

Leicester  
City Council

# **Risk Management**

# **Policy Statement and Strategy 2020**

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# **Enterprise Risk Management**

## **Policy Statement and Strategy 2020**

### **Risk Management Policy Statement**

#### **Leicester City Council's (LCC) approach to the management of enterprise risk**

Risk management involves managing the council's threats and opportunities. By doing so effectively, the Council is in a stronger position to deliver its objectives. Risk is a feature of all business activity and is an attribute of the more creative of its strategic developments. The council accepts the need to take proportionate risk to achieve its strategic objectives, but these should be identified and managed appropriately. However, residual risks may still be high even after controls are identified and implemented. Such risks may relate to activities/projects where the organisation has statutory responsibilities to deliver such services, and in such instances, it is important that risks are being managed effectively and efficiently and the impact is minimised as far as is reasonably practicable should the threat/event occur. By evaluating our plan for potential problems and developing strategies to address them, we are able to improve our chances of a successful, if not perfect delivery of the project/initiative assessed. The risk process will also ensure that high priority risks are cost effectively managed and provide decision makers at all levels with the information required to make informed decisions.

#### **The key objectives of Risk Management at LCC are to:**

1. Identify, manage and act on opportunities and threats to enable the council to achieve its objectives and integrate risk management into the culture and day to day working of the council.
2. Ensure compliance with governance requirements and that risk management (identification of, and plans to manage, risk) is an integral part of the Council's governance including the decisions taken by the Executive and the Corporate Management Team (CMT).
3. Make the Executive, CMT and Audit and Risk Committee aware of the potential risks.
4. Ensure the organisation's risk profile and exposure is communicated top down, bottom up and across the organisation and coordinate action plans designed to change or reduce the risk profile.
5. Embed, actively support and promote risk management. Raise awareness of the need for risk management to those involved in developing the council's policies and delivering services and ensure it is understood that risk management is a cross service planning activity.
6. Ensure that a systemic and consistent approach to risk management is adopted throughout the organisation and as part of divisional planning, performance management and models of operation.
7. Supporting a culture of well-measured risk taking throughout the council's business.
8. Manage risk in accordance with best practice and comply with statutory and regulatory requirements, for example Fraud Act, Anti Bribery and Care Acts.

**The above objectives will be achieved by:-**

1. Ensuring CMT, Directors and other relevant stakeholders obtain assurance that the council is managing and mitigating risks that could affect the achievement of the organisation's objectives.
2. Establishing reporting mechanisms to submit Strategic and Operational Risk Registers to CMT, City Mayor and Executive, Audit and Risk Committee and relevant stakeholders.
3. Ensuring the operations and initiatives that are high risk to the council are reported and monitored through the appropriate director to aid informed decision making.
4. Providing learning opportunities on risk management process across the council by scheduling a rolling training programme year on year.
5. Keeping abreast of best practice throughout the industry and through the continual review and improvement of the council's processes for the identification, management and communication of risk to ensure best practice is being communicated and implemented.
6. Good practice tools to support management of risks applied consistently throughout the council in addition to reviews of our risk management practices.
7. Ensuring accountabilities, roles and responsibilities for managing risk are clearly defined, communicated and understood by establishing clear processes, responsibilities and reporting lines for risk.
8. Anticipating and responding to changes in the external environment including changing political, economic, social, technological, environmental and legislative requirements.
9. Demonstrating the benefits of effective risk management through: -
  - Cohesive leadership and improved management controls;
  - Improved resource management – people, time, and assets;
  - Improved efficiency and effectiveness in service and project delivery;
  - Minimising the impact following an incident, damage limitation and cost containment;
  - Better protection of employees, residents and others from harm;
  - Reduction in incidents, accidents and losses leading to lower insurance premiums and improved reputation for the council.
10. Recognise that it is not possible, nor desirable, to eliminate risk entirely, and so have a comprehensive business continuity and insurance programme that protects the council from significant financial loss following damage or loss of its assets therefore minimising the impact from an event.

**Andy Keeling**  
**Chief Operating Officer**

**Sir Peter Soulsby**  
**City Mayor**

**October 2019**

## **Risk Management Strategy**

### **INTRODUCTION**

1. The Risk Management Strategy seeks to promote identification, assessment, response, monitoring, communication and reporting of risks that may adversely impact the achievement of the council's aims and objectives. This strategy builds on, and replaces, the 2019 Risk Management Strategy. Through the continued development and implementation of the strategy, the maturity of the council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks. This strategy helps to embed risk management throughout the organisation and ensures officers/staff understand their roles within the process.

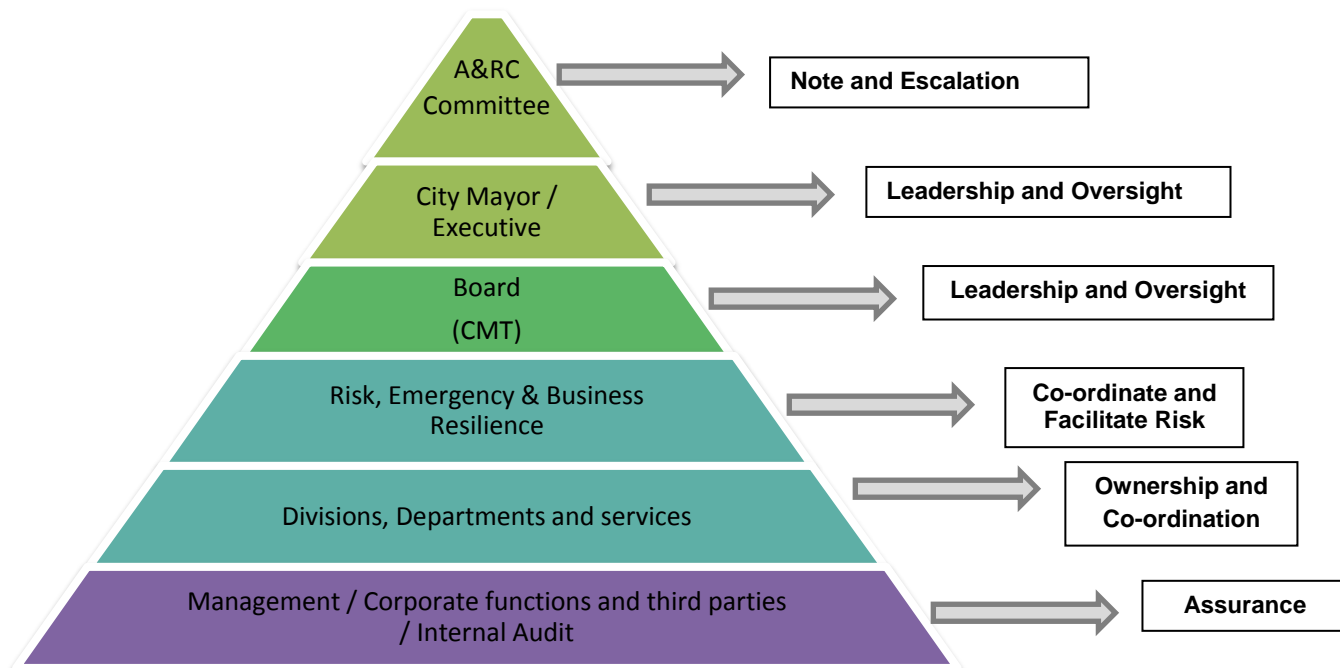
### **AIMS AND OBJECTIVES**

2. The aims and objectives of Leicester City Council's (LCC's) Risk Management Strategy are:-
  - To assist LCC in setting strategy, achieving objectives and making informed decisions
  - To provide the Executive, Members and senior officers with regular risk management reports that give a comprehensive picture of the council's risk profile, risk ranking exposure;
  - To provide and assist the council and its partners to adopt a "fit for purpose" methodology towards identification, evaluation, control and communication of risks and to help ensure those risks are reduced to an acceptable level – the 'risk appetite';
  - To ensure that transparent and robust systems are in place to track and report upon existing and emerging risks which potentially could have a detrimental impact on the council or influence the achievement of objectives;
  - To help further integrate risk management into the culture and day to day working of the council and ensure a cross divisional/operational approach is applied;
  - To provide reliable information on which to base the annual strategic and operational risk and governance assurance statements;
  - To consider the limitations of available information in the process of identifying and assessing risk;
  - To encourage well measured risk taking where it leads to improving performance and sustainable improvements in service delivery;
  - To ensure a consistent approach in the identification, assessment and management of risk ('the risk management cycle) throughout the organisation; and
  - To acknowledge that even with good risk management and our best endeavours, things can go wrong and that we learn from this to prevent it happening again. Risk Management is continually improved though learning and experience.
3. Given the diversity of services offered by the Council, there are a wide range of potential risks that could arise, it is therefore essential that responsibility for identifying and taking action to address those risks is clear. Commitment and involvement of staff at every level is essential to effectively carry out enterprise risk management. Although different staff/managers will have specific duties to assist in this process, it is important that they are aware of and understand their role. Staff involvement may consider views and comments from other divisional teams who may have experience of managing similar risks.

## ASSURANCE AND REPORTING STRUCTURE OF RISKS AT LEICESTER CITY COUNCIL

As part of the risk management and assurance process, we would like to create an environment of a 'no surprises' system and the 'tone from the top' is an essential criteria in fulfilling this. To do this, LCC's risk and assurance systems need to be working well. LCC is open to consider all potential delivery options with well measured risk-taking, being aware of the impact of its key decisions.

All staff and associated stakeholders have responsibility for managing risk, some more than others. Please see **Appendix 1** for full roles and responsibilities.



Within this structure, each party has the following key roles:

- The **Audit and Risk Committee (A&RC)** is responsible for noting the effectiveness of the council's risk management arrangements, challenging risk information and escalating issues to the Board/Executive;
- **City Mayor and Executive** has a leadership and oversight role particularly in challenging CMT and senior managers in relation to the identified risks and mitigating actions and holding them to account for effective risk management. The City Mayor and Executive are also responsible for approving risk policies and strategy and receiving 4-monthly risk management reports to review;
- **The Corporate Management Team (CMT)** has the risk oversight role and ultimate accountability. CMT must ensure the risk related control environment is effective; is responsible for approving and reviewing risk policies and strategies; setting the level of risk the council is prepared to accept – it's '**risk appetite**'; receiving 4-monthly risk management reports to review and for approving and agreeing the training programme;
- **Risk, Emergency and Business Resilience (REBR)** develops and coordinates implementation of the Risk Management Strategy and provides a facilitators role, supporting and guiding all other service areas on how to manage their risks. REBR also

coordinate, populate and maintain the council's risk registers, producing 4-monthly reports comprising of these risk registers to submit to CMT, City Mayor and Executive and the A&RC;

- **Departments and services** are the '**risk-takers**' and are responsible for identifying, assessing, measuring, monitoring and reporting significant risks associated with their functions or activities and for managing risks within their departments;
- As part of the council's **combined model, management, third parties and Internal Audit** give assurance on the management of risks and the operation/performance of controls.

## RISK DEFINITION AND APPETITE

4. At LCC we use the definition of risk taken from the **International Risk Management Standard 'ISO31000 – Risk Management Principles and Guidelines standard and BS65000 – Guidance on Organisational Resilience'**:

***“Risk is the effect of uncertainty on objectives”***

5. It is assumed by many staff, during risk discussions, that all risks must be eliminated. However, this is not the case. Risk is a part of everyday life and taking risks and acting on opportunities may be a route to success, if managed properly. Risk Appetite is defined as “the amount of risk that the council is prepared to take to achieve its objectives”. **Appendix 2** demonstrates the council's risk appetite. **The council is prepared to tolerate risks that fall below the risk appetite line (the prominent black line)**. For risks that are scored above the line, the council should consider their occurrence (repetitiveness), impact and design controls for implementation if that risk materialises. An example of this would be total loss of a building by fire. This is a typical 'high impact' but 'low likelihood' risk that cannot realistically be managed day to day, beyond normal management responsibilities, but if it occurs, would be dealt with by the invocation of an effective business continuity plan and appropriate insurance cover which are both significant mitigants for that risk.
6. Risk appetite needs to be considered at all levels of the organisation – from strategic decision makers to operational deliverers. The council's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the council's risk appetite provides the strategic guidance necessary for decision-making and is determined by individual circumstances. In general terms, the council's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to decisions being considered or proposed.
7. As such, risk appetite should be considered for every proposal and risk rather than an overarching concept for the entire council. There will be areas where a higher level of risk will be taken in supporting innovation in service delivery. Certain areas will maintain a lower than cautious appetite - for example, in matters of compliance with law and public confidence in the council or safeguarding adults and children. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or members. However, in all circumstances:
  - The council would wish to manage its financial affairs such that no action will be taken which would jeopardise its ability to continue as a going concern; and
  - The council would wish to secure the legal integrity of its actions always.

Despite this, at times the council may be forced to take risks beyond its appetite to comply with central government directives or to satisfy public expectations of improved services. The challenge process will determine the decisions made - whether to proceed with such proposals and after careful assessment of the identified risks and an analysis of the risks

compared to the benefits – i.e. cost benefit analysis. A cost benefit analysis also helps decide the commitment to risk management resources and it is important to keep in mind that not all costs benefit is confined to financial measurement and the cost of not taking action should also be considered.

8. LCC's approach is to be **risk aware** rather than **risk averse**, to manage and mitigate the risk. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and members are not opposed to risk. They are committed to taking risk with full awareness of the potential implications of those risks and in the knowledge that a robust plan is to be implemented to manage/mitigate them. The council's risk management process allows this '**positive risk taking**' to be evidenced.
9. '**Positive risk taking**' is a process of weighing up the potential benefits and impacts of exercising a choice of action over another course of action. This entails identifying the potential risks and developing plans and controls that reflect the positive potentials and stated priorities of the council. It then involves using available resources and support to achieve desired outcomes, and to **minimise any potential 'harmful' impacts**. It is certainly not negligent ignorance of potential risks but, usually, a carefully thought out strategy for managing a specific risk or set of circumstances.
10. The risk management process ensures that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence and its impact should the risk occur. It is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy and opportunity costs.
11. The council seeks to identify, assess and respond to all strategic risks that may affect the achievement of key business objectives and plan outcomes. Once a risk has been identified and rated, the council will adopt a risk response based on the nature of the risk. The council's risk responses include treat, tolerate, terminate or transfer – refer to paragraph 24 for the detail. Integrating risk transfer strategies requires decisions at the highest levels as the risk appetite will determine the extent to which it is prepared to retain the risk, as opposed to sharing risk by outsourcing or insurance.
12. However, having an effective risk management framework does not mean that mistakes and losses will not occur. Effective risk management means that high risks are highlighted, allowing appropriate action to be taken to minimise the risk of potential loss. The principle is simple, but this relies upon several individuals acting in unity, applying the same methodology to reach a sound conclusion and understand that risk management is a cross service planning activity. However, it is recognised that risk management and the analysis is based on judgement and is not infallible or an exact science and for a more accurate analysis, the appropriate people should be involved. Incidents will still happen, but the council will be in a better position to recover from these incidents with effective risk controls/business continuity management processes in place. LCC is a "learning organisation" and the council will seek to learn from adverse risk events.

## **RISK FINANCING**

13. Risk Financing is the process which determines the optimal balance between retaining and transferring risk within an organisation. It also addresses the financial management of retained risk and may best be defined as money consumed in losses, funded either from internal reserves (such as the Insurance Fund) or from the purchase of 'external' insurance (such as the catastrophe cover provided by the council's external insurers). Simply put, it is how an organisation will pay for loss events in the most effective and least costly way possible. Risk financing involves the identification of risks, determining how to finance the risk, and monitoring the effectiveness of the financing technique chosen. Commercial insurance policies and self-insurance are options for risk transfer schemes though the effectiveness of each depends on the size of the organisation, the organisation's financial situation, the risks that the organisation faces, and the organisation's overall objectives. Risk financing seeks to choose the option that is the least costly, but that also ensures that the organisation has the financial resources available to continue its objectives after a loss event



occurs. The council currently takes cover with external insurers for the following categories of insurable risk:

- Casualty (Employers Liability and Public Liability)
- Property
- Motor
- Fidelity Guarantee
- Engineering
- Professional Negligence
- Official Indemnity
- Personal Accident

14. LCC's strategy for risk financing is to maintain an insurance fund and only externally insure for catastrophe cover. The council's strategy is to review the balance between external/internal cover on an annual basis in the light of market conditions and claims experience. This balance will be influenced by the effectiveness of the risk management process embedded at the council and this process is managed by REBR on behalf of the Director of Delivery, Communications and Political Governance.

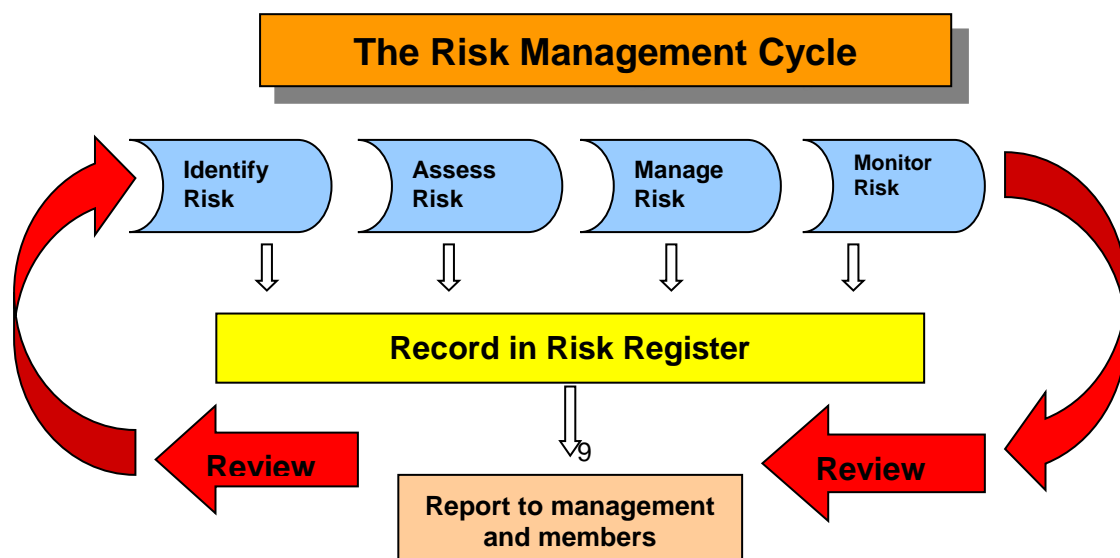
## RISK MANAGEMENT PROCESS

15. The council's strategic objectives and individual divisional operational objectives are the starting point for the management of risk. Managers should not think about risk in isolation but consider events that might affect the council's achievement of its objectives. Strategic risks are linked to strategic objectives and operational risks linked to divisional service delivery objectives, therefore, day to day activities need, as a minimum, to be identified and monitored. This is best done by the effective implementation of the risk management process with the use of risk assessments/risk registers (Appendix 3).

16. Risk management is to be driven top down, bottom up and across, to ensure risks are appropriately considered. To achieve this, managers should encourage participation with their staff/peers in the process, through regular discussions/reviews. **The risk management process seeks to work with and support the business and not add a layer of bureaucracy or create masses of paperwork.**

17. The process below should be implemented by managers and staff at all levels to identify, assess, control, monitor and report their risks. Risk management is intended to help managers and staff achieve their objectives safely and is not intended to hinder or restrict them. The aim is not to become risk averse. The process ensures that a consistent risk management methodology is in place and implemented across all the diverse activities of the council.

18. There are five key steps in the risk management process. These stages are covered in greater detail in the **Risk Management Toolkit** – a step-by-step guide to risk management at LCC - which is available to all members, managers and staff via the REBR pages on SharePoint.



19. The risk management process is explained in detail in the **'Identifying and Assessing Operational Risk'** training course, which is now mandatory for staff completing a risk assessment (see **Appendix 4** for the 2020 training schedule) and teaches staff to: -
- **Identify risk** - management identify risks through brainstorming discussions as a group, or discussion with their staff. REBR are available to support this process either by attending or facilitating risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their own sessions;
  - **Assess/Analyse/Evaluate** - management assess the likelihood of risks occurring and the impact on the council/their objectives using the council's approved risk assessment form and the 5x5 scoring methodology. Once the risks are scored, this will determine whether the risks are high, medium or low which will help in the prioritisation of risks for urgent attention (see appendix 2);
  - **Manage** - management determine the best way to manage their risks e.g. terminate, treat, transfer, tolerate or take the opportunity (see paragraph 24 below);
  - **Record risks** – using corporate risk assessment template to record risks (see appendix 3);
  - **Monitor** – management should monitor their risks and the effectiveness of their identified management controls; are controls implemented and need for further controls;
  - **Review** - management ensure identified risks are regularly reviewed and if controls have been implemented, whether further controls are necessary or required. This will normally be managed by means of a risk register (see paragraphs 27 – 35 below for more detail).

## IDENTIFYING THE RISKS

20. At LCC in order to identify risks, we need to focus on the aims and objectives of the organisation and of any project and activity. Every activity the council engages in contributes to achieving an objective and so risks that may affect the successful completion of that activity must be taken seriously. Risk is simply defined as **'the effect of uncertainty on objectives'** – ISO31000 Risk Management Standard. As mentioned in paragraph 19, the training session covers in detail how to identify risks. Please refer to **Appendix 3** for the risk assessment template to log risks and its evaluation. **Appendix 5** indicates the different categories of risk which staff use as a prompt to identify risks that are external facing. However, it is not an exhaustive list and officers are reminded that risks may not be present in all categories when they are completing their risk assessment. Other means of identifying risks include previously completed risk assessments, brainstorming exercises involving the relevant stakeholders, complaints received, claims, incident and accident reports. This is discussed in more detail in the training sessions. Also, staff may need to consider carrying out a dynamic risk assessment as and when required, for e.g. in the case of inclement weather, the original risk assessment may not have considered how to operate on a wet day as it was not anticipated.
21. The Manager, Risk Manager will continue to work collaboratively with ALARM, the professional body for Risk Management, as part of the Regional Committee for the Midlands Region, along with other councils and partners to undertake horizon scanning to identify new and emerging risks that affect the council. This may help to identify new collective trends and emerging risks.

## ASSESS/ANALYSE AND EVALUATE RISKS

22. The primary function of “scoring” risks is to facilitate their prioritisation and assessment against risk appetite. This step involves determining the likelihood of the risk occurring and its impact should it occur. Please see **Appendix 2** for further detail of the scoring mechanism and the definitions utilised at this council to calculate the level of the risk: - **Impact x Likelihood = Risk score.**
23. This helps to prioritise the risks (risk ranking) which require urgent action using a red, amber, green scoring mechanism (RAG status). The table below indicates how risks that are high, medium and low should be managed.

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

## MANAGE THE RISKS

24. Once risks have been identified and assessed by management (**a risk rating score has been derived**), managers should then determine how those risks will be dealt with – a process commonly known as the four T’s. The risk rating score will also enable risks to be prioritised and influence the use of one or more of the four T’s –

- Terminate
- Treat
- Tolerate
- Transfer

Please see below charts for possible actions after assessing and analysis of risks:

**Transfer**  
Transfer risk to another party, outsource, insurance

**Terminate**  
Stop the activity or do it differently using alternative systems

4 T’s

Likelihood	Impact	4 T's	Actions to take
High	High	<b>Terminate</b>	Requires immediate action/avoid or consider alternative ways
High	Low	<b>Treat</b>	Consider steps to take to manage risks – reduce the likelihood and/or better manage the consequence
Low	High	<b>Transfer</b>	Contingency plan/Insurance cover to bear financial losses/transfer risk to third party/outsource
Low	Low	<b>Tolerate</b> Bear losses out of normal operating costs following an informed decision to retain risk, monitor situation	Decision to retain risk, bear losses, instituting a contingency plan, effective or acceptable <b>Treat</b> Implement procedures and controls to reduce the frequency or the severity; formulate a contingency plan to reduce service interruption

High

Low

Low

High

Likelihood

25. Taking the opportunity is an enhancement to this process. This option is not an alternative to the above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. **There are two considerations here:**

- Consider whether at the same time as mitigating a threat, an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls good enough to justify increasing the sum at stake to gain even greater advantage?
- Consider also, whether circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resource which may be able to be redeployed for projects that enhance the economy of Leicester.

26. Secondary Risk - It's important to note here that it's common for efforts to reduce risk to have risks of their own. These are known as secondary risks. For example, if a project is outsourced/subcontracted a number of secondary risks will be assumed such as the risk that the outsourcing company/subcontractor will fail to deliver.

### MONITORING AND REVIEWING THE RISKS

27. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (residual risk). It is important to stress that such exposure is not necessarily detrimental to the council and ensures that the council is aware of its key business risks; what controls are in place to manage (mitigate) these risks; and,

what the potential impact of any residual risk exposure is. This step in the risk process never really ends as monitoring and review of your risk assessment to ensure it stays valid is an ongoing process. The ultimate aim of risk management/assessment is to implement measures to reduce the risks to an acceptable level. Monitoring and review of circumstances must occur to see whether the measures implemented have reduced risks effectively and whether more should be done. To summarise, are the controls being implemented, are they effective, do further controls need to be considered, therefore, re-scoring of the risk, and do new risks need to be incorporated or any existing ones deleted.

of

Standard Review	
Red risks	1 – 3 months
Amber risks	3 months
Green risks	6 months

28. It is important that those risks that have been identified as requiring action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable and if further controls are needed. Any further action(s) should be determined, noted and implemented. The frequency of reviews should be decided by management, depending on the type and value of the risks identified (see also 29 below). Currently, at LCC, the significant strategic and operational risks are reviewed and reported on a 4-monthly basis to CMT and bi-annually to the A&RC, with strategic risks reported 4-monthly to the City Mayor and Executive, facilitated by the Manager, Risk Management. Below, is a table indicating a **suggested review** of risks dependent on the risk rating whether, high, medium or low.

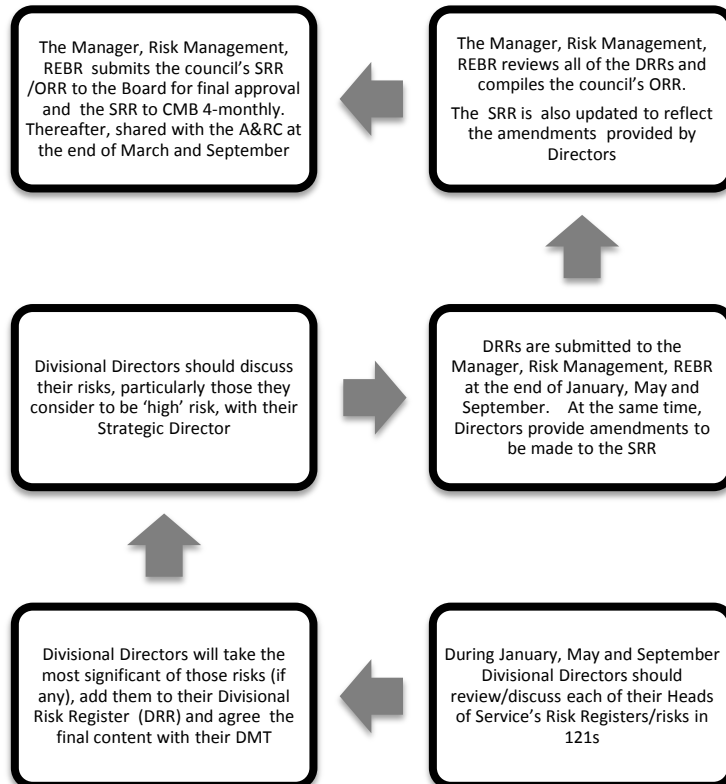
**Recommended risk review frequencies as per risk rating:**

**RISK REPORTING**

29. Significant operational risks (scoring 15 and above) should continue to be logged and monitored via the Operational Risk Register (ORR). It is the responsibility of each divisional director to ensure that operational risks are recorded and monitored via a risk register. These registers and the risks identified are aligned to the council's operating structure. REBR has produced a pro-forma risk assessment/register that **must** be used by all business areas (see **Appendix 3**).
30. The most significant risks identified by the divisional directors feed into the council's ORR which is managed by CMT and facilitated by the Manager, Risk Manager, REBR. They are accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control these exposures; key risks are included within the individual service plan and that monitoring and communication of risks takes place.
31. The Chief Operating Officer supported by CMT manages and monitors the Strategic Risk Register (SRR) for those risks that may affect achievement of the council's strategic objectives, with REBR facilitating. The most significant of these risks, those that may threaten the council's overall strategic aims, form this register which is reviewed and updated by directors each 4-monthly. Responsibility for these risks rests with named directors. As part of the overall process of escalation, each strategic director should also have risk on their 121

agenda with their divisional directors at least 4-monthly. One of the significant strategic risks is a serious failing of the management of operational risks by their divisional directors.

32. REBR facilitates and supports this process and will continue to maintain the SRR/ORR, using the input from each Divisional Risk Register and the updates provided by each director for the SRR. The SRR/ORR will be reported 4-monthly to the CMT, and bi-annually to the A&RC. In addition, the SRR (Strategic Risk Register) is also reported to the City Mayor / Executive 4-monthly. As part of this process, bespoke training needs may be identified and the REBR team will provide training and support upon request.
33. The process for reviewing and reporting operational and strategic risks at LCC is set out as below:



**Key:**

- DRR** – Divisional Risk Registers – compiled using most significant operational risks from Heads of Service risk registers.
- ORR** – Operational Risk Registers – produced by REBR using the significant risks from the DRRs submitted by Divisional Directors
- SRR** – Strategic Risk Registers – compiled by REBR using significant risks submitted by Directors and are those risks that may affect achievement of the council's strategic aims.

34. All risks identified, both operational and strategic, will need to be tracked and monitored by regular 4-monthly reviews of the risk registers at 121's with management. This will ensure that any changes in risks requiring action are identified; there is an effective audit trail; and the necessary information for ongoing monitoring and reporting exists.
35. It is recommended to save a new copy of the updated risk register rather than overwriting the existing one so that an audit trail of reviewing risk registers can be evidenced.

## **PARTNERSHIP RISK**

36. It is recognised that partnership working is a key area where associated risk needs to be identified and controlled. Best practice states that local authorities must meet two key responsibilities for each partnership they have. They must: -
- Provide assurance that the risks associated with working in partnership with another organisation have been identified and prioritised and are appropriately managed (partnership risks);
  - Ensure that the individual partnership members have effective risk management procedures in place (individual partner risks).

## **RISK MANAGEMENT TRAINING**

37. An annual programme of training (covering risk and business continuity planning) is available to all staff, managers and members. However, directors and managers should identify staff who require this training through the staff appraisal process (existing staff) and through the jobs specification process (new staff) and appropriate training will be provided by REBR. CMT have made the 'Identifying and Assessing Operational Risk' training mandatory for staff who have to carry out a risk assessment. (See **Appendix 4** for the 2020 training schedule)

## **INSURANCE LIMITS**

38. Guidance is available on SharePoint on what to consider when determining insurance levels if procuring for services by a contractor or third party. The limits requested are based on the risks the activity will impose and the impacts. The consequences, impact and cost of risk columns of the risk assessment template will help to determine the insurance levels required. The insurances requested are usually Public Liability, Employers Liability and Professional Indemnity (though the latter is not always a pre-requisite).

## **REVIEW OF RISK MANAGEMENT POLICY AND STRATEGY**

39. This Risk Management Policy Statement and Strategy is intended to assist in the development/integration of risk management from now until December 2020 when the next review is due of this policy and strategy.
40. All such documents and processes will remain subject to periodic review and with the next planned review to occur in Quarter 4 2020, this allows any changes in process to be aligned to the council's financial year end.

## **RISK MANAGEMENT AT LEICESTER CITY COUNCIL**

41. A robust risk management process should be applied to all our activities during the next 12 months and beyond. To achieve this, priority exposures should be identified, addressed, and incorporated into appropriate risk management strategies and risk improvements into organisation's service delivery. A robust risk process will allow identification of emerging risks and horizon scanning. This should be in line with the council's priorities. This helps to determine how risks affects such priorities, whether to consider changes in council's operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of divisional planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management must continue changing from a 'have-to-do' to a 'need-to-do'. However, this does not need to become a bureaucratic and paper intensive exercise and judgment by the appropriate person should be exercised.
42. The Manager, Risk Management, REBR will continue to maintain a central copy of the SRR/ORR as well as the DRR's. Internal Audit will continue to utilise these registers to assist

them in developing the audit plan and producing a programme of audits, which will test how well risk is managed within specific areas of the business – subject to resource being available. The council's Risk Strategy and Policy will help directors to report appropriately upon their risk and their risk registers, together with other information gathered by Internal Audit through consultations, will be used to formulate the audit work programme which, in turn, allows assurance to be given to both the CMT (officers) and the Audit and Risk Committee (members) that risk is being properly identified and managed at LCC.

43. Consideration should be given as to whether the management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks and be included in every director/manager's objectives and performance appraisal discussion.
44. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are aware of their responsibilities for risk management and of the lines of escalation for risk related issues. Operational performance linked to risks helps to achieve objectives more effectively and efficiently.

## **CONCLUSION**

45. A certain amount of risk is inevitable to achieve objectives, improve performance and take opportunities with measured risk-taking, hence the existence of this Policy and Strategy to help the organisation manage those risks and deliver high quality public services and better value for money. The aim of risk management is to 'embrace risk' and acknowledge opportunities can arise from taking risks and not to miss those opportunities.



## Appendix 1 - LEADERSHIP, ROLES AND RESPONSIBILITIES

All Councillors	<ul style="list-style-type: none"> <li>To consider and challenge risk management implications as part of their decision-making process.</li> </ul>
City Mayor/ Executive	<ul style="list-style-type: none"> <li>Approve the council's Risk Management Strategy and Policy Statement annually.</li> <li>Consider risk management implications when making decisions and determine the risk appetite for the council.</li> <li>Agree the council's actions in managing its significant risks.</li> <li>Receive regular reports on risk management activities and a 4-monthly review of the strategic risk register.</li> <li>Approve an annual statement on the effectiveness of the council's risk controls as part of the statement of accounts.</li> <li>Consider the effectiveness of the implementation of the risk management strategy and policy.</li> </ul>
Audit and Risk Committee	<ul style="list-style-type: none"> <li>Receive and note the council's Risk Management Strategy and Policy Statement annually.</li> <li>Receive and note the Strategic and Operational Risk Registers update reports.</li> </ul>
Strategic Directors	<ul style="list-style-type: none"> <li>Responsibility for leading and managing the identification of significant strategic risks.</li> <li>Ensure that there is a robust framework in place to identify, monitor and manage the council's strategic risks and opportunities.</li> <li>Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed, time-scales, ensuring that they bring about a successful outcome.</li> <li>Lead in the promoting of a risk management culture within the council and with partners and stakeholders.</li> <li>Approve and maintain the requirements for all CMT reports, business cases and major projects to include a risk assessment (where appropriate).</li> <li>Ensure risk is considered as an integral part of service planning; performance management; financial planning; and, the strategic policy-making process.</li> <li>Consider risk management implications when making Strategic decisions.</li> <li>Management and 4-monthly review of the strategic risk register. Review and progress actions and capture emerging risks.</li> <li>Recommend the level of risk appetite for all strategic risks to Executive.</li> <li>Note, through 4-monthly review, the operational risk register. Ensure that the measures to mitigate these operational risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome.</li> <li>Ensure that appropriate advice and training is available for all councillors and staff.</li> <li>Ensure that resources needed to deliver effective risk management are in place.</li> </ul>
Corporate Management Team (CMT)	<ul style="list-style-type: none"> <li>Responsibility for leading and managing the identification of significant operational risks from all operational areas.</li> <li>Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome.</li> <li>Lead in promoting a risk management culture within the council and within their departments.</li> <li>Approve and endorse the Risk Management Strategy and Policy</li> <li>Approve regular Risk Registers Report and understand status</li> <li>To respond appropriately and in a timely manner to exceptions in reports to ensure accountability and risk management processes aren't compromised.</li> </ul>

Divisional Directors	<ul style="list-style-type: none"> <li>• Submit Divisional Operational Risk Register (DORR) showing significant Divisional operational risks to Risk Management for consideration of inclusion in the council's Operational Risk Register.</li> <li>• Escalating risks/issues to the relevant Strategic Directors, where appropriate.</li> <li>• Ensure there is a clear process for risks being managed by their Heads of Service (and where appropriate, their managers and/or supervisors) to be reviewed, at least quarterly, allowing their DORR to be seen as complete.</li> <li>• Embeddedness of risk management within the service areas they are responsible for and promoting a risk management culture.</li> <li>• Ensure compliance with corporate risk management standards.</li> <li>• Ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues.</li> <li>• Identify and nominate appropriate staff for risk management training.</li> </ul>
Manager, Risk Management	<ul style="list-style-type: none"> <li>• To develop and coordinate the implementation of the Risk Management and Business Continuity Policy and Strategy.</li> <li>• Provide facilitation, training and support to promote an embedded, proactive risk management culture throughout the council.</li> <li>• Assist the Strategic and Divisional directors in identifying, mitigating and controlling the council's risks.</li> <li>• Coordinate, populate and maintain the strategic and operational risk registers of the council's most significant risks which are submitted to CMT and Audit &amp; Risk Committee 4-monthly.</li> <li>• Review risks identified in reports to Strategic Directors and the Executive.</li> <li>• Ensure that risk management records and procedures are properly maintained, decisions are recorded and an audit trail exists.</li> <li>• Ensure an annual programme of risk management training and awareness is established and maintained to promote good risk management.</li> <li>• To assess emerging risks and key risks facing the council. Horizon scanning.</li> <li>• Advise management of key risk issues</li> <li>• Review External and Internal Audit recommendations to ensure these are picked up and dealt with by the business.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Have knowledge of Risk Management Policy and Strategy.</li> <li>• Support the risk management process.</li> <li>• Focus internal audit work on significant risks – risk-based auditing.</li> <li>• Provide the Risk team / Divisions / Departments with updates on risks identified from audits where necessary.</li> </ul>
All Employees	<ul style="list-style-type: none"> <li>• To have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities.</li> <li>• Support and undertake risk management activities as required.</li> <li>• Attend relevant training courses focussing on risk and risk management.</li> </ul>
Stakeholders	<ul style="list-style-type: none"> <li>• Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation for risk related issues. Risk management is most successful when it is explicitly linked to operational performance</li> </ul>

## Appendix 2 – RISK APPETITE AND RISK SCORING MATRIX

### Key to Table:

The numbers in the boxes indicate the overall **risk score**, simply put:

**'Impact score' x (multiplied) by the 'Likelihood score'.**

The score is then colour coded to reflect a 'RAG' (red, amber green) status. The solid black line indicates what directors consider is the council's **'risk appetite'** (see paragraphs 4-11 above) where they are comfortable with risks that sit below and to the left of that line.

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable/Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely/ Rare 1	1	2	3	4	5
		Insignificant/ Negligible 1	Minor 2	Moderate 3	Major 4	Critical/ Catastrophic 5
IMPACT (B)						

Likelihood	Impact	Overall rating could be between	How the risk should be tackled / managed	Possible Action to take
High	High	15-25	Immediate Action	<b>Treat / Terminate</b> – needs immediate action
High	Low	9-12	Plan for change	<b>Tolerate / Treat</b> – consider steps to take to manage risks. (It may be acceptable to tolerate at lower end of the scale depending on risk appetite)
Low	High	9-12	Plan for change	<b>Tolerate / Transfer</b> – contingency plan / insurance cover (it may be acceptable to tolerate at lower end of the scale depending on the risk appetite). Contingent measures can reduce the impact upon occurrence
Low	Low	1-8	Continue to manage / tolerate	<b>Tolerate</b> – keep under review as the higher end of the risk score may escalate

	IMPACT	SCORE	BENCHMARK EFFECTS
<b>CRITERIA</b>	CRITICAL/ CATASTROPHIC	5	Multiple deaths of employees or those in the council's care Inability to function effectively, council-wide Will lead to resignation of Chief Operating Officer and/or City Mayor Corporate manslaughter charges Service delivery has to be taken over by Central Government Front page news story in national press Financial loss over £10m
	MAJOR	4	Suspicious death in council's care Major disruption to council's critical services for more than 48hrs (e.g. major ICT failure) Noticeable impact in achieving strategic objectives Will lead to resignation of Strategic Director and/ or Executive Member Adverse coverage in national press/front page news locally Financial loss £5m - £10m
	MODERATE	3	Serious Injury to employees or those in the council's care Disruption to one critical council service for more than 48hrs Will lead to resignation of Divisional Director/ Project Director Adverse coverage in local press Financial loss £1m - £5m
	MINOR	2	Minor Injury to employees or those in the council's care Manageable disruption to internal services Disciplinary action against employee Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	Day-to-day operational problems Financial loss less than £100k

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently and is probable in the current year.
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue. Will possibly happen in the current year and be likely in the longer term.
POSSIBLE	3	LITTLE LIKELIHOOD of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
UNLIKELY	2	Event NOT EXPECTED. Do not expect it to happen/recur. Extremely unlikely to happen in the current year, but possible in the longer term.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur. A barely feasible event.

Appendix 3 – RISK ASSESSMENT / REGISTER TEMPLATE

Risk Assessment/Register										Date completed: xx/xx/2019		
Completed by (Risk Register Owner): Name (person who is responsible for all the risks in this register)												
Business Objective	Risk What is the problem/hazard?  What is it that will prevent you from meeting your objectives?	Consequence /effect: what would <u>actually</u> happen as a result?  How much of a problem would it be? To whom and why?	Existing actions/controls  What are you doing to manage this now?	Risk Score with existing measures  (See Scoring Table)			Response Strategy / Action  What action / response strategy is most appropriate for the risk identified?	Further management actions/controls required.  What would you like to do in addition to your existing controls?	Target Score with further management actions/ controls required  (See Scoring Table)	Cost (of Impact; of current controls; of further controls)	Risk Responder (Officer responsible for managing risk and controls)	Risk Review Date
				Impact	Likelihood	Risk Rating (I x L)			Impact	Likelihood	Risk Rating (I x L)	
What is it you need to achieve? Think about what your objective is/what you have to deliver.	What is the actual risk to your objective? This should be a statement that provides a brief, unambiguous and workable description that enables the risk to be clearly understood, analysed and controlled.	If the risk happens, what will actually be the impact? What will go wrong?	What have you already got in place to either reduce the likelihood of this risk occurring, or to reduce the impact on your area/budget if it does happen? These will be factors that are exerting material influence over the risk's likelihood and impact.	Score as per the scoring guide for both impact and likelihood. Multiply the two together to get the overall risk score. These scores should take into account the existing controls.			Select from the 4T's  Tolerate, Treat, Transfer, Terminate	What further action do you feel necessary? Enter here, regardless of whether you have the resource to make these happen.	Score, as per the scoring guide, for both impact and likelihood taking into account the proposed new controls. Multiply the two together to get the overall risk score.	Impact cost - what will it cost you/the Council if this happens? Controls Cost - how much are the current controls costing you and how much will the future controls cost you?	Who is owner of this risk on a day to day basis. This may not be the owner of the risk register nor the person who identified the risk.	When will the future controls be in place or when will this risk be reviewed

## Appendix 4 – 2020 TRAINING SCHEDULE

### [Risk, Emergency & Business Resilience Training Programme 2020](#)

Below are details of the Risk, Emergency and Business Resilience Training Programme for 2020. If you wish to attend these sessions, **please book via the following link:**

<https://leicestercitycouncil.sharepoint.com/sites/sec003/SitePages/Current-learning-offer.aspx>

Prior to booking, please discuss with and seek your manager's approval. Most of the sessions are limited to between 15 and 20 attendees, so bookings will be on a 'first come, first served' basis.

All the sessions will take place in City Hall and will start promptly at 9.30am. Sessions tend to run for no more than two hours but can finish 12 noon.

### Identifying and Assessing Operational Risks

**30 January**  
**27 February**  
**2 April**  
**13 May**  
**17 June**  
**9 July**  
**17 September**  
**20 October**  
**26 November.**

**(Training delivered by Sonal Devani and Nusrat Idrus)**

***Since October 2014 this session has been mandatory for all staff who complete an operational risk assessment or risk register. Anyone completing a risk assessment that has not been on this training recently may be exposing the council to a potential uninsured loss. If in doubt – ask!***

This course covers the process of Operational Risk Identification and Assessment and will touch upon identification of mitigating controls. The session includes an outline of the council's Risk Management Strategy and Policy and the role you play in implementing the strategy and policy. The session is for anyone who manages operational risk (manage staff; manage buildings; manage contact with service users or the general public) in their day to day role – all tiers of staff from Directors down – and those that let council contracts. The course will lead you through the agreed risk reporting process at Leicester City Council and allow you to identify your role within that process. The practical exercise should help staff complete the council's risk assessment form.

### Business Continuity Management

**28 January**  
**4 March**  
**21 May**  
**30 June**  
**24 September**  
**18 November.**

**(Training delivered by Sonal Devani and Nusrat Idrus)**

This course provides an understanding of Business Continuity Management within the organisation. It explains the difference between managing business continuity and merely writing your plan. This understanding will allow you to manage unexpected incidents and get back to delivery of your 'business as usual' service in the event of an unforeseen circumstance. This session is aimed at anyone who has a responsibility for a building, staff; and for delivery of a service, therefore, needs to have a business continuity plan or would be part of a recovery team needed to restore an affected

service after an incident. The session also outlines the council's Business Continuity Strategy and Policy and will explain how that might affect you and your work. A step-by-step guide is provided to completing the council's BCP pro-forma. This session should be attended by all Heads of Service and their senior management to ensure that, in the event of a serious, unexpected incident, they understand the processes that will help to ensure the council can continue to operate with minimal impact.

### [Emergency Centre Volunteer Training](#)

**26 February**  
**26 March**  
**23 April**  
**23 June**  
**10 September**  
**19 November.**

**(Training delivered by Martin Halse, Ramila Patel and Neil Hamilton-Brown)**

The half day training session gives you an understanding of how an Emergency Centre is setup and the roles and responsibilities of staff and various organisations. **'What happens to people when there is a fire or flood in the city?'** Frequently, the council is the first port of call for those caught up in the incident. One of the essential ways the council can help during an emergency is to open an emergency centre to assist those affected, such as happened during the recent major incident at Hinckley Road explosion.

### [Personal/Bespoke Sessions](#)

We accept that, due to staff constraints and timing of leave, it may not be possible for all of your staff with a need to attend these training courses to attend one of the dates above. We continue to offer all of our training to specific groups of staff at times and locations to suit you. All of our training can be condensed to fit whatever time you have available. We can also focus on your own service area's needs and objectives when delivering this training to a bespoke group of staff. Please be aware that we are a small team and it may be that such a session may take weeks rather than days to be arranged.

**If you would like to discuss a bespoke session, please contact:**

**For Risk and Business Continuity:**

Sonal Devani: ([sonal.devani@leicester.gov.uk](mailto:sonal.devani@leicester.gov.uk)), 454 (37) 1635,

Nusrat Idrus ([Nusrat.idrus@leicester.gov.uk](mailto:Nusrat.idrus@leicester.gov.uk)), 454 (37) 1623

**For Emergency Management:**

Neil Hamilton-Brown ([Neil.Hamilton-Brown@leicester.gov.uk](mailto:Neil.Hamilton-Brown@leicester.gov.uk)), 454 (37) 1341,

We would like to assist you in any way we can and are happy to meet you to assist you to identify training needs of your staff, whilst at the same time protecting the council's most valuable asset – you and your staff.

Sonal Devani  
Manager, Risk Management  
Risk, Emergency and Business Resilience

## Appendix 5 – CATEGORIES OF RISK

Sources of risk	Risk examples
<b>External</b>	
<b>Infrastructure</b>	Functioning of transport, communications and infrastructure. Impact of storms, floods, pollution.
<b>Political, Legislative and Regulatory</b>	Effects of the change in Central Government policies, UK or EU legislation, local and National changes in manifestos. Exposure to regulators (auditors/inspectors). Regulations – change and compliance.
<b>Social Factors</b>	Effects of changes in demographic profiles (age, race, social makeup etc.) affecting delivery of objectives. Crime statistics and trends. Numbers of children/vulnerable adults 'at risk'. Key Public Health issues.
<b>Leadership</b>	Reputation, authority, democratic changes, trust and branding. Intellectual capital. Culture. Board composition.
<b>Policy and Strategy</b>	Clarity of policies, communication. Policy Planning and monitoring and managing performance.
<b>Technological</b>	Capacity to deal with (ICT) changes and innovation, product reliability, developments, systems integration etc. Current or proposed technology partners.
<b>Competition and Markets</b>	Cost and quality affecting delivery of service or ability to deliver value for money. Competition for service users. Success or failure in securing funding.
<b>Stakeholder related factors</b>	Satisfaction of LCC taxpayers, Central Government, GOEM and other stakeholders. Customer/service user demand.
<b>Environmental</b>	Environmental impact from council, stakeholder activities (e.g. pollution – air and water, energy efficiency, recycling, emissions, contaminated land etc.). Traffic problems and congestion. Impact of activity on climate and climate change.
<b>Operational (Internal influences)</b>	
<b>Finance</b>	Associated with accounting and reporting, internal financial delegation and control, e.g. schools finance, managing revenue and capital resources, neighbourhood renewal funding taxation and pensions. Liquidity and cashflow. Interest rates. Credit lines and availability. Accounting controls.
<b>Human Resources</b>	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety.
<b>Supply Chain - Contracts and Partnership</b>	Supply Chain management. Contracts. Failure of contractors to deliver services or products to the agreed cost and specification. Procurement, contract and life cycle management, legacy. Partnership arrangements, roles and responsibilities.
<b>Tangible Assets and Equipment</b>	Safety and maintenance of buildings and physical assets i.e. properties; plant and equipment; ICT equipment and control. Public access.
<b>Environmental</b>	Pollution, noise, licensing, energy efficiency of day-to-day activities. Natural events, often weather related.
<b>Project and Processes</b>	Compliance, assurance, project management, performance management, revenue and benefits systems, parking systems etc. Research and development.
<b>Professional Judgement and Activities</b>	Risks inherent in professional work, designing buildings, teaching vulnerable children, assessing needs (children and adults).
<b>Safeguarding</b>	Protection of vulnerable adults/children
<b>Corporate Governance Issues</b>	
<b>Integrity</b>	Fraud and corruption, accountability, transparency, legality of transactions and transactions and limit of authority.
<b>Leadership</b>	Reputation, authority, democratic changes, trust and branding.
<b>Information Governance &amp; Data Security/Information for decision making</b>	Data protection, data reliability and data processing. Control of data and information. E-government and service delivery. IT Systems.
<b>Risk Management and Insurance</b>	Incident reporting and investigation, risk analysis or measurement, evaluation and monitoring. Taking advantage of opportunities.