RISK MANAGEMENT STRATEGY

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Contents

1 INTRODUCTION

1.1 Aim of Policy / Procedure

This Strategy sets out the main principles of risk management and sets out the Council's approach to the management of risk.

1.2 What is Risk Management

All organisations are exposed to a variety of risks. These risks are threats or opportunities missed that may adversely affect our ability to achieve our objectives. Risk management is the process by which these risks are identified, assessed and treated and is integral to the success in achieving our objectives and delivery of our services.

A widely accepted definition of risk management is:

> *"The combination of structures, management systems and organisational culture which enables an organisation to manage threats and opportunities which might impact on the achievement of the objectives of the organisation."*

Risk management enhances strategic planning and prioritisation, assisting the achievement of objectives and strengthens the ability to be agile in the response to challenges faced.

To ensure we meet objectives successfully, improve service delivery and achieve value for money, risk management must be an essential and integral part of planning and decision-making.

2 SCOPE

2.1 Roles and Responsibilities

Everyone in the Council plays a role in managing risk in a way that enables the Council to achieve its objectives.

The Risk Management Strategy applies to all employees and covers all activities undertaken by the Council.

2.2 Implementation / Compliance

The risk management process should be an integral part of management and decision making and integrated into the structure, operations and processes of the Council.

The Risk Management Strategy will be reviewed and approved by the Policy and Governance Committee, with its implementation monitored through the Corporate Leadership Team and the Audit and Risk Committee.

3 EVALUATION AND REVIEW

The Strategy will be reviewed regularly to ensure its effectiveness and applicability.

4 CONSULTATION, SCREENING AND EQUALITY IMPACT ASSESSMENT

4.1 Consultation with Stakeholders

The Risk Management Strategy has been in place since the inception of Antrim and Newtownabbey Borough Council, and has been reviewed and updated periodically to take into account changes in guidance and best practice.

The Corporate Leadership Team has been consulted with in the development and revision of the Strategy. On approval, the Strategy will be provided to the Audit and Risk Committee.

4.2 Screening and Equality Impact Assessment

Section 75 of the Northern Ireland Act 1998 (the Act) requires Antrim and Newtownabbey Borough Council to comply with two statutory duties:

(1) Section 75 (1)

In carrying out our functions relating to Northern Ireland we are required to have due regard to the need to promote equality of opportunity between:

- Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Men and women generally;
- Persons with a disability and persons without;
- Persons with dependents and persons without.

(2) Section 75 (2)

In addition, without prejudice to the obligations above, in carrying out our functions in relation to Northern Ireland we are required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

This Strategy has been screened for the need for an Equality Impact Assessment (EQIA). An EQIA is not recommended.

4.3 Data Protection Impact Assessment

If there is a chance that a new type of processing (especially when using new technologies) may cause a high risk to the rights and freedoms of individuals, the Council may need to carry out a Data Protection Impact Assessment (DPIA).

A DPIA was not considered relevant to this Strategy.

5 RISK MANAGEMENT STRATEGY

5.1 Principles of Risk Management

The Risk Management Framework

The risk management framework[1] supports the consistent and robust identification and management of opportunities and risks within desired levels across an organisation, supporting openness, challenge, innovation and excellence in the achievement of objectives.
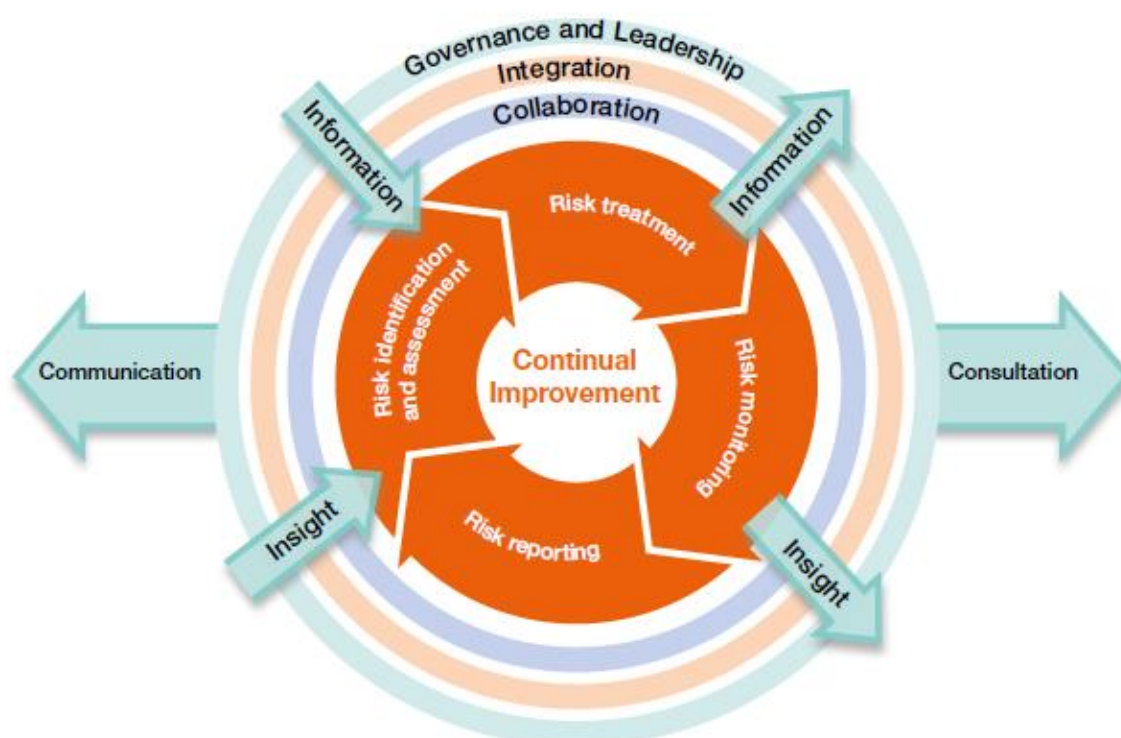
Five Main Principles

For the risk management framework to be considered effective, the following five main principles will be applied:

5.2 Governance and Leadership

Risk management will be an essential part of *governance and leadership*, and fundamental to how the organisation is directed, managed and controlled at all levels.

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[1] HM Treasury's The Orange Book: Management of Risk – Principles and Concepts

5.3   Integration

Risk management will be an *integral* part of all organisational activities to support decision-making in achieving objectives.

5.4   Collaboration

Risk management will be *collaborative and informed* by the best available information and expertise.

5.5   Structured Processes

Risk management processes will be *structured* to include:

Risk Identification and Assessment

Risk identification and assessment to determine and prioritise how the risks should be managed.

Risk Treatment

The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.

Risk Monitoring

The design and operation of integrated, insightful and informative risk monitoring.

Risk Reporting

Timely, accurate and useful risk reporting to enhance the quality of decision making and to support management and oversight bodies in meeting their responsibilities.

(Further details of the Risk Management Process is contained within the Risk Management Procedures).

5.6   Continual Improvement

Risk management will be *continually improved* through learning and experience.

6 GOVERNANCE FRAMEWORK AND THE THREE LINES MODEL

Risk management is a key element of the Council's Governance Framework, which provides assurance to Elected Members and Management that the Council is doing the right things in the right way.

The Governance Framework is underpinned by a model commonly referred to as the Three Lines Model.
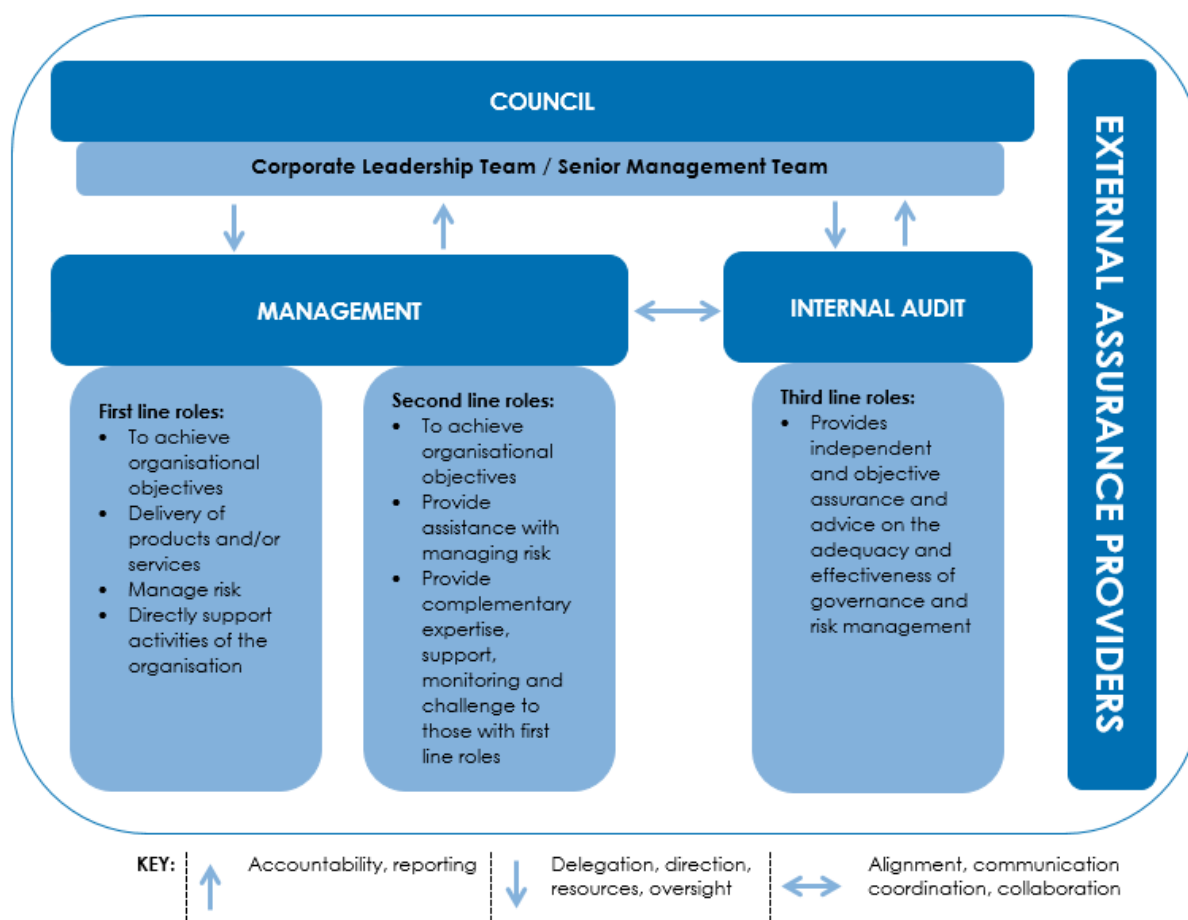
This model shows that risk management and the achievement of objectives is helped by:

1   **ACTION** – the processes and systems that people use every day to deliver services / projects.

2   **OVERSIGHT** – management reports and information that confirm that these processes and systems are in place.

3   **INDEPENDENT ASSURANCE** – audits and reviews that provide independent assurance that these processes and systems are well designed and operating effectively.

Each year, the Council will publish an Annual Governance Statement within the Financial Statements, summarising the main processes that have been in place for risk management and internal control, including the findings of Internal Audit's review on the effectiveness of the System of Internal Control.

7 ROLES AND RESPONSIBILITIES

All staff have a role to play in ensuring that risk is effectively managed across the Council.

The key roles and responsibilities in relation to the management of risk are detailed as follows:

7.1 Policy and Governance Committee

- Approve the Risk Management Strategy.

7.2 Audit and Risk Committee

- Provide the Council with independent assurance on the effectiveness of risk management and internal control.

- Seek assurance from Officers on the management of risk within the Council.

7.3 Corporate Leadership Team

- Overall accountability for risk management across the Council.

- Identification of corporate risks.

- Review, challenge and oversight of the management of corporate risks, including seeking reasons for significant delays in the implementation of risk actions.

- Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding risk management into the structure, operations and processes of the Council.

- Review the Annual Governance Statement, ensuring it accurately reflects the risk management arrangements of the Council.

7.4 Directors

- Ensure there are effective risk management arrangements within their Directorates in line with this Strategy.

- Identification of risks affecting delivery of key objectives.

- Identify and manage risks relating to key programmes and projects.

- Responsible for the management of corporate risks (as designated by CLT / Chief Executive).

- Seek and receive assurances on the management of risk in their key areas of responsibility.

- Promote the benefits of risk management.

7.5   Heads of Service

- Manage risks effectively within their service area in line with this Strategy.

- Take ownership of risks within their Service and ensure that risk registers are reviewed and updated regularly.

- Identification of risks facing their Service and where applicable, recommend escalation to the Corporate Risk Register.

- Ensure that risk management is embedded in their Service and that staff are competent in risk management.

7.6   Internal Audit

Internal Audit has a dual role with regards to risk management:

Assurance

- Provide guidance, tools and training to support the organisation to manage risk effectively.

- Provide assurance that risk is being effectively managed.

Risk Advisory Role

- Support and assist management in the identification, assessment and management of risk.

7.7   All staff

- Maintain awareness of risks and manage them as part of their jobs.

8   LINK TO THE CORPORATE IMPROVEMENT PLAN

The management of risk is embedded within the decision making process used throughout the Council to ensure each department, and the Council overall, are meeting their objectives.

In order to link the risk management activities undertaken to current operations, there is a need to highlight how risk management links with the Corporate Improvement Plan.

Risks identified should be linked to the Corporate Improvement Plan Objectives as well as one (or more) of the Council's Corporate themes of Place, People, Prosperity and Performance.

When reviewing and updating risks, risk owners should consider the progress of achieving their Corporate Improvement Plan Objectives and Targets, reflecting this progress within the scoring of the risk.
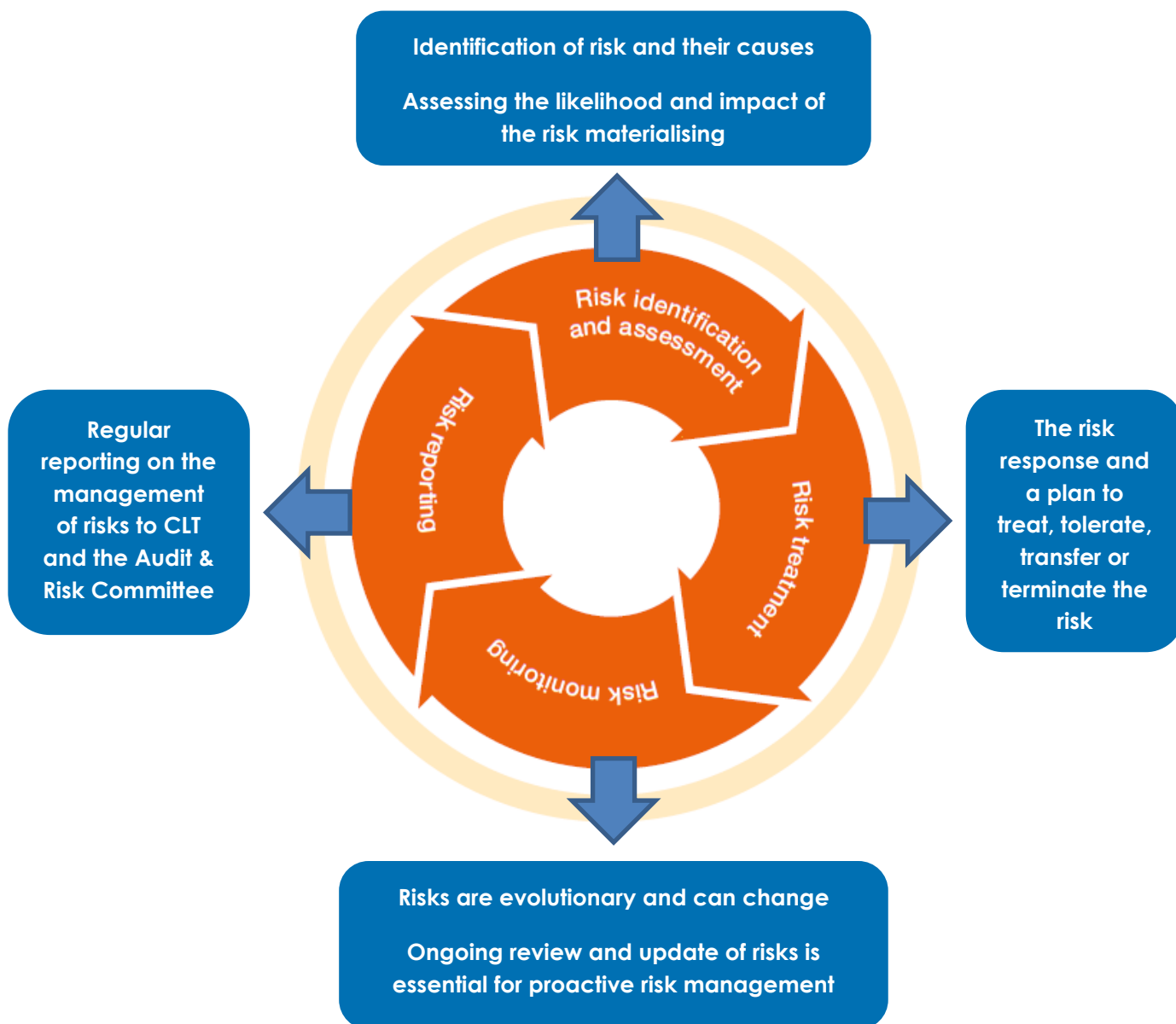
9   RISK APPETITE

Risk appetite is the extent of exposure to risk that the Council is willing to accept or tolerate.

The Council aims to be risk aware, but not overly risk averse. This is to ensure that the Council takes a balanced approach to risk management in order to deliver its Corporate Objectives.

10   RISK MANAGEMENT PROCESS

The risk management process is essentially the approach to the identification, evaluation, prioritisation and control of risks and opportunities faced by the Council.

Identification of risk and their causes

Assessing the likelihood and impact of the risk materialising

Risk identification and assessment

Risk reporting

Risk treatment

Risk monitoring

Regular reporting on the management of risks to CLT and the Audit & Risk Committee

The risk response and a plan to treat, tolerate, transfer or terminate the risk

Risks are evolutionary and can change

Ongoing review and update of risks is essential for proactive risk management

(Further details of the Risk Management Process is contained within the Risk Management Procedures)

APPENDIX 1 – GLOSSARY OF TERMS

Term	Definition
Corporate governance	The framework within which organisations exist.
Current controls	The controls / action currently in place to manage the risk identified.
Early warning indicators	Any indicator linked to an identified risk or risks, which monitors performance to enable the Council to take action as appropriate.
Financial impact	The financial quantification of an event.
Inherent risk	The assessment of the risk, in terms of impact and likelihood, in the absence of any action to control or mitigate the risk.
Likelihood	The possibility of an event occurring.
Residual risk	The assessment of the risk, in terms of impact and likelihood, taking account of the measures in place to eliminate, reduce, transfer or plan for the risk.
Risk	The threat that an event or action will adversely affect the ability of the Council to achieve its objectives and / or execute its strategies.
Risk appetite	The extent of exposure to risk that the Council is willing to tolerate.
Risk causes	Events, occurrences or causes that increase the likelihood of a risk manifesting or will increase the impact should that event, occurrence or cause happen.
Risk management	The process of systematically identifying, quantifying, monitoring and reporting on significant risks facing the Council.
Risk register	The list and description of all headline risks identified.
Significant control deficiencies	Any weakness within the system which if not addressed will adversely affect the Council and the achievement of its objectives.

APPENDIX 2 - VERSION LOG

Doc. Ref.:	Risk Management Strategy
Department/Section:	Finance and Governance
Version:	2.0
Date:	March 2023

Version	Date	Author	Changes
1.0	10 February 2021	Paul Caulcutt	Development of new Risk Management Strategy, replacing the former one.
1.1	2 February 2023	Paul Caulcutt	Review and update of the Risk Management Strategy: • Reformatting document to be compliant with the Policy Framework. • Providing clearer information for Section 8: Link to the Corporate Improvement Plan.