



# RISK MANAGEMENT POLICY

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## Key policy details

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### Policy Location

This policy can be found on NWLDC's website and on the Sharepoint page under current policies tab.

### Revision history

Version Control	Revision Date	Summary of Changes
7.0	13 June 2024	<ul style="list-style-type: none"><li>• Corporate Risk Scrutiny Group now renamed Corporate Risk Management Group</li><li>• Minor formatting changes</li><li>• Clarity on which committee reviews the Corporate Risk Register i.e. Audit and Governance Committee as per the Council's Constitution.</li><li>• Graphic added to section 4.</li><li>• Additional text for clarity regarding identifying risk in the appendix</li><li>• Revised format of the risk register in the appendix</li><li>• Role of Members added in the appendix</li></ul>

### Policy Review Plans

This policy is subject to a scheduled review once every year or earlier if there is a change in legislation or local policy that requires it.

### Distribution

Title	Date of Issue	Version No.
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## **1. INTRODUCTION**

1.1 The Council has adopted the principles of risk management in order to meet the following objectives:

- to protect the health, safety and welfare of its employees and the communities it serves.
- to protect its property, assets and other resources.
- to protect the services it provides; to maintain its reputation and good standing in the wider community; and
- to deliver its overall objectives and priorities.

## **2. RISK MANAGEMENT STRUCTURE**

2.1 Risk Management is co-ordinated corporately by the Health and Safety Officer and through the Corporate Risk Management Group (RMG) chaired by Director of Resources. It also refers and reports to Corporate Leadership Team on a quarterly basis, thereby reaching all services in the Council and ensuring senior management oversight and involvement. Progress on Corporate Risk Management is reported to Members through performance reports to the Audit and Governance Committee, at least quarterly. The Corporate Portfolio Holder is the Cabinet member with overall responsibility for risk management.

2.2 The RMG consists of delegates from various council services, each bringing valuable insights to the Council's risk management strategy and the continual evaluation of the Corporate Risk Register.

2.3 Risk management is embedded in the culture of the Council through:

- the continued adoption of the Council's risk management policy statement.
- a nominated officer lead, currently the Director of Resources.
- the RMG and Corporate Leadership Team accountability.
- an established uniform procedure for the identification, analysis, management and monitoring of risk.
- training and briefings in conjunction with appropriate third parties; and
- regular monitoring and reporting through the corporate performance management system and control mechanisms.
- Briefings and workshops held with Audit and Governance Committee Members.

2.4 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. Each year the Council's Audit Manager produces a risk-based annual Audit Plan. This is informed by a risk assessment which includes a review of corporate and service risk registers, and consultation with key stakeholders and senior management. The Plan is developed to deliver a programme of internal audits to provide independent assurance to senior management and Members. Internal audit undertakes a risk-based approach for individual assignments and gives a rating of the level of assurance that is awarded within

each system / business area. This demonstrates the extent to which controls are operating effectively to ensure that significant risks to the achievement of the Council's priorities are being addressed.

### **3. AIMS OF THE POLICY**

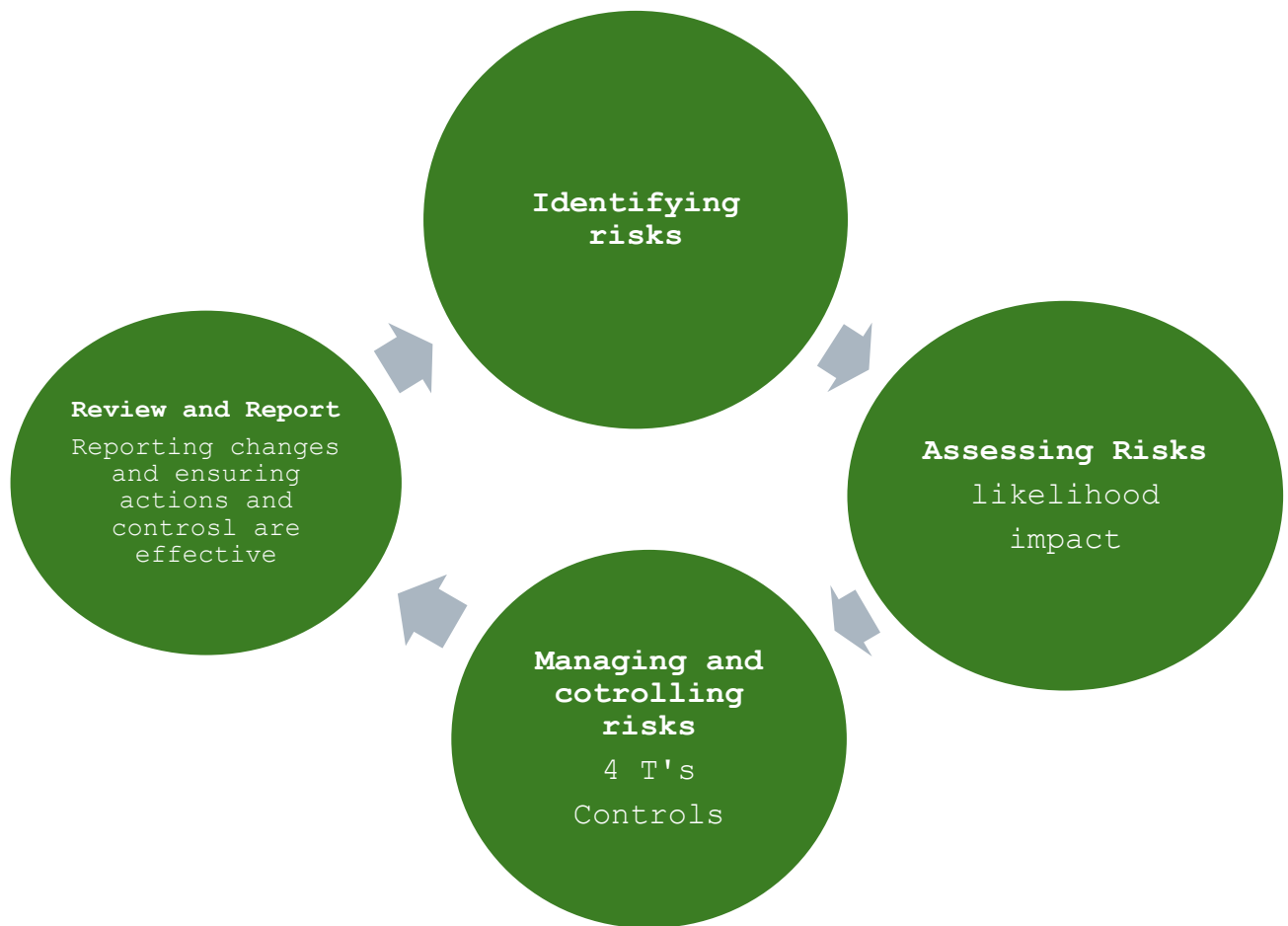
3.1 The Council will strive to maintain its diverse range of services to the community and visitors to the North West Leicestershire area. It will protect and continue to provide these services by ensuring that its assets, both tangible and intangible, are protected against loss and damage. The Council is committed to a programme of risk management to ensure its ambitions for the community can be fulfilled through:

*“The identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan”.*

3.2 The Council is committed to using risk management to maintain and improve the quality of its own services as well as any contribution by partnerships through its community leadership role. The Risk Management Policy has the following aims and objectives:

- to continue to embed risk management into the culture of the Council.
- to promote the recognition of risk within the Council's defined corporate aims and objectives.
- continue to raise risk awareness within the Council and its partners.
- to manage risk in accordance with best practice.
- to comply with legislation and guidance.
- to improve safety and increase safety awareness.
- to protect Council property, services and public reputation.
- to reduce disruption to services by having effective contingency or recovery plans in place to deal with incidents when they occur.
- to minimise injury, damage, loss and inconvenience to residents, staff, service users, assets, etc arising from or connected with the delivery of Council services.
- to review robust frameworks and procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.
- to maximise value for money.
- The CMG will consistently conduct reviews of the Risk Management Policy and the associated processes through the Council's Corporate Leadership Team (CLT) to confirm their ongoing applicability and effectiveness for the Council. This annual review will also assess performance against the aims and objectives set out above. CLT will be accountable to Members for the effective management of risk within the Council. This will be achieved through the quarterly reporting of corporate risks to Audit and Governance Committee.

### **4. RISK MANAGEMENT POLICY**



4.1 The overall objective of the Council’s Risk Management Policy is to ensure that risks to the Council’s objectives, services, employees, partnerships and contractors are identified, recorded, amended, prioritised and then addressed by being treated, tolerated, transferred or terminated. The Policy incorporates:

(a) Identification / Consideration of Risks

- Identifies corporate and operational risks, assesses the risks for likelihood and impact, identifies mitigating controls and allocates responsibility for the mitigating controls.
- Requires the consideration of risk within all service plans and reviews and the regular review of existing risks as identified in the risk register.
- Requires, reports supporting strategic policy decisions and project initiation documents, to include a risk assessment.

- Externally horizon scan for impending risks that may impact the council, communicate the risk to the appropriate risk owner so they can assess for likelihood and impact, identify mitigating controls and allocate responsibility for the mitigating controls.

(b) Development Delivery

- Allocates responsibility for embedding risk management to a senior officer and Member, to jointly champion.
- Embeds risk management into; strategic planning, financial planning, policy making and review, and performance management.
- Requires that an update report arising from the work of the RMG is presented to Corporate Leadership Team for discussion and information on a quarterly basis.
- Develops arrangements to monitor and measure performance of risk management activities against the Council's strategic aims and priorities.
- Considers risks in relation to significant partnerships, which requires assurances to be obtained about the management of those risks.

(c) Member Involvement / Responsibility

- Quarterly reports will be produced for Audit and Governance Committee on the management of business risks together with recommendation of appropriate actions.
- Reporting to Cabinet and Portfolio members where necessary.

(d) Training / Awareness

- Requires relevant training and toolkits to be given to appropriate staff to enable them to take responsibility for managing risks within their environment.
- Requires the maintenance of documented procedures for the control of risk and the provision of suitable information, training and supervision.
- Develops appropriate procedures and guidelines.
- Considers positive risks (opportunities) and negative risks (threats).
- Facilitates risk management awareness training for all members.

(e) Review

- Maintains and reviews a register of corporate business risks linking them to strategic business objectives and assigning ownership for each risk.
- Requires an annual review of the risk management process, including a report to CLT, localised Risk Registers where necessary and quarterly reporting to the Audit and Governance Committee.



- Reports to Audit and Governance Committee, in the case of new or changing strategic risks, through the quarterly performance reporting process.
- Requires each team / department to review their individual Risk Registers as and when required (but no less than quarterly) managed by the respective CLT member.

(f) Business Continuity

- Develops contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the delivery of the Council's services.

(g) Insurance

- Ensures the appropriate officer responsible for insurance is notified of any new risks.
- Ensures adequate records are maintained and retained to support the Council's defence against disputed insurance claims.

(h) Controlling the Risks

Traditionally in risk management there are four ways to mitigate the risks to the organisation, these being typically referred to as **Treat, Tolerate, Transfer and Terminate** and are known collectively as the "4 Ts".

- **Tolerate** means the risk is known and accepted by the organisation. In such instances the senior management team should formally sign off that this course of action has been taken.
- **Transfer** means the risk mitigation is transferred i.e. it is passed to a third party such as an insurer or an outsourced provider, although it should be noted that responsibility for the risk cannot be transferred or eliminated.
- **Terminate** means we stop the process, activity, etc or stop using the premises, IT system, etc which is at risk and hence the risk is no longer relevant.
- **Treat** means we aim to reduce the likelihood of the threat materialising or else reduce the resultant impact through introducing relevant controls and continuity strategies.

## 5. RISK APPETITE

- 5.1 The Council's risk appetite guides how much risk it is willing to seek or accept to achieve its objectives. The Council recognises it will need to take risks, both in ordinary business and to achieve the priorities set out in the Council Delivery Plan. Good risk management ensures that well informed decisions, are made and the associated risks are understood. By ensuring that risks are properly responded to, the Council will be more likely to achieve its priorities. It also provides control and a high level of due diligence consistent with the Council's responsibilities in managing public money.
- 5.2 The Council recognises effective risk management considers not just threats but also opportunities. So, the approach to risk is to seek the right opportunities and, where possible, minimise threats. By encouraging managed risk taking and considering all of the available options the Council seeks a balance between caution and innovation.
- 5.3 The Council's risk appetite reflects its current position; encouraging managed risk taking for minor to moderate level risks but controlling more closely those risks that come

further up the scale. Risk appetite will vary over time depending on the Council's ambitions and priorities and the wider environment in which we work. Resources are aligned to priorities and arrangements are in place to monitor and mitigate risks to acceptable levels.

- 5.4 Beyond Council risk appetite is the Council's risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances the Council will aim to reduce the risk to a level that is within its appetite. Whilst appetite may be lower, tolerance levels may be higher, and the Council recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. In some instances, acceptance of risk within the public sector is necessary due to the nature of services, constraints within operating environment and a limited ability to directly influence where risks are shared across sectors.
- 5.5 The Council illustrates its risk appetite and tolerance in the grading of risks within the risk register. Risks that are red represents the outer limit of the Council's risk appetite, and those amber or green indicates the tolerance. Where risks are identified as red, ways to reduce these risks will be sought, through the four T's identified above. The Council is unlikely to take risks that will cause a significant negative consequence for the delivery of Council objectives, and only would consider doing so where this is a clear and overarching need to do so.

## **6. CORPORATE RISK MANAGEMENT GROUP**

- 6.1 The Corporate Risk Management Group is made up of technical experts and corporate leads from the Council's Service Areas. Members of the Group act as "champions" for risk within their services and the Group provides a link into the CLT.
- 6.2 The role of the Group is to maintain a formal framework that will assist with the management of risk and business continuity, by developing the corporate lead and advising CLT on the expected outcome. The objectives of the Group are:
- to assess and advise on the reduction of prevailing risks within the Council's services, to the benefit of staff and the public.
  - to discuss, agree and recommend as appropriate, on matters relating to corporate risk policy.
  - to make reports and recommendations to CLT.
  - to discuss operational risks insofar as they relate to matters of cross-directorate interest.
  - to oversee the implementation of the Council's Risk Management Policy, and to promote a holistic approach to its ongoing management.
  - to promote good risk management practices with the aim of reducing potential liabilities.
  - to consider and identify new risks, and ideas / schemes for risk reduction.
  - to provide a forum to discussion on risk management issues.

These will be achieved through the following:

- the use of the Council's Risk Management reporting system.
- monitoring the Risk Management Policy.
- reviewing the Council's risk register and associated action plans, acting as a forum for examining and rating risks and making recommendations to CLT.
- developing a comprehensive performance framework for risk management and developing and using key indicators capable of showing improvements in risk management and providing early warning of risk.
- supporting the development and review of internal standards and procedures regarding significant risk areas.
- supporting the development and implementation of relevant training, awareness and education programmes.
- supporting the development and implementation of adequate, relevant and effective reporting, communication and information dissemination systems with managers and staff.
- supporting the effective monitoring and review of near misses, untoward incidents and accidents, legal and insurance claims and verifying that appropriate management action has been taken promptly to minimise the risk of future occurrence.
- supporting the review of the risk register and action plans to ensure that appropriate management action is taken appropriately to tolerate, treat, transfer or terminate the risk.
- monitoring compliance with legal and statutory duties.
- providing progress reports to CLT and members, drawing to their attention significant business risks.
- encouraging localised Risk Registers to be created where necessary, as well as supporting dynamic risk assessment.

## **7. PROCEDURES**

- 7.1 The Council will adopt uniform procedures for the identification, analysis, management and monitoring of risk. These will be embodied in a formal risk management framework, which will be subject to annual review by the Audit and Governance Committee, following consideration by CLT.

The approved framework is set out in Appendix A to this Policy document.

## **8. FUNDING FOR RISK MANAGEMENT**

- 8.1 The annual Service and Financial Planning process will include a review of operational risks and consider the allocation of funds for risk management initiatives as part of the annual budget process. If additional funds are required approval will be sought initially from CLT.

## **9. BENEFITS OF EFFECTIVE RISK MANAGEMENT**

9.1 Effective risk management will deliver a number of tangible and intangible benefits to Individual services and to the Council as a whole, for example:

### Improved Strategic Management

- Greater ability to deliver against objectives and targets
- Increased likelihood of change initiatives being delivered effectively
- Improved reputation, hence, support for regeneration
- Increased confidence to take controlled risks

### Improved Operational Managements

- Reduced interruptions to service delivery: fewer surprises!
- Reduced managerial time spent dealing with the consequences of a risk event occurring
- Improved health and safety of employees and others affected by the Council's activities
- Compliance with legislation and regulations

### Improved Financial Management

- Better informed financial decision-making
- Enhanced financial control
- Reduced financial costs associated with losses due to service interruption, litigations, etc.
- Improved containment of insurance premiums Improved Customer Service
- Minimal service disruption to customers and a positive external image

## **10. CURRENT CHALLENGES FACING THE COUNCIL**

10.1 The Council provides a range of services to the residents of North West Leicestershire and the environment within which it operates is always evolving and changing. The current key challenges facing the Council include:

- Ensuring financial sustainability over the medium term.
- Ensuring business continuity and information technology security arrangements futureproof.
- Keeping abreast of Government policy changes, for example the requirements of the Office for Local Government.
- Continually developing the Council's compliance and assurance frameworks to ensure robust decision making.
- Recruitment and retention to key positions across the Council.
- Safeguarding compliance

- Compliance with procurement and contracting regulations
- Responding to emergencies
- Threat of cyber attacks
- Failing to comply with housing landlord regulations
- Failure to meet carbon reduction targets

## APPENDIX A

### RISK MANAGEMENT FRAMEWORK

#### **(A) What is the framework?**

This framework promotes a set of uniform risk management procedures through which directorates will identify, analyse, monitor and manage the risks faced by the Council.

For the purposes of the framework, risk management is defined as *“the identification, analysis, management and financial control of those risks that can impact on the Council’s ability to deliver its services and priorities.”*

Risk management is, therefore, concerned with better decision making, through a clear understanding of all associated risks before final decisions are made by either members or officers. When risks are properly identified, analysed and prioritised it is possible to formulate action plans that propose management actions to reduce risk or deal adequately with the consequences of the risks should they occur. The underlying aim is to treat, terminate or transfer risk to bring them to an acceptable manageable level within the Council, monitor tolerated risk, ensuring services to the public can be maintained, and that the Council’s priorities can be fulfilled.

Risk management, therefore, supports the Council’s service planning process by positively identifying the key issues that could affect the delivery of the service objectives.

#### **(B) Why does the Council need to consider risk management as part of its service planning?**

All organisations must deal with risks, whatever their nature. As a general principle the Council will seek to reduce or control all risks that have the potential to:

- harm individuals.
- affect the quality-of-service delivery or delivery of the Council’s priorities.
- have a high potential of occurrence.
- would affect public confidence.
- would have an adverse effect on the Council’s public image.
- would have significant financial consequences.
- have a potential for litigation in line with exposure detailed below.

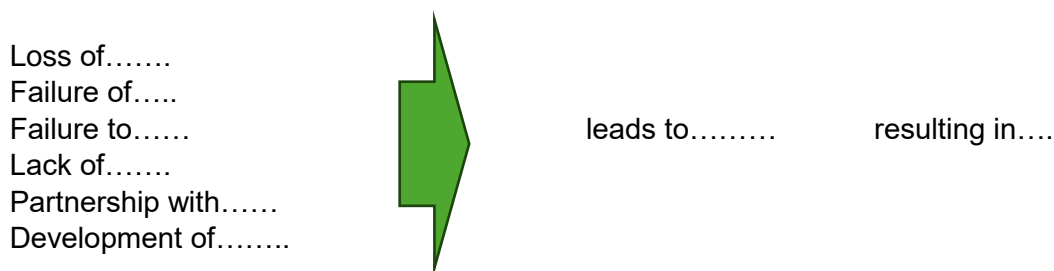
Risk Management cannot be considered in isolation but needs to be an integral part of decision-making and service planning processes of the Council. Risk management must be fully embedded in:

- service planning,
- performance management,
- best value,
- committee reports.

### (C) identifying and assessing risk

In identifying risks, it is important to consider what could prevent or hinder the Council from achieving its objectives. There are three parts to a risk – an **event** that has a **consequence** that leads to an **impact** on the Council's objectives.

Typical risk phrasing could be:



You will also need to identify whether the risk is:

- **Strategic:** risks that are significant in size and duration and will impact on the reputation and performance of the Council as a whole and in particular on its ability to deliver its four strategic priorities.
- **Corporate:** risks to corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services.
- **Partnership:** risks to a partnership meeting its objectives or delivering agreed services/projects.
- **Operational:** risks specific to the delivery of individual services/service performance/project.

Once risks have been identified, an assessment of their significance is required. This requires a robust and transparent scoring mechanism to be used uniformly across Council directorates.

Scoring should be a group exercise including managers and frontline employees. This is because people's perceptions vary, and this can have an effect on scoring the risk. Employees who experience a risk every day can become complacent and fail to see how serious it may actually be, whilst a group will usually see the wider impact.

A decision on risk ownership is also required. The owner should be at management level and be responsible for ensuring that controls identified to manage the risk are in place and that they are effective. Delegation of responsibility for particular actions to other employees is acceptable, but overall control of risk must remain with management.

Tables 1 and 2 below set out a scoring mechanism for assessing the likelihood and the impact of exposure to risk.

**Table 1 - assessing the likelihood of exposure**

<b>1. Low</b>	Likely to occur once in every ten years or more
<b>2. Medium</b>	Likely to occur once in every two to three years
<b>3. High</b>	Likely to occur once a year
<b>4. Very High</b>	Likely to occur at least twice in a year

**Table 2 - assessing the impact of exposure**

<b>1. Minor</b>	<p>Loss of a service for up to one day. Objectives of individuals are not met. No injuries.</p> <p>Financial loss over £1,000 and up to £10,000. No media attention.</p> <p>No breaches in Council working practices. No complaints / litigation.</p>
<b>2. Medium</b>	<p>Loss of a service for up to one week with limited impact on the general public.</p> <p>Service objectives of a service unit are not met.</p> <p>Injury to an employee or member of the public requiring medical treatment.</p> <p>Financial loss over £10,000 and up to £100,000.</p> <p>Adverse regional or local media attention - televised or newspaper report.</p> <p>Potential for a complaint litigation possible. Breaches of regulations / standards.</p>



<p><b>3. Serious</b></p>	<p>Loss of a critical service for one week or more with significant impact on the general public and partner organisations.</p> <p>Service objectives of the directorate of a critical nature are not met.</p> <p>Non-statutory duties are not achieved.</p> <p>Permanent injury to an employee or member of the public Financial loss over £100,000.</p> <p>Adverse national or regional media attention - national newspaper report.</p> <p>Litigation to be expected.</p> <p>Breaches of law punishable by fine.</p>
<p><b>4. Major</b></p>	<p>An incident so severe in its effects that a service or project will be unavailable permanently with a major impact on the general public and partner organisations.</p> <p>Strategic priorities of a critical nature are not met. Statutory duties are not achieved.</p> <p>Death of an employee or member of the public. Financial loss over £1m.</p> <p>Adverse national media attention - national televised news report.</p> <p>Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment.</p>

**(D) Prioritisation of risk**

Table 3 brings together in a matrix the likelihood and impact of risk.

**Table 3 - a risk matrix**

		Likelihood			
		1	2	3	4
Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4

Based on this matrix, the Council must decide on the level of risk it is prepared to accept as part of its ongoing operations. Any risk above the agreed level should be considered unacceptable and will therefore need to be managed. The risks in the above matrix fall into three zones; red, amber and green. Table 4 sets out the Councils intended response to these risks.

**Table 4 - intended responses to risk**

<b>Red</b>	Controls and/or mitigating actions are required to reduce the risk to an acceptable level. Effort should be focused on reducing the risk of any items appearing in this zone, hence moving them to the amber or green zone.
<b>Amber</b>	Risks will require ongoing monitoring to ensure they do not move into the red zone. Depending on the resources required to address the red risks, it may be appropriate to develop controls/mitigating actions to control these risks.
<b>Green</b>	Existing controls and/or mitigating actions are sufficient and may be excessive. More resource committed to reduce these risks is likely to be wasted. Consideration should be given to relaxing the level of control to release resources for mitigating higher level risks.

(E) Format of the risk register

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Severity score			Likelihood	Impact	Severity
CR1	<b>Name of Risk</b>  <b>Risk</b>  <b>Consequence</b>	4	3	12	Treat		3	2	6
Existing Controls	<ul style="list-style-type: none"> <li></li> </ul>								
Planned mitigating actions				Delivery timescales					
Comments and progress on actions									

## **(F) Roles of Officers**

The Council's work is delivered largely through its officers. Set out below is a summary of the roles of different groups of officers in the risk management process:

**Lead officer** – to oversee the overall risk management process and ensuring reporting to Audit & Governance Committee, Cabinet and if necessary, Council. Keep this Risk Management Policy under annual review.

**Corporate Leadership Team (CLT)** – to instil the importance of Risk Management as set out in this policy, to ensure that risk registers etc as set out in this policy are addressed in their areas of responsibility, and to take part in the overall management of risk across the authority.

**Head of Human Resources and Organisational Development** – to address training needs related to the management of risk as they arise through Team Management plans and the coverage of risk training plan for the organisation as a whole.

**Project sponsors** – to ensure the projects under their sponsorship comply with the Risk Management Policy

**Team Managers** – to ensure risk management is instilled into Team Plans as they are developed and ensure that risk management is taken forward as part of the operation of their respective areas of control.

**Members of Corporate Risk Management Group** – to act as champions of risk in their service areas and deliver the objectives of the group as set out in this policy.

**All staff** – to ensure that they are aware of risk management, the corporate policy regarding risk, and identify, report or manage risk as appropriate within their control.

## **(G) Roles of Members**

**Audit and Governance Committee** The role in addressing outstanding internal audit recommendations is multifaceted and crucial for the integrity of an organisation's governance and risk management frameworks. By actively pursuing the resolution of outstanding recommendations, audit committee members help to strengthen the organization's controls and risk management practices.

The Corporate Risk Register is reviewed by CLT on a quarterly basis. Where the discussion reveals that one or more of the criteria outlined below is met, then the relevant Director or Head of Service may be invited to an upcoming Audit and Governance Committee to discuss in more detail if needed.

Criteria for inviting the Director or Head of Service to the Audit and Governance Committee:

- There has been limited progress on the implementation of mitigating actions, over at least two successive quarters
- There is a deteriorating direction of travel, with either increased likelihood / impact of the risk.
- There are significant or emerging likely impacts from a budget perspective, reputational view, or a failure to meet statutory requirements in the area of risk.
- The risk has been considered by the Corporate Risk Management Group and is recommended for review by Audit and Governance Committee.

- There is a forecasted change in the context of the risk (i.e. national policy changes), which requires a review of the likelihood and impact, alongside a challenge on the effectiveness of any current controls

## Equality Analysis

### Completion of Equality Impact Assessment (EIA) Form

Has an EIA form been completed as part of creating / reviewing / amending this policy?	Please tick:  Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If yes, where can a copy of the EIA form be found?	<a href="#"><u>Available on request from the Equalities Officer</u></a>
If no, please confirm why an EIA was not required?	N/a