

APPENDIX 3

Risk Management Policy Statement and Strategy 2023



Risk Management Policy statement

Southwark Council believes that managing risk, both opportunity and threat, is essential to effective local government. The council takes a proactive approach to the management of risks to support its strategies, day to day operations and overall achievement of the Council Plan and associated activities.

A certain amount of risk is necessary and unavoidable, but risk can be a positive force in developing and improving our services. However, risks need to be managed and maintaining a robust system of risk management supports the council in delivering its fairer future commitments.

In implementing this policy, the council will:

- Safeguard our residents, clients, service users, employees, members, pupils and all other persons to whom the council provides services and has a duty of care
- Protect our property, buildings, data, IT and other equipment, vehicles and all other assets and resources
- Ensure statutory compliance, and update practices when necessary
- Maintain and strengthen the services we deliver
- Maintain effective and efficient control of public funds by reducing waste, minimising our exposure to fraud and corruption, and delivering value for money
- Support the sustainability of the environment and minimise negative impacts
- Increase the likelihood of change initiatives being implemented effectively and in a timely manner
- Respond effectively in the event of an emergency.

Our success in dealing with risk has a major impact on achieving our key objectives and delivering our services. The risk management strategy sets out our approach to managing risks and how risk management will be applied across the council. This document should be read in conjunction with the risk management procedures (supporting document i).

Risk Management Strategy

Introduction

Southwark is a dynamic borough in the centre of London, a truly global city. This brings change, challenges and opportunity to all those who work here, pass through here and most of all call Southwark their home. There is a significant programme of regeneration in Southwark, such as Elephant and Castle, Aylesbury, Canada Water, Old Kent Road and London Bridge Quarter, home of the Shard, bringing thousands of new homes and jobs to Southwark.

Southwark is one of the most densely populated and diverse boroughs in the country, with a young, growing and mobile population. Over 120 languages are spoken in local schools, 66% of the under-20 population and 75% of reception-age children are from black and minority ethnic groups. Southwark is densely populated and has the seventh highest population density in England and Wales at 10,655 residents per square kilometre compared to the London average of 6,861.

The borough has a rich mix of employers, including internationally renowned names such as PwC, Ernst and Young, News UK and Hilton hotels. The business mix ranges across construction, health and social care, retail, catering, hospitality, public sector and administration, and finance and legal. However, as across London, there lies a skills challenge in getting more people into the jobs of the future and ensuring all benefit from growth and development in years to come, including the impact of leaving the European Union.

Southwark Council is committed to delivering a fairer future for its residents as set out in the Borough Plan, and this risk management strategy will allow the council to identify, assess and manage key risks effectively in order to achieve this objective.

Risk Management

Risk is the uncertainty of an event occurring that could have an impact on the achievement of objectives, and is measured in terms of impact and likelihood.

For Southwark, risk management is the process whereby the council methodically addresses these risks to the council achieving its vision, corporate and operational objectives.

Effective risk management is also an essential and integral part of effective corporate governance. It is not a separate process. Instead, it is at its most effective as an integral part of the council's business process and culture.

This risk management strategy outlines how the council will achieve its risk management objectives, whilst the detailed risk management procedures are contained in a separate document.

Risk Management Objectives

The risk management objectives are:

1. To continue to support the strategic aims and operational objectives of the council as defined through the Borough Plan by supporting the management of risks.
2. To ensure that risk management is embedded into all key council activities, including business planning and the budget process.
3. To embed and extend risk management procedures to include key partnerships.
4. To ensure that there is a transparent and prompt escalation and communication process through the council on risk management to key decision-makers, enabling them to make considered risk decisions. These will include the decision whether to eliminate where possible any unacceptable risk exposures.
5. To consider not only the risks that may affect the achievement of strategic aims and objectives but also to consider opportunities (positive risks) that may help improve the chances of succeeding in achieving those aims and objectives.
6. To achieve standards in risk management which are best practice in both the public and private sector, exceeding regulatory requirements.

Achieving Our Risk Management Objectives

The following points set out how we will achieve our risk management objectives. Supporting document i (risk management procedures) provides further detail to the following where necessary.

Embedding risk management

The risk management process is embedded through the business planning, budgeting and performance review process, and is also applied if there is a major organisational change or key project.

Risk register

The council maintains risk registers that capture the key departmental and corporate risks to the council, including areas of risk opportunity. Key risks are held on the council-wide risk management system (JCAD).

Risk identification and assessment

Risks are identified at least annually and are reviewed at least quarterly by each department, and consistently assessed using the council-wide risk assessment methodology. Risks are identified under the following risk categories: economic, financial, operational, staffing and culture, reputation and legal and regulatory compliance.

Risk assessment is measured by likelihood of occurrence and by potential impact. Impact to the council is measured under the key areas of 'life and limb', customer service, staffing and culture, compliance with regulations/ law, reputation and financial.

Risk opportunities

During the risk identification process, risk opportunities (positive risks) may also be identified. The risk management process enables opportunities to be managed alongside negative risks. Following initial identification of opportunities it may be appropriate to move these opportunities to other council business processes to maximise their positive impact.

The council's risk appetite

At department level, risks are assessed based on each department's individual tolerance to risk. At corporate level, risks are identified based on the council's overall tolerance to risk as outlined in the risk management procedures document.

In addition, systems are in place to escalate risks to senior management level in situations where the risk is assessed above a pre-approved risk tolerance which is detailed as part of the risk assessment framework.

Risk control

The council maintains an effective control framework designed to manage risks. Any risks that are an unacceptable exposure to the council are mitigated as far as possible. Where a proposed activity or venture has a residual risk that is considered unacceptable and there is no means of reducing the risk to an acceptable level the activity may be rejected. However, there may be occasions where there is a statutory obligation to undertake the activity despite the risk exposure.

There will be occasions where it is appropriate to take measured levels of risk in furtherance of the council's strategic aims and objectives. Where it is feasible and cost effective to do so, the financial impact of risks may be minimised by insurance or other third party indemnities.

Risk monitoring and review

Risks are monitored and progress against them reviewed through the performance review and challenge process which includes a quarterly review of key risks by each cabinet member within their own portfolio. Chief officers also monitor and review key council risks on a regular basis, and corporate risks are reported to the audit, governance and standards committee on an annual basis. Further details are contained within the risk management procedures (see supporting document i).

Risk and Issue escalation and reporting

There are procedures in place to ensure that chief officers, COT and relevant cabinet members receive the necessary information to monitor key risks and issues (those risks that materialise) and take considered decisions. Further details are contained within the risk management procedures.

Programme and project management

All key projects will incorporate risk assessment at the project initiation phase and regularly through the life-time of the project. The council's accepted robust project management methodology is used across the council to support the project management process including a requirement to identify and monitor risks.

Partnerships and contracts

Partnerships are an area of increasing importance to how the council operates and as such there may be key risks within the partnerships that could potentially have an adverse effect on the council. Therefore, the council will be working increasingly with partnerships to develop and implement robust risk identification and assessment arrangements. These can be recorded and monitored on JCAD.

Key contractual arrangements also form part of the risk identification and assessment process.

Emergency planning and business continuity planning

Key risks that may result in the council's emergency arrangements being invoked are contained within the council's risk register. The council has emergency and business continuity plans in place to reduce the potential impact to the council if these risks were to materialise.

Health and Safety

The Southwark Safety Management System has placed the identification of risk control strategies to eliminate or control hazards at the centre of our health and safety arrangements and processes. Significant identified risks are recorded on JCAD.

Performance management and external scrutiny

The risk management process will be regularly audited against industry best practice by internal audit. In addition, external audit will be undertaken by Grant Thornton. The process will be continuously improved in line with this feedback. In addition key risk management documents will be presented to the audit, governance and standards committee for formal review.

Risk management resource

Sufficient resources are devoted to risk management to ensure that it is effectively undertaken. The corporate risk and insurance manager reports to the departmental finance manager, corporate who reports to the strategic director of finance and governance. The network of departmental risk champions supports the corporate risk and insurance manager.

The JCAD system software stores the risk registers and supports the management of risk throughout the council, and is accessible to those with responsibility for risk management. The risk-related disciplines such as internal audit, health and safety, insurance, emergency and business continuity planning, performance management and project management all contribute to the council's risk management process.

At departmental level the risk management process is supported and actively promoted by a network of departmental risk champions. Risk champions across the council meet quarterly to discuss risk and update the corporate risk and insurance manager with any risk-related developments within the department.

Risk management training is available to council staff and members commensurate with their role and their responsibility for risk management.

Responsibility and ownership for risk

The authority for and responsibility to take decisions involving risk will be appropriate to the level of risk and is defined and communicated within the risk management procedures document. There is a council wide risk champion at senior officer level. The senior officer risk champion is currently the strategic director of finance and governance, Duncan Whitfield. In the past, there has also been a cabinet member risk champion. It should be noted in the context of the corporate restructure currently underway, the roles of risk champion and cabinet member responsibility will be reviewed and this document updated as appropriate.

The senior officer risk champion has responsibility for overseeing risk management and has delegated specific responsibilities for components of the risk management process. Risk is aligned to the council's performance review and challenge process, with relevant lead cabinet members and strategic directors taking ownership of, and being held accountable for, the delivery of borough plan measures and milestones including the mitigation of risk that would limit achievement of priority outcomes.

The risk management policy statement and strategy are submitted to the council's audit, governance and standards committee for review and comment.

The information contained above forms part of the overall governance of the council. In addition, a report is presented to the audit, governance and standards committee each year, to provide an annual update on key risks, and other reports on risk management are presented as needed.