Barking &
Dagenham

Risk Management Strategy

May 2025

1. Introduction

The Council recognises and accepts that it is required to put in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

This Risk Management Strategy seeks to outline the Council's approach to risk management, to support a robust and consistent process for managing risks and opportunities within the Council. The strategy has been designed to serve as an accessible and practical resource to guide risk management and seeks to embed a culture that exemplifies best practice and high levels of risk maturity.

Specifically, the strategy seeks to:

- Implement a risk management process that is fit for purpose and complements other elements of the Council's governance processes;
- Ensure a consistent understanding and application of the Council's risk appetite and risk tolerance;
- Equip managers with the skills required to identify and assess risk and communicate this appropriately and effectively;
- Enhance the reporting and treatment of risks;
- Enable informed decision making;
- Encourage effective information sharing and collaboration across and between services to manage risks and opportunities in an efficient and joined-up way.
- Adopt best practice principles in respect of risk management and good governance.

Whilst the Strategy is intended for application within LBBD, its principles should be extended to each of the Council's companies who are responsible for their own management of risk. The Council should satisfy itself that the systems in place are effective and report accordingly or otherwise to the appropriate Board within the Council's governance structure.

2. Risk Management Strategy

A *risk* is typically defined as:

> '*the effect of uncertainty on the achievement of objectives*'

Risk Management is therefore the process which helps the Council to understand, evaluate and take action on risks, with a view to increasing the probability of success and reducing the likelihood of failure.

2.1 Vision

The overarching vision of our risk management strategy is to assist the Council with achieving its strategic objectives through the application of best practice risk management principles.

As with every business, there is an element of inherent risk associated in everything we do. As a Council we are accountable for delivering a wide-range of services in a fast-paced, complex and changing environment. This naturally presents a number of risks that we must manage carefully, whilst also providing opportunities to innovate and to do things differently.

However, we know that we cannot eliminate all risk and uncertainty and that we must embrace risk to some degree if we are to achieve our objectives and ambitions. This means that risk management is not about being 'risk averse' – it is being 'risk aware'. By being risk aware and managing risks effectively, we can enhance our resilience and our ability to respond effectively to emerging risks or increasing threats. Risks can also bring opportunities, and by being risk aware we can make sure we are best placed to take advantage of those opportunities when they arise.

Effective risk management practice is also about finding the right balance between an approach which is overly bureaucratic and onerous, and one which lacks rigour. Risk management works best when it forms part of existing decision-making and management processes, rather than an addon or something that is left to corporate management. It's therefore important that all members and officers understand their roles and responsibilities for managing risk.

2.2 Risk Management Principles

The following principles underpin our risk management strategy. They are practical in that they inform and guide our approach to risk management, whilst also being aspirational and providing objectives to progress towards.

Embedded	Risk Management is an integral part of decision-making; interlinked with governance, service planning and performance management disciplines. It is intrinsically linked to our corporate objectives and priorities.
Shared Accountability	Risk management is everyone's responsibility, but there are also clear and specific roles and responsibilities for risk management processes, for individual risks and for their associated actions
Agile	Our approach to risk management is forward-looking and supports the Council to be agile, innovative and to take calculated risk
Responsive	Risk management processes and activities should be dynamic and responsive to emerging and changing risk
Resilience	The risk management strategy supports risk-based decision-making and helps improve the Council's resilience
Proportionate	Risk management focuses on the things that matter, adds value and our responses are commensurate with potential threats

2.3   Risk Appetite

Risk appetite is defined as the amount and type of risk that an organisation is willing to take in pursuit of its objectives. The Council's risk appetite varies depending on the type of risk. The Council is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Risk appetite is commonly expressed as a statement which explains what the Council sees as acceptable, taking into account organisational capability and capacity. The risk appetite statement is a fluid statement and is revisited regularly.

The Council recognises that delivering our strategic ambitions is not without risk and we will not shy away from taking considered risks to innovate and improve. A risk appetite that is defined in too rigid terms can hinder innovation and creativity. Appropriate risk-taking, underpinned by sound risk management, will support the Council to deliver its strategic ambitions. However, it is equally appreciated that a formally defined risk appetite is a key component to an effective risk management strategy. As a general rule, the Council will not tolerate the following risks:

☒ **Risks rated red on the risk matrix that are avoidable – other than in fully documented exceptional circumstances;**

☒ **Risks which would result in harm to our residents, staff or any groups or individuals;**

☒ **Risks that might cause harm to the environment;**

☒ **Risks which would result in breach of laws or regulations;**

☒ **Risks which would result in the Council becoming financially unviable;**

☒ **Risks that would result in a long-term detrimental impact on our reputation.**

In addition to the above risk appetite statement, *target risk scores* will be applied for each of the Council's strategic risks. Target risk scores indicate the level of risk that the Council is working towards achieving or maintaining and reflects the desired optimum level of risk. There are a number of considerations in determining target risk scores, including the extent to which external factors outside of the Council's control drive the impact and/or likelihood of a risk occurring, and cost versus benefit considerations. The rationale for target risk scores will be determined on a risk-by-risk basis.

2.4 Roles and Responsibilities

All Council officers and Members have a role to play in managing risk. Some individuals or groups have specific roles and responsibilities which are set out below:

All staff	Manage day to day risks within their areas of responsibilities and report risk concerns to their line managers.
Risk owners	A risk owner is the lead officer for the area affected by the risk. It is the risk owner's responsibility to ensure that appropriate resources are allocated to manage risk and that action plans are being implemented. They may delegate day-to-day management of risks, but they are responsible for seeking assurance that the risks they own are managed effectively.
Heads of Service & Project Managers	Responsible for effectively managing risks within their areas of responsibility, including identifying risk ownership. Identify, assess and document significant risks and escalate appropriately if required.
Head of Assurance	Take ownership of the Council's Risk Management Strategy and maintenance of the Strategic Risk Register. Periodic reporting to Members of strategic risk management updates. Provision of risk management strategy, support and advice across the Council.
Directors	Deliver effective risk management within their area of responsibility to deliver business objectives. Responsible for timely escalation of significant risks. Encourage staff to be open and honest in identifying risks and opportunities.
Strategic Directors	Ensure key risks are being identified and managed to aid delivery of the Council's priorities and objectives. Promote effective risk management and risk-based decision-making within their areas. Risk owners for strategic risks.
Executive	Promotes an effective risk management culture across the Council. Responsibility for ensuring that strategic risks are managed and reported appropriately.
Assurance Board	Monitor and seek assurance that the Council's risk management framework is effective. Responsibility for monitoring the effective development and operation of risk management in the Council.
Audit and Risk Committee	Monitor and seek assurance that the Council's risk management framework is effective. Responsibility for monitoring the effective development and operation of strategic risk management in the Council.
Cabinet	Have ultimate accountability to agree risk appetite and ensure that risks are managed effectively throughout LBBD by maintaining effective systems of risk management and internal control. Approve the Council's Risk Management Strategy.

2.5   Risk Governance

The risk management strategy is underpinned by ownership and accountability. Strategic objectives and risk tolerance levels are set by the Executive, who are reliant on staff at every level of the organisation escalating risks through formal reporting structures in line with the organisation's risk appetite. The risk governance arrangements ensure appropriate oversight of risk management and assurance of its effectiveness.

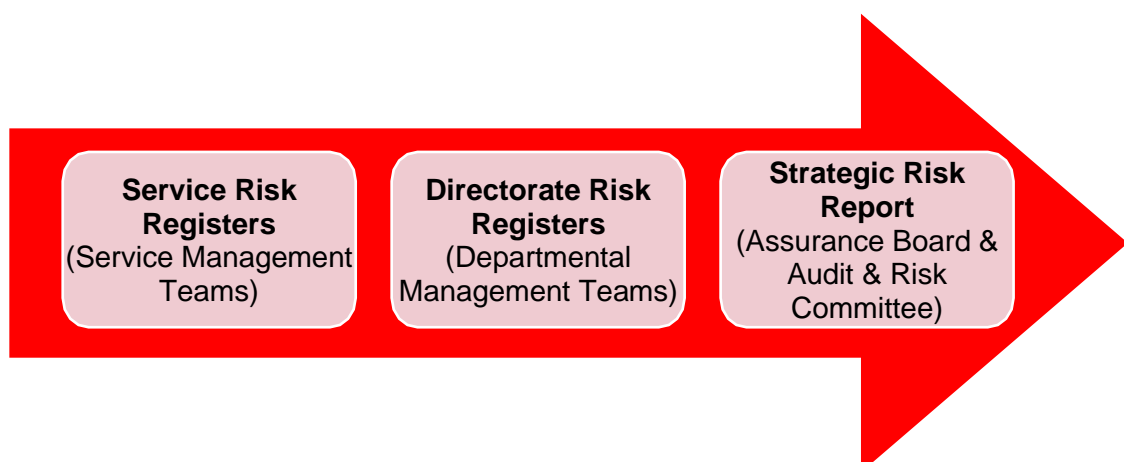The governance structure aligns to the 'Three Lines of Defence' model which can be summarised as:

- **First line:** Managing risks in day-to-day operations in line with internal controls (policies, procedures, and standards).

- **Second line:** Roles and teams that put controls in place and monitor compliance, and the risk management function.

- **Third line:** Independent assurance that the controls are effective in managing risk.

2.6   Risk Reporting

Each service and department should conduct risk assessments and keep a risk register to document the risks identified for their area and the controls in place to manage them. Risk owners are responsible for regular monitoring of progress and updating the risk register. They may nominate a risk-coordinator to facilitate reporting of risks within their area of responsibility. Risk owners are also responsible for escalating risks to the next management level if risk exposure reaches agreed trigger points.

The Council's Head of Assurance function is available to advise and support the development of a risk register. However, the service/department is responsible for the risk register, reflecting the fact that they own the controls and are responsible for monitoring and updating of risk and action items on their risk registers. Risk registers should follow the format of the template provided in Appendix A.

The Strategic Risk Report covers the Council's corporate level risks and is owned by the Executive. The Head of Assurance is responsible for working with risk sponsors and nominated risk leads to update all strategic risks, and report to Assurance Board and the Audit and Risk Committee.

Service Risk Registers (Service Management Teams)

Directorate Risk Registers (Departmental Management Teams)

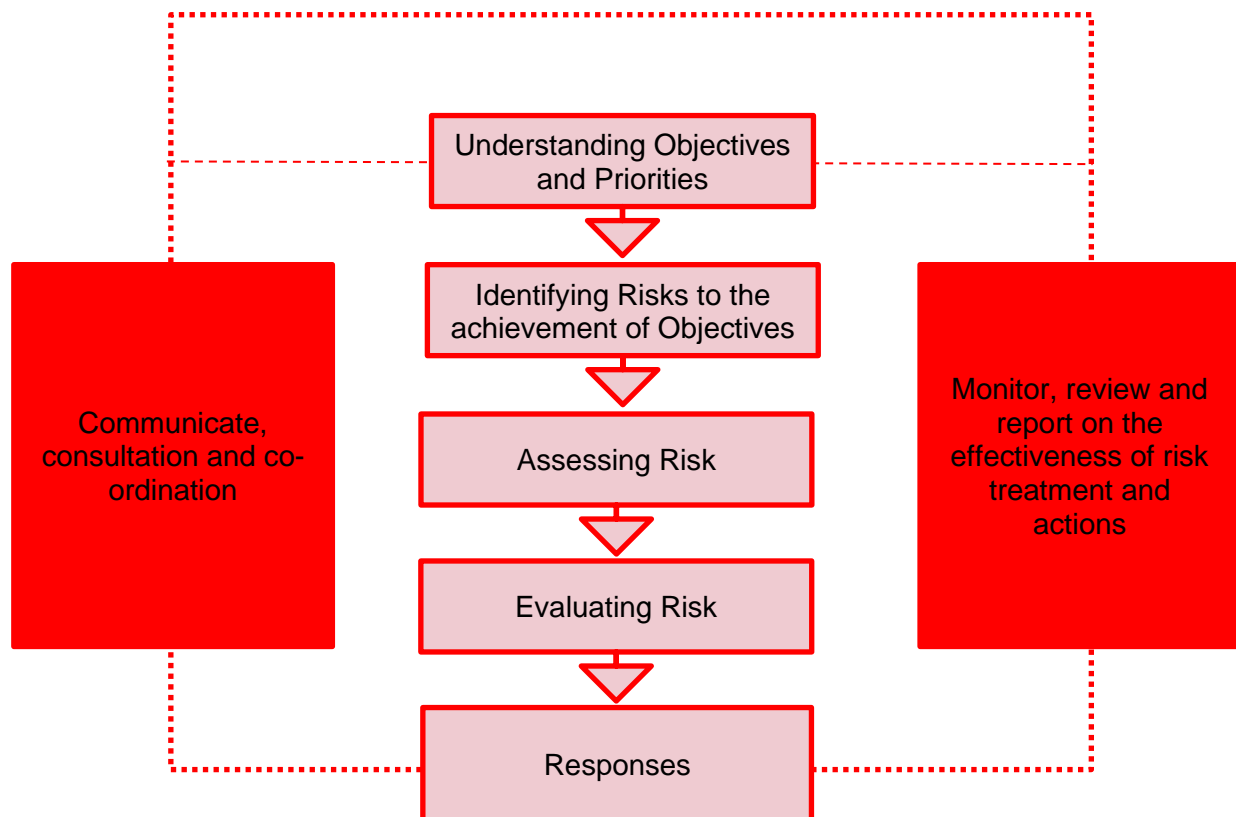**Strategic Risk Report** (Assurance Board & Audit & Risk Committee)

2.7　Escalation Triggers

Escalation triggers for departmental or service level risk registers cannot be defined because the risk profile and appetite of each department and service will vary considerably across a number of factors (including size, budget, complexity, the regulatory framework it may operate within, and the types of services provided to residents). A uniform view to escalating all risks is therefore not appropriate. Departments and Services should agree their own individual escalation triggers, including financial impacts, as and where appropriate, to reflect the individual and specific circumstances of each service/department. (Note: financial limits should not *exceed* those set below for the strategic risks).

To ensure a holistic view of all of the Council's risks, service and departmental risk registers will be reviewed when compiling the Council's Strategic Risk Report. Departmental risk registers will also be reported to Assurance Board as requested.

3.   Risk Management Process

The following seven-stage process should be applied for managing all risks. This process provides a systematic and consistent approach to manage all different types of risks.

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                    │ Understanding Objectives  │
                    │      and Priorities       │
                    └──────────────────────────┘
                                 ▼
                    ┌──────────────────────────┐
                    │ Identifying Risks to the  │
┌────────────────┐  │  achievement of Objectives │  ┌────────────────┐
│ Communicate,   │  └──────────────────────────┘  │ Monitor, review │
│ consultation   │               ▼                 │ and report on   │
│ and co-        │  ┌──────────────────────────┐  │ the effective-  │
│ ordination     │  │     Assessing Risk        │  │ ness of risk    │
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                    │       Responses           │
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3.1   Starting with Objectives

The Council's objectives provide the starting point for any management of risk. The Corporate plan defines the Council's corporate objectives and priorities, and departmental and service level objectives are defined within relevant service plans. It is important that risk is not thought about in the abstract, but about events that might affect the Council's achievement of its objectives. These may be problems to avoid or opportunities to grasp. It is also important to consider all of the Council's objectives, including those that are inherently implied (for example, delivering value-for-money and financial propriety).

3.2   Identifying Risks

The aim of risk identification is to understand the overall risk profile. At this stage, it is useful to consider a wide range of risks that could have an impact on the ability to achieve objectives. A risk may have an impact on one or more objectives. Some risks may be outside of our direct control but should still be identified. Risk management considers threats as well as identifies

opportunities.

The table below presents examples of risk categories and areas that could be used as a starting point for identifying risks and opportunities:

Political	Direction of Government policy and possible changes in the future, tax policy, trade restrictions, political stability.
Economic	Economic trends nationally, cost of living, wage rates, interest rates, inflation, exchange rates, credit availability.
Social	Trends in demographics, consumer patterns, family life, community cohesion, residents' expectations, cultural reforms and attitudes.
Technology	Existing and emerging technology to deliver services, maturity of technology.
Environmental	Environmental factors that may hamper the delivery of objectives, adverse weather, changing climate.
Legal	Existing and future legislative and regulatory requirements, equal opportunities, health and safety, employment law, risk of legal claims.
Governance	Clarity and transparency of decision-making and accountability, adequate monitoring, clarity of work plans.
Operational	The design and efficiency of internal processes, value for money, quality and quantity of service or product, fraud.
People	Leadership ability and effectiveness, staff engagement, culture and behaviours, industrial action, capacity and capability.
Public Health	Pandemics and other high impact public health events.
Financial	Return on investment, quality of financial management, asset management, compliance with financial reporting, fraud.
Commercial	Managing contracts and supply chains, poor performance, inefficiencies, value for money, meeting business requirements.
Information	Quality of data and information, adequate use of available data, data protection, information governance, cyber-attacks.
Security	Managing access to premises and information, cyber security, staff safety and security.
Reputational	Ethical considerations, poor quality of services, lack of innovation, repeated mistakes. Not managing risks appropriately can damage the reputation of individual departments as well as Council as a whole.
Project	Alignment of activities with strategic priorities, realising the intended benefits, delivering on time and within budget, interdependencies between projects.
Partnerships	Strategic and operational risks, conflict of interest, reputational impact, managing stakeholders.

It is also important to consider risks from different levels and perspectives, including:

- **Strategic Risks -** these are the Council's most significant risks which have the potential to significantly impact on the success of the Council as a whole. These are often strategic, cross-cutting and have the potential to impact a range of different areas or functions.

- **Directorate Risks –** these are risks that are often specific to a particular

department, though with cross-cutting elements across a number of services and functions within the department.

- **Service risks –** these are risks that relate to a specific service area, with the potential impacts of the risk predominantly confined to the service.

- **Project/Programme risks –** these risks are risks that may impact on the scope, outcomes, budget or timescales or a specific project or programme.

- **Decision-making risks -** These are the potential risks that flow from a decision to pursue, or not to pursue, a particular course of action and which may impact on the delivery of the associated outcomes. Risk assessment at this level is likely to be at a relatively early stage, forming the basis of future risk management at one or more of the levels above. Considering risk whenever significant decisions are made is a key component of the Council's approach to risk management.

3.3 Assessing Risks

After risks have been identified, they need to be analysed further to better understand how to manage them. The purpose of risk analysis is to articulate what would cause the risk to occur and what the consequences would be if it happened. Once we understand cause and consequence, we can analyse the controls we have in place to manage the risk and their effectiveness. Proactive controls are designed to reduce the likelihood of the risk happening. Reactive controls will reduce the impact, or consequence, if the risk were to become reality. The 'bowtie' diagram below summarises the risk assessment and analysis process:
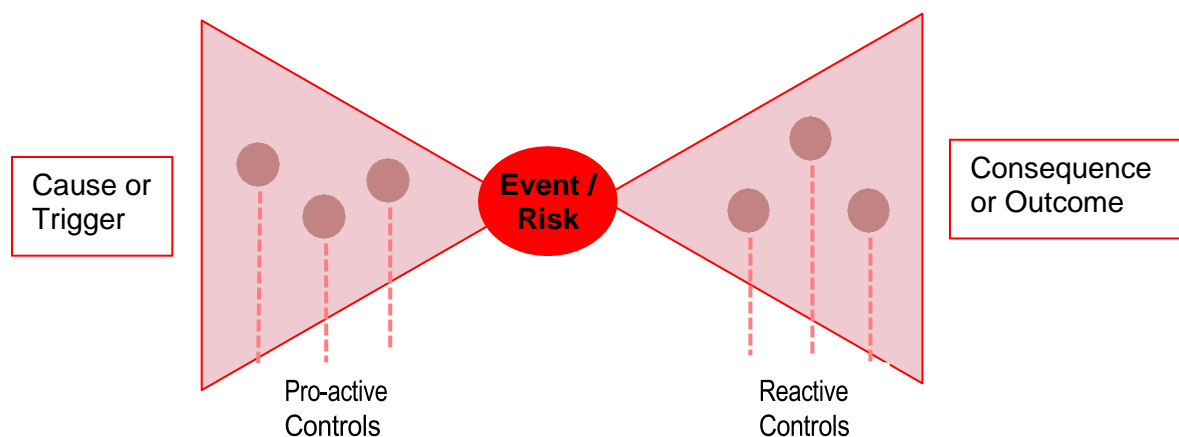
3.4 Evaluating Risks

The next stage in the process is to evaluate the risk to establish the level of threat to the Council's objectives. This helps to identify the risks which can be tolerated and those which require additional action. It also helps to facilitate the prioritisation of risks. Risks are scored and expressed in numerical terms by multiplying the likelihood of a risk by its impact. A *current risk* scoring method is

applied, meaning that the likelihood and impact of the risk is considered in view of the current controls in place.

Likelihood is defined as *the probability of a risk occurring.* The following scoring criteria should be applied across all of the Council (i.e., the criteria remain consistent for assessing all of the Council's risks).

Likelihood Scoring Criteria

Score	Level	Descriptor
5	Very Likely	*This event is expected to occur in most circumstances.*
4	Likely	*There is a strong possibility this event will occur.*
3	Possible	*This event might occur at some point and/or there is history of occurrence of this risk at this and/or other Councils.*
2	Unlikely	*Not expected, but there's a slight possibility it may occur at some point.*
1	Rare	*Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.*

Impact refers to *the consequences of the risk if it was to occur.* The impact scoring criteria below has been set for evaluating the Council's Strategic Risks:

Impact Scoring Criteria

Score	Descriptor			
	Financial	Service Delivery	Health and Wellbeing	Reputation
5	*Major Financial loss (above £2m)*	*Major disruption to a number of critical services*	*Multiple deaths / serious life-changing injuries / extreme safeguarding concerns.*	*Long term damage – e.g. adverse national publicity.*
4	*Significant Financial loss (above £1m)*	*Major disruption to a critical service.*	*Multiple casualties with life changing injuries / significant safeguarding concerns.*	*Medium to long term damage – e.g. adverse local publicity.*
3	*Moderate Financial Loss (less than £1m)*	*Moderate disruption to a critical service*	*Moderate risk of injury / noticeable safeguarding risks.*	*Medium term damage*
2	*Small Financial loss (less than £500k)*	*Moderate disruption to an important service.*	*Low level injuries / safeguarding risks.*	*Short term damage*
1	*Minor financial loss (less than £100k)*	*Brief disruption to important service*	*No immediate impacts to health or wellbeing*	*Some damage to specific functions*

Similarly to escalation triggers, separate scoring criteria has not been proposed for departmental or service level risk registers, as it is acknowledged that the risk profile of each department and service will vary considerably across a number of factors (including size, budget, complexity, the regulatory framework it may operate within, and the types of services provided to residents) and therefore a uniform view to evaluating all risks is not appropriate.

Departments and Services should therefore adjust and agree revised impact criteria, including financial impacts, as and where appropriate, to reflect the individual and specific circumstances of each service/department. (Note: financial limits should not *exceed* those set above for the strategic risks).

Once risks have been evaluated and scored, they are plotted on a heat map for an overview of the total risk profile.

The heat map visually identifies the highest- ranking risks and the cumulative risk level. It also assists departments, services and the Council to consider its overall risk exposure and appetite.
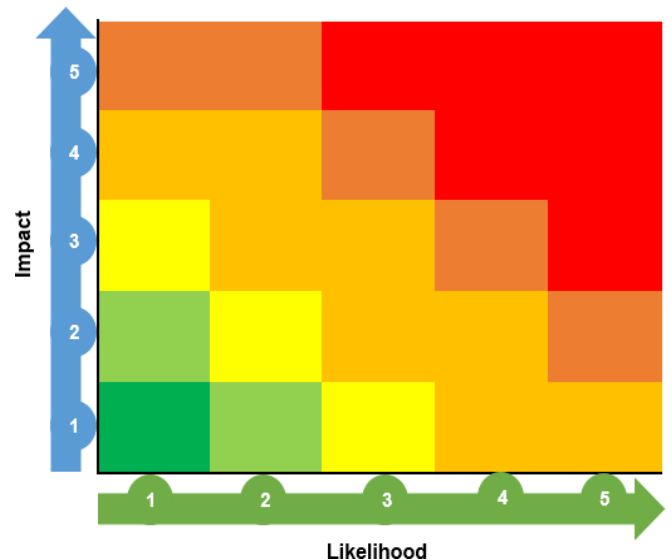
3.5   Responding to Risks

The options of responding to a risk are referred to as the 4 T's:

- **Treat:** Applying proactive and reactive controls and other actions to reduce risk levels to acceptable levels.

- **Tolerate:** The risk exposure may be tolerable if no future action is taken, or the ability to treat the risk is limited, or the cost disproportionate to the benefits.

- **Transfer:** Transfer all or some of the consequences to another party, most commonly through insurance.

- **Terminate:** Cease the activity that is giving rise to the risk.

The most common response is to treat the risk by increasing or modifying controls and mitigating actions.

3.6   Monitoring and Review

All relevant risk information should be documented in the appropriate risk register(s). This facilitates regular monitoring of implementation of mitigating actions and assessment of their effectiveness in reducing the risk level.

New risks should be added as they are identified. High scoring risks should be monitored more frequently to ensure appropriate action is being taken. It is the risk owner's responsibility to monitor that action is taken forward and risk information is being updated. The Strategic Risk Register will be reviewed and updated twice a year, and at more regular intervals where required.

Department and service level risk registers are dynamic risk management tools that should be reviewed on an ongoing basis, with formal management reviews undertaken at least twice a year.

3.7   Risk Communication

Accurate and timely communication of risk information is crucial if we are to realise the benefits of risk management activities. Open, honest and transparent risk communication is a sign of a strong risk culture.

The Council's risk communications take many forms, including:

Formal communications

- Risk reporting – Directorate Management Teams, Assurance Board and the Audit and Risk Committee receive regular updates to provide assurance that risks are being effectively identified and managed across the Council.

- External risk communication – engagement with residents and members to present risks associated with new projects and services.

Informal communications

- LBBD intranet - sharing the risk strategy and resources with staff and other ad hoc communications to raise awareness of risk management.

- Training sessions on risk management and the strategy.

- Facilitated workshops with teams to support them to improve their risk management processes.

3.8 Managing risk in projects and programmes

Whilst project and programme management may be undertaken in line with separate governance models and reporting structures, the principles of the risk management process in this strategy can be applied to project and programme risks as well.

Risk management in this context is focused on risks to the successful delivery of the intended benefits of the project or programme. This might include managing risks related to partnerships and interdependencies between projects. For large and/or high-profile projects, risks may be of such strategic importance that they should feature in the Strategic Risk Report. Project/programme sponsors should consider the impact criteria, as set out above, when assessing if a risk meets the criteria for corporate oversight.

Major programmes (i.e. those reported cyclically to the Executive Team) should share their risk registers with the Head of Assurance.

3.9 Guidance and Training

The Head of Assurance can facilitate training to support the Council's risk management activities. This may take a number of forms, including one-to-one guidance; providing templates, guides and tools; team meeting training sessions; and facilitated risk workshops.

4. Conclusion

A robust risk management strategy and framework enables the Council to manage risk as an integral part of governance and management. The benefits of the risk management strategy include:

- Creating a positive risk culture so that the Council can take well-managed risks and take advantage of opportunities;
- Focussing decision-making on the priority issues for the Council, with clear links to strategic ambitions;
- Engaging staff at different levels in the Council and promote greater understanding of how risk links to strategic objectives;
- A structured process for handling current and emerging risks.

5. Appendices

Appendix A – Risk Register Template

Appendix A – Risk Register Template

1. Risk Title	Executive Sponsor:		
Risk Summary	**Risk Update (recent developments, progress and concerns)**	**Risk Scores**	**Existing Controls**
Cause Event Consequence		Previous Current Target	
Action Plan			
1. 2. 3			