Teignbridge District Council
Audit Scrutiny Committee
26 June 2024
Part i

Risk Management Strategy

Purpose of Report

To provide Members with the risk management strategy

Recommendation(s)

The Committee RESOLVES to:
>   (1) Note the actions being taken to reduce risks to the achievement of the council's objectives.

Financial Implications

The financial implications are contained within risk ST02 Failure to control and manage finance and other risks including ST14 Fraud & corruption and ST24 Breach of finance and contract rules.

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Legal Implications

No direct implications beyond effective risk management are key to meeting Council's legal duties.

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Risk Assessment

Effective risk management will aid decision making, focus and make better use of resources, provide a duty of care, comply with legislation, reduce costs, provide a continuity of service and reduce the risk of not meeting the council's objectives.

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Environmental/ Climate Change Implications

Environmental and climate change implications have been identified alongside mitigating actions within the Report; the most relevant risks include:
ST31 – the impact of not reducing our energy use and contribution to CO_2. ST42 – Failure to deliver the council strategy. ST44 – Flood risk resilience. ST45 – Flood risk management.

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Executive Member

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Risk Management Strategy July 2023

1.0 Policy

1.1 Risk Management (RM) may be defined as "the culture, processes and structure that are directed towards the effective management of potential opportunities and adverse effects"

1.2 The Council recognises that its success in managing risk and uncertainty has a direct impact on the achievement of its goals. It believes that successful organisations are not afraid to take risks; unsuccessful organisations take risks without understanding them.

1.3 High impact risks which the Council face include:

- anything that poses a threat to the achievement of effective service delivery

- missing opportunities to improve services due to risk aversion

- inability to respond to, or manage, change

- anything that could damage the Council's reputation and undermine public confidence

- failure to guard against impropriety, malpractice, waste, or poor value for money

- failure to comply with legislation, such as that covering the environment, health and safety, employment practice, and human rights

1.4 Risk needs to be managed rather than avoided, and consideration of risk should not stifle innovative decision making.

1.5 The Council recognises that it has to deliver services in an increasingly challenging financial situation. However, we regard risk management as a tool for exploiting opportunities in a controlled way, as well as a safeguard against potential threats. The Council will therefore use risk management to promote innovation as well as to help achieve existing objectives.

1.6 A rigorous approach to all aspects of risk management will be an integral part of service planning, decision making, and project management, rather than a separate initiative and will be undertaken with the minimum of bureaucracy.

1.7 The Council is committed to establishing a systematic and consistent approach to risk identification, analysis, control, and monitoring which:

- embeds risk management as an integral part of corporate and service planning; decision making; and project management

- enables the Council to deliver its priorities and services effectively

- contributes towards the achievement of sustainable improvement in services

- contributes to the Council discharging its duty of care to the public and its employees

- contributes to developing and maintaining a safe and healthy environment for the public and its employees

- reduces the number and cost of claims arising

- minimises damage to the Council's reputation

1.8 The risk management process the council uses to identify and manage risks is outlined below.
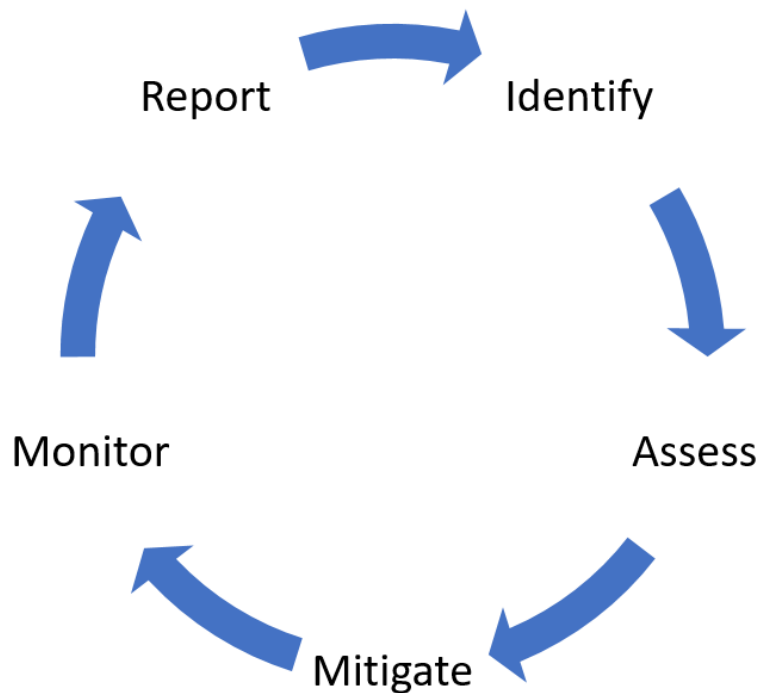
Step 1: Risk Identification - Identify potential risks that could affect the authority's operations, services, or projects.

Step 2: Risk Assessment - Analyse the identified risks to determine their likelihood and potential impact on the authority.

Step 3: Risk Mitigation - Develop and implement strategies to reduce or eliminate identified risks, aiming to minimize their potential consequences.

Step 4: Risk Monitoring - Continuously monitor the identified risks to ensure that the implemented mitigation strategies are effective.

Step 5: Risk Reporting - Regularly report on risk management any changes to managers, SLT and councillors.

These 5 steps form a continuous cycle to maintain effective risk management.

1.9 Types of risks

There are three types of risk to manage:
- **Strategic risks** – these are the big issues that impact heavily on service delivery or are fundamental changes in the district or something that may cause a lot of bad publicity. These risks are managed by Business Leads and Business or Service Managers

- **Corporate risks** – also called 'common risks' because they apply to many sections of the Council and there are corporate processes in place to deal with them, for example, attacks on staff. These risks are also managed by Business or Service Managers

- **Service risks** – these are risks and opportunities that apply primarily to a service and will not generally have too many consequences on the rest of the Council. These are managed by Business or Service Managers and Team Leaders

- **Project risks** – major projects are required to have their own project risk log in line with project governance requirements.

1.10 Risk scoring
Risks are ranked by a 3 x 3 score which considers the likelihood of the risk event occurring (unlikely, possible or likely) and the impact (low, medium or high). These are multiplied to give an 'unmitigated risk score' graded low (green), medium (amber) and high risk (red) as shown below

		Likelihood		
		Unlikely Low (1)	Possible Medium (2)	Likely High (3)
Impact	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3

1.11 Risk review frequency
Risk reviews are carried out by the risk responsible officer monthly for unmitigated risk status scores of very high (9) risks, quarterly for high (6), twice a year for medium risk (3-4) risks and once a year for low (2) risks:

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Unmitigated risk status score	Review interval
9	Monthly
6	Quarterly
3 – 4	Twice a year
1 – 2	Annually

2.0 Roles and responsibilities

2.1 The Managing Director has strategic responsibility for risk management. The Strategic Leadership Team (SLT) will act as the Council's strategic risk management group.

2.2 The SLT will approve this risk management strategy on a periodic basis and endorse action plans and monitoring reports arising from it. It is also responsible for the development of advice and guidance on risk management matters.

2.3 The SLT will be supported by Business Managers, Business Improvement & Development Officers, and other specialist qualified advisors as appropriate e.g. Insurance officer; Health, Safety and Welfare Officer, Internal Audit etc. The SLT will also be aware of the work of the Health, Safety and Welfare forum when discussing risk management issues to ensure a co-ordinated approach to this topic.

2.4 Business Managers will lead the risk management process within their services and ensure that service business plans are informed by a rigorous assessment of risks.

2.5 Business Managers have responsibility for managing strategic, corporate and service risks and implementing mitigating actions to control risks. They should ensure that their teams carry out risk assessments where appropriate as a routine part of service planning and management activities.

2.6 Business Managers will ensure that risks and their mitigating actions are reviewed on a regular basis.

2.7 Business Managers will ensure that new or developing partnerships between the Council and external bodies and shared services or other proposed delivery models, are subject to a rigorous risk assessment.

2.8 The Council will maintain a corporate Risk Register in the form of the SPAR.net system, in which it will record all risk information, including details of risk, risk scores, mitigating actions, responsible officers, and risk reviews.

2.9 Business Managers should notify the SLT of any significant changes in service provision in order to enable it to ensure that appropriate and adequate corrective measures are in place.

2.10 The Section 151 Officer is responsible, in conjunction with the Council's Insurers, for:-

- minimising the overall cost of inevitable claims which do arise

- supporting the risk management programme by supplying any advice and data to the SLT

2.11 The Audit Manager is responsible for monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with mitigating actions introduced by Business Managers to manage risks.

2.12 Strategic and Corporate risks, monitoring reports and action plans will be reviewed by the Strategic Leadership Team quarterly and by the Audit Scrutiny Committee twice a year

3. Arrangements

3.1 Risks and their mitigating actions and risk scores will be recorded in the SPAR.net system and be assigned a Responsible Officer. They will be evaluated in terms of the likelihood that the risk will materialise and impact. They will then be reviewed in accordance with their unmitigated severity using a range of intervals from annually (lowest scoring risks) to monthly (highest scoring risks).

3.2 Service business plans will include details of risks to service delivery.

3.3 Risks will be discussed at meetings between Portfolio Holders and Business Managers.

3.4 Members will receive regular monitoring reports on risk through reports to the Audit Scrutiny Committee who have responsibility for monitoring the effectiveness of the Council's Risk Management arrangements.

3.5 Risk Management training will be provided to all relevant Members, and Business Managers with the aim of ensuring that they have the skills necessary to identify, evaluate, control and monitor the risks associated with the services they provide. Information will also be provided for all staff to ensure they understand the principles of good risk management.

3.6 As part of any project review process, project teams should assess strategic and operational risks associated with options considered. Mitigating actions should subsequently be included on project plans.

3.7 This strategy will be communicated to staff and the public and be subject to review on an ongoing basis by the SLT.

3.8 Appendix 1 sets out the measures that we will use to assess the effectiveness of our approach to Risk Management.

3.9 The strategy will be reviewed every two years by SLT and endorsed by the Audit Scrutiny Committee.

3.10 The strategy will be made available on the website.

4. Key Documents
Annual Governance Statement (published with year-end accounts)
Financial Instructions, Section 4.1, Risk Management, and Internal Control
Business Continuity Plan
SPAR.net Risk Register
Records of Portfolio Holders meetings with Business Leads / Managers
Service Business Plans
Council Strategy

RISK MANAGEMENT PERFORMANCE MEASURES

Aim/Objective	Indicator	Comment
Integration of Risk Management (RM) into the culture of council and raising awareness of RM.	• Staff recognise their role & responsibility for RM in their area • Number of reports for decisions that demonstrate risk assessment • Audit and inspection reports	• By audit of reports & documentary evidence of decisions
Enabling change	• Post event assessment of how we managed individual major changes	• RM considerations must be central to reviews
Minimisation of losses, accidents, injury, inconvenience, and absenteeism.	• Number and length of disruptions to services • Levels of fraud	• Measure response & recovery performance as well as frequency

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	• Levels of complaints, claims etc. • Levels of write offs	• Informed by existing strategies and processes
Minimising cost of risk	• Annual insurance premiums • Level of reserves • Uninsured losses • Management and project costs	• Will incorporate budget & capital project overspends, fraud, write offs, claims, premiums, insurance excesses, plus any loss in external resources.