



Breckland
COUNCIL

Risk Management Framework

September 2025

Next review September 2027



Introduction

The fundamental principles adopted by the Council on Risk Management are described in the policy statement and procedure as set out in this document. Adopting and implementing the framework detailed will achieve compliance with the policy.

Background

Councils face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to reputation. Risk for this purpose is defined as "the possibility of an event occurring that will have an impact on the achievement of objectives, reputation, or service delivery." As an organisation, we must sometimes take risks to deliver beneficial outcomes to stakeholders and a risk appetite allows for risk taking to be a controlled process. If risk was entirely avoided by the organisation, then the organisation would limit its chance of fully achieving its objectives. Risk must therefore be a managed and controlled process.

Risk management is an essential part of sound governance and good management within any organisation. Good risk management is a key tool in assisting a Council to manage uncertainty in order to enable it to better achieve its corporate objectives. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the Council. It is essential that steps are taken, and actions implemented, to effectively manage those risks. Risk management supports innovative solutions as it carefully considers the benefits, alongside the risks, that may occur.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against, and which must be addressed in different ways. Even in the case of those risks which are insurable, action should be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

Section 1: Policy Statement

Definition

The Council adopts the Committee of Sponsoring Organisation's (COSO) 2017 definition of risk, which defines it as ***'the possibility that an event will occur and affect the achievement of strategy and business objectives with negative and positive outcomes.*** Within the context of the Council, this is an event which would impact the achievement of objectives, reputation, or service delivery.

The Council also adopts the COSO definition of enterprise risk management, which is defined as ***'the culture, capabilities and practices, integrated with strategy setting and its execution, that organisations rely on to manage risks in creating, preserving and realizing value'***. An integrated approach to risk management allows for the effective appraisal and management of risk within our business planning, project management and change management process as well as how we effectively manage our working partnerships.

It is the responsibility of every officer and elected member to take an active role in the identification and appropriate management of risk across the Council.

We will use risk management to promote innovation as well as to help secure our objectives. This will be achieved through the appropriate use of risk appetites.

Levels of risk

The two main types of risk faced by local authorities are:

Strategic risks

These concern the long-term strategic objectives of the organisation. They can be affected by financial availability, sovereign and political risks, legal and regulatory changes, reputation and changes to the physical environment. These are also known as Corporate Risks.

Operational risks

These concern the day-to-day service delivery issues that the organisation is confronted with as it strives to deliver its strategic objectives. These are divided into Directorate and Service Level Risks

Section 1: Policy Statement

Overview of Risk

This Risk Management Framework will be subject to endorsement by the Governance and Audit Committee.

The Corporate Management Team (CMT) are responsible for risk management and the Performance & Risk lead will support the assessing of the risks likely to have a significant impact on the achievement of the Council's objectives.

All officers and elected members in Breckland are responsible for risk management and the breakdown of responsibilities are detailed further in Appendix A.

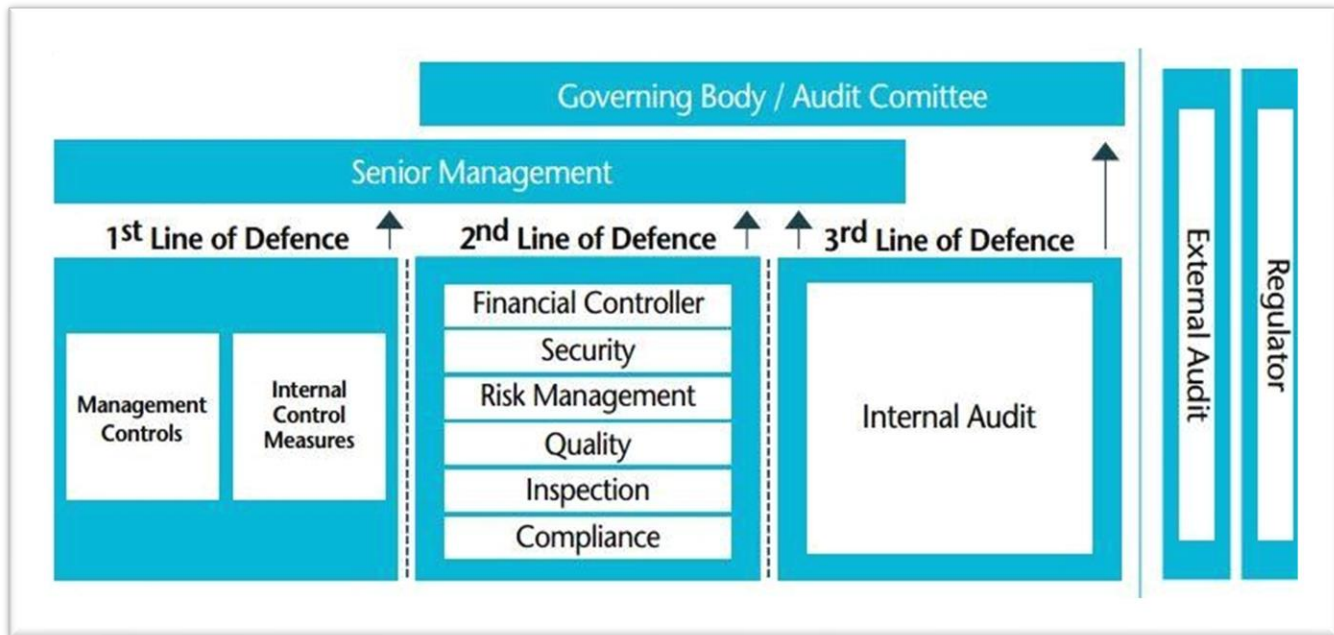
Key Principles are:

- All officers must be aware of their roles and responsibilities in risk management.
- All Senior Managers will implement risk management within their service.
- Risk assessments will be carried out as a routine part of service planning and management activities.
- The Performance & Risk lead is to be notified of any significant changes to existing risks or if a new risk materialises to ensure that appropriate and adequate mitigations are in place and recorded.
- The Assistant Director of Finance to be informed if financing measures are required to be put in place.
- A risk culture will be built across the services that does not inhibit the Council in continuing to be innovative.
- Key risks to service objectives, projects, partnerships and change management processes under their control are identified, recorded and managed on the Council's performance management system.
- Those risks that have a corporate impact are to be considered for inclusion in the Strategic Risk Register.

CMT are responsible for coordinating the Council's approach to risk management. The Performance & Risk lead is responsible for monitoring the effectiveness of this risk management strategy and for reviewing compliance with controls introduced to manage risks.

The process seeks to contribute to the Council's emerging three lines of defense approach to assurance. In this model, Risk Management would be recognised as a second line of defense and would contribute towards the Council's overall levels of assurance.

Section 1: Policy Statement



The Institute of Internal Auditors and the Institute of Directors endorse the 'Three Lines of Defence' model as a way of explaining the relationship between Council functions and as a guide to how responsibilities should be divided, which is outlined in the graphic above:

- The first line of defense represents functions related to primary ownership, accountability and responsibility for the identification, assessment and managing of risks
- The second line of defense is functions that oversee or specialise in risk management and/or compliance. This areas also relate to supporting the first line through expertise and process excellence.
- The third line of defense represents functions that provide independent assurance, above all internal audits in order to provide objective evaluations of how effectively the organisation assesses and manages it's risks

Arrangements

Reports to Committees will include an appraisal of all associated risks and their implications.

Corporate risks will be identified and:

- assessed for likelihood and impact.
- mitigating controls identified and recorded.
- allocated a responsible officer for the mitigating controls.
- cost implications of controls considered.

Risk Management training will be provided to senior managers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide. Elected members will receive training on risk if required so that they can consider the implications of risk in their work for the Council.

Every partnership, project team or change management team will appraise strategic and operational risks and make provision for dealing with those risks appropriately. This will be done in a way that does not prevent innovation or opportunity, such as income generation. An example of this would be ensuring that the purchase of commercial property is not inhibited due to any perceived aversion to risk.

Section 2: Procedure

Corporate Governance

Effective risk management is an essential element of good corporate governance which, in turn, supports effective decision making and ultimately contributes to improved performance and providing assurance.

The risk management framework aims to:

- clarify responsibilities for identifying and managing risks.
- ensure that an appropriate level of risk management is consistently applied across the Council.
- increase awareness and use of risk management as a normal element of service management and improvement.
- facilitate sharing of experience and good practice across the Council.
- act as a second line of defense in the Council's three lines of defense assurance model
- embed the concept of risk management in the Council and ensure that accurate and relevant statements are made in the Annual Governance Statement

Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

- Responsibility for effective risk management rests with every officer and elected member of the Council.
- The Chief Executive Officer is the officer with overall responsibility for ensuring adherence to the Council's policy on Risk Management.
- The framework of roles and responsibilities in Appendix A shows how these are allocated.

Training

Individual officers and members will have different needs, and these can be met with different methods. These will include appropriate awareness raising sessions as well as more formal training.

Resourcing Risk Management

Risk management is not a new issue and every member and officer is responsible for considering risk implications as they relate to the actions of their day to day work. However, it is recognised that the concept of risk management needs to become formalised and part and parcel of the culture of the Council.

At Corporate Management Team level, the Executive Director responsible for Performance and Risk Lead is the designated risk champion.

The Performance and Risk lead will be the link for all aspects of risk management.

Section 2: Procedure

Monitoring and reporting Risk

Operational risks are updated and monitored monthly, whereas strategic risks are monitored on a quarterly basis. Managers and risk owners are however encouraged to provide updates on their risks on a more frequent basis if required.

Operational risks are monitored internally monthly, with changes reported to Performance Board on a by exception basis. Strategic risks are reported to SMT, CMT and Performance Board on a quarterly basis. A formal strategic risk report is also produced and discussed at Governance and Audit committee on a quarterly basis. In some cases, specific risks may be discussed at Overview and Scrutiny or Cabinet through the performance report if there is a linked risk. This is not a formal report, but risks may be referenced in relation to performance related issues.

Role of the Performance Board

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Performance Board will provide this consistency of approach. This Board covers performance, risk, audits, project, and financial performance within its remit and is chaired by the Chief Executive and Leader of the council. The Board will act as a link between project managers, specialised groups dealing with particular areas of risk, senior management, and elected members.

The Board will review updates on both corporate and operational risks on a quarterly basis and take any remedial actions necessary; including escalation to the CMT and the Governance and Audit Committee as appropriate.

Quarterly updates on the Strategic Risk Register will be provided to the CMT and the Governance and Audit Committee.

Risk Management Role in the Governance and Audit Committee

The Governance and Audit Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic risk.

To provide the Governance and Audit Committee with the necessary information to undertake these responsibilities, progress updates on the Strategic Risk Register are reported quarterly at Governance and Audit Committee meetings. The responsibilities of this committee are enshrined in the Councils constitution, which sets out its role and powers in relation to risk management.

Reviews

The Framework will be reviewed by the Governance and Audit Committee on a 24-month basis. The risk appetite statement should be reviewed annually by the Council's CMT, with changes to this communicated to Governance and Audit. The Strategic Risk Register will be reviewed by the Corporate Management Team and the Governance and Audit Committee a minimum of every three months and published through the Council's corporate performance system.

Section 2: Procedure

Involvement of Other Related Groups

The Council's Internal Audit function, as the third line of defense, also contribute to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Director and Senior Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit and the Performance and Risk lead to ensure agreed recommendations are implemented.

External Contacts

The potential risks faced by the Council are, in many cases, similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others. In order to share risk management information and experiences, the Council has established networks with other authorities and agencies.

Methodology

A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service, project planning and change management processes (operational risks).

Risk Identification

To meet the requirements of this framework, risks must be capable of being identified at any level, and by anybody, within the Council.

All officers will be responsible for identifying risks and ensuring that these are recorded and managed through the Council's corporate performance system. Service managers and team leaders will have overall responsibility for ensuring that all risks relating to their service area are identified, recorded, mitigated and managed. These will include key risks to service objectives, projects, partnerships and change management processes under their service area. Officers should also be aware of the overall risk profile of the organisation in relation to where their risks sit.

Service/Operational risks will be included as an agenda item on Performance Board meetings quarterly. The purpose of this is to review whether any further mitigation is required, whether additions, deletions or any other changes need to be made. Where an operational risk retains a high-risk score despite mitigation for three quarterly reporting periods it will be escalated to become a strategic risk.

Any risk can, if appropriate, be escalated to being a strategic risk through the Directors or the Corporate Management Team.

The Strategic Risk Register will be reviewed on a quarterly basis and updated to reflect any changes to the risks currently included and to include any new risks identified. Currently reported strategic risks which are identified as needing to be changed to operational or no longer a risk as fully mitigated, will be removed from the strategic register following the report to the Governance and Audit Committee that advises of the decision to demote or remove.

Section 2: Procedure

Risk Appetite (Targets)

Risk appetite refers to the Council's attitude towards risk, which in turn dictates the amount of risk that it considers acceptable. As a result, risk appetite refers to our willingness to tolerate a particular level of exposure to specific risks. The appetite is also a function of our capacity to bear risk which should not be exceeded. The Council should seek to review its risk appetite annually at a minimum. This review should be conducted by the Council's CMT and approved by the Governance and Audit committee. Annually reviewing the statement ensures that it remains in line with wider strategic thinking within the organisation and ensures that the appetite is appropriate for the level of risk the council is willing to take. Once agreed, risk appetite should be communicated throughout the organisation to ensure that all strategic and operational decisions are aligned with the appetite. This can be found in full in Appendix C

Risk Management Approach

To ensure that risk management is handled in the most efficient way within the Council, risk is included as part of the corporate planning process and the Council's performance framework to ensure the quick identification emerging risks and changes to identified risks.

The following stages show how a risk could be identified and escalated:

Stage 1: Risk identification & assessment

Responsible parties: All Officers and Elected Members.

Once a risk has been identified it is essential to determine the level of impact and likelihood. This will give a total risk score, for example Likelihood - 3 x Impact - 3 = 9. The impact and likelihood criteria are set out in Appendix B. The Council will also consider triggers and mitigating actions as well as what appropriate proactive and reactive controls are in place or need to be developed.

This assessment is then compared against our risk appetite (see Appendix C), which refers to the Council's attitude towards risk. This in turn dictates the amount of risk that it considers acceptable. As a result, risk appetite refers to our willingness to tolerate a particular level of exposure to specific risks.

Stage 2: Risk treatment (Evaluate and decide action)

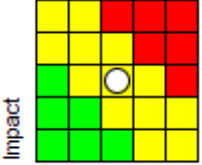
Responsible parties: Service manager

Stage 3: Risk monitoring (Service or Operational Risk Register)

Service Manager adds the risk to the Council's Corporate Performance System with the support of Performance & Risk Lead.

Stage 4: Risk reporting (Strategic Risk Register)

Corporate Management Team reviews the Strategic Risk Register. The example below sets out the format of the Strategic Risk Register, with an explanation elaborating on how each field should be populated:

Risk	[Title of Risk]				
Description	[Description of the risk before mitigation]				
 <p>Likelihood- 3 [This is the current risk likelihood score]</p> <p>Impact- 3 [This is the current risk impact score]</p> <p>(See App B)</p>	Risk Owner XX	Current score [Risk score at the present time with the mitigations/controls included] 9 (3x3)	Raw score [This is the original risk score (Impact x Likelihood) with no mitigations/controls] 25 (5x5)	Last reviewed [This is the date the latest update was provided] [Date]	Next review [Date]
	Target Score [This is the maximum risk score the organisation finds acceptable, in keeping with its appetite] 4 (2x2)	Previous Score [Score at the last assessment showing direction of travel] 9 (3x3)	Target Date [The date at which the target should be reached. This should be calculated based on the target actions. Those marked with a * represent long term risks which are subject to annual review as to if they still meet the risk criteria] [Date]	Origin Date [The date the risk was added to the council's strategic risk register (either as a new risk or as an operational risk which has become strategic)] [Date]	
	Triggers • XXX	Likelihood factors (vulnerability) • XXX	Potential consequences • XXX		
	Latest Note- This provides details on latest actions taken.				
KRI & KCI	Key risk indicator (KRI) - is a metric for measuring the likelihood that the combined probability of an event and its consequences. Key control indicator (KCI) - is a measure of how well a control is performing in reducing causes, consequences or the likelihood of a risk				

Controls [This is the mitigating actions and controls put in place to reduce the risk. This may be broken down further in some cases into proactive and reactive mitigations and which controls are in place/ need to be added]	Type	Adequacy	Action Plan [These are the actions that need to be completed in order for the council to mitigate the risk.]	Responsibility	Target Date
XXX	Proactive	Good	XXXX	XXX	XXX
XXX	Proactive	Good			

Appendix A Shared Leadership, Roles and Responsibilities

Everyone has a role to play in an integrated risk management framework. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles are:

Governance and Audit Committee

Responsibilities include:

- Approving the Risk Management Framework which includes the Risk Management Policy and Strategy.
- Providing proactive leadership and direction on Risk Management Governance issues and champion Risk Management throughout the Council.
- Receiving progress reports on the Strategic Risk Register at least quarterly.
- Monitoring that an adequate risk management framework and associated control environment is in place.
- Monitoring arrangements for the identification, monitoring and management of strategic risks within the Council

Chief Executive Officer

Responsibilities include:

- Promoting Risk Management and its benefits throughout the Council.
- Overall responsibility for securing adherence to the Council's Policy on Risk Management.
- Appointing a Director to take responsibility for risk management.

Corporate Management Team (CMT)

Responsibilities include:

- Considering risks attached to proposals for new / changing policies and service delivery arrangements.
- Ensuring that this framework is applied throughout all areas of the Council.
- Receiving progress reports on the risk reduction programme and propose revisions to the Strategic Risk Register.
- Supporting the Director responsible for Performance and Risk in assessing risks likely to have a significant impact on the achievement of the Council's objectives.

Executive Director responsible for Performance & Risk lead

Responsibilities include:

- Assessing risks likely to have a significant impact on the achievement of the Council's objectives.
- Coordinating the Council's approach to risk management.

Executive Directors

Responsibilities include:

- Implementing risk management within their services.
- Identifying, recording and managing key risks to service objectives, project, partnership and change management processes under their control are identified.

- Ensuring their managers carry out risk assessments as a routine part of service planning and management activities.
- Ensuring any risks that have a corporate impact are reported for consideration for inclusion in Strategic Risk Register.
- Building a risk aware culture across the department, through all officers.
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- Building a risk aware culture across the department, through all officers.

Performance and Risk lead (and associated team)

Responsibilities include:

- Monitoring the implementation and effectiveness of this risk management strategy and for reviewing compliance with controls introduced to manage risks.
- Coordinating risk management activity across the Council.
- Reporting on risk management activity to CMT and members.
- Maintaining a corporate strategic risk register and liaise with Service Managers relating to operational risks.
- Providing risk management training for officers and elected members, appropriate to their needs and responsibilities.
- Providing advice and assistance as required.
- Reviewing the Risk Management Framework on a 24-month basis.

Senior Managers (SMT)

Responsibilities include:

- Developing action plans in relation to corporate strategic risks as they relate to their service area.
- Identifying risks attached to proposals for new / changed policies and service delivery arrangements.
- Assisting with the identification and recording of all key risks to services, projects, partnerships and change management processes.

All Officers

Responsibilities include:

- Maintaining an awareness of risk management principles and take responsibility for identifying and managing risk within their own working environment.
- Applying risk management to those risks requiring further action, particularly new developments and project work.

Internal Audit

Internal Audit reports to management on the Council's performance under the Risk Management Framework and the adequacy and effectiveness of systems of risk management.

External Audit

External Audit reports to Senior Management on the Council's performance on risk management.

Elected Members

Elected members are responsible for identifying the risks they become aware of in the course of their activities as members, and ensuring such risks are appropriately recorded.

Appendix B Risk Scoring and Matrix

Likelihood

Likelihood score	1	2	3	4	5
Definition	Rare	Unlikely	Possible	Likely	Almost certain
Description	The likelihood of the risk has been minimised to a negligible possibility	The risk is technically possible, but an occurrence is not foreseeable in the medium-long term	The risk is a real possibility but the likelihood of an occurrence in the short-medium term is small	The risk is probably going to occur at some point in the medium term, possibly sooner	The risk is probably going to occur imminently
Timeframe	Will occur at some point in next 50 years	Will occur at some point in the next 25 years	Will occur at some point in the next 10 years	Will occur at some point in the next 5 years	Will occur at some point in the next year
Probability	10% or less	Between 10-30%	Between 30-50%	Between 50-85%	85% or more

Where the probability and timing score differently, a judgement should be made as to the correct likelihood score.

Impact

Impact score Title	1/Minimal	2/Low	3/Medium	4/High	5/Critical
Political risk	Authority fails to effectively scrutinise its decisions	No scrutiny of decisions takes place	Scrutiny process publicly questioned or criticised	Resignation of Leader, Cabinet Member, Chief Executive or Director	Authority placed in special measures, DCLG appoints administrators
Reputation risk	Negative national press coverage for one day, ongoing negative local coverage	Negative national press coverage for more than one day,	Negative national press coverage for more than one-week, public criticism from local partners	Public criticism from MP, LGA, DCLG, County Council or other national body	International negative press coverage
Financial risk	Up to 1% of authority budget	Up to 5% of authority budget	Up to 10% of authority budget	Up to 15% of authority budget	Over 15% of authority budget
Legal risk	Authorities' actions' legality repeatedly questioned in public	Council decisions overturned	Damages or similar claim sought against authority	Multiple damages claims sought against authority	Authority in breach of law, criminal charges brought
Disruption risk	Total service outage for one day or less	Total service outage for several days	Total service outage for more than a week	Total service outage for more than three weeks	Multiple services unable to operate
Environmental risk	Short term damage in an isolated area requiring partners assistance	Long term damage in an isolated area requiring partners assistance	Damage requiring special budget provision to rectify	Major or widespread damage requiring central government assistance	Permanent environmental damage with significant impact
Contractual risk	Major contract renegotiation required	Service reduction dictated by contractor's ability to operate	Service provision significantly altered, or sanction clauses invoked.	Contracted service failure and/or termination of contract	Abrupt contracted service failure without contingency
Asset & Infrastructure risk	Isolated network issues, multiple pieces of equipment needing replacement	Widespread network issues, key vehicle damaged	Council facilities inaccessible, key vehicle needs replacing	Council facilities damaged, multiple vehicles need replacing, key infrastructure outage	Council facilities destroyed; key infrastructure destroyed
Health and Safety risk	Individual receives minor injuries	Multiple people receive minor injuries	Individual serious injury	Multiple people seriously injured, individual loss of life or criminal assault	Multiple losses of life, widespread criminal assault

Appendices

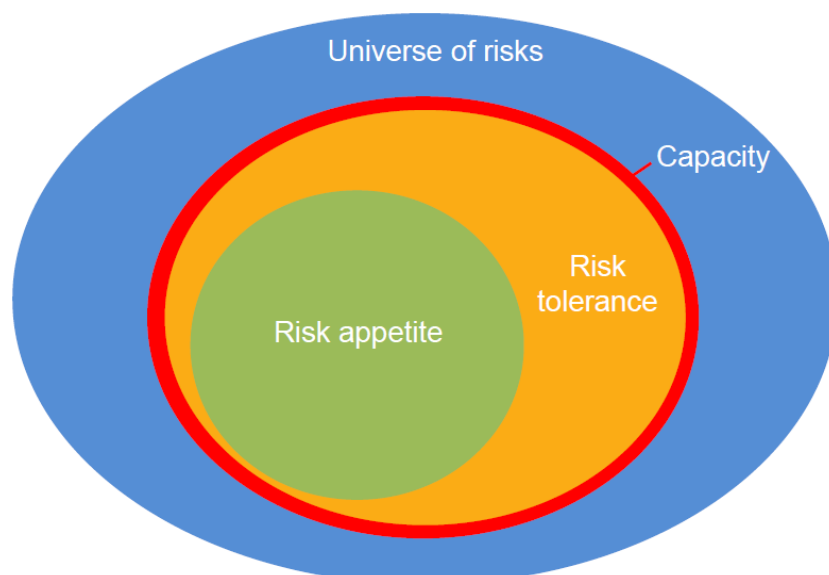
Appendix C Risk Appetite Statement

Risk appetite is an important tool in guiding what the Council is willing to seek or accept in pursuit of its strategic objectives set out in its Corporate Plan. As an organisation, we must sometimes take risks to deliver beneficial outcomes to stakeholders and a risk appetite allows for risk-taking to be a controlled process. Good risk management allows for informed decision making and understanding of associated risks in undertaking certain tasks and activities. The ability to properly manage and understand risks means that the council is more likely to be able to achieve its goals, as well as allowing for control and a high level of due diligence consistent with the responsibilities of a public sector organisation.

Risk management also incorporates opportunities as well as threats. The Council's approach to risk is to seek the right opportunities where possible and minimise risk as effectively as possible. By encouraging managed risk-taking and considering options, the Council can take a balanced approach of both caution and innovation. As an organisation, we are not willing to take risks that will cause significant negative consequences to our objectives. In some cases, the Council may have to accept higher risks due to the cost of controlling them or statutory obligations.

The Council's risk appetite reflects its current position- seeking to encourage managed risk-taking for minor to moderate level risks but controlling or seeking to actively influence those risks further up the scale. The council's risk appetite will vary over time due to both internal and external factors such as ambition, priorities, and the landscape of local government both regionally and nationally. Appetite will also vary across levels of seniority and between individuals and groups based on both conscious and unconscious bias, knowledge and understanding, and experience.

As set out in the below diagram, outside of the Council's risk appetite is the Council's risk tolerance. This sets the level of risk that is unacceptable to the Council, regardless of any potential opportunities that may arise. In these instances, the Council will seek to reduce the risk to bring it within its risk appetite. Outside of risk tolerance is capacity, which can be defined as the limit of risk overall within the Council. Risks that fall outside of the capacity are those risks that the Council is not able to deal with. If the Council wishes to deal with risks outside of its capacity, then it would need to reconsider its approach to risk as well as other wider strategies and elements such as available resources and budgets. The fourth layer, which lies outside of the capacity layer, is the Universe of Risks, which represents the entire battery of risks that the Council may face.



Risk Appetite Matrix

This table shows the Risk response rating used by the Council:

Definition	Risk matrix rating level	Description
Avoid	20-25	These risks sit at the top of the council's tolerance and form the council's top risks. The organisation is not willing to take any risk at this level and actions should be taken to immediately manage the risk to reduce its rating.
Adverse	12-16	These risks are the upper limit of the council's appetite. Whilst they can be tolerated, work should be done to bring these risks down to a more manageable level.
Cautious	5-10	These represent risks which the council should monitor and may apply to risks that have the potential to become significant if they are allowed to develop. These risks are not immediate threats but require monitoring to ensure that they remain within the council's tolerance. Risk owners should seek to manage any increase in likelihood or impact.
Open	3-4	These are low-level risks that could hinder or disrupt the achievement of objectives. Due to the relatively low level, it is unlikely that additional controls will be identified to respond to the risk.
Hungry	1-2	Minor risks with low consequences should still be monitored. These should be assessed under the risk management framework even though they are unlikely to prevent or significantly disrupt either day to day activities or the achievement of strategic objectives.

The Council should include one of the below approaches in any written risks, to indicate direction of approach-

Avoid/resolve the risk (completely eliminate or forego risk)

Mitigate the risk (reduce the likelihood or impact of risk)

Transfer the risk (assign or move the risk to a third-party)

Accept the risk (acknowledge the risk and choose not to resolve, transfer or mitigate)