Risk Management Strategy &

Framework

Equality Impact Assessment

The Council strives to ensure equality of opportunity for all both as a major employer and as a service provider.

The **Risk Management Strategy & Framework** has been equality impact assessed to ensure fairness and consistency for all.

Version Control Schedule for the Risk Management Strategy & Framework.

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Version 0.1	October 2017	Joanne Bonham Governance & Risk Manager
Version 0.2	09/11/17	Francis Fernandes, Borough Solicitor
Version 0.3	09/11/17	Management Board
Version 0.4		Audit Committee
Version 0.5		Cabinet

Northampton Borough Council

1.   Introduction

1.1   This risk management framework is drawn up pursuant to the principles of good governance in the public sector and in compliance with Statutory Instrument 2015 No. 234 for Local Government, England & Wales: the Accounts and Audit Regulations 2015 Part 2: Responsibility for Internal Control, wherein a relevant authority (local authority) must ensure that it has a sound system of internal control that:-

    i.   Facilitates the effective exercise of its functions and the achievement of its aims and objectives;

    ii.   Ensures that the financial and operational management of the authority is effective; and

    iii.   Includes effective arrangements for the management of risk.

1.2   Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by and unwanted or uncertain action or event.

1.3   Risk is therefore the "effect of uncertainty on objectives"(Source: BS ISO 31000:2009 Risk Management – Principles and Guidelines). Risk Management is the process whereby the Council methodically addresses those risks or barriers to achieving its vision and corporate objectives which are set out in the Council's corporate plan 'Securing Northampton's Future'. Risk thus arises from possible threats to objectives as well as failure to take advantage of possible opportunities.

1.4   Risk can also be operational in nature and exist at service or team level within an organisation, such as disaster recovery risks, health and safety risks or in risks relating to the care and protection of vulnerable residents, but are likewise to be seen as barriers to achieving operational outcomes and objectives. Unless effectively managed, such risks can escalate in their nature and impact to become much more significant and strategic in their impact.

1.5   The core ambition of Northampton Borough Council (NBC) is to be one of the best councils in the country. Our plans will be further developed over the coming years, but we plan with confident expectation that in difficult times both the public of Northampton and NBC can and will rise to the challenges ahead.

1.6   To achieve this Northampton has set six headline priorities core to its corporate plan and these are:-

    1)   Northampton Alive – A Vibrant Town for Now and the Future;
    2)   Safer Communities – Making You Feel Safe and Secure;
    3)   Housing For Everyone – Helping Those That Need it To Have a Safe and Secure Home;
    4)   Protecting Our Environment – A Clean and Attractive Town For Residents and Visitors;

5) Love Northampton – Enhancing Leisure Activities For Local People and Encouraging Participation;

6) Working Hard and Spending Your Money Wisely – Delivering Quality Modern Services.

1.7 Further details of the council's priorities above are included in the Council's corporate plan.

1.8 The aim of risk management at NBC is not to remove all risks, but to understand the nature of risks and to implement controlled, sensible, balanced and cost effective measures, to manage risk and achieve objectives within each activity and across the portfolio of all activities. Risk management therefore is not about being 'risk averse,' but about being 'risk aware' and this awareness will mean that the Council and its leadership team is better able to avoid threats and hazards and also take full advantage of opportunities that arise in the course of its business.

1.9 NBC recognises there is uncertainty in everything it does and the uncertainties present both threats and opportunities. This strategy describes how the Council will manage these uncertainties by identifying, evaluating and controlling risk, increasing the authority's success in achieving its priorities and objectives and also by putting in place contingencies and an organisational agility for both planned and also unforeseen events.

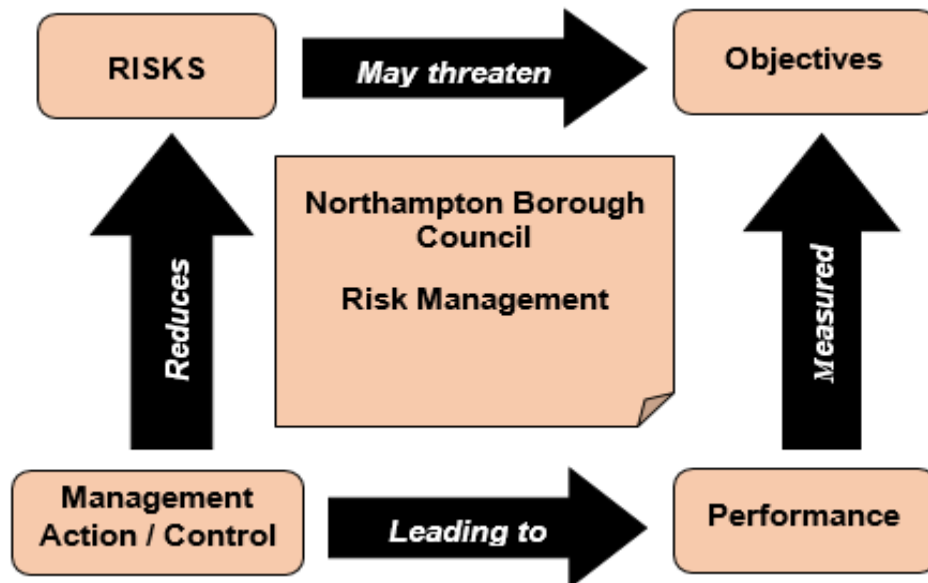1.10 The relationship between risk management and objectives is shown in Diagram 1 below:

Diagram 1: Risks and Objectives

2 The benefits of risk management

2.1   There are a number of benefits to the Council in continuing to develop and embed a sound risk management function. The key benefits include:

- Supporting the Council in achieving its priorities and objectives at all levels within the organisation;

- Supporting better decision-making throughout the Council;

- Creating and contributing to effective governance procedures and protocols;

- Providing a framework for internal and external assurance;

- Targeting resources at areas and issues of greatest risk where the Council's objectives are most under threat;

- Providing an early-warning system to alert Officers and Members to potential threats and opportunities;

- Providing an organisational agility and rapid response capability to the above opportunities and threats and also any unforeseen events;

- Enabling the Council to act proactively, avoiding reactive management wherever possible;

- Protecting and enhancing the reputation of Northampton Borough Council.

3. Risk Management Policy Statement

Definition of Risk Management

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the assets or financial and organisational well-being of the Council.

Policy Statement

Northampton Borough Council recognises that it has a duty of care to its residents, customers, employees, partners and visitors. In fulfilling this duty the Council will endeavour to apply high standards of governance and to be efficient, effective, transparent and accountable.

Effective risk management is a statutory responsibility for the Council and is central to its good governance. Importantly, risk management is an integral part of the Council's business processes and assists with decision making and achievement of key objectives whilst providing evidence of effective management and control in support of the Annual Governance Statement.

It is impossible to remove all risk but Northampton Borough Council are committed to adopting a governance-driven, corporate, systematic and structured approach to the management of risk at Northampton Borough Council with the Council's leadership team setting a "tone from the top".

It will be also be the responsibility of councillors, all employees and partner organisations of the Council to review, understand the nature and take responsibility for controlling the risks within their service areas.

To give effect to this the Council will put in place this risk management strategy & framework document, the core elements of which will include procedures, protocols and detailed guidance to council officers. The objectives of the strategy are to:

- Adopt a strategic approach to risk management to make better informed decisions which is vital to successful transformational change;
- Set the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and priorities;
- Acknowledge that with even good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;
- Develop leadership capacity and skills in identifying, understanding and managing the risks facing the Council;
- Integrate risk management into how we run Council business and/or services. Sound risk management processes help us to achieve our core purpose, priorities and outcomes;
- Support a culture of well-measured risk taking throughout the Council's business, including strategic, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in

a balanced way, considering the level of risk, reward, impact and cost of control measures;

- Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management; and
- Ensure risk management continues to be a key and effective element of our Corporate Governance arrangements.

We will meet these objectives by:

- Establishing and articulating our risk culture; setting out expectations of behaviour throughout the Council;
- Maintaining a consistent and robust risk management approach that will;
  - Identify and effectively manage strategic, operational and project risk; and
  - Focus on those key risks that, because of their likelihood and impact, make them priorities;
- Ensuring accountabilities, roles and responsibilities for managing risks are clearly defined and communicated;
- Considering risk as an integral part of service improvement planning, key decision making processes, and project and partnership governance;
- Communicating risk information effectively through a clear reporting framework; and
- Increasing understanding and expertise in risk management through targeted training and sharing of good practice.

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Simon Bovey   **Date signed**

Chief Executive (Interim)

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Mary Markham   **Date signed**

Chair of Audit Committee

4.   Risk Management Approach

4.1   The council's approach to risk management is based on best practice and involves a number of key steps as outlined below:
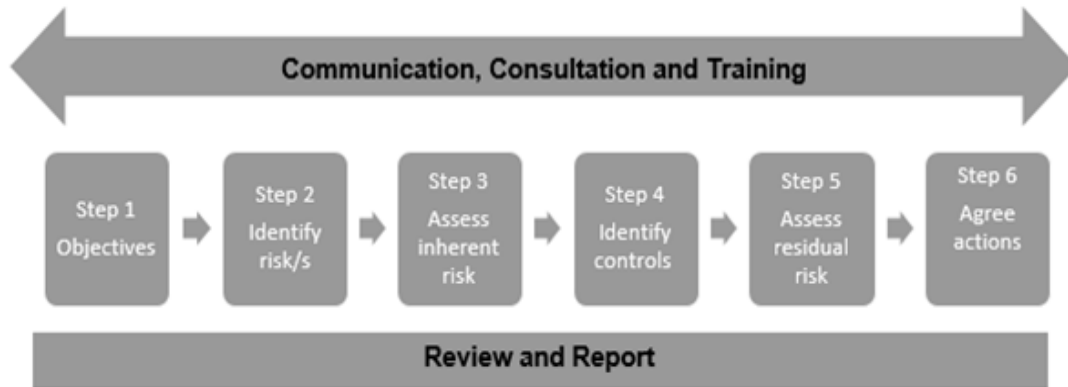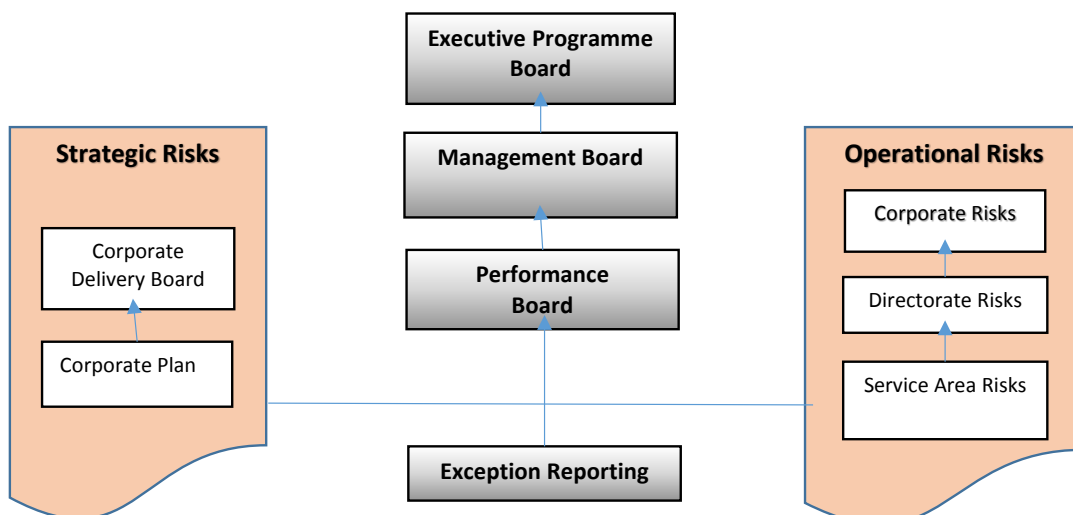

Diagram 2: NBC's Risk Management Approach

Risk can exist at a more operational level as part of the Council's day to day activities and importantly also in programmes and project management. At NBC, and similarly to the strategic level, this is being strongly embedded and integrated into the culture of the Council, with responsibility for managing risk assigned to managers and staff as part of their individual job profile and service area performance objectives. The approach of NBC is one of top down and bottom up whereby senior management focus on the risks to strategic objectives, the officers of NBC focus on the implementation of the strategy at an operational level.

Exception reporting includes emerging risks identified through performance reviews, 3rd party contract management and horizon scanning.

Diagram 3: Risk management approach

4.2   Directorates and service areas within NBC may not carry the same risk profile and risk management will be deployed via the operation of risk registers which may be used to support managers in decision-making such as designing business processes, evaluating opportunities and for choosing and prioritising what areas of performance are monitored.

4.3   The purpose of the risk management approach outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process;
- Ensure risks are identified and assessed consistently throughout the Council through the clarification of key concepts;
- Clarify roles and responsibilities for managing risks;
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

5.   Risk management roles and responsibilities

5.1   Although the corporate risk management framework is set and regularly monitored by Cabinet (who have ultimate responsibility for it) and the Council's Management Board (working in conjunction with the Borough Secretary's department), core delivery of the approved risk management framework is primarily led by and rests with the Chief Executive, directors and statutory officers acting individually and collectively as part of the Management Board, and who are then supported by their departmental management teams or equivalent. The Borough Secretary will work in collaboration with corporate directors further to this offering professional advice and challenge and will work in reporting and monitoring terms to this protocol.

5.2   Furthermore, all Members, managers and staff of the Council, including when acting in partnership and joint venture with other bodies and organisations, have a general responsibility and duty to manage risk as an integral part of their role.

5.3   In addition, specific core risk-related/risk-driven support service activities, such as the performance management function, health and safety, insurance, emergency business continuity planning and programme and project management in addition all contribute to the overall corporate risk management process.

5.5   The Council and its leadership team will set the "tone from the top" on risk management and will directly oversee the risk management function in achieving its objectives and these will be to:-

- Continuously develop Northampton Council's risk management framework to support the achievement of the Council's corporate plan Securing Northampton's Future and its core ambition to be one the best councils in the country;
- Facilitate the achievement of Council priorities and objectives by embedding an effective process of identification and management of strategic, service level and key operational risks;
- Similarly facilitate the achievement of Council priorities and objectives by embedding an effective process of identification and management of major programme and project risks;

- Ensure where appropriate risks are effectively escalated and escalation is timely
- Successfully manage the risks associated with the economic and financial short, medium and long-run;
- Ensure the risks associated with partnerships are effectively identified and managed;
- Promote risk-awareness, particularly business risk awareness, risk-intelligence and risk management throughout the Council;
- Ensure risk management processes are engaging and relevant to all staff;
- Capture, expand and act upon positive risk opportunities;
- Support the effective identification and management of risks associated with delivering existing and new council services into both existing and new markets;
- Proactively identify and manage emergent risk;
- Clearly state and communicate to all council officers, managers, partners and residents their risk management responsibilities;
- Manage risk in line with recognised best practice in public sector governance.

5.6   A summary overview of responsibilities for risk management at the Council is at Annex A with a more detailed breakdown of these responsibilities at Annex B.

6.   Risk registers

6.1   Whilst the management of risk at different management levels within the Council will vary in terms of focus and level of formal analysis, in order to ensure good practice, it is important that consistency and clarity of risk information is achieved on risk registers.

6.2   For this reason, a standard risk register format will be used throughout NBC to align service risk registers with the corporate risks. The register has been kept in a simple form to enable service areas to understand the fields and get used to updating the register on a regular basis. The Governance team will attend DMT's to go through the risk registers and to ensure any new risks are recorded and escalated to corporate level if required.

6.2   An overall risk register matrix has been added on the front-cover sheet of the corporate risk register to provide an at-a-glance helicopter view of the risks captured and to better reveal any potential form, pattern, spread or cluster of risks on the register. The standard risk register template is attached at Annex C.

6.3   The Governance team will support directorates and service areas by populating the new risk register template on their behalf with the data held in the previous format of the risk register before returning the new register to them for on-going use.

6.4   Managers, project managers and partners, whilst retaining the 'core' information, may adapt the standard risk register (for example adding additional fields such as risk category and/or proximity, etc), where justified by business or project need. However, more substantive revision to the standard risk register format must be referred to the Council's Borough Secretary, who will advise on the proposed changes and how they fit within the Council's overall risk framework.

7. Risk management process

7.1 Identify Risks

There are a number of different types of risks that an organisation may face including financial loss, failure of service delivery, physical risks to people, and damage to the organisation's reputation.

To act as a prompt and to ensure completeness, a checklist of risk categories has been developed around the acronym PERFORMANCE:

Political	**O**pportunities/Outcomes	**N**ew partnerships/projects/contracts
Economic	**R**eputation	**C**ustomers/Citizens
Regulatory	**M**anagement	**E**nvironment
Financial	**A**ssets	

Describing the risk is equally important to ensure that risks are fully understood and to assist with the identification of actions, the cause and effect of each risk must also be detailed. Once identified, all risks are recorded in a risk register.

A risk owner or champion must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure ownership of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk. At this stage there may well be a long list of possible risks. The next step will help to prioritise these in order of importance.

7.2 Assess Gross (Inherent) Risk Level

To ensure resources are focused on the most significant risks, the council's approach to risk management is to assess the risks identified in terms of both the potential likelihood and impact so that actions can be prioritised.

The risk management process requires each risk to be assessed twice – gross (or inherent) and net (or residual) risk levels. The first assessment (the 'gross' risk level) is taken on the basis that there is no action being taken to manage the identified risk and/or any existing actions are not operating effectively. In other words, the worst case scenario if the risk were to occur.

To ensure that a consistent scoring mechanism is in place across the Council, risks are assessed using the agreed criteria for likelihood and impact via reference to the risk matrix shown below. The matrix uses a "traffic light" approach to show high (red), medium (amber) and low (yellow/green) risks.

Council Risk Register Template					
Risk Likelihood					
E. *Almost Certain* (91%+)	Risk C			Risk A	
D. *Likely* (56% to 90%)					Risk B
C. *Possible* (16% to 55%)			Risk D		
B. *Unlikely* (6% to 15%)				Risk E	
A. Rare (1%-5%)		Risk F			
Risk Impact	1. Insignificant Impact or Insignificant Benefit	2. Minor Impact or Minor Benefit	3. Moderate Impact or Moderate Benefit	4. Major Impact or Major Benefit	5. Catastrophic Impact or Exceptional Benefit

Diagram 3: Risk Matrix

Where likelihood and impact meet this determines the risk level. For example, possible likelihood (C) and major impact (4) would result in a risk level of C4.

7.3   Identify Existing Risk Actions (controls)

Existing actions, which are helping to minimise the likelihood and/or impact of the risk occurring, are identified for each risk. These actions are specifically those in place or completed and should not include planned or aspirational actions.

7.4   Assess Net (Residual) Risk Level

The second assessment (the net risk level) re-evaluates the risk, taking into consideration the effectiveness of the identified existing actions and controls. In other words, the reality if the risk were to occur in the immediate future.

Net risks are prioritised by applying the same criteria and matrix used for assessing the gross risk level. It is the risk owner's responsibility to ensure that the agreed net risk level for each risk is an accurate reflection of the likelihood and impact measures detailed in Appendix 2.

The council considers the net risk to ensure that:

- Identified risks are prioritised in terms of their significance as it is not practical or possible to   manage every risk all of the time; and

- Existing actions are relevant and effectively managing and/or reducing the likelihood or impact of the identified risks.

7.5 Black risk:

Black risk is defined as an event that is unlikely to materialise but if it does would be catastrophic or have a substantial impact on NBC in monetary terms and/or reputation. Traditionally in enterprise risk methodologies, the assessment of this type of risk using a likelihood/impact matrix would potentially exclude it from the category of risk that must be mitigated.

However, black risk may be identified through the implementation and embedding of a robust process whereby risk registers for services areas, and in particular projects, are regularly monitored through a system of internal reviews and an effective escalation process.

The recommended approach in identifying these risks is to manually black flag a risk. Employees across the business can flag a risk as being of such magnitude that the Council needs to have a plan in place of how to manage the event. Black flags by-pass all traditional scoring methods and go to the top of the escalation queue for monitoring. This enables management to set probability aside and assess the risk based purely on the impact the event will have on the organisation.

There is no set criteria for identifying a black risk and it is assessed on knowledge and a lack of mitigating actions available to prevent the event happening.

7.6 Risk Response and Further Actions

Not all risks can be managed all of the time, so having assessed and prioritised the identified risks, cost effective action needs to be taken to manage those that pose the most significant threat. Based on risk scores there are four response actions:

- **Avoid** – In this situation the risk is avoided by deciding not to proceed with an activity.
- **Transfer** – another party bears or shares all or part of the risk.
- **Reduce** – this involves identifying mitigating actions or controls to reduce risk.
- **Accept** – in this case, it may not always be necessary (or appropriate) to take action to treat risks.

It is important to note that the council has a neutral risk appetite, where it is currently prepared to accept a certain level of risk (see 7.7 below). This is illustrated by the black line on Diagram 2 and means that any risk that has been assessed as a net red risk must be a priority for immediate management action.

All risks which appear above the bolded black risk appetite line on Diagram 2 are deemed to be unacceptable to be carried in net risk terms by the Council and will require further action to be taken to manage down these risks into an area below the risk appetite line where net exposures are acceptable. Risks A and B are unacceptable in this regard. Risks at an exposure below the line are deemed acceptable.

In the above example (diagram 3) risks C, D, and E are deemed acceptable.

7.7   Risk Appetite

The amount of risk at the strategic and corporate level that the Council and its leadership team are willing to take on, accept, tolerate or be exposed to in the pursuit of its business objectives, is generally referred to as its risk appetite.

Risk Appetite is not static and can be adjusted by the Cabinet with supporting advice from the Management Board.

Importantly, in deciding the risk appetite and delegated risk appetite, Cabinet considers:

- Environmental and wider macro-economic factors, including central government legislation and any required reductions in spending and other efficiencies in services
- The amount of risk that is acceptable (what risk could be justified if it actually happened)
- The Council's funding levels and its overall capacity to bear risk.
- The areas/directorates within the Council that have an expertise and skill-set for taking risk
- The extent and prevalence of operational and commercial opportunities capable of being   exploited by the council

The Council's approach to risk appetite will evolve over the next few years as the risk management within the organisation is embedded and matures. However, following interviews and discussion during 2017/18, the Council at the corporate level will have, in the main, a cautious to open appetite for taking on inherent business risk to achieve its corporate plan 'Securing Northampton's Future'.

At operational level, the risk register format will steer risk owners into considering risk appetite when updating their risk entries. Consideration will be given to the rating before and after existing mitigating action but also to the final risk status (target risk). The risk appetite throughout NBC will be assessed annually through interviews with all levels of staff.

7.8   Risk Mitigation

These are controls and actions put in place to reduce the likelihood of the risk occurring, or minimising the impact if it does. An internal control system incorporating policies, processes, business continuity arrangements and other aspects of operations should:

- enable the Council to respond appropriately to business risks;

- help ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate the flow of timely, relevant and reliable information; and

- help ensure compliance with applicable laws and regulations and also with internal policies.

The residual risk that remains is the net risk, it is also good practice to define "target risk" which indicates the tolerable level of risk that the Council should aim for.

7.9   Review and Report

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact. NBC's approach is one where such reviews are:

- where possible, part of existing performance monitoring timetables; or
- focus on those risk that, because of their likelihood and impact, make them priorities.

Regular reporting, through the regular reporting process, enables senior managers and members to be more fully aware of the extent of the risks and progression being made to manage them.

Risk registers are currently created and maintained on standard spreadsheets but could eventually be held on dedicated software such as PPlus or similar the Council's performance measurement system. This enables the council to create a corporate risk profile, record and manage risks in a consistent way, monitor and review risks and produce meaningful management reports.

7.10   Risk escalation

It is the responsibility of individual risk owners to raise risks which they believe require action by a higher authority. It should be emphasised though that we want to discourage people from escalating risks that they should be dealing with themselves. High risk issues should be escalated through the hierarchy that makes up the risk universe so that they are captured in the appropriate register for information purposes. However, responsibility for addressing the risk may still remain with the originator. Regular reviews will take place of directorate service risk registers by the governance team for identification of risks that should be escalated to corporate level, should a risk present itself that requires urgent management attention the Monitoring Officer should be informed who will evaluate the risk and forward to the governance team for inclusion in the corporate risk register. The corporate risk register will then be presented to Management Board for review, comments and action where relevant.

Risks should feature as a standard agenda item at management team meetings. Discussions on risk should include:

- new or emerging issues and risks;
- evaluation and criticality of new or emerging issues and risks;
- decisions required and by whom;
- mitigating actions, action owners, timescales and review points;
- ownerships of new risks;
- the review of existing risks and the effectiveness of the current controls in place.

8.   Monitoring and reporting arrangements

8.1   Monitoring risks

Risk management needs to be embedded in everyday activity. It is the responsibility, therefore, of each risk owner to review risks on a regular basis and identify whether any revisions are required. The revision may involve a re-assessment of impact and likelihood or planned mitigating actions.

As previously stated, it is important that risk is included as a standing item on the agenda for management teams (at all levels within the organisation) and working groups so that risks can be identified and captured. As a minimum, on a quarterly basis during the management team meetings, each Director will seek assurance that the risks in their assigned areas are being adequately monitored and action is being completed as agreed in formal action plans.

Through the Performance Board (PB) risks will be reviewed on a quarterly basis, including a review of the high risks facing NBC and mitigating action plans. This group will link directly with the Management Board and will advise them on which risks to escalate/de-escalate for inclusion or deletion from the corporate risk register.

8.2   Reporting and assurance arrangements

NBC's risk management framework will be supported through agreed reporting and assurance arrangements. This is to ensure that the key risks and their owners are clearly identified that mitigation and specified actions are appropriate and that actions are being carried out. The arrangements include:

8.3   Corporate level

Management Board will review and approve risk management policies and strategies and will take advice from the Audit Committee on these matters.

On a routine basis the Audit Committee will receive updates on NBC's risk management framework and risks. Reporting will include:

- the Corporate Risk Register including associated action plans for the higher rated risks; and
- reports on the changing risk profile within NBC including areas of increasing risk, where controls are not considered to be effective and horizon scanning for areas of possible future risk.

The Audit Committee will receive an annual report on risk management effectiveness from the internal auditors. The committee will also consider input from other sources of assurance as appropriate.

The Management Board will regularly review (and update) the NBC Corporate Risk Register for the key risks facing the organisation. The Management Board while retaining ultimate responsibility for updating the corporate risk register will delegate the detailed review work to the Performance Board.

8.4   Directorate/service level

Each Director / Head of a Service will review risks and actions in mitigation of risk on a regular basis as an integral part of the business planning process. These officers will also ensure that risks identified at a service level and which may have a wider impact on the organisation are escalated through to the PB. The following should be considered:

- the status of all high risks (including actions taken)

- any new risks since the last report
- changed risks from the previous report (especially where risk is increasing)
- risks escalated
- risks removed from registers.

The PB, after considering feedback from risk champions, will update the corporate risk register and provide Management Board with an overview of the risk profile across NBC.

8.5   Project level

Programme and project management is very much about managing uncertainties. Poor risk management is a key element as to why many projects often fail. Risk taking in projects is inevitable since projects are enablers of change and change introduces uncertainty, hence risk.

Throughout the life of the programme or project there will be risks that need to be managed; to reduce the likelihood and impact of unwanted outcomes such as project time and cost overruns. To manage the risks the Project Manager will maintain a project risk register on behalf of the project.

A detailed step by step process for managing risks is included within the Programme and Project Management Governance Framework. The framework details the responsibilities and ownership of risk, how it is managed throughout the project lifecycle and how it is reported and escalated should risks become severe and the NBC Management Board need to consider the project risk position and status.

Managing risks within a programme or a project will ensure that responsibilities are clear to:

- Implement appropriate measures and controls to manage risks during the life of the project
- Review the risks on a regular basis
- Identify and assess the impact of risks and their influence on the project schedule and other important project variables such as cost and quality
- Have appropriate contingency plans in place to remove or limit the risk (these can be either controls (already in place) or actions (yet to be undertaken but planned)

Where suppliers/and or partners are involved in the project, it is essential that there is a shared understanding of risk. There may need to be contingency plans and risk allowances (funding and time identified to manage such risks) allocated to allow for the possibility of (for example) delays or failure for a service to be taken up.

At a project level, a risk register is a key tool for managing risk, which must be reviewed and updated continually throughout the life of the project.

Within a programme or project responsibility and ownership for managing risks must be assigned to individuals with the authority to take appropriate action on risk. This will be at the start of any programme or project in 'Set Up' phase.

9   Risk management maturity model

9.1   A key aspect of monitoring and reporting progress is the establishment of a risk maturity model. This model provides senior management with a snapshot of where the risk processes and principles NBC employs have led to changes and progression in risk management. It provides assurance that risk management processes are fit for purpose and also identifies areas where further improvement is required.

9.2   Once Enterprise Risk Management is implemented, the risk maturity model will be reviewed annually by internal audit with findings discussed by the Management Board (via the PB). The Management Board would then propose any actions to raise maturity in areas of poorer performance for consideration by the Audit Committee.

10   Performance management

10.1   The effectiveness of the risk management function is reviewed on an on-going basis by the Management Board and its effectiveness is annually appraised and evaluated by the Audit Committee, who also monitor and challenge activities and progress. The risk management function is also audited against public sector best practice by both internal and external audit.

10.2   In addition, specific core risk-related/risk-driven support service activities, such as performance management, health and safety, insurance, emergency and business continuity planning and programme and project management all contribute to the overall corporate risk management process.

10.3   The views of key stakeholders and internal customers in the risk management function, particularly of the Chief Executive, the Management Board, statutory officers, heads of service and service-managers also including the above risk-related disciplines. The risk management process will be continuously improved in line with this feedback.

11   Review and control

11.1   This strategy and policy will be subject to regular review (at least annually) by the Borough Secretary with any changes reflected in related guidance, training and tools as appropriate.

Annex A **Summary Overview of Risk Management Responsibilities**

Risk Strategy Activity / Council Group/Team/Officer or Commercial Partner	Develop the Risk Management Strategy	Agree the Risk Management Strategy	Provide Advice and Support on the Strategy	Implement the Strategy	Share experience of risk management issues	Review the effectiveness of the Strategy
Cabinet		●				●
Audit Committee			●		●	●
Management Board	●			●	●	●
Directors	●			●	●	●
Section 151 Officer	●		●	●	●	
Monitoring Officer	●		●	●	●	
Major Programme & Project Boards				●	●	
NBC Trading Companies				●	●	
Commercial Partners/Joint Ventures					●	
Public Sector Partnerships					●	
Large NBC Procurement Contracts				●	●	
Shared Services (NBC Service-Lead)				●	●	
Shared Services (NBC Non-Leading)					●	
Departmental DMTs			●	●	●	●
Council Committees/Boards/Groups				●	●	
Corp. Governance & Support Officer Programme Board	●		●	●	●	●
Heads of Service/Service Managers			●	●	●	●
Internal Audit	●		●	●	●	●
External Audit						●
Council Staff				●	●	
Northampton Residents					●	

(Source of Model – CIPFA; Risk Management in the Public Services)

Annex B Detailed Risk Management Responsibilities

Position	Role / Responsibilities
Cabinet	• Annually approve the Council's Risk Management Strategy & Framework • Provide leadership on risk management in the organisation • Consider the strategic risks associated with the decisions taken. • Monitor the Council's risk management arrangements, including via the Council's strategic performance and audit reports. • Assess risks in Cabinet reports and provide challenge, where necessary and identify risks associated with Cabinet decisions
Management Board	• To lead risk management by example • To develop, implement and review the Council's Risk Management Strategy & Policy • To champion the effective application of risk management processes and principles across the Council's business systems • Seek assurance at least annually that all risks comprising barriers to achievement of the Council's corporate objectives have been identified and accurately assessed and are being managed • To review and update the corporate risk register and ensure mitigating actions are completed • Seek assurance at least annually that all directorates and major programmes and projects are appropriately complying with the Council's risk management policies and framework
Directorate Management Teams, or Equivalent	• Collectively support and contribute to their corporate discharge of their risk management responsibilities • Make arrangements for continuing to embed risk management and a risk aware culture throughout their respective directorates • Ensure risk is regularly reported (at least quarterly) to their Director and also the Borough Secretary • Maintain and review directorate rate risk register(s) on a quarterly basis
Heads of Service & Service Managers	• Accept responsibility for managing risk as a core managerial competency • Manage the risks associated with their area, including those crossing area boundaries within their Directorate and their delegated budget allocation and service plan responsibilities • Ensure there is effective risk management within their service area • Ensure a risk register is in place for any business or major programme or project related risks and the risk registers are reviewed at least quarterly • Compliance with risk policies and ensure staff are trained in risk Management • Encourage staff to raise risks and send a message to staff that escalated risks will be evaluated and acted upon if necessary • Promptly advise senior managers of significant identified risks

Annex B: Detailed Risk Management Responsibilities

Position	Role / Responsibilities
DMTs	• Review and discuss risk exception reporting • Discuss and review Directorate risk register(s), as necessary • Where appropriate, escalate risks for discussion and consideration by Management Board or the Borough Secretary for inclusion on the corporate risk register.
Programme and Project Boards	• Review and update risk registers/action plans for programme and project level risks • Report risks to the Programme/ or Project Board • Escalate any risks that exceed risk appetite to the next level or to the Borough Secretary for inclusion in the corporate risk register • Provide a copy of the updated risk register/action plan to the Borough Secretary
Other Council Boards, Panels, Steering Groups & Committees	• Produce a written Terms of Reference which requires risks to achieving Board/Committee/Panel/Group objectives, or opportunities to accelerating or enhancing achievement, to be identified, assessed, managed and reported by the Board/Committee/Panel/Group
Audit Committee	• Promote, support and co-ordinate risk management at Member level ensuring a positive and cogent attitude toward the understanding and treatment of risk at the Council • Monitor, advise and review at least annually the effectiveness of the Council's overall risk management framework and arrangements prior to submission to Cabinet and review the Council's key risks to ensure these are being adequately managed • To hold the Management Board accountable for effective risk management across the Council
Public Sector Partners	• Ensure that appropriate arrangements are in place to manage partnership related risks including risk escalation procedures • Actively manage risks within the partnership participating in the regular update and maintenance of a joint partnership risk register. • Report on risk management issues to the respective partnership board. • Show a clear link between objectives and outcomes that is customer focused • Escalate risks for inclusion on the service or corporate risk register
Commercial & Private Sector Partners	• Ensure that appropriate arrangements are in place to manage commercial partnership related risks including risk escalation procedures to relevant Board and/or DMT/Management Board • Actively manage risks within the commercial partnership and participating in the regular update and maintenance of a joint commercial partnership risk register. • Report on risk management issues to the respective partnership board. • Show a clear link between objectives and outcomes that is customer focused

Annex B: Detailed Risk Management Responsibilities

Position	Roles/Responsibilities
Council Commercial Trading Companies and/or LLP Partnerships	• Develop, implement and review the trading company's or partnership's risk management strategy • Seek assurance at least annually that all risks comprising barriers to the achievement of the strategic objectives of the company or LLP Partnership have been identified and accurately assessed and are being managed • Seek assurance at least annually that all divisions and departments within the company or LLP Partnership are appropriately complying with the company or partnership's risk management policies and framework • Ensure adequate risk escalation procedures are in place for the trading company or LLP Partnership • Escalate and report risks, as appropriate, quarterly for consideration and action by Management Board and the Borough Secretary
Shared Services (NBC Non-Lead)	• Ensure that appropriate arrangements are in place to manage and escalate shared services related risks. • Actively manage risks within the shared-service arrangements participating in the regular update and maintenance of a shared-services risk register. • Report on risk management issues to the Lead-Authority. • Show a clear link between objectives and outcomes that is customer focused
Borough Secretary	• Oversee, monitor and report compliance by officers with the Council's risk management framework and policies where these apply, including at the Council itself, in council arrangements for potential commercial and public sector partnerships and shared-service arrangements and also in trading companies and LLP partnerships established by the Council • Engage, monitor and constructively challenge the Council (including its directorates or any trading companies and/or LLP partnerships), its major programmes and projects, partnerships and shared service arrangements and related staff on key risk management issues, • Be a central and professional point of contact on risk • Management for all the above, creating alliances/liaisons with council staff, including corporate directors and directorate DMTs and also including partner organisations, potential trading companies and/or LLP partnerships and commercial and public sector partnerships, to support them in their risk roles • Develop the risk management strategy and related guidance and templates • Provide tools, training/awareness and materials in support of council staff • Lead on corporate reporting of risk management to the

Annex B: Detailed Risk Management Responsibilities

Position	Roles/Responsibilities
Borough Secretary (cont)	Audit Committee and Management Board • Undertake ad hoc risk assessments. • Inform risk registers (ie by the provision of risk-based reports)
Internal Audit	• Independently evaluate the effectiveness of the Council's risk management arrangements and where appropriate make recommendations for improvement
Performance Board	• To develop, promote, share, uphold and monitor the risk management arrangements of the Council in accordance with recognised best practice in the public sector and to provide assurance on risk management to the Council.
Monitoring Officer	• Where it appears to the Monitoring Officer that a proposal under this framework gives rise to a contravention of law or maladministration to alert the Council to this
All Council Officers	• To use risk management as a tool to support decision-making • Raise/escalate any concerns or risks identified or considered within their working environment that are not being sufficiently addressed or directly to the appropriate council manager • Maintain vigilance and a risk-aware attitude of mind at all time

ANNEX C To be decided at Management Board

Council Risk Register Template					
Risk Likelihood					
E. *Almost Certain* *(90%+)*	🟧	🟧	🟥	🟥	🟥
D. *Likely* *(56% to 90%)*	🟩	🟧	🟧	🟥	🟥
C. Possible (16% to 55%)	🟩	🟧	🟧	🟧	🟥
B. Unlikely (6% to 15%)	🟩	🟩	🟧	🟧	🟧
A. Rare (0%-5%)	🟩	🟩	🟩	🟩	🟧
Risk Impact	**1.** Insignificant Impact or Insignificant Benefit	**2.** Minor Impact or Minor Benefit	**3.** Moderate Impact or Moderate Benefit	**4.** Major Impact or major Benefit	**5.** Catastrophic Impact or Exceptional Benefit

ANNEX C: STANARD RISK REGISTER TEMPLATE To be decided at Management Board

No	Objective/ Priority	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Residual Risk Rating	Risk Owner	Risk Owner Update
							QTR	QTR				
			▪ ▪ ▪ ▪	▪ ▪ ▪ ▪		• • • • •			• • • • **Contingency** • • •			