North Somerset COUNCIL

# Risk Management Strategy 2019 - 2024

1. Introduction & Context

Local Government has faced an unprecedented financial challenge over the last ten years along with a rapidly changing risk environment around increasing demand, significant demographic changes, a fast paced digital expansion of services and rising customer expectations.

Our strategy to manage risk recognises that both taking and accepting more risk as a result of these challenges is part of modern service delivery. However in accepting more risk we will do this in both a transparent and informed way to achieve the best results for citizens and customers.

Therefore we want to promote an approach that focusses on the effective identification and management of risks to ensure the council is focussed on minimising adverse impacts and maximising benefits within the delivery of its objectives throughout all of its services.

Active risk management is an integral component of our local code of corporate governance which is designed to help us achieve our aspirations, priorities and outcomes to deliver the Council's Vision. This strategy therefore expects that we focus on taking the right actions to address risks and opportunities both in a transparent way and based on evidence.
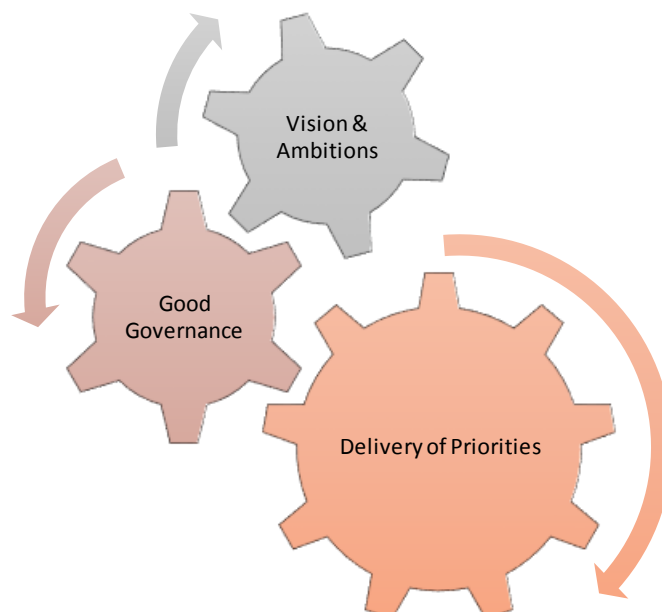

This Strategy is therefore designed to support Officers and Members in delivering on the Council's plans and operational objectives.

Our detailed approach to risk management is further explained and outlined in our Risk Management Toolkit whilst the rest of this statement outlines our high level objectives and how they will be achieved.

Appendix 1

1.1 Risk Management Objectives:

Risk Management forms the second line in the **'Three Lines of Defence Model'** protecting our organisation. Our objectives are based on ensuring we do this in a sensible and proportionate way.
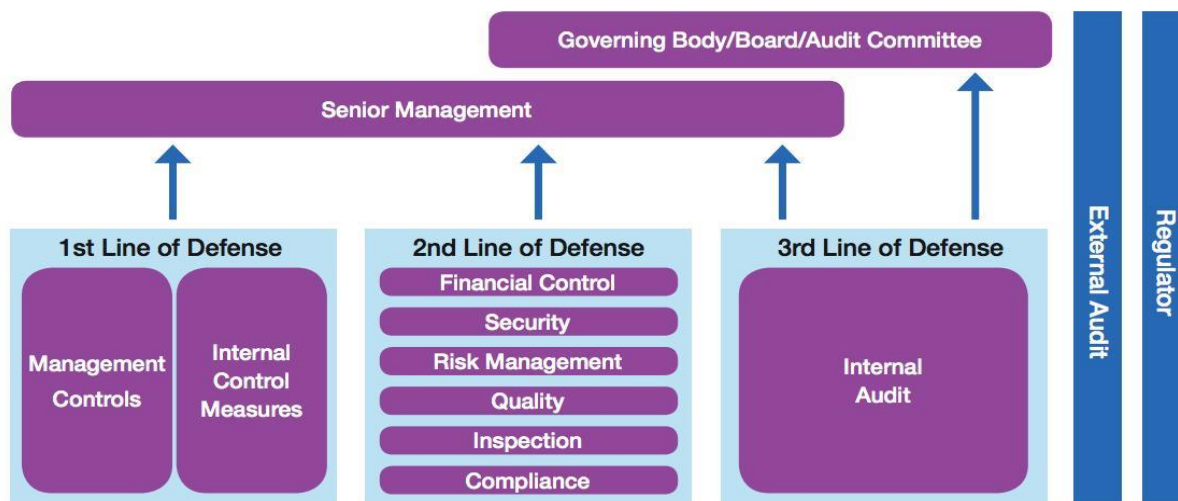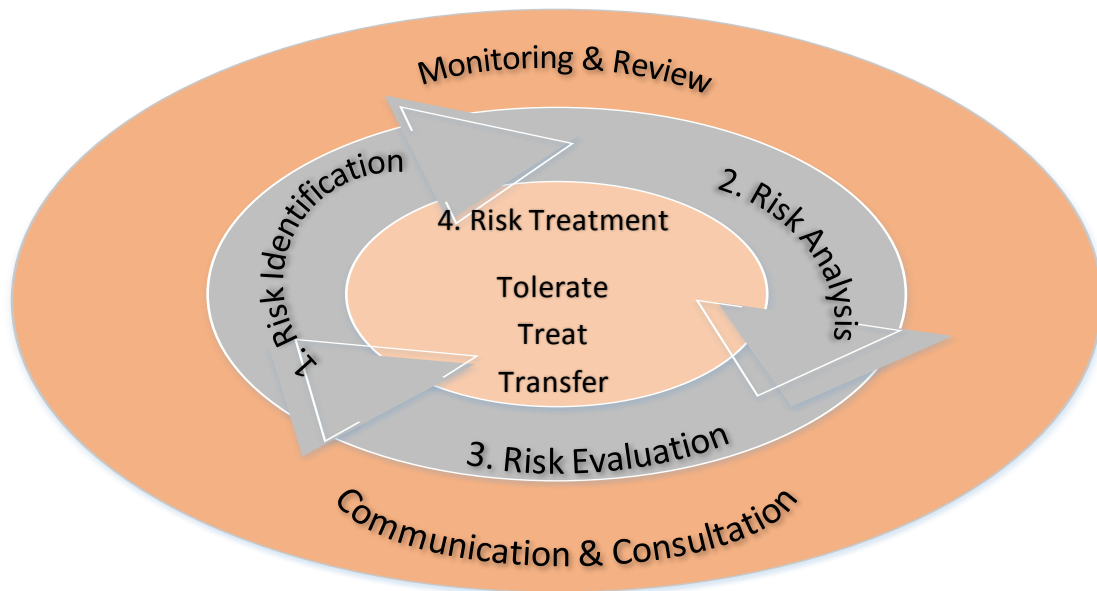

Objectives –

- **Adopt a strategic approach to risk management** to make informed decisions by ensuring mitigating actions are linked to the Council's overall vision and objectives;
- **Allow Executive and Senior Management to set the 'tone from the top'** on the level of risk we are prepared to accept on our service delivery activities and priorities. We will deliver on this by ensuring our mitigating actions are both proportionate and affordable, recognising we work in a dynamic environment where risk factors may change on a regular basis;
- **Acknowledgement of risks, mitigating actions and the residual risk, will be considered at an early stage of our financial and business planning processes**. The organisation recognises that as a result of ongoing austerity identifying cumulative risk impacts over prolonged periods is as equally important as individual short/medium term risks in order to plan and prioritise resources appropriately;
- **Adopt a layered but integrated approach to risk management** recognising that whilst risks may materialise in a different setting whether at a service, project or corporate level they can equally be so significant that it takes a council wide integrated approach to their management;
- **Acknowledge that** even with good risk management and our best endeavours, our intended **actions may not be sufficient t**o deliver a successful outcome and **things can go wrong**. Where this happens, we will listen to feedback and use the lessons learnt to try to prevent it from happening again; **Develop leadership capacity and skills** in identifying, understanding and managing the risks facing the Council. This is an iterative process linked to good management and strong corporate governance;
- **Integrate risk management seamlessly** into how we run our Services by using our management framework **to link Finance, Performance and Risk conversations**. This should enable the right processes to be adopted and the right actions to be identified and implemented;

Appendix 1

1.2 Our Risk Management Objectives will be achieved by:

- Maintaining a robust and consistent risk management approach that will identify and effectively manage all forms or risk whether strategic, operational or project based
- Focus on those key risks that, because of their likelihood and impact, make them priorities;
- Communicating risk information effectively through a clear and integrated reporting framework;
- Establishing clear roles, responsibilities and reporting lines for risk management;
- Making it clear that all officers and members should take ownership for risk management;
- Incorporating risk management into all levels of business and service planning;
- Independently monitoring the arrangements in place for risk management on a regular basis;
- Providing a risk management toolkit and detailed guidance for decision making to support Officers along with targeted opportunities for ongoing learning and training.

Clearly the aim of our Strategy, objectives and risk management process is to **Actively Manage** risks down the risk matrix in terms of their potential impact on the organisation as outlined.

			LIKELIHOOD			
		Rare	Unlikely	Possible	Likely	Almost Certain
IMPACT	**Catastrophic**					
	Major					
	Moderate					
	Minor					
	Negligible					

Appendix 1

2. Embedding Risk Management

Risk Management is therefore an important part of the business and service planning process. This will enable strategic, operational and cross cutting risks/opportunities, as well as the accumulation of risks/opportunities from a number of areas to be properly considered. The Council is committed to continue to embed the process and raise awareness of the importance of good risk management.

We will do this through the use of existing management processes so that they are both integrated and proportionate, delivery on the objectives outlined in this document and ensure that the toolkit is refined on an ongoing basis to reflect the dynamic environment we all deliver services within.

3. Key Milestones

Milestone	Reporting Target Date(s)
Chief Executive, Directors & Heads of Service to ensure those risks considered to be highly significant are recorded in the Strategic risk register • Agree risks recorded; • Confirm documented actions are reasonable and being implemented.	Quarterly
Individual Directorate, Service and Project leads to: • Clearly document risks and identify existing controls and the degree to which they are applied. Evidence of the application of controls to be maintained and crossed referenced to the action plans. • Evaluate existing controls for the degree of mitigation the control provides and whether further control is desirable.	Risk Based as set out in Toolkit – Monthly to Quarterly
Directors & Heads of Service to ensure that risk/opportunity identification is intrinsically linked to the development and maintenance of the Council's Operational & Corporate Plan.	During annual planning process
Directors & Heads of Service to ensure performance on managing risks is monitored regularly through management team meetings, 121's and PDR processes.	Ongoing
Directors & Heads of Service to give assurance to the **Chief Executive** regarding the management of risks within their area of service delivery. **Internal Audit** will consider these through the annual governance review and report significant issues through the annual governance statement.	Annually
Achievement of stated risk management objectives and the overall framework will be reviewed by **Internal Audit** and monitored through the **Audit Committee** who oversee the overall framework.	Annually

Audit West