Solihull
Risk Management
Policy

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Preface

Risk Management Policy Statement

Solihull Metropolitan Borough Council (SMBC) is a complex organisation, providing a wide range of services to a diverse population. It engages with many partner organisations (public, private voluntary and faith) in order to provide community leadership, deliver services and achieve its vision where "everyone has an equal chance to be healthier, happier, safer and prosperous through growth that creates opportunities for all." Well established and robust governance and risk management arrangements in the organisation are a key enabler in the Council's journey to deliver this vision.

The Council recognises there are risks in everything it does and has a duty to manage these risks in a balanced, structured and cost-effective way. It supports a risk management culture that runs through its business processes, programmes, projects and partnerships. This is achieved through a clearly articulated appetite for the type and amount of risk it is willing to hold. By being risk aware and having adequate risk management arrangements in place, the Council aims to be well placed to manage threats and take advantage of opportunities.

SMBC's risk management arrangements, detailed in this policy, will support a structured and comprehensive approach to the achievement of objectives as set out in the Council Plan.

These arrangements will create value through:

- Providing assurance that key risks are being effectively managed.
- Highlighting issues and risks that need immediate attention.
- Providing risk information to assist in better decision-making.
- Providing risk information early so that risk can be managed proactively rather than reactively.

Our risk management approach promotes a continuous, proactive, and systematic process to understand, manage and communicate risk from an organisation-wide perspective in a cohesive and consistent manner. It requires an ongoing assessment of risks at every level and in every division of the organisation. The collated results are communicated to overseeing bodies to ensure adequate monitoring and review.

This Risk Management Policy aims to provide a systematic approach to support the effective and proportionate management of risk. It is endorsed and supported by all Members, the Corporate Leadership Team and all Council led Multi-Agency Partnership Boards, who are responsible and accountable for effective risk management in the Council.

We aim to ensure risk management is embedded within the culture of the Council as it is most effective when it is part of the day job.

Chief Exec   Leader

1   Introduction

This Risk Management Policy is part of the Council's wider governance arrangements to ensure a systematic, structured and timely approach to manage risks and enable decision making with the best available information.

The purpose of the Risk Management Policy is to provide guidance regarding the management of risk to support the achievement of Council objectives, protect staff and ensure sustainability of services. This document explains the Council's underlying approach to risk management, including roles and responsibilities and the key steps and processes to be followed in the Council's risk management approach. Our approach to risk management is dynamic and iterative in nature to respond to the changing environment the Council operates in.

This policy applies to all Solihull activities, employees, contractors and volunteers. It forms part of the Council's overall internal control and governance framework in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) good governance principles. A risk management procedure and toolkit has been developed to support this policy and is available on the Council's intranet.

2   Definition of Risk and Risk Management

Risk is the uncertainty that surrounds future events and outcomes. This uncertainty can be a positive opportunity or a negative threat. Risk is therefore defined as "the chance of something happening that will have an impact (positive or negative) on the achievement of the Council's outcomes". It is measured in terms of the likelihood of an incident/event occurring and the impact if it does.

Risk management is a systematic way of identifying how to manage uncertain events and outcomes. It is a consistent, robust approach (including the culture, resources, and processes) established to identify significant risks and reduce them to the lowest acceptable level. Used effectively, risk management supports the Council to exploit potential opportunities and promote innovation, as well as safeguarding it against potential threats. Risk management is not about creating a totally risk-free environment or scaremongering by exaggerating trivial risks. It aims to maximise potential opportunities and minimise the adverse effects of risk.

Solihull MBC's **Risk Appetite** refers to the amount and type of risk that it is prepared to pursue, retain or take in pursuit of its objectives before action is deemed necessary to reduce the risk. The policy also defines Solihull's **Risk Tolerance,** as the boundaries of risk taking outside of which we not prepared to venture in the pursuit of our long-term objectives.

"Sensible" Risk Management is about focusing attention on the real risks that the Council considers outside its appetite, those that happen more often and those with serious consequences and taking practical steps to protect the Council from risks – it is using common sense.

The Council's overall risk management objectives are to:

- Embed "sensible" risk management into the culture and decision making of the Council.
- Integrate risk management with key business processes so business risks facing the Council are managed effectively.
- Manage risk in accordance with best practice, whilst developing an approach tailored to meet the Council's local needs.
- Continually identify new and future risks that may impact on the Council.
- Be inclusive and work with stakeholders, partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management.

3 Why is Risk Management Important?

Risk management is important because:	
It is a requirement	The Council has a statutory responsibility to have arrangements for managing risk. The Local Government (Accounts and Audit) Regulations, 2015 state "a local government body must ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes effective arrangements for the management of risk." The Best Value Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act"). This states that local authorities should "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management.
It is good practice	The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government, 2016" seeks to ensure risk management is embedded into the culture of the Council, with Members and Officers recognising that risk management is part of their jobs.
It makes good business sense	Effective risk management: • Identifies opportunities where taking risks might benefit the Council. • Improves accountability, decision making, transparency and visibility. • Supports innovation and creative thinking. • Results in more effective partnership arrangements. • Enables more effective management of change. • Protects revenue and enhances value for money. • Secures trust from stakeholders through transparent and open management. • Enhances the Council's reputation and credibility. It also helps to reduce the number and cost of claims and adverse incidents and improves the Council's ability to defend them; thus, controlling insurance costs.
Risks need to be managed rather than avoided	Making the most of opportunities to improve public services involves some amount of risk taking. Successful organisations take risks in an informed way and have a clear understanding of how a proposed decision impacts the wider organisation. They plan to mitigate any risks that arise out of a chosen course of action.

4 Solihull's Risk Management Approach

The Council's risk management approach is designed to ensure:

- New and emerging threats and opportunities continue to be identified promptly and assessed realistically.
- Significant risks are escalated appropriately.
- A focus on risks which, because of their likelihood and impact, make them management priorities.
- Effective action is taken to manage identified risks.
- All reasonable steps are taken to reduce threats to the lowest acceptable level.

It should be noted whilst the Council has developed an approach which best meets its own needs, the arrangements take into account best practice and are subject to periodic external and internal reviews.

The following section details the agreed arrangements to ensure effective management of risk across the Council.

4.1 Solihull's Risk Appetite

Risk appetite is not a single, fixed score; there will be a range of appetites for different risks which need to be aligned and regularly reviewed as this will change/ vary over time. Senior management set clear guidance on the limits of risk which can be taken, and our risk management process defines rules for escalation and oversight of risks outside our risk appetite and tolerance.

Overall, the Council has low appetite for legal, regulatory, safeguarding, and reputational risks and has put in sufficient controls through its policies and procedures to manage risks to their lowest reasonable levels of impact and likelihood. However, the Council is open to risks in its delivery of customer outcomes through programmes and policy delivery and will take a trust-based and partnership working approach towards the same. The Council seeks to find and support opportunities and innovative solutions to optimise the delivery of the Council Plan.

Where the Council is more open to risk, Officers are still expected to ensure adequate governance, risk management and internal controls are in place, but it is expected the residual risk may remain high even with these measures in place. Where appetite for risk falls outside of the agreed limits, this should be approved by the appropriate Director and escalated as needed. The Risk Management Toolkit details the Council's risk appetite for different types of risks.

4.2 The Risk Management Process

The risk management process is a series of activities carried out in a cyclical manner, ensuring risks are identified, evaluated, treated, reported and monitored on a regular basis as detailed in figure 1 on the next page.
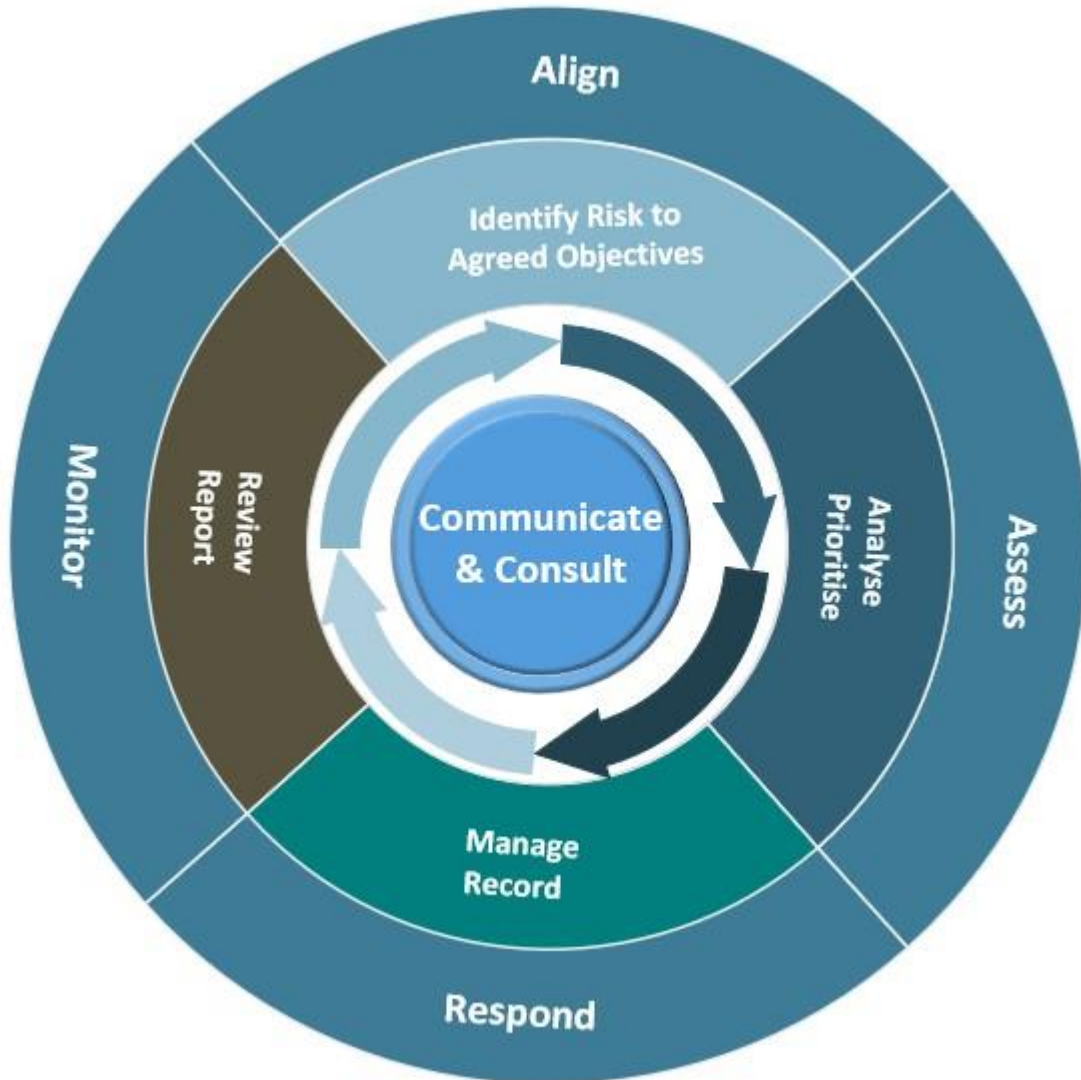
Diagram1: Solihull's Risk Management Approach

An overview of the process is summarised in this section. The Risk Management pages on the Council's intranet provides greater details for each step.

The purpose of risk identification is to find, recognise and describe risks that might help or prevent us from achieving our objectives Depending on the area, relevant outcomes will usually be articulated in one (or more) of the following documents:

- The Council Plan and policy deployment documents (for corporate outcomes).
- Local Service Delivery Plans (for service area outcomes).
- A Project Plan (for project outcomes).
- Partnership Agreement (for partnership outcomes).
- Contract or other legal agreement (for contract outcomes).

Identify Risks to defined outcome-

The Council faces a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the Council's reputation.

To ensure all key risks are identified, the process requires Council-wide involvement, a structured framework and systematic processes which are consistently applied. The Council has developed a process for risk identification that:

- Provides corporate specialist risk management support and facilitation.
- Ensures where budget implications exceed £1m (for contracts, this relates to the annual value), it is a requirement that there is an early meeting of key stakeholders to assess risks, including engagement with the relevant Member(s) and financial and legal representatives. In the case of re- procurement of contracts, a risk workshop is necessary for contracts over the value of £3m.
- Strongly encourages the involvement of internal and external colleagues and partners.

Risks to Council objectives can arise from a range of general categories and types and can broadly be classified into:

Risks within the Council (Internal)	*External risks*	*Risks with our partners*
These risks can relate to any area of strategy or operation. These could be risks to achieving objectives due to financial, resourcing, vendor management, technology, safety and safeguarding arrangements, infrastructure and asset management, governance or quality shortcomings and can lead to harm and or reputational damage, service failure and legal implications to the Council.	These are risks arising from the environment in which the Council operates, which have implications on the Council objectives. These may include changes in legislation, political, economic, and social changes on a global or national stage, technological changes, cyber threats, and climate change.	There will be risks within the partner agencies which will impact on the Council and Board objectives. This could include risks where the partner may be unable to deliver its services due to internal or external factors e.g. financial, staffing shortages, supply chain, differing priorities etc, which may have an impact on other parts of the partnership.

A checklist of generic risk categories is provided as Appendix 1. Further details and how to use guidance is available in the Risk Management Toolkit.

4.2.1. Align

Assess Risks

Risk management is not about identifying or eliminating all risks and it is impossible to manage every risk all the time. To ensure resources are focused on the most significant risks, the Council's approach to risk management requires identified risks to be assessed in terms of both the potential likelihood and impact so that action can be prioritised. The methodology adopted for assessing risks is simple and easy to use. It looks at each risk and assesses:

- How likely it is that the risk will occur.
- What the potential impact of the risk is.

The risk management process requires each risk to be rated twice. The first rating (the "gross" risk level) is assessed on the basis that there is no action being taken to manage or reduce the identified risk or if all existing controls were to fail. This is the worst-case scenario. The second rating (the "net" risk level) is assessed in light of any actions being taken to manage or reduce the identified risk. The net score indicates the current level of risk held.

A '5x5' scoring mechanism is used to carry out the assessment of probability and impact to ensure the risks are rated in a consistent way.

I M P A C T	**5. Very High**	5	10	15	20	25
	4. High	4	8	12	16	20
	3. Medium	3	6	9	12	15
	2. Low	2	4	6	8	10
	1. Very Low	1	2	3	4	5
		1. Very Low	**2. Low**	**3. Medium**	**4. High**	**5. Very High**
		LIKELIHOOD				

Diagram 2 – Risk Matrix

Prioritise Risks

Risks scoring 16 or above are rated 'red' and need to be immediately prioritised for treatment as they are beyond the Council's tolerance for risk. Also, the council has defined the range of net scores that are acceptable (within appetite) for each type of risk. The proposed response to each risk rating is:

Risk score	Action
Red	Immediate and significant management action and control required, CLT oversight.
Amber	If outside appetite, bring within target score within 6 months, DLT oversight and monitoring, if not achieved, escalation to CLT.
Yellow	If outside appetite, bring within target score within 6 months, Service/Project Board oversight and monitoring, if not achieved, escalation to DLT.
Green	Risk owner responsible for ensuring risk remains within agreed risk appetite.

Diagram 3: Risk Prioritisation

Sidebar: 4.2.2. Assess

Manage Risks

Not all risks can be managed all of the time, so it is important to focus attention on the most significant risks and choose safe and cost-effective approaches to address them. Having assessed and prioritised identified risks, it will be clear which risks pose the greatest threat and where management action needs to be taken. It is anticipated all risks will be managed using a mix of approaches including treating, terminating the activity, transferring, and tolerating the risk and enhancing any opportunities which arises.

Record Risks

Having assessed and prioritised the risks, those with a net risk level of red, amber or yellow must be recorded in a risk register; net green risks only need to be recorded if the gross risk level is assessed as red. Services or projects may choose to record net green risks on the system for ease of review of all its risks regularly. All risk registers are created and maintained on the Council's risk management system (JCAD Core).

A risk owner must be allocated to each identified risk. Such accountability helps to ensure "ownership" of the risk is recognised and appropriate resources are allocated. The name of the risk owner must be recorded in the risk register.

Each risk must have mitigating actions in place to minimise the likelihood of the risk occurring and/ or the impact if it does occur. An action owner should be allocated to each identified action and recorded in the risk register.

Where there are risks which impact more than one Directorate, this needs to be reflected on the risk management software. The risk must be recorded in the directorate it is being managed in with a link to any other directorate(s) impacted so it can also be included in their risk register.

Confidential Risks

It is recognised that sometimes risks recorded should be kept confidential due to the nature of the risk. It is equally important to give due consideration to ensuring Council business is conducted in an open, accountable manner at all times. Based on existing legislation, the following reasons can justify a risk being confidential:

- Information relating to an individual/information which is likely to breach data protection legislation, reveal the identity of an individual, including organisations and service providers such that their credibility and reputation may be affected (e.g., a particular provider at risk of failure).
- Matters involving issues of commercial or financial sensitivity (including major projects not yet approved but are being scoped).
- Matters relating to deliberations, policy or the internal business of the Council prior to final approval by the Council.
- Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings (i.e., relating to legal advice or impending litigation).
- Where disclosure of the information would inhibit the free and frank exploration of options and impact effective conduct of public affairs.

Just because a risk may cause alarm or damage the Council's reputation does not necessarily mean it should be kept confidential.

4.2.3. Respond

4.2.4. Monitor

Review risks

In order to give risk management the appropriate profile, the identification and review of risks should be a standing item on the agenda for Directorate meetings.

Service risk registers will be reported to each Directorate Leadership Team and project risk registers to the Programme Boards; risks assessed net amber or red will be escalated to directorate level for review each quarter. The most serious risks are escalated to the Corporate Risk Register.

Each risk in the corporate risk register is assigned to a member of the Corporate Leadership Team to own as a key priority. These risks are then monitored by the Corporate Leadership Team on a quarterly basis.

Monitor Risks

Significant risks need to be monitored and reviewed regularly to ensure prompt and appropriate action is taken to reduce their likelihood and/or impact. Solihull's approach is one where monitoring is:

- Part of existing performance monitoring arrangements and discussed regularly at the right level.
- Proportionate to the level of risk i.e., focused on those risks which, because of their likelihood and impact, make them priorities.
- About making sure risks are being effectively managed and not overly bureaucratic.

The frequency of risk review depends on the risk score as indicated below:

Risk	Review Frequency
1, 2, 3 & 4	Every 12 months
5, 6, 8, 9 & 10	Every 6 months
12 & 15	Every 3 months
16, 20 & 25	Monthly

Diagram 4: Risk Review frequency

4.3 Reporting Framework

Regular monitoring reports on the progress to manage identified risks enable Senior Managers and Members to be more aware of the extent of the risks and the changes occurring to them.

The reporting framework is designed that risks at all levels including projects, programmes, portfolios and business as usual activities are reported and have proportionate oversight. Operational risks are regularly monitored and escalated to the higher levels of the organisation as a part of regular risk reporting. This is detailed in the diagram below.
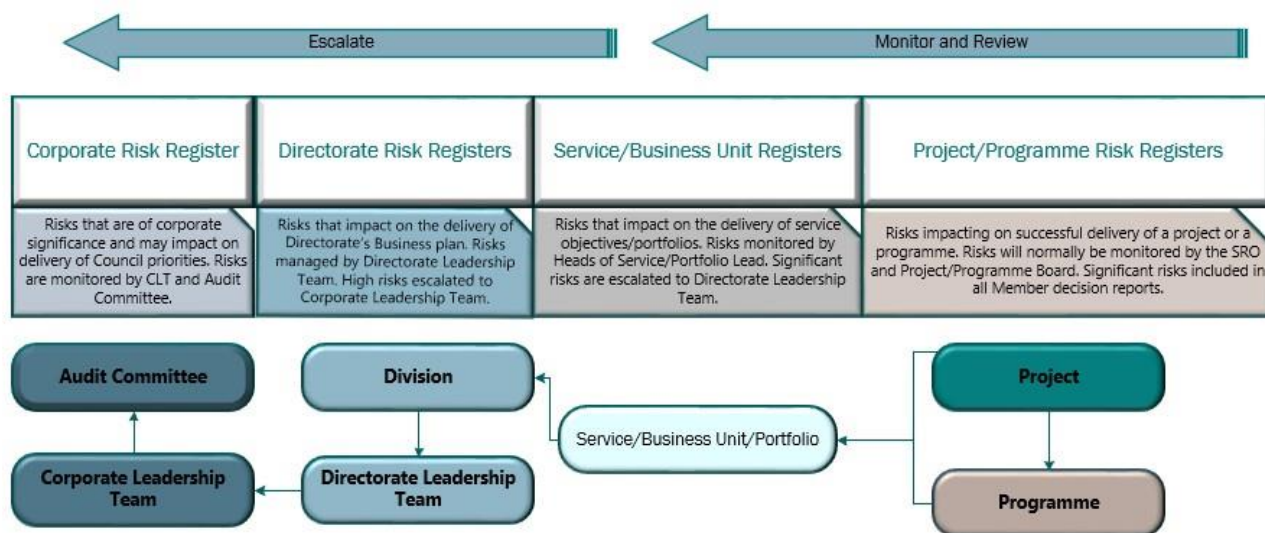

Diagram 5: Risk Reporting Framework

4.4 Communicate and Consult

Effective risk management requires the involvement of stakeholders. Therefore, effective communication, and consultation is central to the risk management cycle. The risk management team can help facilitate a range of activities including risk identification workshops, risk review meetings and training.

5 Issue Management

An issue is an unplanned event/incident which has occurred and needs timely and appropriate management action. Issues may arise from risks which cannot be managed and therefore occur. Issues can also lead to new risks being identified.

The risk management software (JCAD Core) allows for risks which have materialised to be moved to the issues log. Directorates will manage issues using the same principles used in risk management to ensure they do not have further impact.

6 Risk Maturity

A **Risk Maturity Assessment** measures an organisation's processes according to best practice against clear external benchmarks. This establishes the organisation's '**risk maturity level**' and assists with identifying areas of improvement for the organisation to become more risk mature.

The Council will assess its risk maturity using the **Alarm National Performance Model for Risk Management in Public Services** scale and work constantly to achieve a high level of risk management maturity. Compliance with this policy will enable risk management to be consistently embedded and integrated into the Council's ways of working.

The Alarm National Performance Model for Risk Management in Public Services scale can be found in the Risk Management Toolkit.

7 Roles and Responsibilities

To ensure effective risk management, all staff have clear roles and responsibilities to ensure:

- Risk management is embedded within the culture of the Council as it is most effective when it is part of the day job and fully integrated with existing management processes.
- Risks are recorded only once and (where possible) managed by one responsible person and monitored by one responsible body, otherwise there could be duplication of effort or omission of responsibility.
- Risks are managed at the most appropriate level. Sensible risk management is about ensuring risks are managed responsibly. Managing risk is a normal part of the day-to-day responsibilities of managers who are generally best placed to do this effectively.
- Risks are promptly escalated. Senior Management and Members need to be aware of those risks that pose the most serious threat to the Council and how they are being managed.
- Articulating and realistically assessing the potential likelihood and impact of a particular risk is vital. The risk management process is inherently subjective and open to interpretation therefore competent professional advice and robust challenge is required.
- Everyone must take some personal responsibility for identifying and managing risks in their own area, one person cannot do everything and failure to identify or escalate real risks increases the chance that something serious will happen.

The following describes in detail, the key roles and responsibilities of Members, Senior Management and Officers.

7.1 Members and Oversight Boards

Role	Responsibilities
Members	Members are responsible for governing the delivery of services to the local community, understanding the risks that their Council faces and need to be aware of how these risks are being managed.
Oversight Bodies	- Ensure risks are adequately considered when setting Council/Board objectives. - Understand the risks facing the Council/ Boards in pursuit of its objectives. - Ensure systems to manage such risks are implemented and operating effectively. - Ensure such risks are appropriate in the context of the Council/Board objectives. - Ensure information about such risks and their management is properly communicated.
These responsibilities are delivered through the following arrangements:	

Role	Responsibilities
Audit Committee	• Monitor the effective development and operation of risk management through regular information reports. • Determine whether any further information or action is needed in respect of significant risks and whether referral to the relevant Scrutiny Board is required. • Require risk owners to attend the Committee to explain the actions being taken to manage significant risks.
Cabinet Members	• Monitor the arrangements for managing the Council's strategic risks through an annual performance report. • Consider the risks involved in making any "key decisions".
Cabinet Member for Resources	• Approves the Risk Management Policy and Procedure.
Other Members	• Support and promote risk management. • Consider the risks involved in making any "key decisions".

7.2 Officers

Role	Responsibilities
Chief Executive and Corporate Leadership Team	• Determine the Council's Risk Management Approach and risk appetite, define the scope of its risk management activities and recommend any subsequent changes for approval by Members. • Support and promote risk management throughout the Council. • Set the Council's risk appetite and review it at regular intervals. • Actively identify, analyse and profile corporate and cross cutting risks. • Determine and prioritise action on corporate and cross cutting risks, delegating responsibility for control where appropriate. • Monitor progress of risk arrangement activities as part of existing performance management timetables • Escalate, as appropriate, significant operational risks for consideration at a corporate level. • Appraise the relevant Cabinet Member of any emerging or increasing risks. • Ensure that "key decision" reports include a section to demonstrate that arrangements are in place to manage any risks.

Role	Responsibilities
Director of Resources The Director of Resources is the Officer with responsibility for Risk Management, fulfilling the statutory role of Section 151 Officer and is the Council's most senior finance professional.	• Ensure that effective risk management arrangements are maintained to reflect the changing nature of the Council. • Champion the process of risk management as good management practice and a valuable management tool. • Understand the financial risks and potential liabilities that may impact the Council. • Ensure material business decisions include a full consideration of the immediate and longer-term financial implications, opportunities, and risks, consistent with the overall financial strategy. • Promote arrangements to identify and manage key business risks including safeguarding assets, risk mitigation and insurance. • Provide independent assurance of compliance with effective risk and financial management arrangements to support the production of the Council's Annual Governance Statement.
Directorate Leadership Teams	• Actively involved in the identification, analysis, and profiling of risks • Incorporating the risk management process into service planning processes. • Encouraging staff to be open and honest in identifying risks or missed opportunities. • Ensuring that the risk management process is an explicit part of all major projects and change management initiatives. • Regularly monitoring progress of risk management activities as part of existing performance management timetables. • Regularly reviewing the risk profile against the agreed risk appetite and escalating risks outside the appetite to the CLT.
Heads of Service, Service Managers and Programme/ Project Managers	• Identify, assess, and appropriately document significant risks. • Clearly identify risk ownership. • Undertaken risk monitoring in line with corporately agreed timescales. • Escalate risks appropriately.
Head of Audit Services To maintain independence and objectivity, the Internal Audit function is not responsible or accountable for risk management or for managing risks on management's behalf.	• Audit the risk management process and provide assurance on its implementation. • Assess the adequacy of the mechanisms for identifying, analysing, and mitigating key risks. • Ensure Internal Audit's work plan is updated to reflect emerging or increasing risks. • Ensure each audit review includes an assessment of the effectiveness of risk management in each particular area.

Role	Responsibilities
Governance and Risk Management Team The Council's risk management arrangements are co-ordinated by Audit Services and independently reported to the Audit Committee. This provides Members with an objective and independent view, outside of Senior Management.	• Provide a centre of expertise, providing active support and involvement in the risk management process. • Provide guidance and advice on matters of risk management and facilitate risk management training where appropriate. • Provide managers with practical techniques for identifying and assessing risks and designing control and mitigation strategies. • Facilitate risk identification and assessment workshops and support the co-ordination of risks across all directorates. • Co-ordinate risk reporting to the Corporate Leadership Team and Members • Take a lead role in the review of the Risk Management Policy and Procedures and the review of the council's Risk Appetite.
Directorate Risk Leads	• Work closely with directorates to support and ensure their day-to-day risk management activities are effective and robust. • Produce and maintain up-to-date directorate risk registers, regular progress reports to Directorate Leadership Teams, and enable alignment of risk management with existing performance management processes. • Act as a resource to help, support and facilitate risk assessments being carried out. • Support the review of risks which have implications and actions held across teams, services, and directorates.
Risk Owners	• Ensure appropriate resources and importance are allocated to the process of managing identified risks. • Confirm the existence and effectiveness of the current mitigating actions and ensure any proposed mitigating actions are implemented. • Ensure any changes in terms of likelihood or impact are recognised and prompt action is taken where necessary. • Ensure any risks containing confidential information are reviewed in accordance with the policy.
Action Owners	• Confirm the existence and effectiveness of the current mitigating actions. • Ensure any proposed mitigating actions are implemented.
Other Staff	• Manage risk effectively in their job and report emerging risks to their managers. • Participate in risk assessment and action planning where appropriate. • Adhere to relevant Council policies and procedures. • Attend relevant training and development sessions as appropriate.

7.3 Partners

Role	Responsibilities
Partners	• Engage in managing risks with the service or board they are working with to enable achievement of agreed objectives. • Report and escalate any internal or external risks that may impact the shared objective in a timely fashion. • Dedicate resources as required for proactive risk management.

8 Risk Management Governance

Risk management is central to Solihull's governance arrangements and the Risk Management Policy and Risk Management Toolkit support in delivering the Council's ambitions. These also enable compliance with the requirements stated in the Accounts and Audit Regulations, 2015 and principles of good governance.

Risk implications are clearly detailed to inform decision makers of high risks and how these will be managed. Also, decision makers are informed whether the proposed risks are within the Council's risk appetite or if an exception is being made with justification for the same.

Risk management is also key in specialist risk areas including:

▪ **Financial Management** - The Council's Financial Regulations include guidance on risk management.

▪ **Health and Safety** - The corporate risk management approach has been adopted for all health and safety risk assessments.

▪ **Insurance Services** - The Council's Insurance Manager manages insurable risks and self-insurance arrangements.

▪ **Business Continuity and Emergency Planning -** Teams have plans in place for high risks that can impact the Council's operations.

In addition, risk management is defined as a key responsibility for all managers in the Council's Performance and Development Framework to reinforce embedding risk management in all day-to-day processes.

The Council, through its **Annual Governance Statement** is required to comment on the effectiveness of its systems of internal control, which include the arrangements for the management of risk, at least once a year. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management. This statement is a way of complying with the Accounts and Audit Regulations, but also is a way of holding us accountable to the community we serve. The statement details all corporate high risks and provides an action plan of how they will be addressed.

There is a clear process of ensuring risks are widely reported through regular reports to management as well as Members. Through risk information and assurance reports, based on a defined reporting schedule and ad hoc reports, risks will be reported as required to the Audit Committee, Cabinet, and the Resources Scrutiny Board. Risks and risk management arrangements are widely reported throughout the Council, as can be seen in the diagram in the next page.
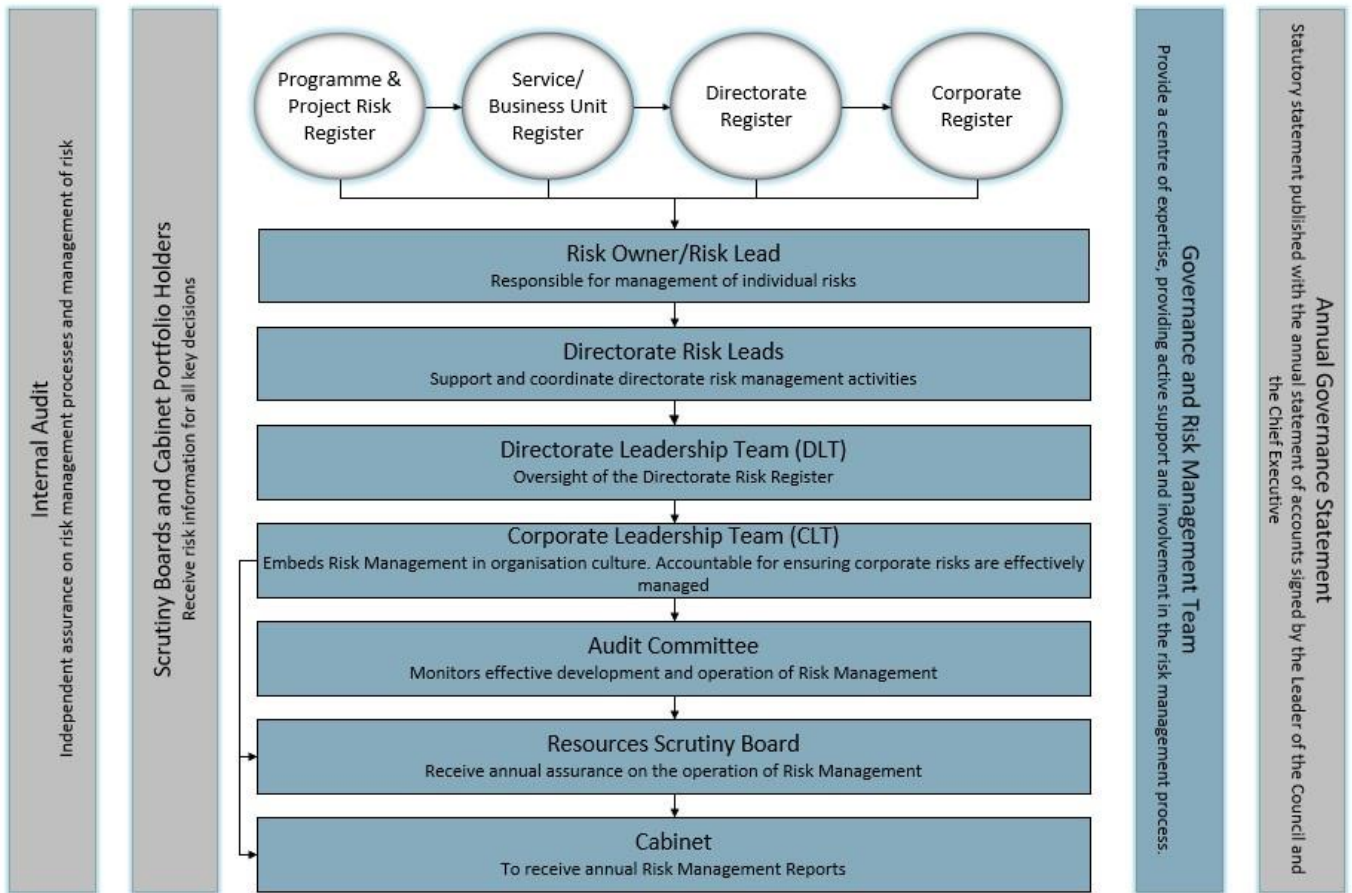
Diagram 6: Risk Reporting Procedure

The Risk Management Policy and Procedure will be subject to regular reviews by Internal Audit and formal external reviews as required to ensure it continues to meet the changing needs of the Council.

9 Communication and Training

Risk management is recognised as part of the corporate training programme and forms part of the discussion each year with staff about any appropriate development needs. Training is available throughout the year to meet demand, e.g., new managers who are expected to take responsibility for risk management, training sessions for specific divisions or teams at management request.

Guidance on risk management is available through the Risk Management intranet page including risk management toolkits, 'how to' guides and the corporate learning platform. Regular updates, guidance and awareness sessions are also ways in which the Council can support with Risk Management. Customised risk management training sessions are also offered to meet individual needs.

Appendix 1

Useful Links to Risk Management

[SMBC risk management intranet page](#)

[Health and Safety intranet page](#)

[Emergency planning and Business continuity](#)

Learning pool – Introduction to Risk Management

[Corporate Warning markers](#)

Risk Category

Risk category lets us identify the drivers of the risk or the risk source. Aggregating this data provides valuable information to the leadership about the types of risk that the authority is facing. We measure risks by risk impact, in line with the impact scale on the next page. By recording both category and impact, we can understand what are the 'types' of risk we face and the impact they have.

A risk category is also a helpful checklist to use during risk identification.

We have identified the below risk categories as our risk drivers.

EXTERNAL	INTERNAL
Third party and supply chain	Change management
Community/customers/Socio-economic	Data security and management
Cyber threats	Ethics and fraud
Environment and climate	Governance and control
Financial- Market conditions	IT systems/ technology
Grants and funding	People – capacity and capability
Partnerships	Planning and strategy
Policy/ Regulatory	Procurement/ Contract management
Political	Recruitment and retention

Appendix 2 - Risk Impact and Likelihood Scale

Impact Scale	1. Very low	2. Low	3. Medium	4. High	5. Very high
Health and Safety	Near miss/ Minor injury or ill-health. No First Aid required	Moderate injury, including flesh wounds, First Aid required, no long-term effects	Dangerous Occurrence or Moderate/ temporary injury e.g., deep flesh wounds require medical Treatment, inability to perform normal work duties, less than 7 days' time off	Serious injury with long term but reversible/non-life changing impact	Fatality or life threatening/ irreversible injury or health condition
Cost (value) impact	Between £0 - £50,000	Between £50,000-£100,000	Between £100,001 - £500,000	Between £500,001-£1,000,000	More than £1,000,000
Budget overrun %	< 5%	5% - 10%	10% - 25%	25% - 50%	>50%
Legal / Regulatory Impact	All compliance requirements have been met. No recourse for legal action.	Non-compliance/ non-conformance with agreed good practice Legal action and/or fines unlikely. Any impact will be internal.	Non-prosecution legal action likely, i.e., cost claims, reprimands and sanctions (e.g., improvement notice)	Legal action highly likely, with significant cost claims, reprimands and sanctions (e.g., Prohibition notice) or anticipated employee court prosecution "Low level action"	Legal action certain (e.g., Criminal offence, possible imprisonment, judicial review, permanent loss of licence to operate, employee prosecution, corporate prosecution)
Service Impact	Minimal/ no service disruption	Minor disruption of non-core service	Significant but not widespread service disruption of key service affecting one business area	Service failure directly affecting multiple customers/ Council operations	Serious service failure directly affecting vulnerable groups
Project Delivery	Minimal/ no impact on project delivery Delays within project thresholds/ quality and cost within parameters	Minor impact on project delivery Delay of up to 1 month, quality and value for money mot impacted		Significant delays to project delivery impacting multiple deliverables, impact on benefits realised/ poor value for money	Complete project failure impacting Council-wide performance and stakeholders.

Impact Scale	1. Very low	2. Low	3. Medium	4. High	5. Very high
Objective delivery (excluding safeguarding)	Failure to meet objectives but negligible impact on customer/ resident	Failure to meet objectives minor inconvenience/ impact on customer/ resident	Failure to meet key objectives with significant impact on customer	Failure to meet objectives with life altering impact on customer, low number of people (≤ 50) affected	Failure to meet objectives with life altering impact on customer, high number of people (> 50) affected
Safeguarding	Minor unexpected harm	Preventable minor harm requiring short term intervention	Preventable moderate harm requiring medical treatment and over 6-months of intervention	Preventable serious harm with long term but reversible/ non-life changing impact, requiring long term intervention	Preventable fatality or life threatening/ irreversible injury or health condition requiring lifelong support and intervention
Reputation	One-off local media story	Short-term local media attention for a week	Sustained local media attention for 2 weeks or more	Sustained multiple local media stories for a month or more	National media attention (print/ broadcast/ social), highly damaging or potential Public Interest Report
Staff	Rare incidents of staff being impacted	Minor impact on staff engagement and morale and wellbeing, lasting less than 3 months	Considerable negative impact on staff engagement and morale with high level of sickness absence, occupational stress	Extensive negative impact on significant numbers of staff on engagement and morale with high level of sickness absence, occupational stress.	Extensive negative impact on majority of workforce, poor staff engagement and morale with high level of sickness absence, occupational stress or high numbers of staff leaving.
Environment	Near miss. No environmental impact. Sustainable activity	Minor environmental impact likely to be remedied by simple means within 1 week. Negligible supply chain environmental impact	Moderate environmental impact. Quality of environment restored within 1 month. Minor to moderate supply chain environmental impact	Serious environmental damage which is expected to last longer than 4 weeks. Unsustainable supply chain	Serious, persistent or extensive environmental impact that cannot be resolved and therefore causes long term harm

Likelihood Scale	1. Very low	2. Low	3. Medium	4. High	5. Very high
Probability the risk will materialise	<20%	Between 20-40%	Between 40- 60%	Between 60-80%	Above 80%
Consider - Has this risk occurred in the past/ likely to happen in the future	The risk may materialise in 5+ years	The risk may materialise in the next 3-5 years	A similar incident occurred in the past 2-3 years/ the risk may materialise in the next 2-3 years	A similar incident occurred in the past 2 years/ the risk is highly likely to materialise in the next 2 years.	A similar incident occurred in the past year/ it is nearly certain the risk will materialise in the next year.
Consider - External events	There are no external events that increase this likelihood	There are some external events on the horizon that may increase this likelihood	There are developing events that increase this likelihood	There are anticipated external events that will make this risk likely in the next 2 years	There are significant external events making the risk near certain

Document Control

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Version	Date	Changes by	Approved by	Summary of Changes
0.01	August 2023	Jahnavi Jagadish		
0.02	20.11.2023	Jahnavi Jagadish	Risk Management Group	Updates to risk management scale, formatting
0.03	28.11.2023	Jahnavi Jagadish	Risk Management Group	Update to diagrams.
0.04	27.12.2023	Jahnavi Jagadish		Updates to the risk appetite definition. Replace the word Threshold with Tolerance.