Risk Management Strategy 2023–26

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Appendix A

Contents

Introduction

In a changing environment with the effects of the instability in the economy and the consequent ongoing cost of living crisis, the council is faced with an unprecedented challenge to deliver its statutory obligations and manage its key risks.

Aligned with this the council will continue to be an exemplar of good practice, meet its statutory responsibility and have in place satisfactory arrangements for managing risks, as laid out under regulation 3 of the Accounts and Audit Regulations 2015:

> **Accounts and Audit Regulations 2015**
>
> "The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes effective arrangements for the management of risk."

This strategy builds upon previous versions and has been developed to support the achievement of the council's strategic objectives and Lambeth 2030 Borough Plan outcomes. By adhering to this strategy the council will be better placed to achieve its strategic and Borough Plan objectives and really drive forward its ambitions for the borough in an effective and timely manner.

What is Risk Management?

Risk management is a business discipline that every sector uses to improve decision-making and help achieve objectives. Risk is ever present, It exists within and across all of those areas in which we seek to make a difference in Lambeth, it operates at and spans different levels so our risk management approach must also be holistic and cross-cutting.

The Lambeth council has adopted the following definition of risk [1]:

> ***"An uncertain event or set of events that, should it occur,***
>
> ***will have an effect on the achievement of our objectives.***
>
> ***A risk is measured in terms of a combination of the***
>
> ***likelihood of a perceived threat occurring and the***
>
> ***magnitude of its impact on objectives"***

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1. OGC Management of Risk

Statutory requirements

Lambeth council acknowledges its statutory responsibility to manage risks and deliver cost effective and efficient services. The council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, and effectively.

The council has a duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective delivery of its functions, which include arrangements for the management of risk.

The effectiveness of the council's risk management arrangements is assessed annually as part of the Annual Governance Statement (AGS) and Annual Audit Opinion (AAO) which is signed off by the Chief Executive and Leader of the council.

The risk management policy, found at Appendix B, is a signed statement of intent by the Chief Executive and the Leader of the council committing the organisation to operating a culture where risk management is embedded, communicated and effectively implemented across the council for the benefits of the community.

Strategic Vision

This strategy is designed to encourage all Lambeth citizens (staff, residents, Members) to make risk based decisions when working with the council.

Furthermore, this strategy should give confidence that the council's governance process will embrace innovative approaches to deliver services through an increased capacity to exploit opportunity risks.

The strategic vision will be coordinated by the risk management team working closely with key contacts across the council's directorates.

This will also include working closely with key partners, directorates and divisions which lead on the transformational programmes for the council.

Risk Management objectives 2023-2026

The main objectives of Lambeth's risk management strategy are to:

Objective	How this is achieved
Ensure that risk management effectively supports the corporate governance of the London Borough of Lambeth	**Embed a risk management culture** to create an environment where risk management becomes an integral part of day to day council operations
	Enabling better quality decision making by keeping risk management as a core part of corporate governance processes
	Minimising failures, maximising opportunities and supporting the governance framework
Ensure the process for identifying, evaluating, controlling, reviewing, reporting and communicating risks is consistently applied and understood	**Regularly review best practice guidance** to ensure our processes are in line with best practice and industry standards
	Maintain and develop our risk management training suite and ensure the corporate approach is followed and understood
To provide a strategic lead and champion risk management, increasing our capacity for risk, whilst maintaining our statutory responsibilities	**Leading on innovative projects** and enhancing risk management awareness and practices, including the reduction of insurance claims
	Ensuring risk management is a key aspect of our corporate and operational approach to delivery services
	Being bold and taking calculated risks to encourage innovation and drive an entrepreneurial community
To take a lead on developing and replicating best practice in risk management, providing value for money and enabling better outcomes	**Regular audits and benchmarking** to assess performance and adopting best practice to improve delivery
	Leading on innovative projects and enhancing risk management awareness and practices, including the reduction of insurance claims.
	Active participation externally to help shape the future of risk management

How the objectives will be achieved

The objectives and outcomes of this strategy will be achieved by working closely with key teams across all council Directorates:

In particular, we will:

- Maintain clear roles, responsibilities and reporting lines for risk management within the council, and ensure risk management is integral to the decision making process of the council;

- Ensure elected Members, Corporate Management Team, Directors, external regulators and the public at large can obtain necessary assurance that the council is managing its risks.

- Ensure corporate, strategic, operational, partnership and project risks are discussed on a regular basis as part of relevant board meetings;

- Ensure all risks within projects are fully identified, assessed and managed in accordance with the council methodologies;

- Work jointly across directorates on projects to protect the council and comply with statutory responsibilities, such as Health and Safety, Fraud and the Anti-Bribery Act;

- Provide opportunities for shared learning on risk management across the council's partners;

Benefits of Risk Management

Effective risk management is an ongoing process with no set end date as new risks arise all the time.

The council is fully committed to developing a culture where risk is appropriately and effectively managed, and by embedding strong risk governance the following benefits will be achieved:

Improved Strategic Management	• Greater ability to deliver against objectives and targets • A sound system of corporate governance • Confidence in the rigour of the Annual Governance Statement • More likely that new developments can be delivered on time and to budget • Delivery of innovative projects

Improved Operational Management	- Reduction in interruptions to service delivery - Reduction in managerial time spent dealing with the consequences of a risk event that has occurred - Improved health & safety of those employed, and those affected by the council's undertakings - Improved prevention of fraud, bribery and corruption - Allows managers to focus on issues that really matter - Delivery of change management and organisational change
Improved Financial Management	- Better informed financial decision-making - Enhanced financial control - Reduction in financial costs associated with losses due to service interruption, litigation, etc. - Reduction in insurance premiums and claim related costs
Improved Customer Service	- Minimal service disruption to customers - Protection of reputation and reduced risk of misinterpretation by media
Improved Accountability	- Named risk and control owners are linked to each risk - Risk and control owners are the first line of defence and can be asked to lead on risk spotlight sessions to provide assurance on the management of their key risks and controls

The risk management framework

The framework consists of the following components:

Component	Description
Risk Management Policy Statement	• Statement of intent on how the council will approach risk management. It also includes a risk appetite statement.
Risk Managment strategy	• Defines the activities and responsibilities for managing risk and reporting arrangements
Community risk register	• Register which records the key hazards and risks which have potential to cause distruption to the local area
Corporate/Strategic risk register	• Register which records all corporate & strategic risks and who is responsible for managing them
Directorate risk registers	• Register which records key directorate level (corporate/strategic) risks and who is responsible for managing them
Divisional/team risk registers	• Register which records all divisional/team risks and who is responsible for managing them
Programme/Project risk Registers	• Register which records all programme/project risks

The risk management process

Essentially risk management is the process by which risks are identified, evaluated, responded to and monitored at regular intervals. It is about managing resources wisely, evaluating courses of action to support decision-making, protecting residents and staff from harm, safeguarding assets and the environment and protecting the organisation's reputation.

Whenever an activity takes place, there will be an outcome that will either lead to a success or failure. In undertaking the activity there will be a number of factors which need to be right to determine whether the activity is a success or not, or to put it the other way round, there are a number of risk factors which, if they are not managed properly, will result in failure rather than success.

Risk Management is also a business planning tool designed to provide a methodical way for addressing risk. It is about:

- Identifying the objectives and what can go wrong

- Acting to avoid it going wrong or to minimise the impact if it does

- Giving rise to opportunities and to reducing threats.

Note: The following steps are summarised information taken from the 'risk strategy and policy summary" attached at appendix D.

The risk management process cycle

The risk management process is broken down into five steps illustrated below:
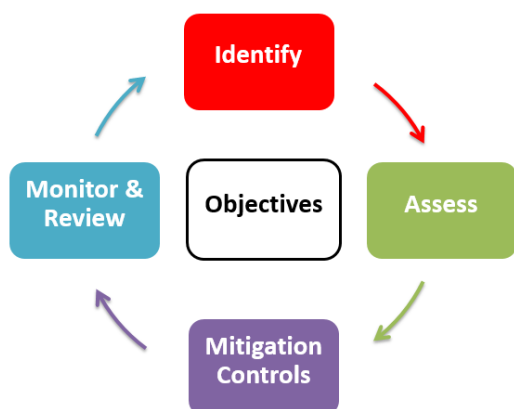
The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk.

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 you are assessing.

Bitesize Guide to the Risk Management Process

1. Determine your objectives.
For corporate risks, the Community Outcomes are a good place to start. For project risks, use the project objectives as a base.

	2. Identify	**3. Prioritise the risk(s)**	**4. Mitigation & Action Planning**	**5. Monitor and Review**
Ask	What will stop us achieving the objective? (Threat) What could help us achieve the objective? (Opportunity)	How likely is it to happen? What impact would it have if it happened?	What can we do about it? Who will be involved?	How do we record the risk? How do we know if the risk has changed?
Do	Information: - Lessons learned - Stakeholders - The activity itself Tools: - Brainstorming - SWOT analysis - PESTLE analysis - Horizon scanning - Stakeholder analysis - Cause and effect diagrams	Score risks twice on the 4x4 matrix below 1. *Current* – how likely/severe the risk is without doing anything 2. *Target* – the desired score 	Options to respond to a risk: **Tolerate** – monitor to ensure the impact/likelihood do not change. **Treat** – carry out controls to reduce the likelihood/impact. **Transfer** – by insuring or passing the risk to a third party. **Terminate** – stop doing the activity associated with the risk.	Enter information into a risk register. For corporate or high risks, enter into the risk software JCAD Risk. Regularly review.
Output	Risk identified Risk owner	Current risk score Target risk score	Control Measure(s) Control owner(s)	Risk register Regular reviews
Help	For help and advice, contact the Risk Management Team: Phone: 020 7926 9261 Email: RiskandInsurance@lambeth.gov.uk			

Risk review frequencies

As a guide, risks should be reviewed in management meetings using the following criteria:

Standard Review		Programmes, projects and partnerships
Red	1-3 months	Monthly
Amber	3 months	Monthly
Green	3-6 months	Quarterly

Note: At least annually, each risk register should be reviewed in its entirety

Managing risks within different delivery models

This strategy acknowledges the challenging environment we are in and that different delivery models will be established to deliver the corporate and Borough Plan objectives set out for the council. Below are some of the different models risk management will contribute to, The context to the below arrangements is subject to change as delivery models are still being developed. Any agreement to work with partner organisations will be subject to the terms set in the service level agreements, which will be unique to each partner organisation.

Partner organisations	The council will look to co-produce a risk management framework, including relevant toolkits and training. By establishing the framework, it will ensure appropriate accountability and responsibility remains with the relevant partner.
Mutual organisations	Mutual organisations have their own governance arrangements in place. However, advice and support will be available if mutual partners wish to adopt our risk management framework.
Shared Services arrangements	The council will look to merge and adopt best practice arrangements between the different organisations seeking joint solutions. Frameworks will be negotiated and appropriate governance arrangements agreed to ensure the best outcome for joint objectives.

Risk Appetite

Risk Appetite is a method to help guide an organisation's approach to risk and risk management. Defined well, risk appetite translates risk metrics and methods into business decisions; it sets the boundaries which form a dynamic link between strategy, target setting and risk management.

Risk appetite varies according to the risk for example the council would accept a greater amount of risk for areas of Growth and Opportunity than in those relating to Governance and Compliance. See the council's risk policy at Appendix B for a full statement on risk appetite.

Risk Category Identification

Risk appetite categories	Description of risk category
Strategy & Finance	Risks which focus on long term goals and plans and also areas where financial features play an important part
Growth & Opportunity	Risks concerning areas which are developing and where positive chances are available
Governance & Compliance	Risks relating to the provision of guarantees and proof that processes have been completed correctly
Customer Outcomes & Quality	Risks about the service which our customers receive
Contract Management	Risks relating to the various contracts held within the organisation
Information Governance	Risks involving the safekeeping and protection of all important data held within the organisation
People	Risks which make reference to staff / residents

Risk Appetite Matrix and Risk Appetite thresholds

Consider the risk score against the risk appetite threshold for its category. The threshold is represented by the vertical black lines in the matrix below. For example, Growth & Opportunity risks have a risk appetite threshold of 16, and Information Governance risks have a threshold of 4. This means the council will take higher risks to ensure growth, but will be less tolerant of risks concerning its information and that of its citizens

Lambeth's Risk Appetite matrix

Risk Category	Averse Risk Score 1-2	Minimal Risk Score 3 - 4	Cautious Risk Score 6 - 8	Open Risk Score 12 - 16	Hungry Risk Score 24 - 32
Strategy & Finance					
Growth & Opportunity					
Governance & Compliance					
Customer Outcomes & Quality					
Contract Management					
Information Governance					
People					

Risk Appetite Level	Risk Appetite Description
Averse	Avoidance of risk and uncertainty is a key objective. Exceptional circumstances are required for any acceptance of risk.
Minimal	Preference for the ultra-safe options that have a low degree of risk and only have a potential for limited benefit.
Cautious	Preference for the safe options that have a moderate degree of risk and may only have limited potential benefits.
Open	Willing to consider all options and choose the one that is most likely to result in successful delivery. Risk will be minimised while also providing an acceptable level of business benefit.
Hungry	Eager to realise benefits and to choose options to achieve this despite the higher risk.

Risk Score Types

Risk management as a business discipline, includes the use of various risk scores, for example inherent risk score, current risk score, target risk score and residual risk score.

At Lambeth our focus is on the Inherent, current and target risk scores.

- **Inherent risk score** is the baseline uncontrolled / unmitigated score for each risk, it is usually the highest score and the starting position for assessment

- **Current risk score** Is the "live" score of the risk which takes into account current progress with mitigations / responses at a specific point in time (usually at the end a quarter).

- **Target risk score** Is the risk score the risk owner is attempting to achieve through management of the risk and implementation of current funded controls and mitigations

These categories of risk score are included against the council's key risks on an ongoing basis throughout the year.

Risk management Culture

Every business has its own risk culture, as companies across all industries are exposed to a wide variety of risks on a daily basis. The difference is how they deal with such risks and how successful these measures are in getting through to employees and forming the risk culture of an organisation. Creating an enterprise-wide awareness of risk is essential and one of the first steps towards a strong risk culture is understanding why it's so important.

Risk culture is essentially creating a structure of rules, frameworks and processes that will effectively control any risk within the organisation as best as possible to protect residents, stakeholders, assets, reputation and avoid future failings / disasters.

A good risk culture is one that understands its employees, enabling and rewarding employees for taking and managing the right risks in an effective way. There are a number of ways to implement and support a strong risk culture including:

- Educate employees, members and residents about key risks and their importance
- Implement, maintain and develop an efficient risk management process
- Recognise and reward good risk behaviour
- Action consequences for poor risk culture behaviour
- Set and maintain the correct risk culture at board and senior management level

The council's risk culture is assessed as part of the Annual Audit Opinion and Annual

Governance Statement process.

Risk Maturity

All organisations, including Lambeth 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.

Maturity modelling is a valuable tool, enabling us to determine our current risk management capability and help us direct our resources to areas that need improvement and further development. Modelling allows us to set long term plans for the service and track our position through the journey.

The diagram below shows risk maturity levels provided by CIPFA

| Awareness | Happening | Working | Embedded & Integrated | Driving |
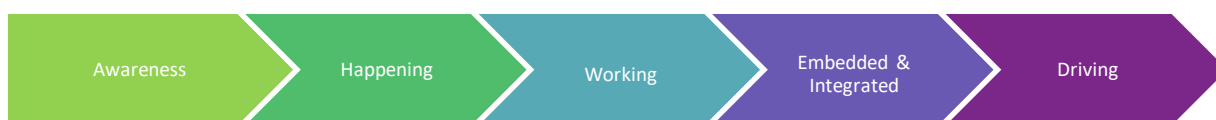
Risk Maturity Levels – CIPFA Results

The next stage of the council's risk management journey is focused on moving from embedded & integrated to Driving across the key risk management themes of culture, system, experience, training and management.

Risk reporting framework

It is essential that risk management is used as a tool to assist good management and to provide assurances to relevant officers that adequate measures have been taken to manage risk.

To support this risk management has been integrated into the council's business planning processes. By using the risk methodology, key risks facing the council or a particular service will be identified. This helps to ensure that the risks the council faces in the delivery of the borough plan are identified and managed.

Escalation of risks ensures that managers have a clearer picture on risks or issues facing service areas. This helps in the overall decision making process by allowing senior staff to allocate resources or review areas of concern.

Figure 5 on the next page illustrates the reporting arrangements for risks. Risks are typically identified from a bottom–up process, but information is still fed through from top-down.

Risk escalation process
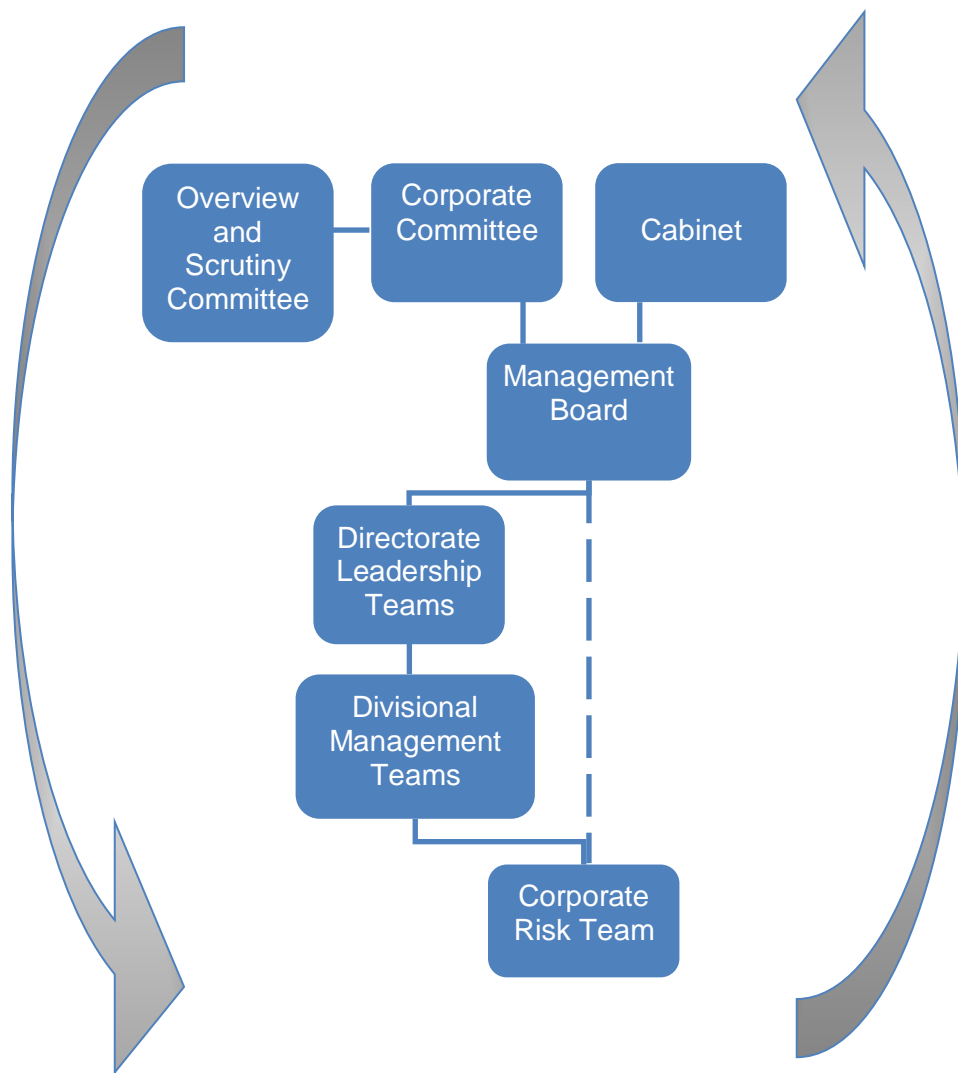
Levels of organisational risk

On reporting, usually each quarter, different risk registers are taken to different management teams. Below lists these key reports along with their escalation criteria (risk score).

Strategic risk register	The key strategic risks which may affect the achievement of Borough Plan outcomes and strategic objectives are included within these registers. All strategic risks are held on the strategic risk register regardless of risk score, however particular focus and challenge is given to strategic risks that are outside of appetite for their category (see risk appetite matrix for category appetite scores). Strategic risks are reported to Management Board and Corporate Committee	
Corporate risk register	The corporate risk register is used to highlight and assure elected members that key corporate risks are being effectively managed and responded to. These risks are extracted from various areas of the council's risk system and approved by the Chief Executive and Strategic Directors. All corporate risks are held on the corporate risk register regardless of score, however particular focus and challenge is given to corporate risks that are outside of risk appetite for their category. Corporate risks are reported to Management Board and Corporate Committee	
Directorate risk register	This register flows out of the Divisional risk register and is challenged and moderated quarterly by Directorate Leadership Teams. Risks which are escalated here are those with risk scores of 16 (high risk) and above.	
Divisional risk register	This register flows out of Business unit risk registers and is challenged and moderated quarterly by Divisional Management Teams. Risks which are escalated here are those with risk score of 12 and above.	
Service / Business Unit risk register	This register contains operational, health and safety and project risks with scores of 1-8. Risks with a score of 12 and above are escalated to the Divisional risk register	
Programme / project risk register	Where considered appropriate, major programmes and projects will produce and maintain their own risk registers and be responsible for updating them on a quarterly basis. Significant programme and project risks (with a score of 12 or more) will be escalated to Divisional risk registers where relevant.	

Managing low likelihood / high impact "contingency risks"

High impact high likelihood risks are regarded as primary risks, and rightly so given their potential to severely disrupt an organisation. However, COVID-19 and the Cost of Living crisis demonstrated the importance of keeping low likelihood high impact risks on the radar.

Over the year's low likelihood high impact risks have often fallen off the radar as they are seen as so unlikely to occur so they don't get the attention primary risks do. This leads organisations into making assumptions about how effective the controls are that are mitigating the risk, and less effort can be made in truly understanding the risk itself and its current state. Should this happen, and the risk moves towards fruition, the likelihood increases, and the result is that the risk sits squarely in the primary risk category. The reason for the change in risk category could be for a number of reasons, either that controls have failed or something outside of the organisations control has occurred and impacted the risk, meaning that the organisation has to focus on responding to an additional primary risk.

There are a number of challenges that organisations face when dealing with perceived low likelihood / high impact risks, these are summarised below:

Challenge 1: Ensuring visibility of low likelihood / high impact risks
Having a broad and frequent Board risk reporting cycle is fundamental, as it provides a wider and rounder picture of our risk profile and provides insight into those risks that could be on the horizon or where we might be required to react. Having these risks visible at Board level helps to inform decision making and the triangulation of information.

Challenge 2: What are we going to do if it does happen?
Although the risk of "pandemic flu" was on the council's borough risk register, not many organisations (including LBL) thought that a pandemic of Covid-19s scale was that high on the list of events that might occur in 2020, yet with a crisis management plan and a business continuity plan (BCP) most organisations have been able to reactively respond to the many risks posed by COVID-19. It is not suggested that a full BCP is drawn up for every high impact low likelihood risk, however being able to understand what action would need to happen and what the impacts would be is a strong starting point.

Challenge 3: What do we need to know about the risk?
The councils organisational risk appetite enhances our approach to risk management including contingency risks. As long as appetite levels are adhered to, risks can be appropriately prioritised and it can be determined whether or not further action is required, if a specific contingency plan is required, or if we are willing to live with the risk in its current state

Challenge 4: Are our risk controls adequate?
There are numerous assurances sources available within an organisation as well as external sources, linking and capturing these into an assurance map should provide comfort to management teams for many contingency risks. Linking assurance mapping to risk appetite helps to provide direction

on whether further actions are required to strengthen any underperforming controls or whether management are satisfied that enough has been done.

Evaluating the effectiveness of the Risk Management Strategy

The London Borough of Lambeth will periodically review the effectiveness of its risk management framework through either an external benchmarking exercise or review, internal audit review or self-assessment. The Policy and Strategy will be reviewed annually and an evaluation of its effectiveness will be included in the Annual Governance Statement and Annual Audit Opinion

Guidance, Education and Training

The Corporate Risk Team is responsible for developing workforce risk management capability across the organisation. This is achieved through the provision of guidance, education, training and support. The existing suite of guidance materials includes:

- Risk Management Strategy 2023-26
- Risk Management policy
- Risk Management Handbook for Managers
- Risk Management toolkit and
- New risk Management e-learning modules

All risk management training materials are available on the Risk Team page on the council's intranet here. As described within the roles and responsibilities appendix of the Risk Management strategy (appendix C), staff and partners at all levels are encouraged to utilise the information provided.

In addition to the suite of guidance and training information available on the intranet, the Risk Team provide targeted training for areas of high risk including high risk processes, projects and procurement. For more information on risk management training please email riskandinsurance@lambeth.gov.uk

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 latest industry best practice.

Appendix B

LONDON BOROUGH OF LAMBETH'S

RISK MANAGEMENT POLICY STATEMENT

2023-26

LONDON BOROUGH OF LAMBETH (LBL) RECOGNISES AND ACCEPTS ITS RESPONSIBILITY[1] TO MANAGE RISKS EFFECTIVELY IN A STRUCTURED MANNER IN ORDER TO ACHIEVE ITS OBJECTIVES AND ENHANCE THE VALUE OF SERVICES PROVIDED TO THE COMMUNITY

In pursuit of this aim LBL has adopted a risk management strategy that captures the following key objectives:

1. Ensure that risk management effectively supports the corporate governance of the London Borough of Lambeth
2. Ensure that the process for identifying, evaluating, controlling, reviewing, reporting and communicating risks is in line with best practice, consistently applied, understood and owned by relevant staff
3. To provide a strategic lead and champion risk management, increasing our capacity for risk, whilst maintaining our statutory responsibilities
4. To take a lead on developing and replicating best practice in risk management, providing value for money services and allowing better outcomes for the council

These key objectives will be achieved by:

1. Ensuring that the council's risk management strategy (which includes clear roles and responsibilities) is in line with current standards and best practice
2. Establishing clear processes, responsibilities and reporting lines for risk management;
3. Ensuring that Members, Management Board, Directors, external regulators and the public at large can obtain necessary assurance that the council is mitigating the risks of not achieving key priorities
4. Complying with relevant statutory requirements, e.g. the fraud act 2006, the anti-bribery act 2010, the care act 2015 and more;
5. Embedding, supporting and promoting the risk management process

APPETITE FOR RISK

"LBL seeks to identify, assess and respond to all key risks that may affect the achievement of key business objectives and borough plan outcomes. Once a risk has been identified and rated, LBL will adopt a risk response based on the nature of the risk. LBL risk responses include: treat, tolerate, transfer or terminate. Risks may be tolerated where there are sufficient assurances that:

    i.   **The risks have been properly identified and assessed;**

    ii.   **The risks will be appropriately monitored, including the taking of appropriate actions and the regular review of risk(s);**

    iii. **The potential benefits accruing to the community justify the level of risk taken**

APPROVED BY:

      Bayo Dosunmu (Chief Executive)   Claire Holland (Council Leader)

[1] Accounts and Audit Regulations 2015

Appendix C

Risk Management roles and responsibilities 2023 – 2026

It is vital that all staff and council Members within Lambeth understand the role they play in the effective management of risk. This document sets out the key responsibilities for individuals and groups across the organisation.

The role of the corporate risk management team is primarily that of an advisory, support and critical friend function and to support this, the following review groups are in place:

Cabinet Members

- Own the council's Risk Management Strategy and Policy

- Contribute to defining and approving the overall risk appetite for the organisation

- Review the key corporate and strategic risk registers on the JCAD risk system

- Review the directorate risks within their area of leadership on the JCAD risk system

- Regularly discuss new and existing risks with the relevant Strategic Director as part of regular Cabinet Member Briefings (CMB's)

- The Lead Member for Finance and Cost of Living reviews and approves all key risk and governance reports provided by the Finance and Investment team Corporate Committee forward plan

- Undertakes Risk Management refresher training annually

Corporate Committee

- Monitors the effective development and operation of risk management and governance in the council

- Monitors and acts on escalated corporate risks under the direction of the Chief Executive

- Oversees and approves the council's Risk Management Strategy & Policy

- Receives periodic updates on threats and opportunities which impact on the council's objectives and outcomes Corporate Committee forward plan

- Contributes to defining and approving the overall risk appetite for the organisation

- Members consider any risks they wish to be passed to the Overview and Scrutiny Committee for further scrutiny

- Promote Risk Management and related Risk Management training to elected members
- Promote an engaged and informed Risk Management Culture throughout the Council

- Undertakes Risk Management refresher training annually

Overview and Scrutiny Committee

- Provides scrutiny for any risks escalated from Corporate Committee

- Promotes Risk Management and related Risk Management training to elected members

- Promotes an engaged and informed Risk Management Culture throughout the Council

- Undertakes Risk Management refresher training annually

All Elected Members

- Elected Members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the key risks that the council faces and to be aware of how these risks are being managed.

- All Members have a responsibility to consider the risks associated with the decisions they undertake and to be informed of these risks in the plans and reports submitted to them
.
- Undertakes Risk Management refresher training annually

Management Board (senior officer group)

- Is ultimately responsible for the management of council's key corporate and strategic risks

- Ensures that escalation processes are in place for designated parts of the council for risk reviews

- Identifies the need for investment to fund, promote and oversee the implementation of the risk management strategy

- Allocates appropriate resources to address key Corporate and Strategic Risks

- Ensures participation in the delivery of risk management within the organisation

- Owns individual corporate risks (as delegated by the Chief Executive), and approves corporate risks as escalated from leadership teams

- Agrees the involvement of the risk manager, internal audit and other officers as appropriate

- Contributes to defining and approving the council's risk appetite

- Promotes an engaged and informed Risk Management Culture throughout the Council
- Uses information about risks to inform decisions (in particular via the Decisions process) develop strategy and implement policy

Directors Network

- Each Director is accountable for proper monitoring of their directorate risk register, action plans and the embedding of risk management into the business planning process of their directorate

- Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate

- Ensures their directorate/sub directorate is identifying and managing corporate, strategic, operational, project and partnership risks effectively following risk management guidance

[materials](#)

- Reviews and challenges [risk registers](#)for their directorate/sub directorate on a quarterly basis

- Makes recommendations on risks/issues to escalate to Corporate Management Team

- Sets priorities for dealing with unacceptable risks and to reduce risks

- Ensures that risk management roles and responsibilities are included within appropriate1-2-1 targets

- Work with their departmental management team to scan the horizon, put in place early warning mechanisms, and to take an overview of risk within their directorate

- Use information about risks to inform decisions (in particular via the Decisions process) develop strategy and implement policy

- Lead strategies to address corporate risks within their directorate

- Promotes an engaged and informed Risk Management Culture throughout the Council

Section 151 / Internal Audit

- The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes.

- They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

- An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year.

Internal Audit is expected to:

- Use risk assessment to inform its annual audit plan and carry out risk-based audits, evaluating controls and providing an opinion of levels of assurance

- Carry out audits to test the suitability and implementation of the risk management framework; and

- Make recommendations for improving risk management practices.

- Is aware of the Councils RM Policy and Strategy, and [guidance & training materials](#)

Corporate Joint Health, Safety and Well-being committee

- Monitors and reviews high level Health and Safety risks and issues as recorded in [JCAD risk system](#)

- Ensures that Health and Safety risks are managed effectively within directorate and service areas

- Provides risk management recommendations

- Provides a forum for the discussion of risks and issues raised by risk registers, environmental

conditions, and internal and external audits

Programme, project, and operational boards

- Participates (as appropriate) in the identification, assessment planning and management of threats and opportunities

- Understands the Risk Management Policy and Strategy and their accountabilities

- Implements the risk management processes within their areas of responsibility

- Escalates programme, project, strategic and operational risks as appropriate

- Records and lessons learnt actions are put in place to reduce or eliminate risks before new projects are implemented

- Ensures risk management is at the heart of decision making and key information is delivered through executive groups.

Roles

To help clarify an individual's responsibility for managing risks within their role, a set of risk management guidance and training materials have been developed and are available for inclusion within individual 1-2-1 sheets.

Risk Manager & risk and insurance team

- Develops and oversees the implementation of the Risk Management Policy and Strategy

- Develops and implements plans to improve the management of risk

- Provides reports highlighting key areas of risk and progress against managing risk

- Develops risk management guidance and supports risk and control owners in delivering their roles

- Ensures appropriate staff and Members are adequately trained in risk management

- Carries out ongoing risk process reviews, benchmarking, scrutiny and challenge

- Maintains and develops the corporate risk management monitoring system "JCAD"

- Reports key risks to relevant groups, boards and committees

Assistant Directors & Heads of service

- Service Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned and managed by others

- Manage operational risk and the risks associated with policy implementation in accordance with the risk management framework

- Escalate serious risks to the directorate and corporate levels as appropriate, as well as advising when operational risk may impact on project delivery

- Use the competency framework and personal development plans to enhance risk management skills

- Identify training needs; and take account of risk management issues when setting staff performance targets.

- Maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives

- Encourage staff to be open about discussing risks to support the identification of risks at an early stage and ensure appropriate mitigation actions and control measures can be put in place

Risk and control measure owners

- Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to a level acceptable to the organisation -this applies to risk at service, directorate and corporate level.

- Risk Owners are required to regularly review the effectiveness of their control measures and provide a formal update to relevant management teams on a quarterly basis as part of the risk review cycle

- Identify risk control owners for implementing control measures; and

- Escalate risks to the directorate or corporate level as and when necessary

- Risk control owners must: put in place actions to control risks, drawing on the advice of relevant experts

- Monitor risk and control measures; and feedback on the progress in implementing controls and their efficacy.

Individual Employees

- Becomes aware of the Risk Management Policy and Strategy available here

- Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment

- Risks which could impact on service delivery, the achievement of objectives, or their own or

- other's' well-being must be identified and actively managed, with mitigating actions in place where appropriate

- Make active and effective use of risk management in our work;

- Escalate risks to the project, directorate or corporate level as appropriate and provide feedback on the usefulness of the risk management framework

- Immediately reports to their manager any incident, accident, 'near misses' or any other concerns that they may have with regards to risk

London Borough of Lambeth Risk Policy & Strategy Summary 2023-26

Policy Statement

It is the policy of the London Borough of Lambeth (LBL) to proactively identify, assess and respond all key risks that may affect the achievement of key business objectives and borough plan outcomes.

Definition of Risk

"An uncertain event or set of events that, should it occur, will have a (positive or negative) effect on the council's ability to achieve its objectives, perform its duties and meet expectations of its stakeholders".

Borough Outcomes Lambeth 2030

The risks to the achievement of LBL's strategic objectives and Borough Plan outcomes are central to the risk management framework, and drive the risk identification process. There are three overarching ambitions for the borough:

1. Making Lambeth Neighbourhoods Fit for the Future
2. Making Lambeth One of the Safest Boroughs in London
3. Making Lambeth A Place We Can All Call Home

In addition to the five overarching ambitions, there are 5 commitments which are displayed within the Lambeth 2030 Our Future, Our Lambeth Borough Plan

The threats relevant to these ambitions and commitments are at the centre of the risk management process at LBL.

Roles and Responsibilities

Corporate Committee:

- Monitors the effective development and operation of risk management and governance in the council
- Monitors and acts on escalated corporate risks under the direction of the Chief Executive
- Oversees and approves the council's risk management policy and strategy
- Receives periodic updates on threats and opportunities which impact on the council's objectives
- Members consider any risks to be passed to the Overview and Scrutiny Committee for further scrutiny

Overview and Scrutiny Committee

- Provides scrutiny for any risks escalated from Corporate Committee

Management Board / Directorate Leadership Teams

- Is ultimately responsible for the management of council's key corporate and strategic risks
- Own individual corporate risks (as delegated by the Chief Executive), and approve corporate risks as escalated from management teams
- Identify the need for investment to fund, promote and oversee the implementation of the risk management strategy
- Review and challenge risk registers for their sub directorates on a quarterly basis
- Promotes an engaged and informed Risk Management Culture throughout the Council

Risk Owners

- Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own
- Risk Owners are required to regularly review the effectiveness of their control measures and provide a formal update to relevant management teams on a quarterly basis as part of the risk review cycle
- Monitor progress against mitigating actions
- Report to their management teams on significant changes in risks

All LBL Employees
- Becomes aware of the Risk Management Policy and Strategy
- Have an understanding of risks and consider risk management as part of their everyday activities,
- Make active and effective use of risk management in our work;
- Attend training and development sessions as appropriate

Risk Reporting and Monitoring

- **Corporate risk register –** Bi annual report to Corporate committee - all corporate risks
- **Key strategic / high risk registers –** Quarterly review of risks by Directorate leadership teams
- **Divisional registers –** Quarterly review of all divisional risks
- **Programme/project registers –** major programmes and projects will produce and maintain their own risk registers, and be responsible for updating them quarterly

Risk Appetite

LBL seeks to identify, assess and respond to all strategic and key operational risks that may affect the achievement of key business objectives and community plan outcomes. When a risk has been identified and rated, LBL will adopt a risk response based on the nature of the risk. LBL risk responses include: **Tolerate, Treat, Transfer, Terminate**.

The Process

Risk Management is an important element of the system of internal control. It is based on a process designed to identify and prioritise the risks to LBL achieving its objectives and targets. Risk Management can be split into a number of different levels - strategic, operational and project.

A risk is "An uncertain event or set of events that, should it occur, will have a (positive or negative) effect on the council's ability to achieve its objectives, perform its duties or meet expectations of its stakeholders".

Controls are the processes and actions that are in place to mitigate a risk and reduce the likelihood of it occurring. When controls are deemed inadequate, actions should be identified for implementation.

Step 1: Risk Identification

Risk identification can occur in a number of different ways.

- Business planning process (annual)
- Risk assessment process (ad-hoc)
- Risk register refresh session (cyclical)

For all three scenarios, the objectives that LBL wishes to achieve should be at the centre. If there is a risk that could impact upon LBL's ability to achieve either one or a number of the objectives it should be recorded on the risk register. Once identified, it is important to complete a cause and effect analysis which will provide greater context and understanding to the users of the risk information/ data.

Political	Environmental	Financial
Economic	Competition	Legal
Social	Customers	Contractual
Legislative	Managerial	Partnerships

Step 2: Assess/prioritise the Risk

LBL uses a 4x4 grid to assess risks.
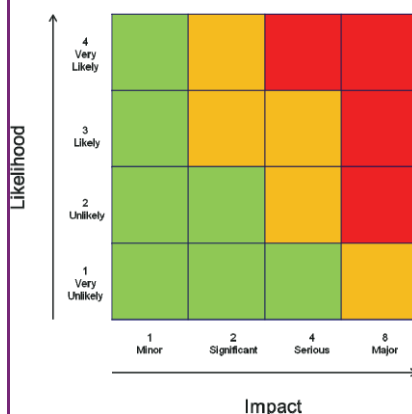
There are two aspects of a risk that must be considered in order to assess a risk.

1) The **likelihood** i.e. probability of the risk occurring
2) The **impact** of a risk. i.e. severity

It is necessary to score each risk twice. Firstly to obtain a current risk score and secondly to identify a target score. The target risk score is the desired risk score.

Step 3: Mitigations Controls & Actions

Consider the controls you have in place to mitigate or reduce the risk.

- What further controls are required?
- Record these as actions until they are completed.
- Consider the cost of any controls against the potential benefit gained.
- What is our **Risk Appetite**?

When actions have been identified to further mitigate a risk and require implementation they must be recorded onto the risk register and have an action owner and implementation date assigned. This will assist in making sure that the monitoring and review of actions is effective and accountability remains strong.

Risk Management responses:

TOLERATE a risk – monitor to ensure the impact and likelihood do not change.

TREAT a risk – carry out controls to reduce the likelihood/impact of the risk.

TRANSFER a risk – by insuring or passing the risk to a third party.

TERMINATE a risk – stop doing the activity

Step 4: Monitor & Review

As the environment in which LBL operates is constantly changing, all risks must be reviewed on a regular basis. It is important to assess not only whether the risk is still relevant but also the following aspects:

- Does the current risk score reflect the risk's impact and likelihood at this point in time? I.e. a month on from its last review.
- Is the control environment still sufficient?
- Are the identified controls effective?
- Are there any assurances that can be provided to validate the control effectiveness levels?