



CORPORATE RISK MANAGEMENT POLICY

September 2018

Foreword

Hackney Council is committed to the effective management of risk at every level within the Council and to providing:

- a framework to help maximise opportunities for the Council and manage uncertainties, which could impact on objectives.
- a safe environment for its employees and customers
- training to enable its employees to undertake their work effectively, efficiently and safely.

The purpose of this Corporate Risk Management Policy is to state the Council's risk management objectives, appetites, approach, responsibilities and procedures. There is more detailed information on specifically how the Council approaches managing risk in the accompanying Corporate Risk Management Strategy. In simple terms, the Policy details 'WHAT' we do in terms of managing risk, whilst the Strategy elaborates on 'HOW' we do it.

APPROVAL:

- . This policy was last ratified by the Audit Committee on 21 September 2016 - to be ratified now in 2018.
- . This Policy version is number 3.0
- . Next review date: 2020

For further information, contact

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| Information Box | |
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| Title | Risk Policy Version 3.0 September 2018 |
| Description | Hackney Council Risk Policy |
| Primary audience | Members, Chief Executive, Hackney Management Team, Heads of Service, Unit / Departmental Heads and all Hackney Staff |
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1. Objectives

The purpose of risk management is to:

- preserve and protect the Council's assets, reputation and staff
- promote corporate governance by integrating risk management and internal controls
- promote a risk aware culture in order to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the Council
- enhance and protect the local environment
- improve business performance
- provide management with the confidence that objectives can be achieved.

2. Risk Management Approach

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- 2.1 To ensure it is effective, risk management needs to be aligned with corporate aims, objectives and (the Mayor's) priorities. The Council's approach to embedding risk management is to create a culture that spreads best practice, identifies and communicates lessons learnt from both internal and external experiences, and using appropriate expertise.
- 2.2 Risk management must be proactive to ensure that corporate and operational risks are:
- identified
 - assessed by considering the impacts and likelihoods of their occurrence
 - effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.
- 2.3 Effective risk management anticipates and avoids risks rather than dealing with the consequences of events happening. However, not all risks can be managed, particularly those that are caused by external factors over which the Council has no control (e.g. severe weather, nationwide austerity measures). Key services and mission critical activities are therefore required to develop Business Continuity Plans in order to reduce the impact should a major event occur. These are managed by a separate Business Continuity Team.
- 2.4 **Risk Appetite and Tolerances** - Calculated controlled risks, such as accepting new opportunities or using innovative approaches for the benefit of the Council, may be taken providing the risk exposure is within the Council's 'risk tolerance' levels, these are defined as:

- i) **Acceptable Risks** – the risks associated with any proposed actions and decisions need to be clearly identified, evaluated and managed to ensure that risk exposure is acceptable (categorised as yellow or green under the risk matrix). Particular care is needed in considering actions that could: -
- have an adverse effect on the Council’s reputation and/or performance
 - undermine the independent and objective review of activities
 - result in censure or fines being imposed by regulatory bodies
 - result in financial loss

Any threat or opportunity that could have a significant impact on the Council or its services must be closely examined, and all risks clearly evaluated and referred to the appropriate director. Where there is both a significant potential impact and a high likelihood of occurrence, the director must report the risk to the Senior / Hackney Management Team.

- ii) **Prohibited Risks** – risks that could result in physical harm; non-compliance with legislation or Government regulations; or non-compliance with the Council’s policies, rules and procedures are not acceptable. Therefore, any opportunity or innovative approach that could result in such outcomes must not be pursued and must be reported to the appropriate director. The Council operates a 5 x 5 matrix and there is a separate guide with more specific explanations of how to score likelihood and probability. This is detailed within the Strategy, along with more information on the Risk Appetite.

2.5 **Risk Treatment** - There are four basic ways of responding to risk, known as the 4 T’s:

- i) **Terminate (Avoid)** – deciding not to continue or proceed with the activity in view of the level of risks involved, wherever possible. (Note: statutory requirements cannot be avoided)
- ii) **Transfer** – which involves another party bearing or sharing the risk, a typical example is the use of insurance. (Note: ultimate responsibility to undertake statutory requirements remains with the Council even if third party provision is engaged)
- iii) **Treat (reduce)** – by ensuring existing controls are effective by periodic review and testing, and implementing additional controls where considered necessary.
- iv) **Tolerate (accept)** – certain risks cannot be adequately treated by termination, transfer or treatment. In such cases, there is no alternative but for the Council to tolerate / accept the residual (‘remaining’) risks concerned. Details of how these risks and their possible effects are to be managed must be recorded in the services, and where appropriate, Corporate Risk Register, and subject to regular review.

2.6 Framework

The Council maintains a Corporate Risk Register that details: -

- events that may impact upon the Council and its services
- possible risks and consequences, both negative (risks and threats) and positive (opportunities) that could happen should the hazards occur
- original risk scores (i.e. before any controls), between 1 and 5, of the potential impact and likelihood of the hazards occurring on the basis that there is no mitigation in place
- controls and countermeasures that are in place in order to mitigate the risks
- current scores (i.e. after being treated / controlled), between 1 and 5, of the potential impact and likelihood of the hazard occurring taking into account the mitigation in place
- further actions planned to reduce the risks, the timescales and responsible persons. There is also the option to enter a target risk score (where we want to be once the controls have been applied.)

3. Responsibilities and Procedures

- 3.1 All responsibilities and procedures are based upon the principle of the Council operating an effective system of Enterprise Risk Management. (ERM). ERM provides a framework towards managing an entire enterprise, looking first from the perspective of the main, overarching objectives of the organisation. Risk is managed by viewing each risk as part of the entity of the organisation and clearly some risks are more serious than others and can be escalated as such. To achieve effective ERM, risk management must be embedded from the very top of the Council right down to each individual unit, service, employee and elected members.

Individual responsibilities for managing risk are detailed within the Risk Strategy.