TORBAY COUNCIL

Risk Policy

6th February 2023 (Internal Use Only)

Contents

Version control

Date	Details	Updated by
29th November 2022	Draft Policy SLT	Eve Bates
6th February 2023	Policy Adopted	Eve Bates
31st December 2023	Full Policy Refresh (Due)	Eve Bates

Review and Adoption

This Risk Management Policy should be reviewed annually to ensure that it still meets the authority's requirements, and the risk processes are proportionate to the organisation's need. The policy will be reviewed by the Senior Performance and Risk Officer in conjunction with the authority's Section 151 Officer. When significant changes are made to the policy, these must be ratified by the Senior Leadership Team and Audit Committee. The policy was adopted by Audit Committee on 6th February 2023.

The policy will be shared with managers and officers as part of our risk training. The most up-to-date version will always be available on the intranet along with other supporting documentation.

Introduction

Torbay Council recognises that there are risks in everything we do and that we have a duty to manage these risks in a balanced, structured and cost-effective way. The aim of this policy is to communicate why risk management is important. Its approval demonstrates the council's intention and commitment that the policy:

- Is fully supported by Members, the Chief Executive and the Senior Leadership Team who are accountable for effective risk management within the council
- Explains the council's underlying approach to risk management, setting out the roles and responsibilities of officers and members for the ongoing management of risk and
- Forms part of the council's overall internal control and governance arrangements.

This policy forms part of the council's Risk Management Framework which sets out the processes and arrangements for implementing it.

What is Risk?

Risk is the uncertainty that surrounds future events and outcomes. This uncertainty can be a positive opportunity or a negative threat. Risk is defined as "the chance of something happening that will have an impact (positive or negative) on the achievement of the council's outcomes". It is measured in terms of the probability of an incident/event occurring and the impact if it does.

What is Risk Management?

Risk management is the systematic way of identifying and assessing risk along with how we plan and implement our responses. If used effectively, risk management supports the council to exploit potential opportunities and promote innovation, as well as safeguarding it against potential threats. Risk management is a statutory requirement for the council as defined in the Accounts & Audit Regulation 2015.

The council accepts that risk will never be fully eliminated. The purpose of the council's Risk Management Policy is to support the development of a consistent approach to determining, analysing and managing risk to ensure that all reasonable steps are taken to mitigate risk and that the level of risk accepted is balanced against the expected reward.

Risk management is about focusing attention on the true risks, those that happen more often and those with serious consequences and taking practical steps to protect the council from risks – in most cases, it is about using common sense.

The Council's Risk Management Objectives

The council's overall risk management objectives are to:

- Embed risk management into the culture and decision making of the council
- Integrate risk management into key business processes to ensure there is a consistent approach and that the risks are managed effectively
- Manage risk in accordance with best practice, whilst developing an approach tailored to meet the council's own needs
- Continually identify new and future risks that may impact on the council
- Work with partners, providers and contractors to develop awareness and a common understanding of the council's expectations on risk management
- For the cost of risk to be reduced and for assets, people and the council's reputation to be protected
- For risk registers to be up to date, regularly maintained and challenged
- Ensure effective monitoring and management information, reporting on the key risks facing the council through the democratic process

Why is Risk Management important?

The council's risk management approach is designed to ensure that there is a continuous, open culture of talking about risk. The approach will ensure that:

- New and emerging risks continue to be identified promptly and assessed quickly
- Significant risks are escalated appropriately
- The focus is on risks that, because of their probability and impact, make them management priorities
- Effective mitigating action is taken to manage identified risks
- All reasonable steps are taken to reduce risks to the lowest acceptable level

The council has a statutory responsibility to have arrangements for managing risk in place. The Local Government Accounts and Audit Regulations state that, "a local government body must ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes effective arrangements for the management of risk".

However, embedding risk management throughout the council is not just about a legal requirement, it can contribute to; improved performance that is predicted rather than erratic, identifying opportunities where taking risks might benefit the council, supporting innovation and creative thinking, enabling more effective management of change, protecting revenue and enhancing value for money, providing stakeholders with transparent information and enhancing the council's reputation and credibility.

Risks need to be managed rather than avoided. Making the most of opportunities to improve public services, involves some amount of risk taking. Successful organisations take risks in an informed way; an unsuccessful organisation takes risks without understanding them.

Risk Statement

The council recognises that some managed risk-taking is essential if it is to meet its objectives. As such the council's Policy is to be:

'risk aware rather than risk averse by embedding the identification and management of risk to support the achievement of Torbay Council's objectives'.

This means we will:

- Embed risk management in the strategic planning and decision making of the organisation. Without it, members and officers cannot make effective decisions to meet their objectives and to safeguard the council's assets.
- Ensure risk management is dynamic in order to capture and anticipate new risks and to assess the trade-off between risk and opportunity.
- Not mitigate all risks as this would not be cost effective. Instead, the Council will focus its attention on managing those risks that may significantly affect the achievement of its strategic and operational objectives.
- Ensure that management oversight is an ongoing cycle that will help to ensure that effective decisions are made, based on a sound understanding of the risks and opportunities we face.
- Report regularly to the Senior Leadership Team and Audit Committee.

Priorities

The council's priorities in relation to risk management are:

- To provide early warning on key / emerging matters to enable transparent, timely decision-making and intervention at appropriate levels
- To raise awareness of the need for risk management by all those involved in the delivery of the council's services
- To take actions, where appropriate, to minimise the likelihood of risks occurring and/or reducing the severity of consequences should risks occur
- To ensure that risks are monitored on an ongoing basis by Senior Management and reported regularly to the Audit Committee

The Management Of Our Risks and Registers

The council holds all it's strategic, corporate and service 'operational' risks (along with the actions taken to prevent them) on its Service Performance & Risk Database - SPAR.net. The risk registers used by the Senior Leadership Team and Audit Committee are created and maintained using the information held on the SPAR.net system.

The effective management of these risks is considered to be within the expected day-to-day roles and responsibilities of all managers. To give risk management the appropriate profile, the

identification and review of risks is a standing item on all directors and managers monthly one-to-one meetings.

The Senior Leadership Team will review and update the strategic and corporate risks continuously throughout the year and collectively meet to discuss them at least three times a year in line with the governance reporting arrangements.

In addition to the monthly discussions, Service Managers are encouraged to have a collective conversation with their teams at least once a year. This is usually carried out as part of the annual service planning process. This is when teams will collectively review their current risks and mitigations on the SPAR.net system and will identify any new emerging risks whilst setting inherent scores and mitigations.

Project and contract risks will be held and assessed by project officers either within their teams or through wider meetings when the project spans more than one service. These risks will be recorded in Project Initiation Documents (PIDs) and held on their own excel/word templated registers. An overarching risk for each project must be recorded on the SPAR.net system as a corporate risk and managed and updated in line with our framework. The mitigated risk score for each project risk must reflect any key significant issues that the individual registers might be highlighting.

Risk Scoring

Risks are scored using a combination of the probability of the event occurring and the likely impact of the event occurring. A 5 x 5 score matrix is used as below:

		Probability				
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Critical (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5

Risk Tolerance Thresholds

Risk tolerance thresholds represent the levels of risk exposure which, when exceeded, trigger some form of response. Risk tolerances will be set for each individual strategic and corporate risk on the formation of our next Community and Corporate Plan 2023. These scores will be recorded on our SPAR.net system. On the formation of our next Community and Corporate Plan there will be a clear alliance to demonstrate which risks align to the delivery of each of our new priorities within it and the key performance improvements the council sets out to achieve.

The council's current approach is to manage all risks to the lowest level possible. When risk scores begin to escalate, Divisional Directors are to decide if the risk needs more senior level involvement especially when the current risk response isn't working. This would include lifting risks up and including them in strategic or corporate registers so there is greater exposure and public oversight.

Once our processes are consistently being followed, the council will look to embed an approach to delegate risks if they are being well controlled and the current score of a risk demonstrates that it is falling or remains stable. This would result in a new inherent risk score being set and updates required less frequently in line with our framework timelines.

Role and Responsibilities

Senior Leadership Team - Chief Executive, Directors & Divisional Directors

▪ The Chief Executive and Senior Leadership Team are responsible for the authority's risks and risk management processes. Collectively they will review and challenge the risks on the strategic and corporate risk registers: identifying new emerging risks, mitigations and latest updates (including mitigated scores and comments).

Cabinet And Audit Committee - Elected Members

▪ The Cabinet members and members of Audit Committee are to ensure the council has risk management processes in place and these are carried out proportionately and effectively. They will review and challenge the information supplied on the risk reports.

Senior Performance and Risk Officer

▪ The Senior Performance and Risk Officer is responsible for the development and implementation of the council's risk processes across the organisation. Embedding a healthy culture of risk management with officers and elected members, supporting the challenge process with advice and training.

Directors & Divisional Directors

▪ Directors and Divisional Directors are to ensure risks (and the details for each) are discussed regularly with their managers and recorded in accordance with our risk policy and framework. They should assess the latest scores and notes given to risks ensuring they are accurately

reflecting the current situation. They are to ensure all risk information is kept up to date on the council's SPAR.net system, as well as, on any separate project and contract risk registers. It is their decision if a risk should be escalated on a corporate or strategic register.

Heads of Service & Service Managers

- Managers are responsible for identifying, managing, and reviewing service (operational) risks. On occasion, they will be responsible for corporate risks or mitigations that relate to their specific service area. Managers are also responsible for ensuring that there is a good risk culture with their teams and staff are aware of our council's risk policy and risk management processes.

Accountable Risk Officer - (terminology used in SPAR.net)

- The accountable person is responsible for the risks relating to this service or portfolio area. They have overall responsibility for ensuring the risk controls are in place, implemented, applied and managed. They have overall responsibility for risk management at the selected prefix level e.g. Strategic, Corporate or Service level.

Risk Completion Officer - (terminology used in SPAR.net)

- The risk completion officer is responsible for updating and reviewing the risk. They are also responsible for ensuring the mitigating actions are correct. They liaise with the accountable risk officer before updating the risk on the SPAR.net system.

Contract & Project Risks

Senior Responsible Officer

- The Senior Responsible Officers for project programmes are responsible for establishing and reviewing the risk registers that will be used to track the delivery of the programmes. They are also responsible for ensuring an overarching risk is included on the corporate risk register which they update regularly reflecting the project programme's current position.

Project Manager

- The Project Managers are responsible for ensuring the project risk registers are put in place in conjunction with those involved in the programme and reviewed and updated as part of each project programme meeting. They are also responsible for working with the SRO in updating the overarching risk.

Contract Risks

- Contract Risks are established on an individual contract by contract basis and will be set and reviewed by the contract manager in conjunction with the relevant specialist within the Procurement, Contract Management and Commissioning Team.