

# Gloucestershire County Council

## Risk Management Policy Statement & Strategy



2022-2025

# Risk Management Policy Statement

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Gloucestershire County Council (GCC) recognises that Risk Management is one of the key principles of effective Corporate Governance. It is also a key contributor to a sound internal control environment as monitored and assessed through the Annual Governance Statement.

The Council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportionate control of risks and opportunities to ensure that they are managed effectively. Risk management within GCC is about managing our threats and opportunities and striving to create an environment of 'no surprises'. By managing our threats effectively, we will be in a stronger position to deliver our business objectives. By managing our opportunities, we will be in a better position to ensure improved services and demonstrate better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

*The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided.*

Risk management therefore needs to be at the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way.

The Cabinet and the Corporate Leadership Team (CLT) are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the communities within Gloucestershire.

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# Our Risk Management Objectives

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- To embed effective risk management processes which support informed decision-making which is vital to delivering successful services and transformational change.
- Setting the ‘tone from the top’ on the level of risk we are prepared to accept. Understanding our ‘risk appetite’ and acknowledging that how we ‘think about risk’ will be different depending on the context.
- 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 to prevent it from happening again.
- Developing leadership capacity and skills to ensure a clear understanding of the risks facing the Council and how we manage them.
- Supporting a culture of well-measured risk taking throughout the Council’s business, including strategic, programme, partnership, project and operational risks. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures.
- Ensuring that the Council continues to meet all statutory and best practice requirements in relation to risk management and continues to be a key and effective contributor to Corporate Governance and a satisfactory Annual Governance Statement.
- Ensuring effective monitoring and management information; reporting on the key risks facing the Council; and
- Providing good practice tools to support the Council in the management of risks and opportunities.

# What is the Council's Risk Appetite?

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There are numerous definitions of organisational 'risk appetite', but in simple terms it is about how much of what sort of risk an organisation is willing to accept and tolerate.

## So why do we need to determine our risk appetite?

If managers are running the business with insufficient guidance on the levels of risk that are legitimate for them to take, or not seizing important opportunities due to a perception that taking on additional risk is discouraged, then performance will not be maximised. At the other end of the scale an organisation constantly erring on the side of caution (or one that has a risk-averse culture) is one that is likely to stifle creativity and not necessarily encourage innovation, nor seek to exploit opportunities.

**The Council's overall risk appetite is defined as "to be risk aware, not averse, and manage our risks".**

A risk appetite framework has been developed and implemented to enable risk judgements to be more implicit, transparent and consistent. By enhancing our approach to determining risk appetite we are able to raise the Council's capability to deliver on challenging targets to raise standards, improve service quality, system reform and provide more value for money.

This framework must be considered by all levels of the business, from strategic decision making, to operational delivery.

## How do we meet our objectives?

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The Council's objectives are achieved by:

- Adopting good practice risk management principles, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2018). The application of the standards and principles within the Policy and Strategy is reviewed annually and amended accordingly to reflect key changes, with a major review being undertaken every three years;
- Establishing clear roles and responsibilities and reporting lines within the Council for risk management;
- Incorporating risk management into the council's decision making and strategic management processes;
- Incorporating risk management into service/business planning, option appraisals, programme and project management, partnerships and procurement processes;
- The provision of risk management training, advice, detailed guidance and support and providing opportunities for shared learning; and
- The provision of a risk governance framework to ensure the adequacy and effectiveness of the identification, assessment, control, monitoring and review arrangements in place to manage risk. The framework will ensure that risk management is dynamic and responsive to change.

# Monitoring and Review of Risk Management Activities (minimum requirements)

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- A quarterly review of the Strategic Risk Register by the Corporate Leadership Team.
- A quarterly review of service area risks, by service heads, reporting through InPhase.
- A quarterly review of programme/project/partnership risk registers, by project managers.
- A three-yearly review of the corporate Risk Management Policy Statement and Strategy, the SRMA.
- An annual report on risk management activity, by the SRMA, to AGC.
- An annual review and report on organisational governance, including risk management, which feeds into the Annual Governance Statement; and
- Regular review, by internal audit, of risk management effectiveness.

# Accountabilities, Roles and Responsibilities

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The key roles and responsibilities are outlined below:

## Cabinet/Portfolio Holders

- Endorse the content of the Strategic Risk Register and proposed risk mitigation plans, and monitor implementation;
- Be aware of the risk management implications of decisions;
- Monitor key performance results including the annual report on risk management activity; and
- Nominate a Lead Member to be responsible for the championing, scrutiny and oversight of risk management activities.

## Scrutiny

- Ensure that risks and opportunities within their portfolio are identified and effectively managed through discussions with Directors and Service Heads;
- Challenge and support the risk management culture across the Council;
- Contribute to the Cabinet review of risk and be proactive in raising risk from the wider Gloucestershire area and community; and
- Monitor and challenge key risk controls and actions.

## Audit & Governance Committee (AGC)

- Endorse the Risk Management Policy Statement and Strategy;
- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment;
- Receive an annual report on risk management activity; and
- Receive the Annual Governance Statement (AGS), and subsequent progress reports

## Corporate Leadership Team (CLT)

- Provide corporate leadership of risk management throughout the Council;
- Agree an effective council-wide framework for the management of risks and opportunities;
- Advise Members on effective risk management and ensure Members receive relevant risk information;
- Ensure that the council complies with the corporate governance requirements relating to risk management;
- Own the council's Strategic Risk Register and ensure that risks are reviewed as part of the wider council's performance arrangements;
- Ensure that reports to support strategic and/or policy decisions include a risk assessment;
- Monitor the implementation of key mitigation plans and controls assurance programmes;
- Ensure processes are in place to report any perceived new/emerging (key) risks or failures of existing control measures; and
- Nominate a Director to be responsible for the championing, scrutiny and oversight of risk management activities.

## **Directors**

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Policy Statement & Strategy;
- Assist in the preparation of the council's Annual Governance Statement by providing an assurance statement for the internal control framework operating within their service(s);
- Ensure that risks associated with the delivery of outcomes are identified and effectively managed by ownership of risk registers, at strategic, service and project levels;
- Ensure regular review of the risk registers as part of wider council performance;
- Challenge relevant Lead Commissioners and Service Heads on relevant risks relating to their areas of responsibility;
- Proactively raise risk issues at management team meetings and with Lead Cabinet Members; and
- Nominate a risk champion to work alongside the Senior Risk Management Advisor (SRMA) and the Risk Management Group (RMG), who will be the key interface in supporting the application of risk management principles within their service.

## **Lead Commissioners/Service Heads**

- Ensure that risk management, within their areas of responsibility, is implemented in line with the council's Risk Management Policy Statement & Strategy;
- Own their risk register and identify cross-cutting risks as well as risks arising from their areas of responsibility; prioritising and initiating mitigating actions;
- Ensure regular review of the service risk register as part of wider council performance; Report to Directors on any perceived new and emerging risks or, failures of existing control measures;
- Promote and share good practice across service areas;
- Liaise with their directorate risk champion; and
- Challenge risk owners and actions to ensure that controls are operating as intended.

## **Managers**

- Ensure that risk management within their areas of responsibility is implemented in line with the council's Risk Management Policy Statement & Strategy;
- Communicate the risk management arrangements to staff;
- Liaise with their directorate risk champion;
- Identify training needs and report these to their service risk champion;
- Take accountability for actions and, report to their Lead Commissioner or Service Head; and
- Report any perceived new and/or emerging risks or, failure of control measures to their Lead Commissioner/Service Head.

## **Staff/Other Stakeholders**

- Maintain risk awareness, assessing and managing risks and opportunities effectively in their job and, report risks (including emerging risks) and opportunities to their manager.

## **Senior Risk Management Advisor & the Planning, Performance & Change service**

- Lead on the development and manage the implementation of an integrated risk management framework, strategy and process on behalf of the Council;
- Undertake a full review of the council's corporate Risk Management Policy Statement and Strategy every three years and update accordingly, consulting with RMG, and presenting any revisions to CLT for approval and AGC for endorsement;
- Facilitate reviews of the extent to which risk culture is demonstrated through individual behaviour and operational activities.
- Uses a range of resources to analyse management information to support recommendations for improvements to risk management policies and procedures.
- Spread the ethos and promote the effectiveness of good risk management throughout the Council;
- Facilitate the review and update of the Strategic Risk Register (SRR), and regular integrated reporting of finance, performance and risk;
- Identify and address cross-cutting risks and risk management issues, through the RMG;
- Identifies the factors in the external environment that may affect the council.
- Support the development of the council's service, programme, project and strategic risk registers;
- Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support the risk champions in delivering their role;
- Lead, co-ordinate and develop risk management activity across the council with the support of the risk champions, as part of the RMG;
- Facilitate training in Risk Management and risk assessment techniques for staff and Members;
- Moderate and challenge the application of risk management principles accordingly;
- Liaise with external consultants and risk management organisations and review national standards to identify, share and maintain best practice within the council; and
- Liaise with both internal and external audit with regard to risk management.

## **Risk Management Group (RMG)**

The group is accountable to CLT and reports to it at least once every six months through the Chair (the Director of Performance, Policy & Governance).

Members of the RMG include:

- ◆ Director of Policy, Performance & Governance
- ◆ Head of Planning, Performance & Improvement
- ◆ Senior Risk Management Advisor (SRMA)
- ◆ At least one representative from each directorate, as risk champion
- ◆ Special Advisors from the following areas:
  - Civil Protection (including Business Continuity)
  - Health & Safety
  - Information Management Services (IMS)
  - Insurance
  - Internal Audit

The key aims of the group are to:

- Act as the main risk management contact/advisor for their service areas, ensuring that corporate information and requirements are communicated throughout the service areas and that key service risk information is escalated, to enable appropriate action to be taken by the appropriate body i.e., 'top down – bottom up' approach;
- Support the development and implementation of the council's Risk Management Policy Statement and Strategy;
- Support the development of the Strategic Risk Register;
- Support the development of, and advise, on the adequacy of the service, programme, project and partnership risk registers;
- Identify and address cross cutting risks and risk management issues;
- Provide support on risk management to Directors, Service Heads and other managers within their service area;
- Promote the benefits of risk management across their service areas;
- Identify their service areas training needs and notify the SRMA, as required;
- Promote and share best practice/lessons learned across the service areas;
- Promote innovation and identification of opportunities, within the Council's risk appetite and;
- Report on the progress and development of the risk management strategy within the council.

## **Internal Audit**

The role of Internal Audit in respect of risk management is to:

- Provide an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the council which feeds into the council's Annual Governance Statement;
- Regularly liaise with the SRMA, as appropriate, with regards to risk management generally; and
- Ensure that the Internal Audit activity is focused on the key risks facing the council.

# Risk Management Governance Structure



