



# Risk Management Policy

<b>Version Control:</b>	
<b>Document Name:</b>	Risk Management Policy
<b>Version:</b>	Version 4
<b>Responsible Officer:</b>	Corporate Support Assistant
<b>Approved by:</b>	Full Council
<b>Date Approved:</b>	November 2019
<b>Review Date:</b>	September 2022

## **Risk Management Policy**

### **Introduction and purpose**

This policy defines Barrow Borough Council's approach to risk management.

Barrow Borough Council has adopted a balanced approach to risk management. The Council recognise that good risk management will support and improve the decision making process, increasing the likelihood of objectives being achieved and enabling the Council to quickly respond to new threats and opportunities.

Risk management is about understanding the opportunities and risks that could help or prevent us in trying to deliver our intended outcome.

Understanding and managing our threats or risks comes down to four questions:

- What's the worst that could happen to us?
- What's the likelihood of it happening?
- What would be the impact if it did?
- What can we do about it (i.e. how can we prevent it from happening or what can we put in place to manage it if it should?)

Robust risk management will also help us to explore and take up opportunities as they are identified.

Good risk management does not mean that we are to take greater risks, nor that we avoid taking risks. Rather, strong risk management gives us a better understanding of the risks and opportunities that we face and how we can best manage them.

The real value of strong risk management lies in the benefits it will deliver. These benefits will be varied in their nature and extent, some might be more significant than others, but they will all be important to the Council's reputation and ability to deliver an improved public service.

Some of the benefits we can expect to realise include:

- Supporting and improving the decision making process;
- Improved public confidence in our ability to deliver services (our reputation);
- Early warning of problems;
- Prioritisation of resources;
- Improved business planning by focusing on the outcome not the process.

### **Barrow Borough Council's approach**

The Council's approach to risk management is to support the main requirement of good corporate governance:

#### **Strong Leadership:**

- Elected Members and Senior Managers will support and promote strong risk management throughout the Council.

**The Elected Members:**

- The Executive Committee approve the Risk Management Policy Statement and subsequent revisions. They consider the Risk Management implications when making decisions. Also they agree to the Council's appropriate responses to its highest risks.
- The Leader of the Council will be responsible for the overview of the Council's Risk Management activities.
- Audit Committee review the Council's Risk Register.

**Senior Managers:**

- Ensure that there is a robust framework in place to identify, monitor and manage the Council's operational risks and opportunities. Also make sure that there is a management and quarterly review of the corporate risk register, along with demonstrating a commitment to the embedding of risk management across the Council.

**Consistent:**

- There will be a robust structure and a consistent approach to risk management throughout the Council. We will use a risk management framework to equip our staff so they can manage risks appropriately.

**Open and Transparent:**

- Our approach to managing risks will be open and clear. The Council will promote a learning culture and blame will not be placed if decisions that have been made turn out to be wrong. Staff and Members have access to information on our current risks and opportunities and how we are managing them. Corporate and operational risks will be recorded in the Council's Risk Register, which is published on the Barrow Borough Council's website.

**Accountable:**

- There will be clear accountability for our risks across the organisation. Our risks will be open to regular Audit Committee inspection and also monitored by external agencies.
- Appropriate risk-taking and innovation will be encouraged and promoted through a 'no blame' culture.

The approach to effective risk management will be based on identifying the risk, assessing the risk and managing the risk.

**Identifying the risk:**

- The manager will use their experiences of their work area to identify threats.

**Assessing the risk:**

- Management Board will assess the risk using a standard risk matrix.

Impact/ Likelihood	1: Insignificant	2: Minor	3: Moderate	4: Significant	5: Major
1: Almost never					
2: Unlikely					
3: Uncertain					
4: Likely					
5: Almost always					

### Managing the risk:

We will deal with significant risks in one of the four ways described below:

**1: Tolerate the risk:** As an organisation we should accept that sometimes it is appropriate to continue with activities even though we know that it involves taking a risk. For a risk where the benefits significantly outweigh the disadvantage, we should consider that to be when acceptable when:

- We can put controls in place to mitigate the risk.
- The risk cannot be mitigated cost effectively.

When identifying controls it is important to remember to establish the cost of the controls before implementing them.

**2: Treat the risk:** This involves reducing the risk to an acceptable level either by containment actions or contingent actions.

Mitigating actions involve actions that can reduce the likelihood of occurrence or reduce the impact if it does occur. These are applied before the risk emerges.

Contingent actions involve having an action plan of what we can do to minimise the impact if the risk occurs. These are applied after the risk has appeared.

**3: Terminate the risk:** This involves doing things differently and thus removing the risk. This option is more applicable to operational risks but is limiting in terms of strategic risks.

**4. Transfer the risk to a third party:** Examples of this include insurance or paying contractors to undertake some of the Council's functions. This is a good way of mitigating financial risk and buying in expertise from other organisations.

When managing and controlling our risks, our actions should be proportionate – the cost and time of our efforts should be in balance with the potential impact of the risk.

Management Board will identify mitigating actions to reduce the likelihood and/ or impact. It is also agreed for Management Board to have annual meeting for risk management alone.

Once a threat has been identified, the likelihood and impact of the threat is assessed and a risk score is established. The Council has identified a risk score of 15 above which it will take specific action to lower the likelihood and/ or impact to a residual risk score that the Council deems to be acceptable. In many cases we will not be able to mitigate the risk below a score of 20.

Where possible a timescale will be agreed for the implementation of the mitigating actions and bring the risk score down to an acceptable level.

An example of how this works is shown below.

**Recording the risk:** This is identified in the Council's risk register, example:

Reference Risk number/year/version		Inherit Risk			Potential consequences	Existing control/mitigation	Mitigated Risk			Risk owner
Ref.	Risks	Impact	Likelihood	Score			Impact	Likelihood	Score	
1/20/1	Significant changes arising from Central Government Legislation.	5	5	25	<ul style="list-style-type: none"> <li>Regulatory changes</li> <li>Changes to service delivery</li> <li>Service performance implications</li> <li>Resource requirements</li> </ul>	<p><b>Awareness</b></p> <ul style="list-style-type: none"> <li>Monitoring Officer will receive notification</li> <li>Horizon scanning by Management Team and Heads of Service</li> <li>Membership of professional and local government bodies aids horizon scanning</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>Management Team will determine actions to be taken</li> <li>We will create detailed project plans to manage implementation of changes</li> <li>We will adopt a management of change approach to mitigate against significant impact to the Council and its staff</li> <li>Service Manager will be responsible for implementing changes</li> <li>Financial and workforce planning will be reviewed</li> </ul>	4	5	20	Monitoring Officer

The Risk Register is a record of the Council's risks and is periodically reviewed and published to monitor the progress made in reducing the scores of individual risks. It also contains the risk owners and mitigating actions they have put in place.

### **Delivery of the annual objectives and significant projects**

The Council will use a similar approach for managing the risks that may affect delivery of the Council's objectives with appropriate managers. If there is a high risk of an objective not being achieved Management Board will determine whether an action plan is required to mitigate the risk.

### **Staff Responsibility**

#### **Lead Officer**

- Have a responsibility for the development and implementation of action plans

#### **All Staff**

- Be aware of the risks and control mechanisms within their area of work
- Report any new risks to their Line Manager

#### **Corporate Support Manager**

- Develop and maintain the Risk Register
- Monitor the implementation of action plans
- Prepare reports for senior managers and Members
- Arrange training in risk management for Councillors and Officers.

#### **Training**

- The Council provide appropriate risk management training for staff involved in risk management and elected members as required.

#### **Risk Policy Publication**

- The Corporate Support Assistant will ensure that the latest version of the Risk Management Policy is published.