

STRATEGIC RISK – GOVERNANCE

Risk management is an essential component of the Council's overall governance and internal control arrangements. It provides the framework and processes to enable the organisation to manage risk in a systematic, consistent and efficient way.

Strategic risks are those risks that are of significant, cross-cutting importance to the council such that they are considered to require the attention and oversight of the council's senior management team. Strategic risks reflect a combination of organisational 'resilience' and 'governance' type risks together with risks that are more transient in nature. Organisational 'resilience' type risks typically include business continuity and disaster recovery whilst organisational 'governance' risks typically relate to those areas where ongoing assurance in respect of arrangements in place to manage risk is appropriate e.g. safeguarding, information governance, health and safety.

In addition, there will be risks that are more transient in nature and may reflect new or emerging risks where Finance, Commercialisation & Programme Management Board ('the Board') oversight is considered necessary. Often these may only require oversight for a limited period whilst suitable risk mitigations are developed and implemented.

Report Format

The Strategic Risk Register is presented in an 'Assurance' type format with each Strategic Risk having an overall 'Current Risk Score' based on a combined assessment of the likelihood or probability of the risk event occurring and its potential impact, after considering the controls already put in place. Each risk also has a 'Target Risk Score' which is intended to reflect 'where the risk is now' with where 'we would like to risk to be'. The risk scores are captured on a 'Weighted Risk Matrix' that forms part of the Strategic Risk Register together with an overall 'Summary' and an 'Exceptions' report which is intended to flag issues or areas of specific concern.

Each strategic risk has its own report the which includes 'Expected Key Controls' (that inform and direct the type and nature of the required mitigating actions), 'Sources of Assurance' (that reflect the existing controls in place to manage the risk) and 'Mitigating Actions/Comments' (detailing further actions being undertaken or planned to further manage the risk). Each 'Expected Key Control' is then 'scored' at the end of each quarter in terms of the level of assurance that can be placed on the effectiveness of the controls /mitigations in place.

Reporting arrangements

The Board will be presented with the updated Strategic Risk Register on a quarterly basis. In addition, the information in respect of the Council's strategic risks will be to the Governance Committee on an annual basis as part of an annual 'Risk Management Report' noting that the Governance Committee is *"responsible for ensuring that an adequate and effective framework for the identification and management of risk is in place and that appropriate action is being taken to manage risk"*.

Responsibility of the Finance, Commercialisation & Programme Management Board

The Board is responsible for identifying and agreeing the Council's strategic risks and for ensuring that appropriate actions are in place, or are being taken, to manage the risks in a way that reflects the council's overall risk appetite. The Board may periodically seek further information or assurance in respect of an individual risk and in such cases a 'deep dive' will be undertaken and presented to the Board by the 'Risk Owner'.

The Board is also responsible for ensuring that any new, emerging or changing risks are identified and considered. Individual Executive Directors may also seek to escalate a significant 'director risk' for proposed inclusion on the Strategic Risk Register. Any such risk would however be expected to be of

significant, cross-cutting importance to the council such that it is considered to require Board oversight. Where an Executive Director proposes a new risk for inclusion in the Strategic Risk Register, any such proposal must include sufficient information to enable the Board to give it proper consideration. Proposals should be submitted in advance to the Risk and Insurance Manager.

In addition, on an annual basis, the Board will also receive a summary of 'Core Cities' strategic risks in order to consider how the council's strategic risks compare or contrast to those identified by Core Cities.

Responsibility of Risk Owners

It is the responsibility nominated 'Risk Owner', as detailed on the Strategic Risk Register, to ensure that the risk is reviewed and updated to reflect position at the end of each quarter. This review should include the 'risk description', the 'overall risk scoring', the 'assurance levels' and assurance that all significant issues/controls relating to the risk have been captured. The 'Risk Owner' will typically be an Executive Director however it may be an internal Board or Group that has operational responsibility for managing an issue on behalf of the Council. In such circumstances it is the responsibility of the Chair of the respective Board or Group to provide an agreed update.

Responsibility of the Risk and Insurance Manager

It is the responsibility of the SCC Risk and Insurance Manager to review, critically challenge and quality assure the Strategic Risk Register, in consultation with the 'Risk Owner' or their nominated lead, on at least a quarterly basis. The Risk and Insurance Manager will facilitate and collate the quarterly updates and present the updated Strategic Risk Register to the Board together with a Briefing Note to highlight any key issues. The Risk and Insurance Manager will also, on at least an annual basis, collate and present a summary of 'Core Cities' risks to the Board.

Where the Board may seek further information or assurance in respect of an individual risk the Risk and Insurance Manager will liaise with the 'Risk Owner' in terms of undertaking any 'deep dive' exercise.

Review

This document will be reviewed annually with any significant proposed changes reported to the Board for approval.