Risk Management & Policy Framework
2025

HBC RISK MANAGEMENT MISSION STATEMENT

1.1. The Council is committed to adopting best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their area of work. In doing this they will receive the necessary support, assistance and commitment from senior management and Members.

1.2. Hyndburn Borough Council's risk management policy is a long-term commitment and is an inherent part of good management and governance practices. The policy has the full support of Members and active participation of Managers.

1.3. The Council, as a corporate body, is bound by legal obligations to provide for the health and safety of its Members, staff and those it serves. The Council is also obliged to protect its material assets and to minimise its losses and liabilities

OBJECTIVES

2.1.   Hyndburn Borough Council is committed to establishing and maintaining a systematic strategy, framework and processes for the identification and management of risk.

2.2.   The Council's risk management objectives are to:-
- integrate risk management into the culture of the Council
- manage risk in accordance with best practice
- consider compliance with health and safety, insurance and legal requirements as a minimum standard
- anticipate and respond to changing social, environmental and legislative requirements
- prevent injury and damage
- reduce the cost of risk
- raise awareness of the need for risk management.

2.3.   These objectives will be achieved by:-
- maintaining a risk management organisational structure to offer advice and guidance to employees
- considering risk assessment at appropriate meetings
- continuing to demonstrate the application of risk management principles in the activities of the Council, its employees and members
- providing risk management awareness training
- maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision
- maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- preparing contingency plans in areas where there is potential for an occurrence having a catastrophic effect on the Council and/or its key services
- maintaining effective communication and the active involvement of every councillor and employee
- monitoring arrangements continually.

HBC RISK MANAGEMENT POLICY FRAMEWORK

3.1. DEFINITION OF RISK

3.1.1. The Council has adopted the following definition produced by the Institute of Risk Management, which states:-

Risk Management is the identification, measurement, control and financing of risks which threaten the existence, the assets, the earnings or the personnel of an organisation, the services it provides, the achievement of its corporate priorities or which may cause undue harm to the public.

3.2. FRAMEWORK

3.2.1. The risk management cycle establishes the chronological process both for the risk management process and for ongoing review. However, the Council must have a framework within which the risk management processes can occur as part of the Council's normal procedures.

3.2.2. The elements of the framework are:-
- an effective control environment
- allocation of accountability for risk management throughout the organisation
- a risk assessment process
- robust internal control procedures
- performance monitoring of risk management activity
- communications process to support risk management

3.3. CONTROL ENVIRONMENT

3.3.1. The culture of the Council provides the control environment. This determines how the Council operates, the approach to risk and the control arrangements. It also determines what appetite exists for risk and what capacity exists to deal with risk. It must also be remembered that risk can arise from success as well as failure.

3.3.2. The following factors help to shape the Council's control environment. It should be noted that this list is not intended to be exhaustive and may need to change to fit the Council's objectives as required.

- the tone set by councillors & senior officers
- personnel policies and procedures
- knowledge and experience of key personnel
- stability of the Strategic Management Team
- Council commitment to staff training & development
- clearly defined job responsibilities
- training and career development arrangements
- clarity of corporate objectives and their communication to staff
- attitude towards risk
- delegation of responsibilities
- morale across the Council
- segregation of duties in key areas
- the way in which integrity and ethical values are communicated to staff
- perceived response to unethical behaviour
- quality and timeliness of management information
- external regulatory requirements
- monitoring of control procedures
- quality of internal audit

- interaction with external audit

3.4. ALLOCATION OF ACCOUNTABILITY FOR RISK MANAGEMENT

Clear identification of roles and responsibilities is paramount to ensuring the successful adoption of risk management and its embedding into the culture of the Council. These roles are:-

Management tier	Role
Cabinet and elected members particularly through Audit Committee	To oversee the effective management of risk by senior managers of the Council.
Strategic Management Team	To ensure that the Council manages risk effectively through the development of a comprehensive corporate strategy plus monitoring its implementation and development.
Service/Departmental Management Teams	To ensure that risk is managed effectively in each service area within the corporate strategy.
Heads of Service / Service Managers	To manage risk effectively in their particular service areas.
Employees	To manage risk effectively in their jobs.

RISK ASSESSMENT PROCESS

4.1 Risk management must not be the responsibility of just a few specialists. It must be seen as a primary management responsibility for all managers and supervisors and must be a consideration for all employees.

4.2 Risk assessment is about asking:-
- What can go wrong?
- What is the likelihood of it going wrong?
- What is the impact should it go wrong?
- What can be done to eliminate the threat?
- What should be done to reduce the threat's likelihood or impact?

4.3 The Council's risk assessment scoring process is based on the guidance of the Institute of Risk Management, 3 being High risk, 2 being Medium Risk and 1 being Low risk.

4.4 The definitions of High, Medium and Low are also based on the guidance of the Institute of Risk Management and aid in assessing Impact and Likelihood.
a.)

4.5 Risks which are likely to cause a fatality will be rated 'Red Flag'. There have been no such instances as of Jan 2025.
b.)

Assessing Likelihood

| Evaluation	Description (one or more applies)	Level
LOW	Unlikely to happen Has happened rarely/never before Loss-causing circumstances rarely encountered	1
MEDIUM	Likely to happen Likely to happen at some point over the next 1 to 2 years Loss-causing circumstances encountered few times a year	2
HIGH	Very likely to happen Regular occurrence Loss-causing circumstances frequently encountered daily/weekly	3

Assessing Impact

Evaluation	Description (one or more applies)	Level
LOW	Minor injury/ill health Minimal financial loss of less than £500,000 Minor disruption to provision of service for short time Adverse local media coverage	1
MEDIUM	Serious disabling injury/ill health Financial Loss in excess of £500,000 Significant disruption to provision of service Adverse, significant local media coverage and possible national coverage	2
HIGH	Very serious disabling injury/ill health Financial Loss in excess of £2 million Non-delivery of service for a significant length of time Adverse international media coverage	3

Risk Matrix
Risks falling between 1 and 2 are classified as LOW risk.
Risks falling between 3 and 4 are classified as MEDIUM risk.
Risks falling between 6 and 9 are classified as HIGH risk.

3	6	9
2	4	6
1	2	3

Impact (vertical axis)

Likelihood
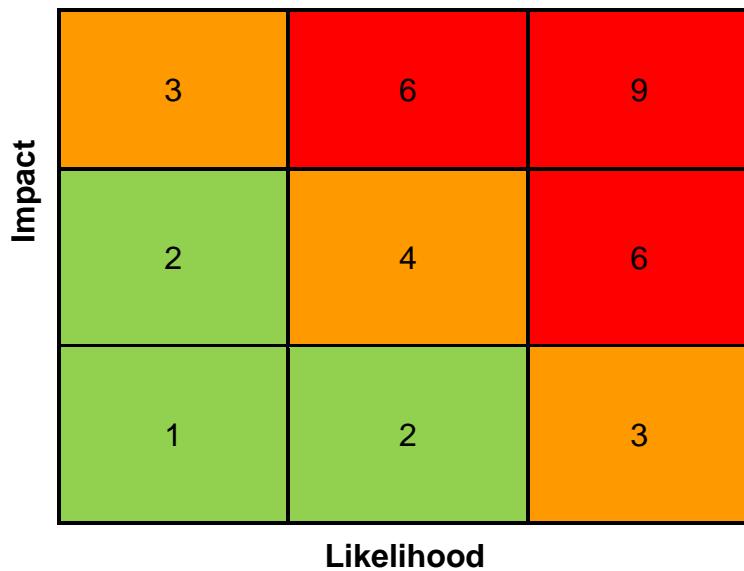
PERFORANCE MONITORING

5.1 Performance monitoring of risk management activity must ensure that the treatment of risks remains effective and that the benefits of implementing risk control measures outweigh the costs of doing so. Performance monitoring is a continual review not only of the whole process, but also of individual risks or projects and of the benefits gained from implementing risk control measures. The section regarding Communications Process includes reporting, which aids the achievement of Performance Monitoring.

COMMUNICATIONS PROCESS

6.1.   Hyndburn Borough Council is committed to risk management. The Cabinet, elected members and Strategic Management Team have adopted this risk management mission statement, policy and framework.

6.2 The structure for reporting risk management activity back to the Strategic Management Team and Audit Committee exists as follows:-

- **BI-ANNUALLY** – review of major changes to the strategic, generic and operational risks, including additions, deletions or a change of rating– Audit Committee and Corporate Management Team

6.3 Hyndburn Borough Council is committed to establishing and maintaining a systematic strategy, framework and processes for managing risk. Together these arrangements should:

- Include making public statements to stakeholders on the authority's risk management strategy, framework and processes to demonstrate accountability.
- Include mechanisms for monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls in practice and ensures that changes in circumstances are accommodated and that it remains up to date.
- Demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic, generic and operational risks.
- Display openness and inclusivity by involving all those associated with planning and delivering services, including partners.
- Publish on a timely basis any concerns over the robustness of the Authority's risk management policy, procedures and risk registers.

IDENTIFICATION OF RISK

7.1 Through the support of Members and Senior Management together with the adoption of a risk-based culture, the Council will train and educate all staff to become more risk aware.

- Identification of Strategic Risks will be the responsibility of Strategic Management Team with additional support and direction from Members. These risks will be monitored and reviewed on a regular basis. Amendments and additions to the Strategic Risks will be made as and when appropriate.

- Identification of Generic Risks will be the responsibility of Strategic Management Team with additional support and direction from Heads of Service and Members. These risks will be monitored and reviewed on a regular basis. Amendments and additions to the Generic Risks will be made as and when appropriate.

- Identification of Operational Risks will be the responsibility of the appropriate Managers. These risks will be monitored and reviewed on a regular basis. Amendments and additions to the Operational Risks will be made as and when appropriate.

- Classification of risks will be carried out in accordance with the guidelines, methodology and scoring protocols as set in this Policy.

- The risk categories are:-
  c.)

STRATEGIC	OPERATIONAL/ GENERIC
- Political	- Professional
- Economic	- Financial
- Social	- Legal
- Technological	- Physical
- Legislative	- Contractual
- Environmental	- Technological
- Competitive	- Environment
- Customer/Citizen	- Information
- Reputation	

7.2 In some instances, it may be possible to associate a risk with more than one category, in these cases the risk should be assigned to the single category that describes the predominant nature of the risk.

WHAT IS A STRATEGIC RISK?

8.1.   These are risks that need to be taken into account in judgements about the medium to long term objectives of the Council.

8.2 The Council has adopted the strategic risk categories as defined by the Institute of Risk Management and used by CIPFA and SOLACE in their respective publications. The strategic risk categories are:-

- **POLITICAL** - those associated with a failure to deliver either local or central government policy, or to meet the local administration's manifesto commitments.
- **ECONOMIC** – those affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase

adequate insurance cover external macro-level economic changes (e.g. changes in interest rates, inflation, borrowing consent or other responses to the global market) or the consequences of proposed investment decisions.

- **SOCIAL** – those relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.
- **TECHNOLOGICAL** – those associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives.
- **LEGISLATIVE** – those associated with current or potential changes in national or European law.
- **ENVIRONMENTAL** – those relating to the environmental consequences of progressing the Council's strategic objectives (for example in terms of energy efficiency, pollution, recycling, landfill requirements, emissions etc.)
- **COMPETITIVE** – those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.
- **CUSTOMER/CITIZEN** – those associated with the failure to meet the current and changing needs and expectations of customer and citizens.
- **REPUTATION** – those relating to public confidence and failure to recruit high calibre staff.

8.3 Managing strategic risk is a core responsibility for senior managers in close liaison with elected members. Strategic risk assessments should be undertaken as part of the community, corporate and service planning process, and as a key element of service reviews.

WHAT IS AN OPERATIONAL RISK?

9.1 These are risks that managers and staff will encounter in the daily course of their work

9.2 The Council has adopted the operational risk categories as defined by the Institute of Risk Management and used by CIPFA and SOLACE in their respective publications. The operational risk categories are:-

- **PROFESSIONAL** – those associated with the particular nature of each profession.
- **FINANCIAL** – those associated with financial planning and control and the adequacy of insurance cover.
- **LEGAL** – those related to possible breaches of legislation, breach of contract, negligency etc.

- **PHYSICAL** – those related to fire, security, accident, prevention and health and safety (e.g. hazards/risks associated with buildings, vehicles, plant and equipment etc.).
- **CONTRACTUAL** – those associated with the failure of contractors to deliver services or products to agreed cost and specification.
- **TECHNOLOGICAL** – those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery).
- **ENVIRONMENTAL** – those relating to pollution, noise or the energy efficiency of ongoing service operations.
- **INFORMATION** – those relating to information security, data protection.

9.3 The operational risk categories provide a framework for identifying and categorising a broad range of risks facing each service. It is difficult to consider each category in isolation.

9.4 Operational risks that apply to all or the majority of service areas have been brought together in to a single Generic Risk register. The same risk categories used for the operational risks are applied to the generic risks.

REPORT VERSION

Final Report Issued: 2025