

REPORT TO: Cabinet

MEETING DATE: 14 March 2023

BY: Chief Executive

SUBJECT: Risk Management Strategy 2023 to 2026

1 PURPOSE

- 1.1 To present to Cabinet the Risk Management Strategy 2023 -2026 (Appendix 1) for approval.

2 RECOMMENDATIONS

- 2.1 It is recommended that Cabinet approves the Risk Management Strategy 2023 – 2026 and in doing so, is asked to note that:
- this is a live document which will be monitored by the Corporate Risk Management Group in the context of new and developing risks arising in the international, national and local context.

3 BACKGROUND

- 3.1 The Strategy provides a comprehensive framework that will help embed effective management of risk. Key elements of the strategy are:-
- Risk Management Philosophy, Objectives and Standard Procedures
 - Structural Arrangements and Responsibilities
 - Monitoring and Reviewing Risk Management Activity
 - Implementation, Communication and Review
- 3.2 The Risk Strategy was last revised and then approved at Council in December 2019, covering the period 2019 to 2022. The Corporate Risk Management Group, and Linking Risks Sub-Group thereof, have recently revised the strategy and made some amendments to take account of the

current risk context in which Council services operate, existing risk management practice and the current software. The revised strategy is attached in full as Appendix 1, and will cover the period 2023 to 2026.

4 POLICY IMPLICATIONS

- 4.1 In approving this report the Cabinet will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - There are no direct financial implications associated with approving the revised strategy although it is anticipated that implementation may give rise to improvement measures which may themselves have financial implications.
- 6.2 Personnel - There are no immediate implications.
- 6.3 Other - Effective implementation of this strategy will require the support and commitment of those identified within the strategy to undertake specific responsibilities.

7 BACKGROUND PAPERS

- 7.1 None.

Appendix 1 – Risk Management Strategy 2023-2026

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DATE	27 February 2023



Risk Management Strategy

2023 to 2026

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<u>Document Control</u>			
<u>Version No.</u>	<u>Effective Date</u>	<u>Reason for Update</u>	<u>Lead Reviewer</u>
1.0	December 2009	New document	CMT/EP&RM
2.0	October 2012	Revised	CMT/EP&RM
3.0	January 2015	Revised	EP&RO/CMT
4.0	December 2016	Revised	EP&RO
5.0	December 2019	Revised	EP, R & R Officer
6.0	May 2020	Update of Executive Structure	EP, R & R Officer
7.0	July 2021	Revised	EP, R & R Officer
8.0	February 2023	Revised	EP, R & R Officer/CRMG

<u>Previous Committee Decisions affecting this Strategy</u>		<u>Link to Report</u>
	December 2019	COUNCIL
		Agendas, reports and minutes East Lothian Council

1. Background

East Lothian Council provides a diverse range of services to the community of East Lothian and visitors to the area. The strategic and operational hazards and potential risks associated with delivering these services are many and varied.

East Lothian Council regards risk as the threat that an event or action will adversely affect the Council's ability to achieve objectives and the successful execution of strategies. Risk Management is the process of identifying, analysing, treating and monitoring risks which face the organisation and forms part of East Lothian Council's internal control and corporate governance strategy.

Developing a risk management culture and integrating risk management into the way the Council delivers services is essential for achieving best value and achieving the Council's Vision of making East Lothian a good place to live, work or visit. When risk is well managed it often goes unnoticed. If it is poorly managed or not managed at all the consequences can be significant and high profile. Effective risk management is needed to prevent such failures and ensure high performance.

2. Policy Statement

- 2.1 The Elected Members and Chief Officers of East Lothian Council are committed to creating a culture within the Council where all staff are encouraged to develop new initiatives, improve performance and achieve their goals safely, effectively and efficiently by consistent application of tried and tested methodologies for identifying and managing opportunity and risk.
- 2.2 In doing so the Council aims to make the most of opportunities to:
 - achieve high standards of performance;
 - deliver high quality services for service users;
 - provide an environment that meets Health & Safety requirements for the people it employs;
 - protect assets and liabilities against potential losses, and
 - minimise uncertainty in achieving its goals and objectives.

3. Scope

- 3.1 Whilst the Chief Executive has overall accountability for risk management, the Head of Communities has responsibility for the implementation of a suitable and effective risk management framework, and is supported in this respect by the Emergency Planning, Risk and Resilience Manager and Officer whose remit is to co-ordinate, integrate, oversee and support the risk management agenda and ensure risk management principles are embedded across the Council.
- 3.2 The Council has agreed that the Corporate Risk Management Group (chaired by the Head of Communities) is the lead Group overseeing the development, implementation and maintenance of risk management across all services. Risks will be recorded within the Corporate Risk Register, Service Risk Registers or Project Risk Registers.
- 3.3 **Corporate risks** represent those with the potential to impact on the 'corporate body', East Lothian Council, in achieving its stated policies and corporate objectives and those that require strategic leadership (for example the Council Plan and the Financial Strategy). Service risks may be included on the corporate risk register where a risk impacts on multiple services or requires significant central resources in the development of risk control measures.
- 3.4 **Service risks** represent the potential for impact on 'individual services' in relation to service delivery, or the experience of those who work within the services, i.e. staff, partners, contractors and volunteers, or the general public and clients in receipt of the services provided.
- 3.5 **Project risks** represent the potential for impact on specific projects being run by the Council at any time in relation to delivery of the project. Each Project should maintain a Project Risk Register with a summary risk within the applicable Service Risk Register.

- 3.6 This document represents the risk management framework to be implemented across the Council and effectively contributes to the signing of the Statement of Internal Control, which is an annual requirement of the Head of Finance.

4. Risk Analysis and Appetite

- 4.1 The Council has an overarching risk appetite to ensure that Corporate and Service risks are managed in line with the amount and type of identified risk which the Council is willing to accept in order to deliver its objectives and services.
- 4.2 The view of the severity of risk can and will vary across levels of seniority and between individuals and groups based on a number of factors including knowledge and understanding and past experience.
- 4.3 Changes in the Council's risk appetite can also be driven by significant external causes e.g. COVID-19 pandemic, where the Council had to accept increased risk levels that exceeded its approved risk appetite ranges as risk required to be managed within the boundaries of new national legislation and guidance.
- 4.4 Our risk appetite is that we wish all risks to be reduced to at least a Medium level through time. Beyond our risk appetite is our risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances we will aim to reduce the risk to a level that is within our appetite. We illustrate our risk appetite and tolerance as follows in Paragraph 4.5. As a Council we are not willing to take risks that will cause a significant negative consequence for our objectives.
- 4.5 All risk will be analysed in terms of impact on the Council, its component services and the likelihood of occurrence. This analysis will produce an evaluation of risk as being Low, Medium, High or Very High. The council's response in relation to adverse risk, or 'risk appetite' is such that:
- 'Low' risk is broadly acceptable without any further action to prevent or mitigate risk;
 - 'Medium' risk is tolerable with control measures that are cost effective;
 - 'High' risk may be tolerable providing the Council is assured that adequate and effective control measures are in place; and,
 - 'Very High' risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.

It should be noted that as a control measure the Council's insurance does not respond to cover all eventualities e.g. if a contractor does not have the necessary cover in place then the Council's policies will not automatically respond to cover any shortfall. All service areas should ensure that the insurance cover requested as part of the contract is checked as part of finalising any contract for works to be undertaken on buildings.

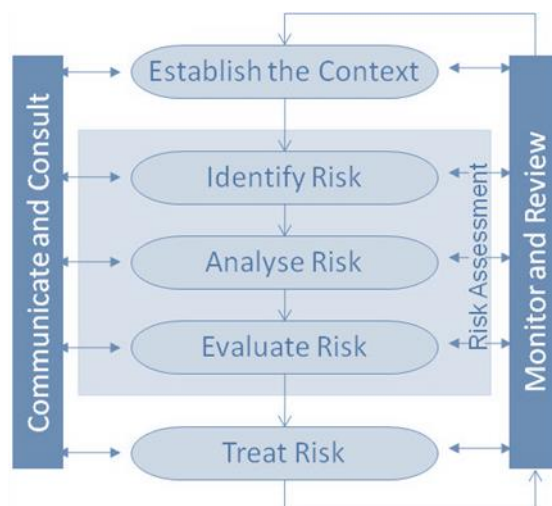
High and Very High risks will be subject to closer scrutiny by the Council Management Team (CMT), Council and the Audit and Governance Committee.

5. Risk Management Philosophy and Objectives

- 5.1 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects¹. It is pro-active in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an important role to play in ensuring that defensible and beneficial 'risk-aware' not 'risk-averse' decisions are made. It ensures that the Council provides high quality services and staff are aware that every effort has been made to maximise their opportunities to succeed.

¹ Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004

5.2 East Lothian Council uses the risk management process shown below².



5.3 Risk Management Objectives

The specific risk management objectives of the Council are to:

- (i) integrate governance and risk management into the day to day activities of all Council employees including project management and service planning;
- (ii) create a consistent approach to risk across all services using the adopted process;
- (iii) promote practical measures to reduce the Council's exposure to risk and potential loss;
- (iv) define clear lines of responsibility for the management of risk, including corporate risks, service risks and those involving specialised support functions;
- (v) provide a system for monitoring the effectiveness of the risk management framework;
- (vi) provide a system for feedback on the management of key risks to Elected Members, with clear and measurable targets set, and reports on progress made against those targets;
- (vii) comply with legislative requirements; and
- (viii) comply with the requirements of Corporate Governance

5.4 The fundamental principles of Risk Management are to:

- ensure that the Risk Management process takes account of and links to Council objectives;
- monitor the provision of, and attendance at, Risk Management training events;
- to keep the elected members and senior managers advised of any significant risk management issues;
- to promote an open and fair reporting culture;
- encourage local ownership of the Risk Management process by ensuring that decisions on risk management are taken locally rather than centrally.
- agree clear roles and definitions relating to the accountability, management, escalation and communication of key risks; and
- approach the assessment of risks and opportunities consistently.

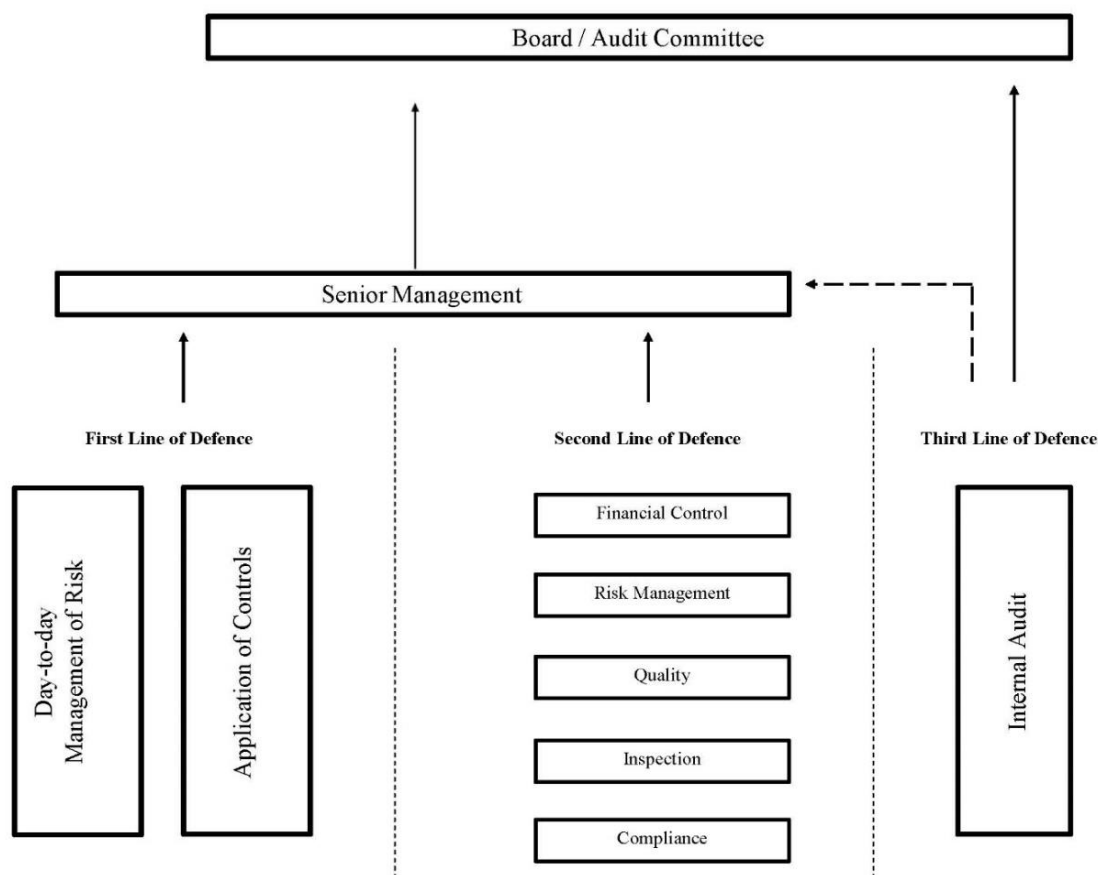
6. Risk Management Assurance – The Three Lines of Defence

6.1 Assurance on the design and effectiveness of the risk management framework is provided across the Three Lines of Defence (see Figure 1).

² Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004 and ISO 31000 (2009)

- 6.2 Services, departments and directorates remain responsible for owning and managing their risks which includes ensuring their risks are identified, assessed, recorded in the Risk Register, continually managed and escalated where required. This first line of defence is formed by service managers, staff and corporate services such as Finance, HR and IT, who are responsible for identifying and managing risk as part of their accountability for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control. This requires an understanding of the Council, its objectives, the environment in which it operates, and the risks it faces. They are also responsible for deploying strategies (taking acceptable risk) to generate reward for the organisation and for managing risks to acceptable levels.
- 6.3 The second line of the Emergency Planning, Risk and Resilience Team and the Corporate Risk Management Group will oversee and provide ongoing assurance to ensure the Risk Management Strategy is consistently and effectively applied whilst also making recommendations for improvement. Within East Lothian Council there are several Services who have compliance/quality teams within their remit including HR, IT, Transport and H&SCP and therefore provide additional assurance. They will also provide the Risk Strategy and any tools, techniques, training and support to enable risk and compliance to be managed in the first line and help ensure consistency of definitions and measurement of risk.
- 6.4 Internal Audit (third line) will provide independent assurance by assessing the effectiveness of the Risk Management Strategy and ensuring that the first two lines are operating effectively, while advising on any way they could be improved. Tasked by, and reporting to CMT and Audit and Governance Committee, Internal Audit provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal controls.

Figure 1: 3 Lines of Defence



7. Benefits of Effective Risk Management

- 7.1 Effective risk management will contribute to delivering significant benefits for the Council. The primary benefit is that appropriate, defensible, timeous and best value decisions are made. Such 'risk-aware' decisions should be based on a balanced appraisal of strengths, weaknesses, opportunities and threats, and should enable acceptance of a certain level of risk in order to achieve a particular goal or reward.
- 7.2 The Council recognises that not all risk is negative and striving to completely avoid risk would negatively impact on the Council's chance of delivering the Council's priorities by realising the positivity of opportunities which can also be driven by external factors e.g. changes in a market. Our approach to risk is to seek the right opportunities and, where possible, minimise threats. By encouraging managed risk taking, and considering all of the available options we seek a balance between caution and innovation.
- 7.3 Defensible decision-making means that:
- all reasonable steps in the decision-making process will have been taken;
 - all relevant information will have been collected and thoroughly evaluated;
 - reliable assessment methods will have been used;
 - decisions (and supporting rationales) will have been clearly documented, and
 - processes will have been put in place to monitor the effectiveness of the decision outcomes.
- 7.4 Other benefits would include:
- high achievement of objectives and targets;
 - high levels of staff morale and productivity;
 - better use and prioritisation of the council's resources;
 - high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation;
 - enhancement of the Council's good reputation as an employer and public service provider;
 - avoid duplication of Risk Management issues which affect more than one service and bring them together to benefit from good practice.

8. Standard Procedures

- 8.1 Standard procedures (8.1.1 – 8.1.10) should be fulfilled in order to achieve a consistent approach to effectively implementing risk management across all areas of the Council.
- 8.1.1 Full implementation of the continuous risk management process, embedding risk management within existing Council processes so that an assessment of risk as well as costs and benefits becomes routine wherever possible.
- 8.1.2 Identification of risk using standard methodologies and involving managers throughout the service with detailed knowledge of the service and the environment in which it operates.
- 8.1.3 Each Service through its Risk Working Group will identify events which may have the consequence of affecting the Council's ability to provide services and achieve its objectives.
- 8.1.4 Consistent application of a standardised 5x5 risk matrix to analyse risk in terms of impact and likelihood of occurrence, thus producing a risk score and evaluation of either 'low', 'medium', 'high' or 'very high.' The values attached to the risk for likelihood and impact are then multiplied and placed on the risk matrix, which shows the level of risk ranging from 1 to 25.
- 8.1.5 Consistency of approach for risk response/ treatment where appropriate actions are taken to bring a situation to a level where the exposure to risk is acceptable to the Council, either through termination, tolerance, transfer or treatment of the risk.³

³ **Termination** - avoiding the risk by not proceeding with the activity likely to generate the risk;

Tolerance - ensuring that adequate plans exist to respond to potentially disruptive events and monitoring current controls where the probability of harm materialising is low and/or the economic cost of further reducing the risk is disproportionately high;

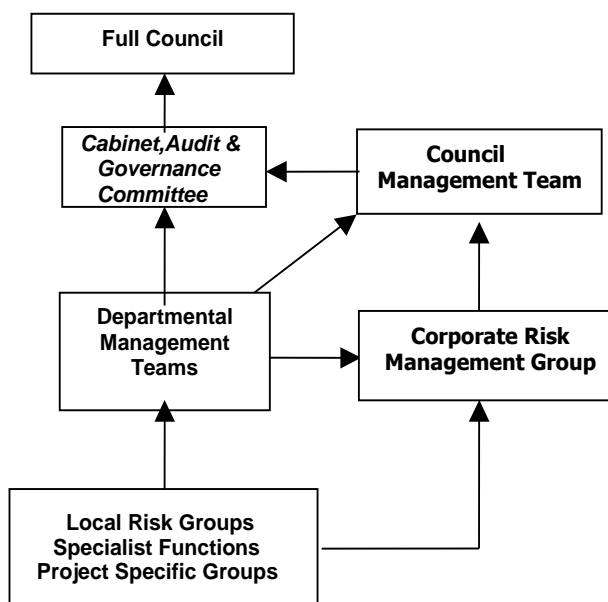
It will be for the CMT or the Service Risk Working Group to decide on what action they take to deal with the identified corporate or service risks.

- 8.1.6 Implementation and maintenance of risk registers as a means of collating risk information in a consistent format allowing comparison of risk evaluations and informed decision-making in relation to prioritisation of resources. **The Council has purchased Risk Software to ensure consistency of approach and format of risk registers.**
- 8.1.7 Routine reporting of risk information to the appropriate group e.g. Audit and Governance Committee, CMT and Cabinet dependent on the type and significance of risk.
- 8.1.8 Periodic re-assessment of individual risks, proportionate to significance of risks (i.e. low and medium risks fully reassessed every two years and significant [high and very high] risks annually) including routine audit of robustness of control measures.
- 8.1.9 Fully document the risks in the risk registers and to monitor and carry out an annual review of corporate and service risk registers to ascertain progress and to check for contextual changes affecting the risks.
- 8.1.10 Ongoing proactive identification of new and/or potential risks as a general responsibility of all service areas specifically those where risk is inherently discussed as part of their remit.

9. Structural Arrangements and Responsibilities

- 9.1 All employees are responsible for managing risk to varying degrees within East Lothian Council and it is important that employees are made aware by the Council of their specific responsibilities in order to ensure risk is successfully managed throughout the Council. The Risk Framework (Figure 2.0) illustrates the relationship between different levels of employees and their accountability amongst each other. It shows the structure whereby information, instruction, training, supervision and reporting in relation to the management of risk will be effectively communicated within the Council.
- 9.2 The process must be driven from the most senior level of the Council. The framework shows that the CMT has collective responsibility for the management of risk and that the process of implementing the strategy will be through the Corporate Risk Management Group and thereafter cascading through the Council services.

*Figure 2.0
Reporting Arrangements*



Transfer - arranging for another party to bear or share some part of the risk, through insurance, contracts, partnerships, joint ventures etc.; and

Treatment - controlling the likelihood and consequences of the occurrence through preventative measures.

9.3 **Formal Groups**

9.3.1 **Elected Members, Full Council, Cabinet and Audit and Governance Committee**

Elected Members will promote a culture of risk management throughout the Council and encourage effective management of risk by Officers.

As part of its corporate governance role, **Full Council** is accountable for ensuring that the organisation has a suitable risk management framework in place and that significant risks are adequately identified and controlled. At meetings of the relevant committees, Elected Members will approve Service Risk Registers submitted on an annual basis.

Cabinet has delegated authority for and on behalf of Council for ensuring that corporate risks and any emerging significant (high and very high) risks within their specific remit are adequately controlled. Cabinet will approve the Corporate Risk Register on an annual basis, or more frequently should corporate risks change.

Audit and Governance Committee will scrutinise and review the effectiveness of the implementation of the risk management processes within the Council. It will also scrutinise and review the Service Risk Registers.

9.3.2 **Council Management Team**

Council Management Team (CMT) will promote the importance placed on risk management within the Council and will:

- oversee the implementation of this strategy throughout the Council;
- review the proposed Corporate Risk Register and all Service Risk Registers and agree the risks for the Council in achieving its key corporate objectives;
- monitor the effective management of known risk by officers of the Council, by reviewing action taken in managing risks identified on all risk registers on an annual basis;
- support implementation of the Risk Management Strategy throughout the Council;
- timeously identify potential risks arising from the Council's external environment, and
- ensure effective systems of internal control and Risk Management are in place to support the corporate governance of the Council advise and promote the Risk Management framework and strategy.

9.3.3 **Corporate Risk Management Group**

The Corporate Risk Management Group is fundamental to the delivery of risk management throughout East Lothian Council and will meet on a regular basis to ensure that risk management remains high on the corporate agenda. The Corporate Risk Management Group comprises the Head of Communities, the Emergency Planning, Risk & Resilience Officer and senior representatives from each Service Risk Working Group, Internal Audit, Insurance Services, Health and Safety, Information Governance, IT Security and other relevant members by invitation and will:

- identify and review corporate risks, in consultation with the CMT, through the production of a Corporate Risk Register that will demonstrate the overall risk profile of the Council and be used to focus on developing actions for effectively managing the risks;
- provide regular risk management reports to the CMT in respect of all risk registers;
- assist in implementation issues across the Council, share experiences and inform changes to the strategy and direction;
- form a sub group(s) from within the Corporate Risk Management Group to take forward specific initiatives complimentary to the remit of the Group when required.

The Corporate Risk Management Group operates a standing sub-group, the Linking Risks Sub-Group, where subject technical experts convene regularly to take stock of known risks, new and emerging risks and controls.

9.3.4 Risk Working Group – (Service Management Teams act as these)

Risk Working Groups will:

- Liaise with the Corporate Risk Management Group to organise training and raise awareness in their area of responsibility, in order to ensure practical prevention and control measures are put in place to minimise risk;
- contribute to the Service Risk Register and regularly review its content to ensure it continually reflects the key risks of the service and highlights the service's top risks;
- contribute to the Council's assurance framework through the annual submission of the service risk register for review prior to submission to Audit and Governance Committee;
- provide the central point for co-ordination of risk management policy within the service;
- oversee the implementation of this strategy throughout the service at an operational level, and
- provide a representative to the Corporate Risk Management Group.

9.3.5 Specialist Functions

Specialist functions such as Insurance, Information Governance, IT Security and Health and Safety will:

- provide a central resource of expertise to the wider Council, and
- be responsible for the development and actioning of corporate risk management initiatives, either directly or through other Council services.

Where relevant, the Council will access external sources of expertise such as the Police or the Council's Insurers.

9.3.6 Internal Audit

Internal Audit is an independent appraisal function within the Council. Internal Audit will:

- review, appraise and report on the adequacy and effectiveness of Risk Management arrangements within the Council, and
- take into account the Council's Corporate and Service Risk Registers when identifying areas to be included in the Annual Audit Plan.
- provide assurance to the Audit & Governance Committee on an annual basis, that is objective and independent of management, concerning the controls in place to manage risk.

9.4 Individuals

9.4.1 Chief Executive

The Chief Executive has ultimate responsibility for ensuring that there are suitable and effective arrangements in place to manage the Council's risks.

9.4.2 Head of Communities

The Head of Communities and Partnerships is the lead for risk management, its strategy and supporting processes and is supported by a dedicated risk management resource in the Emergency Planning, Risk and Resilience Manager and Officer.

9.4.3 Executive Directors and Director of East Lothian Health & Social Care Partnership

The Executive Directors and Director of East Lothian Health & Social Care Partnership are accountable to the Chief Executive for the management of risk within their areas of responsibility and will ensure that risks identified as likely to impact on their delivery of the strategic objectives are managed effectively.

It is the responsibility of each of them and their senior management team to implement local arrangements which accord with the principles, objectives and standard procedures set out in this strategy. Specifically, they will:

- implement the strategy within their own range of services, seeking every opportunity to embed risk management methodologies within their existing processes;
- monitor and review the effective application of the risk management process throughout their service and report on significant risks to the Corporate Risk Management Group, and
- encourage their Risk Working Group to promote staff learning and development in risk management and monitor operational risk management progress;

Whilst the Executive Directors and Director of EL Health & Social Care Partnership have overall responsibility for the management of a risk within their services, they might not 'own' the risk control mechanisms being implemented to manage the risks (e.g. implementation of policies developed by other services). In this case, their role is to oversee that the control(s) is/ are fit for purpose and operating effectively within their area of responsibility.

9.4.4 Heads of Service

Heads of Service are accountable to their Executive Director for the management of risk within their areas of responsibility and will ensure that any risks identified as likely to impact on their service are documented in the Service Risk Register and thereafter managed effectively.

Heads of Service across East Lothian Council have a responsibility to ensure that all employees are made aware of the latest risk management strategy, guidance and controls.

9.4.5 Emergency Planning, Risk and Resilience Manager

The Emergency Planning, Risk and Resilience Manager, in conjunction with the Emergency Planning, Risk and Resilience Officer, will:

- organise the meetings of the Corporate Risk Management Group;
- offer advice and support to Service Managers and other groups in the management of corporate and service risks;
- maintain the Corporate and Service Risk Registers and risk management systems for the Council;
- complete administration on any risk software implemented.

9.4.6 All East Lothian Council Employees

All Council employees should be encouraged to be involved at all levels in identifying current and potential risks where they work. They should make every effort to be aware of situations which place themselves or others at risk, report identified hazards and implement risk reduction measures developed by their service. Risk assessments should encompass all facilities used to deliver services and be completed using the knowledge and experience of all relevant staff and where appropriate service users. This approach will support the formal risk review conducted annually by all services and enable staff to:

- understand the risks that relate to their roles and their activities;
- understand how the management of risk relates to their own and their client's/ the public's safety;
- understand their accountability for particular risks and how they can manage them;
- understand how they can contribute to continuous improvement of risk management;
- understand that risk management is a key part of East Lothian Council's culture;
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures, and
- liaise with line managers to assess risk in their jobs and manage those risks effectively.

10. Training, Learning and Development

- 10.1 To implement this strategy effectively, it is essential to have a workforce with the competence and capacity to identify and manage risk and handle risk judgements with confidence including learning from past experience.
- 10.2 The Council recognises that for Risk Management to be successfully embedded in the Council's day to day activities appropriate training must be undertaken by all members of staff to varying degrees. The Emergency Planning, Risk and Resilience Manager and Officer, will regularly review the risk management training needs of the Council, including the mandatory e-learning Risk Management module and ensure the implementation of a programme of training for all staff to be undertaken both internally and through specialist external trainers. This will ensure that all employees are equipped with the skills to act effectively in accordance with good practice.
- 10.3 Depending on the purpose, nature and extent of the training, it can provide staff with knowledge of the following:
- the risk management process;
 - risk reporting requirements;
 - risk management roles and responsibilities;
 - risk tools and techniques and how and where they are applied; and how to identify, assess and manage risks;
 - risk software
 - the Council's policy on risk, and
 - the Council's risk appetite, risk tolerance levels and escalation rules.

11. Monitoring and Reviewing Risk Management Activity

- 11.1 Efficient and effective risk management requires a monitoring and review structure to ensure that changes to the council and its environment are identified and addressed.
- 11.2 There will be reports to the CMT, **Council** and Cabinet on progress in managing the risks recorded in the Corporate Risk Register. This will detail the most significant risks and what actions have been taken to mitigate them. The risks will be reviewed as follows:
- Very High risks and High Risks and the actions taken to mitigate them will be reviewed annually;
 - Medium risks and Low risks and the actions taken to mitigate them will be reviewed every two years by CMT only.
- 11.3 There will be regular reporting to Service Management teams on progress against the risk management plans and service risk registers;

- 11.4 There will be regular reporting on progress on the Risk Management Schedule to the Corporate Risk Management Group;
- 11.5 There will be quality assurance checks on the risk management process conducted through meetings of the Corporate Risk Management Group;
- 11.6 There will be continual review by Risk Working Groups of progress in managing individual risks listed in the service risk registers;
- 11.7 It is hoped that the reporting of accurate claims data will commence in the coming year (2023-24), once the new contract for a claims system provider is in place. The frequency for reporting will be agreed with each service area in due course, with various factors (including but not limited to time to notify / settle, defensibility etc.) being considered as part of the statistics provided.
- 11.8 There will be annual review of risk registers by the Audit and Governance Committee which will incorporate the reporting of progress made with individual risks.
- 11.9 A review of the above and other data sources should determine whether:
- the risk management framework and process is fit for purpose and aligned to the Council's corporate objectives;
 - staff across the Council have sufficient risk management skills, knowledge and competence in line with the activities they are required to perform on a daily basis, and
 - improved knowledge would have helped to make better judgements or reach better decisions and identify lessons for future assessments and the management of risks.

12. Risk Registers

- 12.1 The Corporate Risk Management Group will establish a Corporate Risk Register, which aligns with the Council Plan and they will have responsibility for maintaining the Register.
- 12.2 Each Service will establish a Risk Register which aligns to its Service Plan and which will, where appropriate, be linked to the Corporate Risk Register. The information to be contained in both the Corporate Risk Register and the respective Service Risk Registers will be:
- risk identification number;
 - risk description (linked to the achievement of business objectives);
 - likelihood/impact rating;
 - risk rating;
 - controls in place;
 - residual risk rating;
 - planned actions;
 - primary and secondary responsible persons for planned actions/managing the risk;
 - timescale for completion of action, and
 - evidence of regular review.

13. Strategy Implementation, Communication and Review

- 13.1 The Council's Risk Management Strategy was first approved by Council at its meeting on 8 December 2009, subsequently revised and approved in October 2012, December 2014 and December 2016 before being further revised in December 2019. The Strategy accurately represents the arrangements for managing risk within the Council at the time of approval. Implementation of this Strategy will be underpinned by an annual Risk Management Schedule.
- 13.2 The Elected Members and Chief Officers consider that effective communication of risk management information across all services and levels of staff is essential in developing a coherent, consistent and effective approach to risk management. Copies of this Strategy are available on ELNet and specific details will feature in the induction programme for all new staff.

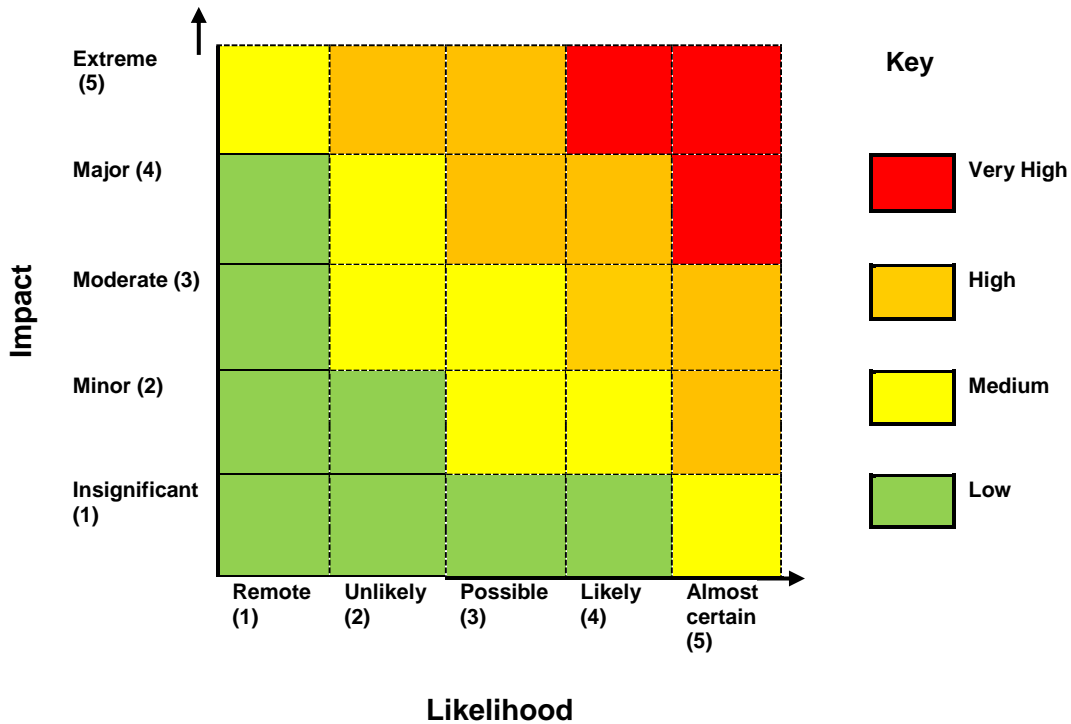
- 13.3 This Strategy will be reviewed at periodic intervals of at least every 3 years to ensure that it reflects current standards and best practice in risk management and fully reflects the rapidly changing environment in local government.

14. Outputs and Benefits of the Risk Management Strategy

- 14.1 Embedding a Risk Management culture throughout East Lothian Council is vital to the success of this Strategy. The anticipated outputs and benefits of the Risk Management Strategy are:
- Improved service delivery;
 - Better value for money;
 - Improved corporate governance and compliance systems;
 - Improved insurance management;
 - Improved decision making;
 - Enhanced understanding of the Council's vulnerabilities;
 - Improved use of resources;
 - Enhanced strategic awareness;
 - Compliance with legislation/ regulation;
 - Adds value to the activities of the organisation, and
 - Increases the probability of success in achieving business objectives.
- 14.2 These outputs and benefits will protect and enhance East Lothian Council's reputation, which will in turn increase public trust.

Appendix 1 – Risk Rating Matrix

The probability (likelihood) of an event occurring being almost certain, likely, possible, unlikely or remote and the impact ranging through, catastrophic, major, moderate, minor or none, that such an event may have on the following areas; service objectives, financial, people, time and reputation. See next page for descriptions of risk ratings.



Descriptions of Risk Ratings

Very High Risk (20 – 25)	These are classed as primary or critical risks requiring immediate attention. Their potential consequences are such that they must be treated as a high priority. This may mean that strategies should be developed to reduce or eliminate the risks, and the risk monitored every 6 months. Consideration should be given to planning being specific to the risk rather than generic. Examples of impact include: national attention, Government intervention, total service disruption and fatality. Very High risks are unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.
High Risk (10 – 19)	These risks are classed as significant. They may have a high or low likelihood of occurrence but their potential consequences are sufficiently serious to warrant appropriate consideration after those risks classed as 'very high'. Consideration should be given to the development of strategies to reduce or eliminate the risks and they should be reviewed every 6 months. Examples of impact include: national media, adverse comments (reputational risk), external audit, MSP intervention, significant service disruption and disability (or other serious injury). High risks may be tolerable providing the Council is assured that adequate and effective control measures are in place.
Medium Risk (5 – 9)	These risks are less significant but may cause upset and inconvenience in the short term. These risks should be monitored to ensure they are being appropriately managed and should be reviewed annually. Examples of impact include: local media attention, service user complaints, service disruption and lost time injuries. Medium risks are tolerable with control measures that are cost effective.
Low Risk (1 – 4)	These risks are either unlikely to occur and not significant in their impact. They should be managed using normal or generic planning arrangements and require minimal monitoring and control unless subsequent risk assessments show a substantial change. They should be reviewed every two years. Examples of impact include: isolated complaints and minor service disruption. Low risks are broadly acceptable without any further action to prevent or mitigate risk.