

RISK MANAGEMENT POLICY STATEMENT

Introduction

Scottish Borders Council (SBC), like all organisations, faces a wide range of risks at all levels of the organisation. The aim of this policy is to communicate why risk management should be undertaken, provide a common risk management language and a description of the approach that will be adopted by SBC to manage its risks. This policy is supported by the Risk Management Process Guide and Risk Management Strategy which is underpinned by the Management of Risk (M_o_R) Guide and its associated framework, principles, approach and processes.

SBC understands that effective Risk Management is one of the foundations of effective Corporate Governance which has been adopted in its Local Code of Corporate Governance. Compliance with the principles of sound corporate governance requires SBC to adopt a coherent approach to the identification and effective management of the risks with the outcome that better and more assured risk management will bring many benefits to SBC and the people it serves.

SBC recognise that risk management should be aligned with corporate objectives and will therefore be considered within the business planning process. This ensures that the risks to achieving these objectives are identified and prioritised. The risk management landscape is dynamic and, as local authorities increasingly deliver services in alternative ways including commissioning and partnership arrangements, the spectrum of risks that SBC is exposed to also increases.

Therefore, SBC will continue to systematically identify, analyse, evaluate, control and monitor those risks that potentially endanger or have a detrimental effect upon its people, property, reputation and financial stability whether through core service delivery or through a programme of change.

Risk appetite and capacity

Risk appetite is how much risk SBC is willing to seek, accept or tolerate. This will differ dependent on the Perspective being assessed (Strategic long term, whether at Directorate or Corporate level; Programme/Project/Service level medium term; or Operational short term). A consistent approach to identifying and analysing risk will therefore be followed, which will be consistent and compatible with SBC's capacity to bear and manage risk. This will be supported by the Risk Management Process Guide and Risk Management Strategy, to ensure that SBC, nor its stakeholders, are exposed to an unknown, unmanaged or unacceptable degree of risk.

Risk tolerance and thresholds

Risk tolerance will be determined by using a combination of the Risk Impact and Likelihood / Probability Matrix, as detailed in the Risk Management Process Guide; by the proximity of the risk; by considering the level of insurance cover in place (if applicable); and by determining whether a risk needs to be managed at a higher level because of the impact if the risk materialises.

Procedure for escalation and delegation

Escalation is the process whereby a risk has exceeded tolerance thresholds at the perspective in question and action or oversight is required at a more senior level. This could be because the impact if the risk materialises is too great to be managed at that level or because the risk is corporate wide. All managers have the responsibility to ensure that risks escalated to them are considered by following the Risk Escalation Procedure detailed in the Risk Management Process Guide. Escalated risks may be overseen at a higher level and actions to mitigate them delegated to another level within SBC or partner organisation.

Project level – Following discussion at project meeting, an Exception Report will be raised to the Project Executive. The risk will then be passed to the Programme Manager to escalate and/or manage appropriately.

Programme level – The Programme Manager will escalate the risk to the appropriate Service Director who will then make a decision on where the risk should be managed and/or what actions are to be taken.

Operational level – Every member of staff has a responsibility to report a risk to their line manager. The line manager must then decide at what level the risk should be managed and/or what actions are to be taken.

Roles and responsibilities

The Council will continue to support its people to develop the appropriate skills and competencies so as to enable them to manage risk effectively.

Corporate Management Team (CMT)

CMT will act as risk champions, driving risk from the top down, ensuring all major decisions are subject to a risk assessment, and fostering a supportive culture where all members of staff are openly able to discuss and escalate risks to the appropriate level. CMT will regularly review the most significant risks threatening strategic objectives.

Senior Management

Senior Management will: ensure that they understand the risk policy, process and reporting requirements; ensure risk registers are compiled and maintained for each Service, Programme or Project; escalate risks as required by this policy; support internal and external audits; challenge the status of identified risks; and carry out the complete risk management process on all major activities.

Chief Officer Audit & Risk

The Chief Officer Audit & Risk will develop and maintain corporate risk management strategy, policy and procedures and ensure these are communicated effectively throughout the Council and that processes are in place to embed this in the Council's culture and working practices.

Corporate Risk Officer

The Corporate Risk Officer will support the management of risk by: ensuring that the processes and procedures are followed; ensuring that risk registers are in place and reviewed; preparing management reports; offering training and support; facilitating risk workshops; reviewing the Risk and Mitigations section of Committee Reports to ensure that full risk information is provided.

Audit and Scrutiny Committee

The Audit and Scrutiny Committee will oversee the adequacy and effectiveness of the Council's risk management arrangements.

Elected Members

Elected Members need to assure themselves that they have adequate information including risks and mitigations to ensure they are fully informed during decision making at various Committees.

Risk management process

Risk management is not a one-off exercise. It is a continuous process because the decision making processes it underpins are continuous. Risk management must become an integrated part of good management within SBC, but not be over bureaucratic and a process for its own justification. To these ends it will be aligned with the business planning process and reporting schedule. The process to be adopted is described in the document Risk Management Process Guide.

Key performance indicators and early warning indicators

Key performance indicators (KPIs) and early warning indicators (EWIs) will be regularly monitored as part of the business planning and performance management process. As risk management is inextricably linked to this process, monitoring of the KPI's and EWI's will ensure that potential areas of risk are identified and checked.

When risk management will be implemented

Risk management will be applied to every level within SBC, including programmes and projects. It will be part of the decision making process when developing and reviewing business plans and when considering alternative service delivery arrangements including partnership, arm's length external organisations and outsourcing.

Reporting

Reporting, to support fulfilment of roles and responsibilities set within the Policy, will include:

- Quarterly risk management status report to CMT.
- Quarterly risk management status report to Service Directors.
- All Risk Registers on Pentana performance management system.
- Regular presentations by Service Directors to the Audit and Scrutiny Committee on the status of strategic risks facing the Council, and an annual assurance report on the Council's risk management framework.

Budget

All the costs involved are contained within the central Risk Management or departmental budgets. Any additional costs arising from enhanced risk mitigation will have to be considered and prioritised against other pressures in the revenue budget.

Quality Assurance

This policy will be subject to document control, version control, be reviewed at least annually, and be revised to reflect changes in legislation, risk management best practice, and significant changes in corporate governance.

Annual Review

Risk management procedures will be reviewed annually to ensure their continued relevance and effectiveness.

Glossary of terms

For risk management to be effective all participants must speak the same language. A detailed glossary of terms is included in the Risk Management Process Guide.