

# Thinking about risk

## Our risk management strategy



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## Aim

The aim of this strategy is to provide an effective framework for the council to manage the key risks facing our services and the successful delivery of the outcomes of our annual Business Plan, through the commissioning strategies.

The strategy supports the council's outcomes:

- Our communities are safe and protected
- Health and well-being is improved
- Businesses are supported to grow
- We effectively target our resources

The Risk Management Strategy recognises that whilst there have been a number of years of unprecedented challenges for the council in delivering its services and business plan priorities, it remains a volatile, complex and fast changing environment.

The strategy seeks to encourage well measured ethical risk taking where it is likely to lead to sustainable improvements in service delivery to the people of Lincolnshire. It is there to support both the management of threats and the taking of opportunities.

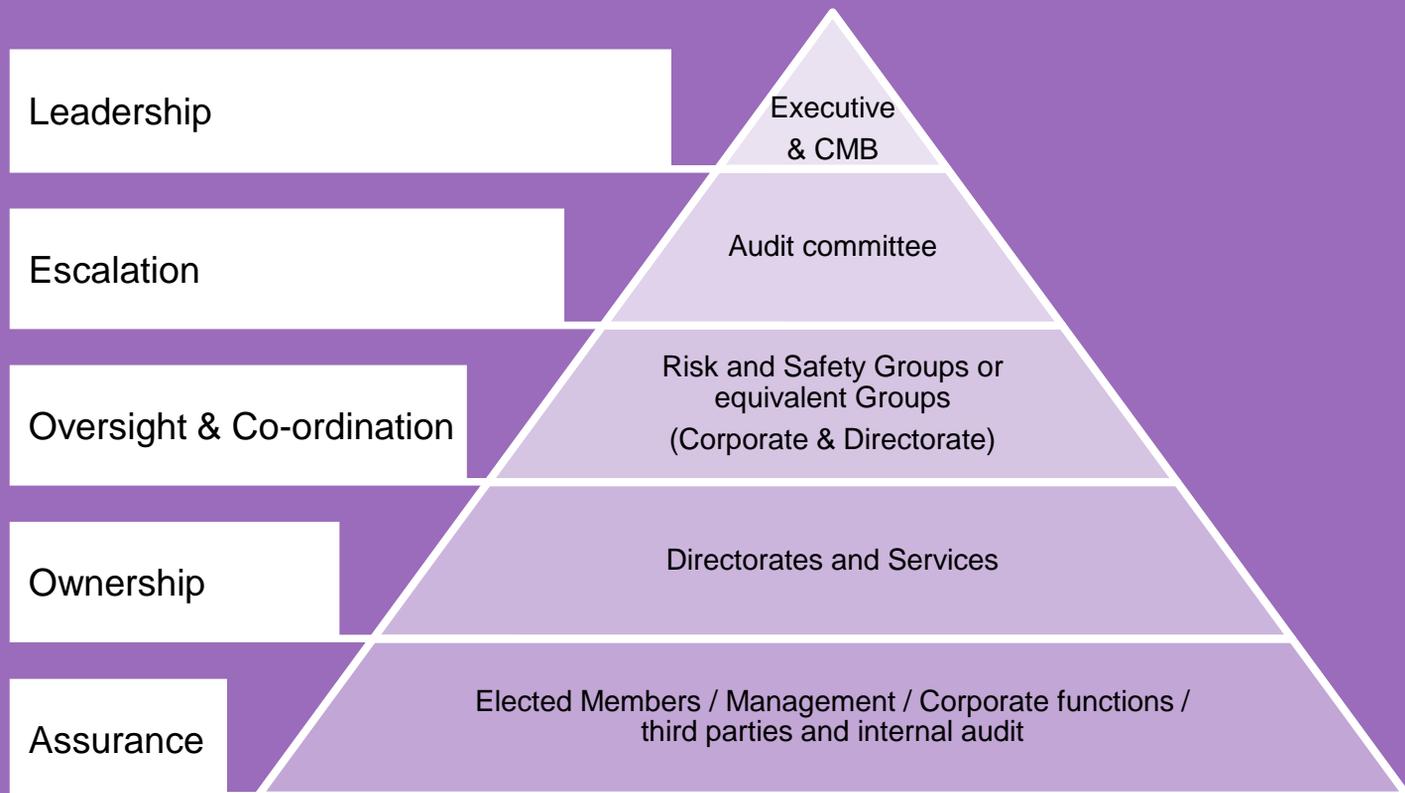
## Our strategic risk management

Our Strategic approach to risk management is to make informed decisions and realise opportunities which are vital to successful transformational change.

- To set the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and priorities. Understanding our 'risk appetite' following the review of the appetites to incorporate a new 'opportunist' category, acknowledging that how we 'think about risk' will be different depending on the context of corporate impact and sensitivity.
- Acknowledging that even with good risk management and our best endeavours – things can go wrong. Where this happens we use the lessons learnt to try and prevent it from happening again.
- Developing leadership capacity and skills in having a clear understanding of the risks facing the council in delivering our services and how we manage these. Risk management should be integral to how we run council business / services.
- Supporting a culture of well measured risk taking throughout the council's business, including strategic and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way – thinking about the level of risk, reward, impact and cost of control measures.
- Ensuring our approach to risk management is proportionate to the decision being made.
- Effective monitoring and board / executive intelligence on the key risks facing the council.
- Good practice tools and training to support management of risks which is applied consistently throughout the council.
- Keep abreast of best practice throughout the industry, in addition to the external review of our risk management practices.



# Achieving success – Implementing our Strategic Risk Management Strategy



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

- The Executive and Corporate Management Board, at the top of the pyramid, has the ultimate accountability for the risk and related control environment, and is responsible for approving and reviewing risk policies and setting the level of risk the council is prepared to accept - its 'risk appetite'.
- The Audit Committee is responsible for overseeing the effectiveness of the council's risk management arrangements, challenging risk information and escalating issues to the board / executive;
- The Risk and Safety Groups or equivalent are responsible for the facilitation and coordination of risk management activity across the council;
- 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 which feed into strategic risks; and
- As a part of the council's combined assurance model, elected members, management, third parties and Internal Audit give assurance on the management of risks and the operation / performance of controls.

Our risk appetite statement is creative and risk aware.

*'The council wishes to be creative and open to consider all potential delivery options with well measured risk taking whilst being aware of the impact of its key decisions'*

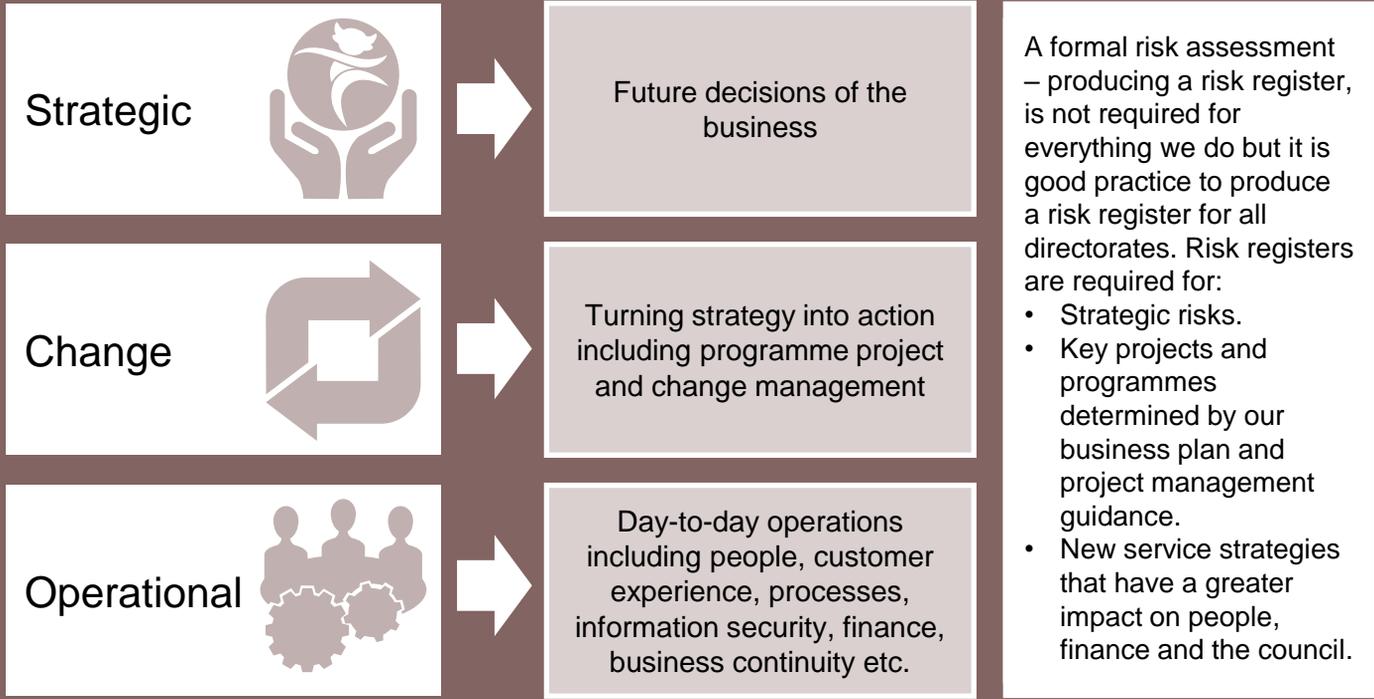
This means that our risk and assurance systems need to be working well so that we create an environment of 'no surprises'.

Whilst working within this overall context – 'tone from the top' – it is acknowledged that our risk appetite will vary depending on the nature of the service. For example the council's appetite for risk taking on safeguarding adults and children is more cautious.

Where the council undertakes operations or initiatives outside the agreed risk appetite this must be reported and monitored through the appropriate executive director. This helps promote informed decision-making based on risk awareness.

# Risk management guidance

Every aspect of the Council's work involves some level of risk. Policy making, decision making, financial management and day to day delivery of services, all of these involve risk. The Council does not advocate that all risk is removed from its work - instead it requires us to be 'risk aware' – balancing quality, cost and risk in our work on behalf of the Council. It requires that we take steps to ensure that the identified risks are kept within acceptable parameters with 'no surprises'. Risk management also ensures that we maintain our public sector ethos and keep an ethical mindset. 'How we do it', is as important as 'what we do' when making decisions within risk management. Our risk management arrangements enable us to manage uncertainty in a systematic way at all levels of the council's business – see below.



## Risk management and assurance framework

As a part of the council's combined assurance model, elected members, management, third parties and Internal Audit give assurance on the management of risks and the operation / performance of controls.



Combined Assurance

- management
- corporate / third party
- internal audit

Giving assurance on service delivery, management of risks, operation of controls and / or performance



## Key decisions

All key decisions presented to the Executive must clearly show the key risks associated with the decision (recommendations), the potential impact and how these will be managed. This helps promote informed decision making, particularly in an environment of uncertainty and change.

# Risk management support

The Corporate Insurance and Risk Management Team helps support management and promotes good practice.

The key roles of this team are:

- To coordinate and maintain the council's strategic risk register, including identifying any emerging risks.
- To develop and co-ordinate the implementation of the Risk Management Strategy.
- Provide guidance on risk management.
- To support members and senior managers to help them identify their and the council's risk appetite and also identify and manage risks facing the council.
- Promote good risk management through training via e-learning and face to face and awareness events / publications.
- Measuring / monitoring the successful implementation of the Strategic Risk Management Strategy priorities by demonstrating that the council:
  - Has a culture which supports well thought through risk taking and innovation, with leadership who support, own and lead on risk management.
  - Enables members, management and staff to make decisions that are in accordance with the council's risk appetite.
  - Learns when things go wrong and have no major surprises that could adversely affect the trust and confidence of the people of Lincolnshire in the services the council provides.



Our risk management guidance sets out our requirements and gives people the tools to help them identify and manage risks effectively. The diagram below shows the different elements of our risk management and assurance framework and we have developed some simple guidance and tools to help you. This can be found within Risk Management on the internal [George pages](#)  
On Lincs to Learn you will find 2 courses, one on Strategic Risk Management and the other one is on Operational Risk Management.

For further assistance and guidance you can also contact the risk management team on the following email address:

[risk.management@lincolnshire.gov.uk](mailto:risk.management@lincolnshire.gov.uk)

Another good practice tool to help you identify 'people' risks is the Equality Impact Analysis Toolkit – please follow [this link](#) for more information.

# Glossary of terms

<b>Word</b>	<b>Description</b>
<b>Impact</b>	Impact (often referred to as a consequence) to the organisation should the risk materialise
<b>Risk</b>	ISO 31000: An effect (positive or negative) of uncertainty on objectives / actions
<b>Business Plan</b>	The council's plan of action
<b>Commissioning Strategies</b>	A collection of strategies to ensure services which are sourced externally are sourced correctly
<b>Strategy</b>	An overarching set of guidelines to a particular topic
<b>Risk Appetite</b>	The level of risk an individual or organisation is willing to take
<b>Combined Assurance</b>	Reports providing reassurance against procedures / processes & services within the council
<b>Tone from the Top</b>	The guidance provided from the top management / member level of the council
<b>Operational</b>	Relating to functions which do not directly cause significant impact to the council as a whole.
<b>Risk assessment</b>	An analysis of a risk
<b>Emerging Risks</b>	Possible risks which may impact the council
<b>Risk Management</b>	The monitoring, analysis and control of risks
<b>E-Learning</b>	An online based learning facility providing training to employees