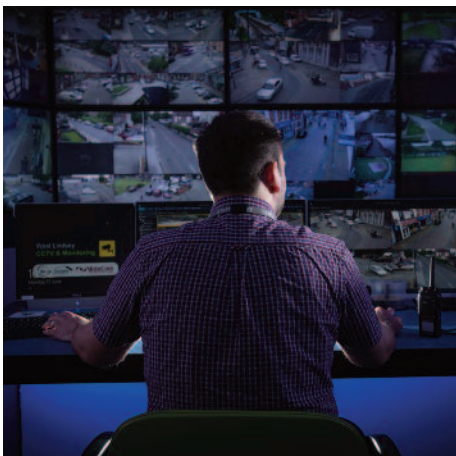


West Lindsey District Council
Risk Management Strategy
2019 - 2023



Risk Management Policy Statement - Context

West Lindsey District Council is a complex organisation, providing a diverse range of services to approximately 100,000 people living and working in West Lindsey. It works with other public, private and voluntary bodies to make West Lindsey a great place to be where people, businesses and communities can thrive and reach their potential.

The last few years have provided unprecedented challenges for the Council in delivering its services. Responding to funding challenges means that we have had to develop a very different model for local government. One that now entails looking at alternative ways of empowering our communities to live independent lives; takes advantage of commercial opportunities and targets external funding streams to help deliver key strategic objectives. Whilst these changes have created many opportunities, they have also generated significant risks and uncertainty.

The Council has had to manage the risks and opportunities associated with the delivery of our outcomes, by adopting good risk management principles. This document is focused on providing the risk management principles, tools, techniques, advice and support to ensure as an organisation, we are able to continue to take advantage of future possibilities and also plan and mitigate adequately against uncertainty.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Council's overriding attitude to risk is to operate in a culture of empowerment, creativity and innovation, in which all key risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Risk management therefore needs to be engrained



within the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not avoid risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

What are the Council's risk management objectives?

- Understand and review the Council's overall 'appetite for risk' and develop leadership capacity and skills in identifying, understanding and managing the risks facing the Council;
- Maintain a strategic approach to risk management to make better informed decisions which is vital to successful transformational change;
- Continue to set the 'tone from the top' on the level of risk we are prepared to accept on our different strategic and key service delivery priorities;
- Acknowledge that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to prevent it from happening again;
- Integrate risk management into how we run Council business/services. Sound risk management processes help us to achieve our core purpose, priorities and outcomes;
- Support a culture of well-measured risk taking throughout the Council's business, including strategic, operational, programme, partnership and project. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures;
- Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management;
- Take a pro-active approach to mitigate the risk of fraud related activity;
- Ensure risk management continues to be a key and effective element of our Corporate Governance arrangements;

How are our objectives going to be met?

- Maintain a robust and consistent risk management approach that will:
 - identify and effectively manage strategic, operational and project risks;
 - focus on those key risks that, because of their likelihood and impact, make them priorities;
- Ensure accountabilities, roles and responsibilities for managing risks are clearly defined, communicated and understood throughout the organisation;
- Continue to treat risk as an integral part of business planning, service delivery, key decision making processes and project and partnership governance;
- Communicate risk information effectively through a clear reporting framework;
- Increase understanding and expertise in risk management through targeted training and the sharing of good practice;
- Annually reviewing The Risk Management Framework to take account of changing legislation, government initiatives, best practice and experience gained within the Council.

Councillor Giles McNeill

Leader West Lindsey District Council
September 2019

Risk Management Approach

1. Introduction

The purpose of the risk management approach outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process;
- Ensure risks are identified and assessed consistently throughout the organisation through the clarification of key concepts;
- Clarify roles and responsibilities for managing risk;
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

2. Definitions

Risk can be defined as an uncertain event that, should it occur, will have an effect on the Council's objectives and/or reputation. It is the combination of the probability of an event (likelihood) and its effect (impact).

Risk management generated opportunities can arise as a consequence of effectively managing risks, for example additional grant funding or improved working practices.

Risk Appetite refers to how much risk the Council is prepared to take in order to attain benefit or, in other words, the individual and total impact of risk it is prepared to accept in the pursuit of its strategic objectives.

Following work with key officers and Members, the Council's overall risk appetite has been assessed as "Creative and Aware". This means that the Council is willing to take calculated risks to seize opportunities (innovation) and achieve success. The Council will consider all delivery options and choose the one that is most likely to result in successful delivery while also providing a good level of reward. (See Appendix 1 for more information).

Risk Management is the systematic application



of principles, approach and processes to the identification, assessment and monitoring of risks. By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

Risk management is applied at all levels of service delivery and includes:

- **Strategic Risks** – Risks that could have an effect on the successful achievement of our long term core purpose i.e Corporate Plan priorities and outcomes. These are:

- risks that could potentially have a Council or wider impact and/or
- risks that cannot be managed solely at a business unit level because higher level support/intervention is needed.

- **Service (Operational) Risks** – Risks at a business unit level that could have an effect on the successful achievement of the group and business unit day to day outcomes or objectives. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the business unit as a whole.

- **Contract Risks** – Risks that could have an effect on the successful achievement of the contract's objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.

- **Programme/Project Risks** – Risks that could have an effect on the successful achievement of the programme or project's outcomes or

objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.). A key role of programme/project managers and sponsors is to ensure that all risks are captured and managed appropriately.

• **Information Related Risks** – Of great importance is the recognition that we face risks related to information governance and security, and the handling and the processing of data.

• **Fraud Risks** – Risks associated with activities that have the potential for exposure to fraudulent or corrupt activity.

• **Partnership Risks** – Risks that could have an effect on the successful achievement of the partnership’s outcomes or objectives including engagement with key stakeholders (service users, third parties, partners etc.). These can be strategic and/or operational depending on the size and purpose of the partnership.

3. Approach

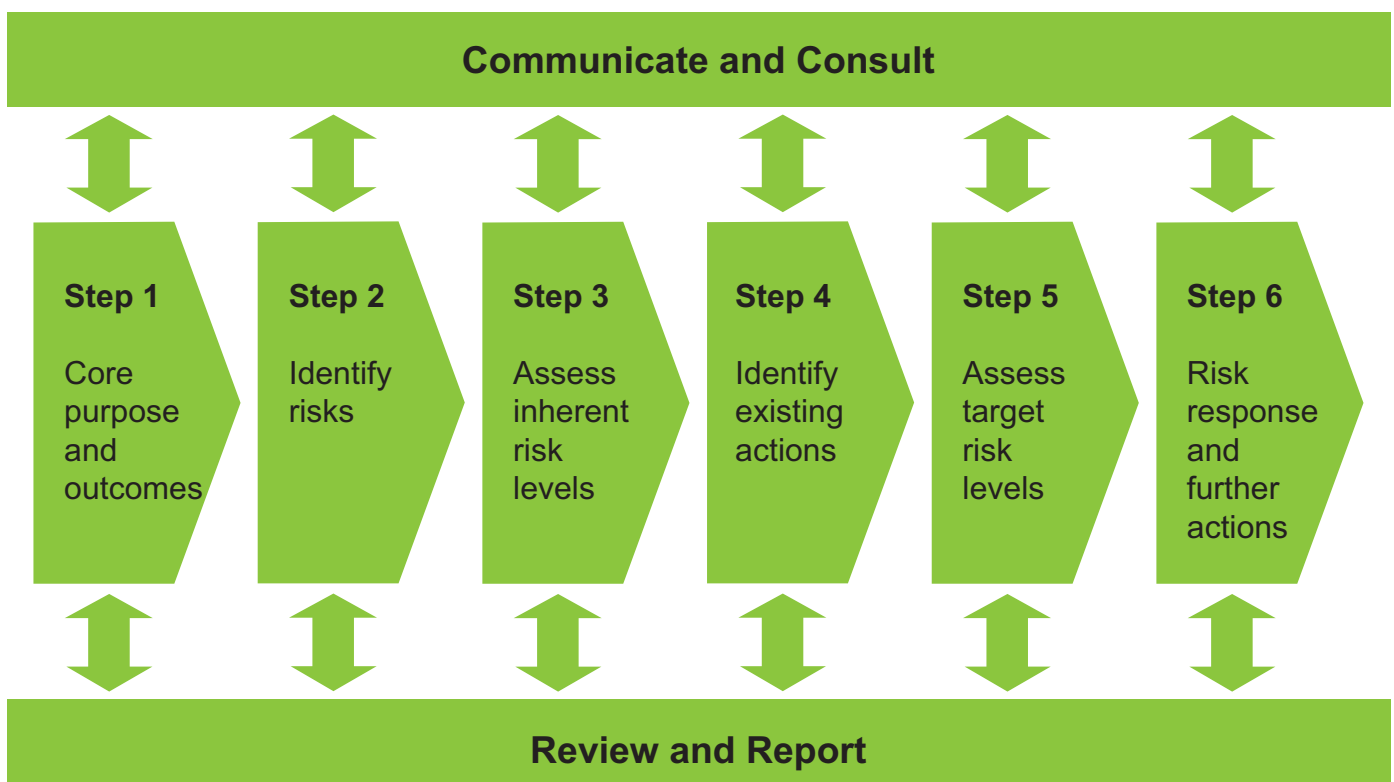
This section details the agreed arrangements that are needed to maintain and ensure the on-

going effective management of risk across the organisation. Recent assessments of the Council’s approach to risk management by the Head of Internal Audit have concluded that our procedures are working effectively. This supports the notion that for a number of years the Council has successfully worked towards a comprehensive and integrated approach to risk management where:

- staff are clear about what risk management is intended to achieve;
- significant risks are being identified and managed effectively;
- training and guidance on risk management are easily accessible;
- a consistent corporate approach is followed using a common ‘risk language’; and
- it is seen as an integral part of good corporate governance.

The Council’s approach to risk management is based on best practice and is set out in the diagram below:

Diagram 1: West Lindsey District Council’s Risk Management Approach



Step 1: Core Purpose & Outcomes

Before we can identify our risks we need to establish the context by looking at what we are trying to achieve and what our proposed outcomes are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents, including the following:

- West Lindsey District Council Corporate Plan (for core purpose, priorities and outcomes);
- Business Improvement Plans (for group/service level outcomes, objectives and actions);
- Counter-Fraud and Corruption Policy;
- Finance Strategy and Medium Term Financial Plan;
- Project Brief/Project Initiation Document (for project aims and objectives);
- Partnership Agreements (for partnership aims and objectives).



Step 2: Identify Risks

There are a number of different types of risks that an organisation may face including financial loss, failure of service delivery, physical risks to people, risk of legal action and damage to the organisation's reputation.

Describing the risk is equally important to ensure that risks are fully understood, and to assist with the identification of actions. The cause and impact of each risk must also be detailed. Once identified, all strategic and operational risks are recorded in the Council's centrally held Risk Register. A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk.

Step 3: Assess Inherent Risk Level

To ensure resources are focused on the most significant risks, the Council's approach to risk management is to assess the risks identified in terms of both their potential likelihood and impact so that actions can be prioritised.

The risk management process requires each risk to be assessed twice – inherent and target risk levels.

The first assessment (the 'inherent' risk level) is taken on the basis that there is no action being taken to manage the identified risk and/or following an evaluation of current mitigating actions that the Council has in place. This provides an estimation of the worst case scenario if the risk were to occur.

To ensure that a consistent scoring mechanism is in place across the Council, risks are assessed using the agreed criteria for likelihood and impact detailed in Appendix 2. When assessing the risk, the highest measure identified in each table is the score taken to plot the risk level on the risk matrix (Diagram 2).

The point at which likelihood and impact cross, determines the risk level. For example, Possible Likelihood (2) and Critical Impact (4) would result in a risk level of 8. The matrix uses a “traffic light” approach to show high (red), medium (amber) and low (green) risks.

IMPACT	Critical	4	8	12	16
	Major	3	6	9	12
	Minor	2	4	6	8
	Negligible	1	2	3	4
		Hardly Ever	Possible	Probable	Almost Certain
LIKELIHOOD					

Diagram 2: Risk scoring matrix

The Council considers the inherent risk to ensure that:

- informed decisions can be made about the consequences of stopping risk actions that are currently in place; and
- resources are not wasted over-controlling risks that are not likely to happen and would have little impact.

Step 4: Identify Existing Risk Actions

Existing actions, which are helping to mitigate or minimise the likelihood and/or impact of the risk occurring, are identified for each risk. These actions are specifically those in place or completed.



Step 5: Assess Target Risk Level

The second assessment (the ‘target’ risk level) re-evaluates the risk, taking into consideration the effectiveness of any required future actions required to further strengthen the current mitigations. In other words, the reality if the risk were to occur once all mitigations are in place. Target risk levels are prioritised by applying the same criteria and matrix used for assessing the gross risk level (Step 3). It is the risk owner’s responsibility to ensure that the agreed target risk level for each risk is an accurate reflection of the likelihood and impact measures detailed in Appendix 2.

The Council considers the target risk to ensure that:

- identified risks are prioritised in terms of their significance as it is not practical or possible to manage every risk all of the time; and
- existing actions are relevant and effectively managing and/or reducing the likelihood or impact of the identified risks.

Step 6: Risk Response and Further Actions

Not all risks can be managed all of the time, so having assessed and prioritised the identified risks, cost effective action needs to be taken to manage those that pose the most significant threat

Risk may be managed in one, or a combination of the following ways:

- Avoid - A decision is made not to take a risk;
- Tolerate - A decision is taken to accept the risk;
- Transfer - All or part of the risk is transferred through insurance or to a third party;
- Treat - Further additional actions are implemented to reduce the risk;
- Terminate – Take actions to fully mitigate the risk or withdraw from activities associated with identified risks.

It is important to note that the Council has a risk appetite, where it is prepared to accept the risk. This is illustrated by the black line on Diagram 2 and means that any risk that has been assessed as a 'net red' risk must be a priority for immediate management action. A decision needs to be taken whether to avoid, transfer or treat the risk (an inherent red risk should not be accepted without assurance that robust mitigations will be implemented as a matter of urgency).



Step 7: Review and Report

Risk management should be thought of as an ongoing process and as such, risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact. West Lindsey's approach is one whereby:

- Strategic Risks are managed and reviewed by the Management Team and are also presented for review to the Governance & Audit Committee on a six-monthly basis;
- Service Risks are reviewed regularly (via monthly service team meetings) and are managed at an operational level.

Overview of both operations is carried out by the Corporate Governance Team. Risk registers are created and maintained on the Council's central risk management register. This enables the Council to record and manage risks in a consistent way, map risks to objectives and risk types, monitor and review risks and produce meaningful management reports.

The Annual Governance Statement (AGS) process incorporates the review and challenge of business unit and significant project risk registers and can result in the identification of actions for improvement to be incorporated within the AGS' Yearly Action Plan.

Risk Management Approach - Cont'd

4. Roles and Responsibilities

To ensure risk management is effectively implemented, all WLDC Members and officers should have a level of understanding of the Council's risk management approach and regard risk management as part of their 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 approach 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 Management Team to account for the effective management of risks by officers.

Overview and Scrutiny 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 approach 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 to the appropriate body.

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.

Management Team: The Management Team fulfil two functions:

- Ownership and monitoring of Strategic Risks facing the Council.
- Ensure that risk management is undertaken in 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. The Executive Directors are 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, Management Team are charged with identifying any emerging strategic risks. To assist, Management Team receive quarterly reports based on the content of the strategic risk register. Refresher training is also provided for Management Team to ensure they remain appreciative of developments in the art of risk management.

Senior Leadership Team (SLT): This group, consisting of team managers, meets on a quarterly basis and discusses among other matters, service risks. Members of the group are asked to raise any service risks that are escalating in nature. This enables open

discussion on the risks facing service managers and a collective approach to identifying mitigating actions or other appropriate responses.

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 Approved Code of Practice (ACoP) and review its effectiveness and relevance.

Data Protection Officer: This statutory role ensures that the Council addresses matters relating to the requirements of the General Data Protection Regulations (GDPR) and steps are taken to mitigate against the risk of the inappropriate disclosure of personal data held by the Council.

Corporate Health and Safety Officer: This role works to ensure that the safety and well-being of staff and visitors to Council premises are protected by addressing any risks of accidents or work-related ill-health arising.

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 must also be updated.

Team Managers: These officers will also adhere to the risk management ACoP and promote its existence and application among team members.

Assistant Director of Operations: Regular meetings take place between the Assistant Director and team managers. Part of these discussions are 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.

Portfolio Board: The Portfolio Board consists of the Executive Directors and other senior managers. 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 are followed and support the Council's approach to risk management.

Programme Boards: A number of Programme Boards are in operation within the Council. They 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 Sponsors and Programme Managers allocated to each board who provide objective oversight of programme and project development.

Project Sponsors/Managers: It is the role of project sponsors and 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.

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. 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 Management Team, staff and Members and arranges training for officers and Members as appropriate.

Officers: All officers have a responsibility to raise any risks that they become aware of to their 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 (Assurance 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: 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 practise.

Lincolnshire Counter Fraud Partnership: The Council plays an active role within the partnership to ensure fraud awareness work and closer working with services is undertaken to develop knowledge and the reporting of fraud and corruption related risks.

5. Embedding Risk Management

The fact that we are refreshing our approach to risk management 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 this document 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 essential as the Council operates within tight financial conditions and has to adopt a more commercial and entrepreneurial manner.

We recognise that creating a risk aware culture is about more than just populating a register. It concerns maintaining an appropriate mind-set across the Council which does not respect hierarchies or organisational structures. Identification and discussion of risks is to be welcomed and takes 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. We have made great strides in this regard and aim to ensure that all levels of the organisation continue to understand their role and responsibility for managing risks within their areas of influence and tolerance. In addition to setting out roles and responsibilities as detailed above, the Council has a number of activities and processes in place, 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 (and updated) 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;

- **Core Competency:** All officers expected to consider risk management as part of their role will have it detailed within their job description;

- **Training:** Both Members and officers receive risk management training via workshops, e-learning and general support from the Corporate Governance Team;

- **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 is monitored;

- **Service Improvement Plans:** These are produced on an annual basis by Service Managers and it is a requirement that any risks to service delivery are set out and reviewed within the 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.

6. Culture

The Council will be open in its approach to managing risks. Lessons from events that lead to loss or reputational damage will be shared as well as lessons from things that go well. Discussion on risk in any context will be conducted in an open and honest manner. Reports will continue to detail the options and risks related to any policy or proposal requiring decision.

7. Training and Awareness

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively.

The Council will continue to use expertise contained within Assurance Lincolnshire to provide awareness and training sessions on risk management for Members and officers. Bite-size refresher sessions will be provided via the Council's e-learning platform.

The Council's Risk Management ACoP will continue to be used along with this document as a source of reference for all relevant parties on how the Council expects risks to be considered and managed.

Furthermore, the Council will continue to be an active member of both the Greater Lincolnshire Risk Management Partnership and the Lincolnshire Counter Fraud Partnership; using them as opportunities to share best practise and keep abreast of developments in these areas.



Appendices

Appendix 1

When risk appetite is properly understood and clearly defined, it becomes a powerful tool, not only in taking well-measured risks, but also for improving performance and decision making.

At the most basic level, an organisation's 'appetite' for risk is how much risk it is prepared to take in order to attain benefit or, in other words, the individual and total impact of risk it is prepared to accept in the pursuit of its strategic objectives.

In order for an organisation to obtain a clear picture of its risk 'appetite' there are two things that must firstly be understood:

- What is the organisation's 'capacity' for risk? i.e. the ability to take risk re financial and other resources.
- What is the organisation's 'attitude' to risk? i.e. the willingness of management and staff to take risk.

An evaluation of an organisation's risk appetite can be placed on a continuum ranging from Risk Averse through to Hungry:



Recent work has been undertaken with key officers and Members at the Council. This involved individuals considering a series of statements aligned to a number of risk categories as detailed:

- Projects & Major Change - (Innovation/Technology/Devolved Authority)
- Reputation & Public Confidence - (Scrutiny of Decision)
- Business Continuity – (Business Resilience)
- Finance & Money - (Financial Loss/Value for Money/Allocation of Resources/Risk & Return)
- Regulatory Standing & Legal Compliance - (Challenge/Safeguarding)
- People – (Staff Health/Wellbeing & Leadership)
- Partnerships – (Governance)
- Performance & Service Delivery – (Performance)

Each statement represented a differing attitude to risk (based on the headings above) and participants were asked to consider each statement and provide their individual response to each of them. The results were collated and provided an overall assessment of the Council's collective risk appetite as "Creative and Aware." Such knowledge is helpful as it provides all concerned with a consistent determination in regard to the level of risk the Council is prepared to take in any given scenario.

Appendix 2

Officers and Members are provided with the guidance detailed in the table below to determine which classification should be applied in terms of likelihood and impact:

You should assign a number in the range 1-4 as follows:	
Likelihood	
1 = Hardly Ever (<5%)	
2= Possible (5-35%)	
3= Probable (35-75%)	
4= Almost Certain (>75%)	
1 = Negligible Impact	2 = Minor Impact
Minor service disruption	Service disruption
Minor Injury	Loss time injury
Financial loss < £250k	Financial loss >£250k - £500k
Isolated complaints	Adverse local media coverage
	Failure to achieve a service plan objective
3 = Major Impact	4 = Critical
Significant service disruption	Total service loss for a significant period
Major/disabling injury	Fatality to employee, service user or other
Financial loss >£500k - £1m	Financial loss >£1m
Adverse national media coverage	Ministerial intervention in running service
Failure to achieve Corporate Plan objective	

This methodology enables each risk to be categorised as either low, medium or high in nature. Prioritisation as regards potential mitigations can be applied, or the Council's response to the risk can be re-considered (avoid, tolerate, transfer, treat, terminate).

If you would like a copy of this leaflet in large print, audio, Braille or in another language: Please telephone 01427 676676

تامول عملہ نام دیڑمل تباصع 01427 676676

За повече информация пръстен 01427 676676

Lisainformatsiooni ring 01427 676676

अधिक जानकारी के लिए रिंग 01427 676676

További információ gyűrű 01427 676676

Lai iegūtu vairāk informācijas gredzenu 01427 676676

Norėdami gauti daugiau informacijos žiedo 01427 676676

Aby uzyskać więcej informacji na ring 01427 676676

Pentru mai multe informații inel 01427 676676

За више информација назовите 01427 676676

رے یل رے ک یٹوگننا 01427 676676 رے ک تامول عملہ دیڑم