

APPENDIX A



RISK MANAGEMENT STRATEGY 2023 - 2026

Risk Management Policy Statement

- Risk management is the process by which risks are identified, evaluated, and controlled. It is recognised as everyone's job and an integral part of good management practice. It is a key element of the framework of corporate governance.
- Blaby District Council will adopt the principles of risk management to protect the health, safety and welfare of its employees and the people it serves, to protect its property, assets, and other resources, to enhance the delivery of services and to maintain its reputation and good standing in the wider community. The Council will apply best practice in identifying, evaluating and cost effectively controlling risks at all levels and across all activities.
- In considering its appetite towards risk in achieving our corporate priorities, the Council recognises that it is impossible to deliver services and achieve our objectives without taking risks. It is the identification and management of risks taken in a controlled manner at a level that is acceptable to the Council which will enable these objectives to be delivered successfully. It is for the Council to decide whether the benefits of taking a course of action outweigh the risks.
- To be most effective, risk management should become part of the Council's culture. Therefore, the aim of the Council's strategy is to integrate risk management into the existing management processes for planning, decision making and control at all levels and across all activities.
- The Council needs to have the framework and processes in place to manage risk in a consistent and proactive way. The risk management strategy document identifies the framework, processes in place, roles and responsibilities and identifies further critical actions for achieving this.
- The Chief Executive, Senior Leadership Team and Council Members are fully committed to promoting and implementing the risk management strategy throughout the authority.

Contents

1. Introduction
 2. What is meant by Risk Management?
 3. Corporate Governance
 4. The Benefits of Risk Management
 5. The Risk Management process
 - 5.1 Identify the risks
 - 5.2 Risk analysis / evaluation
 - 5.3 Establish tolerance and identify suitable controls
 - 5.4 Action planning/controls
 - 5.5 Monitor, measure, and review
 6. How Risk Management links with existing processes
 - 6.1 Corporate and service planning
 - 6.2 Project management
 - 6.3 Partnership risks
 - 6.4 Procurement
 - 6.5 Committee reports
 - 6.6 Business Continuity
 - 6.7 Health and Safety
- Appendix 1 Roles and responsibilities
- Appendix 2 Categories of Objectives (Risk Categories)
- Appendix 3 Risk analysis methodology

1. Introduction

Our risk management strategy sets out roles and responsibilities for managing risk and defines how risk should be consistently managed, recorded, and assessed throughout the Council.

It aims to:

- Ensure appropriate Risk Management arrangements are in place at Blaby District Council.
- Increase awareness of risk management as part of our daily activities.
- Clarify who is responsible for managing risks and ensure that risk is considered at all levels.

An Action Plan will ensure that risk management is fully embedded within the Council.

2. What is meant by Risk Management?

All organisations face risks to people, property, and continued operations. Risk is the threat that an event or action will adversely affect the ability of an organisation to achieve its objectives and to successfully implement its strategies. Given the increasing challenges faced by local government, e.g., the cost of living, potential reductions in government funding, commercialisation etc., the management of risk is more important than ever.

Effective risk management will enable us to:

- Identify risks and take steps to ensure that they are constrained to acceptable levels,
- Improve our ability to deliver our strategic priorities,
- Make informed decisions on new initiatives and opportunities,
- Find the right balance between risk and reward,
- Improve partnership working arrangements and corporate governance.

Risk management can be defined as a planned, systematic approach to the identification and assessment of risks, then responding to those risks.

The Risk Management Strategy is part of the Council's governance framework arrangements.

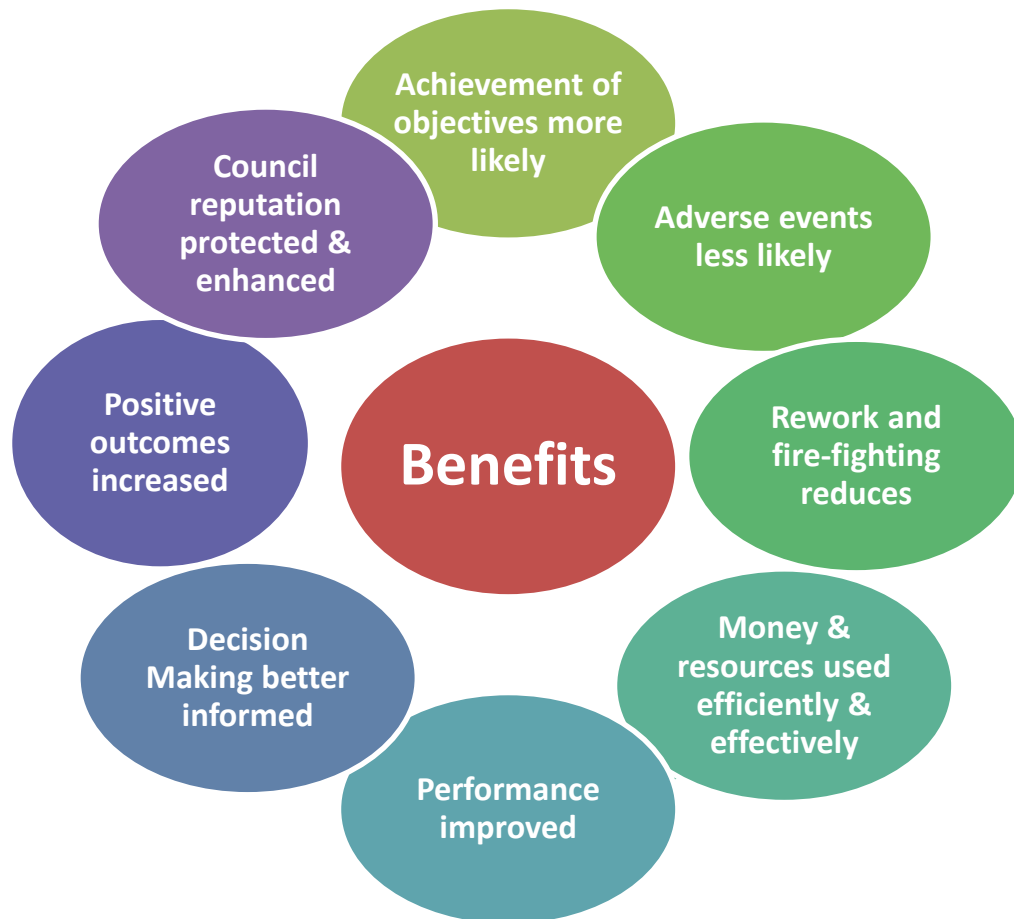
3. Corporate Governance

Risk management is also an essential part of the CIPFA Framework for Delivering Good Governance in Local Government that has been adopted by Local Authorities. The Framework requires the Council to establish and maintain a systematic strategy, framework, and process for managing risk.

An Annual Governance Statement is produced alongside the Annual Statement of Accounts confirming that the Council has ensured that there is a sound system of internal control in place which facilitates the effective

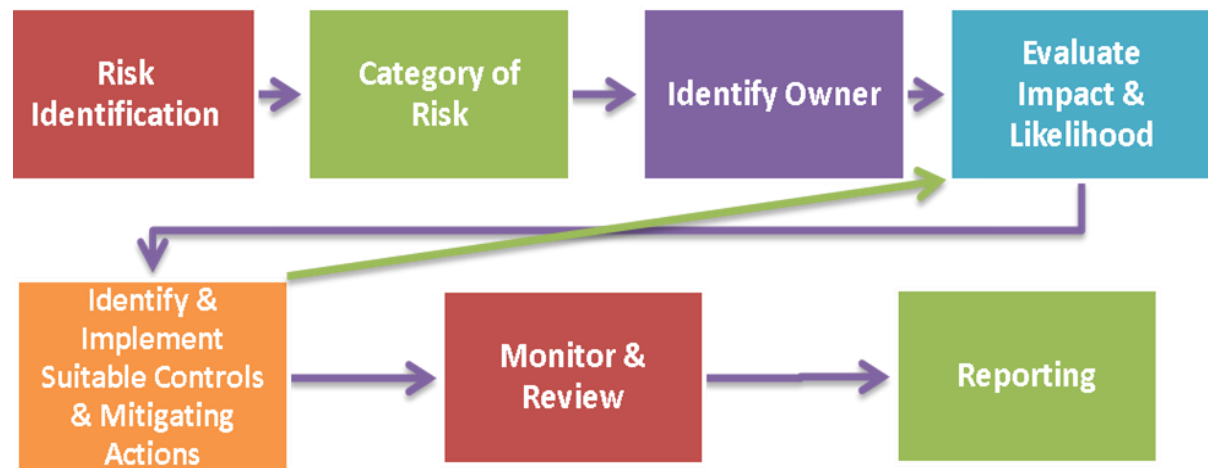
exercise of the Council's functions, including arrangements for the management of risk. These arrangements include the reviewing and updating of standing orders, standing financial instructions, a scheme of delegation and supporting procedures notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.

4. The Benefits of Risk Management



5. The Risk Management process

The roles and responsibilities of individual officers and committees in the risk management process can be found in Appendix 1.

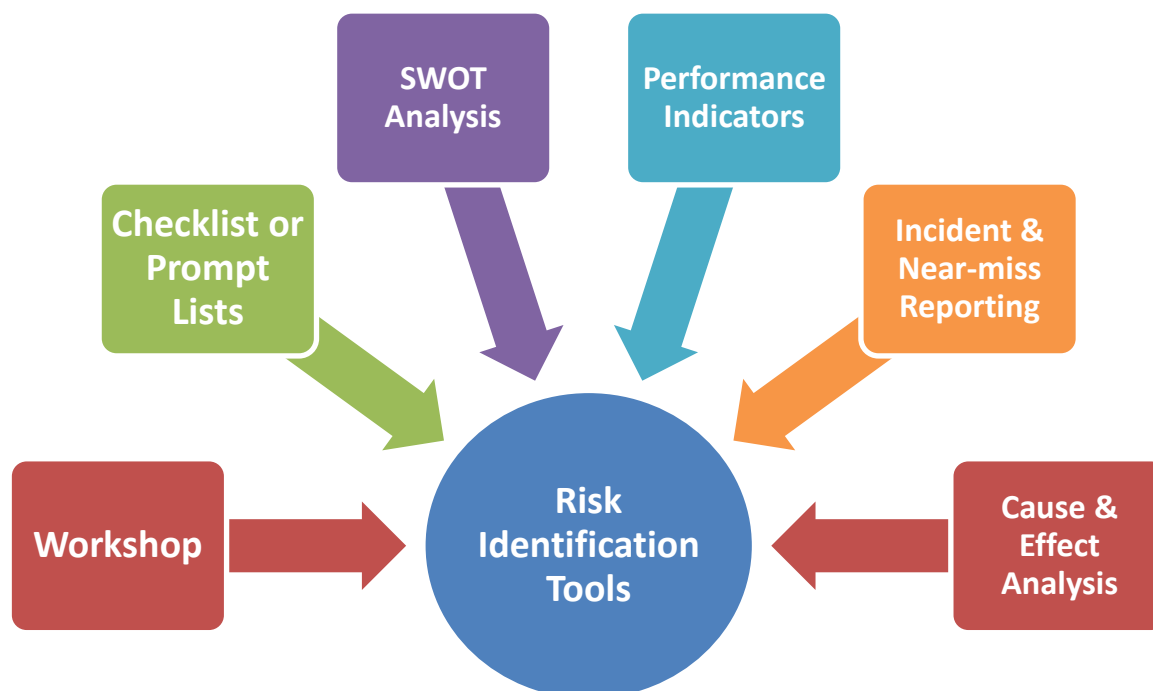


5.1 Risk Identification

Risk identification is about identifying the key risks to the Council and consideration of the following points:

- What could stop the Council achieving its objectives/what could go wrong?
- What type of risk could it be – e.g., financial, political, legal etc.?
- How would we describe the risk – what is the headline?

Corporate Risk Group or services will decide upon the appropriate approach to identifying its key risks. The following diagram illustrates methods which may be used.



When identifying risks, the following categories of risk should be used (see below). They will act as a prompt for those involved in the process. They will ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate on operational, financial, or legal risks. Risks can also cover more than one of these areas in some circumstances. Examples of risks from each category can be found in Appendix 2.

Contractual	Environmental
Financial	Fraud
Health & Safety	Legal
Partnership	Physical
Political	Professional
Reputational	Social
Technological	

Risks should all be owned by appropriately senior and experienced people. The owner will have responsibility for managing the risk, putting in place suitable controls and actions and re-evaluating the risk on a timely basis.

5.2 Risk analysis/evaluation

Once identified, risks should then be analysed to take account of:

- Impact in terms of consequences on achieving objectives; and
- likelihood of the risk arising.

The impact and likelihood of the risk should be assessed on a scale of 1-5 (see Appendix 3 for further explanation). It is recognised that some subjective judgements are involved in this process.

5.3 Establish tolerance, identify suitable control measures

This involves the implementation of measures that will reduce the likelihood of the risk event occurring or reducing the impact of the consequences should it occur. There are five key aspects of addressing risk methods:

- **Tolerate**
The exposure may be tolerable or acceptable without any further action being taken.
- **Treat**
The greatest number will be addressed this way. Risk control is taken to constrain the risk to a level at which the risk can be tolerated. This tolerance level may vary for different groups of risks.
- **Transfer**
For some risks the best response may be to transfer them. This may be done by insurance or paying a third party to take the risk in another way. Some risks are not fully transferable – for example, it is generally not possible to transfer reputational risk even if delivery of a service is contracted out.
- **Terminate**
Some risks will only be treatable or containable to acceptable levels, by terminating the activity.
- **Take the opportunity**
This is an option which should be considered when tolerating, treating, or transferring a risk. Are there potential opportunities or gains? For example, improvement in performance, change processes, efficiencies etc.

NB Insurance does not reduce the likelihood of events occurring and, on its own, can be the most expensive option.

5.4 Action planning and controls

Action plans to control a risk will identify the resources required to deliver the improvements, key dates, and deadlines.

5.5 Monitor, measure and review

Corporate risks are owned and monitored by the Corporate Risk Group, which consists of the Chief Executive, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The risks and associated control measures are maintained and monitored through IPlan and are subject to quarterly review by the Corporate Risk Group. Audit and Corporate Governance Committee receive quarterly reports in respect of the

Council's corporate risks, in which details of any new, changing, or deleted risks will be included.

Service risks are generally operational in nature and are owned and monitored by Service Managers. They are also maintained in IPlan alongside any associated control measures. Service risks are subject to quarterly monitoring by Service Managers, with additional oversight from Group Managers, to ensure that they remain up to date and have not become obsolete. Service risks will not be reported to Audit and Corporate Governance Committee other than in exceptional circumstances, e.g., in cases where it is considered appropriate to upgrade them to corporate risk status.

6. How Risk Management links with existing processes

6.1 Corporate and service planning

Senior Leadership Team and Members are responsible for setting and monitoring the Blaby District Plan. Risk management is an inherent part of that process and Senior Leadership Team will identify and manage the key risks facing the Council or a particular service in its delivery of the Blaby District Plan.

The Council's new project management system ensures that all corporate projects and major service projects incorporate their own risk register. Senior Leadership Team, sitting as the Programme Board, review progress against all live corporate and major service projects monthly. As part of this monitoring process, the project manager provides an update on any changes to project risks during the month, on an exception basis.

6.2 Project management

Blaby District Council has adopted a standard methodology that will be applied to all projects within the Council. The project manager is responsible for ensuring that risks are identified, recorded, and regularly reviewed.

6.3 Partnership risks

As the Council works in partnership to deliver some of its priorities and services, it is essential that:

- The risks associated with working in partnership with other organisations have been identified. Some of these risks can be managed through formal contracts and partnership agreements.
- Partnerships have effective risk management procedures in place.
- A risk assessment is carried out prior to entering any partnership.
- Appropriate risk controls are in place.
- Risks are reviewed regularly.

6.4 Procurement

Part 11 of the Constitution details the necessary regulations and principles regarding procurement and contract management and advice regarding the potential risk involved in these processes should be first obtained via the Finance Group Manager.

6.5 Committee reports

For all Council, Cabinet Executive, and Committee reports, it is a mandatory requirement that the report author considers the risk management implications of the proposals contained within the report.

6.6 Business Continuity

Business Continuity is a specific risk management process designed to establish and manage the risks that may interrupt or stop effective service delivery. Business Continuity Plans are in place within each service, and these plans complement the Council's risk management approach. Regular testing of the plans takes place within services and all risks to the Council are considered.

The Council's lead officer for business continuity purposes is the Neighbourhood Services and Assets Group Manager.

6.7 Health and Safety

The Council has a Health & Safety policy which gives specific guidance for undertaking risk assessments. Advice and assistance can be obtained from the Corporate Health & Safety Adviser. All services will have an individual Health & Safety Quality Management System (the 'Blueprint') for managing their Health & Safety risks.

Corporate Health & Safety risks are managed through Health & Safety Committee with ultimate responsibility assigned to Senior Leadership Team and the Leader of the Council.

Roles and responsibilities

The following describes how the roles and responsibilities are allocated to members and officers:

Cabinet Executive

- Approval of Risk Management Strategy.

Portfolio Holders

- To be aware of risks that are identified within their areas of responsibility.
- To be assured that risks within their areas of responsibility are being effectively managed.

Audit and Corporate Governance Committee

- To advise the Cabinet Executive on Audit & Risk.
- Monitoring the effectiveness of corporate governance and risk management arrangements and supporting the development and embedding of good practice in risk management.
- Providing positive challenge to ensure that the risk assessment and control measures are robust.

Corporate Risk Group

- Design, operate and monitor a suitable system of internal control to manage risks within the risk parameters set by Senior Leadership Team/Cabinet Executive/Audit and Corporate Governance Committee.
- Maintain and review the Corporate Risk Register and measures to mitigate risks.
- To implement the Risk Management Strategy.

Executive Director (S151 Officer)

- To prepare and promote the authority's Risk Management Strategy in liaison with the Finance Group Manager.
- To develop risk management controls in conjunction with the Finance Group Manager.
- To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- To effect corporate insurance cover.

Finance Group Manager

- To prepare and promote the authority's Risk Management Strategy in liaison with the Executive Director (S151 Officer).
- To develop risk management controls in conjunction with the Executive Director (S151 Officer).
- Co-ordinate risk management across the Council.
- To produce quarterly Risk Management reports for Audit and Corporate Governance Committee.

- To ensure appropriate training is delivered to officers and members to enable them to effectively carry out their roles.

Internal Audit

- To provide an oversight of risk management and use service/corporate risk registers in relation to the Internal Audit Plan.

Group Managers

- To take responsibility for risk management, having regard to advice from the Executive Director (S151 Officer), Finance Group Manager, and other specialist officers.
- Identify, analyse, and ensure that there are regular reviews of risk within their services.
- Escalate risks as appropriate to Corporate Risk Group.
- Ensure that all staff are made aware of their responsibility to highlight potential risks to their line manager.
- To notify the Executive Director (S151 Officer) immediately of any loss, liability or damage that may lead to a claim against the authority's insurers.
- To notify the Executive Director (S151 Officer) promptly of all new risks, affecting existing insurances.
- To consult the Executive Director (S151 Officer) and the Monitoring Officer on the terms of any indemnity that the authority is requested to give individual officers.

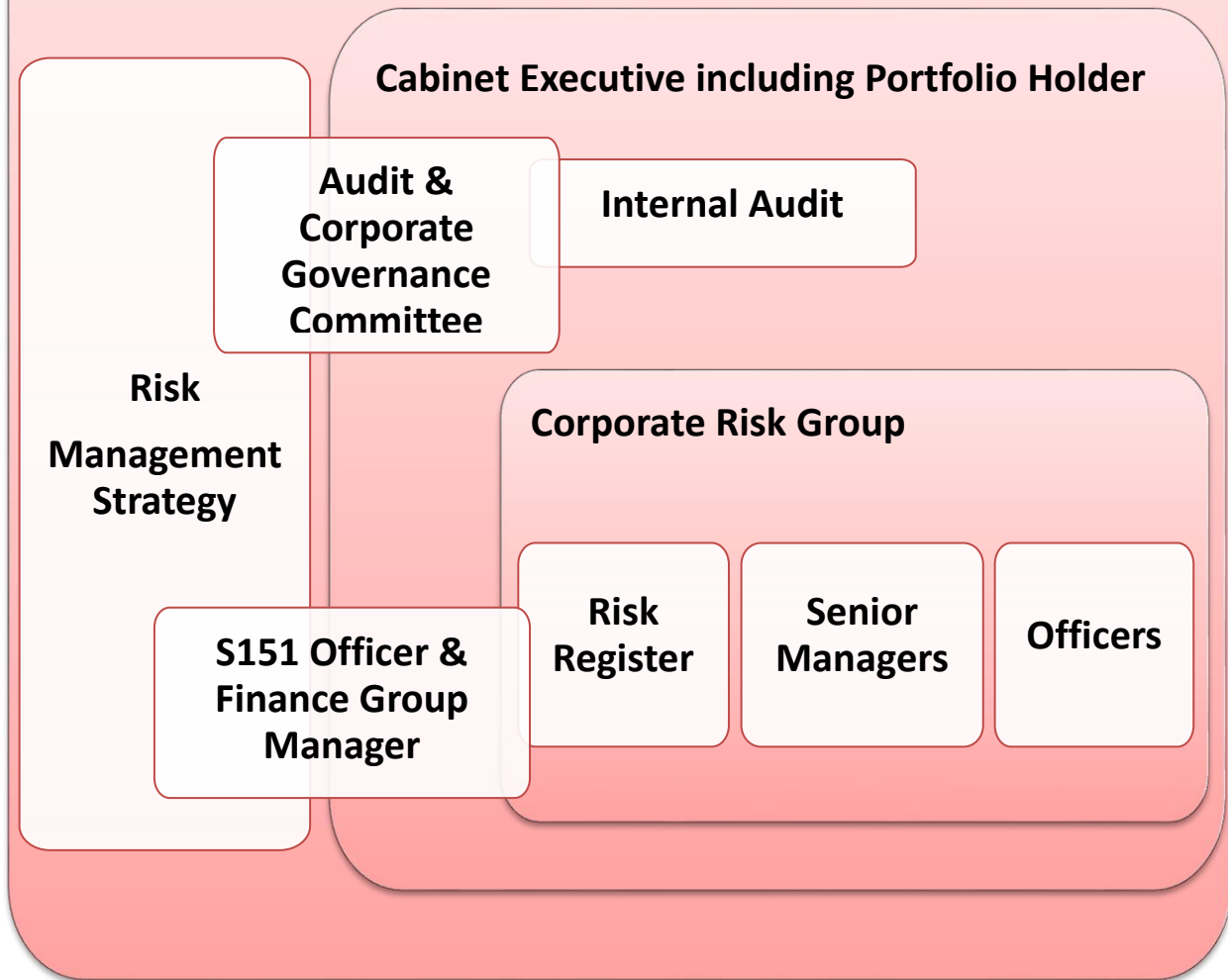
Service Managers

- To review and manage risks delegated to them by the Group Manager.
- To identify additional risks and put in place controls to manage these risks within their area of responsibility.

All Staff

- To highlight potential risks to their line manager.
- To act in accordance with controls identified through the risk management process to mitigate risks.

Risk Management at Blaby District Council



Appendix 2

Categories of Objectives (Risk Category)

Risk	Definition	Examples
Contractual	Failure of contractors to deliver services or products to the agreed cost and specification.	Contractor fails to deliver service on time.
Environmental	Relating to the environmental consequences of progressing the Council's strategic objectives.	Land use, recycling, pollution, net zero ambitions.
Financial	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences. Associated with financial planning and control.	Cost of living, changes in interest rates, inflation, poverty indicators, budget overspends, level of council tax, level of reserves.
Fraud	Related to possible issues of fraud, either by employees, residents, or other stakeholders	Invoices for goods not delivered, claims for benefits not entitled to, false refunds paid.
Health & Safety	Associated with safeguarding workers and others who might be affected by your work activities.	Falls, trips, spills, slips etc that may result in an injury. Exposed electrical wires, lifting heavy boxes, working with poisonous substances.
Legal	Associated with current or potential changes in law. Related to possible breaches of legislation.	Human rights, appliance, or non-appliance of TUPE regulations. Client brings legal challenge.
Partnership	Failure of partnership arrangements to deliver services.	Partnership agencies do not have common goals
Physical	Affecting the building & plant/equipment. Related to	Offices in poor state of repair. use of equipment.

	hazards, fire, flood, security, health and safety.	
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifesto commitment.	New political arrangements, political make-up.
Professional	Associated with the particular nature of each profession, internal protocols, and managerial abilities.	Staff restructure, key personnel, internal capacity.
Reputational	Publicity affecting the image, perception, and respect of an organisation. This can affect confidence, collaboration, credit worthiness, customer satisfaction, staff loyalty etc.	Poor performance, complaints, disagreements with partners
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives.	Aging population, health statistics, migration.
Technological	The pace/scale of changes in technology, or the ability to use technology to address changing demands. Can also include the consequences of technological failures.	Digital agenda, IT infrastructure, Staff/client needs, security standards.

Risk analysis methodology

Details of Risk

The details of the risk should include the cause of the impact and the impact on objectives which might arise (cause and consequence).

Current Risk Rating

Risks are assessed for their impact on the business of the Council and the likelihood of them occurring. Impact and likelihood scores are combined using a 5 x 5 matrix to give a high, medium, or low rating.

Likelihood

- 1 = Zero to Very Low Likelihood
- 2 = Unlikely
- 3 = Likely
- 4 = Very Likely
- 5 = Almost Certain

Impact

- 1 = Zero to Very Low Impact
- 2 = Minor Impact
- 3 = Medium Impact
- 4 = Major Impact
- 5 = Major Disaster

The risk rating is calculated by multiplying the impact and likelihood together and then depending on the score they are sorted into high, medium, or low risks.

Impact x Likelihood = Risk Rating

Risk Score	Matrix Category
16 to 25	High
9 to 15	Medium
1 to 8	Low

Controlled Risk Rating

After having established the current level of risk (High, Medium, Low), a review of the actual measures in place or to be put in place to control the risk to an acceptable/tolerable level should be undertaken. This may affect the impact or likelihood rating (or both) and in turn produce a lower 'controlled' risk rating. In some cases, it may not be possible to lower the rating even with controls in place.

Actions may differ according to the rating of the risk:

- Red (High risk)
Controls should be put in place to achieve a lower 'controlled' risk rating. If the risk cannot be controlled to an acceptable level (green/amber) it should be escalated as appropriate to a member of the Senior Leadership Team.
- Amber (Medium risk)
Controls should be put in place and the risk monitored regularly. Managers should ensure they maintain an awareness of these risks.
- Green (low risk)
This is an acceptable risk and should be monitored appropriately.

Risk Registers

Corporate and Service Risk Registers are held in the Iplan Performance & Risk System.

This document can be made available on request, in other languages and formats (large print, Braille, or on audit tape) by contacting:

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