# HARLOW | BUILDING HARLOW'S FUTURE.

# Risk Management Framework

## October 2025

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# Introduction

All of us manage risks in our daily lives almost unconsciously: assessing the speed of traffic when crossing the road, taking out insurance policies and making everyday decisions. However, risk and risk management can sometimes be seen as specialist subjects, requiring expertise outside 'normal' management experience. This can lead to risks being ignored altogether or a view taken that risk can be avoided by maintaining the status quo.

Innovation and good governance are not mutually exclusive. The difference between a thriving authority providing value for money and stagnation could be the willingness to embrace a risk-taking culture while taking timely and appropriate action in the face of threats to objectives. Risk management is therefore an essential part of the council's overall governance arrangements. Because risk management is about achieving objectives, it needs to be integral to our decision making, an essential part of routine management and should be 'part of the day job' of all officers who are responsible for achieving objectives.

Harlow Council's attitude to risk is to embrace a culture of creativity and innovation, where risks are identified, understood and proactively managed rather than avoided. Ultimately, effective risk management will help us to meet future challenges, seize opportunities and deliver high quality services that benefit Harlow residents, businesses and visitors.

The council is committed to integrating risk management into our policy framework, planning and budgeting cycles. Recognising that risk is inherent in all activities, we aim to manage it in a balanced, structured, and cost-effective way. Risk cannot be totally eliminated and at times must be embraced to drive innovation and achieve best value. In essence, risk management is not about taking no risks at all. Ultimately, it's about taking calculated risks to deliver our missions and improve services.

This Risk Management Framework is designed to provide our organisation with the tools needed to manage risk effectively, providing the framework and process with which to manage risk in a systematic, consistent and effective way. The Framework will be periodically reviewed as necessary to ensure that it reflects the council's needs and remains challenging and responsive to Government direction and requirements.

The objectives of this Framework are to:

- Identify the scope of risk management;

- Provide a pragmatic and standardised approach to risk management across the council;
- Embed and integrate risk management into the culture of the council;
- Assign roles, responsibilities and accountability for risk management activities within the council;
- Raise the awareness of the need for risk management by all those connected with the council's delivery of services;
- Reduce the impact, disruption and loss from an event and reduce where possible the financial impact of risk;
- Enhance realisation of opportunities and resulting benefits.

# What is Risk Management?

Risk is defined as the "effect of uncertainty on objectives" (ISO 31000). In simple terms it is the potential for an event to occur that may adversely affect the achievement of stated objectives. It encompasses the possibility of both negative consequences (threats) and positive outcomes (opportunities). An effect is a positive or negative deviation from what is expected, and that risk is often described by an event, a change in circumstances or a consequence.

Risk management is the process followed to control the level of risk in business and service activities which could impact on the delivery and achievement of the corporate missions, priorities and service objectives. In practice, risk management is the ongoing process of identifying threats and opportunities, implementation of measures aimed at reducing the likelihood of them occurring and minimising the impact if they do.

Risk management is a key component of corporate governance in maintaining a strong control environment. Because risk management is about achieving objectives it needs to be integral to the council's decision making and core business processes such as business planning, budgeting and performance reviews.

Everybody manages risk – the council's Risk Management Framework provides the necessary level of formality to allow risk managers to consider risk systematically as well as demonstrate and communicate what they are doing to manage risk.

# Benefits of Risk Management

The following benefits are brought about by effective risk management:

- Achievement of objectives more likely
- Adverse (damaging) events less likely
- Costly re-work and firefighting reduced
- Capital and resources utilised more efficiently and effectively
- Quality of service improved
- Improved performance (Key Performance Indicators scores)
- Support of better planning
- Help better informed decision making
- Use risk management to support innovation
- More positive outcomes for stakeholders
- Provision of reassurance to stakeholders
- Help protect and enhance the council's reputation
- Reduction in insurance premiums and claim related losses

# Risk Appetite

Risk appetite can be defined as the amount and type of risk an organisation is willing to accept in the pursuit of its objectives.

The council recognises that some level of risk needs to be accepted but it will vary according to the activities undertaken. Risk appetite provides a framework to support informed decision-making and prioritisation of resources to required areas. It is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time.

As part of the council's risk maturity journey, it is intended that risk appetite will be established and defined within a Risk Appetite General Statement. The risk appetite framework will also ensure escalation and reporting thresholds are reassessed periodically to ensure risks are reported and reviewed within suitable defined limits.

# Roles and Responsibilities

Everyone has a role to play in the management of risk. The below table sets out those roles:

| Responsible Body | Role | Monitoring Period |
|---|---|---|
| The Leader | Ultimate accountability for the council's risk, Risk Management Framework and its arrangements. | Ongoing |
| Cabinet | Monitor risk management progress, reporting and endorse the council's Risk Management Framework and agree the council's risk appetite. | At each meeting of Cabinet |
| Executive Committee (ExCo) | Responsible for supporting the delivery of the Risk Management Framework, risk appetite, risk monitoring and reporting. Identify strategic and service risks during the annual corporate planning cycle. Support the setting of Risk Appetite. Review and manage risks in accordance with monitoring and reporting requirements. | Weekly |
| Audit and Standards Committee | Consider the effectiveness of the authority's risk management arrangements. It should understand the authority's risk appetite and profile and seek assurances that active arrangements are in place on risk-related issues for both the authority and its collaborative arrangements. | In line with committee cycle |
| Insurance and Risk Manager | Support development of the Risk Management Framework and document internal risk policies and structures. Work with EMT to ensure risks are updated and reported as necessary highlighting exceptions, cross cutting trends and themes for consideration. | Ongoing |
| Directors/ Executive Management Team (EMT) | Responsible for maintaining the operational and strategic risk registers within their service. Identify and report changed circumstances/risks. Promote risk aware culture. Implement risk improvement recommendations. | Ongoing |
| Service Managers and Team Leaders | Identify and manage operational risk registers within their services. Identify and report changed circumstances/risks. Promote risk aware culture. Implement risk improvement recommendations within department. | Ongoing |

| Responsible Body | Role | Monitoring Period |
|---|---|---|
| All Employees | Understand and implement the risk management process. Report inefficient, unnecessary or unworkable controls. Report incidents and near miss incidents. Co-operate with incident investigations. | Ongoing |
| Internal Audit Manager | Provide independent assurance of the council's risk management arrangements, reporting on the efficiency and effectiveness of internal controls. Promote risk management as part of good governance. | Ongoing/ Annual |

# Risk Management Process

Harlow Council's systematic approach to risk management is primarily objective driven and runs in parallel with the Council's corporate, service and team planning process.

The Corporate Plan sets out Missions and priorities. Associated risks are identified, analysed and evaluated.

Risks are reported in accordance with a defined risk escalation process and a proportionate risk response is required to manage risks within risk appetite.

Risk managers should update risk registers on a real time basis. This means updating information about the risk as and when circumstances change as well as on a periodic basis in conjunction with service planning.

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│ │      │     │  • Statutory Duties               │     │      │    │
│ │      │     │  • Service/Team Objectives        │     │      │    │
│ │      │     │  • Project Objectives             │     │      │    │
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│ │      │     │           Tolerate                │     │      │    │
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**Objectives**

- Corporate Plan – Missions/Priorities
- Statutory Duties
- Service/Team Objectives
- Project Objectives
- Collaboration/Contract Objectives

**Risk Assessment**

Identify Risks

Analyse Risks

Evaluate Risks

**Risk Response**

Treat

Tolerate

Transfer

Terminate

**Monitoring and Review**

**Reporting and Escalation**

The full risk management process is:

# 1.     Establish Objectives

The corporate planning cycle begins with the development of the Corporate Plan. This outlines sets out the council's missions and priorities. Service objectives are driven from the missions and statutory obligations.

Contracts and Service Level Agreements (SLA) will set the respective collaboration objectives.

# 2.     Risk Assessment

Risk assessment follows a three-stage process:

## a.     Risk Identification

Risks are identified as events or circumstances which could impact on achievement of objectives. Consideration should be given to the following:

- Have any of the risks previously identified significantly changed or are they still relevant?
- Are there any risks missing from the register?
- Is anything planned over the next 12 months that will give rise to a significant risk?

This process should involve as many of the decision makers as necessary. Logging your risk should take a proportionate amount of time and resource in relation to the magnitude of the risk. Risk owners should avoid logging their risks "just for the sake of it".

## b.     Risk Analysis

Analysis sets the context of the risk, identifies the possible reasons why it might arise, the possible impacts, and sets out existing risk controls. The required information is set out as follows:

- Risk Name and Description – a short description of the risk is provided along with the risk name
- Vulnerability - This narrative sets the context of the risk in relation to the objectives which may be impacted.
- Trigger(s) – sets out the events or circumstances which could lead to the risk occurring.

- Potential Consequences – describes what impact the risk could have before controls are put in place.
- Current controls/Mitigations – Sets out all current risk controls.  These might include (but are not limited to) policies, procedures, training, preventative measures such as segregation of duties or restriction of access, or contract arrangements.

c.    Risk Evaluation

Each risk is scored by giving likelihood and impact ratings using the risk rating matrix shown in Appendix 1.  The risks are scored in three stages using different assumptions:

i.    Inherent score - original risk rating before controls
ii.    Current score – current risk rating with existing controls
iii.    Target risk Score – this is the risk rating believed to be achievable if all reasonable controls were in place.

# 3.    Risk Response

Having evaluated the residual risk, the course of action is determined by the council's risk appetite. The diagram below outlines the risk response process.

Controls should always be proportional to the risk so that the resource and cost required does not outweigh the benefit of the control.
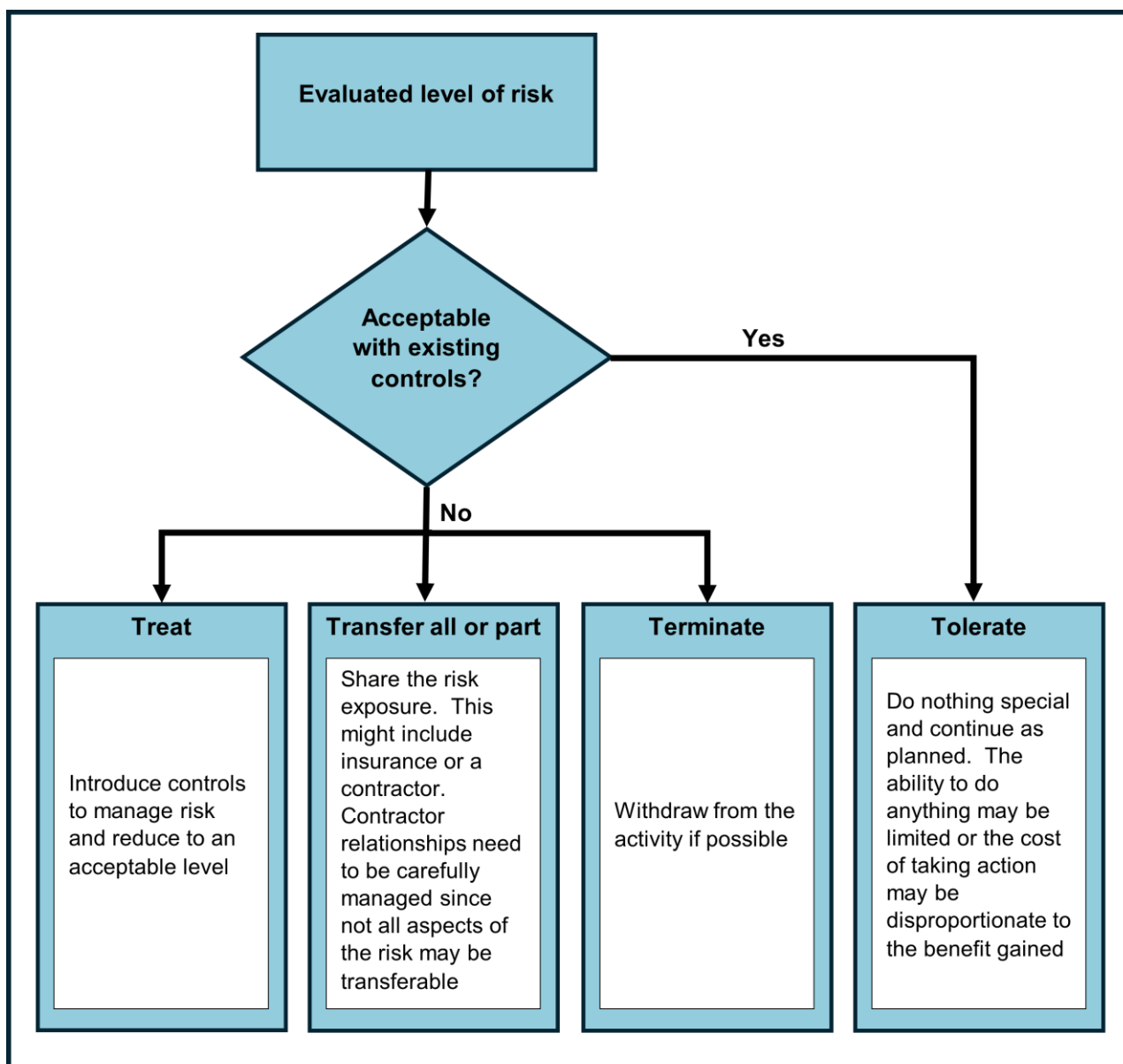
## 4. Monitoring and Review

Managing risks is not just about identifying and assessing risks and putting controls in place to mitigate the risks. Risks will constantly change and so a key stage of the risk management process is risk monitoring.

Risks are required to be updated as they change and it is important that risk registers are kept up to date and accurate. This informs how risks are being managed and the effectiveness of existing controls.

Monitoring of strategic risks is undertaken by the EMT risk owner with quarterly reviews by the full EMT. Monitoring of service risks should be undertaken through respective management team meetings. Management should prioritise those risks and regularly review actions to ensure they are being effectively managed and to identify any emerging risks.

The Leader will consider risk management no less than once a month and strategic risk registers will be reported to each meeting of Cabinet.

The review of risk registers should consider:

a. Existing Risks

- Are the key risks still relevant?
- Has anything occurred which could impact upon them? e.g. changes in legislation, service delivery
- Are the risk ratings appropriate?
- Are the controls in place effective?
- If risk scores are increasing what further controls might be needed?
- If risk scores are decreasing can controls be relaxed without adversely affecting likelihood or impact ratings?

b. New Risks

- Has something new happened within the service, project, partnership or contract e.g. contract delivery issue, a new partner organisation to work with, a new project starting, a new or different way of delivering services?
- Has ongoing management review identified, for example, budget pressures, unexpected demand for a service or external factors such as changes in legislation or government policy?

It may be appropriate to close risks. However, when risks are closed from a register, there should be a record of the reasons for this decision and what has happened to the risk.

## 5.    Reporting and Escalation

Effective reporting and escalation are critical to ensuring that risks are managed at the appropriate level and that decision-makers are fully informed.

The Leader has overall accountability for strategic and significant risks of the council.

The Framework establishes a structured process whereby Directors are responsible for ensuring strategic and significant risks are monitored, maintained and reported to EMT monthly and ExCo weekly.

Risk registers are then reported to each Cabinet meeting (for monitoring and endorsing) and the Audit & Standards Committee (for assurance) in line with their committee cycles.

Directors are responsible for reporting on the management of operational risks within their service areas and reporting risk management processes through their Annual Governance Statement declarations.

Directors/EMT is responsible for identification of cross-service risks, and responsible for escalating and ensuring that emerging operational or high-impact risks are brought to the attention of Executive Committee (ExCo) before inclusion of the strategic risk register.

This approach provides assurance that risks are being actively monitored and supports transparency, accountability, and informed decision-making across the organisation.

# Training & Awareness

Risk management training should form part of the council's induction process for line managers and other members of staff where appropriate. It may also serve for risk awareness sessions for existing staff.

Members of the Audit and Standards Committee will be provided with periodic training and awareness regarding risk.

# Linking risk to other areas

Below are areas that deserve special note in relation to risks. Each have significant risks associated with them which may have a major impact across the council. It is very important that risks in these areas are identified, assessed and prioritised.

## Business Continuity Management

Business Continuity Management (BCM) is complementary to the risk management framework.

While risk management seeks to manage risk around the key services that the council delivers, service delivery can be disrupted by a wide variety of incidents, many of which are difficult to predict or analyse by cause.

By focusing on the impact of disruption, BCM identifies the services which the council must deliver, and can identify what is required for the council to continue to meet its obligations. Through BCM, the council can recognise what needs to be done before an incident occurs to protect its people, premises, technology, information, supply chain, stakeholders, reputation and importantly the services that the council delivers within Harlow. With that recognition, the council can then take a pragmatic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its services.

## Health and Safety

The council has responsibilities under health and safety legislation to ensure the health, safety and welfare at work of employees and other people affected by the council's business. Managing health and safety risks is an integral part of business risk management and the management of such risks should not be taken in isolation. Poor health and safety management can have a negative impact on other business risks such as reputation, insurance, business continuity and financial resources.

The effective management of health and safety risks, as with all significant corporate risks, is an essential part of the role of the relevant managers. The organisation and arrangements for managing health and safety within the council are detailed in the council's Health and Safety Policy documents.

## Information Governance

Legislation such as the General Data Protection Regulation, Freedom of Information Act 2000, Environmental Information Regulations 2004, Human Rights Act 1998, Equality Act 2010 and Privacy and Electronic Communications Regulations 2003, requires the council to have arrangements in place to manage and protect all information taking into account its security, storage, use, access and retention.

The council can be subject to regulatory intervention and have fines levied by the Information Commissioner's Office (ICO) where there are failures to comply with relevant legislation.

While the council has policies in place to address legal requirements, it has recognised the need to improve the council wide understanding of Information Governance and considers Information Governance corporately on a weekly basis.

## Insurance

Insurance acts as a risk transfer mechanism which reduces the financial risk to the council. The council transfers risks to an insurance company by contributing a premium. In the event of a financial loss, the Council is entitled to indemnity, subject to policy excesses and other terms and conditions that are in place.

The administration of the council's insurance arrangements is undertaken by the Insurance Department within Finance. The department provides a comprehensive insurance service including insurance provisions and other related insurance activities such as processing of claims.