

# **RISK MANAGEMENT FRAMEWORK**

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## Version Control

Version	Description of version	Effective Date
1.0	Policy Statement and Framework Fully Revised	December 2012
2.0	Review and Update for New Corporate Plan (no major changes)	March 2016
3.0	Review and update to reflect new Corporate Plan and recommendations following an Audit	December 2020
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6.0	New Risk Management Framework	May 2024

## Approvals

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Finance and Management Committee	December 2012
Director of Finance and Corporate Services	March 2016
Audit Sub Committee	December 2020
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Audit Sub Committee	19 <sup>th</sup> June 2024

## Associated Documentation

Description of Documentation	
Performance Management Framework	Version 3.0
Annual Governance Statement	
Emergency Planning and Business Continuity Framework	Held centrally on the Government's "Resilience Direct" website

## 1.0 INTRODUCTION

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for the delivery of the Risk Management function and provides guidance to ensure management of risk is a routine process for all services.

This Framework will ensure that:

1. The management of risk contributes towards ensuring effective service delivery and the achievement of the Council's priorities and aims.
2. Ownership and accountability are clearly assigned for the management of risks throughout the Council.
3. There is a commitment to embedding risk management into the Council's culture and organisational processes, at all levels, including strategic and operational.
4. All Elected Members and officers acknowledge and understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.
5. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.
6. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards.
7. Where possible the Council's approach is regularly assessed by the audit subcommittee.
8. The Risk Management Framework is reviewed and updated in line with the Council's developing needs and requirements.

## 2.0 WHAT IS RISK MANAGEMENT?

Risk management has been defined as any action taken by an organisation to minimise a threat to the achievement of its objectives. In order to achieve this, threats – or risks – must be identified & assessed and control measures implemented to reduce the impact and/or likelihood of the risk being realised (occurring). Risk management is what the Council is doing every day as it delivers services to the residents of South Derbyshire, as every control in every process has in some way been implemented to ensure required services meet the needs of communities, businesses, and individuals to the fullest extent possible within current resources.

The risk management approach is vital to ensure that all elements of the organisation are challenged including decision making processes, working with partners, consultation, existing policies and procedures and also the effective use of assets – both staff and physical assets.

The risks facing the Council will change over time, some changing continually, so this is not a one-off process. Instead the approach to risk management should be continual and the risks and the approach to managing them should be reviewed regularly.

In broad terms risks to the Council are split into two categories:

- Strategic risks– those risks relating to the long-term strategic priorities and aims of the Council and
- Operational – risks related to the day-to-day operation of each individual service area.

### STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long-term goals of the Council and therefore are mainly based around meeting the priorities and aims of the Council Plan.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Leadership Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter by the Risk Management Group and Leadership Team.

Minutes will be taken to reflect discussion and changes to risks.

The strategic risks will be reported to the Finance and Management Committee every quarter.

### OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council.

Each service area will have their own operational risk register that details the risks

associated with providing the service.

These registers will be updated by the risk owner each quarter (as a minimum) and will be reviewed regularly in 121s with the Executive Director.

Significant risks (significant risks are risks with a mitigated risk rating score of 8 or above) and the actions in controlling them will be reported to the Risk Management Group and Senior Leadership Board on a quarterly basis, as these will help in the consideration and formulation of the Strategic Risk Register.

## **2.1 RISK MANAGEMENT REVIEW AND MEASURE**

The following are some of the practical ways that risks are managed and how effectiveness is measured:

- Provision and regular review of a comprehensive Strategic Risk Register.
- The Strategic Risk Register undergoes scrutiny and challenge by the Risk Management Group.
- Consideration of Strategic risks in the Finance and Management Committee report.
- Provision and regular review of Operational Risk Registers.
- Provision and review of Project and Partnership Risk Registers.
- Successful internal and external assessment.

## **3.0 RISK MANAGEMENT AIMS AND OBJECTIVES**

Risk Management Aims are to:

- adopt best practices in the identification, evaluation, and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.
- Integrate Risk Management into the culture of the Council.
- Support risk-informed decision making at all levels.
- Raise awareness of the need for the management of risks by all those connected with the delivery of services (including partners and stakeholders).
- Enable the Council to anticipate and respond to changing circumstances.
- Minimise injury, damage, loss and inconvenience to residents, staff, service users, assets etc. arising from or connected with the delivery of Council services.
- Implement an effective Risk Management Framework.

Risk Management Objectives are to:

- Support delivery of the Council's four priorities as set out within the Council Plan 2024-2028.

- Ensure risk management is incorporated into strategic, operational and project working.
- Broaden the organisations understanding of risk management by engaging with officers from across the Council, at all levels, on risk matters at both operational and strategic level.
- Provide assurance through reporting of risk management arrangements to the Audit Sub Committee.
- Provide Risk Management training.
- Manage risk in accordance with best practice and ensure compliance with statutory requirements.
- Review and monitor our partnerships management of risk.

## **4.0 RISK APPETITE STATEMENT (Pending development)**

- 4.1 Risk appetite can be defined as the amount of risk an organisation is willing to take in pursuit of its objectives. A well-defined risk appetite means Elected Members and officers are clear about which risks are acceptable and which risks should be avoided. Risk appetite should be at the heart of how the Council delivers services and sets the tone for the risk culture of the Council.
- 4.2 Understanding and setting a clear risk appetite level is essential to achieving an effective risk management framework and should be done before how to treat risks can be considered.
- 4.3 Establishing and articulating the risk appetite level helps to ensure that consideration in the way the Council responds to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is the custodian on behalf of the public and the environment, where risk appetite may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged.
- 4.4 This overarching risk appetite statement sets out how the Council balances threats and opportunities in pursuit of achieving its objectives.
- 4.5 In determining the statement, it is recognised that risk appetite is subject to change and needs to flex in line with the organisation’s strategic environment and business conditions; and as such the statement will be reviewed periodically, every two years.

### **Risk Tolerance and Risk Acceptance Levels**

## 5.0 RISK MANAGEMENT PROCESS

### 5.1 Identifying & Documenting Risks

The first stage of the Risk Management process is to identify risks which may prevent service/project/partnership delivery. For service related and project risk, this is best undertaken by engaging staff working in the area to ensure that all potential risks are captured for assessment. A detailed breakdown of other methods which can be used to identify risks are outlined below. Such risks will be recorded in the Operational Risk Register, if relating to business-as-usual activities within services, or within a dedicated project risk register.

Each Service within the Council will maintain its own Operational Risk Register, which is subject to review by relevant Heads of Service and all corporate projects will maintain a project risk register (see Appendix 1).

### 5.2 How to identify risks to be added to the risk register.

Risk is typically identified by employing a variety of methods, each aimed at effectively managing potential threats to their communities and operations. Here are some key strategies commonly used:

**1 Risk Assessments:** Councils regularly conduct risk assessments to identify potential risks in such areas as public safety, health, environmental impact and financial stability. These assessments help in determining the likelihood of an event occurring and its potential impact.

**2 Community Consultation:** Engaging with community members through surveys, public meetings, and feedback mechanisms allows us to gather insights about concerns and potential risks perceived by residents.

**3 Data Analysis:** Utilising data from various sources, such as crime statistics, health reports, and environment data, helps us to identify patterns and emerging risks. This approach often involves collaboration with other government agencies.

**4 Expert Consultation:** Consulting with experts in fields such as public health, urban planning, and environmental science can provide us with specialised knowledge.

**5 Monitoring Media and Social Media:** Media outlets and social media platforms can be valuable sources for identifying emerging issues and risks. We can use these tools to stay informed about what is happening locally and globally.

**6 Legislation and Regulatory Changes:** Keeping abreast of changes in laws and regulation helps us to anticipate risks associated with compliance or the need to alter existing policies.

**7 Technology and Innovation:** Adoption of new technologies can also introduce new risks, such as cyber security threats, which require ongoing vigilance and adaptation.



Through these methods, we aim to proactively manage and mitigate risks, ensuring that we can respond effectively to protect public interest and community well-being.

### **5.3 Assessing Risks**

The Council utilises a 4x4 risk matrix to assess the impact and likelihood of risks in accordance with internationally recognised methods of risk assessment. Appendix 1 provides further detail on how impact and likelihood scores are defined and scored for risks. All risks are assessed twice. The first assessment involves a calculation of an overall inherent score, essentially evaluating the risk before controls in place to either minimise the threat are applied. The second assessment takes place after the control's environment has been evaluated and is referred to in 5.4 below.

The direction of travel of the mitigated risk will be recorded to show whether the risk trend is increasing, decreasing, or remaining the same.

### **5.4 Evaluating the Control Environment**

After the inherent risk score has been calculated the control environment in place in the area being assessed is evaluated to determine the extent to which risk scores are reduced by controls in place. The calculated residual score is then compared to the Risk Tolerance level to determine whether any further action is required to reduce the score (see 5.5 below).

### **5.5 Responding to Risks**

In preparing its Risk Appetite statement the Council has established Risk Tolerance and Risk Acceptance Levels to assist management in making decisions about actions necessary to minimise risk. Where the residual score of risks is above the Risk Tolerance Level, further action will need to be identified and detailed within an Action Plan for subsequent implementation and monitoring. Once the residual risk score is reduced to a level that is below the Tolerance Level no further additional actions are necessary. Where residual risk scores are determined to be below the Risk Acceptance level, those responsible for assessing the risk, may (in agreement with their Head of Service) remove it from their Operational Risk Register.

### **5.6 Monitoring Management of Risks**

All Risk Registers are reviewed by the risk owners regularly, as a minimum on a quarterly basis to determine whether any amendments are required to existing risks for example, risk scores may need to be amended as a result of changes in circumstances and/or implementation of actions or a new risk(s) may have been identified and will need to be added to the Operational or Strategic Risk Register. If a risk is no longer deemed a risk this should be discussed with the Executive Director in the first instance and recommended for removal from the risk register to the Risk Management Group and Leadership Team.

### **5.7 Reporting Arrangements**

Operational Risk Registers are reviewed and updated on a quarterly basis (as a minimum) by Heads of Service and will form part of the discussion with the relevant

Executive Director during service performance 121 discussions and/or direct management team. Minutes will be taken to reflect discussion and changes to risks. All risks with a mitigated risk score of 8 or above in the Operational Risk Registers will be escalated to the Risk Management Group for review and consideration in respect of whether the risk should be added to the Strategic Risk Register.

The Strategic Risk Register is reviewed on a quarterly basis by the Risk Management Group (RMG) who then report their recommendations to the Leadership Team who make the final decision. Following this review, a Risk Management Quarterly Report is prepared and submitted to the Finance & Management Committee.

## 6.0 OWNERSHIP AND ACCOUNTABILITY

To support effective governance and decision-making at each level, the roles and responsibilities for risk management are clarified and defined below

### **Full Council.**

Sets the Council Plan and Governance Arrangements, etc.

### **Audit Sub Committee.**

Monitor and review the Council's Governance arrangements, this Committee considers the Council's Risk Management **process** as detailed in this document.

The Committee is **not** responsible for assessing and monitoring specific risks, this is the responsibility of Policy Committees.

### **Finance and Management Committee**

To oversee and co-ordinate the Council's approach to Risk Management.

**Risk Management Group (cross organisational officer group)** - On behalf of the Leadership Team:

- To consider operational risks which have been escalated as 'significant risks' and provide recommendation to the Leadership Team for inclusion of the risk in the Strategic Risk Register.
- Review the Strategic Risk Register each quarter and provide recommendations to the Leadership Team for review and sign off (by the Leadership Team)
- Makes recommendations for the assessment of risk and timing and nature of mitigating actions.
- Promote risk management best practice.

- Challenge specific officers responsible for taking action to manage risks.

### **Leadership Team**

- Overall ownership of the risk management process and endorsement of the strategic direction of risk management.
- Ensure that there are clear accountabilities for managing risks and that managers are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.
- Overall responsibility for maintaining and reviewing the Strategic Risk Register.
- Overall responsibility for agreeing if an operational/project/partnership risk should be added to the Strategic Risk Register.
- Challenges (and holds accountable) specific officers responsible for taking action to manage risks.
- Ensures Partnership boards make appropriate provision for risk management in their respective areas of control.
- Determine and continuously assess the nature and extent of the strategic risks that the Council is willing to take to achieve its objectives - its "risk appetite" - and ensure that planning and decision-making appropriately reflect this assessment.
- Incorporate risk management into Departmental Management Team agendas.
- Chair Risk Management Group meetings or nominate a suitable chair / risk champion.
- Ensure the allocation of appropriate resources for risk management, which can include, but is not limited to people, skills, experience and competence.
- Use horizon scanning to identify emerging sources of uncertainty, threats and trends.
- Agree the frequency and scope of its discussions on risk to review how management is responding to risks and how this is integrated with other matters including business planning and performance management processes.

### **All Heads of Service**

- Maintain the operational risk register for their service, ensure the register is maintained and up to date and escalate risks that are 'significant' for consideration to be added to the Strategic Risk Register on a quarterly basis.
- Ensure that mitigating actions are carried out and controls are in place to reduce risks, whilst identifying and enabling cost-effective strategies to be put in place to minimise the incidence of these.
- Maintain partnership risk register(s) for partners identified as 'significant' ensure the register is maintained and up to date and escalate risks that are 'significant' for consideration to be added to the Strategic Risk Register on a quarterly basis.
- Maintain project risk register(s) for projects that sit outside of the Digital and Customer Transformation Plan and ensure the register is kept up to date and escalate risks that are 'significant' for consideration to be added to the Strategic Risk Register on a quarterly basis.
- Contribute to the development of a risk management culture in their teams.
- Use horizon scanning to identify emerging sources of uncertainty, threats and trends.
- feedback on the effectiveness of the risk management process.

## **Line Managers**

- Contribute to the maintenance of a risk register for their service area.
- Share relevant information with colleagues.
- Feedback on effectiveness of the risk management process to their Heads of Services.
- Utilise risk management data to minimise unwanted incidents and outcomes at operational level.
- Ensure staff have the appropriate skills to manage risk.

**Elected Members** - Understand the strategic risks faced by the Council. Oversee the effective management of these risks by officers. Ensure that risks have been considered in decision-making.

## **Internal Audit**

- Evaluating the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems.
- Assessing and making appropriate recommendations to improve the Council's governance processes for overseeing risk management and controls.

**External Audit** – as part of their annual Value for Money judgement, they review the Council's overall Governance arrangements as published in the Annual Governance Statement, which includes risk management.

**Executive Director (Resources and Transformation)** – Lead officer for the risk management process, demonstrating a commitment to managing risk.

- Executive Directors - Reviews Operational Risk Registers for their relevant service areas.
- Ensure reports to members seeking approval for decisions include appropriate reference to relevant risk management arrangements.

**Health and Safety** - Ensures the Council has appropriate arrangements in place to manage health and safety risk.

**Data Protection Officer** - Assists in the identification of areas of information risk; and • Co-ordinates all information management activity.

**Performance and Policy Officer** – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

## **All Employees**

- Liaise with their line manager to assess areas of risk and opportunity in their job.
- Identify new or changing risks in their job and feed these back to their line manager.
- Highlight any risk management issues or inadequacies with their job or department.
- Be aware of their accountability for ensuring that risks are adequately managed.
- Understand how they can make a positive contribution to the improvement of risk management practices.

## 7.0 REPORTING

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore, it is essential that there is a defined process and timetable for reporting the results of the risk management process to both Elected Members and officers.

### Types of Report

- **The Strategic Risk Register** is reported to the Risk Management Group and Leadership Team on a quarterly basis.
- **Operational Risk Registers** are reported to the Executive Director and are reviewed regularly in 121s. The Operational Risk Register should be maintained and kept up to date, if a significant risk is identified and the Executive Director agrees, the risk should be escalated for consideration to the Strategic Risk Register on a quarterly basis. Significant risks identified in the Operational Risk Registers will be referred to the Risk Management Group for consideration for inclusion on the Strategic Risk Register. The Risk Management Group will submit their recommendations report to the Leadership Team each quarter.
- **Project Risk Registers** (projects that sit outside of the Digital and Customer Transformation Plan) are reported to the Executive Director and are reviewed regularly in 121s. The Project Risk Registers should be maintained and kept up to date, if a significant risk is identified and the Executive Director agrees, the risk should be escalated for consideration to the Strategic Risk Register.
- **Digital and Customer Transformation project risks** are reported through the project management process and reported to the Leadership Team.
- **Partnership Risk Registers** are maintained for 'high risk partnerships' see Appendix 2.
- The Strategic Risk Register is presented to Finance and Management Committee every quarter.
- An annual report review of the Risk Management Framework taking into account changes in methodology and results of internal and external reviews. Going to the Risk Management Group, Leadership Team and Audit Sub Committee.

## 8.0 RISK MANAGEMENT TRAINING

For the benefits of Risk Management to be realised, it is necessary for the process to be embedded in the culture and operations of the Council. To facilitate this, regular training will be included in the council's workforce development plans to ensure staff have the necessary knowledge and skills to effectively identify and manage risk. Initial emphasis will be placed on the provision of training to the Leadership and Management Teams, with further training to be rolled out where this is considered necessary.

## 9.0 LINKS

Risk management cannot operate in isolation to other management processes. To fully

embed a risk management culture, it must be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

- The Council Plan
- Service Plans
- Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

## 10.0 PARTNERSHIPS AND CONTRACTORS

Partnership working plays an important role in the way the Council delivers key outcomes or important services. The focus for many public, private, voluntary and community organisations has been on the opportunities offered by partnership or joint working arrangements.

Partnership working presents the authority with governance and accountability challenges which needs to be managed. Guidance on Risk Management with Partnerships is outlined in **Appendix 2**.

The Councils significant partnerships are detailed in the Councils operational Service Plans which are reviewed and published annually.

## 11.0 REVIEW

The Risk Management Framework will be reviewed on an annual basis.

**APPENDIX 1 RISK REGISTER TEMPLATE**

REF	RISK TITLE & DESCRIPTION	RISK CAUSE	RISK IMPACT	Inherent Risk Rating (See table below for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	Mitigated Risk Rating			FURTHER ACTION REQUIRED	SUMMARY OF CHANGE SINCE LAST QUARTER	RISK OWNER	DIRECTION OF TRAVEL OF MITIGATED RISK SCORE
				LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING				
							•				•			

## RISK IMPACT AND LIKELIHOOD DEFINITIONS

The table below outlines how the impact and likelihood of the risk is scored using the threshold and description as guidance.

<b>Impact</b>	<b>Very High (4)</b>	4	8	12	16	<table border="1"> <tr> <td>12-16</td> <td rowspan="3"><b>Significant Risk</b></td> </tr> <tr> <td>6-9</td> <td rowspan="2"><b>Medium Risk</b></td> </tr> <tr> <td>1 - 4</td> <td><b>Low Risk</b></td> </tr> </table>	12-16	<b>Significant Risk</b>	6-9	<b>Medium Risk</b>	1 - 4	<b>Low Risk</b>
	12-16	<b>Significant Risk</b>										
	6-9		<b>Medium Risk</b>									
	1 - 4			<b>Low Risk</b>								
<b>High (3)</b>	3	6	9	12								
<b>Medium (2)</b>	2	4	6	8								
<b>Low (1)</b>	1	2	3	4								
		<b>Remote (1)</b>	<b>Possible (2)</b>	<b>Probable (3)</b>	<b>Highly Probable (4)</b>							
		<b>Likelihood</b>										

<b>Impact</b>	<b>Thresholds and Description</b>
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £10,000, no media attention
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures
3 – High	Significant threat to Council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £100,000, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £500,000, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, Council unable to work with partner organisation
<b>Likelihood</b>	<b>Thresholds and Description</b>
1 – Remote	May occur only in exceptional circumstances (e.g. once in 10 years)



2 – Possible	Unlikely to occur but could at some time (e.g. once in three years)
3 – Probable (in two years)	Fairly likely to occur at some time or under certain circumstances (e.g. once in two years)
4 – Highly probable (in 12 months)	Will probably occur at some time or in most circumstances (e.g. once in 12 months)

## Risk Matrix

The below table summarises the risk likelihood and impact for risks after controls have been put in place to mitigate the risk.

<b>Impact</b>	<b>Very High (4)</b>				
	<b>High (3)</b>				
	<b>Medium (2)</b>				<b>CR1 Universal Credit</b>
	<b>Low (1)</b>				
		<b>Remote (1)</b>	<b>Possible (2)</b>	<b>Probable (3)</b>	<b>Highly Probable (4)</b>
		<b>Likelihood</b>			

1 Universal Credit      The implementation of Universal Credit could have an impact on resources in Benefits and Customer Services.

## Use of a RAG System

The Risk Register includes the **'inherent risk rating'** the level of risk in place before actions are taken to alter the risk's impact or likelihood and the **'mitigated risk rating'** is the remaining risk level following the development and implementation of the actions.

The Risk Register will capture all controls (actions) that have been put in place to mitigate the risk, whilst the likelihood of the risk may remain the same the level of impact should reduce. The **'mitigated risk rating'** will be reviewed every quarter by the risk owner.

Risks are rated, scored and classed as **Red**, **Amber**, or **Green**. The Risk Matrix Table in Appendix 1 outlines the scoring of impact and likelihood of the risk using the threshold and description as guidance.

The rating score considers the likelihood of a risk occurring and the potential impact if things go wrong.

This classification is intended to prioritise risks at a point in time and ensure that prevailing (**Red**) risks are being given appropriate treatment at that time.

The rating serves as a guide for stakeholders to help understand the extent and severity of risks at a particular time and how they may have changed.

Some risks will remain high, such as health and safety, due to the very nature that an incident could have a serious and significant effect for the Council.

## APPENDIX 2 GUIDE TO RISK MANAGEMENT WITH PARTNERSHIPS

There are many definitions as to what constitutes a ‘partnership’. For the purposes of this guide a key partnership is defined as:

***“An agreement between two or more independent bodies to work collectively to achieve a common objective.”***

and typically partner may comprise of one or more of the following criteria:

- are independent of the Council i.e. another public sector body, voluntary organisation etc.
- agree to co-operate to achieve a common goal or shared objective(s)
- plan and implement a jointly agreed programme, often with staff or resources provided jointly.
- pool resources and rewards.
- work collaboratively with other authorities.
- may receive a grant to provide a service on behalf of the Council.

What is not a Partnership? The above definition should exclude the following:

- where the Council is consulting partners but ultimately has direct control over budgets or decision making
- consultation groups set up to discuss or consider specific topics.
- appointments and/or financial commitments to outside bodies where the Council has no strategic or policy function.
- private finance initiatives and other commercial agreements, or contracts where the Council is paying other organisations to deliver a service or goods and vice versa.
- joint ventures will developers

## ASSESSING THE SCALE OF YOUR PARTNERSHIP

It is recommended all key partnerships outlined in the Council’s Service Plans undergo the assessment to determine if the partnership is high or low risk. A record of this assessment should be retained by the Head of Service for audit purposes.

A crucial first step in the way the Council manages risk in partnerships is an initial assessment to decide what scale of partnership you are dealing with. This assessment process should be completed at the earliest possible stage of a partnership.

The process uses five criteria relating to financial commitment, impact on the Council’s key aims, procurement complexity, organisational impact and legal requirement.

The process is simple and enables us to identify a partnership as **high** or **low** risk and therefore decide on the level of risk management application required.

From a risk management perspective, it is not necessary to devote the same amount of resources and attention to every partnership. The scale of the partnership will determine the level of input required. Once you have completed this process you should then be able to determine if the partnership is “High” or “Low” risk. Clearly the higher the risk the

more risk management activity is required.

Looking at the table below, under each 'impact evaluation' heading find the statement that best matches your partnership. Each statement is assigned a score of 1 to 4 according to the column it sits in.

**If during this process your partnership fits into any one red box, then it will be deemed as **high** risk and therefore you should refer to Appendix B.**

If none of the statements in red boxes apply to your partnership, calculate the total value of your partnership by adding together the scores of the statements you have selected for each of the evaluation statements.

IMPACT EVALUATION	SCORE			
	1	2	3	4
<b>Estimated SDDC Financial Commitment</b> What is the estimated SDDC financial commitment for the partnership? This should include capital investment required, resource costs, staff costs, equipment costs etc.	Up to £10K	Over £50K	Over £100K	Over £500K
<b>Contribution to corporate key aims</b> Will this partnership make a significant contribution to the achievement of any of SDDCs key aims	No contribution	Linked to other work that contributes to a corporate key aim	Partial contribution to a corporate key aim	Significant contribution to 1 or more corporate key aim
<b>Organisational impact</b> What impact will your partnership have on the way the organisation works? (Change to business processes, staff redeployment etc.)	None or very minimal	Some new business processes and possibly some retraining	Significant restructure of processes and work areas	Transfer of staff or outsourcing
<b>Contribution to delivery of external policy or legislation</b> Is this partnership required to meet the specific requirements laid out in a piece of legislation, mandatory central government policy directive or Audit Commission recommendation?	No contribution	Contributes to other work that is delivering policy or legislation	Direct links to policy or legislation	Fundamental to achievement of policy or legislation
<b>Procurement complexity</b> Does your partnership involve the purchase of any service or other goods that will require a procurement contract? If so, what level of risk is attached to the contract?	No contracts involved	Low risk contract	Medium risk contract	High risk contract

**5-9 Points**  
**Low Risk**  
**Go to Appendix A**

**10-20 Points**  
**High Risk**  
**Go to Appendix B**

## APPENDIX A

### LOW RISK PARTNERSHIPS

If your partnership has been assessed as low risk, then there is no need to go through a detailed risk management process. There is still however a need for robust management of the partnership and provided that you are able to answer yes to the questions in the checklist below the risks should be under control.

- Is there a clear business need for the partnership?
- Is a partnership approach the best way to achieve our objectives?
- Is there a written partnership agreement?
- Are there clear aims and objectives set out?
- Is there a clear governance structure in place?
- Are there clearly defined roles and responsibilities set out?
- Are there clear lines of accountability set out?
- Is there a clear means of controlling finance?
- Has a means of identifying performance been agreed and defined?
- Is a regular operational meeting held to review performance and jointly identify risks and agreed control measures?
- Has a clear exit strategy been agreed?
- Is there a secondary/back up plan in place should the partnership fail?

If you are unable to answer yes to these questions, then the partnership could be at risk. You therefore need to take action to ensure a positive answer.

## APPENDIX B

### HIGH RISK PARTNERSHIPS

If you have assessed your partnership as high risk, then you should adhere to the guidance in this appendix.

You will need to gain the agreement of the partner to work to the Council's Risk Management Framework and follow the 'risk management process guidance' as outlined in the framework – identify, assess, treat, monitor and report. The Council will work with the partner to jointly identify any risks and agree appropriate actions to mitigate against the risk. It is recommended the risk register template and accompanying matrix (**Appendix 1**) is adopted with the partner to support the management and review of risks.

The owner of the relationship with the partner (Head of Service or Director) will update the appropriate Council Risk Register (Chief Executive, Corporate, Service Delivery) to indicate that the partnership is under risk management review. The 'risk category' should be selected to ensure transparency.

Risk Management will not happen unless it is properly resourced. This includes the provision of people, time and in some cases finance to make it happen. You should create a plan for managing risk. The plan will describe how risk will be addressed in the partnership. It will set out the agreed framework for who will lead, who will be involved, responsibilities and accountabilities, in addition to establishing the frequency of risk monitoring. The idea is to ensure that risk is considered as an integral part of the

partnership management. Resources for the management of risk should be agreed at the outset

