Governance, Risk and Best Value Committee

10.00am, Tuesday 3 November 2020

Enterprise Risk Management Policy – referral from the Policy and Sustainability Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

The Policy and Sustainability Committee has referred a report on the Enterprise Risk Management Policy to the Governance, Risk and Best Value Committee for consideration.

Laurence Rockey

Head of Strategy and Communications

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

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Referral Report

Enterprise Risk Management Policy

2. Terms of Referral

2.1 On 6 October 2020, the Policy and Sustainability Committee considered a report which presented the Council's refreshed Enterprise Risk Management Policy to the committee for review and approval.

2.2 The Enterprise Risk Management Policy described the Council's overarching risk management approach and was supported by a more granular operational risk management framework that described how the policy would be applied by all Council directorates and divisions to ensure that the Council was adequately protected, where possible, from the adverse impacts of unexpected events.

2.3 The Policy had been refreshed to reflect the outcomes of the 2019/20 Risk Management internal audit performed by External Audit that was scrutinised by the Governance, Risk, and Best Value Committee in August 2020, and was also fully aligned with the proposed operational risk management arrangements that would be presented to the Governance, Risk and Best Value Committee at their meeting on 3 November 2020. This Policy superseded the existing policy dated August 2018.

2.4 The Policy and Sustainability Committee agreed:

2.4.1 To review and approve the Council's updated Enterprise Risk Management Policy as set out in Appendix 1 of the report by the Executive Director of Resources.

2.4.2 To refer the report to the Governance, Risk and Best Value Committee for consideration.

2.4.3 To note that training on the Enterprise Risk Management Policy together with the Council's Risk Appetite Statement and the refreshed operational risk management framework would be provided for elected members after the Governance, Risk and Best Value Committee meeting on 3rd November 2020.

3. Background Reading/ External References

Minute of the Policy and Sustainability Committee of 6 October 2020.

Minute of the Governance, Risk and Best Value Committee of 18 August 2020.

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Policy and Sustainability Committee

10.00am, Tuesday 6 October 2020

Enterprise Risk Management Policy

Item number	
Executive/routine	**Executive**
Wards	
Council Commitments	

1. Recommendations

1.1 The Committee is requested to review and approve the Council's updated Enterprise Risk Management Policy as set out in Appendix 1 to this report.

1.2 refers the report to the Governance, Risk and Best Value (GRBV) Committee for consideration; and,

1.3 notes that training on the Enterprise Risk Management Policy together with the Council's Risk Appetite Statement and the refreshed operational risk management framework will be provided for elected members after the GRBV committee meeting on 3rd November 2020.

Stephen S. Moir

Executive Director of Resources

Contact: Lesley Newdall, Senior Audit and Risk Manager

Legal and Risk Division, Resources Directorate

E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 529 4377

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Report

Enterprise Risk Management Policy

2. Executive Summary

2.1 The purpose of this paper is to present the Council's refreshed Enterprise Risk Management Policy (the Policy) to the Committee for review and approval.

2.2 The Policy describes the Council's overarching risk management approach and is supported by a more granular operational risk management framework that describes how the policy will be applied by all Council directorates and divisions to ensure that the Council is adequately protected (where possible) from the adverse impacts of unexpected events.

2.3 The Policy has been refreshed to reflect the outcomes of the 2019/20 Risk Management internal audit performed by External Audit that was scrutinised by the Governance, Risk, and Best Value (GRBV) Committee in August 2020, and is also fully aligned with the proposed operational risk management arrangements that will be presented to GRBV at their meeting on 3 November 2020.

2.4 This Policy supersedes the existing policy dated August 2018.

3. Background

3.1 To support achievement of the Council's objectives, it is important to ensure that the risks associated with strategic and operational decisions are consistently and explicitly considered and recorded, and that all known current and future risks associated with ongoing operational activities are consistently and effectively identified; recorded; assessed; and appropriately mitigated and managed in line with the Council's risk appetite.

3.2 The objective of an Enterprise Risk Management Policy (ERMP) is to support this process by establishing a structured organisational risk management approach that supports the Council in making and recording effective risk based strategic and operational decisions.

3.3 Establishing an ERMP also helps to ensure that risk is considered as part of ongoing business operations, and that the Council's employees; assets; and reputation are protected (where possible) from the negative risk impacts associated

with planned and unplanned events, whilst also identifying any opportunities for improvement.

3.4 Risk management in public sector organisations is not a statutory requirement, and is not supported by any relevant legislation. It is, however, central to good governance and organisational culture, and is fundamentally about better business management as it provides assurance that appropriate decisions and actions are being taken and/or implemented by employees with relevant authority and accountability in a considered and consistent manner.

3.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) also notes that the discipline of risk management promotes innovation in support of strategic objectives and service delivery; opening the door to the possibility of taking risks to achieve positive outcomes.

3.6 Consequently, good risk management should be an embedded component of both decision making and ongoing service delivery across the Council; should not be viewed negatively; and should not be performed as a separate standalone or retrospective activity.

3.7 As risk management is not a statutory or legislative requirement it is the Council's responsibility to determine its risk appetite, and design implement its own risk ERMP and supporting framework.

3.8 When refreshing the Council Policy, good practice has been considered and incorporated (where relevant) from a number of sources, including the risk management guidance included in the Scottish Government's Public Finance Manual; CIPFA; the International Organisation for Standardisation's ISO31000 Risk Management Guidelines; the Institute of Risk Management; and other public bodies.

3.9 The Council has adopted the Institute of Internal Auditors Three Lines model to support the operation of its risk management framework, with first line divisions and directorates responsible for identifying; assessing; recording; addressing; and escalating risks (where required) associated with decision making and ongoing service delivery. First line teams are supported by the second line Corporate Risk Management team who are responsible for maintaining the Policy; the supporting operational risk management framework; providing ongoing oversight and challenge in a 'constructive critical friend' capacity; and driving a positive risk culture through delivery of ongoing training and engagement. Independent assurance on the design and effective application of risk management policies and frameworks across the Council is provided by Internal Audit (IA).

3.10 The current Policy is dated August 2018, and was reviewed and confirmed as remaining fit for purpose by the Committee in October 2019.

4. Main report

4.1 The refreshed Policy set out in Appendix 1 reflects the outcomes of the 2019/20 Risk Management internal audit performed by Scott Moncrieff that was scrutinised by the Governance, Risk, and Best Value (GRBV) Committee in August 2020, and is aligned with the proposed operational risk management framework arrangements that will be presented to GRBV at their meeting on 3 November 2020.

4.2 The Policy sets out how risk management should be performed across the Council, and includes the requirement to consider project delivery risks, and any risks associated with partnership or contractual arrangements that could potentially affect the Council.

4.3 The Policy confirms that all employees have a role to play in ensuring that risks are identified; assessed; recorded; addressed; and escalated (where appropriate), and outlines key first, second, and third line risk management roles and responsibilities, including those of senior management.

4.4 The policy will be implemented in line with the Council's agreed risk appetite which sets out the amount of risk that the Council is prepared to accept.

5. Next Steps

5.1 Once approved by the Committee, the Policy will be shared and communicated across the Council, with the refreshed version published on the policy register maintained on the Council's website.

6. Financial impact

6.1 There are no direct financial implications associated with the Policy, although there may be costs associated with implementing controls to mitigate risks and/or failing to mitigate risks.

7. Stakeholder/Community Impact

7.1 Implementation and consistent and effective application of the Policy will help to ensure that Council's employees; assets; and reputation are protected (where possible) from the negative risk impacts associated with planned and unplanned events, whilst identifying opportunities for improvement.

8. Background reading/external references

8.1 ISO31000 Risk Management - Guidelines

8.2 Institute of Risk Management

8.3 Management of Risk

8.4 CIPFA

8.5 Scottish Government Scottish Public Finance Manual

9. Appendices

9.1 Appendix 1 – Enterprise Risk Management Policy

Enterprise Risk Management Policy

Implementation date: 6 October 2020

Control schedule

Version control

Approved by	Policy and Sustainability Committee
Approval Date	6 October 2020
Senior Responsible Officer	Stephen Moir, Executive Director of Resources, Nick Smith, Head of Legal and Risk
Author	Lesley Newdall, Senior Audit and Risk Manager
Scheduled for review	October 2021

Version control

Version	Date	Author	Comment
0.1	**December 2016**	Duncan Harwood, Chief Risk Officer	
0.2	**7 August 2018**	Duncan Harwood, Chief Risk Officer	
0.3	**6 October 2020**	Lesley Newdall, Senior Audit and Risk Manager	

Subsequent committee decisions affecting this policy

Date	Committee	Link to report	Link to minute
7 Aug 2018	**Corporate Policy and Strategy Committee**	Report	Meeting Minute
1 October 2019	**Policy and Sustainability Committee**	Business Bulletin	Meeting Minute

Enterprise Risk Management Policy

Policy statement

1.1 The Council's vision, aims and outcomes are outlined in the Programme for the Capital – City of Edinburgh Business Plan 2017–22 and are described as having a vibrant city; a city of opportunity; a resilient city; a forward looking Council; and an empowering Council.

1.2 To ensure that these objectives are achieved, it is important to that the risks associated with strategic and operational decisions are consistently and explicitly considered and recorded, and that all known current and future risks associated with ongoing service delivery are consistently and effectively identified; recorded; assessed; and appropriately mitigated and managed in line with the Council's risk appetite.

1.3 The objective of this Enterprise Risk Management Policy (the Policy) is to support achievement of the Council's objectives by establishing a structured organisational risk management approach that supports all Council areas in making and recording effective risk based strategic and operational decisions.

1.4 The Policy also aims to ensure that risk is considered as part of ongoing service delivery and that the Council's people; assets; finances; and reputation; are protected from the negative risk impacts associated with planned and unplanned events, whilst identifying opportunities for any improvement.

1.5 The Council delivers a range of services, under a variety of legislation, for the benefit of the people of Edinburgh. The operating environment is complex and changeable, and the Council's performance is regularly and closely scrutinised.

1.6 Risk management is fundamentally about better business management, and should be an embedded component of both decision making and ongoing service delivery, and not regarded or performed as a separate standalone or retrospective activity.

1.7 The Policy is supported by an established operational risk management framework (the Framework) that includes this Policy and supporting procedures; guidance; risk management software; structures; meetings; templates; training and education; and communications relating to risk management within the Council.

Scope

2.1 'Enterprise Risk Management' describes the consideration of, and management of, risk across all Council decisions and activities, and this Policy describes the Council's enterprise risk management approach. Consequently, Directorate and Divisional risk management arrangements, and risk management arrangements described in other Council policies should be aligned with this Policy to the fullest extent possible.

2.2 This Policy applies to all Council employees. When working collaboratively in partnership or under contracts with third parties, appropriate risk management arrangements must be agreed, established, and understood.

2.3 The Council's arms-length external organisations (ALEOs) are responsible for ongoing management of risk within their organisations and are expected to have established their own appropriate risk management arrangements.

2.4 This Policy does not replace any statutory risk management or reporting requirements.

Definitions

In this document the following terms and definitions are used:

3.1 **Action** - a planned measure that is intended to reduce the **Likelihood** and/or **Impact** of a **Risk**. Where an action is implemented before a **Risk** has becomes an **Issue** it becomes a **Control**. An action aims to reduce the **Current Risk** towards the **Target Risk**.

3.2 **Action Owner** – a single role or individual responsible for the implementation of an **Action**. This may be a different person to the **Risk Owner**.

3.3 **Assurance** - the processes applied to assess the design and effectiveness of **Controls**. Assurance can be performed by any of the **Three Lines**.

3.4 **Control** - a measure that is designed to reduce **Risk**. A control will be either *directive* (a '**Do' Control**); *preventative* (a **'Stop' Control**); or *detective* (a '**Spot' Control**). Controls may not always operate as designed. The design and operating effectiveness of **Controls** is assessed through Assurance.

3.5 Current Risk**-** the level of **Risk** at the present time, taking into account the design and effectiveness of the **Controls** in place. If the **Controls** are effective, then the Current Risk will be less than the **Original Risk**. **Current Risk** is also called **Residual Risk**.

3.6 **Do Controls –** directive **Controls** that direct / tell you what you should do such as legislation; policies; guidance; or procedures.

3.7 **Enterprise Risk Management (ERM)** – the risk management process that should be applied across the Council's decisions and activities. It aims to ensure that the principles of **Risk Management** are consistently and effectively applied.

3.8 **Horizon scanning** – ongoing review of the internal operating environment and external economic; regulatory; and legislative environments to identify any potentially new emerging opportunities; threats, and their associated risks that could potentially affect the organisation.

3.9 **Impact** - The result of a particular **Issue** occurring. Impacts could affect one or more types of **Risk**.

3.10 **Inherent Risk** – See **Original Risk**.

3.11 **Issue** – an event that has happened or is happening now, was not planned, and requires management action. A **Risk** may turn into an **Issue**, or an **Issue** may identify a **Risk**.

3.12 **Likelihood** - the chance of something happening. It can be measured qualitatively ("rarely", "often" etc) or quantitatively ("50% probability", "once every five years" etc).

3.13 **Objective** - A specific goal to be achieved. At the highest level these are defined in our aims, outcomes, Council commitments and statutory requirements. Directorates; divisions; teams; and individuals will have their own objectives, and others may arise from external codes; legislation; statutory requirements; targets; frameworks; and recommendations.

3.14 **Opportunity** - an uncertain future event that would likely have a favourable impact upon objectives if it occurred.

3.15 **Original Risk** - the exposure arising from an identified **Risk** before any **Actions** or **Controls** have been implemented to manage it. Also called **Inherent** Risk.

3.16 **Residual Risk** – see **Current Risk**.

3.17 **Risk** - the effect of uncertainty upon **Objectives** or service delivery. Risk includes potential upside (**Opportunity**) as well as downside (**Threat**). A **Risk** is assessed and scored based on its **Likelihood** multiplied by its potential **Impact**. The description of a **Risk** should include potential cause(s), event, and effect(s).

3.18 **Risk Appetite** - the amount of **Risk** the Council, or a part of it, is willing to accept.

3.19 **Risk Management** - the systematic application of principles, tools and processes to the tasks of identifying; recording; and assessing risks, planning and implementing **Controls**, and monitoring progress.

3.20 **Risk Management Framework** - the sum of all components which contribute to risk management. It includes the policy, procedure, software, structures, meetings, templates, training, education and communications.

3.21 **Risk Owner** - a single role or individual responsible for the management and control of all aspects of a **Risk**.

3.22 **Spot Controls - a Control** that identifies an error once it has happened so that it can be addressed (for example quality assurance checks or monitoring trends in key performance indicators).

3.23 **Stop Controls –** a **Control** that prevents or **Stops** something from going wrong (for example a technology firewall; a reconciliation; or a checklist).

3.24 **Target Risk** - The level of **Risk** that a **Risk Owner** intends to achieve, in line with the **Risk Appetite**, that is endorsed by the relevant management structure. This is usually the **Risk** remaining after relevant **Controls** and **Actions** have been successfully implemented and are functioning as intended.

3.25 **The Three Lines Model** - The **Three Lines Model** broadly defines first line as 'within services' (the "doers"), second line as 'within corporate support functions' (the "helpers"), and third line as 'Internal Audit, External Audit, and external assurance providers' (the "checkers").

3.26 **Threat** - An uncertain event that could have a negative impact on objectives.

Policy content

Operational Risk Management Framework

4.1 This policy is supported an operational risk management framework that is continually reviewed and improved based upon good practice, feedback, and developments within the risk management community, and is consistently and effectively applied across the Council.

4.2 The operational risk management framework document describes the detailed operational risk management processes to be applied across the Council, and includes guidance on risk descriptions; risk assessment and scoring; risk consolidation; risk and controls training packs; and risk management software user guides

Risk Consideration and Culture

4.3 All Council employees should consider risk in everything they do, as part of good business decision making and ongoing service delivery management.

4.4 We should recognise that not all risk is 'bad', and that if we seek to completely avoid risk, then we reduce our chances of achieving the Council's objectives by realising the positive aspects of uncertain events.

4.5 All strategic and operational decisions should be made with full consideration of risks, utilising appropriate qualitative and quantitative tools and techniques where appropriate, and following appropriate engagement and input from all

relevant stakeholders. All decisions taken (including appropriate consideration of risk) should be appropriately recorded.

4.6 The Council promotes a culture where employees can discuss and challenge risks and controls at all levels in a constructive manner, with early identification and proactive recording; reporting; and escalation of risks encouraged.

Risk Appetite

4.7 The Council sets an overarching risk appetite to help ensure that risks across all Directorates and Divisions are managed in line with the amount and type of planned risk that the Council is willing to take to achieve its objectives and in delivering services. The Council's risk appetite statement is reviewed annually.

Risk appetite can and will vary across levels of seniority and between individuals and groups based on a number of factors including conscious and unconscious bias; knowledge and understanding; and past experience. Risk appetite will change over time and can also vary between similar events.

Employee Responsibilities for Identifying and Managing Risk

4.8 All Council employees have a responsibility to identify and assess potential opportunities and threats, then plan and implement appropriate controls and actions, so that any potential negative risks and impacts are restricted to a level that is appropriate for the Council and aligned with risk appetite, enabling the positive aspects of opportunities to be realised.

4.9 We identify, own, and manage risks, and have a responsibility to escalate our most significant current risks through the appropriate risk management structures to a level where further decisions can be made (when necessary) and the risks can be managed appropriately.

The Council's Risk Management Structure

4.10 Operational Risk Management Groups are established within each directorate to facilitate sharing relevant information sourced from ongoing risk horizon scanning; ensure that new and emerging risks are identified and discussed; appropriate controls and actions are considered; and any new and emerging risks and controls required are escalated to relevant risk committees.

4.11 Risk Committees are held at Corporate Leadership Team and Directorate levels to review, challenge and approve the content of risk registers and escalate matters as appropriate.

4.12 The Council's most significant current risks, as agreed by the Corporate Leadership Team, are reported at least quarterly to the Governance, Risk and Best Value Committee, who provide challenge and scrutiny on an ongoing basis.

The Council's Risk Management Operational Framework

4.13 Risk registers are established and maintained at divisional and directorate levels that should include all relevant risks associated with strategic and operational decisions and ongoing service delivery.

4.14 Risks are appropriately described and classified in line with the Council's established risk description categories.

4.15 Risks assessments are performed based on the likelihood that risks will crystallise and their associated impact both before and after implementation of controls to determine original and current risk levels. An appropriate target risk level is also established (where required).

4.16 Where necessary, further mitigating actions and / or controls (do / stop / spot controls) are defined to support achievement of target risk, with ownership allocated to appropriate employees and implementation timeframes specified.

4.17 Projects risks are managed within individual projects in line with established project risk management methodologies.

4.18 The risks associated with suppliers, contractors and other third parties (including Arm's Length External Organisations) are recorded in risk registers and managed appropriately.

4.19 All significant operational; project; and third party current risks are escalated for inclusion in the next level risk committee.

Risk Management Roles and Responsibilities

4.20 Risk management roles and responsibilities across the Three Lines are clearly defined and understood.

4.21 Requests for additional resources to manage risks are considered appropriately.

Assurance

4.22 Assurance on the design and effectiveness of the risk management framework is provided across the Three Lines.

4.23 First line divisions and directorates remain responsible for identifying; assessing; recording; and managing their risks.

4.24 The second line Corporate Risk Management team provides ongoing assurance in a 'constructive critical friend' capacity to ensure that the risk management framework is being consistently and effectively applied on an ongoing basis and will make any recommendations for improvement.

4.25 Internal Audit (the third line) will assess the design and effectiveness of the risk management framework typically once every three years.

Implementation

5.1 Implementation of this Policy will be effective from 6 October 2020. This Policy supersedes any previously approved Enterprise Risk Management Policy document

Roles and Responsibilities

6.1 **Council (exercised through the Governance, Risk and Best Value Committee)**

6.1.1 Consider the Council Risk Report provided on a quarterly basis.

6.1.2 Scrutinise and challenge specific risks, requesting updates or information from risk owners where appropriate.

6.1.3 Satisfy themselves that the risk management framework is operating effectively.

6.1.4 Consider requests for additional resources for improving controls.

6.2 **Council (exercised through the Corporate Policy and Strategy Committee)**

6.2.1 Sets the Council's overall Risk Appetite.

6.3 **Chief Executive**

6.3.1 Responsible for ensuring that all risks that could potentially affect the Council are identified; recorded; assessed and managed effectively.

6.3.2 Sets and promotes an appropriate risk management culture for all Council employees, where risk is considered in all decision-making, and where risk management is an integral part of business management.

6.4 **Executive Directors and Chief Officer of the Health and Social Care Partnership**

6.4.1 Responsible for the identification; recording; assessment; management; and escalation of all risks within their areas of responsibility, including establishing appropriate risk owners for all risks.

6.4.2 Ensuring that the Council's Risk Appetite is considered when managing and monitoring risks within areas of responsibility by setting appropriate Target Risk levels for their most significant risks.

6.4.3 Responsible for escalating significant Current Risks to the Corporate Leadership Team for consideration where appropriate.

6.4.4 Responsible for cascading risk management processes across their areas of responsibility.

6.4.5 Prepared to discuss (and justify where appropriate) risks, controls and actions at Risk Committees and the Governance, Risk and Best Value Committee as required.

6.4.6 Accountable for the completeness and accuracy of all information contained in the risk management system and manual risk registers within their areas of responsibility.

6.4.7 As the first line, provide assurance that the risk management framework is operating effectively within their respective areas of responsibility.

6.4.8 Ensure that all employees within their areas of responsibility understand risk management as it applies to their role and responsibilities.

6.5 **Heads of Service (including those with statutory responsibilities)**

6.5.1 Responsible for the identification; recording; assessment; management; and escalation of all risks within their areas of responsibility, including establishing appropriate risk owners for all risks.

6.5.2 Ensuring that the Council's Risk Appetite is considered when managing and monitoring risks within areas of responsibility by setting appropriate Target Risk levels for their most significant risks.

6.5.3 Responsible for escalating significant Current Risks to Directorate Risk Committee for inclusion in directorate risk registers where appropriate.

6.5.4 Responsible for cascading risk management processes across their areas of responsibility.

6.5.5 Prepared to discuss (and justify where appropriate) risks, controls and actions at Risk Committees and Governance, Risk and Best Value Committee as required.

6.5.6 Accountable for the completeness and accuracy of all information contained in the risk management system and manual risk registers within their areas of responsibility.

6.5.7 As part of the first line, provide assurance that the risk management framework is operating effectively within their respective areas of responsibility.

6.5.8 Ensure that all employees within their areas of responsibility understand risk management as it applies to their role and responsibilities.

6.6 **Section 95 Chief Financial Officer / Head of Finance**

6.6.1 Duties as defined in the Local Government (Scotland) Act 1973.

6.6.2 Responsible for the proper administration of the Council's financial affairs.

6.6.3 Determine the system of accounting and control, the form of the accounts and supporting records, and ensure the accounts and supporting records are kept up to date.

6.6.4 Establish a programme of review for all relevant documents, including the Council's financial rules and regulations.

6.6.5 Determine the proper action to be taken in the event of a breach or non-compliance of the Council's rules, regulations, procedures or policies issued under their authority.

6.7 **Chief Social Work Officer / Head of Safer and Stronger Communities**

6.7.1 Role as defined under the Social Work (Scotland) Act 1968 and subsequent and related legislation and guidance.

6.7.2 Professional accountability reporting to the Chief Executive, Elected Members and the Integration Joint board as appropriate, providing information on issues which may identify risk to safety of vulnerable people or impact on the social work service and also on the findings of relevant service quality and performance reports.

6.8 **Monitoring Officer / Head of Legal and Risk**

6.8.1 Main liaison with Elected Members on corporate risk matters.

6.8.2 Work with the Corporate Leadership Team to champion risk management and advise on all aspects of risk management.

6.8.3 Duties of the Monitoring Officer as defined in Section 5 of the Local Government and Housing Act 1989.

6.8.4 Responsible for reporting risk to the Governance, Risk and Best Value Committee

6.9 **Senior Audit and Risk Manager and Corporate Risk Team**

6.9.1 Subject-matter experts for risk management within the Council.

6.9.2 Responsible for the ongoing management, training and development of the Corporate Risk Management Team

6.9.3 Accountable for the delivery, effectiveness, and continuous improvement of the Council's Risk Management Framework.

6.9.4 Accountable for the provision of risk management training; information; and education on risk management tools and techniques to both senior management and Elected Members.

6.9.5 Promote awareness of risk management across all areas of the Council

6.9.6 Engage with Officers and Elected Members as appropriate to ensure that risk management remains visible, accessible, proportionate and relevant to all those involved in decision-making.

6.9.7 Provide effective ongoing assurance and constructive challenge to risk owners across all Council areas to ensure risks, controls and actions are being managed appropriately and identify opportunities for improvement.

6.9.8 Responsible for identifying and escalating emerging risks to the Head of Legal and Risk and others as appropriate.

6.9.9 Attend and support first line Directorate Risk Committees by providing appropriate scrutiny and challenge and ensuring timely sharing of information.

6.9.10 Facilitate Corporate Leadership Team Risk Committees, providing appropriate scrutiny and challenge and ensuring timely sharing of information.

6.9.11 Prepare the Council's Enterprise Risk Management Policy and Risk Appetite Statement for annual review by the Policy and Sustainability Committee.

6.9.12 Assist the first line with the qualitative and/or quantitative assessment of risks as appropriate.6.9.13 Work alongside the NHS Lothian Quality Assurance and Safety Manager to align responsibilities for risk management arrangements within the Health and Social Care Partnership, including alignment of appropriate escalation mechanisms and reporting processes

6.10 **First Line Directorate and Divisional Operational Risk Managers**

6.11.1 Be the visible champion of risk management within each Directorate.

6.11.2 Chair Risk Management Groups within each Directorate.

6.11.3 Organise administrative support for Risk Management Groups (logistics, minute-taking and producing a Note of Meeting within one week).

6.11 **All Council Employees**

6.12.1 Understand risk management as it applies to their role. At the most basic level this could mean an understanding of:

- What health and safety considerations are relevant to my job?
- What training and knowledge do I need to be able to do my job?
- What do I do if I see something going wrong, or if I think something could go wrong?
- How could we do things better?

6.12.2 Consider how unplanned events could affect the achievement of objectives, and those of others, and escalate this information to line management where appropriate.

6.12.3 Carry out actions as directed in support of risk management.

6.12.4 Ensure that controls are operating as intended.

6.12.5 Ensure that the Council's Risk Appetite is considered when managing and monitoring risks within areas of responsibility.

6.12.6 Feedback any suggestions or improvements to the risk management framework.

Related documents

7.1 All Council policies are designed to reduce risk in some form, and as such they are all related to this document.

7.2 In addition to the Council's established policies, key related documents are listed below. This is not a complete list and further guidance may be sought from a member of the Corporate Risk Team.

7.2.1 Council Business Plan 2017-22

7.2.2 Procedural Standing Orders for Council and Committee Meetings

7.2.3 Committee Terms of Reference and Delegated Functions

7.2.4 Contract Standing Orders

7.2.5 Scheme of Delegation to Officers

7.2.6 Employee Code of Conduct

7.2.7 Financial Regulations of the City of Edinburgh Council

7.2.8 Corporate Debt Policy

7.2.9 The Role of Chief Social Work Officer – Guidance Issued by Scottish Ministers pursuant to Section 5(1) of the Social Work (Scotland) Act 1968

7.2.10 Local Government and Housing Act 1989

7.2.11 Local Government etc. (Scotland) Act 1994

7.2.12 Local Government (Scotland) Act 1973

7.2.13 Social Work (Scotland) Act 1968

Integrated impact assessment

9.1 Direct impact on all Council employees who have always been required to consider the risks associated with all aspects of their roles, including decision making and ongoing service delivery.

9.2 Indirect positive impact on all population groups as the Council will consider acceptable levels of risk appropriately when making decisions that could potentially affect these groups and delivering services that they receive.

9.3 Indirect positive economic; environmental; and equalities and human rights impacts as any relevant risks will be considered by the Council when making decisions and managing delivery of services.

Risk assessment

10.1 This policy aims to ensure that effective risk management is embedded throughout the Council. The risks of not implementing this policy include:

10.1.1 Inability to achieve Council outcomes and objectives;

10.1.2 Ineffective and inefficient service delivery;

10.1.3 Financial inefficiency and loss; and

10.1.4 Reputational damage to the Council.

10.2 Given the uncertainties involved in attempting to quantify future events, even a perfectly functioning risk management framework cannot guarantee to foresee every potential negative outcome to the Council. There will always be a chance that very-low-probability/very-high-impact events occur.

10.3 Given the scale and nature of the Council's operations it is likely that the Council's reputation will frequently suffer a degree of damage. However, this damage will not usually have significant lasting effects. The Council's Risk Management Framework will therefore prioritise compliance, service delivery and financial impacts above reputational damage.

10.4 Implementing his policy should have an overall positive impact on the Council's risk culture.

Review

11.1 This policy will be reviewed annually by the Policy and Sustainability Committee.

11.2 The next scheduled review date is October 2021