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Risk and Opportunities Policy

BACKGROUND INFORMATION			
Document Purpose	To summarise the Council's approach to risk and opportunities management, and provide advice and guidance to all relevant staff		
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Forward

Our strategic priorities are clear – to promote a stronger economy and stronger communities.

Our high level strategic framework is composed of:

- i. Economic Strategy
- ii. Health and Wellbeing Strategy
- iii. Prevention and Early Intervention Strategy
- iv. Financial Strategy
- v. Safeguarding

A successful and systematic risk management process underpins and supports the efficient and effective delivery of the Council's strategic outcomes and the high level strategic framework.

This Policy is designed to help in raising awareness of the overarching principles of risk management and to assist staff in applying sound risk management practices to support the achievement of strategic objectives.

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Introduction and Context

Risk can be defined as uncertainty of outcome. Risk is ever present and a certain amount of risk-taking is inevitable if the Council is to achieve its objectives.

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of the risks facing the Council and is a means of minimising the impact of undesired events.

Opportunity management involves the identification and assessment of proposed actions designed to deliver Council Outcomes.

The benefits gained from effectively managing risks and opportunities include:

- **Improved strategic management**
 - Greater ability to deliver against strategic outcomes;

- Improved decision making;
- **Improved operational management**
 - Reduction in managerial time spent dealing with the consequences of a risk event having occurred;
 - Improved service delivery;
- **Improved Financial Management**
 - Better informed financial decision-making;
 - Greater financial control;
 - Minimising waste and poor value for money;
 - Reduction in costly claims against the Council;
- **Improved customer service**
 - Minimal service disruption to customers and positive external reputation;
- **Opportunities Management**
 - Identifies a potential benefit of taking actions and decisions;
 - It is a tool for informed decision making;

Risk Maturity

Risk maturity is the effectiveness of an overall organisation's arrangements to identify and manage its risks. This is assessed annually by the Council's Assurance Board. In December 2016 it concluded that "there is an organisational managed approach to risk management, based on recognised risk management principles, has been developed and communicated". This Policy is designed to show how this will be monitored.

Aims and Objectives

The aim of risk management is to ensure that the Council has an effective process to support better decision making through good understanding of risk and their likely impact.

The objectives of the Council's Risk and Opportunities Policy are to:

- Support the achievement of the outcomes of the Council
- Integrate risk management into the culture of the Council
- Proactively identify and manage risk and maximise opportunities of both the Council and those partnerships with which it is involved
- Enable the Council to anticipate and respond to changing social, economic, environmental and legislative conditions to manage risk and maximise opportunities
- Manage the risks associated with major projects that have a significant impact on the Council's financial position and pose a reputational risk
- Minimise the likelihood of injury, damage and loss and reduce the number of incidences and cost of risk to the Council
- Strengthen the basis of options appraisal and decision making

Effective risk management will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Council and our partners for risk management
- Effective communication at all levels of the organisation
- Monitoring progress in delivering the strategy and reviewing the risk management arrangement on an-going basis

Risk Appetite

Risk appetite can be defined as the risk an organisation is prepared to accept in the pursuit of its strategic outcomes. This is subject to annual review by the Council's Assurance Board. In December 2016 it concluded that the Council's overall approach remained open where there is a greater "willingness to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money".

How this is applied in practice will vary depending on the potential impact a risk could have on the organisation or service users. Factors such as the external environment, people, business systems and policies and how key stakeholders perceive potential impact will all influence the risk appetite. When assessing each risk decision makers will determine the level of risk they are prepared to accept.

In relation to the achievement of its outcomes and the underlying governance framework the prevailing risk appetite has been defined as follows:

Outcome	Risk Appetite
Feel Safe and are Safe	Cautious (Preference for safe options that have a low degree of risk and may only have limited potential for reward)
Skills and learning	Open (Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money)
Strong Economy	Hungry (Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk)
Sustainable communities	Cautious-Open
Good Health and Wellbeing	Cautious-Open
Control environment to support the delivery of the vision	Open

Roles and Responsibilities

All members, managers, employees and partners must understand the nature of risk and accept responsibility for managing risk and accept responsibility for managing those risks associated with their areas of activity. The roles and responsibilities of all individuals/groups involved in the risk management process is summarised below:

Group or Individuals	Roles & Responsibilities
Cabinet & Council	<ul style="list-style-type: none"> • Consider risk management implications when making decisions • Ensure that a consideration of risks and opportunities is included in reports on which they are asked to make a decision
Audit & Governance Committee	<ul style="list-style-type: none"> • Champion risk management throughout the Council • Consider and approve the Risk & Opportunities Policy and oversee the effective management of risk by Council officers • Receive and consider risk management progress report • Reviews the Strategic Risk Register • Seek sufficient assurance that strategic risks which may affect the Council's Outcomes are being properly managed
Leadership Team	<ul style="list-style-type: none"> • Drives the implementation of the Council's Risk & Opportunities Policy • Collective responsibility for the identification and management of strategic risks and opportunities • Ensure council wide implementation of the risk management framework
Assurance Board	<ul style="list-style-type: none"> • Review the Risk Strategy and its implementation • Advise on the Council's Risk Appetite • Review the Council's Strategic Risk register including its completeness, and review progress on the implementation of actions • Cyclically review the strategic and operational risks linked to each Strategic Outcome
Directors	<ul style="list-style-type: none"> • Ensure that the Council manages risk effectively in relation to each Strategic Outcome • Ensure that all cabinet reports by them or their staff include a risk and opportunities assessment • Review and update risks at least quarterly including monitoring controls and treatment progress • Ensure an awareness of risk culture is embedded across their respective departments and services

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Protective Marker

	<ul style="list-style-type: none"> • Maintain risk registers in their respective areas of responsibility
Project/Partnership Managers	<ul style="list-style-type: none"> • Manage risk effectively and comply with the Council's Risk & Opportunities Policy • Ensure that key risks to project/partnership objectives are identified, recorded and managed • Ensure the project's/partnership's risks are reviewed at appropriate stages of the project/partnership • Regularly report key risks and treatment progress to the project/partnership board
Head of Audit & Assurance/Strategic Lead Risk & Governance	<ul style="list-style-type: none"> • Spread the ethos of effective risk management throughout the Council • Provide advice and support to the Assurance Board • Assist Directors in identifying, analysing and controlling the risks that they encounter • Provide guidance and support to Directors in relation to risk management generally • Organise and promote risk management awareness and development • Develop the Council's Risk & Opportunities Policy • Promote continual improvement and update of risk management arrangements based on current best practice • Support the maintenance of the risk registers • Regularly report to the Audit & Governance Committee on strategic risk matters • Ensure that managing risk is integrated with other corporate processes
Internal Audit	<ul style="list-style-type: none"> • Produce a risk based audit plan that takes into account the key risks identified by the Council • Provide an informed opinion on the effectiveness and adequacy of the Council's risk management framework • Provide assurance on key controls identified
Employees	<ul style="list-style-type: none"> • Manage risk effectively in their job and comply with the Council's Risk & Opportunities Policy • Participate in the identification, assessment and control of threats and opportunities • Immediately reports to their manager any incident, accident, 'near miss' or any other concerns that they may have with regards to risk

Risk and Opportunities Management Process

The risk and opportunities management process is detailed in a risk management tool kit. This will be updated to reflect anticipated changes to the risk register. The process provides a systematic, effective and efficient way by which risks can be managed at different levels throughout the organisation.

Implementing the Policy

Between April 2017 and March 2019 we will carry out actions to embed the implementation of this Policy, including:

- Updating the Council's risk register to allow users to update and monitor their risks as easily as possible and to promote self-service
- Introducing a risk management toolkit which defines the risk and opportunities process in detail, and provides users with appropriate guidance
- Introducing an e-learning package to allow managers and staff to more fully understand the principles and benefits of risk management
- Introducing a regular newsletter on risk issues to be included on the Council's intranet
- Promoting the role of audit and assurance in supporting the evaluation of risks and opportunities in relation to new projects
- Evaluating arrangements against best practice and identifying areas for improvement
- Promoting the Opportunities Framework as part of the decision making process

Appendix A - Definition of Terms

Risk management is defined as, “co-ordinated activities to direct and control an organisation with regard to risk”.

A **Risk** is the “effect of uncertainty on objectives” and provides for both positive and negative consequences of risk.

A **Risk Owner** is “a person with the accountability and authority to manage a risk”.

Risk Attitude is the manner of the organisation’s “approach to assess and eventually pursue, retain, take or turn away from risk”.

Risk Appetite refers to the "amount and type of risk that an organisation is prepared to pursue, retain or take".

Opportunity Risk is the risk that a better opportunity may present itself after an irreversible decision has been made.

Strategic risks are associated with the achievement of strategic outcomes. They will include new initiatives, as well as the development of current services.

Operational risks are associated with on-going procedures and systems. This includes systems such as creditor payments, human resources and information management.

Project risks are associated with the successful completion of a project in order to deliver its strategic and operational objectives. Project risk may occur with the significant changes to the delivery of services, the introduction of new systems, or a major capital scheme. They will be short term in comparison to strategic and operational risks, with the strategic and operational risk elements moving into the said risk areas on project completion.