RISK MANAGMENT POLICY STATEMENT

Blackburn with Darwen Borough Council recognises and accepts its responsibility to manage risks effectively in a structured way in order to achieve its corporate priorities and objectives and enhance the value of services and improve outcomes for the community.

The purpose of this policy and supporting risk management strategy and framework is to set out the Council's approach for the systematic management of risk, the culture, expectations/ responsibilities on all managers and decision makers to achieve this.

Through this policy and supporting strategy and framework, we aim to:
- Identify the scope of risk management;
- Embed and integrate risk management in the culture of the Council so that it is an integral part of the Council management systems and processes;
- Assign of roles, responsibilities and accountability for risk management activities within the Council;
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services;
- Contribute to the prevention of injury, damage and losses to reduce the cost of risk;
- Ensure we identify and realise opportunities and their resulting benefits; and
- Ensure consistency throughout the Council in the management of risk.

These aims will be achieved with a clear and evidenced approach consistently applied across the organisation that embeds consideration of risk in policy formulation, planning and decision making at all levels by:
- Establishing and maintaining systems and processes to manage risk and contribute to good corporate governance through accurate, relevant and timely reporting on risk management
- Incorporating risk management considerations into all levels of business planning;
- Incorporating risk management considerations into all levels of programme, project and partnership arrangements;
- Skills training and development for all relevant managers, staff and Members in the effective management of risk; and
- Regular monitoring and reporting of risk to identify trends and likely direction of risks for Members and Senior Managers to be aware of when making decisions.

Risk management is often seen as being primarily concerned with the adverse potential of risk. However, not all risk is bad. Some opportunities can only be unlocked by taking risks. The key to success in these situations is to take risks knowingly and manage them appropriately.

<u>**Appetite for Risk**</u>

The Council provides a wide range of services. Therefore it is impossible to have a single 'risk appetite'. Our policy is to ensure a culture of knowledgeable risk taking. Our risk appetite helps us to determine what a material risk is. We consider our risk appetite for each risk and apply a 'target rating', which is realistic and achievable whilst being tolerable for that remaining risk.

The Council acknowledges that risk cannot be eliminated and may sometimes need to be embraced as part of an innovative approach to problem solving. It is the responsibility of the Corporate Leadership Team to ensure that risk management strategies and processes are implemented and brought to the attention of relevant staff in their Departments.

Establishing and articulating the risk appetite level helps to ensure that consideration in the way that management, Executive Board and Council respond to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is custodian on behalf of the public and environment, where the risk appetite may be very low, and there may be risk with choices about

investment in projects or delivery roles, where a higher level of risk appetite may be encouraged and supported.

Risk appetite may vary depending on the importance and complexity of each objective that the Council is pursuing and the particular strategies in place to achieve those objectives. Our approach is to minimise exposure to compliance and reputational risk, whilst accepting and encouraging an increased degree of risk in other areas in pursuit of the Council's strategic objectives. As a general principle, the Council will seek to control all highly probable risks that have the potential to:

- threaten the organisation's compliance with law and regulation;
- cause significant harm to service users, staff, visitors and other stakeholders;
- severely compromise the reputation of the organisation;
- have financial consequences that could endanger the organisation's viability; or
- jeopardise significantly the organisation's ability to carry out its core purpose

The table in Appendix 1 sets out definitions of risk appetite levels for key strategic risk categories. The 'risk assessment and risk matrix' section within the Risk Management Toolkit has further guidance.

The Leadership, Cabinet and Corporate Leadership Team view risk management as an integral part of good internal control and corporate governance and should form part of all decision making and policy making.

The way in which we manage our risks directly impacts the Council's success in achieving its objectives and in delivering services to the communities to which we are accountable. The Council is committed to adopting best practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes, strategic aims and priorities.

The scope of risk management is illustrated by the European Framework for Quality Management diagram below, which sets out the key components necessary to implementing this.

Figure 1: Risk Management Excellence Model: Adapted from European Framework for Quality Management
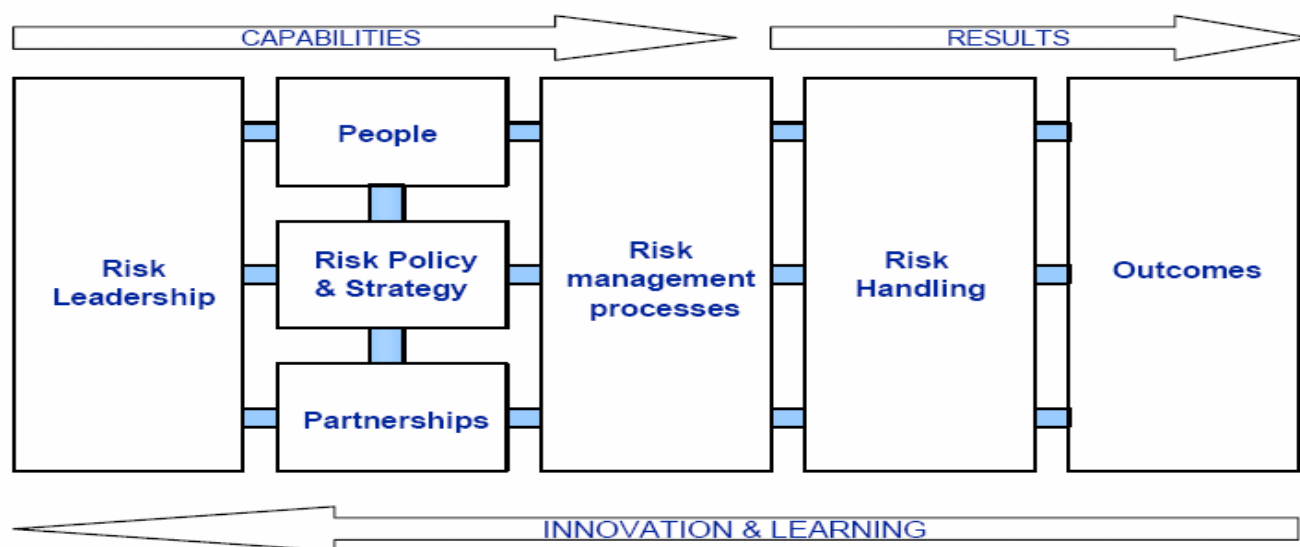
Risk Capabilities	Requirements
Risk Leadership	Senior management & elected members support the risk management agenda
People	People are equipped and supported to manage risk well
Risk Policy & Strategy	A clear risk policy and strategy is available
Partnerships	Effective arrangements are in place for managing partnership risk

Risk Management Processes	Processes incorporate effective risk management
Risk Results	**Requirements**
Risk Handling	Risks are handled in accordance with the Council's Risk Management Strategy & Framework
Outcomes	The extent to which risk management contributes to achieving outcomes is visible

Within the above context, the Council is committed to the management of risk in order to:

- Ensure that statutory obligations and policy objectives are met;
- Prioritise areas for improvement in service provision and encourage meeting or exceeding customer and stakeholder expectations;
- Safeguard our employees, clients or service users, Members, pupils, and all other
- stakeholders to whom the Council has a duty of care;
- Protect its property including buildings, equipment, vehicles, knowledge and all other
- assets and resources;
- Identify and manage potential liabilities;
- Maintain effective control of public funds and efficient deployment and use of resources
- achieving value for money;
- Preserve and promote the reputation of the Council;
- Support the quality of the environment; and
- Learn from previous threats, opportunities, successes and failures to inform future management of risks.

These aims will be addressed by systematically identifying, analysing and evaluating, cost effectively controlling and monitoring risks at strategic, directorate, programme, project, and operational levels. The process is both top down and bottom up and will involve staff at all levels. Every employee has a responsibility to support the Council's policy in managing risk.

This policy will be implemented through the operation of the Council's Risk Management Strategy & Framework.

Signed: …………………………   …………………………   …………………………
              Leader   **Chief Executive**   **Chair of Audit & Governance Committee**

Date: …………………………   …………………………   …………………………

Risk Appetite Definitions

The following table provides a defintions of risk appetites categories against key strategic risk categories. These are based on a selection of risk categories recommended in The Orange Book – Management of Risk, Principles and Concepts (2020) published by HM Government

	Risk appetite level definition				
	Averse	**Minimal**	**Cautious**	**Open**	**Eager**
Strategy	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.

	Averse	Minimal	Cautious	Open	Eager
Reputation	Zero appetite for any decisions with high chance of repercussion for organisations' reputation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.
Operations	Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non- critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
Legal	Play safe and avoid anything, which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge.	Want to be reasonably sure we would win any challenge.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.
Property	Obligation to comply with strict policies for purchase, rental, disposal, construction, and	Recommendation to follow strict policies for purchase, rental, disposal, construction,	Requirement to adopt arrange of agreed solutions for purchase, rental, disposal,	Consider benefits of agreed solutions for purchase, rental, disposal, construction,	Application of dynamic solutions for purchase, rental, disposal, construction, and

	refurbishment that ensures producing good value for money.	and refurbishment that ensures producing good value for money.	construction, and refurbishment that ensures producing good value for money.	and refurbishment that meeting organisational requirements.	refurbishment that ensures meeting organisational requirements.
	Averse	**Minimal**	**Cautious**	**Open**	**Eager**
Financial	Avoidance of any financial impact or loss, is a key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).
People	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control.
Technology	General avoidance of systems / technology developments.	Only essential systems / technology developments to protect current operations.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.
Data & Info Management	Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimise level of risk due to potential damage from disclosure.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Accept need for operational effectiveness in distribution and information sharing.	Level of controls minimised with data and information openly shared.

	Averse	Minimal	Cautious	Open	Eager
Security	No tolerance for security risks causing loss or damage to BwD property, assets, information or people. Stringent measures in place, including: • Staff vetting maintained at highest appropriate level. • Controls limiting staff and visitor access to information, assets and estate. • Access to staff personal devices restricted in BwD sites	Risk of loss or damage to BwD property, assets, information or people minimised through stringent security measures, including: • All staff vetted levels defined by role requirements. • Controls limiting staff and visitor access to information, assets and estate. • Staff personal devices permitted, but may not be used for official tasks.	Limited security risks accepted to support business need, with appropriate checks and balances in place: • Vetting levels may flex within teams, as required • Controls managing staff and limiting visitor access to information, assets and estate. • Staff personal devices may be used for limited official tasks with appropriate permissions.	Considered security risk accepted to support business need, with appropriate checks and balances in place: • New starters may commence employment at risk, following partial completion of vetting processes • Controls limiting visitor access to information, assets and estate. • Staff personal devices may be used for official tasks with appropriate permissions.	Organisational willing to accept security risk to support business need, with appropriate checks and balances in place: • New starters may commence employment at risk, following partial completion of vetting processes • Controls limiting visitor access to information, assets and estate. • Staff personal devices permitted for official tasks

	Averse	Minimal	Cautious	Open	Eager
Programme/Project	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.
Commercial	Zero appetite for untested commercial agreements. Priority for close management controls and oversight with limited devolved authority.	Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.