

# Risk Management Strategy

“Successful organisations are not afraid to take risks;  
Unsuccessful organisations take risks without understanding them.”

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## **CONTENTS**

<b>1. Introduction</b>	<b>4</b>
<b>2. Definitions</b>	<b>4</b>
<b>3. Why we need to manage risk</b>	
<b>3.1 Context</b>	<b>5</b>
<b>3.2 Benefits</b>	<b>5</b>
<b>4. Warwickshire's Risk Management Approach</b>	<b>5</b>
<b>5. Roles and Responsibilities</b>	<b>9</b>
<b>6. Embedding Risk Management</b>	<b>12</b>
<b>7. Culture</b>	<b>12</b>
<b>8. Training and Awareness</b>	<b>12</b>
 <b>Appendices</b>	
<b>Appendix 1 Checklist for Risk Identification</b>	<b>14</b>
<b>Appendix 2 Measures of Likelihood and Impact (including the Risk Matrix)</b>	<b>15</b>
<b>Appendix 3 Risk Response Categories</b>	<b>16</b>
<b>Appendix 4 Reviewing and Reporting Framework</b>	<b>17</b>

# **Warwickshire County Council**

## **Risk Management Policy Statement**

Warwickshire County Council (WCC) is a complex organisation, providing a diverse range of services to over half a million people living and working in Warwickshire. It works with other public, private and voluntary bodies to make Warwickshire a better place for people to live and work.

The Council recognises that every aspect of its work involves some risk: policy making, decision taking, action and implementation, regulation and spending, and making the most of opportunities to improve public services. In addition, there is an increasing expectation that we need to manage these risks well, minimise waste and inefficiency, and reduce unanticipated problems.

The Council's risk management objectives are to:

- Embed risk management into the culture of the Council
- Develop a balanced approach to managing the wide range of business risks facing the Council
- Integrate risk management into existing management processes
- Manage risk in accordance with legislation and best practice
- Establish a common understanding of the Council's expectations on risk management with partners, providers and contractors.

To achieve these objectives, the Council will:

- Maintain a robust and consistent risk management approach that will:
  - identify and effectively manage strategic, operational and project risks
  - focus on those key risks that, because of their likelihood and impact, make them priorities;
- Ensure accountabilities, roles and responsibilities for managing risks are clearly defined and communicated;
- Consider risk as an integral part of business planning, service delivery, key decision making processes, and project and partnership governance;
- Communicate risk information effectively through a clear reporting framework; and
- Increase understanding and expertise in risk management through targeted training and the sharing of good practice

The Risk Management Strategy will be reviewed every two years as a minimum to take account of changing legislation, government initiatives, best practice and experience gained within the Council. Key stakeholders are consulted as part of the review. Any amendments will be recommended for approval by Corporate Board and Members.

## 1. Introduction

The purpose of the risk management framework outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process
- Ensure risks are identified and assessed consistently throughout the organisation through the clarification of key concepts
- Clarify roles and responsibilities for managing risk
- Implement an approach that meets current legislative requirements and follows best practice including the new Standards BS 31100 and ISO 31000;

## 2. Definitions

**Risk** can be defined as “an uncertain event that, should it occur, will have an effect on the Council’s objectives and/or reputation.” It is the combination of the probability of an event (likelihood) and its effect (impact).

Risk management generated opportunities can arise as a consequence of effectively managing risks, for example additional grant funding or improved working practices.

**Risk management** is the “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.” By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

Risk management is applied at all levels of service delivery and include:

Corporate Strategic Risks – Risks that could have an effect on the successful achievement of our long term strategic ambitions/aims. These are:

- risks that could potentially have a council-wide impact and/or
- risks that cannot be managed solely at a business unit level because higher level support/intervention is needed.

Business Unit Risks – Risks at a business unit level that could have an effect on the successful achievement of aims/outcomes. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the business unit as a whole.

Contract Risks – Risks that could have an effect on the successful achievement of the contract’s objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.

Programme/Project Risks – Risks that could have an effect on the successful achievement of the programme or project’s objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

Partnership Risks – Risks that could have an effect on the successful achievement of the partnership’s objectives including engagement with key stakeholders (service users, third parties, partners etc.). These can be strategic and/or operational depending on the size and purpose of the partnership.

### **3. Why we need to manage risk**

#### **3.1. Context**

The Council has a statutory responsibility to have in place arrangements for managing risks and the Accounts and Audit (England) Regulations 2011 state that a local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

Furthermore, the CIPFA/SOLACE governance framework “Delivering Good Governance in Local Government” outlines the need for risk management to be embedded into the culture of the organisation, with members and officers recognising that risk management is part of their jobs.

#### **3.2. Benefits**

The benefits of having effective and embedded risk management to the organisation, and therefore the community of Warwickshire, are numerous:

- strengthens our ability to achieve objectives and enhance the value of services we provide;
- makes us more flexible and responsive to new pressures and external demands;
- enables informed decision making about policies and service delivery options;
- provides assurance to members and management on the adequacy of our arrangements for the conduct of business and use of resources;
- demonstrates openness and accountability;
- avoids surprises and minimises loss & waste;
- ensures better management of change programmes; and
- supports the realisation of the Council’s vision for Warwickshire

### **4. Warwickshire’s Risk Management Approach**

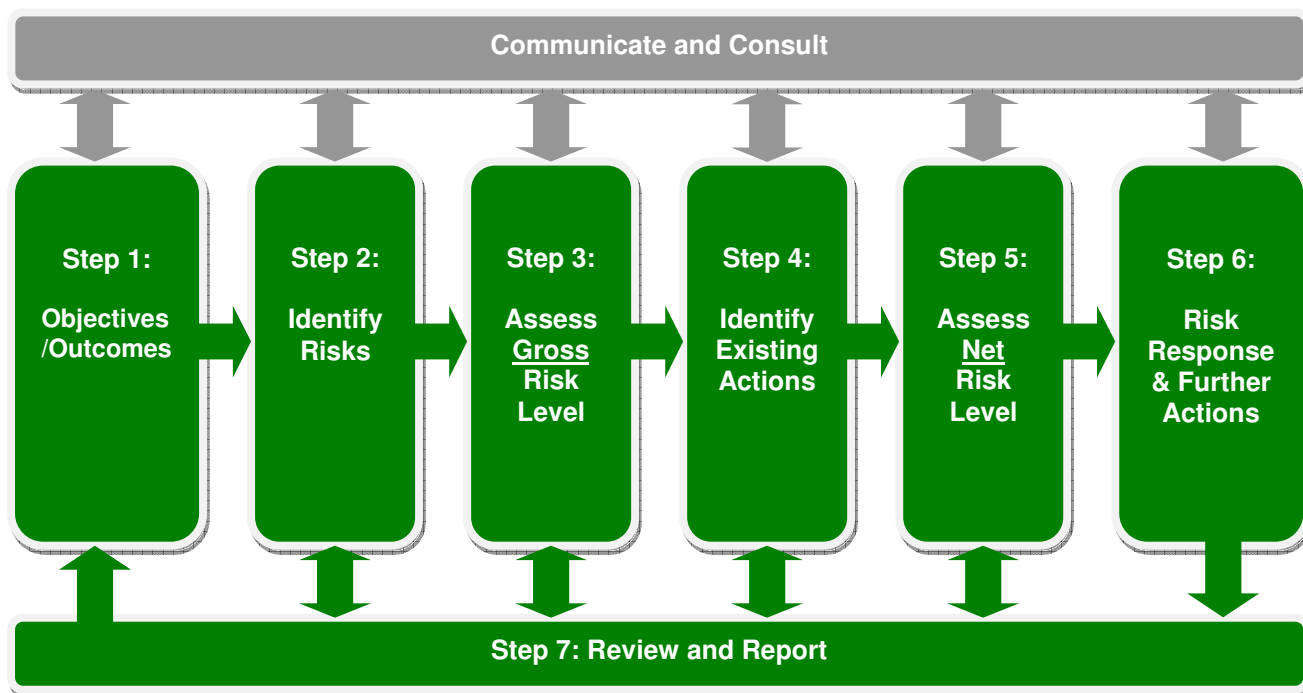
For a number of years the Council has been working towards a comprehensive and integrated approach to risk management where:

- staff are clear about what risk management is intended to achieve;
- significant risks are being identified and managed effectively;
- training and guidance on risk management are easily accessible;
- a consistent corporate approach is followed using a common ‘risk language’; and
- it is seen as an integral part of good corporate governance

This section details the agreed arrangements that are needed to ensure the effective management of risk across the organisation.

The Council's approach to risk management is based on best practice and involves a number of key steps as outlined in Diagram 1.

**Diagram 1: Warwickshire's Risk Management Approach**



Effective communication and consultation is critical to the successful management of risk. These are not one off standalone events but important factors at every point of the process and it is vital that staff at all levels across the organisation are involved if risk management is to be truly embedded and a useful management tool.

### **Step 1: Objectives / Outcomes**

Before we can identify our risks we need to establish the context by looking at what we are trying to achieve and what our proposed outcomes are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents, including the following:

- Corporate Business Plan (for strategic aims and ambitions)
- Business Unit Plans (for operational aims and outcomes)
- Project Brief/Project Initiation Document (for project aims and objectives)
- Programme Definitions/Plans (for programme aims and objectives)
- Partnership Agreements (for partnership aims and objectives)

### **Step 2: Identify Risks**

There are a number of different types of risks that an organisation may face including financial loss, failure of service delivery, physical risks to people, and damage to the organisation's reputation.

To act as a prompt and to ensure completeness, a checklist of risk categories has been developed around the acronym PERFORMANCE:

<b>P</b> olitical	<b>O</b> pportunities / Outcomes	<b>N</b> ew Partnerships / Projects / Contracts
<b>E</b> conomic	<b>R</b> eputation	<b>C</b> ustomers / Citizens
<b>R</b> egulatory	<b>M</b> anagement	<b>E</b> nvironment
<b>F</b> inancial	<b>A</b> ssets	

Examples of risks from each category are detailed in the Risk Identification Checklist (Appendix 1).

Describing the risk is equally important. Risks are usually described by using one of the following statements:

- |                    |                     |
|--------------------|---------------------|
| - Failure of ..... | - Ineffective ..... |
| - Lack of .....    | - Inefficient ..... |
| - Loss of .....    | - Poor.....         |
| - Damage to .....  | - Insufficient..... |

To ensure that risks are fully understood, and to assist with the identification of actions, both the cause and effect of each risk should also be detailed. Once identified, all risks are recorded in a 'Risk Register'.

A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk.

At this stage there may well be a long list of possible risks. The next step will help to prioritise these in order of importance.

### Step 3: Assess Gross Risk Level

To ensure resources are focused on the most significant risks, the Council's approach to risk management is to assess the risks identified in terms of both the potential likelihood and impact so that actions can be prioritised.

The risk management process requires each risk to be assessed twice – gross and net risk levels.

The first assessment (the 'gross' risk level) is taken on the basis that there is no action being taken to manage the identified risk and/or any existing actions are not operating effectively. In other words, the worst case scenario if the risk were to occur.

To ensure that a consistent scoring mechanism is in place across the Council, risks are assessed using the agreed criteria for likelihood and impact detailed in Appendix 2. When assessing the risk, the highest measure identified in each table is the score taken to plot the risk level on the risk matrix (Diagram 2).

Where likelihood and impact crosses, determines the risk level. For example, Possible Likelihood (2) and Very High Impact (4) would result in a risk level of 8.

The matrix uses a "traffic light" approach to show high (red), medium (amber) and low (green) risks.

**Diagram 2: WCC's Risk Matrix**

IMPACT	Very High (4)	4	8	12	16
	High (3)	3	6	9	12
	Medium (2)	2	4	6	8
	Low (1)	1	2	3	4
		Unlikely (1)	Possible (2)	Likely (3)	Very Likely (4)
		LIKELIHOOD			

The Council considers the gross risk to ensure that:

- informed decisions can be made about the consequences of stopping risk actions that are currently in place; and
- resources are not wasted over-controlling risks that are not likely to happen and would have little impact.

#### **Step 4: Identify Existing Risk Actions**

Existing actions, which are helping to minimise the likelihood and/or impact of the risk occurring, are identified for each risk. These actions are specifically those in place or completed.

#### **Step 5: Assess Net Risk Level**

The second assessment (the 'net' risk level) re-evaluates the risk, taking into consideration the effectiveness of the identified existing actions. In other words, the reality if the risk were to occur in the immediate future.

Net risks are prioritised by applying the same criteria and matrix used for assessing the gross risk level (Step 3). It is the risk owner's responsibility to ensure that the agreed net risk level for each risk is an accurate reflection of the likelihood and impact measures detailed in Appendix 2.

The Council considers the net risk to ensure that:

- identified risks are prioritised in terms of their significance as it is not practical or possible to manage every risk all of the time; and
- existing actions are relevant and effectively managing and/or reducing the likelihood or impact of the identified risks.

#### **Step 6: Risk Response and Further Actions**

Not all risks can be managed all of the time, so having assessed and prioritised the identified risks, cost effective action needs to be taken to manage those that pose the most significant threat

Risk may be managed in one, or a combination of, of the following ways:



- **Avoid** - A decision is made not to take a risk.
- **Accept** - A decision is taken to accept the risk.
- **Transfer** - All or part of the risk is transferred through insurance or to a third party.
- **Reduce** - Further additional actions are implemented to reduce the risk.
- **Exploit** - Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

These are described in more detail in Appendix 3.

It is important to note that the Council has a risk appetite, where it is prepared to accept the risk. This is illustrated by the black line on diagram 2 and means that any risk that has been assessed as a 'net red' risk must be a priority for immediate management action. A decision needs to be taken whether to avoid, transfer or reduce the risk (a 'net red' risk cannot be accepted).

## **Step 7 – Review and Report**

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact.

Warwickshire's approach is one where such reviews:

- are where possible part of existing performance monitoring timetables;
- focus on those risks that, because of their likelihood and impact, make them priorities.

Regular reporting enables senior managers and Members to be more fully aware of the extent of the risks and progression being made to manage them. Appendix 4 details the agreed reviewing and reporting arrangements aimed at providing the most appropriate and up to date information.

Risk registers are created and maintained on the Council's risk management software 'Magique'. This enables the Council to create a corporate risk profile, record and manage risks in a consistent way, map risks to objectives and risk types, monitor and review risks and produce meaningful management reports.

## **5. Roles and Responsibilities**

To ensure risk management is effectively implemented, all WCC Members and officers should have a level of understanding of the Council's risk management approach and regard risk management as part of their responsibilities.

### **All Employees**

- Manage day to day risks and opportunities effectively and report risk management concerns to their line managers
- Participate in risk workshops and action planning as appropriate
- Attend training and awareness sessions as appropriate

### **Risk Owners**

- Ensure that appropriate resources and importance are allocated to the process.
- Confirm the existence and effectiveness of existing actions and ensuring that any further actions are implemented.
- Provide assurance that the risks for which they are the risk owner are being effectively managed.

**Action Owners**

- a. Take ownership of the action they are responsible for by either confirming the existence and effectiveness of existing actions or ensuring that any further actions are implemented

Some individuals and groups have specific leadership roles or responsibilities and these are identified below:

**Cabinet**

- a. Lead councillor body responsible for ensuring risks are identified and effectively managed
- b. Hold Corporate Board accountable for the effective management of risk
- c. Approve the risk management strategy
- d. Consider and challenge the risks involved in making any 'key decisions'

**Audit and Standards Committee**

- a. Lead councillor body responsible for monitoring compliance with WCCs Risk Management Strategy
- b. Approve the annual risk management report
- c. Review recommendations and amendments to the Risk Management Strategy prior to its presentation to Cabinet

**All Members**

- a. Support and promote risk management
- b. Constructively challenge and scrutinise the risks involved in decision making

**Chief Executive and Corporate Board**

- a. Lead officer body for ensuring the delivery of an effective Council-wide risk management approach
- b. Responsible for owning and managing corporate strategic risks
- c. Ensure risk is given due consideration in all management processes

**Strategic Directors**

- a. Hold Heads of Service accountable for effective management of risk within their business unit
- b. Support and promote risk management within their Group
- c. Constructively challenge the risks involved in decision making
- d. The Strategic Director for Resources is the Corporate Champion for Risk Management. The Corporate Champion promotes the adequate and proper consideration of risk management to senior managers and more widely within the County Council.

**Heads of Service**

- a. Responsible for and participate in the identifying, managing and reviewing of business unit risk registers
- b. Promptly escalate risks appropriately
- c. Encourage staff to be open and honest in identifying risks and opportunities
- d. Ensure risk management process is an explicit part of transformation programmes and all significant projects
- e. Support and promote risk management within their business unit
- f. Nominated by the Corporate Champion, the Head of Law and Governance is responsible for the coordination of Head of Service responsibilities.

**Service Managers and Project Managers**

These managers are responsible for ensuring that their service's and project's activities are well managed and suitable management practices and effective controls are in place and working. In relation to risk management, their key tasks are to:

- a. identify, assess and appropriately document significant risks;
- b. clearly identify risk ownership;
- c. manage risks in line with corporately agreed timescales/policies;
- d. escalate risks appropriately; and
- e. support and promote risk management within their areas of responsibility.

#### **Partners**

- a. Own and take responsibility for risk management within their organisation
- b. Participate in the development of a joint partnership risk register where WCC is the lead accountable body
- c. Actively manage risk within the partnership
- d. Report on risk management issues to partnership boards or equivalent

#### **Corporate Risk Management Group (CRMG)**

- a. Receive quarterly updates from each business unit on their key risks
- b. Make recommendations to Corporate Board on corporate strategic risks
- c. Where appropriate escalate risks to Corporate Board for possible inclusion on the Corporate Strategic Risk Register
- d. Provide direction and guidance to specialist functions to ensure that a risk based approach is taken to the development of policies and procedures.
- e. Review recommendations and amendments to the Risk Management Strategy
- f. Review the Annual Governance Statement with specific reference to risk management prior to approval by Audit and Standards Committee and Cabinet.

#### **Risk Champions**

- a. Raise awareness and champion the risk management process within their Group
- b. With the appropriate risk owner, maintain the relevant business unit risk registers ensuring all key risks are identified, managed and reviewed in line with the corporate risk management approach
- c. Escalate risks appropriately
- d. Support and facilitate risk assessments within their groups
- e. Attend risk related training as required
- f. Attend and contribute to Corporate Risk Management Group meetings

#### **Corporate Risk Manager**

- a. Design and facilitate the implementation of a risk management framework within WCC ensuring it meets the needs of the organisation
- b. Act as a centre of expertise, providing active support and facilitating risk workshops as required
- c. Provide assurance that risks are being effectively assessed and managed by regularly testing judgements about key risks and controls.
- d. Promote risk management activity across all of the Council's activities
- e. Provide risk management advice, guidance and training
- f. Compile risk information and prepare reports as necessary
- g. Develop, support and promote the Council's risk management software 'Magique'

#### **Risk and Assurance Service**

- a. Ensure the Internal Audit work plan reflects emerging or increasing risks
- b. Work to continue to align the risk management and internal audit approaches

## **6. Embedding Risk Management**

For risk management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. As such risks and the monitoring of associated actions should be considered as part of a number of the Council's significant business processes, including:

- Corporate Decision Making – significant risks, which are associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.
- Business/Budget Planning – this annual process includes updating the individual business unit risk registers to reflect current aims/outcomes.
- Internal Audit – the annual work plan reflects emerging and current significant areas of high risk, and information taken from risk registers inform individual audit reviews.
- Project Management – all significant projects should formally consider the risks to delivering the project outcomes before and throughout the project. This includes risks that could have an effect on service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).
- Partnership Working – partnerships should establish procedures to record and monitor risks and opportunities that may impact the Council and/or the Partnership's aims and objectives.
- Procurement – Contract Standing Orders clearly specify that all risks and actions associated with the purchase need to be identified and assessed, kept under review and amended as necessary during the procurement process.
- Contract Management – it is recommended that significant risks associated with all stages of contract management are identified and kept under review
- Information Governance – an annual information risk assessment is under development to assess the level of risk and compliance with regards the use of information
- Insurance – the Council's Insurance team manages insurable risks and self-insurance arrangements.
- Health and Safety – the Council has a specific risk assessment policy to be followed in relation to health and safety risks.
- Annual Governance Statement – the annual assurance process for the preparation of the statement has direct links with the identification and management of significant risks throughout the year.

## **7. Culture**

The Council will be open in its approach to managing risks and will seek to avoid a blame culture. Lessons from events that lead to loss or reputational damage will be shared as well as lessons from things that go well. Discussion on risk in any context will be conducted in an open and honest manner.

## **8. Training and Awareness**

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively.

A range of training methods are used to meet the needs of the organisation and include

- corporate risk management training;
- e-awareness training;
- linked training with other management processes e.g. procurement;
- Magique software training which includes an overview of the risk management approach;

- ad hoc training to new managers or project managers who are expected to take responsibility for risk management; and
- training sessions for specific teams at management request.

Furthermore, risk management information is available on the intranet, including templates and more detailed guidance as well as a library of model risk profiles, consisting of risk descriptions and associated actions for a variety of service areas and cross-cutting themes.

## Appendix 1: Check List for Risk Identification

**Remember, effective risk management improves.....PERFORMANCE**

<b>Political</b>	<ul style="list-style-type: none"> <li>• Change in Government policy</li> <li>• Member support / approval</li> <li>• Political personalities</li> <li>• New political arrangements</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Demographics</li> <li>• Economic downturn - prosperity of local businesses / local communities</li> </ul>
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>• Legislation and internal policies/regulations including: Health &amp; Safety at Work Act, Data Protection, Freedom of Information, Human Rights, Race Equality and Diversity, Disability Discrimination Act, Employment Law, TUPE, Environmental legislation etc.</li> <li>• Grant funding conditions</li> <li>• Legal challenges, legal powers, judicial reviews or public interest reports</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Budgetary pressures</li> <li>• Loss of/reduction in income/funding, increase in energy costs</li> <li>• Cost of living, interest rates, inflation etc.</li> <li>• Financial management arrangements</li> <li>• Investment decisions, Sustainable economic growth</li> <li>• Affordability models and financial checks</li> <li>• Inadequate insurance cover</li> <li>• System / procedure weaknesses that could lead to fraud</li> </ul>
<b>Opportunities/ Outcomes</b>	<ul style="list-style-type: none"> <li>• Add value or improve customer experience/satisfaction</li> <li>• Reduce waste and inefficiency</li> <li>• Raising educational attainment and improving the lives of children, young people and families</li> <li>• Maximising independence for older people with disabilities</li> <li>• Developing sustainable places and communities</li> <li>• Protecting the community and making Warwickshire a safer place to live</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>• Negative publicity (local and national), increase in complaints</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Loss of key staff, recruitment and retention issues</li> <li>• Training issues</li> <li>• Lack of/or inadequate management support</li> <li>• Poor communication/consultation</li> <li>• Capacity issues - availability, sickness absence etc</li> <li>• Emergency preparedness / Business continuity</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Property - land, buildings and equipment,</li> <li>• Information – security, retention, timeliness, accuracy, intellectual property rights</li> <li>• ICT – integrity, security, availability, e-government</li> <li>• Environmental - landscape, countryside, historic environment, open space</li> </ul>
<b>New Partnerships/ Projects/ Contracts</b>	<ul style="list-style-type: none"> <li>• New initiatives, new ways of working, new policies and procedures</li> <li>• New relationships – accountability issues / unclear roles and responsibilities</li> <li>• Monitoring arrangements</li> <li>• Managing change</li> </ul>
<b>Customers/ Citizens</b>	<ul style="list-style-type: none"> <li>• Changing needs and expectations of customers - poor communication/consultation</li> <li>• Poor quality / reduced service delivery - impact on vulnerable groups</li> <li>• Crime and disorder, health inequalities, safeguarding issues</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions,</li> <li>• Impact of planning or transportation policies</li> <li>• Climate change – hotter drier summers, milder wetter winters and more extreme events – heat waves, flooding, storms etc</li> </ul>

## Appendix 2: Measures of Likelihood and Impact

IMPACT	Very High (4)	4	8	12	16
	High (3)	3	6	9	12
	Medium (2)	2	4	6	8
	Low (1)	1	2	3	4
		Unlikely (1)	Possible (2)	Likely (3)	Very Likely (4)
LIKELIHOOD					

### LIKELIHOOD MEASURES

	Unlikely 1	Possible 2	Likely 3	Very Likely 4
<b>Probability</b>	Less than 10% chance of circumstances arising	10% to 40% chance of circumstances arising	41% to 75% chance of circumstances arising	More than 75% chance of circumstances arising
<b>Timescale</b>	Is unlikely to occur.	Possible in the next 3 or more years.	Likely to occur in the next 1-2 years.	Occurred in the past year or is very likely to occur in the next year.

### IMPACT MEASURES

	Low 1	Medium 2	High 3	Very High 4
<b>People / Duty of Care</b>	Low level of foreseeable minor injuries	High level of foreseeable minor injuries Low level of foreseeable serious injuries	High level of foreseeable severe injuries	Foreseeable long-term injury, illness or fatality
<b>Financial Impact</b>	Up to £500k Less than 5% over project budget	Up to £2 million 5-10% over project budget	Up to £5 million 11-25% over project budget	Over £5 million More than 25% over project budget
<b>Legal Impact</b>	Minor civil litigation	Major civil litigation and/or local public enquiry	Major civil litigation and/or national public enquiry	Legal action certain Section 151 or government intervention or criminal charges
<b>Service Impact</b>	Short term service disruption	Noticeable service disruption affecting customers	Significant service failure but not directly affecting vulnerable groups	Serious service failure directly affecting vulnerable groups
<b>Project Delivery</b>	Minor delay to project	Significant delay to project	Project fails to deliver target impacting on the Business Unit's performance	Project fails to deliver target impacting on Council's performance
<b>Intervention Required</b>	Intervention by Service Manager, Project Manager or equivalent	Intervention by Head of Service or equivalent.	Intervention by Corporate Board or equivalent	Intervention by Members
<b>Reputation Impact</b>	Short term negative local media attention	Significant negative local media attention	Sustained negative local media attention and/or significant national media attention	Sustained negative national media attention

### Appendix 3: Risk Response Categories

	Description
<b>Avoid</b>	<p>A decision is made not to take a risk.</p> <p>Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or stop the activity.</p>
<b>Accept</b>	<p>A decision is taken to accept the risk.</p> <p>Management and/or the risk owner make an informed decision to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.</p> <p><i>Net red risks are outside of the Council's risk appetite (i.e. the level of risk the Council is prepared to accept)</i></p>
<b>Transfer</b>	<p>Transfer all or part of the risk through insurance or to a third party e.g. contractor or partner, who is better able to manage the risk.</p> <p><i>Although responsibility can be transferred, in most cases accountability remains with the Council, so this still needs to be monitored.</i></p>
<b>Reduce</b>	<p>Implement <u>further additional action(s)</u> to reduce the risk by</p> <ul style="list-style-type: none"> <li>• minimising the likelihood of an event occurring (e.g. preventative action) and/or</li> <li>• reducing the potential impact should the risk occur (e.g. business continuity plans)</li> </ul> <p>Further actions are recorded in the risk register and regularly monitored. Once they have been completed, where appropriate a resultant action should be recorded as an existing action and the net risk level re-assessed.</p>
<b>Exploit</b>	<p>Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.</p>



## Appendix 4: Reviewing and Reporting Framework

Net Risk Level and Score	Frequency of Risk Reviews (applies to <u>all</u> risk registers)
<b>High 12-16</b>	<p>There are significant risks, which may have a serious impact on the Council and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.</p> <p><b>As a minimum review <u>monthly</u>.</b></p>
<b>Medium 4-9</b>	<p>Although usually accepted, these risks may require some additional mitigating to reduce likelihood if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.</p> <p><b>As a minimum review <u>quarterly</u></b></p>
<b>Low 1-3</b>	<p>These risks are being effectively managed and any further action to reduce the risk would be inefficient in terms of time and resources. Ensure conditions remain the same and existing actions are operating effectively.</p> <p><b>As a minimum review <u>6-monthly</u></b></p>

Task	Corporate Strategic Risk Register	Business Unit Risk Register	Significant Project Risk Register
<b>Risks identified by:</b>	Corporate Board CRMG	Heads of Service and their management teams	Project Team Key Stakeholders
<b>Risks owned by:</b>	Strategic Directors	Heads of Service and their management teams	As appropriate
<b>Risks reviewed by:</b> (in line with above framework)	Corporate Board Risk Owners	Heads of Service Risk Owners	Project Board / Team Project Sponsor Risk Owners
<b>Risks scrutinised by:</b>	Regular reporting to senior officers and Members. Additional exception reporting to committees upon request. Risk owners may be contacted individually for further information/updates.		
<b>Risk Register on Magique maintained and updated by:</b>	Risk and Assurance Service and/or Risk Owner	Risk Champions and/or Risk Owner	Project Managers and/or Risk Owner
<b>Escalation of Risks</b>	Risks can be escalated by Heads of Service to CRMG before being considered by the Corporate Board for inclusion in the Corporate Strategic Risk Register.		
<b>Annual Risk Management Report</b>	Part of the annual Risk and Assurance Service report taken to Audit and Standards Committee		
<b>Review of Risk Management Strategy</b>	Undertaken as a minimum every two years by the Corporate Risk Manager and Corporate Risk Management Group. Recommendations and amendments taken to Audit and Standards Committee and Cabinet for review and approval.		