



Risk Management Policy

Version Control:	
Document Name:	Risk Management Policy
Version:	Version 3
Responsible Officer:	Corporate Support Assistant
Approved by:	Full Council
Date Approved:	17 th July 2018
Review Date:	September 2020

Risk Management Policy

Introduction and purpose

This policy defines Barrow Borough Council's approach to risk management.

Barrow Borough Council has adopted a balanced approach to risk management. The Council recognise that good risk management will support and improve the decision making process, increasing the likelihood of objectives being achieved and enabling the Council to quickly respond to new threats and opportunities.

Risk management is about understanding the opportunities and risks that could help or prevent us in trying to deliver our intended outcome.

Understanding and managing our threats or risks comes down to four questions:

- What's the worst that could happen to us?
- What's the likelihood of it happening?
- What would be the impact if it did?
- What can we do about it (i.e. how can we prevent it from happening or what can we put in place to manage it if it should?)

Robust risk management will also help us to explore and take up opportunities as they are identified.

Good risk management does not mean that we are to take greater risks, nor that we avoid taking risks. Rather, strong risk management gives us a better understanding of the risks and opportunities that we face and how we can best manage them.

The real value of strong risk management lies in the benefits it will deliver. These benefits will be varied in their nature and extent, some might be more significant than others, but they will all be important to the Council's reputation and ability to deliver an improved public service.

Some of the benefits we can expect to realise include:

- Supporting and improving the decision making process;
- Improved public confidence in our ability to deliver services (our reputation);
- Early warning of problems;
- Prioritisation of resources;
- Improved business planning by focusing on the outcome not the process.

Barrow Borough Council's approach

The Council's approach to risk management is to support the main requirement of good corporate governance:

Strong Leadership:

- Elected Members and Senior Managers will support and promote strong risk management throughout the Council.

The Elected Members:

- The Executive Committee approve the Risk Management Policy Statement and subsequent revisions. They consider the Risk Management implications when making decisions. Also they agree to the Council's appropriate responses to its highest risks.
- The Leader of the Council will be responsible for the overview of the Council's Risk Management activities.
- Audit Committee review the Council's Risk Register.

Senior Managers:

- Ensure that there is a robust framework in place to identify, monitor and manage the Council's operational risks and opportunities. Also make sure that there is a management and quarterly review of the corporate risk register, along with demonstrating a commitment to the embedding of risk management across the Council.

Consistent:

- There will be a robust structure and a consistent approach to risk management throughout the Council. We will use a risk management framework to equip our staff so they can manage risks appropriately.

Open and Transparent:

- Our approach to managing risks will be open and clear. The Council will promote a learning culture and blame will not be placed if decisions that have been made turn out to be wrong. Staff and Members have access to information on our current risks and opportunities and how we are managing them. Corporate and operational risks will be recorded in the Council's Risk Register, which is published on the Barrow Borough Council's website.

Accountable:

- There will be clear accountability for our risks across the organisation. Our risks will be open to regular Audit Committee inspection and also monitored by external agencies.
- Appropriate risk-taking and innovation will be encouraged and promoted through a 'no blame' culture.

The approach to effective risk management will be based on identifying the risk, assessing the risk and managing the risk.

Identifying the risk:

- The manager will use their experiences of their work area to identify threats.

Assessing the risk:

- Management Board will assess the risk using a standard risk matrix.

Impact/ Likelihood	1: Insignificant	2: Minor	3: Moderate	4: Significant	5: Major
1: Almost never					
2: Unlikely					
3: Uncertain					
4: Likely					
5: Almost always					

Managing the risk:

We will deal with significant risks in one of the four ways described below:

1: Tolerate the risk: As an organisation we should accept that sometimes it is appropriate to continue with activities even though we know that it involves taking a risk. For a risk where the benefits significantly outweigh the disadvantage, we should consider that to be when acceptable when:

- We can put controls in place to mitigate the risk.
- The risk cannot be mitigated cost effectively.

When identifying controls it is important to remember to establish the cost of the controls before implementing them.

2: Treat the risk: This involves reducing the risk to an acceptable level either by containment actions or contingent actions.

Mitigating actions involve actions that can reduce the likelihood of occurrence or reduce the impact if it does occur. These are applied before the risk emerges.

Contingent actions involve having an action plan of what we can do to minimise the impact if the risk occurs. These are applied after the risk has appeared.

3: Terminate the risk: This involves doing things differently and thus removing the risk. This option is more applicable to operational risks but is limiting in terms of strategic risks.

4. Transfer the risk to a third party: Examples of this include insurance or paying contractors to undertake some of the Council's functions. This is a good way of mitigating financial risk and buying in expertise from other organisations.

When managing and controlling our risks, our actions should be proportionate – the cost and time of our efforts should be in balance with the potential impact of the risk.

Management Board will identify mitigating actions to reduce the likelihood and/ or impact. It is also agreed for Management Board to have annual meeting in June for risk management alone.

Once a threat has been identified, the likelihood and impact of the threat is assessed and a risk score is established. The Council has identified a risk score of 15 above which it will take specific action to lower the likelihood and/ or impact to a residual risk score that the Council deems to be acceptable.

Where possible a timescale will be agreed for the implementation of the mitigating actions and bring the risk score down to an acceptable level.

An example of how this works is shown below.

Recording the risk: This is identified in the Council's risk register:

Threat description and reference	Likelihood		Potential impact	Mitigating actions	Responsible Officer	Impact		Score
	Likelihood	Impact				Likelihood	Impact	
Corporate 1 2017/1 Legislative changes will impact on the Housing Revenue Account Income.	5	5	Imposed 1% rent reduction year on year for 3 years. (est total loss in budget of c10% over the 3 years) - welfare reform changes, in particular the continued impact of the bedroom tax, and the implementation of universal credit. There has also been a significant increase in the number of "Right to Buy" applications which are generally for larger properties and is impacting on the our ability to	The Housing Service has drafted its next Business Plan which will agree The Service will deal with The threats to income over The next three years in particular. The Housing Service has and is implementing a range of initiatives within its operational arrangements to deal with welfare reform. This ranges from The change in focus of Housing officers and up-skilling to engagement with potential residents with emphasis on ensuring they have budget plans in place from The start of their new tenancy. Equal priority is also afforded to existing	Assistant Director - Housing	5	4	20

The Risk Register is a record of the Council's risks and is periodically reviewed and published to monitor the progress made in reducing the scores of individual risks. It also contains the risk owners and mitigating actions they have put in place.

Delivery of the annual objectives

The Council will use a similar approach for managing the risks that may affect delivery of the Council's objectives with appropriate managers. If there is a high risk of an objective not being achieved Management Board will determine whether an action plan is required to mitigate the risk.

Staff Responsibility

Responsible Officer

- Have a responsibility for the development and implementation of action plans

All Staff

- Be aware of the risks and control mechanisms within their area of work
- Report any new risks to their Line Manager

Corporate Support Manager

- Develop and maintain the Risk Register
- Monitor the implementation of action plans

- Prepare reports for senior managers and Members
- Arrange training in risk management for Councillors and Officers.

Training

- The Council provide appropriate risk management training for staff involved in risk management and elected members as required.

Risk Policy Publication

- The Corporate Support Assistant will ensure that the latest version of the Risk Management Policy is published.