



## **East Suffolk Risk and Opportunity Management Strategy**

### **Managing Risks and Opportunities**

## Contents

	Page No.
1. Introduction.....	3
2. Risk and Opportunity Management Strategy.....	3
3. Overview.....	3-4
4. Aims and Objectives.....	4
5. Process for managing Risks and Opportunities .....	4-5
6. Areas covered by Strategy .....	5-6
7. Risk and Opportunity Management Process .....	6-11
8. Risk management roles and responsibilities.....	12
7. Related documents .....	13

## Version Control

Date	Version	Summary of changes	Officer
08/09/2021	Draft v1	Draft of Strategy to include opportunities and processes reported to CGG	S Ransby
25/11/2021	v1	Final version – Approved by CGG on 25 November 2021	S Ransby

## 1. Introduction

A council, like any organisation, faces a variety of risks on a daily basis across all levels of the authority. These risks if not addressed can threaten our ability to meet our priorities and deliver quality, value for money services. There are also many opportunities to enhance the quality and efficiency of service delivery which are also highlighted during this process. Good risk management balances risks and opportunities. As a council we should not avoid all risk. Taking this approach would result in lost opportunities. We must, however, ensure that we are risk aware and that any risk which has a realistic potential to threaten success is robustly managed.

## 2. Risk and Opportunity Management Strategy

This Risk and Opportunity Management Strategy outlines East Suffolk Council's commitment to managing risk and opportunity in an effective and appropriate manner. It builds on previous strategies, lessons learned, and industry best practice (such as CIPFA and risk reporting at other businesses, and liaising with our insurers, Zurich Insurance) to continue to ensure that risk is effectively managed, and the interests of the council and wider district are protected.

It is intended to be used as the framework for the delivery of the risk and opportunity management function and provides guidance as routine process for all services. It will help improve strategic, operational and financial management, better decision making, improve compliance and provide better outcomes for the authority.

Effective risk management allows us to:

- increase confidence in achieving priorities
- constrain any threats to acceptable levels
- make informed decisions to maximise opportunities
- improve and safeguard our partnership working
- improve corporate governance
- improve value for money and service delivery

Corporate Governance Group is responsible for ensuring that effective processes are in place to manage risks, including overseeing the objectives and delivery of the Risk and Opportunity Management Strategy and reviewing periodically. Significant changes or issues to meet the objectives within the Strategy are reported to Audit and Governance Committee, as part of the Corporate Risk Report.

## 3. Overview

The Risk and Opportunity Management Strategy will ensure that:

- The management of risks and opportunities is linked to performance improvement and the Council's strategic objectives contained within the East Suffolk Strategic Plan.
- The Council's Corporate Governance Group lead, manage and support on risk and opportunity management.
- Ownership and accountability are clearly assigned for the management of risks and opportunities throughout the Council. Corporate risks are owned and managed by the SMT and CMT and it is their responsibility to ensure these are managed and monitored appropriately.

- There is a commitment to continue to embed risk and opportunity management into the Council's culture and organisational processes at all levels including identifying risks associated to each strategic theme of the East Suffolk Strategic Plan.
- Officers acknowledge and embrace the importance of risk and opportunity management as a process by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.
- Effective monitoring and reporting mechanisms are in place to continuously review and manage the exposure to the risks and opportunities.
- Accountability to stakeholders is fully demonstrated through periodic progress reports to the Audit and Governance Committee meetings.
- The Council's approach to risk and opportunity management is regularly assessed by internal and external assessment.
- The Risk and Opportunity Management Strategy is regularly reviewed in line with developing needs and requirements.

#### 4. Aims and Objectives

**The aim** is to safeguard our ability to deliver the priorities (as set out in the Strategic Plan) by managing threats, enhancing opportunities and creating a framework that adds value to ongoing operations. It aims to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks and opportunities across all processes to ensure that risks are reduced and opportunities are enhanced.

**The objectives** of the Strategy are to:

- Integrate risk management as a part of performance management into the culture of the organisation and the Council's strategic planning processes, including project management and business case appraisals.
- Embed risk and opportunity management as an integral part of strategic, information use, financial, business continuity and project planning and policy making, including being an integral part of delivering and aligning successful partnerships.
- Ensure processes for identifying, evaluating, controlling, reporting and reviewing risk are understood and communicated to staff and members.
- Monitor and develop risk management and encourage the use of good practice.
- Work with the appropriate committees, as required, to ensure members engage with risk management.
- Establish a standard systematic approach to risk identification, analysis, control and monitoring and reviewing.
- Provide a process for identifying threats or drawbacks that also include findings and considering opportunities.
- Provide a robust and systematic framework for identifying, managing and responding to risk.
- Anticipate and respond to changing external and internal environment.
- Embed risk and opportunity management as part of the Council's culture of governance, including providing training and workshops on risk when required.

## 5. Process for Managing Risks and Opportunities

The Council has an effective process for managing risks and opportunities.

The same processes to identify, score and manage risks are used for: strategic risk, operational risk, partnerships, projects and business cases.

### Definitions

**Risk:** “A combination of the probability of an event occurring and the consequence if it does occur.”

**Issue:** “a relevant event that has happened, was not planned, and requires action”.

**Opportunity:** “an uncertainty that could have a positive effect leading to benefits or rewards”.



Risk is the possibility of an event occurring that will have an impact on the achievement of objectives. Risk management is concerned with positive and negative aspects of risk. As well as managing things that could have an adverse impact it also looks at potential benefits. The Council will consider taking opportunities that benefit the Council as part of this process.

Risks and issues need to be identified, analysed, prioritised, mitigated, monitored and reviewed. The risk management toolkit can therefore be used as a guide to identify and manage risks and issues. The fundamental difference between a risk and an issue is that an issue is actually happening. This will affect the scoring. Risk registers are live documents which should be reviewed and revised regularly to support the relevant manager and team in managing and mitigating risk.

### Risk Appetite

The Council recognises that risk is inherent in delivering and commissioning services and does not seek to avoid risk, but instead aims to have an ‘open’ approach to risk, appropriately balancing risk against reward, with risks managed in a proportionate manner. This approach allows flexibility and support for well-informed and considered risk taking, promoting transparency and effective risk management, while maintaining accountability. Risks defined as ‘high’ are to be managed down to a tolerable level wherever possible.

It is not realistic for the council, with its diverse range of services and duties, to have one definitive application of risk appetite across the entire organisation.

## 6. Identification and Escalation of Risks

The escalation of risks is fundamental to ensure that risks are identified and managed effectively and risks that could have a wider impact on the council are escalated through the robust systems in place, for example high level risks reported at a Strategic Plan Theme meeting would be reported at CGG and included on the Corporate Risk Register in appropriate. The Risk Management Framework (Appendix B) identifies different streams for reporting risks.

The levels of risks are:

i) **Strategic**

High level strategic risks with the potential to threaten the Council's ability to deliver the East Suffolk Strategic Plan are captured, monitored and managed in the Corporate Risk Register (CRR). The Corporate Governance Group (CGG) has overall responsibility for the CRR. Progress and significant emerging issues are reported or escalated to Audit and Governance Committee and Cabinet members at Strategic Plan Delivery Board meetings.

ii) **Strategic Plan Themes**

Each Strategic Plan Theme meeting reviews, monitors and updates risks relevant to that theme. Where significant updates are required to corporate risks or high-level risks emerge relating to that Strategic Plan Theme these are reported to CGG for approval and consideration on whether they should become corporate risks.

iii) **Service and operational risks**

Risks with the potential to threaten the effective overall delivery of a particular service are managed by service managers and team leaders through service risk registers which can be used in Service Plans. These should be escalated by Heads of Service to Corporate Governance Group (CGG) for inclusion in the Corporate Risk Register.

iv) **Partnerships**

Risks to the effective running of a partnership should be managed through partnership risk registers; individual partners should also consider managing any specific risks to their organisation as a result of the partnership. This register should be reviewed and revised regularly by the partnership board (or equivalent). These should be escalated by Heads of Service to CGG for inclusion in the Corporate Risk Register.

v) **Business cases**

Business cases should include a risk assessment to inform decision-making. The relevant approving body (this may be a Head of Service, Project Board, Cabinet Member, specific Management Team/Group or the relevant Committee/Cabinet) should review the risks when the business case analysis is approved and should recommend risks are escalated to the CCG as necessary.

vi) **Projects**

Risks with the potential to threaten the success of a project or initiative will have been identified during the business case appraisal and this process will continue throughout the project. A project risk register is used for this purpose. Where necessary, project risks are then added to the CRR.

vii) **Health and Safety**

Health and safety risks are managed within each team and escalated within the service as necessary. In the first instance they are escalated to the Health and Safety Advisor, who can bring issues to the Health and Safety Committee. Significant risks which are not addressed through this Committee are then escalated, via the Head of Service of Environmental Services and Port Health, to the CGG or appropriate Strategic Plan Theme delivery team.

## 7. Risk and Opportunity Management process

The Council will adopt the following key steps to identify and manage risks in all Council activities:



Risk management needs to be dynamic in order to capture and anticipate new risks and to assess the trade-off between risk and opportunity. It should be an ongoing cycle, that will help ensure that effective decisions are made, based on a sound understanding of the risks and opportunities.

### Stages of risk management:

#### Step 1: Risk Identification

Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The aim of risk identification is to identify possible risks that may affect, either negatively or positively, the objectives of the Council.

#### Step 2: Risk Analysis

Risks and opportunities need to be identified and assessed systematically and accurately using the Council's risk management toolkit/matrix. If a risk is considered unacceptable then steps need to be taken to control or respond to it. Risk analysis will determine which risks have a great consequence or impact than others, which allows senior management to focus resources on those risks that would significantly impact the Council. Risk analysis involves combining the possible consequences, or impact, of an event, with the likelihood of that event occurring. The result is a 'level of risk'.

When analysing/identifying risk the following areas should be considered:

**Types of risks and opportunities:**

Category	Risk/opportunity (examples)
<b>Assets</b>	Property – land, buildings and equipment
<b>Change Management</b>	Low staff morale Improved efficiency
<b>Communication</b>	Failure of systems
<b>Customers</b>	Changes needs and expectations; poor quality/reduced service delivery; crime and disorder
<b>Economic &amp; Social</b>	Recession, deprivation, population growth, ageing population, changing demographic of area
<b>Environmental</b>	Extreme weather conditions; floods; emergency planning; impact on planning; climate change; waste/recycling impacts
<b>Financial</b>	Impact on budget; financial management regulations; interest rate change; financial loss; financial management arrangements
<b>Governance</b>	Compliance requirements; controls; Constitution not being followed, resulting in breaches
<b>Legal</b>	Breach of contract; improved terms
<b>Legislative or Regulatory</b>	Fail to meet requirements; changes in law, legislation and internal policies/regulation (e.g. Health at Safety at Work Act, Data Protection, Freedom of Information, Human Rights, Employment law, environmental legislation, etc). Legal challenges, legal powers, judicial reviews or public interest reports
<b>Partnerships</b>	New initiatives, new ways of working, policies and procedures; new relationships – accountability issues/unclear roles and responsibilities; monitoring arrangements; managing change
<b>Political</b>	Change of political control locally or nationally
<b>Resources (inc. HR, IT, Finance)</b>	Staff sickness; succession planning; system failure; new software; budget management (cut); capacity issues (loss of key staff, retention issues); training issues
<b>Roles &amp; Responsibilities</b>	Using staff skills; lack of qualified staff
<b>Stakeholders &amp; Relationships</b>	Potential new partnerships Disagreements; changed priorities
<b>Strategic/operational</b>	Fail to meet Strategic Plan or team objectives; inability to fulfil obligations



### Step 3: Prioritisation

The Council has a risk management process/toolkit to score the current risk and identify the target score (which could be achieved once mitigating and target actions have been implemented).

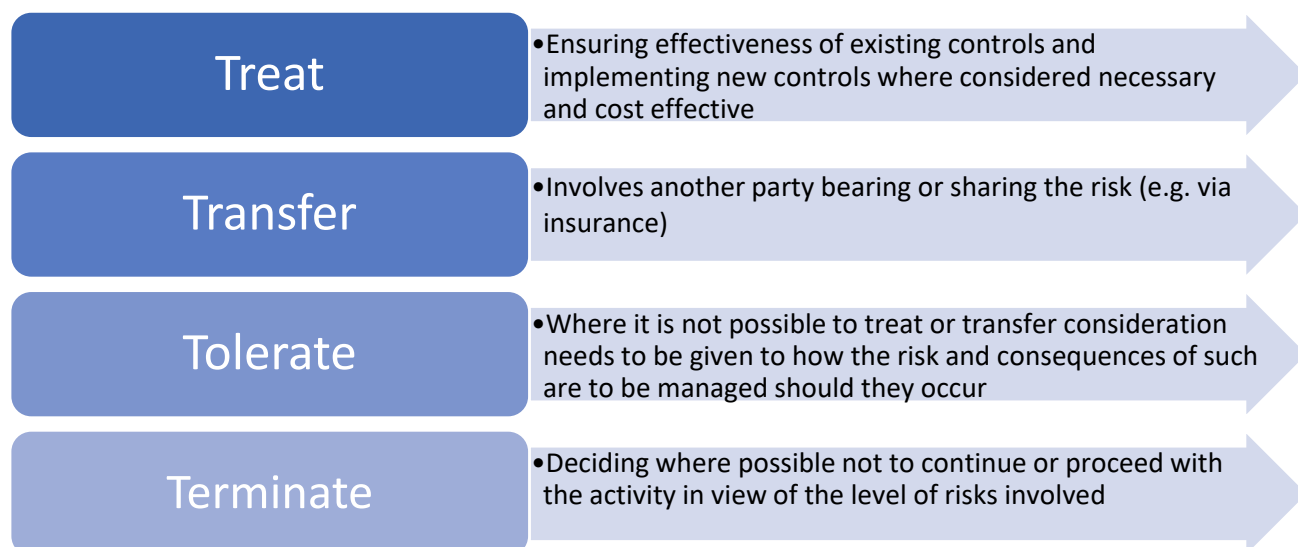
**Council's risk matrix:**

<b>Likelihood</b>	<b>A</b>	Very High						
	<b>B</b>	High						
	<b>C</b>	Significant						
	<b>D</b>	Low						
	<b>E</b>	Very Low						
	<b>F</b>	Almost Impossible						
			Negligible	Marginal	Major	Critical	Catastrophic	
			5	4	3	2	1	<b>Impact</b>

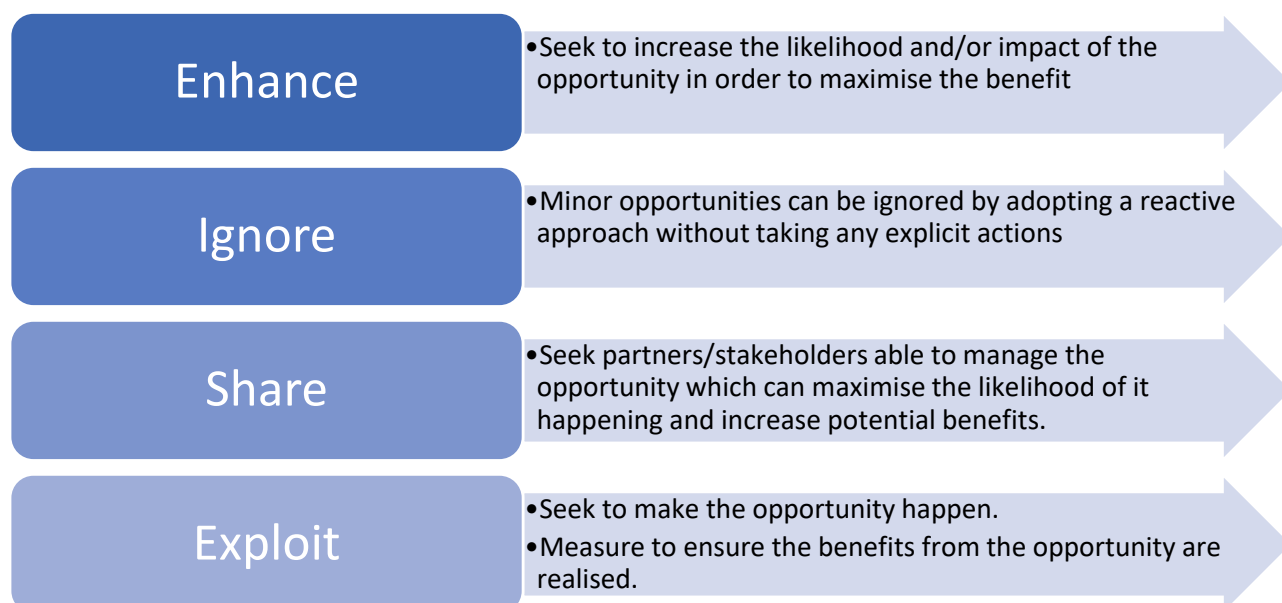
#### Step 4: Mitigation

The next stage is mitigation where current actions and controls need to be assessed to ensure they are adequate and include target actions where relevant which will contribute to the management of the risk and may assist to lower the risk to meet the target score identified.

**Treating risks:** There are four basic ways of treating risk:



**Opportunity risks:** There are four basic ways of treating opportunity risks are:



## Step 5: Monitor

The risk and opportunity management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues/processes. Therefore, it is essential that risks and opportunities are escalated to CGG in line with the Council's framework (Appendix B).

Risks should be reviewed regularly by risk managers and at team/operational and project meetings to ensure they are current, target actions reviewed/completed, and risk scores correct. Risks, relevant to each Strategic Plan theme, are regularly reviewed and monitored at one of the six Strategic Plan theme meetings including corporate and theme risks. Where appropriate, Strategic Plan theme teams can escalate significantly heightened risks to CGG for consideration and approval to be added onto the Corporate Risk Register. Horizon scanning/risk challenge sessions are held with CMT which further monitors existing risks and identifies risks for consideration to be added to risk registers.

## 8. Risk management roles and responsibilities

### i. Cabinet

- Consider risk management when making decisions, including reviewing risks identified in the corporate impact assessment report template.
- Monitor and review Corporate Risks

### ii. Audit and Governance Committee

- Review the risk management framework and East Suffolk Risk and Opportunity Management Strategy.
- Consider key corporate risks and make recommendations.

### iii. Members

- Consider risk as part of their everyday activities.
- Have an understanding of risk management and undertake appropriate risk management training.

### iv. Corporate Governance Group (CGG)

- Delivering and manage the East Suffolk and Opportunity Risk Management Strategy.
- Ensure effective processes are in place for managing and monitoring corporate risks and processes, including the effective reporting of these risks regularly to the Council's Corporate Management Team (CMT).
- Report corporate risk management issues to Members as appropriate.
- To manage the Corporate Risk Register and ensure suitable processes are in place to escalate risks into the Corporate Risk Register from service level, projects, or partnership registers, and to move risks down from the Corporate Risk Register.
- Consider high level risks in relation to each theme of the Strategic Plan.

- Ensure the Council has a suitable risk management framework to address, mitigate and manage existing and emerging risks at all organisational levels, including risks arising from projects and partnerships.
  - Invite relevant officers or members to attend the CGG, as required, to consider particular risks or issues.
- v. **Strategic Plan Theme meetings**
- Identify risks relating to the delivery of theme.
  - Monitor and evaluate risks, implement mitigation of risks where appropriate.
  - Escalate significant emerging risks to the CCG to determine if they should appear on the Corporate Risk Register.
- vi. **Strategic and Corporate Management Team**
- Regularly reviewing all corporate risks and risks in service areas.
  - Manage and monitor risks, including scrutinising and scoring them accordingly to likelihood and impact factors including a full review of the Corporate Risk Register.
  - raise corporate risk issues and recommending escalation where corporate decisions are needed with Heads of Service (HoS) being responsible for identifying significant and high-level risks in their service area.
  - Regularly review all corporate risks, including those arising from projects and partnerships, and horizon-scanning.
  - Ensure staff are aware of their governance responsibilities and comply with Council requirements (e.g. in managing risk, projects, HR).
- vii. **Chief Finance Officer and Section 151 Officer responsibilities**
- Supporting the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework.
  - Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance<sup>1</sup>.
- viii. **Managers and Team Leaders**
- To assess potential risks (health and safety, project, business case, partnerships, plans) and escalate to CRMG as required.
  - To manage existing risks in their own service areas, including reviewing risks, monitoring actions and recording outcomes in service plans.
  - To ensure staff understand their role in managing risk.
  - As part of the corporate impact assessment template for committee reports identify associated risks which are captured to inform Cabinet of implications.
- ix. **Internal Audit**
- Carry out Independent Assessments on the Council's Risk Management Framework.
  - Review and advise on Corporate Risk Assessment arrangements.
  - Review and advise on operational Risk Management arrangements.
  - Provide general advice and guidance on all Risk Management issues.
  - Report risks to CGG as identified in internal audit reviews.

---

<sup>1</sup> CIPFA Statement on the role of the Chief Financial Officer in Local Government – Core CFO Responsibilities

x. **Strategic Plan Programme Management Team**

- To co-ordinate risk management and promote it in the Council and to partners.
- To maintain the risk management framework.
- To work with Heads of Service to ensure risks are captured, escalated and managed appropriately, in line with the risk management framework.
- To produce reports for Management and Members.
- To compile and maintain a Corporate Risk Register.
- To provide training, advice and support on all Risk Management issues to members and staff.
- To liaise with the Council's Internal Audit team.
- To monitor developments in best practice and implement as appropriate.

xi. **All Staff**

- Consider risk as part of their everyday activities.
- Have an understanding of risk management and undertake appropriate Risk Management training.
- Manage risks through Council's framework (service and project plans, etc).

xii. **Partners**

- Co-operate in maintaining a consistent framework for the management of partnership risk.

## **9. Related documents**

### **Guidance**

- Risk Management
- Project Management
- Business Case Appraisals

### **Policies and plans**

- Medium Term Financial Strategy
- East Suffolk Strategic Plan
- Human Resources
- Health and Safety

### **Other documents**

- Risk toolkit (Appendix A)
- Risk Management Framework (Appendix B)