrutiny and managing risk. In order to achieve this, the Council will ensure that an effective risk management system is in place.

### **3.0 Benefits of risk management**

Risk management is a tool that forms part of the governance system of the organisation. When applied appropriately it can bring multiple benefits:

- Helps the Council achieve its stated objectives and improves the likelihood of delivering its intended outcomes.
- Provides a framework for the effective management of significant risks
- Allocation of responsibility and accountability for risks and associated controls and any actions required to improve controls.
- Helps managers to demonstrate good governance, better understand service, project or partnership risk profiles and better mitigate risks (particularly uninsurable ones).
- Helps the Council to anticipate and respond to changing social, environmental and legislative requirements.
- Helps to enhance political and community support and satisfy stakeholders', partners' and customers confidence and trust.
- Better informed strategic decisions leading to increased effectiveness of transformation projects and programmes and improved efficiency of operations.
- Protection of budgets from unexpected financial losses.
- Protection of assets, reputation and people

- Reduces the risk of fraud and corruption
- Can gain a competitive advantage

#### **4.0 Risk Management Strategy objectives**

The objectives of the Risk Management Strategy are to:

- Integrate risk management fully into the culture of the Council and into its corporate and service planning processes;
- Improve the framework for identifying, assessing, controlling, reviewing and reporting and communicating risks across the Council;
- Improve the communication of the Council's approach to risk management;
- Improve the coordination of risk management activity across the Council;
- Ensure that the Corporate Management Team (CMT), Corporate Governance Committee and external stakeholders can obtain necessary assurance that the Council is mitigating the risks of not achieving key priorities and thus complying with corporate governance practice;
- Manage risk in accordance with best practice and ensure compliance with statutory requirements

#### **5.0 Risk Appetite and Risk Tolerance**

The Council recognises that only by taking risks can it achieve its aims and deliver beneficial outcomes to its stakeholders.

The Institute of Risk Management (IRM) defines risk appetite as “the amount of risk an organisation is willing to seek or accept in the pursuit of its long term objectives” and is about looking at both the propensity to take risk; and the propensity to exercise control. Risk tolerance is defined as the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long term objectives.

Risk appetite and risk tolerance help an organisation determine what high, medium and low risk is. In deciding this, the organisation can:

- More effectively prioritise risks for mitigation
- Better allocate resources
- Demonstrate consistent and more robust decision making

- Clarify the thresholds above which risks need to be escalated in order that they are brought to the attention of senior management and/or Members.

Corporate Management Team has collectively agreed that the Council currently exists in a 'riskier' environment and that this is likely to continue. In reality this will mean continuing to develop an understanding of acceptable risk levels (high, medium or low), depending on their impact and likelihood. Defining levels allows risks to be prioritised and appropriate actions assigned so that the management of identified risks will be proportionate to the decision being made, or the size of the impact on service delivery.

The Council will take risks in a controlled manner, thus reducing exposure to a level deemed acceptable. In order to take advantage of opportunities, the Council will support innovation and the imaginative use of resources. However, the Council will seek to control all highly probable risks which have the potential to:

- Cause significant harm to service users, staff and the public;
- Severely compromise the Council's reputation;
- Significantly impact on finances;
- Jeopardise the Council's ability to undertake its core purpose;
- Threaten the Council's compliance with law and regulation
- Create opportunity for fraud and corruption

Taking the above into consideration, the Council's current overall risk appetite is defined as 'Open'. This means that the Council is prepared to consider all delivery options and select those with the highest probability of productive outcomes even where there are elevated levels of associated risk. However, the Council's risk appetite is determined by individual circumstances. There will be areas where greater risk will be taken in supporting innovation in service delivery. These occasions will be offset by times when it maintains a lower than cautious appetite for example, in matters of compliance with law and public confidence in the Council. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or Members.

The Council will review risk appetite and tolerance annually to ensure risks are being managed adequately.

## **6.0 Risk Management Maturity**

Across all industries, sectors and organisations different levels of risk management maturity exist. Risk management maturity refers to the journey an organisation goes through when managing risk. Mature risk management arrangements are vital to achieve organisational transformation.

The Association of Local Authority Risk Managers (ALARM) has developed and published a National Performance Model for Risk

Management in Public Services to illustrate what good risk management looks like in a public service organisation. There are 5 levels.

A detailed maturity review<sup>1</sup> was last undertaken and reported in January 2015. This scored the Council's level of risk maturity as between levels 3 ("Working") and 4 ("Embedded and Working"). A number of recommendations were made to further develop risk management processes and an action plan was produced to address the recommendations.

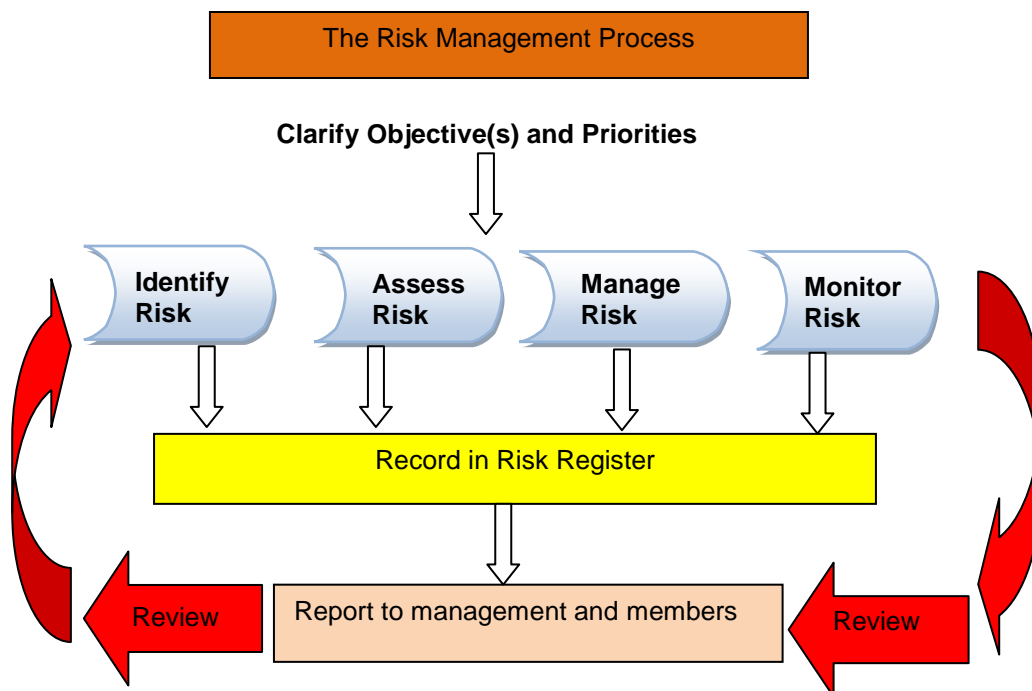
During 2016, significant progress was made to implement the recommendations. Nevertheless, the maturity level remained at Level 3/4 – Between Working and Embedded & Working and further development is necessary in some of the core areas. See Action Plan in Annex A (pages15-16).

The Council will evaluate its risk maturity against ALARM guidance on a three-yearly frequency (maximum<sup>2</sup>) with the next review planned for December 2017.

1. Undertaken using the ALARM Performance Model by a Senior Internal Auditor not routinely involved in the Council's risk management framework, reporting to the Finance Manager within Strategic Finance to directly avoid any conflict of interests.

2. CMT will have the opportunity at each annual policy review to determine if, because of future events, the tri-annual risk maturity assessment should be more frequent.

## 7.0 The Risk Management Process



Risk management is a continual process involving the identification and assessment of risks, prioritisation of them and the implementation of actions to mitigate the likelihood of them occurring and impact if they did. The Council's approach to risk management will be proportionate to the decision being made or the impact of the risk, to enable the Council to manage risks in a consistent manner, at all levels.

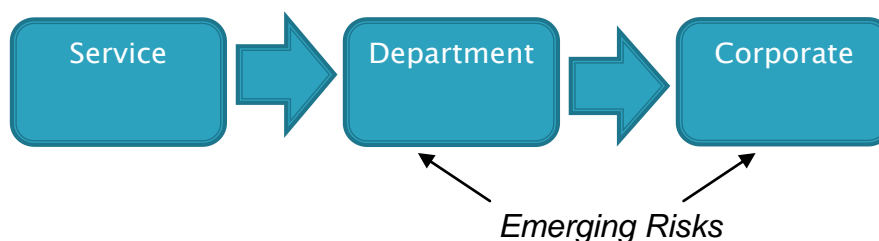
Explanations of the stages within the risk management process: -

Identify risk	Clarify Objective(s) and Priorities from the Council's Departmental Service Planning process and identify risks which might create, prevent or delay achievement of the Council's objectives
Assess risk	Assess risks (Impact & Likelihood) using the Council's risk assessment criteria prior to the application of any existing/known controls i.e. evaluate the "Original risk score"
Manage risk	Identification and assessment of the controls already in place to mitigate each risk to arrive at the "Current Risk score". If Current Risk score is still high even with controls: <ul style="list-style-type: none"> <li>• Is the score correct?</li> <li>• Determine the best way to manage the risks e.g. terminate, treat, transfer, tolerate</li> <li>• Determine whether the cost of implementing further mitigating control is merited when compared to the risk reduction benefits achieved.</li> <li>• Development of further SMART actions and assign target dates and responsible officers to achieve the desired "Target Risk score".</li> </ul>
Monitor, Review and Report	Use the Risk Management Matrix and Risk Tolerance levels to determine the frequency of review, monitoring, risk escalation and reporting.

The Risk Management Guidance on CIS provides full details of each step within the above process. It also includes various tools and templates that can be used to aid the whole cycle.

## 8.0 Application

There is an established framework in which consistent application of the process should ensure the flow of appropriate risk information across the Council as follows:





### Service and Department Risks:

Departments will undertake a risk identification exercise at least annually, as part of service planning. This will include:

- Risks to achieving objectives identified and assessed by managers at service area level; this should also include business as usual risks.
- Assessment will identify the risks to be managed within the service area and those that may need to be escalated to the next level i.e. Department Risk Register;
- Development of the Department Risk Register including:
  - Department specific risks
  - Business as usual risks (key system/activities)
  - Risks that may have been escalated up from service areas
  - Relevant risks from programmes, projects and partnerships
  - Any department horizon scanning of emerging risks
- In line with the framework, (risk matrix and risk tolerance levels), key risks should be escalated and reported to Departmental Management Team (DMT) regularly, setting clear accountability for managing risks and undertaking further actions/additional controls within the defined timescales;
- Review of department registers to identify continuing 'high scoring' risks for escalation to the Corporate Risk Register (CRR) either individually or consolidated with other risks.

This exercise will provide senior managers with a central record of departmental risks, with a clear audit trail of where the risk originates from and also provide assurance that risks are being managed.

### High ranking and Corporate and Cross-cutting risks - Corporate Risk Register

This process will provide Directors and Members with a central record of corporate risks, to ensure consideration is given to high ranking, strategic risks that could impact the financial, political or reputational arena.

- Each quarter, Departmental Risk Champions and management teams will review Department Registers to identify and consider risks for escalation to the CRR, either individually or consolidated from Departmental Risk Registers;
- Internal Audit Service will confirm that the quarterly reviews have been consistently undertaken, and co-ordinate the production and

reporting of the CRR, through to CMT and Corporate Governance Committee

- Whilst most risks are expected to come through this route they may not capture all of the strategic risks facing the Council. Therefore horizon scanning, information from relevant publications and minutes from key meetings will also provide a basis for including additional risks on the CRR.

### Project, Programme and Partnership Risks

Risks which could impact on achieving the objectives of projects, programmes or partnerships will be managed through the appropriate Project, Programme or Partnership Board and associated governance structures. However, where Project, Programme or Partnership risks impact upon strategic or departmental objectives then consideration should be given as to whether those risks should be identified, assessed and escalated to the appropriate Departmental or Corporate Risk Register. In the case of Projects and Programmes, the decision to escalate to a departmental or corporate level, is ultimately the responsibility of the relevant Senior Responsible Officer (SRO) or Sponsor, supported by the appropriate Project, Programme or Partnership Board.

When a project or programme is closed, the relevant closure report should identify any risks (or issues) that need to transfer to Business As Usual (BAU) ensuring specific and appropriate ownership is identified and clearly articulated. Where appropriate these risks may need to be escalated to the relevant Departmental or Corporate Risk Register.

### Specialist areas of risk

#### Health, Safety & Wellbeing Risks

The Health, Safety & Wellbeing Service provides advice and guidance to managers and staff on all aspects of Health, Safety and Wellbeing. In addition to providing advice and support, the Health, Safety & Wellbeing Service also help to monitor the performance of the organisation through audits and inspections, set targets for continual improvement, provide operational training and awareness for staff and also respond to accidents / incidents in order to ensure they are adequately investigated and the likelihood of further harm is reduced.

Regular reports are provided to the Departmental Management Teams, Chief Executive and the relevant Scrutiny Board. A separate risk assessment process is in place.

### Business Continuity

Business Continuity Management (BCM) is complementary to a risk management framework that sets out to understand the risks to the council, and the consequences of those risks.

By focusing on the impact of disruption, BCM identifies the services which the council must deliver, and can identify what is required for the council to continue to meet its obligations. Through BCM, the council can recognise what needs to be done before an incident occurs to protect its people, premises, technology, information, supply chain, stakeholders, reputation and importantly the services that the council delivers to the people of Leicestershire. With that recognition, the Council can then take a realistic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its services.

The Business Continuity Team co-ordinates the preparation of business continuity plans at a corporate level and for each department. Such plans aim to minimise the likelihood and/or impact of a business interruption by identifying and prioritising critical functions and their resource requirements.

### Insurance

Insurance acts as a risk transfer mechanism which reduces the financial risk to the Council. The Council is largely self-insured but transfers the larger risks to an insurance company by contributing a premium. In the event of a financial loss, the Council is entitled to indemnity, subject to the terms and conditions that are in place.

The function provides a comprehensive and professional insurance service including arranging insurance provisions and other related insurance activities as well as processing new and outstanding claims.

Progress against business continuity and insurance activities will also be regularly reported to the Corporate Governance Committee.

### Counter Fraud

The Internal Audit Service undertakes an annual Fraud Risk Assessment (FRA). This process seeks to acknowledge the risk of fraud throughout the Council and is an integral step towards how frauds are identified and managed. Scoring (impact and likelihood) is derived through discussions with individual service leads to give them the opportunity, annually, to consider whether scores remain reasonable or whether there have been any changes during the previous year that may lead to necessity to amend scores, e.g. national picture, known frauds, additional controls introduced, and increased or decreased metrics/values.

Recognising fraud in this manner ensures there is a comprehensive understanding and knowledge about where potential fraud and bribery /corruption is more likely to occur and the scale of potential losses. This in turn will direct the Council's overall Anti-Fraud and Corruption Strategy and further allow the Council to direct counter-fraud resources accordingly. Consequently, this influences the internal audit annual planning process.

Regular updates are provided to the Corporate Governance Committee on counter fraud and related initiatives'.

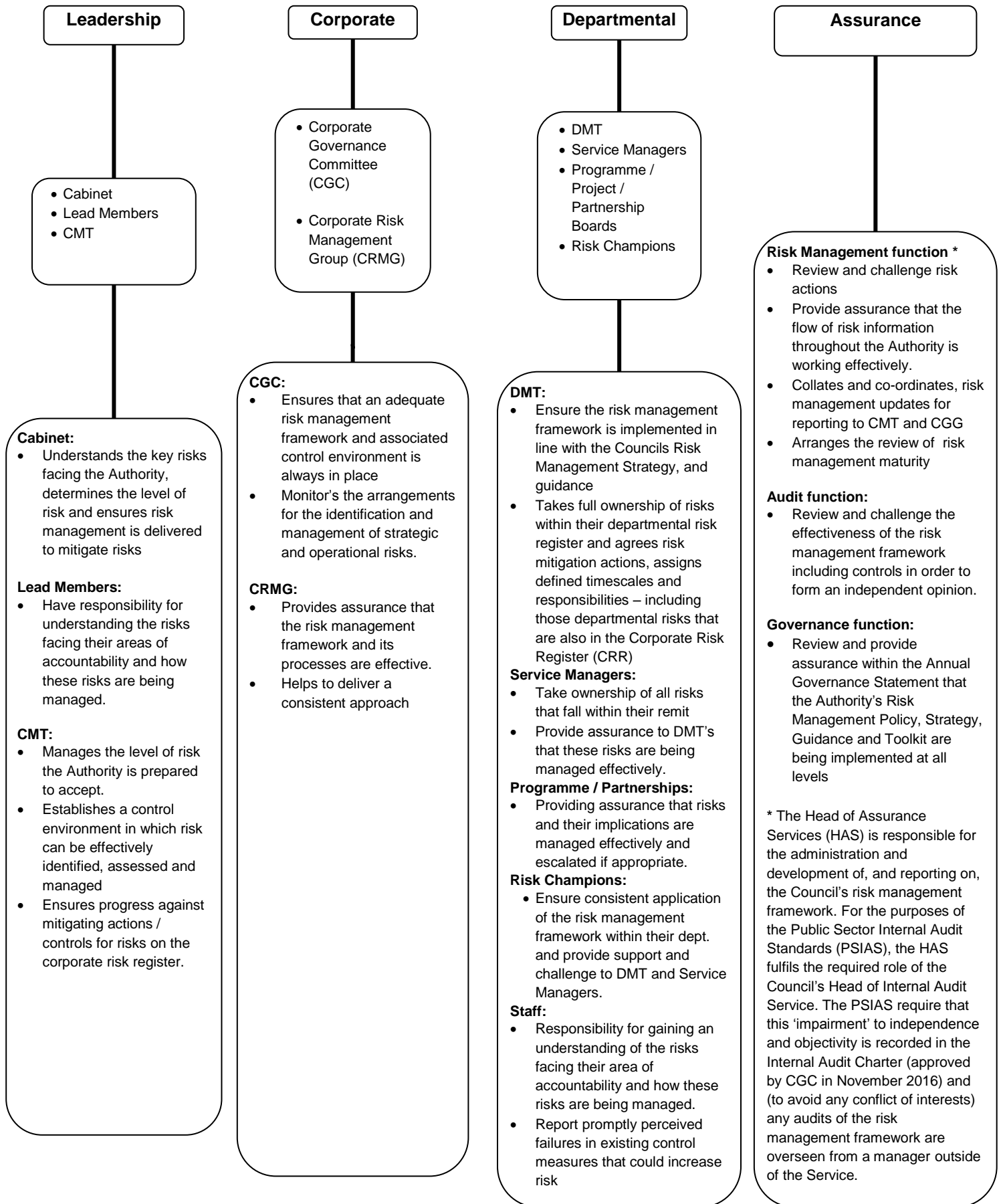
## **Support**

The above process will be supported by the following:

- Ownership of risks (at appropriate levels) assigned to Directors, managers and partners, with clear roles, responsibilities and reporting lines within the Council;
- Incorporating risk management into corporate, service and business planning and strategic and partnership working;
- Use of the Risk Management Toolkit throughout the Council
- Providing relevant training on risk management to officers and Members of the Council that supports the development of wider competencies;
- Learning from best practice and continual improvement;
- Seeking best practice through inter-authority groups and other professional bodies e.g. the Association of Local Authority Risk Managers (ALARM).

## **9.0 Risk Management Roles and Responsibilities**

The following structure is unique to the Council and is influenced by its risk management maturity, resource capacities, skills sets, internal operations and existing operating structures. The Council's risk management framework aligns to existing structures and reporting lines. **Full details** of risk management roles and responsibilities can be found in Annex |B.



## **10. Continuous Improvement**

Regulators and risk management professionals indicate that it is good practice to continuously improve risk management methodologies in line with recommendations from regular assessments and adapt to changing economic conditions.

To this effect, the LCC Risk Management Policy, Strategy, Guidance and related documents will be reviewed at the specified frequency or after the release of new legislation or government guidance that affects risk governance, internal controls, financial management or the regulatory regime for public service organisations. They will also be reviewed following the results of any audit /review by Internal Audit Service or an external third party.

**Action Plan**

This Strategy sets out the developments / actions the Council proposes over the short term future to further improve risk management maturity. These developments include the following actions: -

Action	Target Implementation Date	Complete	Target Implementation Date
To review and revise the Council's Risk Management Policy and Strategy and related guidance with endorsement from Corporate Management Team and Corporate Governance Committee (CGC).	January/ February 2016	Yes	CMT - January 2017  CGC – February 2017
Assist Update of Departmental Service Planning Guidance 2016/17: <ul style="list-style-type: none"> <li>Alignment of Risk Registers to the Service Planning Process - 2016/17. To ensure risks recorded link back to departmental and service planning objectives.</li> <li>Inclusion of the revised Risk Register Templates (2016/17)</li> </ul>	January 2016	Yes	N/A
Update and communicate through Manager's Digest, the Council's intranet Risk Management pages to include; <ul style="list-style-type: none"> <li>Revised Risk Management Policy &amp; Strategy</li> <li>Explore opportunity to upload the Corporate and Departmental Risk Registers on the Council's Intranet quarterly following each CGC update</li> <li>All relevant guidance on methodologies and processes, including the revised Risk Assessment Criteria and Map</li> <li>Risk Management Toolkit containing the revised risk register templates with guidance</li> <li>Who to contact: details of the risk management "network",</li> <li>Links to further information and guidance e.g. ALARM web-site</li> </ul>	February/March 2016	Partly  Yes  No  No  No  Yes  No	During 2017/18
Provision of support to Departmental Risk Champions if necessary with the implementation of the revised Risk Register Template.	February – April 2016	Yes-ongoing	February 2017 – April 2018

Develop and introduce key performance indicator(s) for risk management activity to maintain and improve the maturity rating.	April 2016 and ongoing	Yes	Continue monitoring of KPIs
Develop a training matrix to identify the levels of training that need to be attained by staff at different levels in the organisation. Explore differing options E.g. Face to face, CIS, external training. Explore the free training offering from the Council's Insurance providers - Gallagher Bassett's risk management consultancy service.	June 2016	Partly – face to face training and use of Council's Insurers to deliver training	Continue during 2017/18
To ensure that risk management awareness is given adequate prominence in the Council's staff induction procedures.	August 2016	No	During 2017/18
To develop an e-learning module on risk management and to promote its uptake by all relevant officers.	September 2016	No	During 2017/18
To liaise with Chief Executive's Department on any corporate guidance to ensure risks associated with partnerships are captured, particularly where the Council is the lead accountable body. CIS to be updated accordingly.	September 2016	No	During 2017/18
Maintain effective horizon scanning process and communication of new/emerging risks to Risk Champions for assessment and consideration.	Ongoing 2016	Yes	Ongoing – During 2017/18
To participate in a risk maturity exercise in conjunction with other members of the East Midlands Risk Management Group. Also explore opportunities for co-coordinating a Risk Management Health Check with the Council's own Insurers.	N/A	N/A	During 2017



**Risk Management Roles & Responsibilities****Leadership:**Cabinet

Understands the key risks facing the Council, determines the level of risk and ensures risk management is delivered to mitigate risks by:

- Ensuring that a risk management framework has been established and embedded;
- Approving the Council's Risk Management Policy and Strategy as part of the Medium Term Financial Strategy;
- Ensuring relevant risk considerations (if relevant) are included within reports which may have significant strategic policy or operational implications

Lead Members

- Responsibility for gaining an understanding of the risks facing their area of accountability (in conjunction with the relevant Director) and how these risks are being managed

Corporate Management Team (CMT)

Leading and ensuring effective management, monitoring and review of risk management across the Council by:

- Establishing a control environment and culture in which risk can be effectively assessed and managed;
- Directing the level of risk the Council is prepared to accept (appetite and tolerance levels);
- Encouraging the promotion of risk awareness, rather than risk avoidance;
- Reviewing and, approving the Council's corporate and strategic risks on the CRR quarterly and their importance against the Council's vision and priorities;
- Assisting with the identification of significant new and emerging risks as they become known - for consideration and addition to the CRR;
- Following the review and approval of the CRR, CMT to determine whether a potential reputation or consultation matter needs to be forwarded to the Communication Unit
- Providing challenge to the risk scoring mechanism to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control) ;
- Ensuring that risk assessments (if appropriate) are detailed in Cabinet or Scrutiny reports upon which decisions are based;
- Reviewing annually the Council's Risk Management Policy and Strategy.

**Corporate:**Corporate Governance Committee (CGC)

Provides assurance for the Council that risk management is undertaken and effective by:

- Review effectiveness of the risk management and internal control framework;
- Review the Council's Risk Management Strategy and how it is being implemented
- Receiving regular progress reports on the CRR and other risk management related initiatives;
- Reviewing, scrutinising and challenging the performance of the Council's risk management framework; including reviewing progress against planned actions from the previous quarter;
- Receiving presentations on specific areas of risk;
- Receiving reports from Internal and External Audit to determine the extent to which they indicate weaknesses in control, risk management and governance arrangements.

Corporate Risk Management Group (via Departmental Risk Champion)

Provides assurance that the risk management framework and its processes are working as intended and are effective by:

- Acting as the main contact for their department and its management on risk matters;
- Representing their department at the Corporate Risk Management Group;
- Encouraging the promotion of risk awareness, rather than risk avoidance;
- Assisting in the implementation of any revisions to the risk management framework and promoting use of the Risk Management Toolkit;
- Providing support and training on risk management to Directors, Heads of Service and other managers within their service/department;
- Providing support to the other departments' Risk Champions;
- Maintaining on behalf of the service Directors and Heads, a departmental risk register that complies with corporate guidelines;
- Providing regular risk updates to DMT's as per the agreed reporting criteria and risk timetable;
- Providing challenge to the risk scoring mechanism to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control)
- Ensuring that corporate risk information and requirements are communicated to the Department;
- Assessing the relevance of corporate, other departmental service, programme, project and partnership risks and their impact on their department;
- Reviewing cross cutting risk areas where risks of one department impacts on the risks of another;

- Providing regular updates to the Internal Audit Service for corporate risks to enable reporting to the CMT and Corporate Governance Committee;

### **Departmental:**

#### Departmental Management Teams (DMT)

Ensuring that risk management is implemented in line with the Council's Risk Management Strategy by:

- Appointing a Risk Champion /Representative for the department and authorising him/her to progress effective risk management that adheres to corporate guidelines, across their services;
- Ensuring that risk management is integrated within the annual service planning process;
- Taking full ownership of risks within their departmental risk register and agreeing risk mitigation actions, with defined timescales and responsibilities – including those departmental risks that are also in the CRR;
- Reviewing and challenging risk registers for their Service Areas on a quarterly basis if appropriate
- Adhering to the corporate risk reporting timetable so that DMT meetings and risk monitoring tasks are aligned;
- Ensuring that the CRR accurately reflects only those key strategic risks facing the Council. The DMT scrutiny process should encompass a review of all departmentally identified corporate risks (new and those already identified), to critically evaluate the following:
  - Whether the risk is an ongoing corporate risk
  - Are all mitigating actions identified, they are SMART (i.e. Current Controls in place) and working adequately or are additional actions necessary.
  - The Current Risk Score (Impact and Likelihood) is accurate and is not 'over-scored' in terms of likelihood particularly if a range of current controls have been identified as embedded and working adequately
  - Only consider any further actions/ additional controls after determining whether any cost of implementing further mitigating control is merited when compared to the risk reduction benefits achieved. If required, further actions should be SMART and record 'expected timeframe/due date' which should improve the robustness of the Target Risk impact and likelihood scores
- Receiving reports on risk management activity and review key risks regularly;
- Undertaking regular departmental horizon scanning for new or emerging risks, ensuring communication of these through appropriate channels and incorporation within the Departmental Risk Register if appropriate;
- Suggesting recommendations for the removal of current corporate risks that are considered as lower levels of risk;
- Taking ownership of identifying and managing project, partnership and business as usual risks effectively
- Ensuring that risk management considerations are included in all Cabinet, Scrutiny and Regulatory bodies reports in respect of strategic policy decisions;

- Providing assurance on the effectiveness of risk management within their department as part of the Annual Governance Statement process;
- Following the review and approval of the Departmental Risk Register, DMTs to determine whether a potential reputation or consultation matter needs to be forwarded to Communication Unit

### Service Managers

Providing assurance to DMT's that risks within their service are being managed effectively by:

- Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy (i.e. identify, assess, manage and monitor);
- Managing risks on a day to day basis;
- Adhering to the risk scoring mechanism (original, current and target risk scores) outlined in the Strategy to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control)
- Communicating the results of their service risk assessment to the DMT via their Risk Champion, demonstrating effectiveness of controls in place to mitigate/reduce service risks;
- Managing risks from their areas of responsibility that have been included within the departmental risk register. Where further actions/ additional controls are necessary, ensure they are completed by the planned completion date;
- Identifying new and emerging risks or problems with managing known risks and escalating to the Risk Champion where appropriate;
- Ensuring that they and their staff are aware of corporate requirements, seeking clarification from their Risk Champions when required;
- Identifying risk training needs of staff and informing this to Risk Champions;
- Using the Risk Management Toolkit and guidance.

### Programme/Project/Partnerships

Providing assurance that project, programme and partnership risks and their impact are managed and communicated effectively by:

- Ensuring risk management is a regular item on Partnership / Programme/Project Board agendas;
- Reviewing and monitoring risks identified on programme/project/partnerships risks, ensuring that suitable controls are in place and working, or that plans are being drawn up to strengthen existing controls or put in place further controls;
- Identifying new and emerging risks or problems with managing known risks, ensuring communication of these through appropriate channels;
- Escalating appropriate Project, Programme or Partnership risks to the relevant Departmental or Corporate Risk Register where those risks may impact at a Departmental or Corporate level – ultimately the project or programme SRO/Sponsor is accountable for ensuring this happens;

- Ensuring any ongoing risks or issues identified at Project/Programme closure are transferred to the relevant business owner and where appropriate are escalated to Departmental or Corporate Risk Registers.

### Risk Champions

- See Corporate section

### Staff

- Taking responsibility for gaining an understanding of the risks facing their area of accountability;
- Report promptly perceived failures in existing control measures that could increase risk.
- Take due care to understand and comply with the risk management processes and guidelines of the Council.

### **Assurance**

#### Risk Management function (in conjunction with the Director of Corporate Resources):

Provide assurance that the flow of risk information throughout the Council is working and effective to produce and maintain the Corporate Risk Register by:

- Leading in the implementation of the revised risk management framework and promoting use of the Risk Management Toolkit;
- Meeting with departments as per the risk management timetable to review and challenge risk registers and emerging risks;
- Identify any potential future internal audit requirements to the Head of Assurance Services
- Coordinating risk management activity across the Council with the support of Departmental Risk Champions/Representatives
- Collating the changes to departmental risks and ensure that the Corporate Risk Register is amended to reflect current position;
- Regular horizon scanning (in conjunction with CMT, DMT Risk Champions and Head of Assurance Services) of information from relevant publications and minutes from key meetings to provide a basis for including additional risks on the Corporate Risk Register;
- Reporting progress on the Corporate Risk Register and other risk management related initiatives to the CMT, Corporate Governance Committee and Cabinet as per the risk management timetable;
- Supporting Departmental Risk Champions/Representatives in their risk management role;
- Communicating corporate risk management information and requirements;
- Reviewing the Risk Management Policy and Strategy at least annually to reflect best practice and initiate improvements;
- Arranging for the review of risk management maturity; benchmarking scrutiny and challenge

- Establishing links with external groups and organisations in order to gain knowledge and share best practice on risk management issues;
- Agreeing mechanisms for identifying, assessing and managing risks in key partnerships;
- Supporting the development and delivery of relevant risk training

#### Assurance function (Internal Audit)

Review and challenge the effectiveness of the risk management framework, providing independent assurance about the quality of controls that managers have in place, by:

- Creating a risk-based audit plan that is aligned to the Corporate Risk Register and the Departmental Risk Registers;
- Testing and validating existing controls, with recommendations for improvement on identified control weaknesses;
- Reporting outcomes to Director and Corporate Governance Committee;
- Monitoring changing risk profiles based on audit work undertaken, to adapt future audit work to reflect these changes;
- Conduct relevant audits of the risk management framework and maturity but overseen by a manager independent to the Service.