Risk Management Policy

Document Control

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Policy Author(s) and Owner	Ronnie McKean, Corporate Risk Lead
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1. Purpose Statement

1.1 Aberdeen City Council ("the Council") delivers a wide range of services to the citizens of Aberdeen, both in order to meet statutory requirements and to deliver on the outcomes set out within the Local Outcome Improvement Plan and associated strategies.

1.2 Successful delivery of these services relies on a robust, clearly articulated and strongly embedded system of risk management. This policy and its supporting documents set out to achieve that purpose by:-

- Providing practical **guidance** on the approach required to effectively manage risk;
- Setting out the Council's approach to managing threats and opportunities through a **risk appetite statement**;
- Providing practical **tools** with which to manage risk in way which supports the Council in its delivery plans and commissioning intentions. These tools, wherever possible, will be digitally enabling.
- Nurturing a philosophy of **risk intelligence** and maturity through developing informed and proactive risk owners and managers.

2. Application and Scope Statement

2.1 This policy and its supporting documents are applicable to all members of the Council's workforce. It is recognised that risk management is performed in all roles, at all levels, and across all Functions and Clusters, and that application will vary depending on numerous factors. The Risk Management Process Guide sets out the interaction which staff will have with risk and what is expected of them to support the delivery of sound risk management.

2.2 This policy does not apply to the Council's Arms-Lengths External Organisations (ALEOs) as these organisations are responsible for their own risk management arrangements. These arrangements are monitored through the ALEO Assurance Hub and reported by exception to the Audit, Risk and Scrutiny Committee.

2.3 This policy does not replace any statutory risk assessment or risk management reporting requirements, which is embedded within the Risk Management Process Guide.

2.4 Risk management is a key component of strong governance arrangements and as such the Council's Scheme of Governance recognises this policy and its supporting documentation.

2.5 The Annual Governance Statement reports publicly on the extent to which the Council complies with the Local Code of Corporate Governance and provides assurance on the effectiveness of our internal controls. This includes our system of risk management as set out in this policy and its supporting documents.

3. Responsibilities

3.1 The Audit, Risk and Scrutiny Committee is responsible for ensuring the effectiveness of the Council's system of risk management and as such is the approval authority for this policy.

3.2   The Chief Officer – Governance is responsible for the development, management and maintenance of this policy. Approval of all supporting documentation is delegated to the Chief Officer – Governance following its development by the Corporate Risk Lead.

3.3   All Directors and Chief Officers are responsible for implementing the policy and for ensuring that appropriate and adequate resource is in place within their service areas to deliver on its requirements. Support on applying the policy is provided by the Corporate Risk Lead.

3.4   The Corporate Management Team (Stewardship) manages and monitors the strategic risks that could impact on the delivery of the Council's outcomes.

3.5   The Senior Information Risk Owner (SIRO) is responsible for monitoring the Council's information risks.

3.6   Chief Officers and managers across the council are required to actively manage the risks associated with the performance of their day to day operations and delivery of Commissioning Intentions.

3.7   All members of staff across the Council are expected to assist with risk management including the identification, assessment, review and mitigation of risks that could impact on the delivery of the Council's outcomes.

3.8   Users of this policy can communicate feedback to the Corporate Risk Lead.

4.   Supporting Procedures and Documentation

4.1   This policy is supported by the following documents:-

- **Risk Appetite Statement** – A description of the types and levels of risk the Council is willing to accept in the pursuit of its strategic outcomes. This recognises both threats and opportunities.

- **Risk Management Process Guide** – a guidance document describing the processes to be followed in effectively managing risk.

- **Risk Register Templates** – the corporate template used to record and maintain risk scores, controls and updates.

5.   Policy Statement

General

5.1   The Council recognises that there are inherent risks in all areas of operation that may have an adverse impact on people, finance, assets, data and information and compliance with the law.

5.2   This policy and supporting documentation will embed risk management in the Council to enable a culture where risk is understood and effectively managed.

5.3   It is the Council's policy to be risk aware not risk averse and as such identify potential opportunities arising from the evaluation of risk in the delivery of services.

Risk Management Vision

5.4   It is our vision to deliver a fully integrated risk management system which:-
- ✓ supports the Council's business processes and decision making;
- ✓ allows the Council to identify and mitigate emerging risks whilst exploiting opportunities;
- ✓ is fully embedded and thereby provides evidence of a risk intelligent organisation; and
- ✓ supports improvements to operational performance and delivery of the Council's objectives.

Risk Management Approach

5.5   The Council's approach to risk management is set out within the Risk Management Process Guide and will:-

- ✓ Enable officers to identify and manage risks at all levels by sharing the tools and training required.

- ✓ Assign risk ownership to the correct officers to ensure that the most effective risk management techniques are utilised including;
  - Risk assessment and scoring for Inherent, Current and Target risks;
  - Identification and status of risk controls;
  - Creation of actions and activities required to mitigate the risk;
  - Assurance mapping using "Three Lines of Defence" model

- ✓ Create risk registers and assurance maps that reflect emerging risks, operational requirements and business objectives across the organisation and allows for the escalation and de-escalation of risks between the risk registers.

- ✓ Ensure that all risk registers and assurance maps are regularly reviewed by risk owners and managers and are available for review by the Citizens of Aberdeen, Council's Committees, Internal and External Auditors.

- ✓ Establish risk management linkages to the following:
  - Health and Safety
  - Business Continuity
  - Emergency Planning
  - Strategy Framework
  - Policy Framework
  - Scheme of Governance
  - Information Management
  - Commissioning Intentions and Delivery Plans
  - Performance Management Framework
  - Portfolio and Project Management

6.   Definitions

The following terms and definitions are used within this policy and supporting documentation

- **Annual Governance Statement** – annual published statement on the extent to which the Council complies with the Local Code of Corporate Governance.

- **Arms-Length External Organisations (ALEO's)** – A company, trust or partnership used by the Council to deliver services. ALEO's operate independently from the Council but remain subject to an element of Council control or influence.

- **Assurance** – Assurance is the objective examination of data for the purposes of providing an assessment on risk. Assurance is provided through various sources across the three lines of defence.

- **Assurance Map** – A tool that provides decision makers with a visual representation of the sources of assurance across the three lines of defence.

- **Control / Control Measures** – A measure that is designed to reduce a Risk. A control will either be preventative or detective and could include:
  - Documentation - policy, procedure and process
  - Activities – working practice, training and techniques
  - Equipment – technology, systems and other equipment

- **Current Risk** – The exposure / level arising from an identified risk during implementation of measures designed to manage the risk.

- **Initial Risk** – The exposure / level arising from an identified risk before any measures have been taken to manage it.

- **Internal Controls –** Systems, activities and mechanisms which are designed to provide reasonable assurance about our risks.

- **Outcomes** – what we strategically plan to deliver as an organisation.

- **Risk** – The possibility of threat of damage, injury, loss or other negative occurrence.

- **Risk Appetite** – The amount of risk or part of risk that the Council is willing to accept.

- **Risk Appetite Statement** – A description of the types and levels of risk the Council is willing to accept in the pursuit of its strategic outcomes. This recognises both threats and opportunities.

- **Risk Escalation** – The transfer of risk ownership and accountability to the next tier of risk register when the level and severity of the risk increases.

- **Risk De-escalation** – The transfer of risk ownership and accountability to a lower tier risk register when the level and severity of the risk reduces.

- **Risk Manager** – An individual or role that is appointed by the Risk Owner to manage and control of all aspects of a risk.

- **Risk Owner –** An individual or role that is the owner of a risk and appoints a risk manager.

- **Risk Management** – The application of techniques, processes and activities to the tasks of identifying and assessing risks, planning and implementing controls and monitoring progress.

- **Risk Management Process Guide** – a guidance document describing the processes to be followed in effectively managing risk

- **Risk Register** – a template used to record and maintain risk scores, controls and updates.

- **Target Risk** – The exposure / level of the identified risk after the full implementation and completion of all measures required to manage it.

- **Three Lines of Defence** – A model for achieving assurance within an organisation by identifying the sources of assurance as follows:
  - **First Line** – The day-to-day control environment operated by the business owners (do-ers) following established procedures and processes
  - **Second Line** – Management Teams and Committees (helpers) providing oversight and support to the (do-ers) by setting policies, procedure and providing training
  - **Third Line** – High level independent assurance provided by inspectors, regulatory bodies and auditors "checkers" providing assurance on the first and second levels of defence.

7. Risk

7.1 The policy and supporting documentation specified within Section 4 details how the Council implements its risk management activities at all levels in order to accept, reduce and/or eliminate risks across the council.

7.2 There are no unintended effects, consequences or risks directly resulting from the introduction or update of the policy

7.3 The risks identified by the Council through its risk management activities will be managed in accordance with the supporting document specified within Section 4.

7.4 The risk management policy and supporting documentation will support the Councils "PREVENT" obligations as the risk management activities will allow Council staff and Elected Members to identify and manage risks through effective mitigation controls.

8. Policy Performance

8.1 The effectiveness of the policy and supporting documentation will be determined by the reduction or elimination of the negative impacts of unplanned events which could damage citizens, staff, assets, finances, reputation or service delivery.

8.2 We will monitor our performance against this policy and associated processes in a number of ways, including -

- ✓ Annual reporting of the Corporate Risk Register and Assurance Map to the Audit, Risk and Scrutiny Committee.
- ✓ Monthly reporting of the Corporate Risk Register to Corporate Management Team (Stewardship) and publication to the Council's website.
- ✓ Regular review of Cluster Risk Registers by Senior Management Teams and Director/Convener meetings.

9. Design and Delivery

9.1   This policy and supporting documentation fully supports the delivery of the strategic outcomes contained the LOIP as the Council's risk management activities focus on the mitigating effects risk that may prohibit or hinder achievement the outcomes.

10.   Housekeeping and Maintenance

10.1   The supporting documentation specified within this policy will be reviewed and updated as and when required.

10.2   Unless otherwise required, this policy will be subject to a planned annual review.

10.3   This policy and its supporting documentation replaces the Council's Risk Management Framework document.

11.   Communication and Distribution

11.1   This policy and supporting documentation will be shared directly with the Extended Corporate Management Team to enable communication and distribution in accordance with the responsibilities set out in Section (3)

11.2   The policy and documentation will be available for review on the organisation's shared areas on the Network.

12.   Information Management

12.1   Data relating to risk and risk management will be stored and managed in accordance with the Council's Corporate Information Policy.