



Knowsley Council

KNOWSLEY BOROUGH COUNCIL RISK MANAGEMENT POLICY

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1. POLICY STATEMENT

- 1.1 Risk management is a planned and systematic approach to the identification, evaluation and control of risks which can threaten the assets or financial and organisational wellbeing of the Council.
- 1.2 The Council recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and communities against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to deliver its vision.
- 1.3 The Council recognises that not all risks can be eliminated fully, and it therefore has in place an approach to managing risk that is systematic and focused.
- 1.4 Risk management is an integral part of the Council's corporate governance arrangements, and is built into the Council's overall performance management framework.

2. INTRODUCTION

- 2.1 Effective risk management is a fundamental principle of corporate governance that supports strategic decision-making, service planning and delivery to safeguard the well-being of the Authority's stakeholders whilst increasing the likelihood of achieving corporate and business priorities. It underpins accountability, performance measurement and continuous performance improvement by examining the issues that could impact on the attainment of priorities and the maximisation of identified opportunities.
- 2.2 Risks are inherent in all services delivered by the Council. The need to manage risk should be recognised by all managers and staff as being fundamentally important to effective service delivery and maximising opportunities for innovation in service development. The aim is to manage risk rather than eliminate it by identifying appropriate resources, actions and internal controls.
- 2.3 Risks arise at both strategic and departmental/ operational levels within organisations; the difference between the two is the magnitude of the impact on the organisation. **Operational/ departmental risk** tends to focus on issues arising out of the day-to-day management of service delivery and development. It is the role of the Head of Service and Service Managers to identify, analyse, control and review departmental/ operational risks - these are risks that need to be considered in judgements about service delivery. **Strategic risks** are those that need to be considered in judgements about the medium and long-term goals and objectives of the Council and its departments. It is part of the role of the Executive Management Team and Assistant Executive Directors to identify, analyse, control and review strategic risks and opportunities.
- 2.4 Poor risk management can have a significant impact ranging from financial losses, service disruption, adverse publicity and failure to meet Council objectives. The effective management of risk is therefore a critical and positive

element of a Local Authority's approach to delivering sound corporate governance.

3. POLICY OBJECTIVES

3.1 The Local Authority's risk management objectives are to:

- Ensure risk management is embedded within the organisation;
- Maintain the highest possible integrity for services provided by the Local Authority;
- Preserve the ability to deliver Council objectives/ policies and Government legislation in a timely and effective manner;
- Maximise the effectiveness and efficiency of all resources deployed by the Council through the application of sound risk management principles;
- Safeguard assets - people, information, finance and property - and reduce the likelihood and impact of loss;
- Create an environment where all staff will assume responsibility for managing risk; and,
- Ensure that the Local Authority can appropriately deal with risk at strategic, operational and project levels by taking appropriate mitigating actions, and by exploiting opportunities.

3.2 These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Local Authority for risk management;
- Demonstrating transparent and responsible risk management processes which consider relevant legislative requirements and political, social and economic environments (as well as Council policies and procedures);
- Integration of risk management with existing planning and operational processes, including the Local Authority's approach to performance management;
- Providing opportunities for shared learning on risk management, including sharing best practice initiatives with others; and,
- Monitoring on an on-going basis.

4. RESPONSIBILITIES FOR MANAGING RISK WITHIN THE COUNCIL

The following responsibilities must be fulfilled if the Policy is to be effectively implemented.

4.1 Cabinet

- Approve and review the Local Authority's Strategic Risk Register, ensuring it is aligned with its goals and objectives as outlined in the Council Plan;
- Participate in the identification of strategic risks through the corporate planning process;
- Overseeing arrangements for risk management, thus seeking assurance regarding the application of risk management practices and procedures; and,
- To be aware of and question the risk management implications of decisions made by Local Authority services.

4.2 Portfolio Holders

- Agree areas of risk that should be monitored at portfolio level and agree portfolio risk registers as part of the department and service plan sign off process;
- Seek reassurance with regards to the effective management of risk by officers of the Council for areas within their portfolio; and,
- To be aware of and question the risk management implications of decisions in their portfolio.

4.3 Governance and Audit Committee

- Receive an annual review of the Strategic Risk Register to independently review the actions taken to mitigate risks.

4.4 Council Officers

4.4.1 Executive Management Team

- Ownership of the Local Authority's Strategic Risk Register;
- Regularly review the Strategic Risk Register to ensure that all Strategic Risks are identified and relevant; and,
- Seek assurance with regards to the actions being taken to mitigate risks.

4.4.2 Department Management Team

- Executive Directors and Assistant Executive Directors to agree departmental risk registers i.e. definitions, rating, sub-risks and mitigation; and,
- Assistant Executive Directors and Heads of Service to sign off quarterly risk updates included in their combined performance and risk reports.

4.4.3 Corporate Performance and Business Intelligence

- To support the Council and its departments in the effective development, implementation and review of the Risk Management Policy;
- To implement the agreed methodology for the identification and quantification of risks;
- To assist directorates in undertaking risk management activity through direct support;

- To monitor risk management performance and report to Executive Directors and Elected Members;
- To facilitate the collation of data and production of reports;
- To support department and corporate assurance processes;
- To identify and communicate risk management issues to departments; and,
- To maintain the Corporate Risk Register.

4.4.4 Heads of Service

- To manage risk effectively within their service area and ensure this is implemented as part of their service plans;
- To maintain a risk management portfolio for their service area(s);
- To share relevant information with colleagues in other service areas; and,
- To ensure that all staff are familiar with, and competent in, the application of the Local Authority's Risk Management Policy, and are accountable for the delivery of this within their areas of responsibility.

4.4.5 Employee's Role

- To manage risk effectively in their role;
- To liaise with their line manager to assess areas of risk in their role;
- To identify new or changing risk in their role and feed these back to their line manager;
- To undertake their role within the risk management guidelines set down for them by their manager; and,

4.4.6 Internal Audit Role

- To review the management of key risks;
- To evaluate the reporting of key risks;
- To evaluate the risk management processes; and
- To give assurance that risks are correctly evaluated and the risk management processes are appropriate.

5. **ALARM**

As part of our commitment to best practice when managing risk, Knowsley Council is a member of ALARM (Association of Local Authority Risk Managers). ALARM provides the Local Authority with access to training, guidance and support to ensure risk management is undertaken to the highest standard. Further information can be found at: <https://www.alarmrisk.com>