



RISK MANAGEMENT STRATEGY

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1. INTRODUCTION

Risk can be defined as uncertainty of outcome. Risk is ever present and a certain amount of risk-taking is inevitable if the Council is to achieve its objectives.

Risk management implies adopting a planned and systematic approach to the identification, evaluation and control of the risks facing the Council and is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole spectrum of risks and not just those associated with finance, health and safety and insurance. It also includes risks

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Risk Management Strategy
Surrey Heath Borough Council
Knoll Road, Camberley GU15 3HD



associated with public image (reputation), the environment, technology, contracts/partnerships, projects etc.

The Council cannot eliminate all risks but should minimise the potential impacts of existing or future risks, and be prepared to accept that it has to address acceptable risks.

The Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2015:-

“A relevant body must ensure that it has a sound system of internal control which:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

2. AIMS AND OBJECTIVES

The aim of Risk Management is to ensure that the Council has an effective process to support better decision making through good understanding of risks and their likely impact.

The objectives of the Council’s Risk Management Strategy are to:-

- Engender a culture which encourages the identification and management of risks
- Minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources
- Inform policy and decision making by identifying risks and their likely impact.
- Reduce the probability that the objective of the Council will be threatened by unexpected events.



These objectives will be achieved by:-

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management
- To derive estimates of the individual likelihood of occurrence of each risk and their potential impact
- To apply agreed criteria in order to identify those significant risks that must be addressed immediately and those moderate risks that need to be monitored on a regular basis;
- To monitor regularly progress on completing agreed risk management actions
- To monitor regularly moderate risks in case they become significant
- To continue to identify and manage new risks, as they become apparent.
- Monitoring progress in delivering the strategy and reviewing the risk management arrangements on an on-going basis

3. RISK MANAGEMENT

The Council manages its risks at two main organisational levels;

Corporate Risk

Those risks that are identified whereby the impact and/or likelihood of the risk occurring could be high and effect the Councils ability to achieve the objectives and priorities as defined in the Councils Corporate Plan. Corporate risks also include cross-cutting risks that impact more than one service. Corporate Risks are owned and managed by the Corporate Risk Management group.

Service Level Risk

All identified risks that could affect and/or impact on the objectives and business of an individual service. Any significant risks identified at service level must be



raised with Corporate Risk Management who will review the risk and decide if it should be added to the Corporate Risk Register.

4. ROLES AND RESPONSIBILITIES

Nominated/designated responsibility for execution of this strategy is as follows;

Corporate Management Team (CMT)

CMT is corporately responsible for pursuing the aims and objectives of risk management, although it delegates routine management matters to the Risk Management Group.

Corporate Risk Management Group (CRMG)

The CRMG is made up of the key heads of service and will meet quarterly to review the Corporate Risk Register.

The Strategic Director, Finance and Customer Services

Will chair the CRMG, and will be responsible for reporting risk to CMT, and Council.

Service Managers

Responsibility for the identification and governance of service level risks. All managers are expected to be continually aware and accountable for risk management issues as they affect their service area and staff. If a risk is identified within their service area they will be the Risk Owner and are responsible for raising any significant risks with CRMG.

All Employees

Each member of staff should be aware of the Risk Management Strategy and Health and Safety Policy and raise any concerns or identified risk with their Service Managers.

Applied Resilience



Business Continuity and Emergency Planning considerations and risks are the responsibilities of Applied Resilience. A representative from Applied Resilience will sit on the CRMG.

5. MONITORING AND REPORTING

Risk Registers are used to report on risk, to prioritise improvement action and to monitor results.

The **Corporate Risk Register** is reviewed and quality assured each quarter by the Corporate Risk Management Group (CRMG). The CRMG Chair takes the Corporate Risk Register to CMT quarterly or as an when a new high risk is identified and annually to the Performance and Finance Committee. The CRMG are required to review and update the Corporate Risk Register quarterly to;

- Monitor performance and progress against the mitigated risks.
- Ensure current controls are effective and do not require further planned actions.
- Ensure identified risks are still relevant and located on the correct register
- Re-assess risks when change happens or new information comes to light
- Review any significant Service Area risk that have been brought to the group and access if they should be added to the Corporate Risk Register.

Service Area Risk Registers are reviewed and quality assured monthly by the relevant Service Manager. New and amended assessments are identified and recorded as and when necessary. Service Managers are required to review and update their risks on the departmental registers monthly to:

- Ensure current controls are effective and do not require further planned actions.
- Ensure identified risks are still relevant and located on the correct register



- Re-assess risks when change happens or new information comes to light, such as new equipment, changes in legislation, or at the start of a new project/procurement.
- Review key project, procurement, contract management and partnership and identify risks.
- Identify where risks require more corporate support, have increased significantly in score and/or become more strategically important. These risks are escalated to the CRMG.

6. RISK ANALYSIS AND SCORING

Once risks have been identified they need to be assessed. This process requires Risk Owners to assess the level of risk by considering:-

- The probability of an event occurring - “likelihood”; and
- The potential severity of the consequences should such an event occur – “impact”.

The following tables provide *Impact* and *Likelihood* descriptors to assist with this process:-

Likelihood

Score	Description	Indicative Guidelines
4	Very Likely (>80%)	<ul style="list-style-type: none"> • There is a high exposure to the risk • Event expected to occur. Has occurred and will continue to do so without action being taken • Indication of imminent occurrence • There are external influences which are likely to make our controls ineffective



3	Likely (50%-80%)	<ul style="list-style-type: none"> • There is a moderate exposure to the risk • Reasonable to expect event to occur • Has occurred in the past • Is likely to occur within the Council's planning cycle • There are external influences which may reduce effectiveness of controls
2	Possible (10%-50%)	<ul style="list-style-type: none"> • There is a low exposure to the risk • Little likelihood of event occurring • There is a potential for external influences which may reduce effectiveness of controls
1	Unlikely (<10%)	<ul style="list-style-type: none"> • Extremely remote • Not expected to occur but may do so in exceptional circumstances • There are few or no external influences which may reduce effectiveness of controls

Impact

Score	Description	Indicative Guidelines
4	Severe	<ul style="list-style-type: none"> • The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. • External support from the Government or other agencies is likely to be needed • Complete loss, severe delay or interruption to services • One off event which would de-stabilise the Council • Financial loss, additional costs or loss of assets which would need a Council decision as the scale of



		<p>the loss would be outside the Council's budget & policy framework</p> <ul style="list-style-type: none"> • The risk will cause the objective not to be reached, causing damage to the organisation's reputation. • Will attract medium to long-term attention of legislative or regulatory bodies • Major complaints • Significant adverse media interest • Death or life threatening injury
3	Major	<ul style="list-style-type: none"> • The consequence is sufficiently serious to require attention by Leadership Team • Major loss, delay or interruption to services • Medium term impact on operational efficiency or performance • Financial loss, additional costs or loss of assets that is within the Council's budget & policy framework but needs a Statutory Officer decision, Leadership Team decision • The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation. • May attract medium to short term attention of legislative or regulatory bodies • Significant complaints • Serious accident / injury (but not life threatening)
2	Moderate	<ul style="list-style-type: none"> • The consequences can be dealt with by the Service Manager and the Head of Service • Moderate loss, delay or interruption to services • Noticeable impact on operational efficiency or performance affecting customers



		<ul style="list-style-type: none"> • Negligible financial loss • The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation’s reputation • Minimal external interest • Moderate complaint • Minor injuries / accident
I	Low	<ul style="list-style-type: none"> • The consequences can be dealt with as part of the normal day-to-day business by the Service Manager • Minor loss, delay or interruption to services • Short term impact on operational efficiency or performance • Minor financial loss • The risk will not impede the achievement of the objective, causing no damage to the organisation’s reputation • No external interest • Isolated complaints • Low level of foreseeable minor injuries

Both **initial** and **revised** scores should be identified to effectively review and monitor the effectiveness of the controls in place.

- **Initial Score** - The level of risk faced before internal controls/mitigating actions have been applied / implemented.
- **Revised Score** - The level of risk faced after any internal controls/mitigating actions have been applied / taken into account.

Internal controls are the Council’s policies, procedures and processes or any additional controls or mitigating actions taken to deal with a particular risk. A



judgement has to be made by the Risk Owner as to the numerical reduction to the initial risk score to produce the revised risk score.

RISK MATRIX

The revised scores are then plotted onto the risk matrix, A risk matrix is a key tool used to analyse the likelihood and impact of a risk. The Council uses a 4x4 risk matrix, with the score determined by multiplying the 'likelihood' score with the 'impact' score. We have adopted this approach as it encourages a decision to be made about whether a likelihood or impact is high (red), medium (amber) or low (green), see below;

Likelihood	4 Very Likely (>80%)				
	3 Likely (50%-80%)				
	2 Possible (10%-50%)				
	1 Unlikely (<10%)				
		1 Low (minimal reputational damage) (<£10k)	2 Moderate (Some reputational damage) (£10k-£200k)	3 Major (Major reputational damage) (£200k-£1m)	4 Severe (Significant reputational damage) (>£1m)
		Impact			

Having identified and analysed the risks, it is necessary to decide what to do and who will do it. Priority will be given to the high (red) risks which will require immediate action plans.



Medium (amber) risks will require actions plans and / or to be closely monitored as appropriate.

A decision will need to be made about whether a low-scoring (green) risks can be removed from the register or “accepted” and will stay on the register but will not require actions plans. Accepted low scoring risks are risks that will need to be continually monitored to ensure that controls remain operational to manage them so they do not run out of control and become medium (amber) or high (red) risks.

7. RISK CONTROL

Risk Owners must judge which courses of control action are the most appropriate to address each of the risks they have identified, taking advice from the Head of Service, the CRMG and other support services where appropriate.

The cost/benefit of each control action must be assessed. The benefits will not always be solely financial. Risk Owners need to use their own professional knowledge and experience to judge whether the financial cost of risk control is justified in terms of non-financial benefit to the Council. On occasions, Risk Owners may conclude that the cost of the control action may outweigh the benefits which will accrue to the Council as a result of the action being taken. In such instances, all or an element of the risk is retained. However, no statute should be breached when making this decision.

To complete the risk management cycle, there must be monitoring and review of:-

- The implementation of the agreed risk control actions;
- The effectiveness of the action in controlling the risk; and
- How the risk has changed over time.



Risk Owners must monitor the implementation of the risk actions to ensure that responsibilities, deadlines do not slip.

8. AWARENESS

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide all staff with the knowledge and information necessary to enable them to identify and manage risk effectively. It is the responsibility of Service Managers to promote Risk Management with their staff. The Risk Management intranet site managed by the CRMG should include templates, a copy of this strategy, the latest Corporate Risk Register and minutes from the Corporate Risk Management Group.

The opposite point of view to 'risk' is 'opportunity'. All staff should be aware that in the same way that 'risk' is managed out of the Council's programmes and projects, 'opportunities' should be managed in to ensure that they are realised.

9. REVIEW

This strategy will be reviewed 3 yearly by the Corporate Risk Management Group and approved by CMT and the Performance and Finance Scrutiny Committee.

Document history

Date	Version	Author	Approved by CRMG	Approved by CMT	Approved by P&F Committee
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