Risk Management Policy (May 2016)

1.   Introduction

1.1   The aim of this policy document is to formalise the approach to risk management at East Midlands Councils.

1.2   Risk can be defined as, "The threat that an event or action will adversely affect our ability to achieve our objectives, perform our duties or meet the expectations of our stakeholders."

2.   Objectives

2.1   East Midlands Councils is committed to implementing a proactive approach to risk management which is based on the following key principles:

a)   Risk management activity will be aligned to corporate and business plan aims, objectives and priorities. It will encompass all strategic and operational risks that may prevent EMC from fulfilling its objectives.

b)   Risk management is a key element of EMC's corporate governance.

c)   EMC will anticipate and take preventative action to avoid risks rather than dealing with the consequences.

d)   Risk management is a process to assist in understanding risks and thereby to contribute to improved decision-making. The purpose therefore is not to 'design-out' risk, but to manage it effectively.

e)   A consistent approach to the identification, assessment and management of risks will be embedded throughout EMC.

f)   Risk control and mitigation measures will be effective, appropriate, proportionate, affordable and flexible. Risk controls will not be implemented where the cost and effort is disproportionate to the expected benefits.

g)   EMC will commit the necessary resources to implement risk management consistent with the above principles.

h)   This policy requires all employees to take responsibility for the cost effective management of risk in all aspects.

3.   Roles and Responsibilities

3.1   In order to ensure the successful implementation of the risk management policy, clear roles and responsibilities for the risk management framework and process are needed. These are listed below.

3.2   Management Group
   ▪   Approving the Risk Management Policy on an annual basis.
   ▪   Receive regular updates of the risk register.
   ▪   Receive reports from the Executive Director stating whether effective risk management arrangements operate.

3.3   Executive Director
   ▪   Overall responsibility for ensuring that strategic risks are effectively managed and reported within EMC.
   ▪   To provide an annual statement of assurance on strategic risks.

3.4   EMC Management Team
   ▪   Contribute towards the identification and management of strategic and cross cutting risks.
   ▪   Regularly review the strategic risk register, and at least on a quarterly basis.
   ▪   To maintain awareness of and promote the risk management policy to all relevant staff.
   ▪   Ensure that risk management is incorporated into service and project plans.

3.5   Internal Audit (Accountable Body role)
   ▪   To independently review and report to Management Group on the strategic and operational management of risk.

4.   Risk Identification Process

4.1   All risks identified are significant and require an organisational response. The risks identified within the red section of EMC's 'risk grid' identifies those risks considered as critical to the organisation.

4.2   By identifying the likelihood of those risks occurring, it does not mean that the risk will *necessarily* occur, rather that the risk requires specific focus and action to mitigate against its occurrence, and without this action, then in all likelihood, it will occur and this will be of significant impact to EMC.

4.3   In terms of severity; members are referred to 4 principal risks to EMC:
   a)   Loss of councils in membership.
   b)   Insufficient capacity.
   c)   Failure to secure sufficient consultancy income.

d)   Failure to secure sufficient external grant income.

5.   Frequency of Risk Register Reviews

5.1   The Risk Register will be reviewed by the Management Team on a quarterly basis and reported to the Management Group.

5.2   An annual risk assurance statement to be completed, covering the whole financial year, and reported to Management Group at the end of the financial year (i.e. March meeting).

6.   Outputs from the Risk Management Process

6.1   The outputs from the risk management process will provide valuable additional information for EMC that should assist in avoiding unpleasant surprises and aid the consideration of its corporate governance.

6.2   The Risk Register will provide documentation of each risk, its owner, the key controls that relate to it, and the status of any insurance and/or contingency plan that is associated with it. This document will also provide evidence, for any external audit or inspection, of the completeness of the risk management process in place.

6.3   The Risk Reporting process consists of quarterly reports on EMC's risks to enable the Management Team to be more fully aware of the extent of their risks and the changes that are occurring to them, with subsequent accountability to Management Group.

Stuart Young
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East Midlands Councils

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