Derbyshire Dales District Council

Risk Management Policy & Strategy 2023 - 2025

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Risk Management Strategy Statement

It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, to encourage responsible, informed risk taking.

Risk management is all about understanding, assessing and managing the Council's threats and opportunities. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects these to be appropriately identified, assessed and managed. Through managing risks and opportunities in a structured manner, the Council will be in a stronger position to ensure that we are able to deliver our objectives. As a result, through risk management, the Council aims to:

a) Use effective risk management as a key element of good governance and rigorous performance management. All Members and Officers will ensure that they identify, manage and act on opportunities as well as risks to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council.

b) Utilise risk management as an integral part of corporate and business planning, policy-making, performance management, ensuring effective service delivery.

c) Embed a systematic and consistent approach to risk management throughout the Council.

d) Ensure that strategic partnerships, outsourced or externally provided arrangements are adequately risk-assessed and managed.

e) Maintain risk management policies, procedures etc. ensuring these comply with best practice and statutory requirements. Every two years the Risk Continuity Group will review the Risk Management Policy and Strategy and each year will review processes and arrangements and will recommend further improvements where necessary as part of the preparation of the Risk Management Annual Report.

f) Identify clear roles and accountability for risk management within the Risk Management Strategy. These will recognise process enhancements, day to day risk management requirements, oversight and scrutiny, along with the Council's need to support Officers in training and awareness programmes.

This proposed Risk Management Strategy has been reviewed and endorsed by the Risk Management Continuity Group, which includes the Corporate Leadership Team and other key officers. We recognise that it is not always possible, nor desirable, to eliminate risk entirely. However, visibility of these areas is essential, so that the Council can explore external options, such as insurance.

Paul Wilson

Risk Management Strategy

1   Introduction

1.1   Purpose and objectives of the Strategy

The purpose of this Risk Management Strategy is to describe the Council's framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's priorities and objectives. As a result, the objectives of this strategy are to:

- Define what risk management is about and what drives risk management within the Council;

- Set out the benefits of risk management and the strategic approach to risk management;

- Outline how the strategy will be implemented; and

- Identify the relevant roles and responsibilities for risk management within the Council.

Effective risk management requires an iterative process of identification, analysis, and prioritisation, action, monitoring and reporting of material risk. The processes required to deliver these objectives provides:

- Clear identification of corporate aims and priorities, service objectives and key actions;

- Specification of roles and responsibilities in respect of risk management activities;

- Consideration of risk as an integral part of corporate and business processes;

- Requirements to analyse, prioritise, respond to, monitor and report on material and significant risks;

- Specification of guidance and support arrangements to assist officers in their consideration of risk;

- Facilitation of shared organisational intelligence and learning.

Risks are managed through a series of provisions applying at different levels. These include:

- Expression of the strategic risk tolerance in corporate aims and service plans through application of our risk scoring methodology;

- At operational level by budget allocation and monitoring through effective performance management arrangements;

- At project level through application of established risk assessment techniques in compliance with business continuity planning;

- Good corporate governance provisions as provided by the Governance & Resources Committee's Terms of Reference;

- Annual review of arrangements to assess against good practice (Chief Executive's Annual Report);

- Examination of corporate and insurable risks to identify risk reduction measures (Risk Continuity Group);

- Provide for risk assessment evidence in all decision-making processes of the Council by inclusion in all Committee reports;

- Maintain documented procedures, toolkits and guidance for use across the Council by application of the risk register process and usage advice;

- Provide officers with suitable information and training to enable them to perform their duty (Risk Continuity Group and Performance and Development Reviews);

- Make all partners, providers and delivery agents aware of the Council's expectations on risk, both generally as set out in the Risk Management Policy, and where necessary, in particular areas of service delivery.

1.2 Risk Management Definitions

There are several ways in which organisations express risks and as a result, the risk management definitions can vary. Therefore, we have included a risk management glossary of the Council's risk management definitions.

A full glossary of definitions can be found in **Appendix B**.

1.3 What is risk management?

Risk can be defined as *"a threat that an event or action will adversely affect the Council's ability to achieve its objectives, perform its duties or meet expectations of its stakeholders"*

Risk is unavoidable; organisations must manage risk in a way that can be justified to a level which is tolerable and as a result, risk is the chance that an event will occur that will impact upon the organisation's objectives. It is measured in terms of consequence and likelihood.

The holistic approach is vital to ensure that all elements of the organisation are challenged including decision making processes, working with partners, consultation, existing policies and procedures and also the effective use of assets – both staff and physical assets.

The risks facing the Council will change over time, some changing continually, so this is not a one-off process. Instead, the approach to risk management should be continual and the risks and the approach to managing them should be reviewed regularly.

It is important to note that risks can also have an upside; their impact can in some cases be positive as well as negative. Risk is also often said to be the flipside of opportunity so the whole risk management process can also help the Council to identify positive opportunities that will take it forward. Risk management needs to be seen as a strategic tool and an essential part of effective and efficient management and planning.

1.4   Why do we want (and need) to do risk management?

Risk management will, by adding to the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives and enhance the value of the services provided.

We are required to do it - Risk management is something that the Council is required to do, for example:

- The CIPFA/SOLACE framework on Strategic Governance requires the Council to make a public assurance statement annually, on amongst other areas, the Council's Risk Management Strategy, process and framework. The framework requires the Council to establish and maintain a systematic strategy, framework and processes for managing risk.

Benefits of risk management - Successful implementation of risk management has many benefits for the Council :

- Increased likelihood of achieving the Council's priorities;

- A consistent approach to the way risks are managed throughout the Council;

- Informed decision making – risks reported and considered within Council decision-making;

- Becoming less risk averse in innovation (because you understand) and hence are more innovative;

- Improved business planning through a risk- based decision making process;

- A focus on outcomes not processes;
- Improved performance (accountability and prioritisation) - feeds into performance management framework;

- Better governance - and demonstration of it to stakeholders; and

- Helping to protect the organisation.

1.5   Where does risk management fit?

In short the answer is *"everywhere".* Effective risk management should be applied within all decision-making processes at an *appropriate scale*. So, the risk management approach should encompass all types of risks and the table below may aid in the identification of risks to the Council.

Sources of risk	Risk examples
STRATEGIC	
Infrastructure	Functioning of transport, communications and infrastructure. Impact of storms, floods, pollution.
Legislative and Regulatory	Effects of the change in Central Government policies, legislation, local and National changes in manifestos. Exposure to regulators (auditors/inspectors).
Social Factors	Effects of changes in demographic profiles (age, race, social makeup etc.) affecting delivery of objectives. Crime statistics and trends. Numbers of children/vulnerable adults 'at risk'.
Technological	Capacity to deal with (ICT) changes, transformation and innovation, product reliability, developments, systems integration, cyber-crime etc. Current or proposed technology partners.
Competition and Markets	Cost and quality affecting delivery of service or ability to deliver value for money. Competition for service users (car parks etc.). Success or failure in securing funding.
Stakeholder related factors	Satisfaction of the Council's taxpayers, Central Government and other stakeholders.
Environmental	Environmental impact from Council, stakeholder activities (e.g. pollution, energy efficiency, recycling, emissions, contaminated land etc.). Traffic problems and congestion.
OPERATIONAL (Internal influences)	
Finance	Associated with accounting and reporting, internal financial delegation and control, e.g. managing revenue and capital resources, taxation and pensions.
Human Resources	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety.
Contracts and Partnership	Failure of contractors to deliver services or products to the agreed cost and specification. Procurement, contract and life cycle management, legacy. Partnership arrangements, roles and responsibilities.
Tangible Assets	Safety and maintenance of buildings and physical assets e.g. plant and equipment, ICT equipment and control
Environmental	Climate change, pollution, noise, licensing, energy efficiency of day-to-day activities.
Processes	Compliance, assurance, project management, performance management, revenue and benefits systems, parking systems etc.

Sources of risk	Risk examples
Professional Judgement and Activities	Risks inherent in professional work, designing buildings, safeguarding vulnerable children and adults.
CORPORATE GOVERNANCE	
Integrity	Fraud and corruption, accountability, transparency, legality of transactions and transactions and limit of authority.
Leadership	Reputation, authority, democratic changes, trust and branding.
Policy and Strategy	Clarity of policies, communication. Policy Planning and monitoring and managing performance.
Data and information for decision making	Data protection, data reliability and data processing. Control of data and information. E-government and service delivery.
Risk Management	Incident reporting and investigation, risk analysis or measurement, evaluation and monitoring. Taking advantage of opportunities.

There is therefore a consistent approach from the top to the bottom of the Council. So, a mechanism exists for risks to be escalated up (bottom up) within the Council whilst the top risks are also explicitly identified and managed (top down).

In practice this means that the Council carries out risk assessments and maintains the following risk registers:

- **Strategic Risk Register** – the strategic, high level council risks related specifically to the Corporate Plan; and

- **Operational Risk Registers** – the risks facing each directorate / service and the achievement of its service objectives, as outlined in the Service Delivery Plan. Depending on the structure and complexity of the service there may also be a need/desire to have sub-unit risk registers which feed into the service risk register.

Given the changing landscape of local government the importance of projects and partnerships are ever increasing, so a more specific and tailored risk management approach is required.

2   Risk Management Organisational Structure

2.1 Reporting structure

The risk management process is a continuous one and risks can therefore be reported at any time. However, risks will be formally reported as follows:

- Service Managers are required to review and update the risks that sit within their service on a quarterly basis via departmental meetings. These updates are fed into the operational risk registers, as well as the strategic risk register where appropriate.

- The Risk Continuity Group reviews operational risk registers on a half yearly basis to ensure all identified risks are being well managed and updated/reviewed in accordance with the Risk Management Policy and Strategy.

- On a quarterly basis the Risk Continuity Group (RCG) receives a copy of the Council's Strategic Risk Register for challenge and consideration. The RCG reviews and updates the strategic risk register quarterly; a copy of the updated strategic risk register is then sent to all members.

- A risk management annual report is produced by the Risk Continuity Group. The draft report isto the Governance and Resources Committee is reviewed by the Corporate Leadership Team.

The reporting structure is represented below:
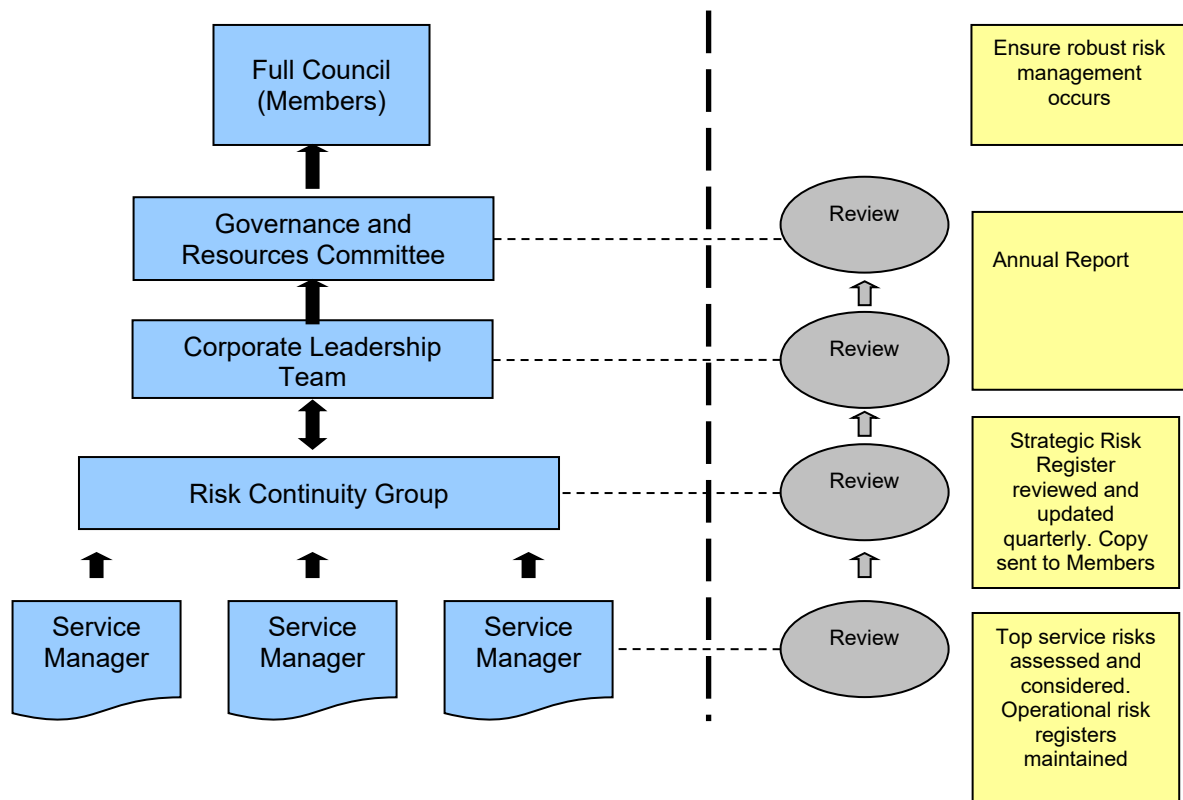
3.   Roles and Responsibilities

In cases of operational risk, risk management will follow existing service management arrangements. Strategic risk will be managed at Director Level. The Risk Continuity Group includes the Corporate Leadership Team and other key officers who are the "driving force" behind developing and implementing the Council's Risk Management Strategy. The current Terms of Reference for the Group is shown at **Appendix C**.

Risk needs 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 recommendations being made as necessary. The Council needs to be able to demonstrate that it took reasonable steps to consider the risks involved in a decision. Risks must be addressed within Committee reports, as part of the corporate checks.

There needs to be a balance between the efficiency of the decision making process and the need to address risk. All reports to Council or Committees include a section that assesses risks.

The following describes the roles and responsibilities that Members and officers play in embedding and owning the risk management process:

| Group/ individual	Roles & Responsibilities
Members	- Are responsible for governing the delivery of services to the local community and have a responsibility to understand the risks that their Council faces and be aware of how these risks are being managed. One way of gaining assurance that identified risks are being effectively managed is by robust, constructive challenge and scrutiny. - Endorse the Risk Management Policy and Strategy; - Agree the priorities determined by officers; - Review the effectiveness of the risk management process; - Governance & Resources Committee's Terms of Reference include corporate governance provision; - Receive reports from the Chief Executive (Officer with responsibility for risk management) stating whether effective risk management arrangements operate; - Approve risk tolerance levels or the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk as recommended by the Corporate Leadership Team; - Consider the risks involved in making any decisions; - Hold the Corporate Leadership Team accountable for the effective management of risk; and - The Leader and Chief Executive approve the Annual Governance Statement, which is the public disclosure of the annual outcome of this assessment (the assurance statement) and published in the annual Statement of Accounts.

Group/ individual	Roles & Responsibilities
Corporate Leadership Team	- Scrutinises significant risks in more detail as part of their annual work programme and identifies and implements mitigating actions, as appropriate; - Takes corporate responsibility for risk; - Addresses issues that cannot be addressed within service budgets.
Risk Continuity Group	- Implements effective risk management; - Reviews and recommends changes to the risk management strategy; - Identifies and assesses risks; - Prepares, monitors and reviews the strategic risk register; - Ensures that operational risk registers are being reviewed and updated regularly; - Recommends actions to address risks; and - Arranges and provides risk management training as appropriate.
Chief Executive	- Overall responsibility for ensuring that strategic risks are effectively managed within the Council; and - Provides an annual statement of assurance on strategic risks.
Service Directors	- Attend RCG meetings; - Champion and take overall responsibility for implementing the Risk Management Framework and embedding risk management throughout the Council. - Maintain awareness of and help promote the approved risk management strategy to all staff; - Contribute towards the identification and management of operational risks for their service, ensuring that operational risk registers are reviewed and updated regularly; - Review risk action plans and ensure they are implemented; - Review risk treatment schedules as identified by the line managers and team leaders; - Ensure that risks which have been identified are addressed and mitigated and that any high risks are addressed urgently; and - Ensure that risk management is incorporated into service plans and project plans.
Line Managers & Team Leaders	- Identify and analyse risks; - Undertake assessments at service level; - Evaluate risk/perform risk assessment - Prepare risk register entries; - Prepare the risk treatment schedule; and - Prepare risk action plan.
All Employees	All employees have a responsibility to: - Manage risk effectively in their job and report opportunities and risks to their service managers; - Participate in risk assessment and action planning where appropriate; - Adhere to Council policies and procedures; and - Attend training and development sessions as appropriate
Project Leaders	Project leaders have a responsibility to ensure that the risks associated with their projects are identified, recorded and regularly reviewed as part of the project management process.

| Group/ individual	Roles & Responsibilities
Internal Audit	Internal Audit's role is to maintain independence and objectivity. Internal Audit is not responsible or accountable for risk management or for managing risks on management's behalf. Internal Audit will: ▪ Audit the risk management process; ▪ Assess the adequacy of the mechanisms for identifying, analysing and mitigating key risks; ▪ Provide assurance to officers and Members on the effectiveness of controls; and ▪ The Risk Register will drive the Internal Audit Plan to ensure resources are used on the areas of highest risk and where the need for assurance is greatest.

4. Risk Management Process

The risk management process follows a four step approach; these are indicated in the diagram below and should be driven by the Council's objectives.
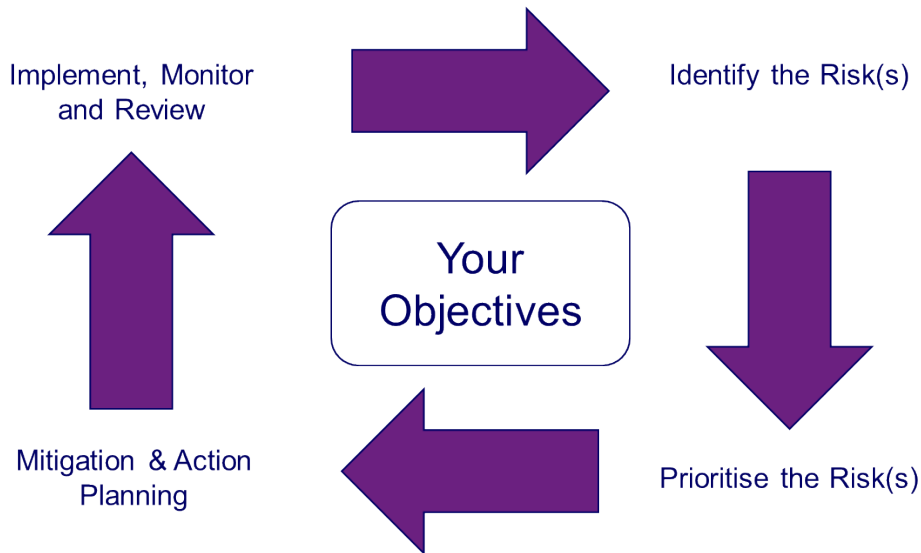
5 Links to other Business Processes

Risk management, emergency planning and business continuity

There is a link between these areas however it is vital for the success of risk management that the roles of each, and the linkages, are clearly understood. The diagram below sets out to demonstrate the differences.
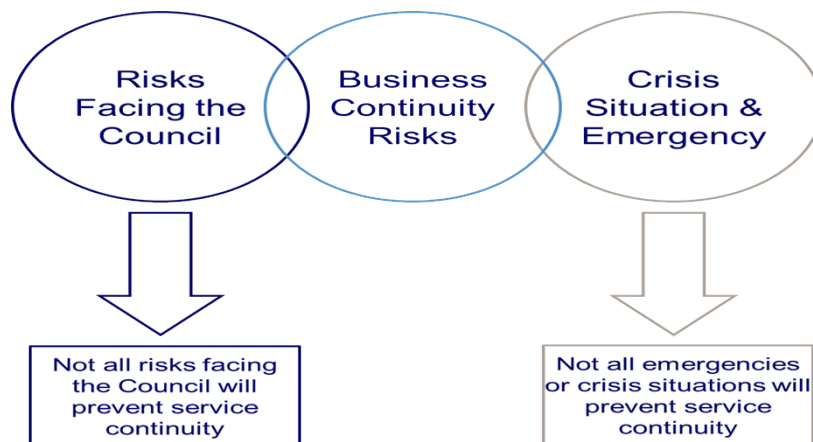
Risk management is about trying to identify and manage those risks which are more than likely to occur and where the impact on the Council's objectives can be critical or even catastrophic.

Business continuity management is about trying to identify and put in place measures to protect the priority functions against catastrophic risks that can stop the organisation in its tracks. There are some areas of overlap e.g. where the I.T infrastructure is not robust then this will feature as part of the organisation risk assessment and also be factored into the business continuity plans.

Emergency planning is about managing those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency, it becomes a continuity event if it crashes on the office.

6. Communication

The Risk Management Strategy and Policy will be published on the Council's website so that all members of staff, partners, stakeholders and interested members of the public can have access and easily refer to it. The document will be reviewed every two years and following any key changes e.g. Central Government policy, inspection regimes and following any internal reorganisation.

7 Training

Training will be facilitated via workshops, the Council's online learning portal, etc., with a view to enabling all officers to confidently undertake the process of risk identification and mitigation within their service areas.

8 Monitoring of Risk

The Council will monitor risk in the following ways:

- Risk Assessments will be undertaken annually to reflect Service Plan Objectives and Key Actions.

- The Council's risk registers, both strategic and operational, will be the prime record which contains risk assessments, mitigation controls and review frequency information in accordance with the Councils Risk Management Methodology.

- The Risk Continuity Group will comply with their Terms of Reference as defined in **Appendix C.**

- Internal Audit will review the Council's risk management arrangements as part of its audit plan.

9   Conclusion

This strategy sets the framework and culture for risk management at Derbyshire Dales District Council. It also formalises a process that is applied across the Council to ensure consistency and clarity in understanding the role and benefits of strategic risk management.
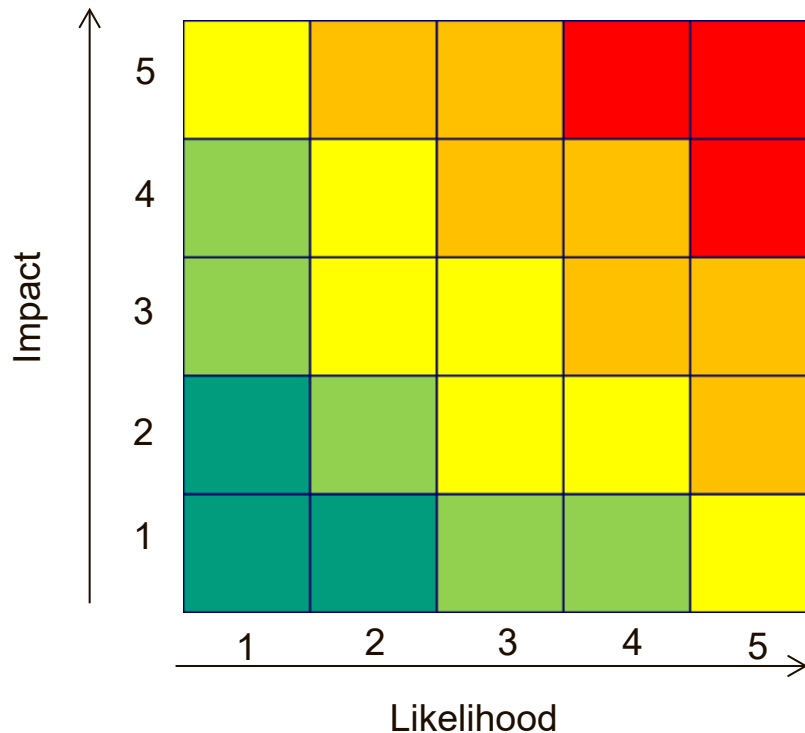
The quarterly reporting and escalation of risks interlock with the arrangements for performance reporting. The intention is that the management of risks is incorporated into business plans so that, by reporting on performance, reports naturally consider the mitigation of risks.

The approval of this updated strategy builds on the risk management work undertaken to date and ensures that the Council continues to meet the requirements of recognised best practice and inspection.

Appendix A – Risk Scoring

1 Very Low	2 Low	3 Medium	4 Probable	5 High
Unable to recall previous event	Once in last 20 years	Occurred elsewhere in last 10 years	Happened in last 4 – 10 years	Happened once or more in past 4 years

Impact / Likelihood risk matrix (5×5)

Severity	Definition
5 Critical	**Personal safety** – Death **Financial loss** – Over £250,000 for legal obligation claim/fine/custodial sentence, Business loss claim/fine/custodial sentence. **Personal Privacy infringement** – All personal details compromised **Reputation** – Officer/Members forced to resign
4 Major	**Personal safety** – Major injury **Financial loss** - Up to £100,000 - £250,000 for legal obligation claim/fine, Business loss claim/fine. **Personal Privacy infringement** – Severe personal details compromised **Reputation** – Local or public interest/National press aware
3 Possible	**Personal safety** – Injury outpatients **Financial loss** - Up to £50,000 - £100,000 for legal obligation claim/fine, Business loss claim/fine. **Personal Privacy infringement** – Isolated, personal detail compromised **Reputation** – Subject to formal report to Council
2 Unlikely	**Personal safety** – Minor injury, not serious **Financial loss** - Up to £1,000 - £50,000 for legal obligation claim/fine, Business loss claim/fine. **Personal Privacy infringement** – Embarrassment, none lasting effect **Reputation** – Contained within section/department
1 Rare	**Personal safety** – Minor First aid **Financial loss** - Up to £1,000 for legal obligation claim, Business loss claim **Personal Privacy infringement** – Minor, none consequential **Reputation** – Minor, none lasting

Appendix B – Risk Management Glossary

Risk	Risk can be defined as a threat that an event or action will adversely affect the Council's ability to achieve its objectives, perform its duties or meet expectations of its stakeholders.
Hazard	Anything that has the potential to cause harm.
Risk Management	Risk is unavoidable, organisations must manage risk in a way that can be justified to a level which is tolerable and as a result, risk is the chance that an event will occur that will impact upon the Organisation's objectives. It is measured in terms of consequence and likelihood.
Assessing risks	The approach and process used to prioritise and determine the likelihood of risks occurring and their potential impact on the achievement of the Council's objectives and priorities.
Contingency	An action or arrangement that can be put in place to minimise the impact of a risk if it should occur.
Control (control measures)	Any action, procedure or operation undertaken to either contain a risk to an acceptable level, or to reduce the likelihood.
Corporate Governance	Set of internal controls, processes, policies, affecting the way the Council is directed, administered or controlled.
Service risk	Significant operational risks which affect the day-to-day activities of the council.
Identifying risks	The process by which events that could affect the achievement of the Council's objectives, are drawn out and listed.
Risk Prioritisation	Risk prioritisation is the process used to evaluate the hazard/ risk and to determine whether precautions are adequate or more should be done. The risk is compared against predetermined acceptable levels of risk.
Impact	The effect that a risk would have if it occurs.
Issue	An event or concern that has occurred or is taking place and needs to be addressed (as opposed to a risk which has not yet, or might not, occur).
Consequence	A measure of the impact that the predicted harm, loss or damage would have on the people, property or objectives affected.
Likelihood	A measure of the probability that the predicted harm, loss or damage will occur
Risk Treatment	The action(s) taken to remove or reduce risks
Managing and controlling risks	Developing and putting in place actions and control measures to treat or manage a risk.
Control	The control of risk involves taking steps to reduce the risk from occurring such as application of policies or procedures.
Mitigation (Plan)	A strategy that reduces risk by lowering the likelihood of a risk event occurring or reducing the impact of the risk should it occur.
Objective	Something to work towards – a goal.
Operational risk	Risks arising from the day to day issues that the Council might face as it delivers its services.
Overall risk score	The score used to prioritise risks –i.e. impact multiplied by likelihood.
Risk Assessment	Analysis undertaken by management when planning a new process or changing an existing procedure to identify risks that may occur, their potential impact and likelihood of occurrence. It will also identify the controls needed to control the risk and who is responsible for this.
Risk Register	A risk register is a log of risks of all kinds that threaten an organisations success in achieving its objectives. It is a dynamic living document which is populated through the organisations risk assessment and evaluation process. The risk register enables risks to be quantified and ranked. It provides a structure for collating information about risks.

Appendix C – Risk Continuity Group Terms of Reference

a) To implement effective risk management as a key element of good governance and rigorous performance management;

b) To discuss, agree and recommend as appropriate, all matters relating to risk policy and risk strategy in respect of the Council;

c) To oversee all issues of risk, including a biennial review of the Council's Risk Management /strategy, preparation of the Risk Management Annual Report and oversight of the Strategic Risk Register;

d) To promote a holistic approach to the management of risk throughout the Council practices throughout the Council with the aim of ensuring effective risk management and reducing insurance claims and premiums while ensuring that there is adequate insurance cover;

e) To reduce the risks within the /council's services to the benefit of staff and the public;

f) To provide a forum to discuss risk management issues and responsibilities throughout the Council;

g) To arrange and provide risk management training as appropriate.

h) To annually review the terms of reference, role and function of the Corporate Hub.