Risk Management Policy

Contents

Version Control

Version 1.0   –   Updated and drafted June 2022

Version 1.1   -   Updated to reflect new approach to Risk Management – October 2023

Version 1.2   -   Updated post Zurich review – August 2024

1.   Introduction

1.1 Exeter City Council is committed to the effective management of risk at every level within the Council and to providing:

- a safe environment for its employees and customers;
- safe working arrangements for employees; and
- training to enable its employees to undertake their work effectively, efficiently, and safely.

1.2 The purpose of this Risk Management Policy is to state the Council's risk management objectives, approach, responsibilities, and procedures.

2.   Objectives

2.1 The purpose of risk management is to:

- preserve and protect the Council's assets, reputation, and staff;
- promote Corporate Governance by integrating risk management and internal control;
- promote a risk aware culture to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the Council;
- enhance and protect the local environment; and
- improve business performance.

3.   Risk management approach.

3.1   Aim

Risk management has to be proactive to ensure that corporate and operational risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence;
- effectively managed by identifying suitable controls and countermeasures; and assessing the cost effectiveness of the mitigating actions proposed.

Effective risk management anticipates and allows risks to be managed rather than dealing with the consequences of events happening. However, not all risks can be managed, particularly those that are caused by external factors over which the Council has no control (e.g. severe weather). All services, as part of their business planning, are therefore required to develop Business Continuity Plans to reduce the impact should a major event occur.

3.2   Risk appetite and tolerance

Calculated controlled risks, such as accepting new opportunities or using innovative approaches for the benefit of the Council, may be taken providing the risk exposure is within the Council's 'risk tolerance' levels, these are defined as:

Acceptable risks – the risks associated with any proposed actions and decisions need to be clearly identified, evaluated, and managed to ensure that risk exposure is acceptable. Particular care is needed in considering actions that could:

- have an adverse effect on the Council's reputation and/or performance;
- undermine the independent and objective review of activities;
- result in censure or fines being imposed by regulatory bodies; and
- result in financial loss.

Any threat or opportunity that could have a significant impact on the Council or its services must be closely examined, and all risks clearly evaluated and referred to the appropriate Strategic Director. Where there is both a significant potential impact and a high likelihood of occurrence, then the Strategic Director must report the risk to the Senior Management Board for review and the Audit and Governance Committee.

Prohibited risks – where risks could result in physical harm; non-compliance with legislation or Government regulations; or non-compliance with the Council's policies, rules, and procedures, etc., then these risks are not acceptable. Therefore, any opportunity or innovative approach that could result in such outcomes should not be pursued.

3.3   Risk treatment

There are four basic ways of responding to risk:

a) Avoidance – deciding not to continue or proceed with the activity in view of the level of risks involved, wherever possible. (Note: statutory requirements cannot be avoided)

b) Transfer – which involves another party bearing or sharing the risk, a typical example is the use of insurance. (Note: ultimate responsibility to undertake statutory requirements remains with the Council even if third party provision is engaged)

c) Control – by ensuring existing controls are effective by periodic review and testing, and implementing additional controls where considered necessary

d) Acceptance – certain risks cannot be adequately treated by either avoidance, transfer, or control. In such cases, there is no alternative but for the Council to accept the residual ('remaining') risks concerned. Details of how these risks and their possible effects are to be managed must be recorded in the service's (and where appropriate Corporate) Risk Register, and subject to regular review.

3.4   Framework

The Council maintains a Corporate Risk Register (CRR) and Operational/Service Risk Registers. These registers detail the:

- Risk and Impact that could happen if the hazard or event should occur;
- Actions which have been taken to mitigate the risk;
- Current risk score – a score to show the likelihood of the hazard/event occurring after actions have been taken to mitigate the risk;
- Further actions planned to reduce the risks;
- Post mitigated risk score (i.e. after treatment) – a score to show the risk level when further actions have been taken to mitigate the risk; and
- All risks will be assigned risk owners.

4.   Responsibilities and procedures

General – to achieve effective Risk Management, it must be embedded from the very top of the Council right down to each individual service, employee, and Councillor.

All Council employees and Councillors are responsible for ensuring there are robust and fit-for-purpose systems of internal control and risk management in place; and they are aware of the risks:

• they are empowered to take;
• that must be avoided;
• that must be reported upwards.

The Leader of the Council - is responsible for acting as the Lead Councillor for risk management.

The Executive & Strategic Management Board - is responsible for:

• approving the Risk Management Policy;
• affirming and supporting the work of risk management throughout the Council which is an important part of the Council's Corporate Governance arrangements;
• continually monitoring corporate risks and providing quarterly updates;
• reporting all new and amended risks for inclusion onto the quarterly review of the Corporate Risk Register.

The Audit and Governance Committee is responsible for:

• monitoring the effectiveness of risk management throughout the Council and the progress made in relation to mitigating actions;
• considering the Corporate Risk Register (CRR) and recommending its approval to the Executive;
• regularly reviewing the Corporate Risk Register.

4.5 Heads of Service are responsible for:

• ensuring that all employees within their service understand and comply with the risk management policy and procedures;
• identifying, evaluating, and managing operational risks and reporting any possible corporate risks to their Strategic Director;
• working with their Strategic Director to ensure that operational risk registers are established for their services and regularly reviewed to ensure that risks are adequately monitored and managed.

4.6 South West Audit Partnership (the council's Internal Auditors) are responsible for:

• undertaking audits of the Council's Risk Management system and procedures to assess their effectiveness and compliance with the Council's requirements as part of the Corporate Governance process; and
• making recommendations to improve the effectiveness of risk management within the Council.

5.   Review

This policy is reviewed and approved by the Senior Management Board and Executive Committee (*date*)……………………. and thereafter will be reviewed/approved biennially.