Borough Council of
**King's Lynn &
West Norfolk**

Risk Management Policy

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1. Introduction

1.1   Given the wide range of activities undertaken by the council, we face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, corporate governance and damage to reputation.

1.2   Effective risk management is a key tool in assisting the council to manage uncertainty in order to enable it to better achieve its corporate business plan. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the council. It is essential that steps are taken to effectively manage those risks. Risk management supports innovative solutions as it carefully considers the benefits, alongside the risks, that may occur.

1.3   Insurance is a traditional way of protecting against some risks. However, not all risks can be insured against and other approaches are needed. Insurance has a direct cost and given financial challenges facing local government action taken to reduce risks can help minimise premiums and disruption to services.

2. Definitions

2.1   Risk can be defined as '*an uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives*'.

2.2   Risk management can be defined as '*the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling or responding to them*'.

2.3   Risk appetite is '*the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives*'.

3. Policy statement

3.1   It is the council's policy to proactively identify, understand, manage and review the risks involved in service delivery and associated with our plans and strategies, so as to encourage responsible and informed decision making.

3.2   The council's business plan sets out its objectives. The risk management approach described in this policy is key to identifying, assessing, mitigating, managing and reviewing risks to the achievement of the council's objectives.

3.3   This policy/strategy will be reviewed every three years, or earlier in the light of new guidance, to ensure it remains relevant to the needs of the council. The next review will take place no later than March 2022.

4. Scope

4.1   The policy covers risks that could prevent the achievement of the council's corporate business plan. It does not cover health, safety and general welfare related risks and responsibilities which follow from legislation such as the Health and Safety at Work Act 1974. This is covered by the council's Health, Safety and General Welfare Policy.

5. Aims

5.1   The purpose of this Risk Management Policy is to state the council's risk management objectives and approach. The processes required to implement this policy are contained in the Risk Management Strategy.

6. Objectives

6.1   The purpose of risk management is to:

- Improve performance
- Promote a risk aware culture to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the council
- Promote corporate governance by integrating risk management and internal control
- Preserve and protect the council's assets, reputation and staff.

6.2   To achieve these objectives, the council will develop a systematic and consistent risk management approach that will:

- Implement effective risk management as a key element of good governance and rigorous performance management.
- Consider risk is an integral part of corporate and business planning and service delivery.
- Encourage considered and responsible risk taking as a legitimate response to opportunity and uncertainty.
- Achieve better outcomes for the council through a more realistic assessment of the challenges faced, through improved decision-making and targeted risk mitigation and control.
- Engender, reinforce and replicate good practice in risk management.

7. Benefits of risk management

7.1   Effective risk management delivers benefits to individual services and the council as a whole. The key benefits include:

- A better, more informed, decision making process
- The ability to manage the process of achieving objectives.

7.2   By delivering enhanced risk management practice and adhering to the Risk Management Strategy, the following additional benefits can be realised:

- Increased likelihood of achieving the council's objectives
- More robust assessment of opportunities
- Improved business planning through risk based decision making
- Improved governance and controls
- Enhanced stakeholder confidence and trust
- Enhanced performance through an integrated approach
- Effective allocation and use of resources
- Improved organisational resilience

8. Legal framework and relevant legislation

8.1   Risk management is an integral part of internal control, and for local government a statutory requirement, defined in the Audit & Accounts Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. Paragraph (1) of Regulation 4 (responsibility for financial management) states:

'The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

8.2   Regulation 6 requires relevant bodies to conduct an annual review of the effectiveness of their system of internal audit. CIPFA's guidance on the Review of the System of Internal Audit, published in January 2009, defines the system of internal audit as:

'The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.'

8.3   Risk management represents a part of the governance arrangements which are required to be reported on in the annual governance statement incorporated in the council's annual statement of accounts.

8.4   In addition to the above requirements there are several other specific duties that the council is obliged to observe including, as examples, responsibilities arising from the Civil Contingencies Act 2004, Health and Safety at Work Act 1974 and equality impact assessments under the Equality Act 2010.

9. Roles and responsibilities

9.1   Risk management is all inclusive and every employee and member has a role to play. Specific roles and responsibilities are defined in the Risk Management Strategy.

10. Risk management approach

10.1   To ensure it is effective, risk management needs to be aligned with corporate aims, objectives and priorities. The council's approach to embedding risk management is to create a culture that spreads best practice, identifies and communicates lessons learnt, and uses appropriate expertise.

10.2   Risk management has to be proactive to ensure that corporate and operational risks are:

- Identified
- Assessed by considering the impacts and likelihoods of their occurrence
- Effectively managed by identifying suitable controls and countermeasures, and assessing the mitigating actions proposed
- Reviewing progress and emerging issues.

10.3   Effective risk management anticipates and avoids risks rather than dealing with the consequences of events happening.

11. Risk appetite

11.1   Risk appetite refers to the council's attitude towards risk, which in turn dictates the amount of risk that it considers acceptable.

11.2   The council recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver beneficial outcomes to its customers. It must, however, take risks in a controlled manner, thus reducing its exposure to a level deemed acceptable by the council and by relevant auditors, regulators and inspectors.

11.3   Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources, especially when it is to achieve substantial benefit. Calculated controlled risks, such as accepting new opportunities or using innovative approaches for the benefit of the council, may be taken providing the risk exposure is within the council's 'risk tolerance' levels, these are defined as:

11.4   *Acceptable risks* – the risks associated with any proposed actions and decisions need to be clearly identified, evaluated and managed to ensure that risk exposure is acceptable. Particular care is needed in considering actions that could:

- Have an adverse effect on the council's reputation and/ or performance
- Undermine the independent and objective review of activities
- Result in censure or fines being imposed by regulatory bodies
- Result in financial loss.

11.5 Any threat or opportunity that could have a significant impact on the council's reputation or its services must be closely examined, and all risks clearly evaluated and referred to the appropriate executive director. Where there is risk that could potentially have a corporate impact on the council, it must be considered by Management Team.

11.6 *Prohibited risks* – risks are not acceptable where they could result in physical harm; non-compliance with legislation or government regulations; or non-compliance with council policy, rules and procedures. Therefore any opportunity or innovative approach that may result in such outcomes must not be pursued.

11.7 The organisation's current overall risk appetite is defined as 'open':

Open	*The council is prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.*

12. Risk management training

12.1 Risk management training will be provided to relevant officers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide and projects that they manage. Elected members will receive training on risk so that they can consider the implications of risk whilst engaged with council activities.

13. Health implications

13.1. The strategy is a key part of the council's governance framework and will contribute towards wider health policies through mitigation measures.

14. Equalities implications

14.1 The policy is considered to have no equalities implications.

15. Reference documents

15.1 The policy provides direction to the council's Risk Management Strategy.

16. Additional information or resources

16.1 The related Risk Management Strategy and Strategic and Corporate Risk Register can be found in the risk management section of InSite.

16.2 Further information can be obtained from Policy and Performance.

17. Implementation/distribution

17.1 The policy will be distributed to senior managers and to all staff and members via Internal Affairs, the Members Bulletin and InSite.

Signed: _____ Ray Harding, Chief Executive

Date: _____

Signed: _____ Cllr B Long, Leader

Date: _____

Version control

Policy name	Risk management policy			
Policy description	The risk management approach described in this policy is key to identifying, assessing, mitigating, managing and reviewing risks to the achievement of the council's objectives.			
Responsible Officer	Ged Greaves, Senior Policy and Performance Officer			
Version number	Date formally approved	Reason for update	Author	Review date
1	March 2016	Refresh	K. Littlewood	March 2019
2	TBC	Planned refresh	G. Greaves	March 2022