

**LEICESTERSHIRE COUNTY COUNCIL**  
**RISK MANAGEMENT POLICY STATEMENT**

It is the policy of the Council to adopt a proactive approach, through its management processes, to risk management of the services it delivers itself and in partnership with others. A certain amount of risk is necessary and can be a positive force in the development of the services we provide. However, this needs to be managed in order to:-

- Safeguard our clients or service users, Members, pupils and employees and all other persons to whom the Council has a duty of care
- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Protect our property, including buildings, equipment, vehicles and all other assets and resources
- Maintain effective control of public funds
- Protect and promote the reputation of the Council
- Support the quality of the environment

These objectives will be achieved by applying the Council's risk management strategy, which outlines responsibilities for managing risks and defines how risk management should be applied across the Council.

## **RISK MANAGEMENT STRATEGY**

### **INTRODUCTION**

All organisations face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the organisation's reputation. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The County Council has adopted a Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services. One of the elements of this framework is the requirement to ensure that an effective risk management system is in place. The Cabinet has agreed a policy statement on its approach to risk management and this strategy is intended to provide a basis on which that approach will be put into effect.

The risk management strategy aims to:-

- Clarify responsibilities for identifying and managing risks
- Ensure that an appropriate level of risk management is consistently applied across the Council
- Increase awareness and use of risk management as a normal element of service management and improvement
- Facilitate sharing of experience and good practice across the Council and with other bodies

## **ELEMENTS OF THE STRATEGY**

### **1. Leadership and Responsibility**

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear. The framework of roles and responsibilities in Appendix 1 shows how these are allocated.

### **2. Role and Composition of the Corporate Risk Management Group**

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The establishment of a Corporate Risk Management Group has provided this consistency of approach. The Group acts as a link between service managers, specialised groups dealing with particular areas of risk, senior management and Members.

The Group includes senior representatives from all departments, who are also the risk coordinators for their department, and also other officers with responsibilities for particular areas of risk management.

The Terms of Reference and membership of the Corporate Risk Management Group are attached in Appendix 2.

### **3. Risk Management Role of the Corporate Governance Committee**

The Corporate Governance Committee was established in 2005. This Committee is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the Corporate Governance Committee with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at Corporate Governance Committee meetings.

#### **4. Involvement of Other Related Groups**

There are several other officer groups in existence which deal with specific areas of risk management. These include the Property Risk Management Group and the Corporate Business (Service) Continuity Group. These groups are represented on the Corporate Risk Management Group so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the groups listed above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Chief Officer and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented.

#### **5. External Contacts**

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others.

In order to share risk management information and experiences, the Council has established networks with other authorities and agencies. Specifically, the Council is a member of the East Midlands Risk Managers' Group. This Group, whose members include various local authorities from the midlands area, meets three times a year to discuss risk management issues that are common to all authorities and to share examples of best practice.

#### **6. Partnerships**

A guidance note has been produced to outline the Council's approach to assessing partnership risks for significant partnerships. The note, which is available on the Council's intranet, explains the steps that should be taken to assess risks before the decision is made to enter into a partnership and also how to undertake ongoing monitoring of risk once a partnership has been established.

To support the development of the new Sustainable Community Strategy and the Local Area Agreement, the County Council and its partner organisations (including District Councils, Leicestershire Constabulary, the Local Health Authority and others) are working together to identify and assess the main strategic risks facing Leicestershire as a whole. The aim of this exercise is to produce an overall risk register for Leicestershire.

## **7. Methodology**

A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

Guidance for managers on the application of the risk management methodology has been produced and is updated on an annual basis. This guidance is distributed to managers to assist with risk assessing departmental and section service plan objectives. The guidance is also available on the Council's intranet.

Risk assessments should be produced to support strategic policy decisions and all major projects. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members. A guidance note is available on the Council's intranet, which explains how risk should be presented in reports to Members.

Risk management training is provided for managers to assist with implementing the risk management methodology.

## **8. Risk Management Work Programme**

The development of a consistent, corporate approach to risk management needs to be done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden. To ensure that risk management is handled in the most efficient way within the Council, work plans to implement the risk management strategy have been produced at both departmental and corporate level (see appendices 3 and 4).

The aim of these work plans is to provide a structured logical approach to implementing risk management and to act as a checklist to be reviewed throughout the year. The work plans are reviewed on a regular basis and updated annually to reflect any new risk management requirements and to ensure that risk management is being implemented in the most effective way.

**ROLES AND RESPONSIBILITIES**

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| <b>Cabinet</b>   | <b>Corporate Governance Committee</b>   | <b>Corporate Management Team</b>   | <b>Director of Resources</b>   | <b>Individual Chief Officers</b>  | <b>Corporate Risk Management Group (CRMG)</b>   | <b>Departmental Lead Officers on Risk Management (CRMG Members)</b>                     | <b>Service Managers/ Employees</b>  |
| Approve the Corporate Risk Management Policy Statement and Risk Management Strategy                    | Ensure that an adequate risk management framework and associated control environment is in place                            | Consider and agree the Council's corporate strategic risks and identify those requiring further action | Coordinate risk management activity across the Council                                 | Develop action plans in relation to corporate strategic risks                                     | Oversee implementation of risk management and maintain risk management guidance for service managers    | Coordinate production of departmental risk assessments (both service plan and inherent) | Maintain awareness of risk management principles and take responsibility for managing risk within their own working environment |
| Consider Council's corporate strategic risks and agree a programme of risk reduction where appropriate | Monitor arrangements for the identification, monitoring and management of strategic and operational risk within the Council | Allocate responsibility to Chief Officers to develop action plans for corporate strategic risks        | Appoint a senior officer and Member to jointly take responsibility for risk management | Identify risks attached to proposals for new / changed policies and service delivery arrangements | Promote risk management culture and training, and support departmental Lead Officers on Risk Management | Ensure action plans are developed for those risks requiring further action              | Apply risk management to those risks requiring further action, particularly new developments and "project" work                 |
| Receive progress reports on risk reduction programme and agree revisions to "corporate risk register"  | Receive regular progress reports on the corporate risk register   | Establish the CRMG to coordinate action and receive regular progress reports from them                 | Report on risk management activity to CMT and Members                                  | Ensure that a departmental risk register is maintained and that action plans are implemented      | Regularly review key risks identified by departments to share best practice                             | Maintain and update departmental risk registers   | Maintain a record of risk assessments undertaken and resulting action plans   |

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| <p><b>Cabinet</b></p> <p>Consider risks attached to proposals for new / changed policies and service delivery arrangements</p> |  |  |  |  | <p><b>Corporate Governance Committee</b></p> |  |  |  |  | <p><b>Corporate Management Team</b></p> |  | <p>Provide risk management training for Members, appropriate to their needs and responsibilities</p> |  |  | <p><b>Director of Resources</b></p> <p>Maintain a corporate risk register</p> |  |  |  |  | <p><b>Individual Chief Officers</b></p> |  | <p>Develop links between internal groups that contribute to different elements of risk management</p> | <p>Establish links with external groups to share best practice on risk management issues</p> |  | <p><b>Corporate Risk Management Group (CRMG)</b></p> | <p>Monitor quality of risk assessments and support service managers where necessary</p> | <p>Identify and share good practice with other departments</p> | <p>Provide regular updates for departmental risks included in the corporate risk register</p> | <p>Provide risk management training and guidance to all appropriate staff</p> | <p><b>Departmental Lead Officers on Risk Management (CRMG Members)</b></p> |  |  |  |  | <p><b>Service Managers/ Employees</b></p> |
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