



South Hams
District Council



West Devon
Borough Council

Risk and Opportunity Management Strategy

November 2023

Introduction

What Do we mean by Risk & Opportunity?

'Risk' is most commonly known to mean "hazard" and something to be avoided but it has another face - that of opportunity. Improving public services requires innovation - seizing new opportunities and managing the risks involved. In this context risk is defined as uncertainty of outcome, whether positive opportunity or negative threat of actions and events. It is the combination of likelihood and impact, including perceived importance.

What Is Risk & Opportunity Management?

Risk and Opportunity Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives.

This strategy is intended to reaffirm and improve effective Risk and Opportunity Management within the Council, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives..

How does Risk Management fit in to our business planning?

Effectively identifying and managing risks and opportunities will support the Council in acting in the best interests of our residents, businesses and communities through the ever changing environment of local government.

It is the 5th step in our Performance Management Framework



Step 5: Risk Management

Identify risks that may prevent us delivering our vision and how we will mitigate them



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Risk and Opportunity Management Policy Statement

The Council recognises that it has a responsibility to manage risks and opportunities effectively to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the chances of achieving its vision. The council will also look to identify and manage opportunities, including those supporting better and more cost-effective provision of services to the public.

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focused approach to managing risk. Risk management is an integral part of the Council's corporate governance arrangements and has been built into the management processes as part of our performance management framework.

The Council will be open in its approach to managing risks and will seek to avoid a blame culture. Lessons from events that lead to loss or reputational damage will be shared as well as lessons when things go well. Discussion on risk in any context will be conducted in an open and honest manner.



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Our Risk & Opportunity Management Objectives

We have 6 key objectives that guide our approach to Risk & Opportunity Management

1. Adopt a strategic approach in order to make well informed decisions
2. Integrate risk & opportunity management into how we run Council services and deliver key projects.
3. Support a culture of well-measured risk taking throughout the Council including setting risk ownership and accountabilities.
4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
5. Ensure that the Council continues to meet all statutory and best practice requirements
6. Ensure that risk & opportunity management continues to be a key and effective element of our Corporate Governance

Benefits of Effective Risk & Opportunity Management



Improved Strategic Management

- Greater Ability to deliver against our corporate objectives and targets
- Improved decision making, planning and prioritization
- Promotion of innovation and change



Improved Operational Management

- Plans in place to prevent negative incidents
- Plans to respond to incidents when they occur
- Better service delivery and customer experience
- Reduce the likelihood/ impact of incidents such as H&S



Improved Financial Management

- Better informed financial decision making
- Greater financial control
- Minimising waste and improving Value for Money



Our Risk & Opportunity Management Process

Identification of risks and opportunities, deciding what action to take to minimise the risk and take advantage of opportunities that arise is an activity that we are all doing constantly in our personal lives. The same approach is applied by the Councils in assessing risks to our priorities and services.

To do this we follow a 5 step approach



Risk & Opportunity Management – Step by Step

1. Identify and Record

Directors and Heads of Service will consider risks and opportunities as part of their Annual Business Planning Process and consider them throughout the year in response to changes.

All employees will be encouraged to identify risks and opportunities and highlight them to the appropriate manager.

2. Analyse and Assess

Each risk will be assessed in line with the framework in Appendix A of this document.

Likelihood of the Risk Occurring x Impact if the risk does occur

Opportunities will also be documented.

3. Respond

When assessing risk and opportunities, consideration of what measures 'Mitigations' or 'Opportunity Enhancers' can be put in to place should be documented including clear owners and timescales.

Where a risk score falls above the threshold in Appendix B, it should be reported to the Performance Board at their next meeting where consideration will be made to inclusion on the Strategic Risk Register

4. Monitor and Report

Heads of Service should keep risks under review on a regular basis and ensure that mitigations are being followed up.

Performance Board will review each service operational risk and opportunity register at least twice a year to ensure they are effectively being managed and this strategy followed.

Further reporting arrangements are set out later in this document.

5. Integrate Learning

An Annual 'Risk and Opportunity Management' report will be prepared to consider learning and to integrate best practice.

This will be shared with all Risk Owners and Audit Committee

The whole leadership team will embed risk management and



Roles and Responsibilities

All Staff	<ul style="list-style-type: none"> • Assess and manage risks effectively in their job and report hazards / risks to their service managers at the earliest opportunity • Undertake their job within contractual, policy and statutory guidelines and ensure that they have appropriate training to minimise any risk to themselves, others and the Council as a whole • Actively highlight opportunities for improvement to managers
Assistant Directors / Heads of Service	<ul style="list-style-type: none"> • Identify, evaluate, prioritise and control risks and opportunities facing the Council in delivering its corporate objectives • Monitor, review and communicate information on operational and strategic risks within their CoP / area of control • Ensure risk and opportunity management is embedded within departmental business / operational plans • Review cross cutting operational issues • Report to Performance Board on key service risks every six months • Include staff without direct responsibility for owning and managing risk in risk discussions to ensure teams identify potential risks associated with service delivery
Senior Leadership Team	<ul style="list-style-type: none"> • Identify, evaluate, prioritise and control risks and opportunities facing the Council in achieving its corporate objectives • Ensure the Council implements and manages risk effectively through the delivery of the Risk and Opportunity Management Strategy and consider risks affecting delivery of services • Ensure risk and opportunity management is considered by SLT on a quarterly basis • Provide assurance to Audit Committee regarding risk and opportunity management compliance • Approve and monitor the progress and effectiveness of the Risk and Opportunity Management Strategy and the Performance Board • Support the embedding of risk and opportunity management within the culture of the Council as an integral part of strategic/business planning, decision-making and performance management framework • Approve risk and opportunity management monitoring reports to Audit Committee
Performance Board	<ul style="list-style-type: none"> • Responsibility to provide the desired risk management culture, the skills and experience required to manage risks and the internal control activity. • Support the Council and its Head of Practices in the effective development, implementation and review of the Risk and Opportunity Management Strategy • Share experiences across the Council and partners, promoting, facilitating and overseeing the arrangements for managing and monitoring of risk • Provide training and guidance in Risk and Opportunity Management



Roles and Responsibilities

Audit & Governance Committee	<ul style="list-style-type: none">• Recommend (to Council) Approval of the Council's Risk and Opportunity Management Framework• Receive and approve monitoring reports on the Strategic Risk and Opportunity Register and an annual Risk and Opportunity Management report• Seek assurance on behalf of the Council on the effectiveness and appropriateness of Council actions towards mitigating / resolving / managing red risks. This may be at the request of the Audit & Governance Committee, officers or elected Members
Devon Audit Partnership	<ul style="list-style-type: none">• Provide a risk based Audit Plan to monitor the effectiveness of Internal Controls and provide a trigger and action plan for management intervention• Audit the Risk and Opportunity Management Framework and processes



Reporting Arrangements

We will ensure that Risk and Opportunity Management is embedded throughout the Council, with reporting including:

- Monthly Strategic Risk Reports to Performance Board
- Quarterly reports on Strategic Risks to Hub (West Devon) and Executive (South Hams) via Integrated Performance Management Report
- Six-Monthly Risk reports to Audit and Governance Committee
- Consideration of risk within the Councils' Annual Governance Statement including annual review of risks



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Important specific Risk Areas

Above each individual service risk register, risk areas exist that will require specific risk registers and monitoring groups – i.e.

- Health and Safety – perhaps monitored by a H&S group chaired by the Chief Executive, with a H&S Risk Register.
- IT, and Cyber Security Risk – a Cyber Security Risk Register, and IT management team.
- Financial Risk – the role of the S151 to ensure financial risk and rewards are managed carefully.
- Fraud – a fraud risk register is to be maintained
- Strategies – key council strategies should include / detail the risks related to their effective implementation.
- New projects –Project risk will be managed as part of basic project management.
- Business Continuity, Emergency Planning, and council “Resilience”



Appendix A - Our Risk Management Scoring

Likelihood

How possible is it that the risk will occur?

#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - Could occur	25-50%	May happen occasionally, e.g. Once in 10 years
4 – Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5 – Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

Impact

If the risk does occur, what is the impact?

#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/Ombudsman, no or little follow up needed	Minor first aid required	Isolated staff dissatisfaction
2 – Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/Ombudsman with potential for minor remedy	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3 – Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to delivering a wide range of services	Short term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4 – Major Risk	Financial loss of between £500k & £1Mill	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage, or South West or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5 – Catastrophic	Financial loss of over £1Mill	Major drop in performance or inability to deliver mandatory services	Long term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions

To calculate the overall risk score, we multiply the likelihood by the highest impact category score.

NB – Our external auditors, Grant Thornton, have set materiality for the 2022/23 Accounts at £0.57million.

Appendix B - Our Risk Management Treatment

Consideration by performance board to add to Strategic Risk Register

Impact	Likelihood					
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain	
5 Catastrophic					<i>Must be managed down urgently</i>	<p><u>Must be managed down urgently</u> These risks will be the subject to regular monitoring and action by Lead Members and the Senior Leadership Team. Significant Management action is required</p> <p><u>Influence down in medium term</u> These will be regularly monitored by the relevant Director and Head of Service with plans developed to reduce the risk in the medium term.</p> <p><u>Monitor and Manage</u> These will be monitored by Heads of Service and plans developed to reduce the risk and prevent escalation</p> <p><u>Accept</u> These will be monitored however on the whole the risk level is deemed acceptable with normal managing of the activity</p>
4 Major				<i>Seek to influence short to medium term reduction</i>		
3 Moderate			<i>Monitor & Manage to influence a reduction</i>			
2 Minor		<i>Accept – continue to monitor</i>				
1 Insignificant						

