



# **RISK MANAGEMENT STRATEGY**

2011 - 2013

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# Risk Management Strategy

The previous Risk Management Strategy (2008-2010) has been reviewed and amended to reflect current good practice. Our risk management arrangements must be particularly tailored to manage the new risks and challenges arising from the times of significant change and austerity anticipated in the public sector over the coming years.

## 1.0 Introduction

The London Borough of Lewisham has developed and adopted this Risk Management Strategy, which will be implemented during the period 2011-2013, with the objective of meeting its Risk Management Policy and Mission Statement on risk management:

*The Risk Management Policy of the London Borough of Lewisham is to adopt good practice in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or managed to an acceptable level.*

*Risk will be considered in every aspect of our business to ensure that we can deliver excellent, efficient services and the authority's exposure to risk will be effectively managed and opportunities optimised.*

*All employees will understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided to equip and enable employees to meet their responsibilities.*

*A statement on the assessment of the authority's risk management arrangements and their effectiveness will be published annually.*

This strategy will assist the Authority in achieving compliance with our Code of Corporate Governance, 'Risk Management and Internal Control' and our Risk Management Policy. It will also ensure that the Council meets the statutory regulations for risk management, as identified in Section 5.4 of the Accounts and Audit Regulations 2003 (as amended 2006) and follows best practice as defined by CIPFA. Lewisham recognises the benefits of effective risk management as:

<b>Strategic</b>
Ensure the health, safety and security of service users, citizens & staff
Meet changing needs of customers/citizens, including disadvantaged groups
More efficient use of management time through improved ability to deliver goals/targets/objectives
Improved management information resulting in more informed decision making. Supports transparency and accountability.
Reducing service disruption (and associated costs)
Greater financial control and reduction in level of uncontrolled expenditure
Systematic approach to identifying and reducing risks

<b>Operational</b>
Reducing the likelihood of injury to citizens and employees
Protect service delivery and its quality
User focussed service delivery, accessible by all, including disadvantaged groups
Avoid financial loss through fraud and corruption
Preventing damage to property and equipment
Minimising the cost of damages to the Council
Inform the appropriate method of risk financing and reducing insurance costs
Protect the image and reputation of the Authority

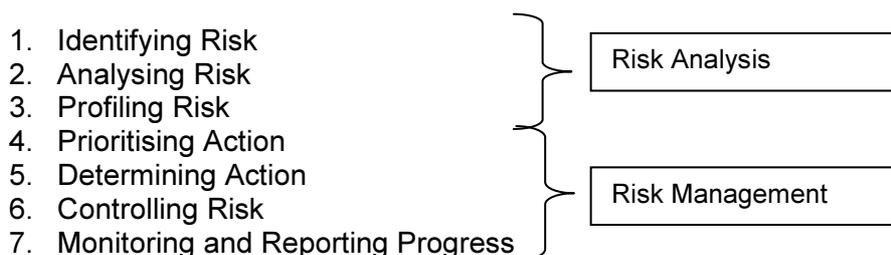
## 2.0 Objectives

The Risk Management Objectives of the London Borough of Lewisham are to:

- Ensure the health, safety & security of service users, citizens and staff
- Safeguard vulnerable children and adults to help prevent injury and damage
- Help us to achieve our Corporate priorities
- Integrate risk management into the culture of the Authority
- Identify, evaluate and manage risk in accordance with good practice
- Ensure legal and regulatory compliance as a minimum standard
- Anticipate and respond to changing social, environmental and legislative requirements
- Raise awareness of the need for risk management in all service areas
- Mitigate risks
- Enhance corporate governance of risk
- Optimise opportunities
- Reduce the cost of risk

## 3.0 Risk Management Framework

This strategy approves a framework for risk analysis and risk management, based on a seven-step plan and in accordance with published guidance.



Risks will be identified at five levels: corporate strategic risks, directorate risks, service level risks, project management risks and partnership risks.

### 3.1 Strategic Risks

Strategic Risks will be taken into account in judgements about the medium to long-term goals and objectives of the Council. They may be risks relating to changes in the external context within which we operate and examples are given in Table 1.

*Table 1: Types of Strategic Risk*

Type of Strategic Risk	Description and examples
<b>Political</b>	those associated with a failure to deliver either local or central government policy, or to meet the local administration's manifesto commitments
<b>Economic</b>	those affecting the ability of the Council to meet its financial commitments during a period of deep austerity and the scale and pace of budget cuts. These include internal budgetary pressures and savings/growth considerations, external economic changes, or the consequences of proposed investment decisions
<b>Social</b>	those relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives and meet customer/ citizens needs and address the needs of disadvantaged groups, particularly with significantly reduced resources.
<b>Technological</b>	those associated with the capacity of the Council to deal with the pace/scale of

	technological change, or its ability to use technology to address changing demands and deliver efficiencies. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives
<b>Legislative</b>	those associated with current or potential changes in national or European law (for example, TUPE regulations, Health & Safety, DDA, Equalities legislation etc)
<b>Environmental</b>	those relating to the environmental consequences of progressing the Council's strategic objectives (for example, in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc)
<b>Partnerships</b>	Robustness of relationships and supply chains that underpin critical operations and affect the quality and competitiveness of the service and/or its ability to deliver best value.
<b>Customer/Citizen</b>	those associated with the failure to meet the current and changing needs and expectations of customers and citizens including disadvantaged groups, vulnerable children and adults with significantly reduced resources.
<b>Reputation</b>	Those risks associated with a negative image of the Council (for example adverse media coverage)

Source – Audit Commission, Worth the Risk

### 3.1.1 Strategic Risk Analysis

Executive Directors will work with their management teams to identify potential significant risks on a 6 – 12 month rolling horizon and analyse those risks in two ways; by the likelihood or frequency of the risk event occurring and by the severity/impact on the organisation of the risk event occurring.

Risks identified will be linked to the corporate priorities and to the following risk categories to facilitate analysis of cross-cutting risks and identify mutual benefits.

#### Risk Categories

- A IT failure
- B Health and Safety
- C Staff retention
- D Financial management
- E Performance management
- F Project management
- G Partnership management
- H Record and Data Quality & Security
- I Other

Each Directorate will produce a Directorate Risk Register in Performance Plus (P+) specifying the likelihood or frequency of the risk event occurring; the severity/impact on the organisation; the potential triggers for each risk; the direct and indirect consequences and the effects on performance management and delivery of priorities.

Each risk will be scored on a worst case scenario basis, then reassessed to determine the current status after existing mitigation and control, and then a target status will be set for the risk. The scoring will be in accordance with the risk matrix and descriptors at Appendix 1. The Directorate Registers will be reported quarterly to both the Risk Management Working Party (Terms of Reference for this group are at Appendix 3) and the Internal Control Board (ICB) for scrutiny and monitoring.

In addition, Directorate Management Teams will undertake a 'horizon scan' or potential emerging risks on a quarterly basis and note these in the register for future monitoring

The Executive Management Team (EMT) forms the ICB, which will have an independent non-executive chair, and will meet quarterly. This Board will identify key corporate strategic risks, drawn from the Directorate Risk Registers, and score them in accordance with the matrix and descriptors thereby creating and monitoring the Corporate Risk Register. (Terms of Reference for this group are at Appendix 4).

### 3.1.2 Strategic Risk Management

The risk assessment matrix adopted by Lewisham is shown in Figure 1 below.

Figure 1: Risk Assessment Matrix

<b>LIKELIHOOD</b>	High	5	5	10	15	20	25
		4	4	8	12	16	20
	Med	3	3	6	9	12	15
		2	2	4	6	8	10
	Low	1	1	2	3	4	5
			1	2	3	4	5
			Low		Med		High
			<b>IMPACT</b>				

Strategic Risk Descriptors are attached at Appendix 1.

Some strategic risks may already be well managed, some may require further mitigation whilst others may be beyond the control of the Council and may simply require active monitoring and contingency arrangements. Actions determined to manage risk may include:

<b>Avoid</b>	Terminate the risk – by doing things differently and thus removing the risk where it is feasible to do so. Countermeasures are put in place that either stop the threat or problem from occurring or prevent it having any impact on the project or business
<b>Eliminate or Reduce</b>	Treat the risk – take action to control it in some way where the actions either reduce the likelihood of the risk developing, or limit the impact on the project to acceptable levels.
<b>Transfer</b>	This is a specialist form of risk reduction where the management of the risk is passed to a third party such as an insurance policy or penalty clause so that the impact of the risk is no longer an issue for the Council. Not all risks can be transferred in this way however
<b>Accept</b>	Tolerate the risk - because the activity is desirable or mandatory and nothing can be done at a reasonable cost to mitigate it, or the likelihood and impact of the risk occurring are at an acceptable level. The cost of controls must be proportionate to the risk.

Details of existing internal controls for each risk will be listed in the Directorate Risk Registers. Links to other reporting mechanisms (e.g. performance management, business continuity management) or supplementary control documents (e.g. service plans, business continuity plans, action plans arising out of internal and external reviews etc) are to be noted to provide assurance that risks are systematically controlled. Where existing controls are non-existent or inadequate, 'SMART' action plans (specific, measurable, achievable, realistic and timely) will be detailed in the Directorate Risk Registers. Risks that have been identified will be reported and monitored on a regular basis according to the Reporting Framework (See Section 4.0 Roles and Responsibilities).

The RAG rating for each strategic risk will be reported quarterly together with performance against target and direction of travel against last quarter.

### 3.2 Operational Risks

Operational Risks will be encountered as part of the day to day Council business. They are risks that may affect our ability to deliver satisfactory service provision. Table 2 below provides examples:

*Table 2: Types of Operational Risk*

Type of Operational Risk	Description and examples
<b>Customer/Citizen</b>	Children and vulnerable adults at risk, housing service concerns as to the welfare of tenants and meeting the needs of vulnerable people
<b>Professional</b>	those associated with the particular nature of each profession (for example, social work service concerns over children at risk; housing service concerns as to the welfare of tenants)
<b>Financial</b>	those associated with financial planning and control and the adequacy of provisions/reserves and insurance cover
<b>Legal</b>	those related to possible breaches of legislation
<b>Physical</b>	those related to fire, security, accident prevention and health and safety (for example, hazards/risks associated with buildings, vehicles, plant and equipment)
<b>Contractual/ Partnership</b>	those associated with the failure of partners/contractors to deliver services, objectives or products to the agreed cost and specification
<b>Technological</b>	those relating to a reliance on operational equipment (for example, IT systems or equipment and machinery)
<b>Environmental</b>	those relating to pollution, noise or the energy efficiency of ongoing service operations
<b>Information</b>	those associated with systems and management data and information assets, forecasting trends and forecasting of service needs

Source – Audit Commission, *Worth the Risk*

#### 3.2.1 Operational Risk Analysis

Heads of Service will be responsible for analysing risks that could affect the ability to deliver services and meet objectives in their operational area and will bring these to the attention of their Directorate Management Team.

As part of the service planning, business continuity and performance management processes, they will work with their teams to identify and analyse operational risks on a 6 – 12 month rolling horizon by the likelihood or frequency of the risk event occurring and by the severity/impact on the organisation of the risk event occurring. Heads of Service will produce and maintain a divisional risk register in P+ and a link will be included in their service plan. Linkage from the annual Business Continuity – Business Impact Analysis will also exist in P+.

The divisional risk register will be reviewed and monitored as part of the normal performance monitoring regime and the effect of risk on performance targets and priorities will be considered regularly. Each risk will be scored on a worst case scenario basis, then reassessed to determine the current status after existing mitigation and control, and then a target status will be set for the risk. The scoring will be in accordance with the divisional risk matrix and descriptors at Appendix 2.

Details of existing internal controls for each risk will be listed in the Divisional Risk Registers and action plans will be subject to the normal performance monitoring regime.

Risks identified will be linked to the Council’s corporate priorities and to the following risk categories to facilitate analysis of cross-cutting risks and identify mutual benefits.

**Risk Categories**

- A IT failure
- B Health and Safety
- C Staff retention
- D Financial management
- E Performance management
- F Project management
- G Partnership management
- H Record and Data Quality & Security
- I Other

**Risk Scoring Matrix**

LIKELIHOOD	High	5	5	10	15	20	25
		4	4	8	12	16	20
	Med	3	3	6	9	12	15
		2	2	4	6	8	10
	Low	1	1	2	3	4	5
			1	2	3	4	5
			Low		Med		High
			<b>IMPACT</b>				

Divisional Risk Descriptors are attached at Appendix 2.

**3.2.2 Operational Risk Management**

Current controls, which are in place to manage each risk, should also be identified and where necessary, operational teams should develop action plans to better manage risks. These Action Plans must be monitored as part of the performance management process and the divisional risk register and risk management action plan must be reported to Directorate Management Teams

as appropriate, to facilitate the reporting of aggregate and cross-cutting risks and the distribution of risk across the Council.

### 3.3 Project Management

A project is generally defined as a time limited activity, designed to deliver a particular objective, through making a change of some kind. In a climate of continuous change and service development, project-related activity is increasing across the Council. It is vital that risks to a project are identified and assessed, with necessary controls put in place to ensure that a project is delivered successfully.

The management of project risks is an important element of the Lewisham Project Management training course, and the approach adopted in the course is consistent with that of the overall Risk Management Strategy. Additionally, the Project Management Guide also sets out the methodology to analyse and manage risks to a project's success which is consistent with the risk management strategy.

Identification and management of project risks are documented by the use of a Risk Register in the Project Initiation Document (PID). Monitoring of major projects and any associated risks is conducted through the Directorate Project Review Groups (PRGs), the Corporate Project Board and the Monthly Management Report.

The roles and responsibilities relating to management of project risk are summarised in the following table:-

Group/Individual	Roles and Responsibilities
<b>Project Managers</b>	<ul style="list-style-type: none"> <li>• Identify risks to project, and assess the impact and likelihood of such risks, through completion and monitoring of Project Initiation Document (PID)</li> <li>• Nominate owners for each risk to the project and monitor actions to control risks, instigating contingency actions where necessary</li> </ul>
<b>Programme Management Team</b>	<ul style="list-style-type: none"> <li>• Provide advice, training and support to Project Managers</li> <li>• Support the Lewisham project monitoring infrastructure</li> </ul>
<b>Corporate Project Board &amp; Project Review Groups (PRGs)</b>	<ul style="list-style-type: none"> <li>• Initial and ongoing review of project risk in sign-off of PIDs and progress reporting</li> <li>• Notify DMT/EMT of any risks that affect the project's ability to meet corporate objectives</li> <li>• Informs the Monthly/Quarterly Management Report notifying EMT and Mayor &amp; Cabinet of risk status against ten corporate priorities.</li> </ul>

### **3.4 Partnership Risk Management**

Partnership working continues to play a critical role in achieving the Council's vision. Partnerships often involve complex types of risk, which can, if not correctly managed, adversely affect the delivery of services to end users.

Managing risk in our partnerships is therefore an important element of the Council's risk management strategy. The Council will continue to develop and build on the good practice applied in the governance of its key partnerships and the management of risk associated with them.

Where the Council is the key partner, it will ensure that a risk register identifying the risks to the partnership (not the individual members) is constructed and maintained in accordance with the previously referenced framework. It is recognised as good practice that each partnership shares its risk register with the individual partner organisations so they are each informed of the risks that the partnership faces.

In addition, the Council will face its own risks associated with the partnership and each directorate will reflect these in its directorate and/or divisional risk registers.

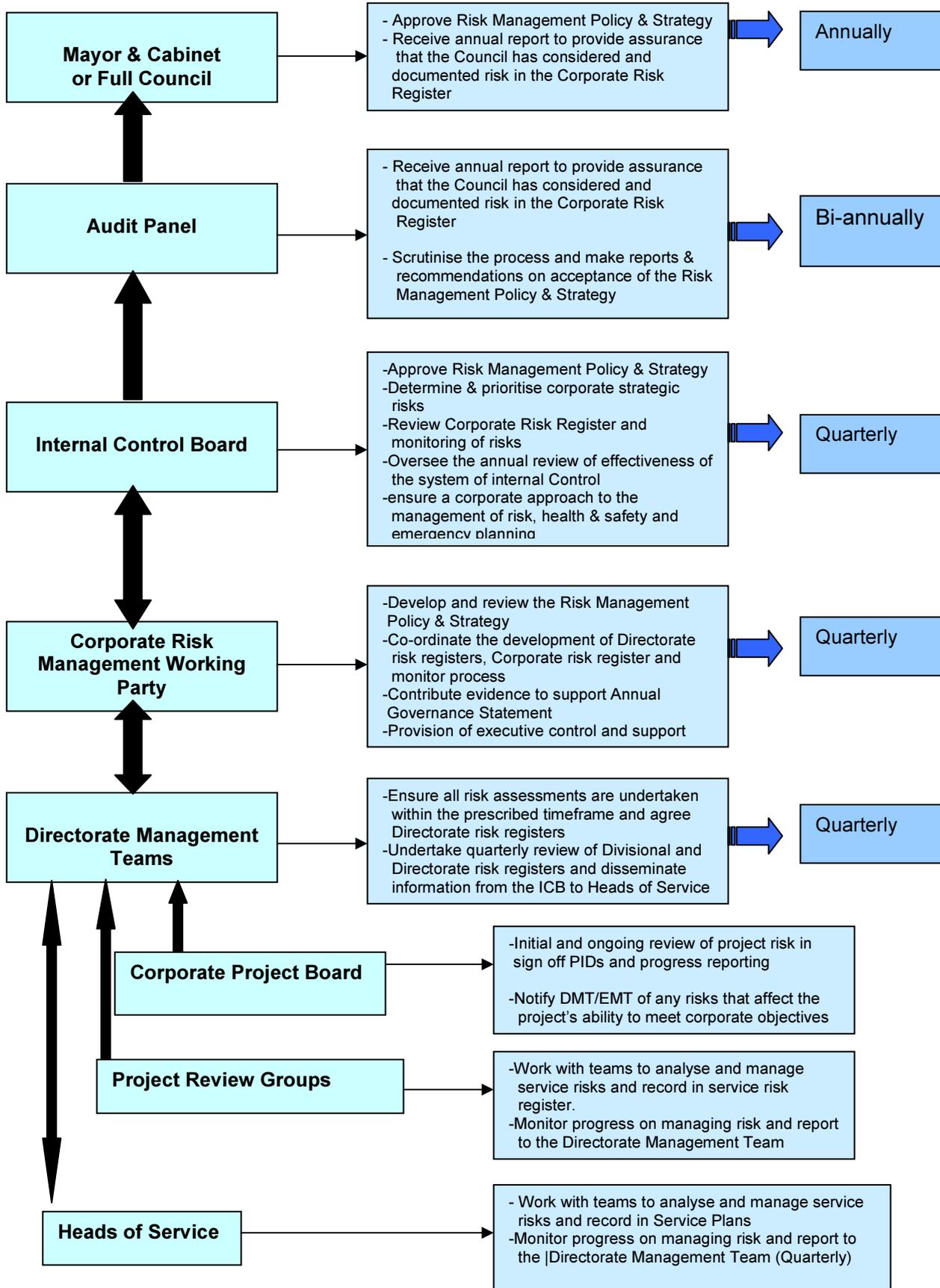
### **4.0 Roles and Responsibilities**

The Cabinet Member for Resources and the Executive Director for Resources will drive the process as risk management champions but managing risk is the responsibility of everyone within the organisation.

This is not a new responsibility, but formalisation of good working practices. Training will be provided to key personnel on an ongoing basis and included within induction training to ensure that Members and Officers are equipped with the necessary skills and knowledge.

Particular roles and responsibilities are summarised in Table 3 (overleaf).

Table 3: Reporting Framework for Risk Management



#### **4.1 Risk Management Working Party (RMWP)**

The role of the Risk Management Working Party is to advise the Internal Control Board. Full terms of reference for this group can be found at Appendix 4.

The Risk Management Working Party shall comprise of:

- Audit, Risk & Health & Safety Manager
- Group Manager, Insurance & Risk
- Head of Property Services
- Business Continuity Manager
- Senior Directorate Representatives from:
  - *Resources*
  - *Regeneration*
  - *Children & Young Persons*
  - *Community Services*
  - *Customer Services*

*Representatives from:*

- *Brokers/Risk Management (as advisors when required)*
- *Internal Audit (as advisors and for monitoring and control as appropriate)*

From time to time, representatives from the Authority's partners (e.g. Schools, Health, Contractors etc) may be invited to attend Risk Management Working Party meetings. Directorate representatives shall be responsible for identifying occasions where such representation would be advisable.

#### **5.0 Reporting & Review Framework**

The main reporting mechanism will be by use of the Risk Registers in Performance+. Risks, even at a strategic level, do not remain static and therefore the Risk Registers will be regularly reviewed and kept up-to-date within the Performance+ framework to remain valid. The RMWP will periodically re-appraise the identified risks and ensure all assessments are undertaken within the prescribed timeframe and report to the ICB to inform the annual review. RMWP members will report on risk management to DMT who will cascade risk information and disseminate information from the ICB to Heads of Service. Risks associated with any new initiatives and activities will be formally identified, appraised and added to the Risk Register at the appropriate level.

The annual review of the Annual Governance Statement (AGS) will be undertaken by the Internal Control Board at the end of each financial year, informed by relevant evidence and assurances gathered by the AGS Working Party and reported to the ICB throughout the year. The Annual Governance Statement on Internal Control will be published with the Final Accounts.

#### **6.0 Training and Development**

A Human Resource strategy will be developed to ensure that Members, Officers and key Partners are equipped with the necessary knowledge and skills to:

- Identify and evaluate risks
- manage the risks involved with their service area
- develop their understanding of what risk management is
- understand their responsibilities for managing risks.

## 8.0 Measuring our Success

In reviewing this strategy it is vital that we make a judgement about the level of success it has achieved. In order to do this, the information in Table 5 below will be considered.

Table 5: Measures of Success

Objective		Measure of Success
1	Help us achieve the Council's Corporate priorities	- No negative impact of unidentified risks on delivery of corporate priorities
2	Integrate risk management into the culture of the Authority	- Completeness of Risk Registers - inclusion of risk in reports requiring decisions - links to service plans and performance management
3	Identify, evaluate and manage risk in accordance with good practice	- Positive external inspection reports
4	Anticipate and respond to changing social, environmental and legislative requirements	- Enhanced planning and prioritisation - Reduction in the number of urgent/ retrospectively applied decisions - Reduction in legal challenge
5	Prevent injury and damage and reduce cost of risk	- No increase in number of liability insurance claims paid - Cost of Council contribution to insurance claims
6	Raise awareness of the need for risk management in all service areas	- Risk management included in induction and training programme
7	Mitigate risks	- Reduction in the number of risks colour-coded red against target
8	Enhance corporate governance of risk	- No deterioration in positive external inspection reports - Increase in positive assurance opinions from internal and external audits
9	Optimising opportunities	- Successful completion of projects where benefits outweigh the risks
10	Enhance knowledge sharing and learning lessons	- Lessons learnt from incidents/near misses will be reported at RMWP meetings

– Risk Register Form (example)

Sample Risk Register													
	What are the worst consequences of the risk?	Current Quarter Status (RAG)	Worst Case Scenario Status (score)	Previous Quarter Status (score) Mar 2011	Current Quarter Status (score) May 2011	Target Status (score)	Current v Target (RAG)	Do T Current Quarter v Previous Quarter	Responsible Officer	What have we done to control the risk?	What are we planning to do?	When is it going to be completed?	Risk Notes
<a href="#">EM0001</a> <a href="#">Inability to maintain balanced budget</a>	<ul style="list-style-type: none"> <li>- Budget over spend</li> <li>- Efficiency needs</li> <li>- Waste of resources</li> <li>- Poor External Audit report</li> <li>- Fines and Penalties</li> <li>- Government intervention</li> <li>- Lack of clear decision making</li> </ul>	▲	15	5	10	5	▲	➡	Executive Director	<ul style="list-style-type: none"> <li>- Budget monitoring</li> <li>- Standing Orders</li> <li>- Financial regulations</li> <li>- Compliance with appropriate policies and procedures.</li> </ul>	Es guber and ongoing monitoring.	Risk to be reviewed at next month's Performance DMI meeting	The directorate/division as a whole is forecasting an underspend at year end.
<a href="#">EM0001</a> <a href="#">Inability to maintain balanced budget</a>	Impact	▲	5	5	5	5	★	➡					
<a href="#">EM0001</a> <a href="#">Inability to maintain balanced budget</a>	Likelihood	★	3	1	2	1	▲	▲					
<a href="#">EM0002</a> <a href="#">Inability to attract recruit develop and retain employees</a>	<ul style="list-style-type: none"> <li>- Increase in recruitment cost</li> <li>- Additional cost</li> <li>- Inability to provide services</li> <li>- Turnover related cost</li> </ul>	★	12	4	4	4	★	➡	Head of People Management	<ul style="list-style-type: none"> <li>- Targeted policies to encourage recruitment to hard to fill post.</li> <li>- Es guber monitoring of recruitment and staff turnover.</li> <li>- Implementation of workforce planning strategy.</li> </ul>	Commence recruitment process in good time.	<ul style="list-style-type: none"> <li>- Aim to recruit to post by ???</li> <li>- Risk to be reviewed at next month's Performance DMI meeting</li> </ul>	
<a href="#">EM0002</a> <a href="#">Inability to attract recruit develop and retain employees</a>	Impact	★	4	2	2	2	★	➡					
<a href="#">EM0002</a> <a href="#">Inability to attract recruit develop and retain employees</a>	Likelihood	★	3	2	2	2	★	➡					

**Appendix 1 – Directorate Risk Descriptor** (*Score is highest in any column*)

<b>Likelihood: Of the risk / hazard occurring Impact: Most probable result or consequence of the risk/hazard occurring</b>				
<b>Likelihood</b>				
	<b>Rating</b>	<b>Probability</b>	<b>Description 1</b>	<b>Description 2</b>
Very High	5	> 50%	More likely to occur than not	Regular occurrence. Circumstances frequently encountered - daily/weekly/monthly
High	4	21 – 50%	Likely to occur	Likely to happen at some point within the next 1-2 years. Circumstances occasionally encountered (few times a year)
Medium	3	6 – 20%	Reasonable chance of occurring	Only likely to happen every 3 or more years
Low	2	1 – 5%	Unlikely to occur	Has happened rarely
Very Low	1	< 1%	Will only occur in exceptional circumstances	Very low probability / never before

<b>Impact: Most probable result or consequence of the risk/hazard occurring</b>					
<b>Impact</b>		<b>Impact on:</b>			
	<b>Rating</b>	<b>Individual</b>	<b>Service</b>	<b>Reputation</b>	<b>Finance / Budgets</b>
Very High	5	Death of an individual or several people	Complete loss of services, including several important areas of service Service Disruption: 5+ Days. Service Resource Diversion: Up to 80%	Adverse and persistent national media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and/or Members forced to resign	£5m +
High	4	Severe injury to an individual or several people, requiring immediate hospitalisation	Major loss of an important service area Service Disruption: 3-5 Days Service Resource Diversion: Up to 60%	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community.	£2.5m - £5m
Medium	3	Injury to an individual, requiring immediate hospitalisation	Major effect to an important service area Service Disruption: 2-3 Days Service Resource Diversion: Up to 40%	Adverse local publicity/local public opinion	£1m - £2.5m
Low	2	Minor injury to an individual or several people requiring hospital treatment	Major effect to an important service area for a short period Service Disruption: 1-2 Days Service Resource Diversion: Up to 30%	Negative local publicity of a persistent nature	£500k - £1m
Very Low	1	Minor injury to an individual requiring hospital treatment	Significant effect to non-crucial service area Service Resource Diversion: Less than 20%	Negative local publicity	£250k - £500k

**Appendix 2 – Service/Divisional Risk Descriptor** (Score is highest in any column)

<b>Likelihood: Of the risk / hazard occurring</b>				
<b>Likelihood</b>	<b>Rating</b>	<b>Probability</b>	<b>Description 1</b>	<b>Description 2</b>
Very High	5	> 50%	More likely to occur than not	Regular occurrence. Circumstances frequently encountered -daily/weekly
High	4	21 – 50%	Likely to occur	Likely to happen at some point within the next 1-2 months. Circumstances occasionally encountered (few times a month)
Medium	3	6 – 20%	Reasonable chance of occurring	Only likely to happen every 3 or more months
Low	2	1 – 5%	Unlikely to occur	Has happened rarely
Very Low	1	< 1%	Will only occur in exceptional circumstances	Very low probability / never before

<b>Impact: Most probable result or consequence of the risk/hazard occurring</b>					
<b>Impact</b>		<b>Impact on:</b>			
	<b>Rating</b>	<b>Individual</b>	<b>Service</b>	<b>Reputation</b>	<b>Finance / Budgets</b>
Very High	5	Significant injury to an individual or several people requiring hospital treatment	Major effect to an important service area for a short period Service Disruption: 1-2 Days Service Resource Diversion: Up to 30%	Negative local publicity of a persistent nature	£500k - £1m
High	4	Minor injury to an individual or several people requiring hospital treatment	Significant effect to non-crucial service area Service Resource Diversion: Less than 20%	Negative local publicity	£250k - £500k
Medium	3	Minor injury or discomfort to an individual or several people (First Aid treatable)	Brief disruption of important service area. Service Disruption: 1 Day Service Resource Diversion: Up to 10%	Merited complaint from an individual or group	£100k – 250k
Low	2	Minor injury or discomfort to an individual (First Aid treatable)	Brief disruption of non-crucial service area Service Disruption: 1 Day Service Resource Diversion: Up to 5%	Complaint from individual/small group	£50k – 100k
Very Low	1	No injury	Insignificant disruption of service area. Service Disruption: less than 1Day Service Resource Diversion: Less than 5%	Complaint from an individual	Less than £50k

## **RISK MANAGEMENT WORKING PARTY**

### **TERMS OF REFERENCE**

#### **1 Mission Statement**

*The Risk Management Policy of the London Borough of Lewisham is to adopt good practices in the identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level.*

#### **2 Aims & Objectives**

- To promote the identification, evaluation, measurement, control, financing and transfer of all strategic risk exposures in relation to all functions (insurable and non-insurable) that threaten the achievement of the Authority's objectives.

#### **3 Operational brief**

- To establish a strategy for each year which includes a programme designed to:
  - Advise the Internal Control Board
  - Set up strong communication links with all parts of the organisation and its partners
  - Set realistic objectives and targets for RMWP representatives, including the production of Directorate risk registers action plans and progress reports
  - Agree a programme of cross-cutting risk management initiatives, buying in expertise where it becomes necessary
  - Retain flexibility to anticipate and respond to changes in circumstances
  - Approve funding of projects/initiatives to reduce risk within available resources
  - Co-ordinate the development of Directorate Risk Registers and monitoring of Risk Management Action Plans and process.
  - Develop and review the Risk Management Policy and Strategy

- Monitoring of process
- Provision of executive control and support
- Undertake the compilation of evidence and assurance to inform the annual review
- To develop the procedures needed to implement the Policy and take corrective action where non-compliance is identified
- To follow best practice in risk management practices
- Develop a training programme to raise risk awareness
- To act as champions and influence and stimulate changes in working practices to reduce risk
- To keep key risk areas under regular review
- Monitor performance
- Report regularly on the activities being undertaken
- Receive reports on the Authority's significant risks

#### **4 Organisation**

The Risk Management Working Party shall comprise of:

- ❖ Audit, Risk & Health & Safety Manager (Chair)
- ❖ Group Manager Insurance & Risk
- ❖ Head of Property Services
- ❖ Business Continuity Manager
- ❖ Senior Representatives from:
  - Resources
  - Regeneration
  - Children & Young Persons
  - Community Services
  - Customer Services
- Representatives from
  - Brokers/Risk Management (as advisors) as/when required

- Internal Audit (as advisors and for monitoring and control)

From time to time, representatives from the Authority's key partners (e.g. Schools, Health, Contractors etc) may be invited to attend Risk Management Working Party meetings. Directorate representatives shall be responsible for identifying occasions where such representation would be advisable.

The Risk Management Working Party shall establish focused task groups with the objective of considering particular specialised tasks and representatives of the Working Party shall be responsible for identifying the appropriate personnel from within their Directorates to support such groups.

The Risk Management Working Party shall report to the Internal Control Board quarterly or when significant matters arise.

The sponsor of the Risk Management Working Party shall be the Executive Director for Resources

## **Appendix 4 – Corporate Internal Control Board Terms of Reference**

### **Corporate Internal Control Board**

#### **Membership**

- Independent non-executive Chair
- Chief Executive
- Executive Director for Resources
- Executive Director for Children & Young Persons
- Executive Director for Regeneration
- Executive Director for Community Services
- Executive Director to Customer Services
- Audit & Risk Manager
- Head of Law
- Group Manager Insurance & Risk

#### **Terms of Reference**

1. To identify and manage key strategic risks that could prevent the Council from meeting its objectives
2. To link risks to the corporate priorities and assess the likely impact and consequences of those risks
3. To allocate responsibilities for controlling identified risks
4. To complete the Corporate Risk Register, reviewing and monitoring this on a quarterly basis
5. To receive and review quarterly reports from the Risk Management Working Party (RMWP) on Directorate Risk Registers
6. To receive regular reports on Internal Control within the Authority
7. To ensure a corporate approach to the management of risk, health and safety and emergency planning
8. To support the risk management reporting and review framework, detailed in the Risk Management Strategy
9. To oversee the annual review of the System of Internal Control and produce the Annual Governance Statement

#### **4.1 Frequency of Meetings**

Quarterly

#### **4.2 Accountability and Links**

- Receives quarterly reports from RMWP on Directorate Risk Registers
- Reports to Management Report quarterly
- Report to Audit Panel bi-annually
- Report to Mayor & Cabinet and full Council on an annual basis