Risk Management Process 2022

Version 11.0 December 2021

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Contents

Version control

Please note for previous review history please refer to earlier versions of this document.

Version	By	Date	Comments
5.0	Risk and Performance Officer	January 2015	Reviewed – management of partnership risks better defined
6.0	Risk and Performance Officer	March 2016	Reviewed - no significant changes required Reference to fraud and corruption risks added as required by audit.
7.0	Risk and Performance Officer	March 2017	Reviewed – management and escalation of operational risks clarified on page 4
8.0	Performance and Risk Officer	April 2018	Reviewed - no changes required
9.0	Performance and Risk Officer	April 2019	Reviewed - no changes required
10.0	Case Management Officer	November 2020	Reviewed to include changes brought about by the new organisational model
11.0	Case Management Officer	December 2021	Reference to Risk Training Programme and 'essential status'. Improved clarity regarding positive and negative risks.

How we review this document

Case Management Support services will involve Strategy and review in line with government guidance.

Risk Management Process

Introduction

This document outlines how South Lakeland District Council is taking on its responsibility to manage risks and opportunities using a structured and focused approach.

This process will enable the Council to identify:
1. Partnership risks
2. Strategic risks
3. Operational risks
4. assess the risks for likelihood and impact
5. identify mitigating controls
6. allocate responsibility for both risks and controls.

What is Risk Management?

A risk is an event which has a negative or positive effect on the achievement of the Council's objectives. Risk management is both the awareness of risks and the management processes that are directed towards effective reduction or mitigation of risks. Identifying and dealing with the principal risks facing an authority enables it to identify the key actions it must take to deliver its objectives.

Corporate processes and risk

These corporate processes require the consideration of risk.
- Council Planning Process
- Project Management
- Financial Planning
- Partnerships
- Cabinet/Council reports
- Business Continuity
- Health and safety
- Fraud and corruption
- Insurance

Why do we need a Risk Management Process?

Risk management will strengthen the ability of South Lakeland District Council to achieve its objectives and enhance the value of services provided, to make the area a place where people want to live and work, where they are able to enjoy a high quality of life.

Risk management is also an essential part of the Chartered Institute of Public Finance and Accountancy/ framework on Corporate Governance that has been adopted by SLDC. Alongside Corporate Governance the Council is required to publish an annual assurance statement in respect of internal controls. This determines that the Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Roles and Responsibilities

The Portfolio Holder with responsibility for risk management and the Chief Executive jointly have overall responsibility for risk management throughout the Council.

The Council maintains a Risk Management Training Programme for both members and officers. Training has essential status for members in key roles – for example Audit Committee, Overview and Scrutiny Committee and Cabinet.

Strategic Risks:

Corporate Management Team is pivotal in the management of the Council's high level risks by identifying and reviewing existing risks and ensuring mitigation. These decisions will determine which risks are included on the Strategic Risk Register.

Corporate Management Team reviews the risks along with corporate plan performance on a quarterly basis.

Case Management Support Services maintains the strategic risks and mitigating controls each quarter on behalf of the Corporate Management Team. Case Management Support Services also organises appropriate training for staff and members and reviews the risk process. Case Management Support Services prepare quarterly monitoring reports covering risks and performance with the Council Plan for

1. Corporate Management Team
2. Overview and Scrutiny Committee
3. Cabinet
4. Audit Committee

Overview and Scrutiny Committee will monitor the mitigation of the Strategic Risks via quarterly performance reporting. This ensures that all senior elected members understand the Strategic Risks and their mitigating controls.

Operational Risks:

Operational Leads and Lead Specialists will identify, manage and monitor their operational risks. They will review these operational risks and record their review history for each risk on a quarterly basis. Operational Leads and Lead Specialists can escalate an operational risk to Corporate Management Team if they feel that the risk is more strategic in nature or that they need help with mitigation.

In this way operational risks are identified and managed - and where necessary escalated for further control. The management of operational risks is facilitated by guidance provided

on the front page of the staff intranet – the five step risk management cycle, templates and training slides are available and training is provided.

Operational Risks above tolerance are reported to Audit Committee in Quarter 1 each year.

Partnership Risks:

There are two kinds of risks involved in partnership working. The first are the risks that the Council faces because it is a partner. These risks will be identified by the key partnership lead and managed via service plans and if necessary escalated as a potential strategic risk.

The Second risks are the risks that the partnership faces as a whole. Where a key partnership is significant enough to warrant risk management arrangements these risks will be reviewed and managed by the partnership itself.

The risks will be communicated back to the Council via the Council's representative on that Partnership.

These risks may then bring about new strategic risks which would then be subject to the Council's performance management arrangements.

Links with Audit findings:

Internal audit is responsible for undertaking periodic assessment of the Council's risk management processes as part of reviewing of corporate governance arrangements.

Internal Audit will also as a result of their risk assessments in other areas of the Councils operations highlight to Corporate Management Team further risks for their consideration and possible inclusion on the Strategic Risk Register. These risks are then performance managed as part of the quarterly performance monitoring process

Risk Management – Five practical steps

Managing risks involves adopting a systematic and robust process. The following risk management cycle describes the processes that should be followed.

Step 1 - Identifying the risks

When identifying risks it is suggested that as a minimum the following categories of risk be used. They will act as a prompt and as a trigger for officers involved in the identification process. These categories are Financial (including Fraud and Corruption), Environmental, Customer (including Equalities), Reputational and Legislative.

Risks can be positive as well as negative. These positive risks or 'opportunities' should be identified and if necessary managed via mitigations to maximise benefit. A project can be thought of as a positive risk with the aim of achieving benefit - but there will be risks that need managing for success.

Risks can also be strategic or operational in nature and it is important that both types of risk are managed effectively. If risks identified at an operational level are considered to be strategic in nature they should be brought to the attention of Corporate Management Team by Operational Leads and Lead Specialists.

Step 2 - Analysing the risks

It will help understanding of each risk if analysis of the vulnerabilities, triggers and consequences are completed. This better understanding will aid the next step in the process - prioritisation of risks. There may be Equalities considerations when completing this analysis work.

Step 3 - Risk Profiling and prioritisation

A standard prioritisation matrix is used across the Council to plot the risks in terms of likelihood and impact. Once completed this risk profile clearly illustrates the risks which are priorities for management. The Council's line of risk tolerance or appetite is set on the matrix. This line determines which risks cannot be tolerated and must be managed down, transferred or avoided.

Step 4 - Action Planning

Most risks are capable of being managed – either by managing down the likelihood or impact or both. Action plans will also identify the resources required to deliver the improvements, key dates and deadlines and critical success factors. There may be Equalities issues when agreeing risk actions

Step 5 - Risk management monitoring and reporting framework

Quarterly monitoring of the effective management of risks through Overview and Scrutiny including regular reporting on council plan performance.