Appendix A

Risk Management Strategy

Approved by Corporate Governance Committee, 23 March 2012

Contents

1.   Purpose

1.1   South Cambridgeshire District Council's primary role is to make South Cambridgeshire the best place to live and work in the country, demonstrating impressive and sustainable economic growth, where residents have a superb quality of life in an exceptionally beautiful, rural and green environment, with the Council recognised as consistently innovative and a high performer with a track record of delivering value for money by focusing on the priorities, needs and aspirations of its residents, parishes and businesses.

1.2   The Council has an obligation to minimise risks involved in providing or enabling service delivery. This strategy is a key part of strategic planning and an integral part of service planning and performance management. It sets out the arrangements for the identification, assessment, management and review of risks that may adversely affect the Council's services or the achievement of its aims and objectives.

2.   Objectives

2.1   The Council's concern is to manage risk effectively, eliminating or controlling risk to an acceptable level. This is done by identification, assessment and management of potential risks, rather than reaction and remedy to past events.

2.2   The objectives of the strategy are to:
(a)   Integrate risk management into the culture of the Council, including a process to identify and report upon existing and emerging risks to the Council.
(b)   Anticipate and respond to changing social, environmental, legislative, etc requirements.
(c)   Manage risks in accordance with best practice, so that they are eliminated or controlled to an acceptable level.
(d)   Raise awareness of the need for risk management by managers responsible for the Council's delivery of services.
(e)   Improve the delivery of Council services and enhance the Council's reputation and public image.

2.3   It will not always be feasible completely to eliminate risk. Indeed, calculated risk-taking may be required in certain circumstances to achieve innovative or creative solutions that will help to improve services to customers. However, reckless or unplanned risk-taking would never be acceptable.
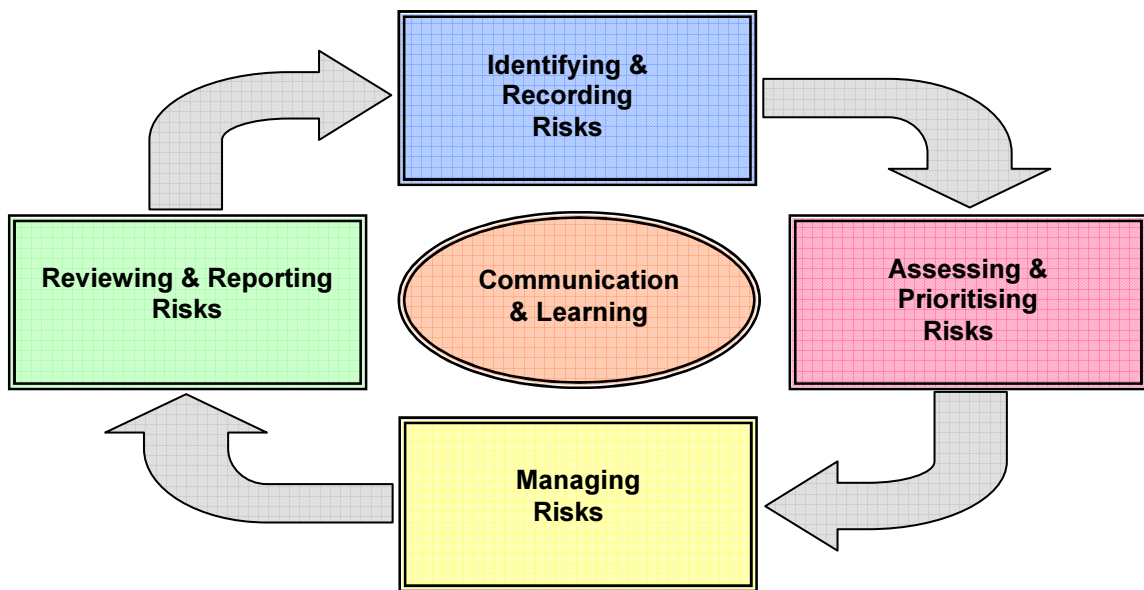
3.   Guiding principles

3.1   To fulfil its risk management objectives, the Council will:
(a)   Develop a culture that involves the participation of all appropriate staff in risk management.
(b)   Secure the commitment of Members and management at all levels to promote risk management and provide leadership and direction:
  - the executive role - agreement and ownership of the Council's strategic risk register, i.e. the strategic risks facing the Council - will be led by the Finance & Staffing Portfolio Holder;
  - the governance role - advice and assurance regarding the adequacy and effectiveness of the Council's risk management strategy and process - will be undertaken by the Corporate Governance Committee.
(c)   Adopt agreed standards of risk management that are monitored at corporate and service level and ensure that further action is taken where necessary.

(d)   Ensure that regular identification, assessment and management of significant risks is integral to all corporate and service planning.

(e)   Ensure that effective processes are in place to facilitate prompt remedial action on adverse events and their identification and reporting and to enable near misses to inform future action.

(f)   Have effective communication to make sure everyone is sufficiently informed about risk management.

(g)   Provide information, training, guidance and advice, as appropriate, to meet these objectives.

4.   Approach to risk management

4.1   The Council employs a simple four step process to manage its risks:

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        ┌──────────────────┐
        │  Identifying &   │
        │    Recording     │
        │     Risks        │
        └──────────────────┘

┌──────────────────┐   ⬭ Communication   ┌──────────────────┐
│ Reviewing &      │      & Learning     │  Assessing &     │
│ Reporting Risks  │                     │  Prioritising    │
│                  │                     │     Risks        │
└──────────────────┘                     └──────────────────┘

        ┌──────────────────┐
        │    Managing      │
        │      Risks       │
        └──────────────────┘
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4.2   These steps are outlined in the sections below.

4.3   In accordance with best practice, risk management at the Council incorporates the identification and management of strategic risks, service area risks, project risks and partnership risks. The process is thus embedded throughout the Council.

5.   Identifying and recording risks

5.1   *Identifying risks*

5.1.1   A risk is an event that may occur, which will have an impact on the Council's services, or the achievement of its objectives and priorities. This strategy requires the Council to identify strategic, service area (i.e. operational), project and partnership risks.

5.1.2   Types of risks are outlined in the diagram at **Annex A**. While not exhaustive, the diagram provides a starting point for identifying potential risks, including reputational risks, at both strategic and service area levels, as well as for projects and partnerships.

5.1.3   Further illustrations of some of the risks that should be considered when taking strategic decisions are suggested in **Annex B** (again, the categories are neither prescriptive nor exhaustive).

5.2   *Recording risks*

5.2.1   Identified risks will be recorded in the relevant strategic or service area risk register, project or partnership risk register. Risks will be described in terms of: the risk event (i.e. what could happen), the consequence that it might lead to for service(s)/ Aim(s)/ Action(s), and the possible outcome(s) that it could result in.

5.2.2   The strategic risk register CorVu report template is attached at **Annex C**. The strategic risk register will identify the top risks facing the Council from a corporate perspective and will note for each risk identified:
  * relevant Actions or Aims in the current Corporate Plan;
  * the person nominated as the responsible "Risk Owner";
  * "Target" and "Actual" Risk Scores resulting from assessed Impact and Likelihood scores (see 6.1.1 below);
  * Control measures to address / sources of assurance over the risk;
  * a dotted line (- - - - - - -) showing the Council's risk tolerance line (see 6.2.2 below);
  * for risks assessed 'above the line', the "Timescale to progress", i.e. the Month/ Year by which it is planned that the risk will be mitigated to below the line.

(Note: "Target" risk scores are only for CorVu to measure whether risk scores have increased, decreased, or stayed the same and apply a Red / Amber / Green colour coding accordingly – see 5.2.6 below.)

5.2.3   Control measures may be defined as:
  * actions to reduce either the likelihood of the risk occurring, or the potential impact of it materialising;
  * control measures may be either already in place, or those additional ones considered necessary to manage the risk.

5.2.4   Sources of assurance may be defined as:
  * evidence that control measures in place to mitigate a risk are operating effectively;
  * sources of assurance can include documents, reports, performance indicators or other methods of verification;
  * independent and substantiated evidence provides the strongest assurance.

5.2.5   Control measures to address / sources of assurance over the risk, which are not yet in place, will be shown under "Timescale to Progress".

5.2.6   The CorVu report enables movement in strategic risk scores to be monitored, where Red / Amber / Green means:

	for risks previously above the line	for risks previously below the line
Red:	• the score has increased	• the score has increased to above the line
Amber:	• the score has not changed, or has decreased but stays above the line	• the score has increased but stays below the line
Green:	• the score has decreased to below the line	• the score has not changed, or has decreased

5.2.7 The service area risk register template is attached at **Annex D**. Service area risk registers will identify potential operational risks affecting the services for which they are responsible and will note for each risk identified:

- relevant Actions or Aims in the current Corporate Plan;
- Control measures to address / sources of assurance over the risk, already in place;
- the assessed Impact and Likelihood scores and resulting Total scores (see 6.1.1 below);
- the Direction of Travel of the risk (i.e. whether the risk is "new" or the Impact and Likelihood assessments have stayed the same, reduced or increased);
- the person nominated as the responsible "Risk Owner";
- the Review Frequency, i.e. the frequency at which the control measures/ sources of assurance are being reviewed;
- Additional control measures / sources of assurance considered necessary to manage the risk;
- Additional resources/cost required to manage the risk;
- any Adjusted risk score resulting from re-evaluation of the Impact and Likelihood taking the additional control measures / sources of assurance into account;
- a dotted line (- - - - - - -) showing the Council's risk tolerance line (see 6.2.2 below);
- for risks assessed 'above the line', the "Timescale to progress", i.e. the Month/ Year by which it is planned that the risk will be mitigated to below the line.

5.2.8 The Council will require projects (see section 8.2 below) to use the same format as the service area risk register template. The Project Management Toolkit will be updated to reflect this and guidance will be made available within the Toolkit.

5.2.9 The Council will encourage partnerships (see section 8.3 below) to use the same format as the service area risk register template; however, the Council acknowledges that a partnership may choose to use another format appropriate to its needs. If a partnership chooses not to use the same format, the Council's lead officer for that partnership should liaise with the Principal Accountant (General Fund and Projects) (PA(GFP)) for guidance on how to structure the risk register/log. Guidance will also be made available in the Partnership Toolkit.

6. Assessing and prioritising risks

6.1 *Assessing risks*

6.1.1 Each of the identified risks, at both strategic and service area levels and for projects and partnerships, will be assessed in terms of the likelihood of the risk occurring and the potential impact of it materialising, according to the guidelines in **Annex E** and **Annex F**, respectively.

6.2 *Prioritising risks*

6.2.1 A matrix of these assessments will be used to prioritise risks (see **Annex G**), enabling the Council to make decisions about their significance and prioritise action. The numbers in the matrix boxes represent Total risk scores, obtained by multiplying the Impact score by the Likelihood score. The Total risk scores indicate the order of priority of assessed risks. The risk registers will be re-scheduled in line with the order resulting from the prioritisation matrix. (Where the same Total risk score can be

obtained in more than one area of the matrix, the Impact score will take priority over the Likelihood score.)

6.2.2   The dotted line running through the matrix (- - - - - - -) shows the Council's risk tolerance line, between the level of risk the Council is prepared to accept without putting in place additional control measures / sources of assurance and the level at which risks are considered to require further action.

6.2.3   The Council's risk appetite is defined thus: "The Council will ensure that all risks identified are appropriately managed; however, it will require further attention to be given to:

- risks having an Extreme or High impact, with a likelihood of Possible or higher; and
- risks having a Medium impact, with a likelihood of Likely or higher."

6.2.4   Those assessed risks that fall 'above the line' are considered to require further action to reduce either the likelihood of the risk occurring or its impact if and when it does occur; additional control measures / sources of assurance will be identified and recorded for these risks (see 7.1 below).

7.   Managing risks

7.1   Risks above the risk tolerance line (i.e. with a Total risk score of 12 or higher) require additional control measures / sources of assurance to be put in place to manage them, i.e.:

- active management (including considering terminating the activity or project);
- contingency plans – robust plans in place to detect any variation from expectations; and/or
- mitigation to reduce likelihood (if cost effective).

7.2   At the strategic level, risk owners (i.e. the officers named in the strategic risk register) will work with the PA(GFP) to develop and implement additional control measures / sources of assurance for managing risks assessed above the risk tolerance line. Where additional control measures / sources of assurance affect other Aims, Approaches and/or Actions, services, projects or partnerships, require additional resources or will incur additional costs, risk owners will discuss these with the managers/officers concerned.

7.3   At the service area level, service managers will develop and implement additional control measures / sources of assurance for managing risks assessed above the risk tolerance line. Managers will re-evaluate the Impact and Likelihood scores taking the additional control measures / sources of assurance into account - any changes to the scores will be shown in the 'Adjusted risk score' column. Where additional control measures / sources of assurance affect other Aims, Approaches and/or Actions, services, projects or partnerships, require additional resources or will incur additional costs, service managers will discuss these with the managers/officers concerned.

7.4   Project and partnership risks will be managed in accordance with their governance arrangements.

7.5   Risks below the risk tolerance line (i.e. with a Total risk score of 10 or lower) will be reassessed quarterly to ensure there is no change to the underlying risk or control measures / sources of assurance.

7.5 When a risk is considered to be "managed", i.e. it either no longer exists, or it is now an integral part of day to day management of the service area concerned, it will be removed from the relevant risk register by agreement at the appropriate review meeting (see 8.1.1 below).

8. Reviewing and reporting risks

8.1 *Reviewing risks*

8.1.1 Reviews of risk registers will include consideration of any new risks. Approval of risk registers will include both the acceptance of new risks and also the removal of risks considered to be "managed".

8.1.2 Risks are reviewed at service planning, corporate management teams, Executive Management Team (EMT), Finance & Staffing Portfolio Holder, project management and partnership meetings, as appropriate:

- EMT will review the strategic risk register quarterly, including consideration of the impact and likelihood assessments and the control measures / sources of assurance in place to address risks, recommending its approval to the Finance & Staffing Portfolio Holder.
- The Finance & Staffing Portfolio Holder will similarly review and approve the strategic risk register quarterly.
- Corporate managers will review and approve their service areas' risk registers, collated to give a comprehensive set of risks coming under their responsibility and to enable moderation of impact and likelihood assessments, as part of the annual preparation of service plans and at quarterly intervals, as a minimum. The Executive Director (Corporate Services) will similarly review and approve the collated risk registers for service areas reporting direct to him.
- Project managers and partnership lead officers will facilitate the review and approval of the risk logs/registers for which they are responsible, at frequencies set out in their project or partnership plans.

8.1.3 Should significant risks arise between reviews, they will be considered when they are identified, as necessary.

8.2 *Project risks*

8.2.1 Projects, such as those of a corporate or significant service nature, major ICT related projects, etc, are required to have their own risk registers, using the same format as the service area risk register template (see paragraph 5.2.7 above). Project managers will review project risk registers in accordance with their project management arrangements.

8.3 *Partnership risks*

8.3.1 This strategy covers the way that the Council manages the risks facing it in the delivery of its services and the achievement of its objectives and priorities. Where these are delivered in partnership with other organisations, the application of this strategy may extend outside the Council's direct control.

8.3.2 The Council must therefore identify all the partnerships in which it participates and have an understanding of its involvement and the implications of that involvement in each partnership. Equally, each of the partnerships must have clearly set out objectives and an understanding of the Council's role in the partnership.

8.3.3 The Council must review its partnerships to identify those that are most strategic and important for it and the wider community. For these significant partnerships, a two stage approach will be adopted by those managing them:

(a) Identify and assess, from the Council's perspective, the risks that face the Council from participating in the partnership. This analysis should identify the controls and contingency plans (including an appropriate exit strategy) that are or should be in place. This will be informed by the extent to which the partnership has effective controls and risk management procedures in place and whether it is able to provide the Council with the relevant assurances in this regard.

(b) Champion effective risk and performance management procedures within the partnership (including the risk of fraud and corruption), so that the threats to the achievement of the partnership's objectives are properly identified, assessed and managed.

8.3.4 Partnership lead officers will review partnership risk registers in accordance with the partnerships' governance arrangements.

8.4 *Links*

8.4.1 When reviewing the strategic risk register, EMT may cascade a strategic risk to an appropriate service area, project or partnership risk register, so that the relevant service manager, project manager or partnership lead officer can take a corporate lead on managing it.

8.4.2 When reviewing their service area risk registers, service managers and corporate managers / the Executive Director (Corporate Services), may escalate a service area risk for EMT to consider including in the strategic risk register, if the risk is significant (e.g. has a score of 12 or more, and especially if it is a new risk) or has a corporate nature. The PA(GFP) may similarly escalate a risk if it, or a similar one, is being recorded in more than one service area risk register.

8.4.3 The strategic risk register may also include project and partnership risks, if these are of a corporate or significant nature. The project/ partnership risk registers will record the detailed risks and control measures / sources of assurance relating to the particular project/partnership.

8.4.4 The PA(GFP) will facilitate these links. The PA(GFP) will also keep a record of the risks included in the strategic risk register and the impact and likelihood assessments of them, so that the priority of identified strategic risks can be tracked over time.

8.5 *Reporting risks*

8.5.1 The PA(GFP) will report the draft strategic risk register to EMT quarterly, for review and recommendation to the Finance & Staffing Portfolio Holder. (Corporate Governance Committee will review the adequacy of this as part of its annual review of the risk management strategy and process, as described in 8.5.9 below. Corporate Governance Committee may report to full Council, if the Committee considers it necessary to ensure that strategic risks are appropriately managed.)

8.5.2 Corporate managers / the Executive Director (Corporate Services) will record service area risks above the line in the Overview section of their service plans published annually. They will update their service area risk registers and control measures /

sources of assurance to the PA(GFP) quarterly, for EMT to consider in its quarterly review of the strategic risk register.

8.5.3   In addition, EMT will review service area risk registers, collated by corporate area/direct reports, on a rolling programme throughout the year. As part of this, EMT will consider whether risks scoring 12 or more should also be included in the strategic risk register. (It will be assumed not, unless minuted otherwise.)

8.5.4   A portfolio holder may request a briefing/update from relevant corporate manager(s) / the Executive Director (Corporate Services) on the service area risk register(s) appropriate to their portfolio.

8.5.5   Project managers and partnership lead officers will report project and partnership risk registers in accordance with their project management/governance arrangements and reporting frequencies. Project managers and partnership lead officers will update their risk registers, including control measures / sources of assurance, to the PA(GFP) quarterly, for EMT to consider in its quarterly review of the strategic risk register.

8.5.6   Updates of risk registers will be provided to the Council's insurance officer, to facilitate discussion of insurance cover and negotiation of any premium discounts or reductions with the Council's insurers.

8.5.7   If a risk materialises, it will be reported as follows:
- strategic: a report to the next meeting of EMT by the risk owner, in conjunction with the PA(GFP), outlining the event that occurred, the consequence for the service, objective or priority and the outcome that resulted, together with recommendations for the application of any lessons to be learnt;
- service area: a similar report to the service manager by the risk owner;
- EMT or the service manager, as appropriate, will decide how the recommendations regarding lessons to be learnt will be implemented;
- for project or partnership risks materialising: a similar report by the project manager or partnership lead officer; decisions about how recommendations regarding lessons to be learnt will be implemented will be taken in accordance with the project management or partnership governance arrangements.

8.5.8   Reports to Members contain as standard a Risk Management Implications section. Report writers use this section to describe risks associated with the report's proposals, possible consequences, the likelihood and potential impact of the risk occurring. Where the risk is assessed above the Council's tolerance line, report writers also outline the additional actions that will be taken to mitigate the risk and copy the report to the PA(GFP), so that the risk can be incorporated in the strategic risk register and/or relevant service area risk register, project risk log, or partnership risk log/register, as appropriate. Members should be fully briefed on risks identified in the report.

8.5.9   Reports to Members also include as standard, Options and Financial Implications sections. Where reports relate to major options appraisal or capital investment decisions, report writers will also review relevant risk registers and logs, to identify any risks that need to be considered in the report.

8.5.10 Positive aspects of the matter under consideration will generally be mainly described in the body of the report to Members, alongside the various "Implications" sections (Financial, Legal, Staffing, Equal Opportunities). Report writers can also use the

Risk Management Implications section to highlight any positive risks (opportunities) not mentioned elsewhere in the report.

8.5.11 The PA(GFP) will report to EMT on the risk management strategy and process (including staffing resources) annually, or if there is a material change during the year, for EMT to review the strategy and process and make any recommendations regarding them to Corporate Governance Committee. (The Finance & Staffing Portfolio Holder will similarly be invited to review the risk management strategy and process and recommend changes.) Corporate Governance Committee will review and approve changes to the risk management strategy and process annually, or if there is a material change during the year.

9. Communication and learning

9.1 *Communication*

9.1.1 Relevant staff and Members will be given timely guidance and advice relating to their risk management responsibilities, including particular aspects such as review of risk registers.

9.1.2 Staff and Members will also be kept informed through a risk management page on In-Site, the Council's intranet, on which the following will be posted:
- the risk management strategy,
- the latest version of the strategic risk register,
- the latest versions of service area risk registers;
- guidance and advice concerning risk management, including assessment criteria for the potential impact and likelihood of risks occurring;
- risk management templates.

9.2 *Learning*

9.2.1 The Council will keep its risk management strategy and processes up to date by learning from a variety of sources:
- applying best practice from other local authorities and organisations, as appropriate;
- ascertaining whether risk management matters identified in one service area also apply elsewhere across the Council;
- providing relevant training for appropriate staff and Members (including at least a refresher session annually), facilitated by external specialists if necessary:
  - o EMT will decide the training to be provided to staff, following a recommendation by the PA(GFP).
  - o The Chairman of the Corporate Governance Committee and the Finance & Staffing Portfolio Holder, and the Environmental Services Portfolio Holder, responsible respectively for risk management and for Member training, will decide the training to be provided to Members, following a recommendation from EMT.
  - o A record will be kept of risk management training attended by staff and Members.
  - o Corporate Governance Committee will review risk management training and the attendance records annually, to ensure that capabilities remain adequate.

  (Note: Funding for external training is currently available under the Council's insurance contract.)

10. Organisational arrangements

10.1   All staff, at every level, have a role to play in risk management, since they are often best placed to identify many of the risks faced by the Council. All staff therefore have a responsibility to identify and minimise risk. This includes taking prompt remedial action on adverse events and near misses, when necessary, and the reporting of these. Staff also have a responsibility to follow Council policies and procedures designed to manage risk and maintain a general level of risk awareness.

10.2   The prompt alerting of something going wrong can help prevent a situation from becoming worse. Staff are therefore encouraged to alert their line manager to potential risks at the earliest opportunity, without the fear of blame being attributed as a result. This will enable action to be taken as soon as possible to reduce either the likelihood of the risk occurring or the possible effects of it doing so and also promote a culture of openness, transparency and support.

10.3   A chart summarising the Council's arrangements for risk management is shown in *Annex H*.

Annex A   The scope of risk; areas to consider
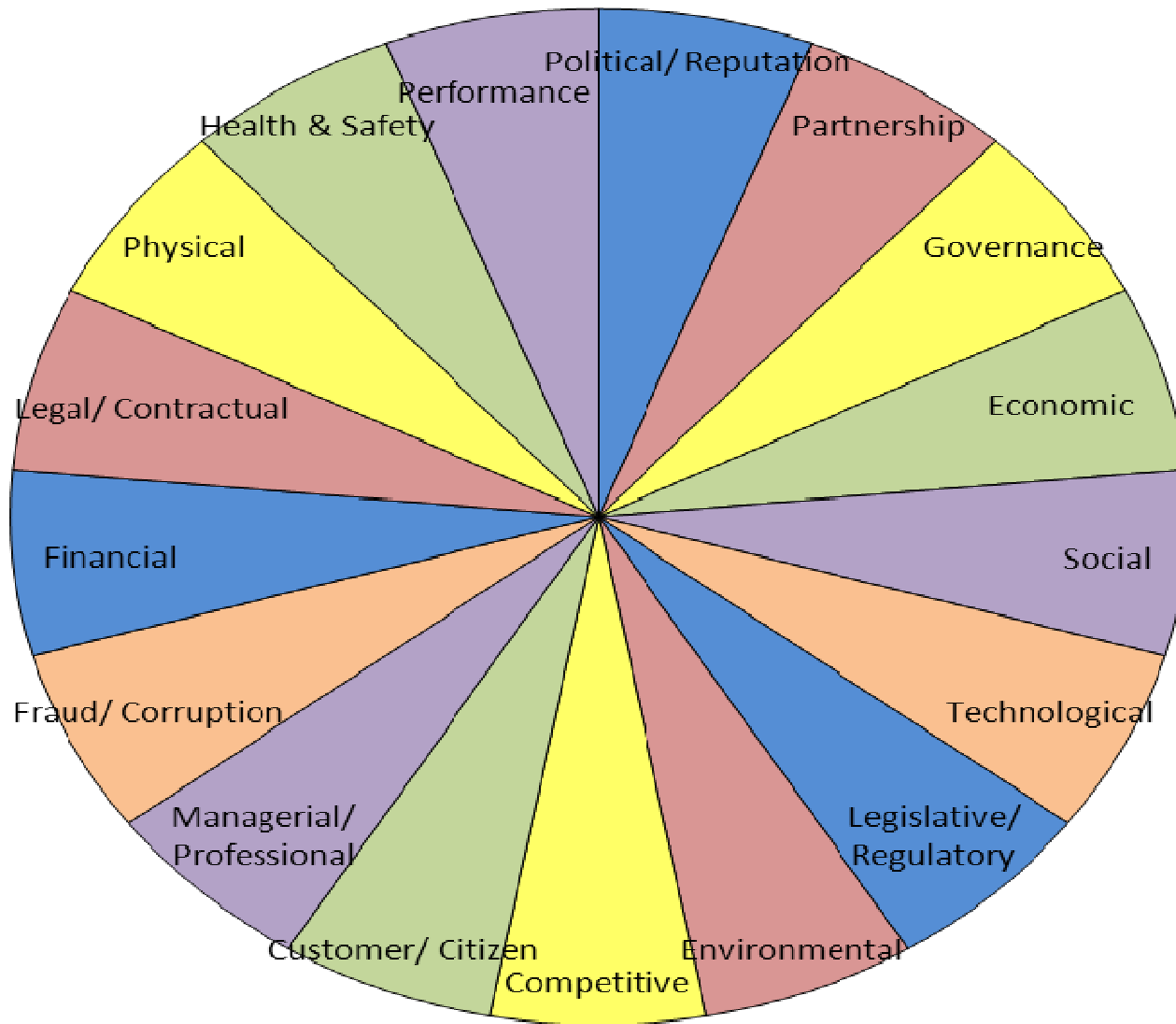
Annex B

Some of the risks to consider when making strategic decisions

The following categories are neither prescriptive nor exhaustive, but illustrate some of the risks Members should consider when taking strategic decisions.

Strategic political risks - associated with failure to deliver either local or central government policy, or to meet the Council's commitments. Includes things such as:
- Wrong strategic priorities
- Not meeting the government's agenda
- Decisions based on faulty or incomplete information
- Too slow to innovate/modernise
- Unfulfilled promises to electorate
- Community planning oversights/errors

Strategic economic risks - affecting the ability of the Council to meet its financial commitments. Includes things such as:
- Internal budgetary pressures
- Inadequate insurance cover
- External macro level economic changes (e.g. interest rates, inflation)
- The consequences of proposed investment decisions
- General/regional economic problems
- High cost of capital
- Treasury risk
- Missed business and service opportunities
- Failure to meet efficiency targets

Strategic social risks - relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives. Includes things such as:
- Failing to meet the needs of a disadvantaged community
- Impact of demographic change
- Failures in partnership working
- Problems in delivering life-long learning
- Crime and disorder

Strategic technological risks—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 demand. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives. Includes things such as:
- Obsolescence of technology
- Hacking or corruption of data
- Breach of confidentiality
- Failure in communications

Strategic legislative risks - associated with current or potential changes in national or European law. Includes things such as:
- Inadequate response to new legislation

- Intervention by regulatory bodies and inspectorates
- Judicial review
- Human Rights Act, Disability Discrimination Act etc. breaches

Strategic environmental risks - relating to the environmental consequences of progressing the Council's corporate objectives or service priorities (e.g. in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions etc). Includes things such as:
- Noise, contamination and pollution
- Impact of planning and transport policies
- Global warming
- Flood defences

Strategic competitive risks - affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value. Includes things such as:
- Takeover of services by government/agencies
- Failure to show best value and/or value for money
- Failure of bids for government funds

Strategic customer/citizen risks– associated with failure to meet the current and changing needs and expectations of customers and citizens. Includes things such as:
- Lack of appropriate consultation
- Bad public and media relations

Annex C   Strategic Risk Register CorVu report template

Risk Reference, Title and Description, plus associated Aims	Risk Owner	Risk Score		Risk Owner's Comments
The risk event, *leading to* consequence for service/ Aim(s)/ Action(s), *resulting in* possible outcome(s). Plus associated 3 A's.		**Target**	**Actual**	
Reference - Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s). Associated 3 A's	Risk owner			IMPACT SCORE: X. LIKELIHOOD SCORE: Y. CONTROL MEASURES / SOURCES OF ASSURANCE: Detail. TIMESCALE TO PROGRESS: Detail.
Reference - Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s). Associated 3 A's	Risk owner			IMPACT SCORE: X. LIKELIHOOD SCORE: Y. CONTROL MEASURES / SOURCES OF ASSURANCE: Detail. TIMESCALE TO PROGRESS: Detail.
Reference - Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s). Associated 3 A's	Risk owner			IMPACT SCORE: X. LIKELIHOOD SCORE: Y. CONTROL MEASURES / SOURCES OF ASSURANCE: Detail. TIMESCALE TO PROGRESS: Detail.
Reference - Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s). Associated 3 A's	Risk owner			IMPACT SCORE: X. LIKELIHOOD SCORE: Y. CONTROL MEASURES / SOURCES OF ASSURANCE: Detail. TIMESCALE TO PROGRESS: Detail.

3 A's (Aims, Approaches, Actions)	Impact	Likelihood	Notes
Risks should be cross referenced to the relevant Corporate Plan Actions adopted by Council on 23 February 2012 with effect from 1 April 2012 (e.g. A5 or C2, etc). Where risks relate to previous objectives since embedded, the cross-referencing should be to the relevant 2012/13 Aim.	5 Extreme 4 High 3 Medium 2 Low 1 Insignificant	5 Almost certain 4 Likely 3 Possible 2 Unlikely 1 Rare	1. The "Reference" will be a unique risk reference, retained by the risk throughout the period of its inclusion in the risk register. 2. Criteria and guidelines for assessing "Impact" and "Likelihood" are available on In-Site under Corporate Information > Risk Management. 2. The "Actual" risk score is obtained by multiplying the Impact score by the Likelihood score. 3. The dotted line (- - - - - - -) shows the Council's risk tolerance line. 4. The "Timescale to progress" is the date (Month Year) by which it is planned that the risk will be mitigated to below the line.

Red / **Amber** / Green shading in the Actual Column indicates the following movement in risk scores:

	Red	**Amber**	**Green**
for risks previously above the line:	• the score has increased	• the score has not changed, or has decreased but stays above the line	• the score has decreased to below the line
for risks previously below the line:	• the score has increased to above the line	• the score has increased but stays below the line	• the score has not changed, or has decreased

Annex D   Service Area Risk Register template

Ref.	Title and Description of risk The risk event, *leading to* consequence for service/ Aim(s)/ Action(s), *resulting in* possible outcome(s).	3 A's	Control measures/ sources of assurance in place	Risk score	Direction of travel	Risk owner / Review frequency	Additional control measures/sources of assurance	Additional cost resources required	Adjusted risk score (where relevant)	Timescale to progress
	Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s).			Impact Likelihood Total	↓→↑ ( ) new	Risk owner / Review frequency			Impact Likelihood Total	
	Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s).			Impact Likelihood Total	↓→↑ ( ) new	Risk owner / Review frequency			Impact Likelihood Total	
	Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s).			Impact Likelihood Total	↓→↑ ( ) new	Risk owner / Review frequency			Impact Likelihood Total	
	Title The risk event, *leading to* consequence for service/ Aim(s)/Action(s), *resulting in* possible outcome(s).			Impact Likelihood Total	↓→↑ ( ) new	Risk owner / Review frequency			Impact Likelihood Total	

3 A's (Aims, Approaches, Actions)	Impact	Likelihood	Direction of Travel
Risks should be cross referenced to the relevant Corporate Plan Actions adopted by Council on 23 February 2012 with effect from 1 April 2012 (e.g. A5 or C2, etc). Where risks relate to previous objectives since embedded, the cross-referencing should be to the relevant 2012/13 Aim.	5 Extreme 4 High 3 Medium 2 Low 1 Insignificant	5 Almost certain 4 Likely 3 Possible 2 Unlikely 1 Rare	↓ Priority reduced from last review (give the previous Total score in the brackets) → Priority equal to last review ↑ Priority increased from last review (give the previous Total score in the brackets) new Risk included in the risk register for the first time

Notes: 1. The "Ref." will be a unique risk reference, retained by the risk throughout the period of its inclusion in the risk register.
2. Criteria and guidelines for assessing Impact and Likelihood are available on In-Site under Corporate Information > Risk Management.
3. The "Total" risk score is obtained by multiplying the Impact score by the Likelihood score.
4. The "Adjusted risk score" would result from re-evaluation of the Impact and Likelihood taking the additional control measures / sources of assurance into account.
5. The dotted line (- - - - - - -) shows the Council's risk tolerance line.
6. The "Timescale to progress" is the date (Month Year) by which it is planned that the risk will be mitigated to below the line.

Annex E   Likelihood assessment guidelines

Likelihood	Guidelines	Score

Almost certain	• Is expected to occur in most circumstances (more than 90%),
	    or
	 • Could happen in the next year,
	    or
	 • More than 90% likely to occur in the next 12 months
		5

Likely	• Will probably occur at some time, or in most circumstances (66% - 90%),
	    or
	 • Could happen in the next 2 years,
	    or
	 • 66% to 90% likely to occur in the next 12 months
		4

Possible	• Fairly likely to occur at some time, or in some circumstances (36% - 65%),
	    or
	 • Could happen in the next 3 years,
	    or
	 • 36% to 65% likely to occur in the next 12 months
		3

Unlikely	• Is unlikely to occur, but could, at some time (11% - 35%),
	    or
	 • Could happen in the next 10 years,
	    or
	 • 11% to 35% likely to occur in the next 12 months
		2

Rare	• May only occur in exceptional circumstances (up to 10%),
	    or
	 • Unlikely to happen in the next 10 years,
	    or
	 • Up to 10% likely to occur in the next 12 months
		1

Annex F   **Impact assessment guidelines**

Impact	Giving rise to one or more of the following:							Score
	Service disruption	People	Financial loss (including claim or fine)	Environment	Statutory service/ legal obligations	Management	Reputation	
Extreme	Serious disruption to services (loss of services for more than 7 days)	Loss of life	Financial loss over £500k	Major regional / national environmental damage	• Central government intervention; or • Multiple civil or criminal suits	Could lead to resignation of Leader or Chief Executive	Extensive adverse coverage in national press and/or television	5
High	Major disruption to services (loss of services for up to 7 days)	Extensive multiple injuries	Financial loss between £251k - £500k	Major local environmental damage	• Strong regulatory sanctions; or • Litigation	Could lead to resignation of Member or Executive Director	Adverse coverage in national press and/or television	4
Medium	Noticeable disruption to services (loss of services for up to 48 hours)	Serious injury (medical treatment required)	Financial loss between £51k - £250k	Moderate environmental damage	• Regulatory sanctions, interventions, public interest reports; or • Litigation	Disciplinary / capability procedures invoked	Extensive adverse front page local press coverage	3
Low	Some disruption to internal services; no impact on customers	Minor injury (first aid)	Financial loss of between £6k - £50k	Minor environmental damage	• Minor regulatory consequences; or • Litigation	Formal HR procedure invoked	Some local press coverage; or, adverse internal comment	2
Insignificant	Insignificant disruption to internal services; no impact on customers	No injuries	Financial loss of up to £5k	Insignificant environmental damage	• No regulatory consequences; or • Litigation	Informal HR procedure invoked	No reputational damage	1

Annex G   Prioritisation Matrix template

			IMPACT				
			Insignificant	Low	Medium	High	Extreme
			1	2	3	4	5
LIKELIHOOD	Almost certain	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Rare	1	1	2	3	4	5

▬ ▬ ▬ ▬   Risk Tolerance Line

Managing the risk

[Note: The score is obtained by multiplying the Impact by the Likelihood (e.g. Impact: High; Likelihood: Possible, would result in a score of 12 - i.e. 4 x 3).]

Above the risk tolerance line (i.e. a score of 12 – 25):
- Requires active management (consider termination of the activity or project)
- Contingency plans – robust plan in place to detect any deviation from expectations
- May require some mitigation to reduce likelihood (if cost effective)

Below the risk tolerance line (i.e. a score of 1 – 10):
- Reassess quarterly to ensure no change to underlying risk or control measures / sources of assurance

Annex H   Chart summarising the Council's arrangements for risk management

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Corporate Governance Committee

The general functions that come under the responsibility of the Committee include:
- To review and advise the Council on the embedding and maintenance of an effective system of corporate governance, risk management and internal control.
- To give assurance to the Council that there is a sufficient and systematic review of the corporate governance, risk management and internal control arrangements within the Council.

With regard to risk management, the Committee:
- Reviews the risk management strategy and process annually, updating them if necessary.
- This annual review will include considering the adequacy of the quarterly reviews of the strategic risk register by the Finance & Staffing Portfolio Holder.
- Receives relevant training, as and when appropriate.
- The Committee may report to full Council, if considered necessary to ensure that strategic risks are appropriately managed.

Executive
- The Finance & Staffing Portfolio Holder is the lead Member for risk management.
- The Finance & Staffing Portfolio Holder reviews the risk management strategy and process annually, recommending changes to Corporate Governance Committee if necessary.
- The Finance & Staffing Portfolio Holder reviews and approves the strategic risk register quarterly.
- A portfolio holder may request a briefing/update from relevant corporate manager(s) / the Executive Director (Corporate Services) on the service area risk register(s) appropriate to their portfolio.
- Receives relevant training, as and when appropriate.

Notes:
- The Chairman of the Corporate Governance Committee, the Finance & Staffing Portfolio Holder and the Environmental Services Portfolio Holder decide the training to be provided to Members, following a recommendation from EMT.

Executive Management Team (EMT)
- Reviews the risk management strategy and process annually, recommending changes to Corporate Governance Committee if necessary.
- Reviews the strategic risk register quarterly; recommends the strategic risk register to the Finance & Staffing Portfolio Holder.
- May cascade a strategic risk to an appropriate service area risk register.
- Reviews service area risk registers, collated by corporate area/direct reports, on a rolling programme throughout the year.
- Considers reports on strategic risks that occur and decides how lessons learnt will be implemented.
- Promotes and champions risk management.
- Decides training to be provided to staff, following a recommendation from the PA(GFP); recommends training to Corporate Governance Committee.
- The Executive Director (Corporate Services) is the senior manager responsible for risk management.

"Risk owners"

(Note: The "risk owner" is the person nominated as the lead officer responsible for risks identified in risk registers.)

At the strategic level:

- Work with the PA(GFP) to develop and implement control measures / sources of assurance for managing strategic risks, including additional control measures / sources of assurance for risks assessed above the tolerance line.
- Report strategic risks materialising, in conjunction with the PA(GFP), to the next meeting of EMT, recommending the application of any lessons to be learnt.

At the service area level:

- Work with the service manager to develop and implement control measures / sources of assurance for managing service area risks, including additional control measures / sources of assurance for risks assessed above the tolerance line.
- Report service area risks materialising to the service manager.

Service managers

- Review service area risk registers alongside service plans annually, reporting risks above the line in published service plans, and at quarterly intervals.
- Respond to portfolio holder requests for briefings/updates on service area risk register(s).
- Where strategic risks are cascaded to a service area risk register, take a corporate lead on managing the risk.
- May escalate a service area risk for EMT to consider including in the strategic risk register.
- Implement control measures / sources of assurance to manage service area risks.
- Update the PA(GFP) quarterly regarding service area risk registers and control measures / sources of assurance.
- Consider reports on service area risks that occur and decide how lessons learnt will be implemented.
- Have primary responsibility for managing risks in their service areas, since they are best-placed to determine the appropriate actions to minimise risks to their customers, staff, services or budgets.

Project managers

- Review project risk registers at frequencies set out in project plans, reporting these in line with project management arrangements.
- Update the PA(GFP) quarterly regarding project risk registers, including control measures / sources of assurance.
- Report project risks materialising, in accordance with project management arrangements.

Partnership lead officers

- Review partnership risk registers at frequencies set out in partnership plans, reporting these in line with governance arrangements.
- Update the PA(GFP) quarterly regarding partnership risk registers, including control measures / sources of assurance.
- Report partnership risks materialising, in accordance with governance arrangements.

Principal Accountant (General Fund and Projects) (PA(GFP))

- Coordinates EMT's annual review of the risk management strategy and the resulting reports to the Corporate Governance Committee.
- Coordinates EMT's quarterly review of the strategic risk register and associated action plans, and the resulting reports to the Finance & Staffing Portfolio Holder.
- Assists nominated risk owners to develop and implement control measures / sources of assurance to manage strategic risks, including additional control measures / sources of assurance for risks assessed above the Council's risk tolerance line.
- Keeps a record tracking the priority of identified strategic risks.
- Assists risk owners to report on strategic risks that occur, together with recommendations regarding any lessons to be learnt.
- Coordinates corporate managers' reviews of collated service area risk registers, quarterly.
- Reviews service area risk registers to identify risks of a significant, corporate or common nature.
- Facilitates cascade of strategic risks to relevant service area risk registers and escalation of significant, corporate or common service area risks for EMT to consider including in the strategic risk register.
- Links project and partnership risk registers to the strategic risk register and/or service area risk registers, as appropriate.
- Facilitates inclusion of risks identified in reports to Members, in the appropriate risk register
- Recommends training for staff and Members to EMT.
- Facilitates relevant training, guidance and advice on risk management.
- Communicates risk management matters to staff.

Notes:

- Responsibility in respect of risk and risk management will be included in relevant officers' job descriptions.
- The management competency framework will be reviewed to incorporate risk management responsibilities and objectives.