



## **Risk Management Policy**

## **1.0 Introduction**

Risk is a part of everyday life. The Authority recognises that there are risks involved in everything it does and that it has a duty to manage these risks. This duty is to employees, residents and people working in the Borough, service users, partners and other stakeholders.

The Authority defines risk as the possibility that an action or event will adversely or beneficially affect its ability to achieve its planned objectives. The effective identification, assessment, monitoring, management and reporting of risk will help to ensure that:

- Planned objectives are more likely to be achieved
- Opportunities are recognised
- Adverse risks are less likely to happen
- The impact of adverse risks which are realised is reduced

Effective risk management is therefore regarded as a critically important part of the work of the Authority.

This policy aims to ensure that we have a planned and systematic approach to identify, evaluate and manage the whole range of risks and opportunities facing the Authority. This policy also informs the approach to the Risk Management framework which is the established process by which the Authority identifies, assesses and manages risk in order that it should succeed in its planned objectives.

## **2.0 Aims of the Risk Management Policy**

The Risk Management Policy has the following aims and objectives:

- To integrate Risk Management into the culture of the Authority
- To raise awareness of the need for Risk Management with all those connected with the delivery of services
- To enable the Authority to anticipate and respond to changing social, environmental and legislative conditions
- Minimisation of injury, damage, loss and inconvenience to residents, employees, service users, assets etc. arising from or connected with the delivery of Council services
- To maximise the rewards that can be gained through risk management

- To maintain and develop a robust framework and procedures for the identification, analysis, assessment and management of risk

### **3.0 Risk Assessment**

Risk arises naturally and directly from the implementation of corporate and service aims and objectives. Therefore risk assessment is an integral part of all Council activity. It is the Authority's policy that all substantive activities should be subject to risk assessment. This includes all significant projects, for example, financial developments, legislative developments, human resource initiatives, health and safety, communication upgrades, partnerships and IT developments. Risks must be regularly monitored and actively managed until the objectives have been achieved (or the risk realised).

Risks should be assessed using the standard approach set out at the end of this policy. This requires the impact and likelihood of a risk to be evaluated and then scored on a risk matrix. This score then determines the level of concern associated with that risk and the action that is required to be taken. The Authority's risk appetite is determined by Cabinet and can be defined as the level of risk that the Authority is willing to take in pursuit of its objectives and values.

### **4.0 Service Risk Registers**

Heads of Service are responsible for ensuring that all significant risks are included in Service Risk Registers using the **Covalent Pentana Performance** system. This risk register should describe the risk event, who is responsible for managing the risk, planned and completed actions, potential effects, internal controls and a current and target risk assessment. Risk events should be removed when the objective has been reached (or the risk realised) and new risk events added as soon as they are identified.

### **5.0 Risk Ownership and Management**

Every risk should be assigned to a risk owner who is identified on the Risk Register. The risk owner is the designated member of staff (or management group) who carries the ultimate responsibility for ensuring that the risk is effectively managed. The risk owner is responsible for agreeing and delivering the action plan to control the risk and monitoring progress against it. This is a key element in the risk management process as it is crucial that risks are not just identified and assessed but that they are also effectively controlled.

Internal control is key to effective risk management and plays a significant part in the management of risks. Actions, procedures and operations undertaken to either

contain a risk to an acceptable level, or to increase the probability of a desirable outcome should be detailed on the Risk Register.

## **6.0 Risk Reporting**

Monitoring reports on Service Risk Registers will be produced as a minimum on a quarterly basis for the formal consideration of Heads of Service.

Monitoring reports on Key Risks (the most significant risks facing the Council) will be produced on a six monthly basis for the consideration of CMT and Cabinet.

## **7.0 Risks and the Decision Making Process**

Risks need to be addressed at the point at which decisions are being taken. Where Members and Officers are asked to make decisions they should be advised of the risks associated with the recommendations being made. Consequently, the Authority needs to be able to demonstrate that it has taken reasonable steps to consider the risk involved in a decision.

All reports requiring key decisions, including new and amended policies and strategies, must therefore include a section to demonstrate that risks have been addressed. This ~~doesn't~~ **does not** guarantee that decisions will always be right but the important point is to demonstrate that risks have been considered and to have evidence that will support this.

## **8.0 Role of Risk Management Working Group**

Although every member of staff carries some responsibility for the management of risk, the Authority identifies the Risk Management Working Group (RMWG) as responsible for maintaining and developing the Risk Management Framework. Heads of Service should nominate a Risk Co-ordinator to represent each Service area on the RMWG.

The Risk Management Working Group will meet twice yearly to consider the following types of area:

- Issues and improvements to the Risk Management Framework
- Risk Management training for both Members and Officers
- Reviewing and recommending changes to the Risk Management Policy
- Reviewing the Key Risk Register and recommending changes
- Disseminating good practice requirements across the Authority

## **9.0 Role of the Risk Co-ordinators**

The Risk Co-ordinator is responsible for maintaining and developing the Risk Management Framework within their Service, supported by the Risk Management Working Group.

The Risk Co-ordinator's role is to:

- Represent their Service's interest in the management of the Council's risks and act as a Service lead officer on risk management issues including risk issues in relation to service plans.
- Support their Head of Service in implementing the Risk Management Policy within their Service
- Co-ordinate the risk process in their Service by monitoring and maintaining a Service Risk Register on behalf of their Service Managers.
- Monitor and review the status of service risks and action plans implemented to reduce or control those risks.
- To attend the twice yearly meetings of the Risk Management Working Group (or nominate a suitable substitute when unable to attend).
- Give advice and guidance to Managers/Officers within their Service on preparing risk assessments for committee reports.

## **10.0 Role of Heads of Service**

The role of Heads of Service is to:

- Implement policies on risk management within their Services including ensuring that an up to date Service Risk Register is maintained
- Review Service Risks on a quarterly basis and Key Risks on a six monthly basis
- Review the risk management system to ensure that it is functioning effectively

## **11.0 Governance Arrangements**

The Authority's Risk Management Framework is critically important in the context of governance and the Audit and Governance Committee has responsibility for ensuring that the Framework operates effectively. An annual report will be produced for this Committee on the operation of the Risk Management Framework so that its Members can assess its effectiveness.

## **12.0 Role of Audit**

Internal Audit evaluate risk management processes continuously in order to provide assurance to Members and Senior Management that significant business risks are being managed appropriately and that the Risk Management and Internal Control framework is operating effectively. Our External Auditors may also conduct separate, independent reviews of the Risk Management Framework from time to time. The findings from this work will be included in the annual report to the Audit and Governance Committee.

## **13.0 Skills, Expertise and Guidance**

Having established roles and accountabilities for risk management, the Authority must ensure that it has the necessary skills and expertise to deliver this framework. This will be accomplished through an on-going programme of risk management training and development for both Officers and Members.

More detailed procedures for Officers are available via the Council intranet at <http://intranet-westlancs-gov-uk-liveadmin/rules-and-regulations/risk-management.aspx>, which contains appropriate guidance to enable them to carry out their duties effectively.

## **14.0 Making Others Aware of Risk Management**

The Authority recognises the potential for benefits and rewards from partnership working and it also recognises the risks involved. Whilst this risk can be managed by the Authority through formal contracts and partnership agreements that clearly allocate risks to the appropriate parties, failure by either or any one of those parties to manage their risks can have serious consequences for the other(s).

Consequently, before entering into the partnership, joint working or business contract arrangements, prospective partners and contractors should be asked to state their approach to risk management and to provide certain minimum evidence to support their response.

## **15.0 Maintenance and Development of the Risk Management Policy**

This Risk Management Policy will be reviewed on an annual basis. The results of this review will initially be reported to the Audit and Governance Committee for detailed consideration before being submitted to Cabinet for formal approval.

# CORPORATE RISK ASSESSMENT

## Impact

| Score | What's the worst that could happen?   |
|-------|---|
| 1     | <ul style="list-style-type: none"> <li>• Disruption to <del>back office function</del> operations in the short term with no loss of service to citizens.</li> <li>• No <del>harm to life or limb</del> injuries sustained.</li> <li>• No reputational damage to service or WLBC</li> <li>• <del>No environmental damage.</del></li> <li>• Low financial loss. <del>One</del> which can readily be met from existing budget provision.</li> </ul>  |
| 2     | <ul style="list-style-type: none"> <li>• Some <del>short term</del> disruption to a non-critical service to citizens.</li> <li>• Minor injury <del>to third party</del> resolved by first aid treatment.</li> <li>• Minimal reputational damage (single adverse article in local press/ social media).</li> <li>• <del>Minor damage to the environment likely to recover within one year without intervention.</del></li> <li>• Medium financial loss. (Requiring virement at the level delegated to Heads of Service, currently up to £10k).</li> </ul>  |
| 3     | <ul style="list-style-type: none"> <li>• <del>Limited temporary</del> Short term disruption to a critical service (<del>i.e. those services identified in the Council's Business Continuity Plan</del>). Noticeable to customers but not exceeding 48 hours duration, or substantial disruption to a non-critical service noticeable to customers.</li> <li>• Injury requiring visit to A&amp;E / short term hospitalisation.</li> <li>• Persistent adverse coverage in local press <del>or</del> /radio / social media.</li> <li>• <del>Damage to the environment which will recover within a year following remedial action.</del></li> <li>• <del>High Significant</del> financial loss (Can be met by virement at the level delegated to Cabinet, currently up to £50k).</li> </ul>   |
| 4     | <ul style="list-style-type: none"> <li>• <del>Serious-Sustained</del> disruption to a critical service <del>to citizens or loss or reduction of more than one service likely to last more than 48 hours</del> or multiple non critical services - Circumstances defined in the Business Continuity Plan as requiring notification of the Emergency Planning and Business Continuity Manager.</li> <li>• <del>Serious</del> Injury requiring longer term hospitalisation or resulting in permanent damage.</li> <li>• Adverse article in national press, radio <del>or TV</del>, TV or social media.</li> <li>• <del>Damage to the environment, which will not recover within one year even with remedial action or one which requires notification of other agencies.</del></li> <li>• Major financial loss. (Requiring virement to be approved by Council, currently anything over £50k).</li> </ul> |
| 5     | <ul style="list-style-type: none"> <li>• <del>Events leading to</del> Central Government intervention in running of a WLBC service.</li> <li>• <del>Loss of critical service to citizens for more than 7 days. Circumstances requiring the Business Continuity or other major incident management plans to be invoked.</del></li> <li>• Multiple injury <del>or</del> /loss of life.</li> <li>• Extensive coverage in national media.</li> <li>• <del>Damage to the environment likely to persist for many years despite remedial action or requiring intervention from other agencies.</del></li> <li>• Enormous financial loss. (<del>Losses at a level</del> which would impact on the Council's financial capacity to carry out its business).</li> </ul>   |



Note, these are examples to indicate the level of risk within each category and do not include every conceivable type of risk. **This is meant as general guidance only and not precise criteria. If you have any specific queries then please contact the Borough Treasurer or Insurance & Risk Management Officer.**

### Likelihood

| Score | Descriptors  |
|-------|--|
| 5     | Almost certain. Occurs frequently or expected to occur within one year.  |
| 4     | Likely. Expected to occur more than once in 10 years.  |
| 3     | Possible. Expected to occur once in 10 years.  |
| 2     | Unlikely. Not expected to occur over a 10 year period.   |
| 1     | Remote. Not expected to occur. Has not occurred or may only be expected to occur in exceptional circumstances. |

### WLBC Impact / Likelihood Matrix

|            |   | Impact |    |    |    |    |
|------------|---|--------|----|----|----|----|
|            |   | 1      | 2  | 3  | 4  | 5  |
| Likelihood | 5 | 5      | 10 | 15 | 20 | 25 |
|            | 4 | 4      | 8  | 12 | 16 | 20 |
|            | 3 | 3      | 6  | 9  | 12 | 15 |
|            | 2 | 2      | 4  | 6  | 8  | 10 |
|            | 1 | 1      | 2  | 3  | 4  | 5  |

| Level of Concern | Action Required   |
|------------------|---|
| Very concerned   | Urgent attention required at highest level to ensure risk is reduced to an acceptable level. Action planning should start without delay. Progress on actions should be reported to the Chief Executive and / or the Leader. |
| Concerned        | Requires mitigation, contingency plan and identification of early warning indicators. Progress reported to CMT.   |
| Uneasy           | Acceptable. Requires mitigation. Reviewed at Head of Service Level.   |
| Content          | Acceptable. Keep under review but no action required unless changes occur.  |