APPENDIX A

NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT 2024/2025

NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT 2024/2025

1. Purpose

The purpose of this policy statement is to recognise and communicate the responsibility of Newcastle-under-Lyme Borough Council ('the council') in managing both external and internal risks through identified and endorsed best practice as described by the Association of Local Authority Risk Managers (ALARM), CIPFA and other relevant bodies connected to effective risk management. There is also an agreed responsibility on the council to identify, examine and cost effectively control risks to ensure they are eliminated or reduced to an acceptable level.

The overall policy, therefore, demonstrates the Council's ongoing commitment to maintain risk management as an important part of the daily operations of the council.

2. Commitment to Risk Management

The Leader of the council, the council's Cabinet portfolio holders and the council's Corporate Leadership Team (CLT) are committed, collectively, to:-

- Identifying and adopting best practice, where possible, in the identification, evaluation and cost effective control of risks;
- Ensuring risks are reduced to a level that sits within the council's appetite, and/or are eliminated; and;
- Maximising opportunities to achieve the council's corporate priorities and to deliver core service provisions at all times

2.1 It is acknowledged that some risks will always exist and will never be eliminated. These risks therefore, will be tolerated or mitigated as far as reasonably practicable by the council, and the council will ensure that they are reviewed and reported on a regular basis to ensure they do not worsen.

2.2 All employees must understand the nature of any risk and accept responsibility for those risks associated with their area of work. In doing so they will receive necessary support, assistance and commitment from senior management and elected Members.

2.3 The council's risk management objectives are an important part of good management and effective governance practices. These objectives need the full and continuing support of elected Members and the active

participation of CLT and Service Directors in ensuring that they are realised and actioned where possible.

Risk management is one of the principal elements of Corporate Governance and is a key contributor to ensuring a sound internal control environment at any organisation. Through the implementation and embedding of an effective risk management framework, the council will ensure that it is better placed to positively manage its levels of performance, achieve its corporate priorities and provide an enhanced level of service to its stakeholders, including the citizens of the Borough.

2.4 This strategy, therefore, sets out and demonstrates how the council is discharging its responsibility to manage risk effectively and also how it is maximising opportunities too, by using a structured and focused approach to risk management.

2.5 The council will continue to develop and maintain a systematic framework and process for managing corporate, strategic, operational, project and partnership risks and will review this framework annually. This will include assessing risks for impact and likelihood, identifying and allocating responsibility for their mitigation and receiving assurances about ongoing management of these risks.

2.6 The key benefits of this framework and a strong risk culture throughout the organisation are:-

- A consistent focus on what needs to be done to achieve our objectives;
- The encouragement of enhanced partnership working to identify, manage and mitigate the risks facing the community as a whole;
- Delivering improvements in meeting the needs of the community, minimising complaints and achieving improvements in service delivery;
- Supporting the use of innovative approaches to improving outcomes and achieving better value in the use of public money;
- Better management and delivery of change programmes;
- Greater control of insurance costs, including reductions/limitations in insurance premium costs;
- Protection and enhancement of the reputation of the council; and
- To anticipate and respond proactively and reactively to the changing social, environmental, political, legislative, economic and, technological context the council works within and to deal with a whole range of competitive and citizen-based requirements.

2.7 Newcastle-under-Lyme Borough Council is committed to genuinely embedding risk management and all its elected Members, employees, service providers, partners and stakeholders are encouraged and expected to commit to developing the culture, ethos and practice of risk management in every activity they undertake. The overall risk management approach for the organisation will therefore focus on pragmatic, meaningful assessment

and treatment of risks and will discourage the capturing of generic, intangible corporate risks or non-relevant information where possible.

2.8 Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely reactive, defensive responses. Measures to manage adverse risks are likely to help with managing opportunities both in the short and long terms.

This policy, therefore, provides a clear statement of direction for risk management as it is operated in the council, and by the council in dealings with other bodies.

3. **The council,** in providing a risk management function: -

- Recognises that good risk management practice is an integral part of management responsibilities if the highest quality services are to be delivered to the community in the most cost effective way;

- Recognises that risk management can be used as a valuable tool at a corporate level as well as at operational/service/functional level;

- Is committed to manage all of its activities in a way which minimises risks to people, property, services and its finances and to protect its assets through effective and efficient risk management; and

- Recognises that effective risk management is an integral part of robust performance management and good governance within the Council, as managing identified risks and controlling the potential negative consequences, whilst identifying opportunities, helps to ensure the delivery of objectives and priorities.

The council's key corporate priorities, as set out in the Council Plan, are:-

- One Council delivering for Local People.
- A successful and sustainable growing Borough.
- Healthy, Active and Safe communities.
- Town Centres for all.

Each of these priority areas has a number of objectives within them that the council works towards on an on-going basis as part of service planning and organisational development. Progress against these is measured and publicly reported through a number of different channels.

The council has a statutory responsibility to have in place arrangements for managing risks as stated in the Accounts and Audit (England) Regulations 2015:-

"The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and

the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk".

4. In order to manage risks the council has adopted an approach that is used across all services. The Council acknowledges that risks occur in the day-to-day delivery of services, the delivery of individual projects and initiatives, and in relation to any important decisions facing the council and its key partners. We should do what is reasonable to prevent or minimise the impact of these risks and to maximise opportunities when they arise.

5. The rationale behind the risk management process is that the predictable risks are identified and managed, allowing the greatest level of control possible to be put in place. In this sense the risk management process then allows managers to free up capacity to deal with any as-yet unidentified risks as they emerge.

6. To meet the responsibilities above, the council will: -

- Ensure that risk management retains a high profile in the culture of the council;
- Ensure clarity as to what needs to be done to achieve objectives;
- Manage risk in accordance with best practice in line with ALARM & CiPFA guidance and advice;
- Anticipate and respond to changing social, environmental, legislative, political, economic, technological, competitive and citizen requirements;
- Prevent injury, damage and losses and reduce the cost of risk where possible;
- Protect the council's assets;
- Provide the best possible service to customers;
- Maintain the reputation of the council;
- Realise opportunities;
- Promote innovation to achieve objectives; and
- Ensure that risk management arrangements with our partners are robust.

7. The above will be achieved by:-

- Reporting risk through a hierarchy of Service Directors, Statutory Officers, CLT, Informal Cabinet and then ultimately to the council's Audit & Standards Committee;
- Implementing a Risk Management Strategy that establishes clear roles, responsibilities, escalation and reporting lines within the council for risk management;
- Providing opportunities for shared learning around risk management across the council;
- Offering a platform for identifying and prioritising risk areas;
- Reinforcing the importance of effective risk management as part of everyday work of employees;

- Incorporating risk management considerations into all aspects of the council's work. Including risk management capabilities in to policy and strategy making, service plans and in the performance challenge process for Service Directors;
- Monitoring arrangements on an ongoing basis;
- Regularly reviewing its arrangements to ensure it is following best practice and will consult with stakeholders; and
- Engaging with stakeholders, including key partners and contractors, to develop their understanding of risk management and to ensure that they are engaged in effective risk management themselves.

8. The Chief Executive and the Leader will be asked to sign off the policy and strategy as part of displaying both their commitment to risk management and also the organisation's commitment to these processes.

Signed: Date: APRIL 2024

Leader

Signed: Date: APRIL 2024

Chief Executive

Change: Page 4, Item 3 – Corporate Priorities updated September 2022.

NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY 2024/2025

1. Purpose

The purpose of this strategy is to: -

- Demonstrate how the Risk Management policy is to be implemented through Newcastle-under-Lyme Borough Council's commitment to risk management;
- Describe the objectives of risk management and provide a framework for embedding risk management further across the organisation with defined roles and responsibilities and a structured process. This will then ensure that opportunities are maximised and risks minimised; and
- Enable the council to develop risk management further through its effective use in its management and decision making processes.

2. Objectives of the Risk Management Strategy

The objectives of the strategy are:-

- To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand how they should contribute to effective risk management;
- To ensure a consistent process for identifying, evaluating, controlling, reviewing, reporting and communicating risks across the council is implemented, understood and embraced by all staff and members;
- To embed risk management into the ethos, culture, policies and practices of the council;
- To ensure that risk management is a key and effective contributor to the Annual Governance Statement; and
- To manage risk in accordance with recognised best practice through guidance provided by the Association of Local Authority Risk Managers (ALARM) & CIPFA (together with other relevant bodies)

3. Achievement of objectives

3.1 To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand that they should contribute to effective risk management.

Responsibility for risk management runs throughout the council and involves elected Members, senior officers and all other employees (see Appendix A).

Clear identification of roles and responsibilities will ensure that risk management is embedded in all policy making, decision making, policy approval (strategic) processes and service delivery (operational) processes, as well as providing sufficient resources to both implement this strategy and thus ensuring systems are sustainable.

The roles and responsibilities are outlined at appendix A.

3.2 To ensure the implementation of a consistent process for the identifying, evaluating, controlling, reviewing, reporting and communicating of risks across the council that is understood and embraced by all key stakeholders

To assist with the approach to risk management and to ensure consistency across the council, a guidance document (appendix B) on the council's risk management process has been devised and developed for use by relevant individuals, services and organisations.

By effectively managing risks and opportunities the council will be in a stronger position to deliver its: -

- Corporate Priorities and Objectives;
- Services to the public;
- Partnership working agenda;
- Best value/value for money procedures and processes; and
- Identified outcomes

It will also inform the business processes of the council including: -

- Strategic/corporate planning;
- Financial planning;
- Service planning;
- Policy making and policy reviews;
- Performance management framework;
- Project management processes and frameworks;
- Partnership working;
- Internal controls and internal audit; and
- Business continuity and emergency planning arrangements

With responsibility for achieving objectives, sits identifying risks, assessing them, developing controls and warning mechanisms, reviewing and reporting on progress, by key individuals within the organisation.

Some objectives, however, are reliant on external organisations with which the council works e.g. key partners and contractors. Working with external organisations could affect the achievement of objectives and this must be taken into account when delivering the key elements of this strategy.

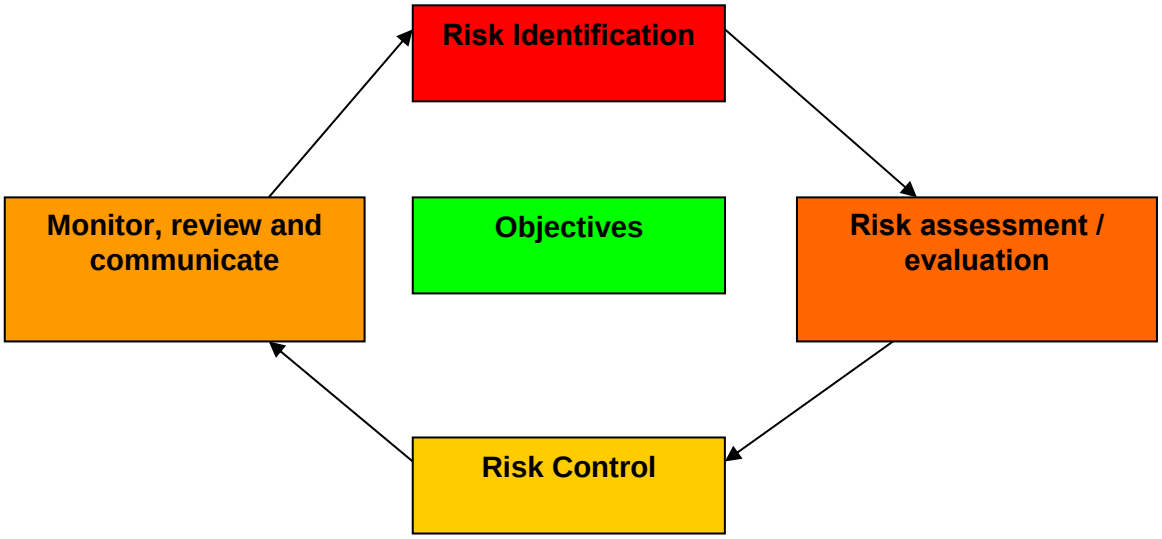
The strategic risk champion and other nominated risk champions have responsibilities including the support, challenge and recording of risks within their directorates or service areas. They will assist in the compiling of risk

registers, whilst ensuring that the risk management strategy is followed as far possible. Officers who are involved in specific projects or operational activities will be responsible for identifying, assessing, developing, reviewing and reporting of risks. This will enable constructive discussions of the identification of risks, further actions and controls for the profiles to be undertaken on an ongoing basis.

The management of risk is an important part of the corporate planning and policy making/decision making processes, and in the key areas of project and change management.

Below is a summary of the council's risk management process. For an in-depth explanation, please refer to appendix B.

Summary Guide



3.2.1 Objectives

Any organisation is primarily concerned with the achievement of objectives. You need to know what you are trying to achieve before you can start to think about the risks that could have an impact on your success.

The more clearly objectives are defined, the more it will help you consider those risks that could actually impact your objectives. When setting objectives remember to make them **S**pecific, **M**easurable, **A**greed, **R**ealistic and **T**ime bound (SMART).

At strategic level - the Council has four Corporate Priorities to which strategic risks are linked.

At operational level - each service has a number of service or business objectives contained within each Priority Delivery Plan (PDP) to which operational risks are linked.

At project level - the relevant project brief or project initiation document details the aims and objectives of the project.

At partnership level - the partnership agreement or other formally agreed arrangements will detail the aims and objectives of the partnership.

3.2.2 Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Priority Delivery Plans, appraisals etc. to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk? **What type of risk is it?**	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this? Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

At strategic level, the Corporate Leadership Team (CLT) identify strategic and cross-cutting risks through facilitated awareness sessions. The risks identified are:

- Those that could significantly impact on the achievement of the Council's overall priorities;
- Those that are recorded in the Corporate Risk Register and individual Directorate Risk Registers; and
- Those that can be used to inform policy decisions.

At operational level – Service Directors and Business Managers identify operational risks that may prevent them from achieving business objectives identified in their priority delivery plans, as well as any measures and actions to manage these risks. The risks identified are: -

- Those that could significantly impact on the achievement of the Business objectives;
- Those that are recorded in each Directorate's Operational Risk Register; and
- Those that can be used to inform meetings/actions between Business Managers and Service Directors, and completion of the day-to-day services.

At project level - Project Managers will identify the risks that could impact the successful delivery of the project. The risks identified are: -

- Those that could significantly impact the achievement of the project;
- Those that are recorded in the Project Risk Register (whether on the corporate GRACE system or the Project Plan risk register);
- Those that can be used to inform both strategic and operational risk identification

At partnership level - the Council has developed a working agreement to instigate the Lead Partner risk management framework. This will deliver

- A framework for all staff involved in considering new partnership workings.
- Assist members and officers wishing to review existing arrangements.

3.2.3 Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

LIKELIHOOD				
	HIGH	Amber C	Amber D	RED E
	MEDIUM	Green B	Amber C	Amber D
	LOW	Green A	Green B	Amber C
		Low	Medium	High
		IMPACT		

The bold line on the matrix is the **limit of the council's risk tolerance**, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii), however this may not always be possible due to external factors.

3.2.4 Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying current controls in place and possible actions that may reduce either the impact or the likelihood of the risk further and will therefore mean that the final rating is contained within the **council's risk appetite** (the green and amber sections of the table above). In undertaking risk

control a number of questions can be asked as part of the risk management process.

Who owns the risk?

What is in place to reduce the impact and/or likelihood of the risk?

What else do you need to do or could do to control the risk?

(see Appendix B(iii))

Priority	Review Period (months)	Action			
		Tolerate	Treat	Transfer	Terminate
High	1		√	√	√
Medium	3 (1/4ly)	√	√	√	√
Low	6 (half yearly)	√	√	√	√

3.2.5 Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as the result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?
- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually/annually

3.3 To embed risk management into the ethos, culture, policies and practices of the council

Risk management is established at the council, but this strategy is seeking to build on it. The aim is to ensure that risk management plays an integral part in decision-making and the day to day business of the council in a structured uniform manner.

Risk management will be part of and included in the council's processes, policies and documents but not limited to: -

- Development and maintenance of the Constitution;
- Economic Development Strategy;

- Active Leisure Strategy;
- Council Plan;
- Medium Term Financial Strategy;
- Service Plans;
- Code of Corporate Governance;
- Code of Practice on Procurement;
- Reports to support key decisions;
- Performance management;
- Policy planning; and
- Financial management

3.4 To continue to ensure that risk management is a key and effective contributor to the Annual Governance Statement

To achieve this: -

3.4.1 Service Directors are required to make statements as to the effectiveness or otherwise of their systems for identifying, monitoring and managing corporate and operational risks. This is confirmed by the signing a Controls Assurance Statement each year.

3.4.2 Confirmation is obtained from the Information Governance Group and the Audit & Standards Committee and internal Audit, who use CiPFA best practice that the council's risk management framework is judged to be sufficiently robust and that assurance statements properly reflect the risk environment and its management of those risks.

3.4.3 The risk registers of the council will be a factor in internal audit planning.

3.5 To manage risk in accordance with best practice

3.5.1 The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit (England) Regulations 2015:

"The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk".

Risk management is recognised as an important element of good governance. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" seeks to ensure that risk management is embedded into the culture of the authority with members and officers recognising that risk management is part of their jobs.

3.5.2 Good internal control ensures that the processes and procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded and records complete and accurate.

3.5.3 Performance monitoring ensures the treatment of risk remains effective and the benefit of implementing risk control measures outweighs the costs of doing so. It is a continual review not only of the whole process but also of individual risks or projects and of the benefits gained from implementing risk control measures.

3.5.4 Data quality needs to ensure that the data used for performance monitoring and to inform decision making is accurate, reliable, timely and fit for purpose. If data is misleading, it could lead to flawed decision making, wasted resources, services that may not improve and the development of ill-founded policy.

3.5.5 The business continuity process is a form of risk management applied to the whole council and its ability to continue with its service provision in the event something occurring which potentially affects that ability. The council must ensure risk management processes are applied throughout the business continuity lifecycle.

3.5.6 The achievement of effective Health and Safety policies, processes and procedures has been committed to by the council with the development of policy and guidance specifically addressing the management of health and safety risks.

3.5.7 The council's risk appetite allows them to take risks to achieve the Corporate Priorities listed previously. It weights up the risk against opportunity benefit when undertaking an action or whether to deliver a specific project. It does not however have an appetite for extreme risk taking that could result in injury or loss of life to public, stakeholders, Member and officers.

3.5.8 Risk tolerance at the council is also important – it weighs up the risk and opportunity of what it is aiming to achieve, and will then decide whether to continue to operate as normal (tolerate) with extra mitigations in place (treat), to ask someone else to deliver (transfer) or to stop (terminate) the risk.

4. Conclusion

By embracing risk management, the council will make the most of the opportunities it faces whilst operating within a risk-aware environment.

Date of Approval:	**April 2024**
Approved by:	**Audit & Standards Committee**
Next review due:	**April 2025**
Version:	**15.1**
Changes:	**See below**
Previous version:	**14.1**

Changes	**March 2024**	**1. Basic name and descriptors**

APPENDIX A

Group/Individual	Roles and Responsibility
Leader of the Council	• Promotes the concept and practice of risk management across the organisation and amongst all elected Members
Finance, Town Centres and Growth Portfolio Holder	• Member risk champion • Promotes the concept and practice of risk management across the organisation and amongst all elected Members • To receive quarterly updates on risk from the Corporate Leadership Team via the Corporate Risk and Insurance Officer for inclusion in Informal Cabinet meetings where appropriate
(Informal) Cabinet	• Identifying and adopting best practice, where possible, in the identification, evaluation and cost effective control of risks; • Ensuring risks are reduced to a level that sits within the council's appetite, and/or eliminated; and; • Maximising opportunities to achieve the council's corporate priorities and to deliver core service provisions at all times
Audit & Standards Committee	• Approves and agrees changes to the risk management policy and strategy. • Monitors the council's risk management arrangements • Monitors the council's high level risks as and when they occur • Provides independent assurance that the risk management framework and associated control environment is being managed effectively and the statement of internal control correctly reflects the risk environment
All elected Members	• Advocate good risk management processes • Ensure that risks have been robustly assessed in reports presented to elected Members
Chief Executive	• Ultimate responsibility for Corporate, strategic and operational risk management across the council • Ensures that all strategies and policies contain risk management as an inherent part of their structure which helps drive the organisational change leading to excellence • Ensures that risk management practices across the council reflect best practice. • Ensures that risk management issues are fully considered in the decision making process. • Drives excellence through the council with strong support and well managed risk taking.

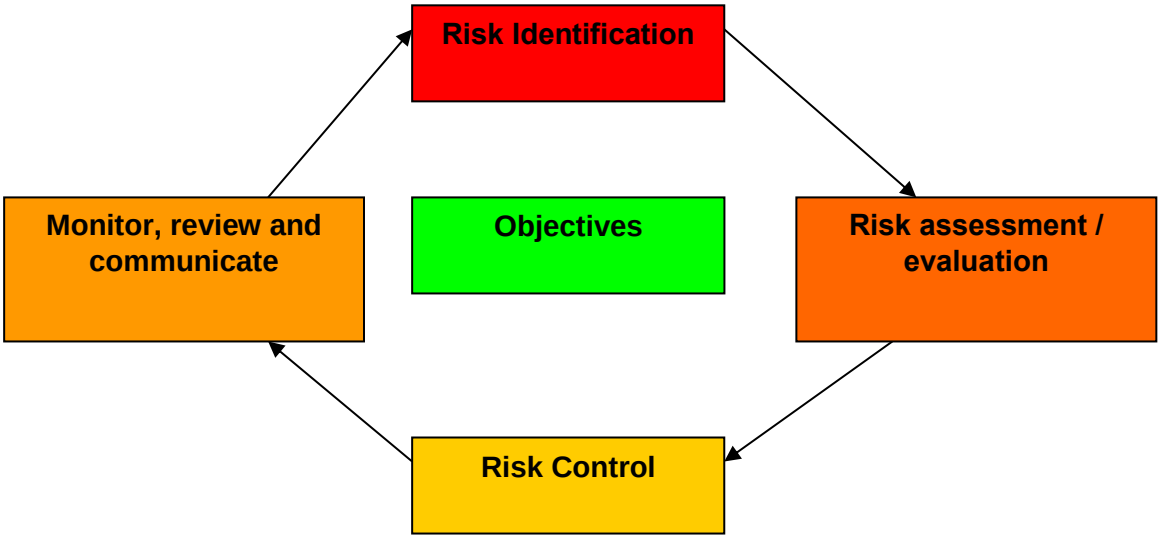
	• Ensures that the council manages its risks effectively through the development and monitoring of its risk management strategy.
Service Director – Legal & Governance - Chair of Information Governance Group (IGG)	• Ensures that Corporate Leadership Team (CLT) are aware of any issues that have been escalated by the IGG and cannot be resolved and ensures that these are noted in minutes of CLT and actioned accordingly either by or on behalf of the CLT • Provides assurance to the Audit & Standards Committee as appropriate that the risks are being managed in accordance with the Risk Management Strategy
Corporate Leadership Team	• Ensure that the risk management process is promoted, developed, managed and implemented effectively in their service areas. • Make decisions as to which service risks may warrant inclusion on their strategic risk register • Take ownership of strategic risks in their directorates and include them in the corporate risk register • Disseminate relevant information to service managers and employees • Escalate where necessary any issues that cannot be resolved to the Audit & Standards Committee for advice on decisions • Establish and monitor a rolling programme of operational risk reviews • Promote good risk management practice throughout the council in conjunction with IGG • Ensuring that when Cabinet reports are written by their officers, that a relevant up to date risk assessment is provided where applicable, before being signed off for submission to Cabinet • Ensure that the appropriate portfolio holder is aware of detailed risk assessments when discussions begin on any proposal
Information Governance Group (IGG)	• Promote good risk management practice throughout the council in conjunction with the CLT • Support the development of the risk management process, share experience on risk and aid/advise in the review of risk management reviews • To review the risk management policy and strategy where necessary • To identify trends and priorities across the council • Liaise with specialist risk groups in order to inform the strategic risk registers • Ensure processes are in place to report any new/perceived (key) risks or failures of existing control measures

	• Report on key performance results to the CLT and Audit & Standards Committee • To accept and make decisions on the course of action of any issues brought to them by Service Directors or the strategic risk champion • To escalate any issues to CLT where necessary
Service Directors, Business Managers and Project Managers	• Ensure the completion of project risk registers where appropriate • Liaise with specialist risk groups in order to inform the any relevant strategic and operational risk profiles (e.g. Health & Safety, legal, environmental) • To accept and make decisions on any issues escalated to them by the risk champions • To escalate, where necessary, any risks, overdue actions and reasons for such, overdue risk reviews to the IGG, where a higher decision is needed and cannot be resolved at this level • Monitor the implementation of action plans and control assurance programmes • Report key performance results • Promote and share best practice across the directorate • Monitor (and share with the service director) situations where: - - risks are rising in the level of security; - circumstances where managers have been unable to implement the agreed mitigating actions; - risks could potentially have an impact on other services • To understand the escalation process of risks, action plans and issues • To accept the notification of any incidents or near-misses reported to them by employees or risk champions, and record them appropriately
Corporate Risk and Insurance Officer (CRIO) (Strategic Risk Champion)	• Develop and maintain a risk management process reflecting established best practice • Lead on the annual review of the risk management policy, strategy and methodology, helping to ensure all aspects of the process remain robust. • Ensure risks are reviewed and reported to management in line with the timelines in the risk management framework • Collate and administer the corporate risk registers • Prepare annual and quarterly risk management reports for the Audit & Standards Committee • Identify and communicate risk management issues to the CLT for dissemination to services and assist in undertaking risk management activity through guidance, training or direct support.

	• Promote risk management process throughout the council with both members and officers ensuring the process is embedded, effective and reflects best practice. • Consult with the CLT concerning risk issues • Act as a lead support officer for the IGG • Manage the insurance fund and external insurance contract • Liaise with external insurers to ensure that future premiums reflect all risk management activities being undertaken • Administer the designated risk management system for managing and controlling risks • Monitor and report to the IGG any issues that arise either from strategic risk reviews, overdue risk review reports, non-compliance with guidelines laid out in the risk management framework/approach by employees of the council, reported to them by the operational risk champions • Identify any emerging risks and incorporate into the relevant risk registers • Report to the IGG any further support required
Operational Risk Champions	• To assist Heads of Service to maintain operational risk registers. • Monitor and report to Service Directors any high risks and any issues that may arise in respect of overdue actions/overdue reviews and other problems they encounter for them to either deal with or to escalate to the IGG via the strategic risk champion. • Update the operational risk profiles on the designated risk management system. • Report to the CRIO any further support required. • Ensure that incidents occurring or near-misses are reported to Service Directors, for escalation to IGG or CLT as needs be.
Employees	• Manage risks effectively in their jobs. • Raise any perceived/new risks for their service area with the appropriate line manager/business manager/head of service or risk champion for inclusion in the risk register. • Report any incidents or near-misses to their risk champion or Service Director.

APPENDIX B

Risk Management Process



Step	Title	Description
1	**Objectives**	Start of the process – concerned with achievement of objectives – the clearer the objectives then more chance there is of achieving them. Objectives must be SMART – Specific, Measurable, Agreed, Realistic, Time-bound. *Strategic*: the council has four priorities to which strategic risks are linked *Operational*: each service has a number of business objectives contained within the Priority Delivery Plan to which operational risks are linked *Project*: each project document details the aims and objectives of the project *Partnership*: the partnership agreement or formally agreed arrangements will details the aims and objectives of the partnership
2	**Risk identification**	Risk identification tries to identify the council's exposure to uncertainty. You need to use your imagination, creativity, involvement and experience in this part of the process. Identify the risks that *may* stop you from meeting your objectives – it may be useful to use the list of risk categories as a guide: political; e-government; regulatory; financial/fraud; opportunities; reputation; management; assets; new partnerships/projects;

		customers/clients/citizens/children; environmental (a description of these can be found at appendix B(i). Corporate risks are those that • Could impact significantly on the achievement of the council's four priorities Strategic risks are those that • Are recorded in Service Director's strategic risk assessments • Used to inform policy decisions Operational risks are those that • Impact significantly on business objectives • Are recorded in the individual service risk registers • Are used to inform strategic and corporate risk registers where appropriate Project risks are those that • Could impact significantly on the achievement of the project • Are recorded in the project risk register • Are used to inform both strategic and operational risk identification Partnership risks are those that • Could significantly impact on the achievement of the partnerships aims and objectives • Are recorded in the partnership risk registers • Are used to inform both strategic and operational risk identification There are three elements to any risk scenario • The **vulnerability** describes the situation (that may be perceived) that exposes the council to risk • The **trigger** is an event or change in situation that has a negative/positive result • The **consequences** are the events that follow should the risk occur
3	**Risk assessment/ evaluation**	Areas of potential risk need to be systematically and accurately assessed. The process requires an assessment of: -

		• The *impact* it would have if a risk event occurs • The *likelihood* of the risk event occurring • Possible resources needed and other implications • The priority of the risk for action in relation to the council's risk tolerance level (amber and green areas on the table/matrix of risk ratings) Once threats and opportunities have been identified their potential "inherent" risk is evaluated – i.e. with no controls in place and using the matrix found in appendix B (ii). The risk is then re-evaluated taking into account the effectiveness of the controls in place. This result is the "residual" risk rating, or – put another way – the final risk rating.
4	**Risk control**	Some risks cannot be eliminated completely. Risk management is the process of taking action to minimise the likelihood of the risk occurring and/or to reduce the impact if it does happen. To control the possibility of the event occurring, you need to determine a course of action to try to reduce the risk. Such actions are likely to include the following: tolerate (live with the risk), treat (deal with the risk), transfer (move the risk onto another organisation) or terminate (stop doing whatever it is that is creating the risk) – those actions can be determined by the further action plans you put in place to control the risk further (if any). A description of the action categories can be found at appendix B(iii). Clear responsibility for managing the risk to an appropriate 'risk owner' must be assigned. The risk owner can then give responsibility of further action to designated officers that enable them to still influence the risk. The further actions must be <u>SMART</u> and must be developed appropriate to the risk identified. Any such actions are entered into the risk register and monitored.
5	**Monitor, review and communicate**	There **must** be monitoring and review of: • The risk itself • The implementation of the *agreed* control measures • The effectiveness (or otherwise) of any further actions

		• Were an incident to occur, it is recorded and used to inform a lessons-learnt report As part of the review cycle, risks and actions will be re-analysed and the cycle will continue as shown in the cycle at the top of this appendix. Review and communication of the risks, controls and actions must be reported in line with the timescales shown at appendix B(iv) and dealt with accordingly – i.e. escalated, received and agreed.

APPENDIX B(i)

Check List for Risk Identification – Categories (not exhaustive)

Political	Politicians and politics, including Member support/approval Electorate dissatisfaction, election changes and new political arrangements
E-Government	Using new or existing technology Lack of, or failure, of technology Lost or stolen data, Inaccurate or poor quality data, Disaster recovery, jacking or corruption of data, breach of security
Regulatory/Legislative	Central government policy, Legislation, internal policies and regulations, grant funding conditions, Data Protection, Freedom of Information, Race Equality and Diversity, Disability Discrimination, Human Rights, Employment Law, TUPE, Health & Safety, Potential for legal challenges, judicial reviews
Financial/Fraud	Budgetary pressures, loss of/reduction in income cost of living, interest rates, inflation etc. Financial management arrangements, Investment decisions, Sustainable economic growth Affordability models and financial checks, Inadequate insurance cover External funding issues including loss of (or reduction in) funding System/procedure weaknesses that could lead to fraud
Opportunities	Opportunities to add value or improve customer experience/satisfaction Reduce social exclusion and disparities, Increase employment, education and training Improve health, reduce health inequalities and promote healthy lifestyles Opportunities to reduce waste and inefficiency and minimise the use of natural resources, increase Recycling, minimise air, soil, water, light, noise pollution, greenhouse gas emissions and energy use Reduce the need to travel and encourage the use of public transport, cycling and walking Encourage local sourcing of food, goods and materials, Conserve, restore and enhance biodiversity Reduce crime, fear of crime and anti-social behaviour
Reputation	Consultation and Communication, Negative publicity (local and national) from service or project failure, legal challenges
Management	Key personalities, loss of key staff, recruitment and retention, management arrangements/protocols Lack of/or inadequate management support, poor communication Capacity issues – enough, training issues, availability, sickness absence etc. Emergency preparedness/Business continuity

Assets	Land, property, listed buildings and ancient monuments, equipment, information, cultural and recreational assets. Includes health and safety or business continuity, abuse of intellectual property, data protection
New/ongoing **P**artnerships/ **P**rojects/**C**ontracts	New initiatives, new ways of working, new arrangements/relationships New policies/procedures Managing change
Customers/**C**itizens **C**lients/**C**hildren	Demographic change, Current and changing needs and expectations of customers Impact on customer of service or project failure, Consumer protection Crime and disorder, Health and Safety risks, Impacts on health inequalities Effects on physical and mental health and sense of social wellbeing, loss of independence and need for social care support
Environment	Policies/plans that significantly affect the environment need a sustainability impact appraisal Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions, conservation and wildlife, habitats and species issues Impact of planning or transportation policies Climate change such as increased temperatures and flooding, Ecological footprint, flood plains Environmental assets such as landscape, countryside, historic environment and open space

IMPACT MEASURES AND CLASSIFICATION **APPENDIX B(ii)**

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening OR permanent disability	Serious injury OR long-term absence from work (over 7 days)	Minor injury OR short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Corporate Leadership Team reporting, Member interest	Short term local media attention, Service Director reporting (depending on the issue)
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (up to 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and or Corporate Leadership Team	Service Directors (where appropriate)

Likelihood Measures

	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year OR is highly likely to occur in the next year	An incident has occurred in the past 2-5 years OR is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years OR is likely to occur in the next 6+ years

LIKELIHOOD	High	C Amber	D Amber	E Red
	Medium	B Green	C Amber	D Amber
	Low	A Green	B Green	C Amber
		Low	Medium	High
IMPACT				

ACTION CATEGORIES **APPENDIX B(iii)**

Action	**Description**
Tolerate	This action is appropriate when you judge that the control measures in place are sufficient to keep the risk at a tolerable level and there is no added value to doing more.
Treat	Some risks will need additional treatment to reduce their likelihood and/or impact to an acceptable level. This response is most likely where there have been further actions identified that are SMART and the risk rating has been identified as high (red) or in some cases medium (amber).
Transfer	Some risks can be transferred to an insurer or some other party eg legal liability, property and vehicles etc. Some service delivery risks can be transferred to a contractor by way of a contract or written agreement. However some risks cannot be transferred eg reputational risks.
Terminate	Sometimes a risk can be so serious that there is no option but to terminate the activity that is generating the risk.

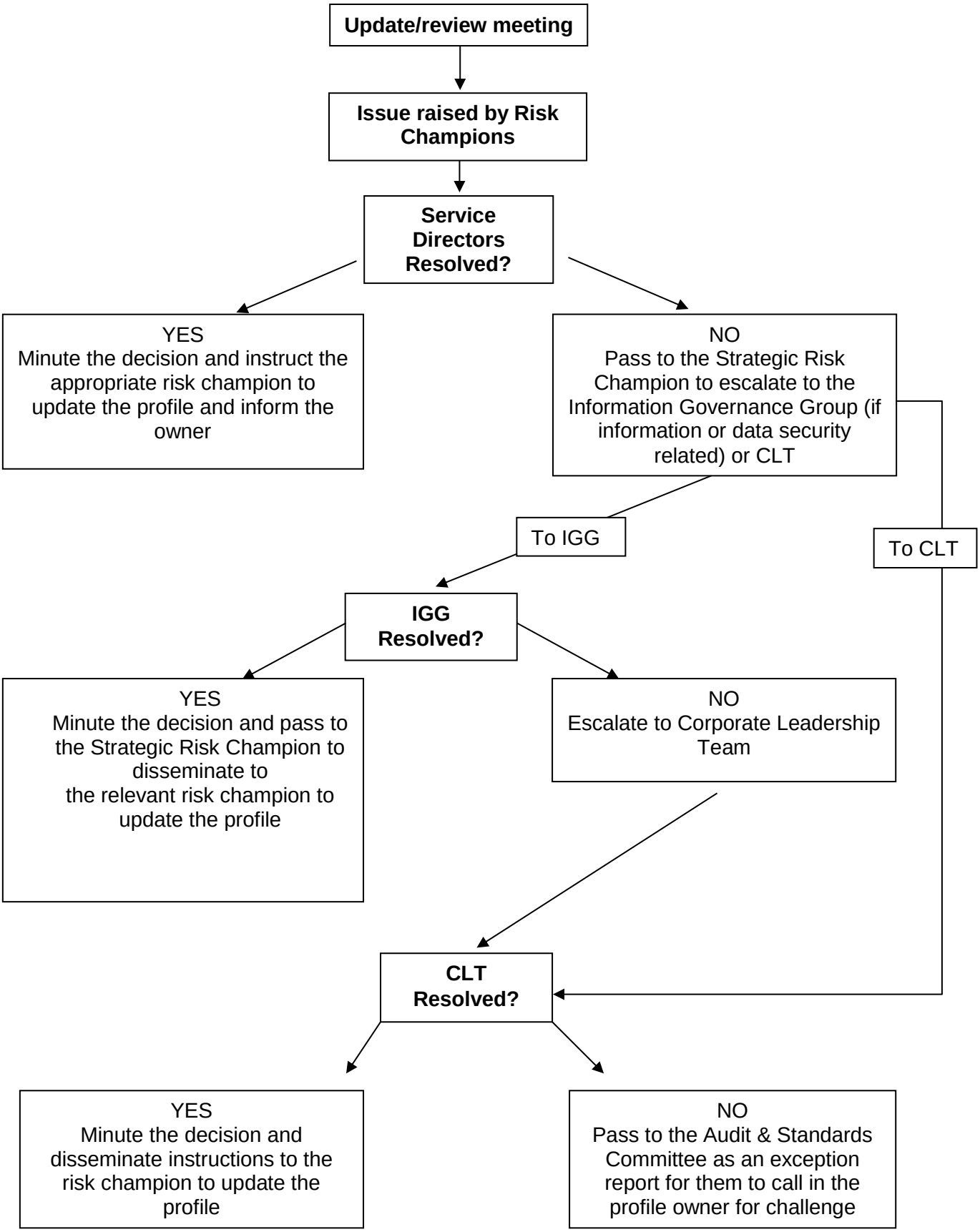
APPENDIX B(iv)

RISK MANAGEMENT REVIEWING & REPORTING, COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red E	Treat Terminate Transfer Tolerate	This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening OR permanent disability, wherever possible the activity should cease until the risk is effectively managed. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware immediately and the risk must be escalated to the appropriate group, either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. CLT will consider risks that could affect the whole council or if wider support is required to manage it. Report of relevant risks will be presented to Informal Cabinet. Progress to manage this risk must be reviewed by CLT and the risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.
Amber D	Transfer Treat Tolerate	Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.
Amber C	Treat Tolerate	Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.
Green B	Treat Tolerate	Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Service Director. If wider support is required to control this risk, it could be escalated to CLT/IGG. Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register.
Green A	Tolerate	The risk is as low as it can go	Whilst this risk is at the lowest rating, the Business Manager or Risk Owner can decide whether it needs to remain a risk (and for how long) on the profile, or whether it is now a business as usual risk. The risk can be closed however it will remain in the history should it become 'live' again.

APPENDIX B(v)

ESCALATION PROCESS



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

A QUICK GUIDE TO THE COUNCIL'S

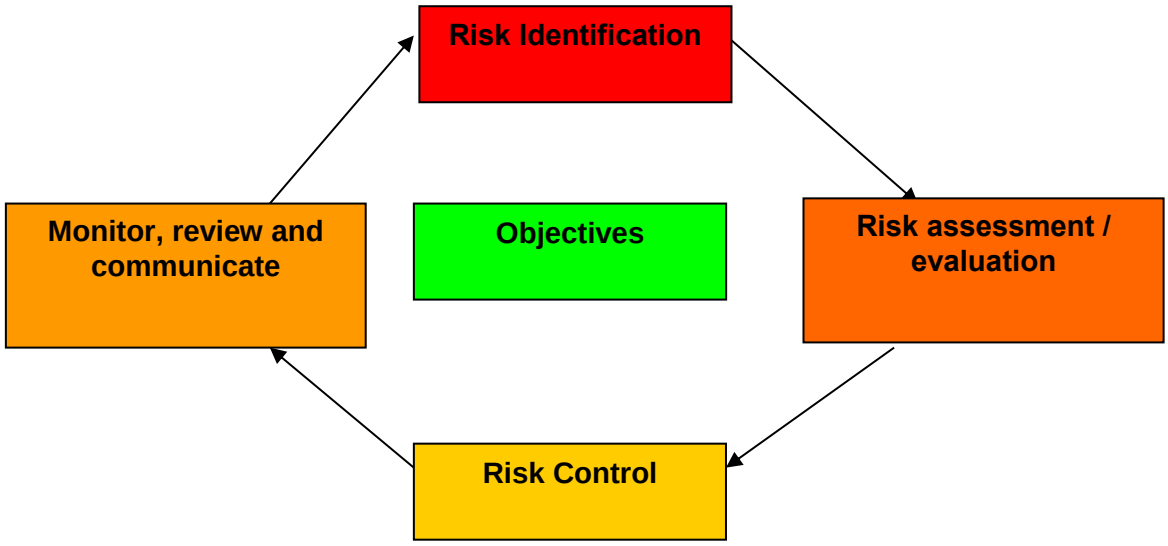
RISK MANAGEMENT PROCESS

Review date:	April 2024
Version:	15.1
Reviewed by:	Audit & Standards Committee
Next review date:	April 2025
Changes:	

CONTENTS

	Page No.
Risk Management Process	3
Impact & Likelihood Measures	6
Reviewing, Reporting & Communicating Framework	7
Escalation Process	8

Risk Management Process – An Overview



Objectives

In developing our approach to risk management, a key part at all stages of the process is to identify SMART objectives - in other words the objectives need to be Specific, Measurable, Achievable, Realistic and Time-bound. In other words, they need to be structured in such a way that they can be assessed as to whether they have worked properly or not. This section takes into account all the objectives set out above and provides more information on each.

Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Priority Delivery Plans, appraisals etc. to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk? **What type of risk is it?**	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this? Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

LIKELIHOOD				
	HIGH	Amber C	Amber D	RED E
	MEDIUM	Green B	Amber C	Amber D
	LOW	Green A	Green B	Amber C
		Low	Medium	High
	IMPACT			

The bold line on the matrix is the **limit of the council's risk appetite**, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii), however this may not always be possible due to external factors.

Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying possible actions which may reduce either the impact or the likelihood of the risk and will therefore mean that the final rating is contained within the council's risk appetite (the green and amber sections of the table above). In undertaking risk control a number of questions can be asked as part of the risk management process.

Who owns the risk?

What is in place to reduce the impact and/or likelihood of the risk?

What else do you need to do or could do to control the risk?

(see Appendix B(iii))

Priority	Review Period (months)	Action			
		Tolerate	Treat	Transfer	Terminate
High	1		√	√	√
Medium	3 (1/4ly)	√	√	√	√
Low	6 (half yearly)	√	√	√	√

Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as a result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?

- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually

RISK ASSESSMENT IMPACT MEASURES AND CLASSIFICATION

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening OR permanent disability	Serious injury OR long-term absence from work (over 7 days)	Minor injury OR short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Corporate Leadership Team reporting, Member interest	Short term local media attention, Service Directors reporting (depending on the issue)
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (up to 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and/or CLT	Service Directors (where appropriate)

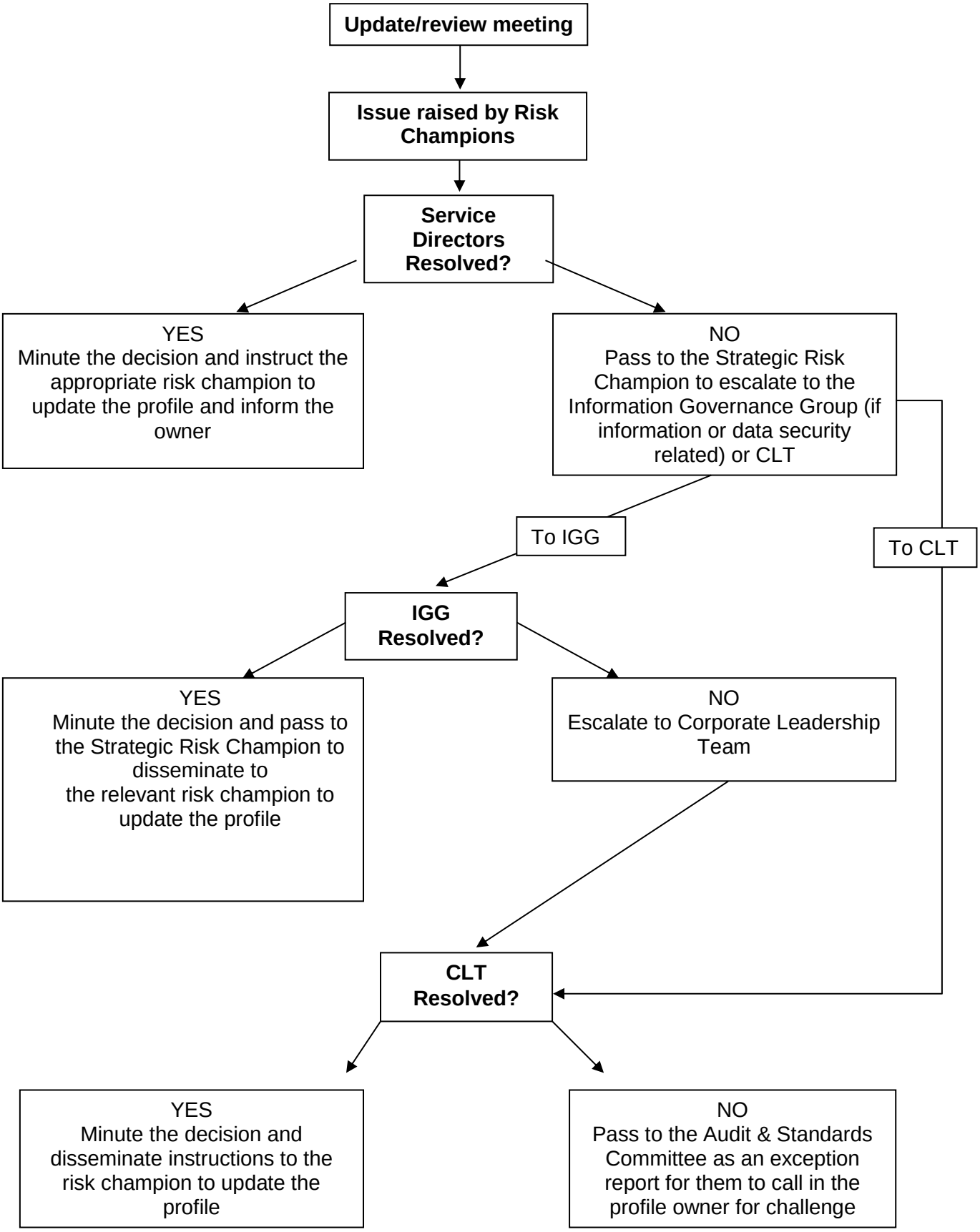
ALWAYS TAKE THE WORST CASE SCENARIO AS YOUR IMPACT LEVEL

Likelihood Measures

	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year OR is highly likely to occur in the next year	An incident has occurred in the past 2-5 years OR is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years OR is likely to occur in the next 6+ years

LIKELIHOOD	High	C Amber	D Amber	E Red
	Medium	B Green	C Amber	D Amber
	Low	A Green	B Green	C Amber
		Low	Medium	High
IMPACT				

RISK MANAGEMENT REVIEWING, REPORTING & COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red E	Treat Terminate Transfer Tolerate	This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening OR permanent disability, wherever possible the activity should cease until the risk is effectively managed. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware immediately and the risk must be escalated to the appropriate group, either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. CLT will consider risks that could affect the whole council or if wider support is required to manage it. Report of relevant risks will be presented to Informal Cabinet. Progress to manage this risk must be reviewed by CLT and the risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.
Amber D	Transfer Treat Tolerate	Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.
Amber C	Treat Tolerate	Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.
Green B	Treat Tolerate	Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Service Director. If wider support is required to control this risk, it could be escalated to CLT/IGG. Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register.
Green A	Tolerate	The risk is as low as it can go	Whilst this risk is at the lowest rating, the Business Manager or Risk Owner can decide whether it needs to remain a risk (and for how long) on the profile, or whether it is now a business as usual risk. The risk can be closed however it will remain in the history should it become 'live' again.

ESCALATION PROCESS