GA.47 15/16	**I**
Committee: Governance & Audit Committee	
Date: 19th January 2016	

Subject: To present West Lindsey District Council's Risk Management Strategy 2016-2018

Report by:	Director of Resources
Contact Officer:	Officer name Ian Knowles Post title: Director of Resources Telephone Email
Purpose / Summary:	For Members to consider and approve the Council's Risk Management Strategy 2016-2018

RECOMMENDATION(S): That Members approve the Council's Risk Management Strategy 2016-2018

IMPLICATIONS

Legal: Civil Contingency Act 2004

Financial: FIN 105/16 - Risk management is used to prioritise the allocation of resources

Staffing: Risk management is used to prioritise the allocation of staffing resources

Equality and Diversity including Human Right: None *NB: Please explain how you have considered the policy's impact on different groups (for example: young people, elderly, ethnic minorities, LGBT community, rural residents, disabled, others).*

Risk Assessment: Forms part of the Strategy

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:
WLDC Risk Management Strategy 2013-2016 HM Treasury: Governance & Risk Management, Management of risks – principles and concepts Institute of Risk Management: Fundamentals of Risk Management, Risk Appetite and Risk Tolerance CIPFA; Framework for Delivering Good Governance in Local Government

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes ☐ **No** ☐

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes ☐ **No** ☐

1 Introduction

1.1 Risk management is a statutory requirement for local government to ensure business continuity and is an essential component of corporate governance.

1.2 By having effective risk management practices in place and embedded as part of everyday working and decision making, the Council can ensure that it is focussing on the right areas and can direct scarce resources at those issues most likely to have an adverse effect on the achievement of strategic aims.

1.3 This is particularly pertinent in the current economic and ever changing environment within which local government operates.

1.4 The current Strategy was produced and approved by Members in 2013, covering the period 2013-2016. This now requires updating to take account of current structures and areas of responsibility.

2. Risk Management Strategy 2016-2018

2.1 The revised Strategy takes account of the good work that has taken place in relation to risk management within the Council during the intervening period.

2.2 The Strategy sets out the Council's approach to managing risk and also details the authority's 'risk appetite' as being 'Open and Aware' in nature, meaning that we recognise the need to be able to take calculated risks to seize opportunities (innovation) and achieve success.

2.3 The Strategy is supported by a similarly reviewed Approved Code of Practice (ACoP). This is in place to ensure consistency in approach and sets out the appropriate roles and responsibilities across the Council in relation to risk management.

2.4 To support the delivery of the revised Strategy, externally facilitated risk management training has taken place for appropriate staff. This was positively received by all who took part.

2.5 The Strategy is supported by the Council's Core Leadership Team and has also been reviewed by the Member Risk Champion.

2.6 The West Lindsey District Council Risk Management Strategy 2016-2018 is presented in Appendix A. Members are asked to approve its content and support its aims and objectives.

West Lindsey District Council

Risk Strategy 2016-2018

Risk Aware not Risk Averse

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Introduction

Welcome to our Risk Strategy for 2016-2018. I hope it gives you a clear sense of the needs and benefits of strong risk awareness and our strategy for identifying and managing, strategic, service, emerging and other relevant categories of risk.

The Council is committed to the effective management of risk as part of good governance and understands that staff, Members, partners and stakeholders are all affected by risk, the effects of which can be positive and negative.

We have looked at our appetite for risk and the levels that are acceptable to us, so that we can agree the level of controls that are necessary and make the best use of the resources that we have. We also acknowledge that some risks cannot be totally eliminated and we have a pragmatic approach to the management of these, acknowledging that a balanced approach needs to be taken.

As part of this strategy we will make sure that we learn and apply best practice and continue to engrain risk management into the organisational culture. We have worked hard in this regard over the recent past, as we expect officers and Members alike to have due regard for risk when carrying out their duties.

This strategy is supported by and links with our approach to performance management, planning, insurance, partnerships and general management arrangements, including business continuity planning and resource allocation.

To make sure that risk management is a core consideration across our governance systems, we are committed to raising awareness and delivering training, working in a partnership approach to developing best practice.

Thank you for taking the time to read our Risk Strategy.

Manjeet Gill
Chief Executive West Lindsey District Council
December 2015

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1 Why do we need a Risk Strategy?

We operate in a constantly changing world and examples such as the national economic position and associated austerity measures, the emerging devolution agenda, rising expectations on the part of public service users, technological advance, and the obligations placed on the Council as a result of the safeguarding agenda, are just some of the issues that we need to take into account when developing our priorities and delivering services to local people.

It is vital that we are constantly aware of the way that these matters will influence our ability to make the best of our resources and to focus on identified priorities.

The recognition that the responsibility for managing risk belongs to all colleagues of the Council is becoming more evident as a result of the systematic approach we have taken to train and inform colleagues in the subject matter. We have made significant progress in this regard over the recent past and we continue to ensure that we comply with risk management practices and risk management arrangements are audited on a regular basis. However, it is the aim of this strategy to make sure that we complement and re-inforce the message and that responsibility for risk management, levels of tolerance and lines of escalation continue to be clear and fully understood.

Awareness of the issues that are likely to affect us, a strong business acumen and good governance arrangements are essential to effective risk management. This will ensure that as an organisation we are resilient and agile enough to respond quickly to the opportunities that present themselves, with the ability to identify and take account of risks. By being aware of our risk appetite we can make decisions based on calculated risks.

1.1 Purpose of the Strategy

This Strategy aims to outline:

1. Why we need to be able to identify emerging and existing risks
2. Our approach to governance, risk and compliance
3. The benefits of understanding our risk appetite
4. Our appreciation of the different categories of risk
5. Our arrangements for ensuring the effective management of risk
6. How we embed a resilient and risk aware culture
7. How the Strategy will be delivered - The Work Programme

1.2 Priorities of the Strategy

The priorities for the Risk Strategy are:

1. To ensure that the importance of identifying both emerging and existing risks is understood
2. To ensure we understand our risk appetite and how this helps officers and Members work more effectively together and take calculated risks
3. To ensure that our workforce understand how to identify and manage risks effectively

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4. To ensure that resources are used efficiently and effectively
5. To ensure that our strategic objectives are achieved
6. To ensure that risks are managed at appropriate levels
7. To ensure that decisions are taken in accordance with our agreed appetite for risk

2 Governance, Risk and Compliance

2.1 What is Risk?

The Council, in delivering the objectives as defined in its Corporate Plan, is surrounded by uncertainty which can both pose a threat to success but also offer an opportunity to increase the chances of success.

Risk is defined as:

"Uncertainty of outcome, whether as a positive opportunity or negative threat, of actions and events that may affect the Council's business."

To be able to manage risk to tolerable levels, risk must be assessed in respect of the combination of the **likelihood** of something happening and the **impact** on achieving our objectives if it does actually happen. Managing risk includes what we decide to do about it, the actions and controls that the Council puts in place and monitoring of those actions and their effects as part of internal control.

Governance arrangements are those that are put in place to ensure that the organisation delivers its vision and objectives in a way that is deemed to balance appropriate controls and bureaucracy, with freedom to innovate and take opportunities based on the organisation's current capability levels to ensure success.

2.2 Identifying Risk

Identifying risks is the first step in building our risk profile. To be able to take account of the risks to achieving the Council's objectives, it is vital that the organisation is aware of and takes into account the events and issues that may have an effect, whether positively or negatively.

This is done by analysing (horizon scanning) the things that are happening, internationally, nationally, and locally, taking a view on the effect that these events will have and putting in place actions to take these into account.

There are two aspects to the identification of risk:

- initial identification of an emerging risk to achieving objectives or for a new project.
- continuous risk identification to identify new risks, changes in existing risks, or risks that are no longer relevant.

2.3 Assessing Risk

Risks should be assessed and prioritised in relation to their effect on the Council's objectives.

It is important that there is a clearly structured process in which both likelihood and impact are considered for each risk and that the way that it is recorded allows us to monitor, identify and prioritise management actions.

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Risks are assessed and scored prior to the implementation of any mitigating actions and re-assessed and scored again once mitigating actions have been put in place. This enables the effectiveness of controls to be gauged.

Risk scores are scaled in a high, medium and low matrix to be able to see where the tolerance level is. This will help to prioritise resources and actions and determine escalation and responsibility levels to bring the risk within tolerance limits.

2.4 Risk Appetite

Our appetite for risk in specific circumstances defines the type and level of controls, levels of tolerance and areas of responsibility for managing risk. As a result of externally facilitated workshops with staff and Members, the Council has established the risk appetite as:

"To be able to take calculated risks to seize opportunities (innovation) and achieve success"

This represents a risk appetite of being: "**Open & Aware"**

This means the Council is willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery, while also providing a good level of reward.

Comparing the level of the risk to the risk appetite gives us the tolerance level to be able to inform actions and controls and allocate responsibility.

2.5 Categories of Risk

Risks are not generic in nature. They take different forms, arise out of differing activities and require differing responses. Ownership has to be assigned at the most appropriate level. The risks we have identified as being of relevance to West Lindsey District Council are:

Strategic Risks – Strategic risks are defined as those that should they materialise would impact on our ability to deliver the Council's objectives, and could have serious legal, financial and reputational implications. They are owned and overseen by the Chief Executive and Directors.

Service (Operational) Risks – these risks are those that should they materialise would affect our day to day operations and impact on service delivery. They are owned and overseen by Team Managers.

Project Risks – it is acknowledged that there are risks associated with the development and delivery of projects. Our project management methodology directs project officers to consider the risks associated with projects and record the same within the relevant documentation. Oversight and review of project related risks are undertaken by project lead officers, Programme Managers and the relevant Board overseeing the project.

Information Related Risks – of great importance is the recognition that we may face risks associated with information governance and the security, handling and processing of data. Our risks register asks risk owners to consider if a particular risk has information related characteristics and flag it as such. This provides the Senior Information Risk Owner (SIRO), Senior Information Governance Officer and the Corporate Information Governance Group (CIGG) with an overview of all such risks and expert opinion can be provided where deemed necessary.

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Fraud Risks – again the risk register enables risk owners to consider if a particular risk has fraud related characteristics and to flag it as such. This provides an overview across the Council of the potential for fraud related activity and the mechanisms in place to mitigate such activity arising and/or being identified in a timely manner if it does take place.

Safeguarding Risks – the safeguarding obligations placed on the Council to ensure the protection and wellbeing of children and young people, adults at risk , domestic abuse victims and people at risk of extremist ideologies, are placed on a statutory footing as a result of the Children Act (2004), Care Act (2014) and Prevent Duty (2015). The identification of safeguarding associated risks at both a strategic and service level is a pre-requisite and the risk register enables risk owners to consider if a particular risk has safeguarding related characteristics and to flag it as such.

Partnership Risks - The Council works in partnership with a range of other organisations in order to achieve its strategic objectives and aims. We have defined a partnership as "an agreement between two or more bodies to work collectively to achieve an objective." Officers with a role in managing the delivery of objectives through partnerships will ensure that there is adequate identification and management of risks to achieving the objectives of the partnership. The recording of such considerations should take place within the Council's Partnership register.

2.6 Recording of Risks

We have created a central risk register accessible by all teams. This supports the Council in re-enforcing the key message that risk management is everyone's responsibility as it enables colleagues to add/remove risks as appropriate and review and update risks at any time. Within the register, risks can be categorised as appropriate and controls and required mitigating actions can be recorded.

To support the effective monitoring of the consistency and quality of risk management across the Council, extracts can be taken from the register at any time to enable analysis to be undertaken.

2.7 Managing risks more effectively

Risk Management is the recognition of and response to the risks and opportunities in achieving our objectives. It is a key area of corporate governance. Are our current risk management approaches effective? Are our strategies for managing risks robust, relevant and updated in line with changes?

To make sure that risk management is embedded into the organisation and drives decision making, we have defined the roles and responsibilities for risk management throughout the organisation. These are shown within the diagram (page seven) with a more detailed information contained within Appendix A.

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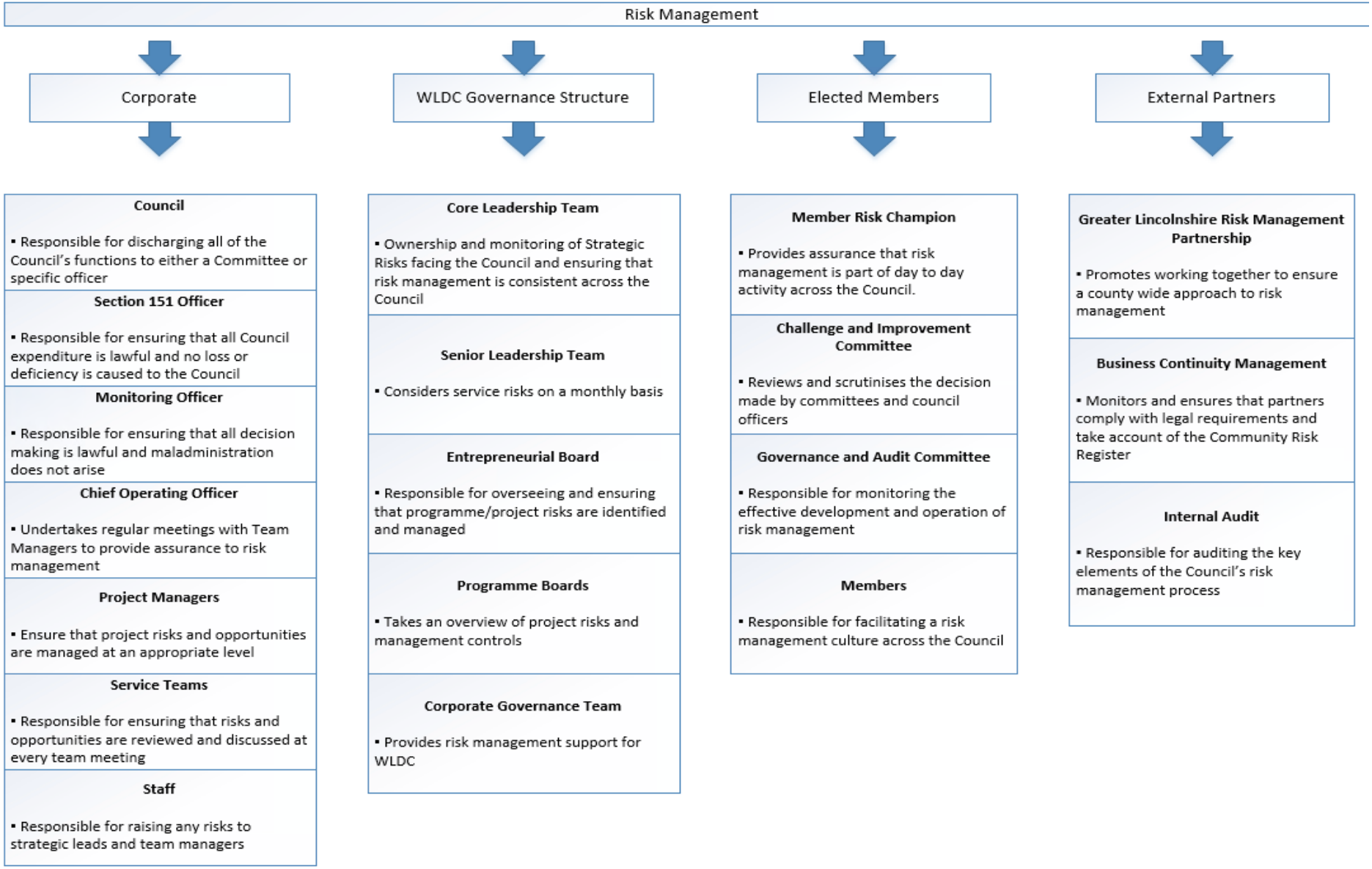
Risk Management
Corporate
WLDC Governance Structure
Elected Members
External Partners
Council
▪ Responsible for discharging all of the Council's functions to either a Committee or specific officer
Section 151 Officer
▪ Responsible for ensuring that all Council expenditure is lawful and no loss or deficiency is caused to the Council
Monitoring Officer
▪ Responsible for ensuring that all decision making is lawful and maladministration does not arise
Chief Operating Officer
▪ Undertakes regular meetings with Team Managers to provide assurance to risk management
Project Managers
▪ Ensure that project risks and opportunities are managed at an appropriate level
Service Teams
▪ Responsible for ensuring that risks and opportunities are reviewed and discussed at every team meeting
Staff
▪ Responsible for raising any risks to strategic leads and team managers
Core Leadership Team
▪ Ownership and monitoring of Strategic Risks facing the Council and ensuring that risk management is consistent across the Council
Senior Leadership Team
▪ Considers service risks on a monthly basis
Entrepreneurial Board
▪ Responsible for overseeing and ensuring that programme/project risks are identified and managed
Programme Boards
▪ Takes an overview of project risks and management controls
Corporate Governance Team
▪ Provides risk management support for WLDC
Member Risk Champion
▪ Provides assurance that risk management is part of day to day activity across the Council.
Challenge and Improvement Committee
▪ Reviews and scrutinises the decision made by committees and council officers
Governance and Audit Committee
▪ Responsible for monitoring the effective development and operation of risk management
Members
▪ Responsible for facilitating a risk management culture across the Council
Greater Lincolnshire Risk Management Partnership
▪ Promotes working together to ensure a county wide approach to risk management
Business Continuity Management
▪ Monitors and ensures that partners comply with legal requirements and take account of the Community Risk Register
Internal Audit
▪ Responsible for auditing the key elements of the Council's risk management process

2.8 Embedding a resilient and risk aware culture

The fact that we are refreshing our Risk Management Strategy to reflect changing circumstances, demonstrates our recognition of both the need for and the benefits of effective risk identification and management. However the existence of the strategy alone will not fulfil our objectives.

The creation of a risk aware culture underpins innovation and change and recognises that not all risks need to or can be managed down to the lowest level. It also supports the allocation of scarce resources to areas where we can make most difference. Such an appreciation of risk is desirable as the Council seeks to operate in an entrepreneurial and more commercially focussed manner.

We recognise that creating a risk aware culture is about more than just populating a register. It concerns developing an appropriate mind-set across the Council which does not respect hierarchies or organisational structures. Identification and discussion of risks should be welcomed and take place within a supportive environment. The Council also acknowledges that the identification and assessment of risks is an iterative process and develops as initiatives progress and/or external influences change.

Risk management can only be embedded into the organisation when it is part of everyday activity and drives decision making. This strategy aims to ensure that all levels of the organisation understand their role and responsibility for managing risks within their areas of responsibility and tolerance. In addition to setting out roles and responsibilities as detailed above, the Council has a number of activities and processes in place, or planned for implementation, to ensure that there is a high level of compliance across the organisation in respect of risk management.

Approved Code of Practice – We have produced an Approved Code of Practice (ACoP) for colleagues to refer to when considering risk management. It provides a straightforward source of reference, sets out roles and responsibilities and assists in fostering a consistent approach across the Council. Following recent changes to internal structures the ACoP now requires updating.

Core Competency – All officers expected to consider risk management as part of their role will have it detailed within their job description.

Reports - Risks are identified in all relevant committee reports that recommend a new or revised policy or allocation of resources.

Templates - The Council's project management methodology directs project leads to consider and record any risks and mitigating actions associated with project delivery. Continuing compliance with this requirement and the quality of input will be monitored.

Service Plans – These are produced on an annual basis by Strategic Leads/Team Managers and it is a requirement that any risks to service delivery are set out and reviewed within the Service Plan.

Team Meetings – All team meeting agendas should include service risks as a standard agenda item for discussion.

Horizon Scanning – This is an on-going feature whereby officers across the organisation are provided with regular reports detailing developments in the external environment.

Training – As well as the support and guidance offered by the Corporate Governance Team, they also ensure that training related to risk management is provided for staff and Members.

Members – Our Members are encouraged to actively consider and review the strategic risks facing the Council, by utilising both the Member Risk Champion and the Governance and Audit Committee forum.

3 Work Programme

The following table identifies the key projects and activities related to the Risk Management Strategy:

No.	Programme Area	Lead Officer	Forum Managed Through
People Development Projects			
1.	Risk Management Training	Corporate Governance Officer	SLT
2.	Core Competency Promotion	HR Team Manager	SLT & JSCC
3.	Member risk management training	Internal Audit	G&A Committee
Activity to support the identification of emerging and existing risks			
4.	Horizon Scanning	Corporate Governance Officer	SLT
5.	Strategic Risk Reviews	Director of Resources	CLT & G&A Committee
6.	Service Risk Reviews	Team Managers & COO	SLT, One to Ones & Team Meetings
7.	Project Risks Review	Project Managers	Programme Boards
8.	Information Related Risks Reviews	Senior Information Governance Officer	CIGG
9.	Safeguarding Related Risks Reviews	Safeguarding Co-ordinator	Safeguarding Working Group
10	Partnership Risks Review	Corporate Governance Officer	SLT
11.	Fraud Risks Review	Team Managers	SLT
12.	Risk Management Strategy Review	Corporate Governance Officer	CLT & G&A Committee
Projects to focus the organisation on managing risks more effectively			
13.	Refresh Risk Management ACoP	Corporate Governance Officer	CLT & SLT
14.	Risk Management Workshops	Corporate Governance Officer	SLT
15.	Redesign of Risk Register	Corporate Governance Officer	SLT
Business Continuity			
16.	Refresh Business Continuity Plans	Business Continuity Co-ordinator	SLT

Key	
	On-going activity
	Planned activity

Appendix A: Roles and Responsibilities

Council

The Council has the ultimate responsibility for discharging all of the Council's functions to either a Committee or specific officer.

Governance and Audit Committee

This Committee is responsible for monitoring the effective development and operation of risk management and corporate governance for the Council. The Committee will agree the strategy and monitor management actions to make sure that key risks are managed. The Committee receives six-monthly updates, or as requested, on the position relating to strategic risks, thereby ensuring that they hold the Corporate Leadership Team to account for the effective management of risks by officers.

Challenge and Improvement Committee

This Committee has responsibility for reviewing and scrutinising the decisions made by, and performance of, committees and council officers to ensure that risk management has been applied and adds value and quality to decision making.

Member Risk Champion

The Governance and Audit Committee has appointed an independent Member to fulfil this role. The purpose is to provide an effective link between the Committee and the Council to provide assurance that risk management is part of day to day activity across the Council. The Member Risk Champion will also promote the risk management strategy with Members and be the recognised point of contact for Members in relation to risk management.

Section 151 Officer

This statutory role ensures compliance with all statutory requirements for accounting and internal controls and that the financial affairs of the Council are lawful and value for money is achieved. Any irregularities or unlawful practise must be reported.

Monitoring Officer

This statutory role ensures the Council, its officers and elected Members maintain the highest standards of conduct in all that they do. Reports must be filed where matters are, or are likely to be illegal, or amount to maladministration.

Core Leadership Team (CLT)

The Core Leadership Team fulfil two functions:

- Ownership and monitoring of Strategic Risks facing the Council.
- Ensure that risk management is undertaken on a consistent manner across the Council.

Strategic risks are defined as those that potentially affect the workings of the Council as a whole and would impact on its functioning and/or reputation. Each member of CLT is assigned overall ownership of relevant strategic risks, meaning that they must ensure that risks are monitored, mitigated, reviewed and updated on a regular basis. Additionally, CLT are charged with identifying any emerging strategic risks. To assist, CLT receive quarterly reports based on the content of the strategic risk register. Refresher training is also provided for CLT to ensure they remain appreciative of developments in the art of risk management.

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Senior Leadership Team (SLT)

This group, consisting of team managers, meets on a monthly basis and reviews among other matters, service risks. Members of the group are asked to raise any service risks that are escalating in nature. This enables the top five most significant service risks be considered at this forum and brought to the attention of the Chair of SLT (Director of Resources) who will consider on behalf of CLT and direct accordingly.

SLT are also presented with details of any service risks that have not been reviewed in line with planned review dates. Action is requested to ensure that risk owners provide updates to the risk register accordingly.

SLT is also the forum within which risk management training and workshops take place. Additionally, SLT will promote the aims of the risk management ACoP and review its effectiveness and relevance.

Service Teams

Across service areas, team managers are responsible for ensuring that risks and opportunities are reviewed and discussed at every team meeting – risk management is a standing agenda on team meeting agendas. Service risk registers are up to date with controls clearly detailed and any further mitigating actions set out with timescales for completion and ownership assigned. Review dates should be also updated.

Team managers will also adhere to the risk management ACoP and promote its existence and application among team members.

Chief Operating Officer

Regular meetings take place between the Chief Operating Officer (COO) and team managers. Part of these discussions should be dedicated to a review of service risks with assurance provided on the part of the team manager that risk management is undertaken effectively across the service area.

Entrepreneurial Board

The Entrepreneurial Board consists of the Chief Executive, the Directors, the Strategic Lead for Democratic and Business Support, the Financial Services Manager and the Business Improvement & Corporate Governance Manager.

The Board is responsible for overseeing and ensuring that programme/project risks across all Boards are identified and managed and that control mechanisms are in place and are effective. It will also ensure that the procedures and policies that are followed and support the risk management strategy.

Programme Boards

The Programme boards (Growth, Transformation and Commercial) will take an overview of project risks and management controls within their programme areas and manage the risks that are beyond the tolerance levels of projects. They are assisted in this by the Programme Managers allocated to each board who provide objective oversight of programme and project development.

Project Managers

It is the role of project managers to ensure that risks and opportunities within their projects are managed at an appropriate level and in accordance with the risk appetite and that risks are escalated to the Programme Boards where deemed necessary.

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Business Continuity Management

The Council works in partnership with Lincolnshire County Council and the other District Councils on arrangements for business continuity. A County wide steering group monitors and ensures that all partners comply with the legal requirements for business continuity and take account of the Community Risk Register. Team managers will ensure that their emergency and business continuity plans are up to date and fit for purpose.

Corporate Governance Team

The Corporate Governance Team provides risk management support for CLT, staff and Members and arranges training for officers and Members as appropriate. The Team also assesses the content and quality of, and produces reports on, the status of both the strategic and service risk registers, highlighting any issues or areas to address. The Team also is responsible for co-ordinating and developing risk management across the Council, ensuring that the Risk Management Strategy is up to date and complied with and that the Governance and Audit Committee receives an annual report on risk management arrangements.

Staff

All staff have a responsibility to raise any risks that they become aware of to their strategic leads and team managers and for ensuring that they are involved in managing risks.

Members

Members are responsible for facilitating a risk management culture across the Council and ensuring that their needs for risk management training are met.

Internal Audit

Internal Audit (Audit Lincolnshire) is responsible for auditing the key elements of the Council's risk management process and taking a risk based approach to inform the internal audit plan. They are also responsible for taking an independent view that internal controls are robust and monitored and are operating effectively.

Greater Lincolnshire Risk Management Partnership

Recently, this forum has not been as active, although the Council is committed to membership of the Greater Lincolnshire Risk Management Partnership. Its aims are to promote working together to ensure a county wide approach to risk management and collaborating with partners in the County to deliver a co-ordinated approach to risk management, training and best practice. West Lindsey will play an active role in resurrecting the Partnership and participating within it.

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