Risk Management Policy and Framework

October 2024
Version 1.07

Foreword

Risk is the effect of uncertainty on objectives - The effect may be positive, negative or a deviation from the expected, and that risk is often described by an event, a change in circumstances or a consequence

Risk Management is defined as: Coordinated activities to direct and control an organisation with regards to risk[1]

This framework provides an outline of the Council's arrangements for risk management. It updates the previous Risk Management Policy and Framework (June 2020) and seeks to clarify the various roles, responsibilities and governance structures. The procedural guidance may be subject to further review and amendment as required subject to approval by the Section 151 Officer, Corporate Leadership Team and GRAC.

Through the Corporate Plan and the supporting service plans, the Council must balance the demands of service users and taxpayers; involve communities in service provision; deliver, commission and regulate services; and enter into local and strategic partnerships, sometimes involving complex funding arrangements. Balancing all these competing demands and objectives means that the Council needs a framework that ensures that a pro-active approach is taken, and risks are considered and managed, before decisions are made.

The Council acknowledges its statutory responsibility to manage risks and deliver cost effective and efficient services. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, and effectively. The Council has a duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective delivery of its functions, which include arrangements for the management of risk.

The management of risk is woven throughout the Council's key governance frameworks and there are specific requirements to adopt a formal approach to risk management in the following areas:

- Key decision-making reports
- Corporate, directorate and service area planning
- Programme and project management
- Procurement processes
- Partnership working arrangements
- Change management processes

Risk management is an essential part of strengthening the "health" of the Council because it is a crucial part of the overall arrangements for securing effective corporate governance. Risk management can make a difference and enhance performance by identifying and preventing the damaging events from happening and ensuring all the wanted and beneficial events the Council want to do actually happen.

The effectiveness of the council's risk management arrangements is assessed annually as part of the Annual Governance Statement (AGS), which includes the Annual Audit Opinion, and is signed off by the Chief Executive and Leader of the Council. In compiling the AGS, assurances are obtained from a wide range of sources, in consultation with directorates.

This framework is based on good enterprise risk management practices as defined in the ISO

1 - As defined within the ISO 31000:2018 Risk Management – guidelines

31000: 2018 Risk Management guidelines and the ALARM (Association of Local Authority Risk Managers) Risk Management Guide and Toolkit. The framework consists of the following components:

Risk Management Policy Statement	Statement of intent on the Council's approach to risk
Risk Management Strategy	Defines the activities and responsibilities for managing risk and reporting arrangements
Risk Management Guidance	Guidance on how to fulfil strategy objectives
Corporate Risk Register	Register recording all strategic risks and who is responsible for managing them
Service Risk Register	Register recording all service area risks and who is responsible for managing them
Project Risk Register	Register of project risks

1. Policy Statement

North Norfolk District Council (NNDC) recognises risk management as a vital activity that underpins and forms part of our vision, values and strategic objectives, (including operating effectively and efficiently), as well as providing confidence to our community.

Risk is present in everything we do, and it is our policy to identify, assess and manage key areas of risk on a proactive basis. We seek to embed risk management into the culture of the Council. Risk management needs to be embedded throughout all processes, projects and strategic decisions. This includes procurement and contracting, which will ensure partnerships and third-party relationships are fully compliant with the risk management policy and strategy of the Council.

The aim of our risk management framework is to be fit for purpose, reflect our size and the nature of our various operations, and use our skills and capabilities to the full. Risk management is most effective as an enabling tool, so we need a consistent, communicated and formalised process across the Council.

It is important to define the level of risk exposure the Council considers acceptable for the organisation. This creates a clear picture of which risks will threaten the ability of the Council to achieve its objectives.

The risk management policy statement and supporting documentation form an integrated framework that supports the Council in managing risk effectively. In implementing our risk management framework, we provide assurance to all stakeholders that risk identification and management plays a key role in the delivery of our strategy and related objectives.

The Council will involve, empower and give ownership to all staff to identify and manage risk. Risk management activity will be regularly supported through discussion and appropriate action by senior management. This will include a thorough review and confirmation of significant risks, evaluating mitigation strategies and establishing supporting actions to reduce them to an acceptable level. Managing risks will be an integral part of both strategic and operational planning and the day-today running, monitoring, development and maintenance of the Council.

This policy will take effect from the date of approval by Governance, Risk and Audit Committee (GRAC).

The master copy of this document, a record of review and decision-making processes will be held by the Assistant Director of Finance and Assets.

This policy will be available to all staff and Members on the corporate document register on the intranet

2. Strategy Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, operational risks and failure of service delivery, macroeconomic issues, credit and counterparty investment risk, strategic risks to the organisation’s objectives, environmental and social risks, along with governance and reputational risks. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against, and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The main objectives of the Risk Management Strategy aim to: -

- Ensure risk management is part of strategic and operational management decision making, planning and implementation.
- Manage risks in accordance with the Council's Risk Management Framework, recognised best practice and to enable good governance.
- Take account of internal and external changes that may impact on the Council's overall risk profile.
- Respond to risk in a balanced way, mindful of the Council's risk appetite, considering risk level, risk reduction potential, cost/benefit and relationship to resource constraints.
- Raise awareness of the need for effective risk management.

The objectives and outcomes of this strategy will be achieved by working closely with teams across all the Council by ensuring:

- Risk management is integral to the decision-making process of the Council Elected Members, Corporate Leadership Team, external regulators and the public at large can obtain necessary assurance that the Council is managing its risks.
- Strategic, service and project risks are discussed on a regular basis.
- All risks within projects are fully identified, assessed and managed in accordance with the Council methodologies.
- Joint working across directorates on projects to protect the Council and comply with statutory responsibilities such as Health and Safety.
- Opportunities for shared learning on risk management across the Council's partners is provided.
- Measurement of what is done and participation in comparison and benchmarking activity.

3. Risk Management Guidance

What is risk?

Risk can be defined as anything that poses a threat to the achievement of the Council's Corporate Plan ambitions, programmes or service delivery to residents, businesses and communities. It can come from inside or outside the organisation; may involve financial loss or gain; reputational damage; physical damage to people or property; customer dissatisfaction; failure of equipment; fraudulent activity, etc. Failure to take advantage of opportunities may also have risks such as not embracing an opportunity to bid for external funding, etc.

What is risk management?

Risk management is a management tool and forms part of the governance system of every public service organisation. When applied appropriately risk management can bring an organisation multiple benefit. It can help organisations achieve their stated objectives and better deliver on intended outcomes. It can also help managers to demonstrate good governance, better understand their risk profile and better mitigate risks (particularly uninsurable risks). Externally it can help the organisation to enhance political and community support and satisfy stakeholders' expectations on internal control.

Risk management is the range of activities that an organisation intentionally undertakes to understand, and reduce the effects of, risk in a manner consistent with the virtues of economy, efficiency and effectiveness. Put simply when things go wrong then the cost of rectification brings about an unexpected draw on resources, i.e. waste, this distracts from delivering services and achieving objectives and, in the worst case, can de-rail the Council completely. It is also about making the most of opportunities that present themselves and knowing that the Council is able to respond appropriately when it is in the Council's interests to do so and help achieve objectives.

There is no such thing as a risk-free environment, but many risks can be avoided, managed, reduced or eliminated through good risk management.

Benefits of risk management

- Better delivery of intended outcomes
- Supports the achievement of objectives
- Demonstration of good governance
- Protection of assets
- Improved efficiency of operations
- Protection of budgets from unexpected financial losses
- Better mitigation of key risks
- Increased effectiveness of projects
- Protection of reputation
- Enhanced political and community support

Areas of risk

The following areas of risk have been identified as relevant to the Council to ensure suitable coverage – strategic, operational, emerging and business as usual.

These will form the basis of reporting and monitoring on risks, controls and actions and are explained further below:

Strategic
• Risks that may be materially damaging to the achievement of one, some or all of the Council's key objectives • High level and cross cutting risks which need to be considered in judgements and decisions being made in connection with the Council's priorities, plans and objectives • Identified as part of the process of preparing the Corporate Plan and other related strategies e.**g.** the **Medium-Term** Financial Plan • Members and officers are involved in the identification, assessment and treatment of those risks • Cyclically assurance will be sort from Council management that the strategic risk controls are operating effectively • Strategic risks could be triggered or influenced by the materialisation of operational risks or emerging risks (see below)

Operational risk areas:

Service
• Risks that relate to activity at service level (or projects) and are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • Risks could also be the result of a failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks are likely to be specific to one service area
Financial
• Risks that have explicit financial implications for the Council and could jeopardise financial management and the Medium-Term Financial Plan i.e. failure in or lack of key financial controls, fraud, quantifiable economic uncertainty, commercial risks etc • Risks are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • They could be a result of failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks could relate to one specific service or the Council as a whole
Compliance and Regulatory Risks
• Risks that have explicit compliance and/or regulatory implications for the Council and could jeopardise the Council's ability to remain legal, meet specific or mandatory standards required to deliver services, ensure a positive outcome from inspection etc. • Risks are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls • They could be a result of failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional) • These risks could relate to one specific service or the Council as a whole
Emerging
• Risks that are still morphing. The full nature, understanding and implications of these risks on the Council is yet to be determined. They are often triggered by external events globally, nationally or locally and therefore by their nature are worthy of monitoring • These risks may disappear, contribute to a change or be subsumed within an existing risk or become a risk in their own right, either at strategic or operational level. Once it is understood what these emerging risks might mean for the Council they will be allocated accordingly to one of the areas of risk • These risks could relate to one specific operation, the Council as a whole or be strategic by nature

The provision of good risk intelligence promotes discussion, encourages challenge and enables the organisation to consider risks and opportunities as an integrated element of the day-to-day management of the business.

All reports to committees are required to consider and make explicit the implications they present for the Council's risk appetite and the management of strategic risks, operational risks and business as usual risks.

Business as usual
• Risks that are associated with the failure of the Council's controls and arrangements that are put in place to ensure the continued delivery of services on a day-to-day basis, ensuring probity, regularity and value for money as far as possible • This includes areas such as adherence with policies and procedures, risk assessment of activities and decisions, completion of actions stemming from business planning or continuous improvement plans etc, performance management and measurement, learning and development, management or committee monitoring, review, oversight and scrutiny. The emphasis is therefore on ensuring that these controls remain effective and being assured that this is so

Assurance

Assurance is a level of confidence provided, or obtained, that a given outcome will be achieved as expected.

The Council has various assurance routines including completion of the management Annual Assurance Statements, the cyclical assurance provided over key controls in the Strategic Risk Register and the work of internal audit and other independent reviews of activities that may be undertaken. All outcomes of assurance work will be captured, reported and reviewed via the Corporate Management Team and then presented to consideration to the Governance and Audit Committee as appropriate.

Failures in business-as-usual controls will require rectification and progress of these improvements will be tracked, monitored and reported, as well the implications on the Council's risk profile being considered, with amendment or updating of the risks areas and risk registers as required. Where the failure is so material that it presents a significant ongoing risk to the Council then this could require the creation of a new risk record in an appropriate risk area.

Assurance will be provided that the Council's approach to risk management is working by:

Action	Evidence
Risk registers	Risks identified with risk owners, risk treatment and reporting mechanism
Review of the risk management system	• Performance and Productivity Oversight Board • Governance, Risk and Audit Committee • Internal and external audit
Annual Assurance Statements	Ensures the efficient application and integration of risks, controls and assurances coupled with their reporting
Committee reports	Integration of risk identification as part of the member review and approval process

4. Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

- The Cabinet Member for Finance and Resources and the Corporate Leadership Team are jointly responsible for ensuring that risk management is embedded throughout the Council. Assistant Directors and Service Managers are responsible for ensuring that, within their areas, risks are being effectively managed.
- The GRAC is responsible for scrutinising risk management systems
- The principles of this framework should be communicated to partners and that the arrangements for managing risk are clearly understood
- The Governance & Risk Officer will provide advice and assurance on a day-to-day basis

The framework of roles and responsibilities in Appendix One shows how these are allocated.

5. Corporate Governance

NNDC has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services.

Core principle four requires "taking informed and transparent decisions which are subject to effective scrutiny and managing risk". This requires that an effective risk management system is in place.

As part of the Local Code it states that the authority should prepare and publish an Annual Governance Statement (AGS). This statement is a key corporate document and will include an assessment of the authority's effectiveness of managing risk; it is signed by the Corporate Director and Head of Paid Service and Leader of the Council.

The assessment of the authority's effectiveness of managing risk is provided by an annual report to the GRAC.

6. Resourcing Risk Management

Risk management is not a new issue and, as identified in the Leadership and Responsibility Section, every Member and Officer is responsible for considering risk implications as they relate to their actions. Since the adoption and implementation of the Risk Management Framework in 2010 the concept of risk management has been formalised and is part and parcel of the culture of the Council.

The role of Corporate Risk Officer is held by the Director of Resources.

7. Officer and Member Roles

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Performance and Productivity Board manages risk on behalf of the authority, with the Corporate Risk Register being managed by Corporate Leadership Team and GRAC.

The Corporate Risk Register is a standing item on the agenda to review at every GRAC meeting and is considered and reviewed by CLT on a quarterly basis.

8. Risk Management Role in the Cabinet and Governance, Risk and Audit Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The GRAC was established in 2006 when it replaced the Audit Committee. The GRAC is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the GRAC with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at every meeting.

9. Risk Management Approach

The development of a consistent, corporate approach to risk management is done in a methodical and proportionate way to avoid the creation of a self-defeating bureaucratic burden.

Risk assurance and review procedures

To ensure the Risk Management Framework remains fit for purpose, the Council will continually seek to review and improve its risk management methodology and embrace new initiatives and industry practices that suit the needs of the organisation. The Council will adapt to its changing operating environment and economic conditions and have a risk framework with sufficient flexibility to cope with these changes.

Risk management is subject to the Council's internal audit practices and is periodically audited to enable the auditors to provide assurance that processes are in place to identify, assess and manage the risks the Council faces. Any recommendations arising from audits are channelled back through annual work plans to ensure they are implemented.

To enable links to be made to the Corporate Plan and Delivery Plan, the Corporate Risk Register (CRR) identifies the Corporate Objective/Service priority to which that risk is identified.

10. Methodology

A methodology for identifying, assessing and managing risk within the Council is in operation. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

Guidance for managers on the application of the risk management methodology has been produced and is available on the intranet for all officers. Risk review meetings between the Policy and Performance Management Officer and Service Managers are held at least every six months to review and updated the assessment of existing risk and their management, to identify new risks and risks that should be put forward for inclusion in the Corporate Risk Register (CRR). Processes have also been improved in respect of individual risk registers whereby any risk classified as 'high' is escalated for inclusion within the CRR.

Risk assessments should be produced to support strategic policy decisions and all major projects. The Guide to Project Management (on the Intranet) includes how to assess risk and has forms to capture the data. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members.

Risk management training will be provided for managers to assist with implementing the risk management methodology. Managing Risk is a tutorial in the e-learning portal.

11. Risk Scoring, Matrix and Risk Tolerance

Corporate Risks

Each corporate risk (a similar matrix is used for service risks) will be assessed against the following criteria:

Corporate Risk					
Impact Type	**Catastrophic 5**	**Critical 4**	**Moderate 3**	**Marginal 2**	**Negligible 1**
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500k - £1.5m	£300k - £500k	£20k - £300k	£0-20k

Likelihood ratings and dimensions are tabled below

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	Within a year
3	Moderate	40 - 60%	Within 1 to 2 years
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

Service Risks

Impact ratings and dimensions are tabled below.

Service Risk					
Impact Type	**Catastrophic 5**	**Critical 4**	**Moderate 3**	**Marginal 2**	**Negligible 1**
Objectives	The key objectives in the Business Plan will not be achieved	One or more Key Objectives in the Business Plan will not be achieved.	Significant impact on the success of the Service Business Plan.	Personal or team objectives not met.	Insignificant impact.
Financial Impact (Loss)*	Over £500k	£300k - £500k	£75k - £300k	£10k - £75k	£0-10k
Service provision	Service suspended long term or statutory duties not delivered.	Service suspended short term.	Service reduced significantly	Slightly reduced	No effect

* Note: these are indicative figures it may be better to use % of budget for some of the smaller services.

Likelihood ratings and dimensions are tabled below.

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	Within a year
3	Moderate	40 - 60%	Within 1 to 2 years
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

The probability and timing are guidelines only and should be used with judgement. For example: an identified risk happened in the last six months but had not occurred previously for over 10 years. The likelihood of it happening again is still probably still Low, particularly if you feel that any new controls put in place since the risk happened have made it less likely.

Risk Matrix

The scoring by using a 5x5 matrix, which multiplies the numbers together, gives a wider range of scores.

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

A very high likelihood with a catastrophic impact would score 25 but something that was very low likelihood and negligible impact would only score 1.

Risk Tolerance

The scoring is again a 5x5 matrix, which multiplies the numbers together.

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

A score of 6 or under is deemed marginal and requires no further action. A score of between 7 and 14 is deemed moderate and requires action to reduce the score. A score of over 15 is deemed critical and requires immediate action.

12. Risk Appetite

Risk appetite can be defined as the amount of risk that an organisation is willing to take on in pursuit of its strategic (corporate) objectives. There is no one size fits all, neither is risk appetite easy to define. The Council's appetite for risk can vary dependent on the nature of the risk and the prevailing operating conditions or circumstances.

Risk management is not about being 'risk averse'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. In defining its risk appetite, the Council is in a better position to avoid threats and take advantage of opportunities. A clearly understood and articulated risk appetite assists the Council through more informed risk focused decision-making.

Factors such as the external environment, people, business systems and polices, and how key stakeholders perceive the Council, will all influence the Council's risk appetite.

The diagram below shows where the risk appetite sits and what the tolerance is.

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Risk Themes

All risks should be considered in the context of the Council's risk appetite. To assist this further the Council has identified a number of risk appetite themes, driven by the Council's strategic objectives, against which they have assigned a risk appetite. Therefore, in the instances where risks are associated with the theme and dependent on the risk score assigned, the Council will be more easily able to determine how they respond and so make best use of mitigation resources.

Risk	**Appetite**
Financial	High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile. High appetite for high volatility investments as long as this is within a balanced portfolio so that the overall risk exposure is minimised. Medium risk for consideration of emerging markets with a lower appetite for capital growth-oriented investments versus income generating investments. No appetite for currency risk.
Macroeconomic	High appetite for exposure to local and national economic growth. No appetite for exposure to global growth, interest rate risk, inflation risk, geopolitical and tail risk events.
Credit and counterparty	High appetite for exposure to highly rated counterparties, investment grade or secured credit risk and financial institutions with strong balance sheets, all subject to careful due diligence and an assessment of the transaction versus the Council's resources, capacity, funding needs, broader goals and cash flow requirements. No appetite for unsecured non-investment grade debt.
Operational	Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions. Low appetite for operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. The Council maintains Risk Registers for key initiatives and significant investments to assess and mitigate specific risks on a more granular level. Business continuity plans have also been established to mitigate external occurrences. No appetite for fraud, regulatory breaches and exceeding risk tolerances.

Strategic	High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.
Environmental and Social	No appetite for environmentally negative risks or for social risks e.g. income, education, employment, health and housing, especially in the local region.
Governance	Low risk appetite in respect of compliance with Council policies, alignment with the Corporate Plan, delegation levels, fraud, transparency and major organizational change programmes. Medium appetite for partnership related risks.
Reputational	High risk appetite in respect of national media coverage, medium risk appetite for local media coverage and no risk appetite where social media and internal reputation are concerned.

It is recognised that a certain amount of risk is inherent in all of our activities and that it can be a positive driver in the development of the services we provide and our approach to investment.

The Council has developed a risk appetite. The risk appetite is not absolutely prescriptive, but instead provides a number of underlying component parts that encourages structured thinking. The aim of the risk appetite being to allow the Council to reach an informed conclusion as to whether the risk can be accepted, and to what extent, to achieve the desired outcomes

Averse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return

It is recommended that an appetite of "moderate" is adopted.

Risk appetite monitoring and reporting

The Council will continue to keep under review its risk appetite, fully recognising that this may be susceptible to change due to various factors, both internal and external, that could shape the nature and extent the Council is prepared to take risks.

13. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody within the Council.

The key people are the service managers who will be actively monitoring their service plan to identify risks and change management practices and controls to reduce their impact. They can also be escalated to being a corporate risk through CLT.

14. Risk Registers

The authority has three levels of risk register. The Corporate Risk Register (CRR) is maintained by the Corporate Risk Officer (Director of Resources) and monitored by CLT and GRAC. The service risks are monitored through the service plans. There are also individual risk registers for certain projects. Reviewing service risks is the responsibility of the service manager with the support of the Policy and Performance Management Officer.

There is no “classic” definition of corporate risk as each organisation is different, however, as a guide a risk that would be described as corporate is one that would adversely affect the delivery of the Corporate Plan or mean the failure to deliver a corporate objective or affects more than one area of operation.

The Corporate Risk Register (CRR) is in the following format:

Corporate Objective	1. Description of Risk or potential event 2. Cause of risk 3. Consequence of risk happening 4. Risk category 5. Risk appetite	Inherent risk score	Existing Controls	Residual Risk Score and change of direction	Action (to achieve target score)	Target Score	Progress update	Lead Officer

The method of scoring likelihood and impact is in section 10. Similarly, there is no “classic” definition of service risk, and it is the clear intention to only collect and monitor the main risks that face a service. In a similar way to the corporate risk, a service risk is one that would adversely affect the delivery of the services business plan or mean the failure to deliver a service objective or affects more than one area within the service.

The service risks are gathered in a similar way.

All service plans will have the risk element completed and signed off by the relevant Director. For each risk the category or categories of risk are identified to assist in assessing the kind of control, mitigation and contingencies that should be put in place.

Categories of risk;

a. Financial
b. Macroeconomic
c. Credit and counterparty
d. Operational (including capacity/delivery/resources/health & safety)
e. Strategic
f. Environmental and Social
g. Governance
h. Reputational

15. Involvement of Other Related Groups

There are other officer groups in existence which deal with specific areas of risk management e.g. the Health and Safety Group and the Corporate Business (Service) Continuity Group. These groups include various Heads of Service so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Chief Officer and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented. Outstanding audit recommendations are monitored by GRAC at its meetings.

The Corporate Risk Officer will receive copies of all finalised internal and external audit reports to assess if any change is required to the risk registers.

16. External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others.

In order to share risk management information and experiences, the Council has established networks with other authorities and agencies. Specifically, the Council is a member of the Norfolk Risk Managers' Group. This Group, whose members include local authorities, police authority and others from Norfolk, meets on a regular basis to discuss risk management issues that are common to organisations and to share examples of best practice.

17. Linked Policies

There are several policies that are or will be linked to this framework:

- Health and Safety Policy
- IT Security Policy
- Information Management Strategy
- Business Continuity Policy
- Information Risk Policy
- Data Protection Policy

18. Review Process

This Framework will be reviewed by the CLT, and any amendments will be agreed by the GRAC.

Appendix 1: Shared Leadership – Role and Responsibilities

All Officers and Members have a responsibility to ensure that risk management is effective across the whole of the Council's operations. Specific roles and responsibilities are set out below:

The Council	• Overall responsibility for risk management • Provide a corporate perspective on the risk appetite of the Council • Ensure risk management is embedded into all processes and activities
Cabinet Member for Finance & Resources	• Strategic endorsement of the overall approach and attitude to risk management • Champion risk management
Governance, Risk and Audit Committee	• Approve and monitor the implementation of the Risk Management Framework • Review Annual Governance Statement including effectiveness of risk management • Provide assurance to members that risks are being identified and managed, which includes oversight of the Strategic Risk Register, and scrutinise the system of internal control
Chief Executive	• Strategic leadership that endorses the implementation of the Risk Management Framework across the Council
Section 151 Officer	• Overall responsibility for maintenance and delivery of risk management across the Council • Disseminate and promote the framework • Champion risk management
Corporate Leadership Team	• Take ownership of the identified strategic risks, consider their importance against strategic objectives and action further controls as required • Monitor the Strategic Risk Register • Create an environment and culture where risk management is promoted, facilitated and appropriately undertaken • Raise awareness of risk with Members and officers as appropriate • Monitor project risk registers

Directors, Assistant Directors and Service Managers	• Understands the Risk Management Framework and their accountabilities • Communicate risk management approach and framework throughout the Council • Identify, assess and communicate risks within their area of responsibility • Provide support/assistance to employees in fulfilling their risk management duties • Undertakes assessment of risk for their service in relation to service planning and budget setting process • Identifies partnership and contractual arrangements where there are shared risks, ensuring these are recorded and properly managed • Reviews risks on a regular basis and discusses the management of risks with relevant team members
Performance and Productivity Board	• Provide a forum for the discussion of risk management issues • Review and monitor the Service Risk Register • Promote and embed risk management throughout service areas • Help ensure commitment of key stakeholders is obtained • Share best practice across the risk champion network

Document Information and Version Control

Document Name	Risk Management Policy and Framework
Document Description	The framework outlines responsibilities for managing risks and defines how risk management should be applied across the Council.
Document Status	Under Review
Lead Officer	Duncan Ellis
Sponsor	Steve Blatch
Produced by (service name)	Finance
Relevant to the services listed or all NNDC	All
Approved by	
Approval date	
Type of document	Policy and Framework
Equality Impact Assessment details	Not required
Review interval	Every 2 years
Next review date	

Version	Originator	Description including reason for changes	Date
1	Peter Gollop		August 2010
1.01	Helen Thomas	Transferred to policy template	23 October 2015
1.02	Helen Thomas	Marked up version showing out-of-date elements and suggested changes	09/11/2015
1.03	Karen Sly	Draft refresh presented to Audit Committee pending further review	February 2016
1.04	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2017
1.05	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2018
1.06	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	June 2020
1.07	Tina Stankley	Updated provided to the Governance, Risk and Audit Committee	November 2024