

ARMAGH CITY, BANBRIDGE & CRAIGAVON BOROUGH COUNCIL		
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Sent out by:		Martina McNulty
Approved by:		Roger Wilson
Review Date:		January 2019

AMENDMENT RECORD SHEET

Remove and destroy old pages. Insert new pages as indicated.

Revision Number	Page Number	Date Revised	Description of Revision
		February 2017	Review of entire document and removal of sections on the assurance framework and stewardship certificates. These will be include within a new Assurance Framework document.

INTRODUCTION

Risk Management is about managing threats and opportunities so that the Council is in a stronger position to deliver its objectives and is an essential business tool that encourages innovation and enterprise, not risk adversity. Risk Management includes identifying and assessing risks and then responding to them to ensure effective controls are in place. Failure to manage risk effectively may result in financial losses, disruption to services, bad publicity or claims for compensation.

All organisations face risk or obstacles to achieving their objectives. In order for Armagh City, Banbridge and Craigavon Borough Council (ACBCBC) to deliver its vision of serving and leading the people of the Borough it is vitally important to:

- Understand the nature of the risks we face
- Be aware of the extent of these risks
- Identify the level of risk that we are willing to accept
- Assess our ability to control or reduce the risk
- Implement corrective actions

Risk management should be explicitly linked to the business planning process to ensure it is embedded across the Council. An effective risk management process will:

- Improve service delivery
- Support business planning
- Improve decision making
- Improve performance and promote continuous improvement
- Enhance communication between Departments
- Improve accountability and reassure stakeholders

PURPOSE

This document defines Armagh City, Banbridge and Craigavon Borough Council's Risk Management Policy, and describes the process for identifying and managing risk within the Council. It draws on the principles and approach set out in 'The Orange Book, Management of Risk – Principles and Concepts', issued by HM Treasury and the NIAO 'Good Practice in Risk Management' (June 2011).

The Local Government Regulations (NI) 2006 (Accounts and Audit) requires the Council to have in place adequate and effective arrangements for the management of risk and to report on these arrangements within the annual governance statement, which forms part of the statutory accounts and which must be considered and approved by Council.

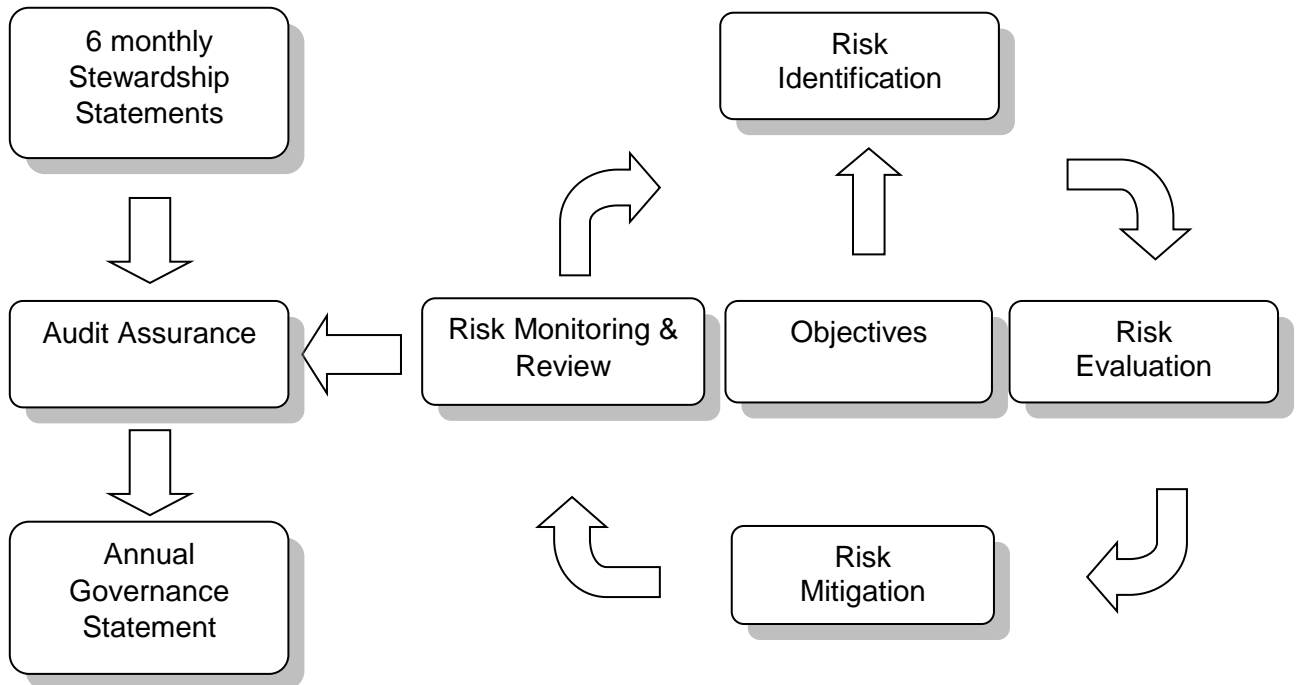
Risks will be managed at one of three levels:

- **Corporate/Strategic Risks** – High level risks which could have a major impact on the Council's corporate plan objectives. These risks will be managed primarily by the Executive Management Team (EMT) and Heads of Department (HOD) and will be subject to challenge by the Performance and Audit Committee.
- **Departmental** – Risks which could impact on the delivery or timescale of activities or deliverables at Departmental level. These risks will be managed by the HOD and may be escalated to Corporate level as appropriate.
- **Project Risks** will also exist and these will be managed by the appropriate Project Officer (s). The mechanisms in place for monitoring and reporting risk will vary

according to the size and complexity of the project, ranging from the use of a risk register to the appointment of a risk manager.

RISK MANAGEMENT PROCESS

The diagram below shows the key elements of the risk management process.



RISK IDENTIFICATION

Risks should be related to objectives as set out in the Corporate, Departmental and Project Plans as appropriate. Some risks may be relevant to more than one objective. However, risk identification and assessment should not be confined to the process of drawing up Plans.

In identifying risks, managers should not just consider threats to the achievement of their objectives but also consider, missed opportunities for improved performance and enhanced capacity.

The standard format Risk Register is illustrated at **Appendix 1**.

EVALUATION OF RISKS

A risk matrix is used to evaluate the risks so that there is an understanding of the risk exposure faced, which in turn influences the level of risk treatment that should be applied to manage/reduce/prevent the risk from occurring. The matrix used for evaluating risk is shown in the diagram below. Risk analysis is primarily concerned with quantifying risk in terms of frequency and severity.

The Council will adopt a consistent approach to evaluating the likelihood and impact of key risks in terms of both:

Likelihood	The chance of the risk materialising
Impact	The effect of the risk should it materialise

The likelihood and impact of each risk should be evaluated on a scale of 1 to 5 as set out at **Appendix 2 & 3** to arrive at the overall risk rating.

Two evaluations will be carried out for each risk:

Inherent Score Risk rating assumes no controls are in place

Residual Score Risk rating takes into account the controls

Impact	5 (Catastrophic)	5	10	15	20	25
	4 (Major)	4	8	12	16	20
	3 (Moderate)	3	6	9	12	15
	2 (Minor)	2	4	6	8	10
	1 (Insignificant)	1	2	3	4	5
	Likelihood	1 (Rare)	2 (Unlikely)	3 (Moderate)	4 (Likely)	5 (Almost Certain)

LOW	MEDIUM	HIGH	UNACCEPTABLE
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RISK APPETITE

The risk evaluation should then be compared to the risk appetite for each risk type. While the Council deems any unacceptable risks intolerable it is envisaged that all other risks will be managed in accordance with the risk appetite.

The risk appetite sets out the level of risk that management is prepared to accept, tolerate or be exposed to at any point in time. The risk appetite may vary depending on the category of risk. In some areas the Council may take more risk in order to support innovative thinking, in other areas the Council may take less risk to ensure legal compliance or to maintain public confidence.

Our approach to risk taking will be dependent upon the nature of the risk. Particular care is needed in taking action that could:

- Impact on the reputation of the Council
- Impact on performance
- Results in censure/fines by regulatory bodies
- Results in financial loss/fraud

The target level of risk score will depend on whether the Council is risk averse, risk neutral or risk open.

Risk Appetite	Definition
Risk Averse	Avoid/Mitigate its exposure to risk
Risk Neutral	Moderate appetite to accept exposure to risk
Risk Open	Accepts the impact of the potential risk in materialising

Any risk that has a residual risk score assessed to be low will be considered to be acceptable and will require no further action other than to ensure that the existing controls are operating effectively.

RISK MITIGATION

Once a risk has been identified and evaluated consideration must be given to the appropriate action. The level and type of treatment for each risk will depend on the level of residual risk and the tolerance to the specific risk. The following options are available:

Treat the Risk

Treating the risk means identifying additional actions to be taken that will reduce the likelihood and/or the impact if the event occurred. It is anticipated that the greatest number of risks will fall into this category.

Transfer the Risk

Transfer the risk means using an insurer or third party to cover the cost or losses and share the risk should a risk materialise.

Tolerate the Risk

It may be appropriate to tolerate the risk without any further action for example due to either a limited ability to mitigate the risk or the cost of mitigation may be disproportionate to the benefit gained.

Terminate the Risk

Terminating the risk means ceasing the activity because modifying it or controlling it would not reduce the risk to an acceptable level.

The selected risk response will be captured in the additional action section of the risk register template. The Risk Owner should ensure that responsibility for each action is assigned to a named individual along with realistic target dates. It is important that any action taken is proportional to the risk. Additional actions highlighted in the risk register templates should link with the actions set out in the individual business plans.

RISK MONITORING AND REVIEW

The Council's Risk Registers are an integral part of the Assurance Process and reporting thereof is the means by which the Council and Performance and Audit Committee can assess the effectiveness of the controls and assurances given for the management of the risks identified.

Risk management should be a continuous process which identifies new risks, changes in existing risks and risks which are no longer relevant.

The risk registers should be reviewed on a **Quarterly** basis and updated accordingly, taking cognisance of the outcome of completed risk actions and any resultant change in risk score or risk classification. Risk actions that have been completed should be transferred to controls.

A summary dashboard report of Departmental Risk Registers will be periodically reviewed by EMT and/or HOD's as appropriate. This will help to promote consistency between risk registers and identify any risks that may need to be escalated to the Corporate Risk Register.

Evidence to assess effectiveness of controls should be detailed in the risk register template. This enables an opinion on the adequacy and effectiveness of the control and provides assurance on the management of these risks and highlights where additional control actions are required.

ROLES AND RESPONSIBILITIES

While the identification of risks is the responsibility of all Council employees and Members, the following groups are noted for their particular role and associated responsibilities in the risk management process:

PERFORMANCE AND AUDIT COMMITTEE

The role of the Performance and Audit Committee is to ensure that there is a risk management process in place and report to the Council members. The Committee will review the Council's approach to risk management and give independent assurance on the adequacy of the Council's risk management policy and the associated control environment.

The Corporate Risk Register will be presented at each Performance and Audit Committee. In addition to this the Departmental Risk Registers of a Directorate will be presented on a rotational basis along with any relevant project risk registers.

RISK OWNERS

The following people are assigned Risk Owners:

- | | | |
|----------------|------------------------------|--------------------------|
| • Corporate | Risk Owners allocated by | CE/Strategic Director |
| • Departmental | Risk Owners allocated by the | Head of Department |
| • Project | Risk Owners allocated by the | Project Director/Manager |

Risk Owners will have authority to assign resources to manage key risks. They are responsible for managing assigned risks by ensuring controls are in place and properly actioned at all levels throughout their section. They are also responsible for communicating progress, identifying control weaknesses and recommending remedial actions and ensuring that a suitable system of internal control operates in their area of responsibility.

The EMT and HOD will be responsible for ensuring that the risk management processes become embedded in the culture of the Council through provision of roll out training and facilitation by the Performance and Audit Department.

PERFORMANCE AND AUDIT DEPARTMENT

Internal audit can provide guidance on how to identify risks through one to one meetings or facilitated workshops/group discussions.

For new registers, following the initial identification of risks, a member of Internal Audit will facilitate the drafting of the risk register with the relevant HOD using the standard template and forward to the relevant person/group for review and agreement. The relevant person/group is then responsible for keeping the risk register up to date and developing the related risk action plans, using the standard template.

For existing registers, on a quarterly basis Internal Audit will meet with Risk Owners and provide a challenge function by collectively reviewing their registers and action plans.

Internal Audit will support the EMT and HOD in the review and reporting of the Corporate Risk Register by ensuring that key actions to manage the identified risks are reflected in the relevant risk registers and that appropriate measures of assurance around these actions are in place.

Ref:	<input type="text"/>	Risk Register:	<input type="text"/>	Risk Owner:	<input type="text"/>
Objective:	<input type="text"/>	Risk:	<input type="text"/>	Potential Consequences:	<input type="text"/>

Current Mitigations	Risk Causes	MITIGATIONS How risk is currently managed	Evidence to assess effectiveness and date of last review	Officer responsible

Additional Actions	Additional ACTIONS	Responsibility	Due date	Current status / comments

Overall Assessment	Impact	Likelihood
Inherent Risk		



Residual Risk		



Target Risk		

Risk Appetite	<input type="text"/>
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Qualitative Measures of Impact

Impact	Score	Description and Action Needed	Impact on individual(s) – staff or public.	Statutory Duty.	Business / Operational	Buildings/ Engineering/ Environmental	Quality of Service	Finance
Catastrophic (Very High)	5	This is above the Council's defined tolerance level. Comprehensive action required immediately to mitigate the risk.	<ul style="list-style-type: none"> Death 	<ul style="list-style-type: none"> Multiple breach of statutory legislation and prosecution. 	<ul style="list-style-type: none"> Litigation > £500k expected. National Media Interest Severe loss of confidence and reputation 	<ul style="list-style-type: none"> Critical Environmental Impact. Service closed for unacceptable period. 	<ul style="list-style-type: none"> Severe impact on customer satisfaction. Gross failure to meet professional / national standards 	<ul style="list-style-type: none"> Significant financial impact (over 5% of total directorate budget) Theft / loss >£250k
Major (High)	4	Consequences are severe but not disastrous. Some immediate action may be required. Development of a comprehensive action plan may be required.	<ul style="list-style-type: none"> Major injury/ill health (reportable) Major clinical intervention Permanent incapacity 	<ul style="list-style-type: none"> Multiple breach of statutory legislation and improvement notice issued. 	<ul style="list-style-type: none"> Litigation >£250k to <£500k expected. Adverse publicity Impact on reputation 	<ul style="list-style-type: none"> Major/significant environmental impact Severe disruption to service 	<ul style="list-style-type: none"> Major impact on customer satisfaction. Failure to meet professional / national standards 	<ul style="list-style-type: none"> Major financial impact (between 2% - 5% of total directorate budget). Theft / loss between £100k - £250k
Moderate (Medium)	3	Some immediate action may be required. Development of action plan may be required. Risk status should be monitored regularly.	<ul style="list-style-type: none"> Temporary Incapacity Short term monitoring Additional medical treatment up to 1 year Extended hospital stay. 	<ul style="list-style-type: none"> Single breach of statutory legislation and Improvement Notice issued. 	<ul style="list-style-type: none"> Litigation >£50k - <£250k possible. Potential for adverse publicity, avoidable with careful handling Potential to impact on reputation. 	<ul style="list-style-type: none"> Moderate environmental impact Moderate disruption to services 	<ul style="list-style-type: none"> Formal complaint expected. Failure to meet internal standard 	<ul style="list-style-type: none"> Moderate financial impact (between 1% and 2% of total directorate budget) Fraud/Theft / loss between £50k - £100k
Minor (Low)	2	No immediate action required. Action plan should be considered. Risk status to be monitored periodically.	<ul style="list-style-type: none"> First Aid/ self-treatment Minor injury Minor ill health up to 1 month Near miss (small cluster) 	<ul style="list-style-type: none"> Breach of statutory legislation. 	<ul style="list-style-type: none"> Litigation <£50k Impact on reputation – internal awareness, 	<ul style="list-style-type: none"> Localised environmental impact Disruption to service perceived as inconvenient 	<ul style="list-style-type: none"> Possible complaint. Single failure to meet internal standard. 	<ul style="list-style-type: none"> Minor financial impact (up to 1% of total directorate budget) Fraud/Theft / loss between £1k - £50k
Insignificant (Very Low)	1	Risk status to be reviewed occasionally.	<ul style="list-style-type: none"> Near miss (single) No adverse outcome No injury or ill health 	<ul style="list-style-type: none"> Near breach of statutory legislation. Minor breach of guidance or legislation. 	<ul style="list-style-type: none"> Possible litigation due to settlement is <£5k. 	<ul style="list-style-type: none"> Minimal impact to environment. Minimal disruption. 	<ul style="list-style-type: none"> Customer initially unhappy. Minor non-compliance with internal standard. 	<ul style="list-style-type: none"> Theft / loss up to £1k.

Qualitative Measures of Likelihood

Likelihood of Event or Incident occurring		
Likelihood Descriptor	Score	Probability / Likelihood (of event or incident occurring over lifetime of Corporate Plan).
Almost Certain	5	<ul style="list-style-type: none">The event is more likely than not to occur.
Likely	4	<ul style="list-style-type: none">The event is likely to occur.
Possible	3	<ul style="list-style-type: none">There is a reasonable chance of the event occurring.
Unlikely	2	<ul style="list-style-type: none">The event is unlikely to occur.
Rare	1	<ul style="list-style-type: none">The event will occur only in exceptional circumstances.

Policy Scoping**Policy Title: Risk Management****Brief Description of Policy (please attach copy if available). Please state if it is a new, existing or amended policy.**

Amendment to an existing Risk Management Policy.

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The Local Government Regulations (NI) 2006 (Accounts and Audit) requires the Council to have in place adequate and effective arrangements for the management of risk and to report on these arrangements within the annual governance statement, which forms part of the statutory accounts and which must be considered and approved by Council.

Intended aims/outcomes. What is the policy trying to achieve?

The purpose of the Risk Management Policy is to embed risk management within ACBCBC and establish a consistent and integrated approach to the management of risk throughout the ACBCBC. When risks are managed effectively, Council objectives and priorities are more likely to be achieved.

Risk management should be explicitly linked to the business planning process to ensure it is embedded across the Council. An effective risk management process will:

- Improve service delivery
- Support business planning
- Improve decision making
- Improve performance and promote continuous improvement
- Enhance communication between Departments
- Improve accountability and reassure stakeholders

Risks will be managed at one of three levels:

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- **Departmental** – Risks which could impact on the delivery or timescale of activities or deliverables at Departmental level. These risks will be managed

by the HOD and may be escalated to Corporate level as appropriate.

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Policy Framework

Has the policy been developed in response to statutory requirements, legal advice or on the basis of any other professional advice? Does this affect the discretion available to Council to amend the policy?

As per The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 a local government body shall have a sound system of internal control which includes arrangements for the management of risk.

Are any Section 75 categories which might be expected to benefit from the policy? If so, please outline.

N/A

Who initiated or wrote the policy (if Council decision, please state). Who is responsible for implementing the policy?

Who initiated or wrote policy?	Who is responsible for implementation?
Martina McNulty/Carol Rafferty	Chief Executive and Executive Management Team.

Are there any factors which might contribute to or detract from the implementation of the policy (e.g. financial, legislative, other)?

No

Main stakeholders in relation to the policy

Please list main stakeholders affected by the policy (e.g. staff, service users, other statutory bodies, community or voluntary sector, private sector)

All ACBCBC Staff, Residents and service users.

Are there any other policies with a bearing on this policy? If so, please identify them and how they impact on this policy.

No

Available Evidence

Council should ensure that its screening decisions are informed by relevant data. What evidence/information (both qualitative and quantitative) have you gathered to inform this policy? Specify details for each of the Section 75 categories.

Section 75 category	Evidence
Religious belief	N/A
Political opinion	N/A
Racial group	N/A
Age	N/A
Marital status	N/A
Sexual orientation	N/A
Men and women generally	N/A
Disability	N/A
Dependants	N/A

Needs, experiences and priorities

Taking into account the information gathered above, what are the different needs, experiences and priorities of each of the following categories in relation to this particular policy/decision?

Section 75 category	Needs, experiences and priorities
Religious belief	N/A
Political opinion	N/A
Racial group	N/A
Age	N/A
Marital status	N/A
Sexual orientation	N/A
Men and women generally	N/A
Disability	N/A
Dependants	N/A

Screening Questions

1. What is the likely impact on equality of opportunity for those affected by this policy for each of the Section 75 categories?		
Category	Policy Impact	Level of impact (Major/minor/none)

Religious belief	None	
Political opinion	None	
Racial group	None	
Age	None	
Marital status	None	
Sexual orientation	None	
Men and women generally	None	
Disability	None	
Dependents	None	

2. Are there opportunities to better promote equality of opportunity for people within the Section 75 categories?

Category	If yes, provide details	If no, provide reasons
Religious belief	N/A	
Political opinion	N/A	
Racial group	N/A	
Age	N/A	
Marital status	N/A	
Sexual orientation	N/A	
Men and women generally	N/A	
Disability	N/A	
Dependents	N/A	

3. To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion, or racial group?

Category	Details of Policy Impact	Level of impact (major/minor/none)
Religious belief	None	
Political opinion	None	
Racial group	None	

4. Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group?

Category	If yes, provide details	If no, provide reasons
Religious belief	N/A	
Political opinion	N/A	
Racial group	N/A	

Multiple Identity

Generally speaking, people fall into more than one Section 75 category (for example: disabled minority ethnic people; disabled women; young Protestant men; young lesbian, gay and bisexual people). Provide details of data on the impact of the policy on people with multiple identities. Specify relevant s75 categories concerned.

N/A

Disability Discrimination (NI) Order 2006

Is there an opportunity for the policy to promote positive attitudes towards disabled people?

N/A

Is there an opportunity for the policy to encourage participation by disabled people in public life?

N/A

Screening Decision

A: NO IMPACT IDENTIFIED ON ANY CATEGORY – EQIA UNNECESSARY

Please identify reasons for this below

This is a technical policy with no Equality implications.

B: MINOR IMPACT IDENTIFIED – EQIA NOT CONSIDERED NECESSARY AS IMPACT CAN BE ELIMINATED OR MITIGATED

Where the impact is likely to be minor, you should consider if the policy can be mitigated or an alternative policy introduced. If so, EQIA may not be considered necessary. You must indicate the reasons for this decision below, together with details of measures to mitigate the adverse impact or the alternative policy proposed.

No Equality implications.

C: MAJOR IMPACT IDENTIFIED – EQIA REQUIRED

If the decision is to conduct an equality impact assessment, please provide details of the reasons.

No Equality implications.

Timetabling and Prioritising

If the policy has been screened in for equality impact assessment, please answer the following questions to determine its priority for timetabling the equality impact assessment.

On a scale of 1-3 with 1 being the lowest priority and 3 being the highest, assess the policy in terms of its priority for equality impact assessment.

Priority criterion	Rating (1-3)
Effect on equality of opportunity and good relations	N/A
Social need	N/A
Effect on people's daily lives	N/A

The total rating score should be used to prioritise the policy in rank order with other policies screened in for equality impact assessment. This list of priorities will assist the council in timetabling its EQIAs.

Is the policy affected by timetables established by other relevant public authorities? If yes, please give details.

N/A

Monitoring

Effective monitoring will help the authority identify any future adverse impact arising from the policy. It is recommended that where a policy has been amended or an alternative policy introduced to mitigate adverse impact, monitoring be undertaken on a broader basis to identify any impact (positive or adverse).

Further information on monitoring is available in the Equality Commission's guidance on monitoring.

Identify how the impact of the policy is to be monitored

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Approval and Authorisation

A copy of the screening form for each policy screened should be signed off by the senior manager responsible for that policy. The screening recommendation should be reported to the relevant Committee/Council when the policy is submitted for approval.

Screened by	Position/Job title	Date
Mary Hanna	Policy and Diversity Officer	30/10/14
Approved by	Position/Job Title	Date

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Please forward a copy of the completed form with policy attached to XXX Officer who will ensure that screening forms and policies are available on the Council website.

This officer is also responsible for issuing reports on a quarterly basis on those policies “screened out for EQIA”. This allows stakeholders who disagree with this recommendation to submit their views. In the event of any stakeholder disagreeing with the decision to screen out any policy, the screening exercise will be reviewed.