

# London Borough of Lambeth Risk Policy & Strategy Summary 2017-20



## Policy Statement

It is the policy of the London Borough of Lambeth (LBL) to proactively identify, understand and respond to the risks inherent in our services and associated with our plans and strategies, so as to encourage responsible, informed risk management.

## 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 or meet expectations of its stakeholders”.*

## Borough Outcomes

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

1. Creating inclusive growth
2. Reducing inequality
3. Building strong and sustainable neighbourhoods

In addition to the three overarching outcomes, there are sub outcomes and targets which are displayed within the **Borough Plan 2016-21**.

The threats and opportunities relevant to these outcomes are at the centre of the risk management and identification 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

### Directorate Leadership Teams / Management Board

- In partnership with Cabinet and Council leader, define the risk appetite for the council
- 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
- Make recommendations on risks/issues to escalate to Corporate Committee

### Risk Owners

- Ensure effective action is taken to manage their risk
- Ensure the integrity of information recorded on the risk register
- Monitor progress against mitigating actions
- Report to their management teams on significant changes in risks

### All LBL Employees

- Manage risk effectively in their job and report opportunities and risks to their service managers
- Participate in risk assessment and action planning where appropriate
- Adhere to LBL policies and procedures and
- 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 rated as 12 and higher (high risks).
- **Programme/project registers** – major programmes and projects will produce and maintain their own risk registers, and be responsible for updating them on a quarterly basis.

# LBL - Guide to Risk Management

## 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.

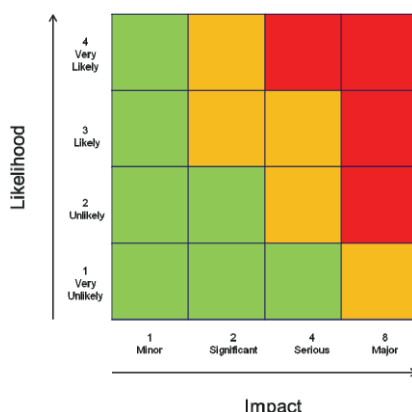
- Business planning process (annual)
- Risk assessment process (ad-hoc)
- Risk register refresh session (cyclical)

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?