REPORT TO:	Cabinet
DATE:	18th July 2022
SUBJECT:	Risk Management Strategy
PORTFOLIO:	Cabinet Member for Financial Oversight & Council Assets – Councillor Anderson
CHIEF OFFICER:	Steven Mair – Executive Director Finance and Commercial (s151)
CONTACT OFFICER:	Clare Priest – Group Manager - Commercial Mike Thomas – Financial Advisor
WARD(S):	All
KEY DECISION:	No
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	Yes
APPENDICES:	'A' - Risk Management Strategy

1   Summary and Recommendation

1.1   This report seeks approval for Slough Borough Council's proposed new Risk Management Strategy which is attached as Appendix A. The document sets out the Council's strategy and approach to the management of risk and demonstrates its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation during 2022/23 and beyond to support the delivery of the Council's Strategic Priorities and Outcomes.

Recommendations

Cabinet is recommended to:

- approve Slough Borough Council's Risk Management Strategy for 2022/23, and

- note the key development activities to be undertaken during 2022/23 including risk management workshops with key stakeholders following the approval of the revised Corporate Plan

- Delegate authority to the Executive Director for Finance and Commercial, in consultation with the Cabinet Member for Financial Oversight & Council Assets, to make minor changes to the strategy, in particular to reflect any feedback from Audit and Corporate Governance Committee.

Reason

1.2 Risk is inherent in all activities across the Council and risk management is an integral part of the Council's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.

1.3 A number of external reports have made a range of recommendations indicating the need to strengthen the Council's approach to risk management.

1.4 It is good practice to review and update the Council's risk management strategy on a regular basis.

Commissioner Review

"Effective risk management is essential for a local authority. The identification of risk, design of the actions to manage that risk and the monitoring and delivery of those actions is crucial to the effective running of the organisation. The Commissioners fully support this strategy."

2   Report

Introduction

2.1 Risk is a part of all our lives. Slough Borough Council deals with risk every day from managing its infrastructure, delivering its services, managing its supply chains, maintaining the safety and security of its staff and residents, and delivering on a wide range of projects including its corporate objectives. Risk can cause uncertainty in achieving business objectives but can also present opportunities.

2.2 The Council recognises that risk management is a journey and to be effective it must be characterised by a set of consistent principles, language, framework and processes. In order to achieve its strategic outcomes and objectives. The Council is committed to proactively managing its risks in a systematic way.

2.3 Slough Borough Council its Members and Corporate Leadership Team are being asked to confirm their agreement to the following cultural statements regarding risk and to acknowledge the requirements that the strategy sets of them in promoting good risk management:

   ➢ Slough Borough Council promotes a transparent 'no surprises', 'no blame' culture where well managed risk taking is encouraged, and learning from the risk management experience is key to a healthy culture
   ➢ councillors and managers will lead by example to encourage the right behaviours and values
   ➢ risk management behaviours and practices will be embedded into all Council activities including those with partners, contractors and arms-length organisations such as the Children's Company.

2.4 The strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management expected across the organisation.

2.5 In order to maximise the effectiveness of our risk management arrangements we will ensure:
- an environment that will allow the effective management of risk to flourish
- our people have the skills and knowledge they need to fulfil their risk management responsibilities; and
- there is a commitment from the highest level to the consistent application of the agreed risk management approach across the organisation.

2.6 Effective risk management identifies what might go wrong, what the potential consequences could be, and how to stop the risk being realised, or its impact should the risk materialise. Our goal is to minimise the probability of unwelcomed events where we can, and reduce negative consequences of risk scenarios. This is achieved by developing mitigations and contingencies. Risk management also covers opportunities, defined as uncertain events where the positive impact of seizing the opportunity outweighs the status quo.

2.7 When implemented and maintained, the effective management of risk enables the organisation to:
- increase the likelihood of achieving its goals and delivering outcomes
- improve the identification of opportunities and threats
- improve governance, stakeholder confidence and trust
- establish a reliable basis for decision making and planning
- effectively allocate and use resources for risk treatment
- improve organisational resilience.

2.8 It is the role of the Risk and Insurance Team within the Council to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisation to take control of the risks that threaten delivery. It is however everybody's responsibility to manage risk wherever they work in the organisation.

2.9 The work of the team will be directed to implement the achievement of the following risk management objectives:
- align the organisations culture with the risk management framework
- integrate and embed the risk management framework across the organisation
- enable the organisation to recognise and manage the risks it faces
- Improve risk awareness so the Council is better placed to avoid threats and take advantage of opportunities
- minimise the cost of risk
- anticipate and respond to emerging risks, internal and external influences and a changing operating environment
- implement a consistent method of measuring risk.

2.10 The implementation of the Risk Management Strategy will assist the Council to:
- reduce risks
- enhance our procurement processes
- improve effectiveness of partnerships including realisation of anticipated benefits
- maximise opportunities
- improve governance and stakeholder trust
- support the delivery of the Council's Recovery Plan

2.11 The risk management strategy will be subject to annual review by the Cabinet.

3 Implications of the Recommendation

3.1 Financial implications

3.2 This strategy is supported by the key elements of the Council's Constitution.

3.3 Legal implications

3.3.1 The Council's Policy Statement on Corporate Governance is contained in the Constitution and emphasises the importance of effective risk management. This is particularly relevant in relation to Principle F - Managing risks and performance through robust internal control and strong public financial management.

3.4 Risk management implications

3.4.1 This strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management expected across the organization.

3.5 Environmental implications

3.5.1 There are no specific environmental implications arising directly from this report.

3.6 Equality implications

3.6.1 There are no specific equality implications arising directly from this report, although risks relating to Equality and diversity issues should be managed through the application of this strategy.

3.7 Procurement implications

3.7.1 There are no specific procurement implications in relation to this report, although areas such as market risk etc should be managed through the application of this strategy.

3.8 Workforce implications

Staffing challenges have been identified via the Functional Capability Assessment Process as part of the council's Recovery Plan. This includes consideration of organisational capability, capacity and resilience. The restructure of the Finance and Commercial Team takes this into account and sufficient capacity is being built into the structure to ensure there is a team to lead and manage risk. In addition, the council will undertake a risk maturity self-assessment to enable us to identify development opportunities for our approach to risk management organisation-wide.

3.9 Property implications

3.9.1 There are no specific property implications in relation to this report although risks arising from the ownership of properties should be managed through the application of this strategy.

4 Background Papers

None.

Risk Management Strategy

April 2022

Contents

1   Introduction

What is a Risk?

Risk is a part of all our lives. Slough Borough Council deals with risk every day from managing its infrastructure, delivering its services, managing its supply chains, maintaining the safety and security of its staff and residents, and delivering on a wide range of projects including its corporate objectives. Risk can cause uncertainty in achieving business objectives but can also present opportunities.

Risk is defined as:

 "The possibility of an event occurring that will have an impact on the achievement of our objectives either negatively or positively.".

Why is Risk Management important?

Risk is inherent in all activities across the Council and risk management is an integral part of the Council's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.

Slough BC's Risk Management Strategy

This document sets out the Council's strategy and approach to the management of risk and demonstrates its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation to support the delivery of the Council's Strategic Priorities and Outcomes. This strategy is supported by the key elements of the Council's Constitution most notably Financial Procedural Rules and Financial Regulations.

The Council recognises that risk management is a journey and to be effective it must be characterised by a set of consistent principles, language, framework and processes. In order to achieve its strategic outcomes and objectives. The Council is committed to proactively managing its risks in a systematic way.

2   Policy Statement

Slough Borough Council its Members, Commissioners and Corporate Leadership Team have signed up to the following cultural statement regarding risk:

- Slough Borough Council promotes a transparent 'no surprises', 'no blame' culture where well managed risk taking is encouraged

- Councillors and Managers will lead by example to encourage the right behaviours and values

- Risk management behaviours and practices will be embedded into all Council activities including those with partners, contractors and arms-length organizations such as the Children's Company.

This strategy sets out the Council's commitment to managing risk effectively across its business, and the standard of risk management we expect across the organization.

In order to maximise the effectiveness of our risk management arrangements we will ensure:
- We have an environment that will allow the effective management of risk to flourish

- Our people have the skills and knowledge they need to fulfil their risk management responsibilities; and

- There is a commitment from the highest level to the consistent application of the agreed risk management approach across the organization.

Benefits of Good Risk Management

Effective risk management identifies what might go wrong, what the potential consequences could be, and how to minimise the risk materialising. Our goal is to minimise the probability of unwelcomed events and reduce negative consequences of risk scenarios. This is achieved by developing mitigations and contingencies. Risk management also covers opportunities, defined as uncertain events where the positive impact of seizing the opportunity outweighs the status quo.

When implemented and maintained, the effective management of risk enables the organisation to:
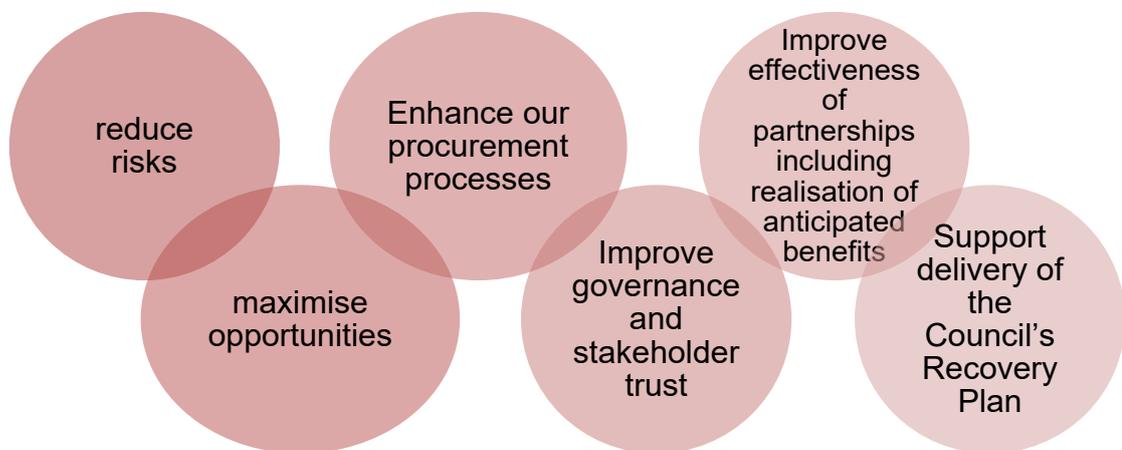
- Increase the likelihood of achieving its goals and delivering outcomes
- Improve the identification of opportunities and threats
- Improve governance, stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Effectively allocate and use resources for risk treatment
- Improve organisational resilience.

It is the role of the Risk and Insurance Team within the Council to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisation to take control of the risks that threaten delivery. It is however everybody's

responsibility to manage risk wherever they work in the organisation. The work of the team will be directed to effect the achievement of the following risk management objectives:

- Align the organisations culture with the risk management framework
- Integrate and embed the risk management framework across the organisation
- Enable the organisation to recognise and manage the risks it faces
- Improve risk awareness so the Council is better placed to avoid threats and take advantage of opportunities
- Minimise the cost of risk
- Anticipate and respond to emerging risks, internal and external influences and a changing operating environment
- Implement a consistent method of measuring risk.

The implementation of the Risk Management Strategy will assist the Council to:

reduce risks

Enhance our procurement processes

Improve effectiveness of partnerships including realisation of anticipated benefits

maximise opportunities

Improve governance and stakeholder trust

Support delivery of the Council's Recovery Plan

3   Risk Management Framework

At Slough Borough Council, we are committed to ensuring risk management is embedded across the whole organisation. The risk management framework and the annual work and project plan of the Risk and Insurance Team follows industry best practice to provide a best-in-class risk management service helping the Council to be the most effective and efficient organisation.

For risk management to be successful, it is imperative that there is a single yet flexible approach for the management of business risk, adopted through all levels of the organisation. This strategy is one part of the overall risk framework, the essential elements of which include:

- Risk Management Policy Statement and Strategy (including governance and accountabilities)
- Risk Management Methodology
- Risk Management Tools and Guidance to support the methodology
- Risk Management Training Programme
- Risk Assurance Statement.

Our approach is to ensure that the discipline of effectively managing risk is integrated throughout the organisation and involves all key stakeholders including - but not limited to - officers, leaders, Members, partners and suppliers. Our framework is our end-to-end process of managing risk.

Primarily, Members and senior leaders of the organisation will be focussed on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operations risks will be the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if they are no longer containable and manageable at a functional level.

Identified risks and mitigations are managed through the Council's corporate risk register and should be regularly discussed, reviewed and updated. Frequent risk reporting takes place across all levels of the organisation. The governance and reporting arrangements which set out what risk information is reported to which audience and when is covered in more detail in section 9 of this strategy.

The Risk and Insurance Team has a key role to play in supporting the operating principles of the Council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation; whilst delivering a high performing, customer focused service. It is the role of the Risk and Insurance Team to develop and set the risk framework for the

organisation to follow; ensuring that this adds value and is in line with the very latest industry standards and requirements. Section 11 of this strategy provides more detail on the roles and responsibilities of all stakeholders in relation to risk management.

4   Risk Appetite

Risk appetite is best summarised as "the amount of risk an organisation is willing to accept" and is about looking at both the propensity to take risk and the propensity to exercise control.

Ensuring the on-going effectiveness of risk management requires strong and sustained commitment by the Members and senior leaders of the Council as well as strategic and rigorous planning to achieve commitment at all levels. The tone set by senior management towards risk management has the greatest impact on organisational appetite.

As a large and diverse organisation it is recognised that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply. We are working to strengthen and clarify our definition of risk appetite to ensure it reflects the acceptable levels of risk across the services of the Council. Culture, strategy and competitive position all influence our risk appetite and defining it forces the debate and ensures our risks are made explicit.

Slough Borough Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its strategic aims, the organisation recognises that it will have to take and manage certain business risks. Intolerable risks are those that could:

- Negatively affect the safety of employees or our customers/clients
- Have a damaging impact on our reputation
- Lead to breaches of laws and regulations
- Endanger the future operations of the Council.

5   Risk Maturity

All organisations, including Slough Borough Council, are on a risk management journey. Risk maturity refers to where the business is on that journey and how well-established risk management is as a discipline across the organisation. Risk management is currently embedded and integrated across Slough Borough Council with a low level of maturity. There is increasing complexity of risks facing the Council, public service organisations and our senior leaders recognise and actively support the driving forward of the risk management agenda. We continue to review our current risk management capability to help us direct our resources to areas that need improvement and further development, ensuring that risk management arrangements remain fit for purpose in this changing environment.

We network and share information with other Councils across Berkshire and the wider Unitary Council's network. The Council regularly engages with external risk management bodies such as Alarm (the Association of Local Authority Risk Managers) and the Institute of Risk Management. These provide additional opportunities for Slough Borough Council to compare itself with industry best practice and ensure that it continues to move forward on the risk management journey.

6   Planning to achieve our objectives

In order to improve our risk-maturity we will, during 2022-23, focus on the development of the Council's ERM framework using the framework promulgated by the Association of Local Authority Risk Managers (ALARM). A s a starting point we will undertake a self-assessment of our Risk Management maturity as the basis for developing a multi-year plan for improvement. The Table below shows initial areas for inclusion in the plan but these will be refined once the maturity assessment has been concluded:

Focus Area	Plans over the next 12 months
Risk Strategy and Governance	Establish risk and insurance team as 'go to' resource for advice on risk matters. Formalise and embed governance structure through the currently established forums – Cabinet, CLT, Audit and CG Cttee, Risk and Audit Board – consider setting up wider Governance Group Agree oversight roles across all significant risk areas including partnership arrangements
Risk Culture	Undertake risk culture exercise with CLT and Departmental Management teams Introduce regular risk training and refresher courses tailored to different requirements
Risk Enabled process	Unified risk methodology, consistent language and assessment criteria used across the Council Improved clarity on risk ownership, development and implementation of mitigating actions to enable greater accountability Single Corporate Risk Register that is single source of the truth and builds on departmental risk registers
Risk Appetite	Formal expression of risk appetite that is reflected in strategic and departmental plans Structured mechanism to monitor and flag risk appetite exceptions
Technology Enablement	Embed risk management reporting then consider move away from Word based risk registers to a technology-based solution by the end of 2022-23. Introduce and embed risk management training and ethos across the organisation starting with the Members and Senior Managers.

7   Risk Management Process

The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome being assessed. Whilst we advocate there being less focus on following a rigid process and there being greater concentration on quality risk identification and action, there is a need to provide the organisation with risk management methodology.

There are many variations of the 'Risk Management Process' and at Slough Borough Council, the risk management process adopted is in line with the International Standard in Risk Management - ISO31000. The Risk and Insurance Team has developed detailed guidance and accompanying training to take users through completion of the process step by step.
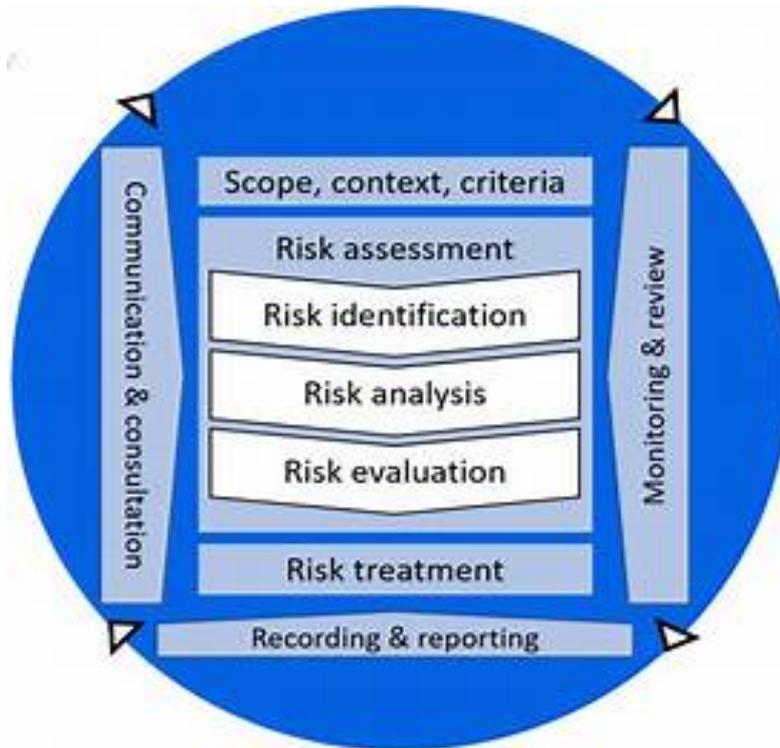
The risk management process begins by establishing **the context** around which you want to identify and assess risks. This could relate to an activity, objective or outcome.

Risk identification sets out to identify an organisation's exposure to uncertainty. This requires knowledge of the organisation, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives. The Council is exposed to a wide range of risks. These risks can be grouped in different ways, to help with the assessment and evaluation of the risks. The Council has categorised these risks to provide a simplified method to manage, respond to and report on risks in the Table overleaf:

Risk Type	Definition
Financial	Risks that a weakness in financial controls could result in a failure to safeguard assets, impacting adversely on the Council's financial viability and capability for providing services. Financial risks include fraud, corruption, and money-laundering.
Service Delivery	Risks that threaten the day-to-day delivery of services. Examples include: procurement issues; supply chain; maintenance of property/systems and IT, and others such as geopolitical (e.g. Brexit) and pandemic (e.g. Covid-19).
Reputational	Risks that the Council receives negative publicity which impacts on service user and public confidence in the Council (e.g. CIPFA and DLUHC reports, adverse inspection reports).
Legal / Regulatory	Risks which may impact on the ability of the Council to deliver high quality services in accordance with the requirements of regulators and national standards. This can include information governance (e.g. GDPR/Data protection, Planning Law, Health & Safety at Work Law, Procurement regulations)
People/ EH&S	Impact on the health, well-being or health and safety of the Councils employees or the public. Failure to invest in people and culture of the organisation. Examples include: stress in the workplace, lack of training and development opportunities, exposure to hazardous substances, investment in planned maintenance, safe working, lack of PPE.
Economic	Direct impact on the economy of Slough. For example, loss of revenue due to Covid-19 and potential loss of major sectors (e.g. finance, hospitality, fisheries), changes in growth of Heathrow airport.
Environmental / Social	Relating to the environmental consequences of progressing the Council's strategic objectives (e.g. in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions etc.). This could include not investing in environmental and sustainable projects as a result of pressures on finances.

Risk Analysis and Evaluation - Once identified, each risks needs to be **assessed and assigned a score for both their impact and probability** - the combined outcome of this produces the risk rating. To ensure consistency and the ability to compare and report on the various levels of risk; Slough Borough Council has adopted a 6x4 risk matrix to be used when determining the risk rating. This is detailed further in Appendix A.

Each risk identified will initially be examined for its inherent (gross) level of risk. That is assuming the absence of any controls. Its significance will be judged in relation to its impact and likelihood. The risk will then be re-evaluated for its residual (net) level of risk using the same factors, but taking into account controls and mitigations already in place which affect the likelihood and impact.

A 6x 4 point scale (impact x likelihood) model is shown in Appendix A and will be used to evaluate risks. Both gross and net risks scores will be in the range of 1-25. Each risk will be plotted against a Risk Scoring Model.

The model defines overall levels of risk as Negligible; Marginal, Major and Catastrophic. It will show graphically the risks that require most urgent management attention and will also

include a line of tolerance. Any risk above the tolerance lines will be escalated to the next level as described below. Those risks which normally score between 16 and 24 will be regarded as strategically significant (or Principal) risks and will be included in the Corporate Risk Register which is considered by the Corporate Leadership Team .

However other risks with an impact (consequence) score of 3, 4, or 5 may be recommended by a Directorate Leadership Team (with advice from the Risk and Audit Board) or proposed by the CLT for inclusion on the Corporate Risk Register on the basis that the nature of the impact (consequence) of the risks means that the CLT should have continued oversight – even though a high level of controls / mitigation are in place.

Risk Treatment and Control- Following identification and assessment, a decision must be taken on **how best to respond** to the risk and if accepted then control measures need to be determined to manage the risk. Actions will be developed to 'manage down' those risks to the Council's tolerance threshold. The options available will be one or more of the following:

Tolerate – Where our ability to take effective action is limited or where the cost of mitigating the risk outweighs the potential benefit.

Treat – Take action to control the risk to an acceptable level by means of containment (before the risk materialises) or contingent actions (once the risk has happened).

Transfer – Pass some aspects of the risk to another party. This can take the form of a conventional insurance transaction or paying a third party to take on risk in another way (for example through outsourcing services). The Council acknowledge that service and reputation risk cannot be transferred and that contracting can raise a range of other risks that need managing.

Terminate – Where feasible we will, by doing things differently, remove certain risks. Most risks can be managed by 'treating' them. Relatively few risks have to be transferred. Any proposals to address risks must identify the resources required to deliver the improvements, the individual responsible for their implementation and the key date(s) involved. They will be incorporated into service and project plans and recorded in each risk register.

Communication and Consultation - There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity/objective/outcome. Each risk at the strategic and function levels needs to have a **clear link to one or more of the strategic aims that are in the Slough Recovery and Improvement Plan.** The relevant strategic aim is included as part of the captured risk information providing increased assurance that there is effective identification and management of risk.

8   RISK MONITORING AND REVIEW

Our ambition is for the Council to have one Corporate Risk Register which is populated from the risk assessments carried out at all levels within the organisation whilst enabling directorates, service areas, functions and project leads the ability to access information that is relevant to them (in supporting risk registers) in order to allow them to manage their part of the business. The Council's risk profile will be articulated using a 3-tier hierarchy.

Community – emergency risks dealt with through resilience forum and joint planning

Strategic – those that could materially affect the Council's business model

Operational / Projects – those that impact day to day activities and projects

Each tier refers to a dedicated risk register or set of risk registers. We set out later in this report the criteria for escalation and / or aggregation of risks. Further information will be contained within a Risk Management Toolkit. Once a risk has been identified, analysed, prioritised and further control actions agreed, it will be recorded in the relevant risk register. The total risk score will be used to measure performance in managing that risk and will be reviewed by the risk owner. High scoring risks will be subject to more frequent review.

9   Recording and reporting

Regular reporting on the status of strategic and emerging risks and of the measures of success will support two outcomes:

• Increased accountability for delivery upon the actions, and

• Communications to the Cabinet, Corporate Leadership Team and the Audit and Corporate Governance Committee that demonstrates the Council's commitment to risk management.

Having complete and current risk information available is vital to the Council, as this information drives business performance through the ability to make informed and calculated decisions. The table below outlines **the type of risks that the Council will report on its Corporate Risk Register:**

Types of risk	Description
Strategic Risks	Significant or strategic risks to the achievement of the Council's priorities. These risks are maintained by the Risk and Insurance Team and reviewed at least quarterly by the CLT.
Operational Risks	Report focused on common risks identified across the Departments. Risk Analysis on a regular basis through the Risk and Audit Board will allow for the identification of efficiencies and synergies in how the risk is managed.
New and Emerging Risks	New and emerging risks provide an opportunity to highlight emerging risk trends that could potentially impact the achievement of the Council's objectives. These are usually external risks e.g. new regulations or geopolitical relations. CLT will determine whether the new or emerging risks warrant inclusion in the Council's Corporate Risk Register.

Risks by exception	These are risks specific to one or more Departments that are escalated for review, potentially by theme, and consideration because of one or a number of the following reasons: • the risk rating cannot be controlled / contained at the current level • the risk remains very high even after mitigations are implemented • action/ support is required from the relevant oversight body • the risk will impact on more than one public service / functions If the risk rating decreases significantly, these will be moved lower to the Departmental level once approval is obtained from the CLT.

The Council will adopt the following frequency of risk reporting requirements:

Recipient	Risk Type			
	Strategic Risks	Operational Risks	New and Emerging Risks	Risks by exception
Council and Executive Board	Annually	Annually	As required	On an ad-hoc basis at the discretion of the Head of Financial Governance, Risk, Counter Fraud and Audit
Audit and Corporate Governance Cttee	Quarterly	Quarterly	As required	
Corporate Leadership Team	Quarterly	Quarterly	As required	
Risk and Audit Board	Monthly	Monthly	Monthly	
Departmental Leadership Teams	Monthly	Monthly	As identified	

10   Risk Management - Escalation of Risks

Our approach to risk management is founded upon ensuring risk is effectively and consistently managed across all levels of the organisation. The risk culture that emanates from the Executive Board throughout the organisation is essential in ensuring all levels buy into and adhere to the corporate risk process.

The Levels:

Service/Unit Level: The day-to-day management activities provide reasonable assurance that the main tactical and operational risks arising from service operations are identified, assessed, managed and monitored. Close links between the service risk coordinators and the Risk and Insurance Team strengthen the process and ensure consistency in the risk messages delivered within the services.

 Programme/Project Level: The identification of risks from the initial business case stage in a programme/project and continued risk management throughout the project lifecycle to ensure the objectives can be achieved. Where there is a programme/project risk register in place consideration should be made as to the inclusion of an overarching risk on the relevant function level risk register. There is regular reporting of the significant programmes and projects to the Delivery Board.

Function Level: The function complies with the risk management strategy and ensures key risks are identified against the delivery of the annual service plan. This level is the key lever for escalation of risks through to a strategic level where they are no longer containable by the function alone. Risk reviews, facilitated by the Risk and Insurance Team, take place regularly.

Leadership/Strategic Level: The highest level of risk is managed at this level. Reports on the top business critical risks are reviewed by the Corporate Leadership Team and discussed at the Cabinet meetings on a quarterly basis. This level sets the tone for effective risk management across the whole organisation. At this level, the risk management strategy is agreed and endorsed and its principles championed by the strategic leaders of the Council. In the event that a single risk or group of risks exceed a pre agreed tolerance threshold then the risk(s) should be escalated to a senior level via the pre agreed procedure. The risk owner will initially be responsible for either deciding on a course of action or escalating the information to a more senior level.

Similarly it should also be clear where a risk can be delegated to a lower level for action.

Process If a risk owner identifies that the risk needs to be moved because it fits into one of the categories as stated above the advice of the relevant Risk Coordinator or the Risk and Insurance Team should be sought regarding moving the risk. If this results in a change of risk owner, the potential new risk owner must be contacted for handover. If a risk is multi service or organisation wide the risk owner should consult with other relevant stakeholders before recommending a change of level.

Connections between the levels of risks:

A risk may need to be escalated to a higher level if:

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled contained within its current level

- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service project or function if
- the risk event materialises
- the risk moves outside the appetite boundaries I comfort zone.

A risk may need to be moved to a lower level if:

- the risk can be controlled and managed at a lower level
- the risk rating decreases significantly and the risk event will only affect one function 1 service area or 1 team, and
- the impact will be limited then this should be controlled more locally at a lower level.

If a risk owner identifies that the risk needs to be moved because it fits into one of the categories as stated above the advice of the relevant Risk Coordinator or the Risk and Insurance Team should be sought regarding moving the risk. If this results in a change of risk owner, the potential new risk owner must be contacted for handover.

If a risk is multi service or organisation wide the risk owner should consult with other relevant parties before recommending a change of level.

Strategic Level - If the risk is to be moved to the Strategic Level then the Risk and Insurance Team will need to be consulted so this can be considered by Corporate Leadership Team (CLT) for inclusion on the Strategic Risk Register. If CLT endorse the inclusion of this risk then the Risk and Insurance Team will ensure the risk features in the Corporate Risk Register and falls within the standard monitoring and review cycle.

Function Level - If the risk is to be escalated to the Function level then, in conjunction with the Risk Coordinator, the risk owner needs to consult with senior management regarding inclusion to the function risk register. This ideally should be raised with the function leadership team either at the next available meeting or remotely. Similarly to the escalation process if the risk is considered to be moved down a level then the appropriate Risk Coordinator should be involved to assist in the process

11 Roles, responsibilities , expectations

All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. The risk management framework has been fully endorsed and supported by the Leaders of the Council who set the organisational tone for risk management and champion the benefits through all levels of the business. Risk management is only considered to be truly embedded when it functions as part of the Council's day-to-day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process and this strategy formalises those responsibilities. The table below outlines the key responsibilities for each group/stakeholder.

Group/Stakeholder	Role Description
Cabinet	• Oversee delivery of the Risk Management Strategy Team • Review progress of the management of strategic risks • Ensure consideration of risk in agreeing the organisations direction of travel.
Audit and Corporate Governance Committee	• Review the effectiveness of risk management arrangements • Provide comment and challenge on risk management activity and progress.
Corporate Leadership Team	• Overall accountability for risk management across the business including ensuring the Management Board strategic risk register is a live and up to date record of the current risk exposure Members • Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding the risk management framework • Establish a control environment and culture where risk can be effectively assessed and managed • Regularly discuss and review the strategic risk register and associated risk reports.
Risk and Audit Board	• To ensure that the Council is proactively managing strategic risk • To ensure that there is a clear process in place to allow Corporate Leadership Team, Audit & Corporate Governance Committee and Cabinet to have assurance that risk is being robustly managed within the authority • Consider and challenge the management of risk to provide assurance that a strong control framework and good governance arrangements are in place • Ensure any emerging risks identified through governance reporting are escalated in accordance with the risk management framework.
Section 151 Officer, Monitoring Officer and Head of Paid Service (statutory	• Overall accountability for the effective delivery of the organisation's risk management function in accordance with industry best practice

governance officers)	• Ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk.
Departmental Leadership Teams	• Ensure adherence with the risk management strategy and framework Teams • Champion the benefits of effective risk management • Take ownership for risks within their function and ensure risk registers are regularly discussed, reviewed, updated and escalated as appropriate • To appoint a risk coordinator to drive forward the risk management framework within their function.
Heads of Service	• Record and manage risks effectively in their service area, in accordance with the risk management framework • Where necessary escalate risks to Function Leadership Teams • Ensure their staff have appropriate understanding and training on risk management • Champion the benefits of risk management across their service and communicate the corporate approach to managing risk.
Employees	• Manage risk as part of their role and report risks to their managers • Develop understanding of risk management in SBC • Maintain awareness of risks, their impact, including costs, and feed these through the adopted risk management process.
Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance	• Overall leadership for the effective delivery of the organisation's risk management Assurance function in accordance with industry best practice. • Establish and embed the risk management framework across the Council • Provide oversight, challenge and assurance that risk is being effectively managed.
Risk and Insurance Team	• Develop guidance, tools and training to support the business to manage risk effectively in Team accordance with the risk management framework • Embed the risk management strategy and process to drive consistency in its application • Provide support and training on the risk register system • Provide assurance, support and challenge to the business on all areas of risk management.

12   Integrating with the control and assurance framework

Risk management complements Slough Borough Council's internal control environment, alongside other financial, operational and compliance controls. The UK Corporate Governance Code (2016) dictates that –

 "The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems".

Sections 11 and 12 of this strategy outline the roles and responsibilities, and governance framework for risk management within Slough Borough Council, demonstrating our arrangements for dispersing accountability and responsibility for risk management throughout the organisation. With particular focus on internal control, the Audit and Corporate Governance Committee are the organisation's oversight body for risk management, providing check and challenge to the risk management strategy, process and delivery.

The Risk and Insurance Team work closely with the Risk and Audit Board, internal audit and governance colleagues to ensure the principles of good governance are adopted. Auditing of the business risk management framework is undertaken by the Council's internal audit team in accordance with their audit plan and recommendations arising are fed back through the risk management framework to ensure continual improvement.

The Institute of Internal Audit issued a report entitled "the three lines of defence in effective risk management and control". This provides a model for clarifying response at both an operational and strategic level and this has been adopted for Risk Management at Slough Borough Council as a 'Three Lines of Assurance' model.

First Line of Assurance	Second Line of Assurance	Third Line of Assurance
Managers in Functions and Service Areas	Risk Management Health and Safety Business Continuity Emergency Planning Information Data Security Insurance	Internal Audit

Within this model, management control is seen as the first line of assurance; this shows how each function area complies with risk management sources of assurance. The second line of assurance shows the oversight functions of Assurance Services. The third line of assurance provides Internal Audit's assessment of the risk management sources of assurance. Assurance is also offered from external sources such as external audit. This model provides active scrutiny and challenge to ensure assurance is achieved.

13 Risk register system (to be introduced 2022-23)

As part of good governance, the Council manages and maintains a register of its key strategic and operational business risks - assigning named individuals as responsible officers for ensuring the risks and their control measures are monitored and effectively managed. The risk register is a critical tool for capturing and reporting on risk activity and the organisations risk profile.

The various risk registers are currently maintained in Word documents. This is cumbersome and a move to an electronic solution utilising a live database where new risks are captured, others are managed to extinction and some require close and regular monitoring will be introduced during 2022-23.

The data within the register is used to inform the business of the threats it faces in delivering outcomes and services to the council. It is part of the Councils internal governance and performance frameworks and is used to ensure the organisation operates effectively. The current system in use is Word based and a potential alternative is to make broader use of the insurance software JCAD LACHS by utilising the risk management module JCAD CORE. This could be administered by the Risk and Insurance Team, managed out in the organisation by the service risk coordinators and able to be reviewed and updated by individuals as appropriate. The Risk and Insurance Team would need to promote self-service by delivering system training across all services which embraces the Council's digital aspiration. System enhancements are part of the development plans as we continue to meet the demand to be able to access risk management data quickly and effectively when most convenient for the individual or group.

14 Guidance, education and training

The Risk and Insurance Team is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support. Guidance materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures. New ways to engage with officers and leaders to help with the understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda. The risk management intranet pages are continually being improved.

New training with accompanying companion guidance has been and will continue to be developed and rolled out. The risk management strategy, guidance and training materials are reviewed on a regular basis to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice. The most recent training programme is now on the Cornerstone site.

15   Quality assurance and review procedures

To ensure the risk management framework remains fit for purpose, we continually seek to review and improve our risk management methodology and embrace new initiatives and industry practices that suit the needs of our organisation. We adapt to our changing operating environment and economic conditions and have a risk framework with sufficient flexibility to cope with these changes.

We aim to improvise, innovate and experiment in addressing challenges and exploiting opportunities learning from both success and failure, which strengthens the organization and its dependent networks. Members of the Risk and Insurance Team have the necessary skills, professional knowledge and relevant qualifications in their field and are members of external risk forums, working groups and related risk education and learning industry groups.

Risk skills and knowledge from these are fed back into our day-to-day practices at Slough Borough Council to ensure we are at the forefront of enterprise risk management. The risk management policy & strategy, guidance and associated tools are regularly reviewed to ensure the impact of new legislation, government guidance or internal changes in practice are captured and reflected. Risk management is subject to the Councils internal audit practices and as such, is audited in line with the timetabling set by the Internal Audit Plan. Any recommendations arising from audit activity is channelled back through our annual work plans to ensure they are addressed.

16   Evaluating success

In order to determine whether the risk strategy has delivered its anticipated benefits the following measures will be developed and monitored to assess the success of the strategy.

Expected Benefit	Measure
Effective decision making through better understanding of risk exposures	Improved current risk ratings / reduction in level of risk exposure across the Council Documented evidence of 'risk consideration' in approvals of strategic decisions e.g. Recovery and Improvement Plan, business plans, project plans etc.
Effective use of the Councils' resources to deliver outcomes for residents	Improved risk reporting / decision making (e.g. hours saved by risk function, number of risk related advice information requested)
Compliance with legal and regulatory requirements	Reduction in number of breaches and size of penalties / fines Reduction in number of exemptions
Improved confidence and proactivity to manage risk	Positive stakeholder feedback Improved ratings from internal and external audits e.g. Scrutiny, External Audit, Internal Audit
Capitalising on opportunities	Increased number of opportunities recognised and realised

	Costs saved / profit made through successful opportunities
Increased organisational risk maturity	Improving risk maturity score against ERM maturity model
Confidence and trust of stakeholders	Positive stakeholder feedback through risk surveys
Accountability for risk	All risks and treatments with named owners % of 'active' risks with mitigating activities taking place
Enhancement of the Councils' reputation	Number of external audit findings addressed in a timely manner and meeting / exceeding customer expectations

APPENDIX A – RISK ANALYSIS AND EVALUATION SCORING

Risks are scored using a 6x4 matrix which scores the likelihood and impact of the risk. The risk score is calculated as *(impact) x (likelihood) = risk score*

The opening risk score is determined by assuming no control measures are in place.

Likelihood					
	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16
	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Impact			

Measuring Impact

Risk Category	Impact Category Negligible	Marginal	Critical	Catastrophic
Risk Score	1	2	3	4
Economic/ Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact of £50,000 and £500,000 requiring virement or additional funds	Financial impact of £500,000 to £1,000,000 requiring virement or additional funds	Financial impact in excess of £1,000,000 requiring virement or additional funds
Strategic	Could have a major impact on one departmental objective - no impact on a Council strategic objective	Could have a major impact on a Departments' objectives - some impact on a Council strategic objective	Severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives
Health & Safety	Reduced safety which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths

Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long-term environmental damage	Very severe long-term environmental damage
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for a short period	Regulatory breach resulting in small fines and short-term disruption for a short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Operational (including Contractual)	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required
Programmes and Projects	Risk does not affect overall project tolerances	Risk affects delivery of a milestone, but overall project tolerances are unaffected	Risk affects project tolerances to Amber RAG rating	Risk affects project tolerances to Red RAG rating

Measuring Likelihood

Almost Impossible	Very Low	Low	Significant	High	Very High
1	2	3	4	5	6
Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur sometime	Event will occur sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Those risks which normally score between 16 and 24 will be regarded as strategically significant risks and will be included in the Corporate Risk Register which is considered by the Corporate Leadership Team. However other risks with an impact (consequence) score of 3, 4, or 5 may be recommended by a Departmental Leadership Team (with advice from the Departmental Risk Group) or proposed by the CLT for inclusion on the Corporate Risk Register on the basis that the nature of the impact (consequence) of the risks means that the CLT should have continued oversight – even though a high level of controls / mitigation are in place.