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 based upon 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 and systematic 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.

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

Roles and Responsibilities

The Council will continue to support its people to develop the appropriate skills and competencies 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 Appetite, Capacity and Tolerance

Risk appetite is how much risk SBC is willing to accept. This will differ dependent on the perspective being assessed (Strategic long term, whether at Corporate or Service level; Programme/Project level medium term; or Operational short term). A consistent approach to identifying and analysing risk will be followed, and SBC's capacity to bear risk (e.g. level of insurance cover, financial reserves) will be considered to ensure that SBC, nor its stakeholders, are exposed to an unknown, unmanaged or unacceptable degree of risk i.e. High and Medium-High risks require active management and mitigation to manage down and maintain exposure at an acceptable level. This will be supported by the Risk Management Process Guide.

Risk tolerance will be determined by using a combination of the Risk Impact and Likelihood Matrix, as detailed in the Risk Management Process Guide; by the proximity of the risk; 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, Delegation and De-Escalation

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. Once risk mitigation actions have had the desired effect to reduce the impact or oversight is no longer required at a more senior level, a risk may be de-escalated.

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 be an integral part of all organisational activities 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 performance reporting schedule, and frequency of risk review will be proportionate to the risk rating. The process to be adopted is described in more detail in the Risk Management Process Guide.

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 for Assurance Purposes

All Corporate and Service Risk Registers will be recorded on the Pentana performance management system to enable reporting to CMT, Directors and Managers, as appropriate. Reporting, to support fulfilment of roles and responsibilities set within the Policy, will include:

- Quarterly risk management status report to CMT, including Corporate Risk Register review.
- Regular presentations by Directors to the Audit and Scrutiny Committee on the status of strategic risks facing the Council.
- A Risk Management Annual Report for assurance purposes to CMT and the Audit and Scrutiny Committee on the efficacy of the Council's risk management framework, an overview of risk management activity during the year, and oversight of the Corporate Risk Register.

Monitoring and Review

Risk management policies, procedures, strategies and plans will be reviewed annually to ensure their continued relevance and effectiveness. Assurances and any recommended areas for improvement received from Internal Audit and External Audit and best practice and lessons learned shared across the public sector on risk management will be considered as part of the review process. 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.

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.

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