NORTH LANARKSHIRE COUNCIL

RISK MANAGEMENT STRATEGY

AN ENTERPRISE WIDE APPROACH TO RISK MANAGEMENT

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Version control

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Date		**Version No.**	2	**Document status**	Draft

Governance Committee	Policy and Strategy Committee	**Date approved**	
Review date	December 2021		

Strategic Alignment

The risk management strategy outlines the council's approach to the management of risk as past of robust corporate governance arrangements designed to enable and support the delivery of all council ambitions and priorities.

Consultation and Distribution Record

Consultation Process		
Stakeholders		
Distribution		

Change record

Date		**Author**	
Change made			

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foreword

The Council is ambitious in its vision for North Lanarkshire. Effective risk management forms an important part of ensuring we deliver our ambition for North Lanarkshire to be the place to Live, Learn, Work, Invest and Visit.

The Council operates in a complex environment and faces multiple challenges in delivering against its priorities. It is important, therefore, that we have robust arrangements in place to understand the risks we face and take steps to manage them effectively.

This strategy sets out a clear direction for how we will identify, assess and manage the risks we face in providing high quality public services and delivering The Plan for North Lanarkshire.

It requires the organisation to be risk aware, not risk averse, ensuring that key decisions are taken with a sound understanding of any relevant risks and how we intend to control them. It also ensures that risk management is embedded proportionately in our policies, procedures, culture and practices.

With this strategy and its associated operational arrangements, we believe that effective risk management can play a significant part in helping the Council deliver our ambitions and making North Lanarkshire the place to Live, Learn, Work, Invest and Visit.

Des Murray

Chief Executive

North Lanarkshire Council

Councillor Jim Logue

Leader North Lanarkshire Council

Strategy – How we will implement our policy to manage risk

1 Introduction

1.1 The purpose of this Strategy is to set out the Council's vision for Risk Management and provide the framework to ensure that across the organisation, we manage risk in a consistent way. The Strategy provides the supporting framework to ensure the key elements of the Risk Management process are in place, enabling risks to be dealt with and managed at the appropriate level of the organisation.

1.2 This Strategy is designed to provide the information and guidance necessary to assist the organisation in identifying, evaluating, managing, and monitoring risks that might impact on achievement of objectives and the delivery of quality services.

1.3 The Strategy has been developed in accordance with the CIPFA/SOLACE local code of corporate governance, "Delivering Good Governance in Local Government" and the Audit Scotland, "Best Value toolkit : Risk Management" which recognises Risk Management as an integral part of good corporate governance, and in accordance with the International Risk Management Standard ISO31000:2018 "Risk Management – Guidelines".

1.4 Risk Management Standard: ISO: 31000 describes Risk Management as 'the coordinated activities to direct and control an organisation with regard to risk'. It covers the processes involved in **identifying, assessing** and prioritising risks, assigning ownership, taking actions to prevent or mitigate them, and monitoring and reviewing progress.

1.5 Risk Management needs to be embedded in the way we do business, the way we make decisions, and in our relationships with partners and suppliers. It is particularly important in times of uncertainty and major change.

1.6 For the purposes of this Strategy it is useful to define "**risk**", and to distinguish a risk from an "**issue**":

- A **Risk** can be defined as "an adverse event or set of events, that should it occur, will have an impact on the achievement of objectives". Risk is measured by the combination of the "likelihood" of the event occurring, and the "impact" on objectives if it does. The impact can be negative or positive.
- An **Issue** can be described as a risk that is occurring now. Issues are risks which have become 'live'. An issue may have arisen because a risk has not been identified, or has been identified but has not been managed effectively, or circumstances have changed to make a risk become an issue.

Key Benefits of Effective Risk Management
Enables and evidences robust and defensible, best value decision making, demonstrating openness, accountability and good governance.
Risk "aware" not risk "averse" decisions are made, enabling acceptance of certain risks to achieve particular goals.
Enables better use and prioritisation of Council resources to achieve corporate priorities and enhance service delivery.
Reduces adverse events, and enables effective management of those that occur, reducing time spent "fire-fighting".
Enables identification and maximisation of opportunities, and encourages innovation.
Positively contributes to the Council's reputation as an employer and service provider.
Provides protection to all stakeholders.

2. Risk management governance, leadership and accountabilities

Everyone in the Council has a role to play in managing risk and should be aware of their responsibilities. The following clearly sets out the roles and responsibilities for all, split by formalised groups and individuals.

2.1 Roles and responsibilities - Groups	
Policy and Strategy Committee	• Approve the Risk Management Strategy and Governance framework and ensure that these there is an appropriate review cycle for the strategy; • Support management in the use of Risk Management as an integral part of business practice; • Consider periodic reports from the Audit & Scrutiny Panel on overall performance of the Council's Risk Management and Governance arrangements.
Audit and Scrutiny Panel	• Review and provide independent assurance on the adequacy and effectiveness of the Council's Risk Management framework; • Monitor the effective development and operation of Risk Management in the Council, including monitoring progress in addressing risk related issues reported to the Panel.

Corporate Management Team (CMT)	**Managing the Risk Management Framework:**
	• Provide high level commitment to supporting, promoting and encouraging good Risk Management practice throughout the organisation, including appropriate training, developing a culture that seeks to be risk aware;
	• Ensure that responsibility for Risk Management is assigned to an appropriate Senior Officer to oversee Risk Management on behalf of the Chief Executive;
	• Ensure that there is adequate Risk Management resource to support the organisation in delivering effective Risk Management;
	• Develop a comprehensive Risk Management Strategy which:
	  - reflects the Council's priorities, risk appetite and risk exposures, and that guides the organisation in the management of risk;
	  - is aligned with and supports the delivery of The Plan for North Lanarkshire and the associated Programme of Work
	• Ensure that Risk Management is embedded in Council policies, procedures and practices, including business and service planning, projects and change initiatives at all levels;
	• Ensure that key strategic decisions are undertaken with an understanding of the risks and associated controls either already in place or planned;
	• Receive reports that enable monitoring of delivery of the Risk Management Strategy.
	Managing Risk:
	• Own and oversee the Corporate Risk Register, which captures significant Key Corporate Risks;
	• Ensure the identification, analysis, evaluation and ongoing management of Corporate Risks and that identification of these risks take into consideration the changing internal and external context in which the Council exists ;
	• Receive regular reports on how corporate risks are being managed;
	• Ensure that an appropriate member of the CMT is identified and assigned responsibility, on behalf of CMT, to act as "Risk Lead" in assessing, reporting and ensuring the ongoing management of each Key Corporate Risk;

Corporate Management Team (CMT)	• On an ongoing basis, monitor and review the Corporate Risk Register, including progress on planned control actions, and consider reports from the Risk Management Corporate Working Group on Risk Management matters; • Be proactive in identifying potential new and emerging risks to the organisation; Ensuring that lessons are learnt from incidents, inspections, audits and any self-assessments, and that these are considered and reflected where appropriate in the organisation's risk registers.
Service and Divisional Management Teams	• Ensure that Risk Management is integrated into service management arrangements including planning, performance management, project management and change initiatives; • Actively promote risk awareness, ensuring that existing and emerging risks are understood and managed effectively within Services; • Ensure appropriate training is undertaken within their Service area, in accordance with the approved Risk Management Training Matrix; • Ensure that there is adequate resource to embed Risk Management within each Service • Be proactive in identifying potential new and emerging risks to the organisation; • Ensure that lessons are learnt from incidents, inspections, audits and any self-assessments, and that these are considered and reflected where appropriate in risk registers; • Manage risks on a day to day basis, using Service and Project risk registers to monitor risks, plan services and support decision making, ensuring appropriate actions are undertaken on a timely basis.
Risk Management Corporate Working Group (RMCWG)	• Support CMT in the co-ordination of activities and resources across the Council in order to implement the Risk Management Strategy and embed and promote good Risk Management practice; • Promote the integration of Risk Management into Service management arrangements including planning, performance management, project management and change initiatives; • On an ongoing basis, identify and review training requirements to ensure good Risk Management knowledge and awareness across the Council; • Provide a forum for the sharing of good Risk Management practice, and share information in respect of existing, new and emerging risks; • Provide Risk Management support and advice across the organisation; • Be the mechanism for movement of risks between Corporate and Service Risk Registers through Service Risk Champions.
Corporate Working Groups	• On behalf of CMT, and in conjunction with Risk Leads, key Corporate Working Groups/Management Teams will be tasked with the assessment, monitoring and oversight of those risks on the Corporate Risk Register which link to the work of that group; • Review lessons learnt from any relevant incidents and losses, inspections, audits and self-assessments related to those risks, and reflect and consider the Council's management arrangements in respect of them.

2.2 Roles and responsibilities - Individuals	
Elected Members	Risk Management is an important and integral part of the Council's governance arrangements and is crucial to the achievement of outcomes. A significant aspect of an Elected Member's role is in making decisions for the Council and the people of North Lanarkshire. The CIPFA/SOLACE Guidance "Delivering Good Governance in Local Government", makes explicit Elected Member's decision making role, and the need to ensure that risk information contributes to the decision making process. Elected Members need to ensure that when considering recommendations from officers, that risk has been considered and addressed as part of all decision-making activities. Members also need to ensure that the Council's Risk Management Strategy and policies are suitably aligned with, and support the delivery of objectives. In discharging these responsibilities Elected Members will: • Require Officers to develop and implement an effective framework for Risk Management, and to receive reports on the management of significant risks on a regular basis; • Expect Officers to ensure that committee reports describe significant risks associated with proposals, and detail how they will be managed; • Ensure that Risk Management arrangements are evaluated and monitored on a regular basis.
Chief Executive	Supported by the Audit & Risk Manager, the Chief Executive will: • Have overall responsibility for the Council's Risk Management framework; • Champion Risk Management at senior level, ensuring that effective arrangements and resources are in place to manage risk.
Audit & Risk Manager	• Accountable to the Chief Executive/CMT, and has delegated responsibility for overseeing the Risk Management framework and the Council's Risk Management function; • Provide regular reports to CMT and the Audit & Scrutiny Panel on the management of Key Corporate Risks and more generally on progress in embedding the Council's Risk Management arrangements.
Risk Management Function (Risk Manager and Corporate Risk Officer)	• Co-ordinate Risk Management arrangements across the organisation liaising with Services on their implementation; • Provide support and guidance to the organisation on the management of risk; • Provide a range of Risk Management training opportunities to maintain knowledge and awareness of Risk Management across the organisation; • Oversee the development, use and maintenance of the Risk Management Information System to support management of the Council's risk registers; • Support CMT in the ongoing management of the Corporate Risk Register; • Monitor progress of Services in their implementation of the Risk Management Strategy; • Support the Audit & Risk Manager in meeting risk reporting requirements.
Executive Directors	• Accountable for the management of risk within their Service; • Nominate and support a Service Risk Champion(s), who will co-ordinate Risk Management activities within their Service.

Heads of Service	• Accountable for the management of risk within their area of responsibility; • Nominate and support a Risk Facilitator, to co-ordinate Risk Management activity across their Divisions and Teams; • Ensure that employees are familiar, as appropriate, with the Risk Management Strategy, guidance and controls relevant to their specific duties; • Ensure that training needs are assessed and met in respect of Risk Management skills.
Executive Directors, Heads of Service, and Managers	• Promote Risk Management awareness and practice within their area of responsibility; • Ensure that Risk Management is integrated into Service planning, performance management and project management arrangements, and is a regular feature of management meetings; • Ensure their risks are appropriately managed, monitored, reported, reviewed and escalated where necessary, and that appropriate action to manage risks is undertaken on a timely basis by control and/or action owners.
Risk Leads/Owners	Those who through the Risk Management process are identified as having "ownership" of risks; • Responsible for leading on the ongoing management and monitoring of a particular risk assigned to them.
Control Owners	Those who through the Risk Management process, are identified as having "ownership" of either current or planned controls; • Responsible for ensuring that controls are managed and maintained, and that any changes to controls are notified to risk owners so that risks may be reviewed accordingly.
Action Owners	Those who through the Risk Management process, are identified as having ownership of those actions deemed necessary to either prevent or mitigate risks; • Responsible for ensuring that risk improvement actions assigned to them are progressed to satisfactory completion.
Risk Champions	Acting as the point of reference for Risk matters within their Service, the Risk Champion will be responsible for providing assurance to their Executive Director on whether Risk Management arrangements are in place, and operating effectively in accordance with the Risk Management Strategy. This will be achieved by: • Participating in the work of the Risk Management Corporate Working Group; • Promoting risk awareness across their Service, including contributing to identification of relevant training needs; • Directing Risk Management discussions at Management Team meetings, ensuring that "Risk" remains a regular item on the agenda; • Liaising with and supporting Risk Facilitators in Divisions/Teams; • Supporting their Service Management Team in the ongoing development and management of Service Risk Registers; • Escalating risks to their Executive Director where immediate attention is required; • Engaging in appropriate Risk Management training to maintain skills and knowledge.

Risk Facilitators	Acting as the point of reference for Risk matters within their Division or Team, Risk Facilitators will be responsible for providing assurance to their Head of Service on whether Risk Management arrangements are in place, and operating effectively in accordance with the Risk Management Strategy. This will be achieved by: • Liaising with Risk Champions to maintain a co-ordinated approach; • Promoting risk awareness across their Division, including contributing to identification of relevant training needs; • Supporting their Management Teams in the ongoing development and management of Divisional/Team Risk Registers; • Directing Risk Management discussions at meetings, ensuring that "Risk" remains a regular item on the agenda; • Escalating risk issues to Head of Service and Risk Champion where immediate attention is required; • Engaging in appropriate Risk Management training to maintain skills and knowledge.
Internal Audit	Provide independent review, and report on adequacy of the Council's Risk Management arrangements and the effectiveness of implementation of the Risk Management Strategy at all levels.
Risk & Insurance Team	• Put in place and maintain appropriate risk financing arrangements to mitigate against unacceptable financial loss from insured risks, in line with the Council's risk retention appetite; • Handle in-house all liability and property damage claims within parameters agreed with the Council's insurance/risk partners; • Feedback to Services, and the RMCWG statistics and loss information that will enable Services to target areas for improved risk control and loss prevention; • Assist Services on control of insurable risks and the improvement of operational risk controls.
Employees	• Maintain awareness of the Council's Risk Management Strategy and processes through completing appropriate Risk Management training; • Be aware of and contribute to the effective management of risks relevant to their own role and that of their team.

3. The Risk Management Process

3.1 Effective Risk Management is about developing the right risk culture, processes and structures in our organisation and directing them in a co-ordinated way to manage risk, facilitate continuous improvement and enhance service delivery.

3.2 Risk Management is about being proactive in understanding risks and uncertainties that can impact on achievement of our goals. It is a continually evolving process which helps us to learn and build upon good practice, ensuring that we manage uncertainty in a proactive way, contributing to successful delivery of services and Corporate Priorities.

3.3 Embedding Risk Management throughout the organisation will be achieved by the consistent application of the Risk Management process shown at figure 1 below across all Services and business activities. This will enable the organisation to manage and monitor risks at the most appropriate level, ensuring that the right oversight is in place, and that we respond to risk in a consistent and proportionate manner.

3.4 Risk Management should not be done in isolation, but requires to be considered by Services, Divisions, Teams and Project Teams as a routine part of Corporate and Service planning. This means that assessing risk becomes an integral part of our working practices as well as a feature of how we approach development of new policies or business change initiatives.

3.5 The process adopted by the Council for managing risk is summarised below.

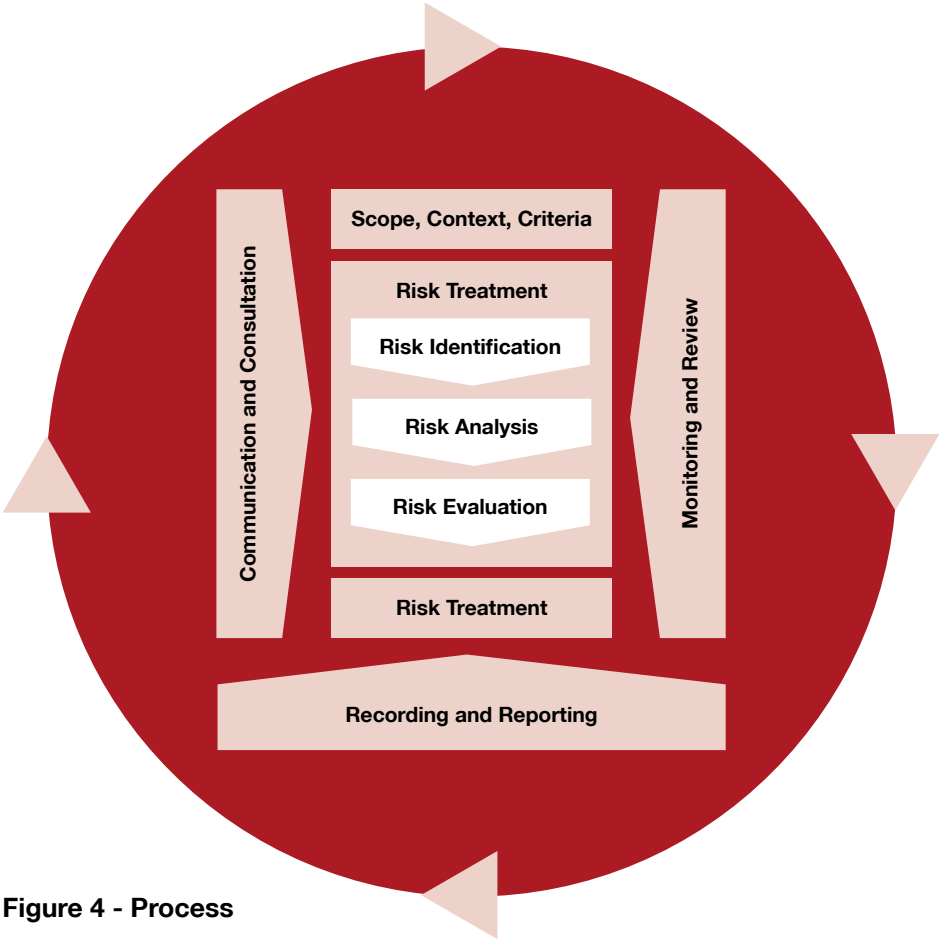

Figure 4 - Process

Establish the Context

3.6 The first step in the Risk Management process is to understand and define the planned objectives, outcomes and targets of the Service, Division, Team or Project. This will include scope, stakeholders, the environment in which we operate, and any internal and external factors. This is important since the context from a corporate or strategic perspective may be very different from an operational perspective.

3.7 Risk Assessment is the process where we identify key risks, and consider the likelihood and impact of these on achievement of objectives, outcomes and targets. Risk assessment comprises the following three key elements:

- Risk Identification
- Risk Analysis
- Risk Evaluation

3.8 **Risk Identification** is the systematic use of information from the "Establishing the context" stage to identify and describe risks. When identifying risks, there are 6 risk categories that should be considered: Strategic, Financial, Operational, Human Resources, Legislative & Regulatory and Information Technology. Further detail on each risk category, including sub categories is available in the detailed Risk Management Guidance which supports this Strategy.

3.9 The risk identification process should, where possible, involved relevant subject matter experts who have knowledge or experience of the activity or matter under consideration. Risks should be described in three parts, covering

- The risk event i.e. "there is a risk that……..."
- The cause i.e. "due to……..."
- The consequence i.e. "which could result in ……"

3.10 Each risk should be considered in the context of, and aligned to the Council's corporate priorities, and those activities that contribute to their achievement.

3.11 To ensure appropriate ownership of risk, each risk should be assigned to a "Risk Owner". This is the person who, through the Risk Management process, is identified as being the most appropriate Officer to lead on the management and oversight of a particular risk.

3.12 **Risk Analysis** is the stage which helps us to establish how significant a risk is, and enables prioritisation against other risks. To do this we need to apply a degree of measurement or "risk analysis". This is the process of estimating the 'likelihood' of the risk event occurring and multiplying this by the potential 'impact' if it did occur. The Council's **Likelihood and Impact Descriptors** (Appendix A) and **Risk Matrix** (Appendix B) should be used to guide this process. These matrices are designed to ensure that we adopt a consistent approach to the analysis and measurement of risk across the organisation. This combination of likelihood and impact results in a "risk rating". This is done in two stages:

- **Inherent risk** rating is calculated first, and is done as if there were no controls in place to manage the risk.
- **Existing controls** – we then need to consider what controls are already in place to manage the risk. Controls can be policies, procedures, training or other management arrangements designed to manage risk by either reducing the likelihood of the risk occurring, and/or reducing the impact if it does occur.
- **Residual risk** rating is then calculated after consideration of the effectiveness of existing controls. The residual risk rating will then dictate whether further actions are required to reduce the risk further.

This analysis of risk produces a risk rating as follows:

Insignificant	Low	Medium	High

3.13 **Risk Evaluation** compares the scores of all of the analysed risks in order to make decisions about their significance in relation to our priorities, objectives, and targets. This produces a "Risk Profile" which enables us to prioritise the risks and decide whether further action is required, with higher rated risks being given more focus.

3.14 **Risk Response** involves responding to identified and evaluated risks in a way that is proportionate to the level of risk. This means identifying what, if any, additional actions and controls are required to manage the risk further. Risks may be responded to by means of the 4 "T"s:

- **Terminate** – Avoid or eliminate the risk exposure or activity giving rise to the risk, then it no longer presents a risk to manage.
- **Treat** – implement cost effective actions to modify the risk to a more tolerable level.
- **Transfer** – transfer all or part of the risk to a third party i.e. through contract terms, insurance etc.
- **Tolerate** – accept the level of risk presented as is, but monitor to ensure the risk does not worsen.

3.15 More detail on the risk assessment process is available in the Risk Management guidance which supports this Strategy.

4. Embedding Risk Management

4.1 **Enterprise Risk Management** is a holistic approach which recognises the link between risks at different levels and areas of activity of the organisation, together with those risks arising from relationships and contracts with other parties outwith the Council. This Strategy applies to the management of risks across all areas of activity of the Council, and takes a "top down" and "bottom up approach".

4.2 Embedding Risk Management within the Council will be achieved through application of the Risk Management process of identification, assessment and analysis of risks, and by recording and managing these within risk registers. This process will be replicated at all levels of the Council and in our dealings with third parties and partners.

- **Corporate Risks** are those risks which can impact the Council in achieving its Priorities and stated objectives, or are more strategic in nature and require corporate oversight. For example such risks may have the potential to impact many Services, and can impact significantly on the Council in terms of financial costs and reputational damage. The Corporate Risk Register will reflect an amalgamated position of Service level risks, and may also include significant Service level risks which have been escalated for attention at a strategic level.
- **Service/Divisional/Team Risks** are those risks which have the ability to impact upon a Service, Division or Team in achieving its objectives. Service risks which are deemed to be significant may be escalated to the Corporate Risk Register in accordance with the Risk Management process. Service risk registers will reflect an amalgamated position of Divisional risks, and may also include specific Divisional risks which have been escalated from a Divisional risk register to be managed or monitored at Service level. Team risks may also be escalated to Division or Service level as determined by application of the Risk Management process.

4.3 Changes in the way we conduct our business, means that the Council increasingly faces particular risks around **Projects, Procurement and Partnership working**. Services should ensure that such risks are reflected appropriately within their risk registers.

4.4 This document outlines the framework which will be used to implement the Risk Management process across the Council, and will be an integral part of the Council's Corporate Governance arrangements.

5. Risk Registers

5.1 Risk Registers are used to capture and maintain information on all identified risks relating to each area, in a consistent and comprehensive format. The detail contained in a risk register, including results of analysis and evaluation will enable Teams, Services, and ultimately the Corporate Management Team to compare evaluations, and assess and understand the organisation's exposure to risk. Registers will be used to track and monitor the ongoing management of risks and their relevant controls, and be used to aid informed decision making.

5.2 Standard format Risk registers will be recorded and maintained in the Council's Risk Management Information System. This system will record information on the identification, assessment, monitoring, control and management of all significant risks to the Council, its Services and Teams. This detail will enable the Council to assess both its inherent and residual risk exposure, and can be used to track and monitor the management of risk. It will provide ease of analysis of risks and production of Risk Management information to aid decision making. The detailed Risk Management guidance which supports this Strategy contains templates and documentation to enable Teams to capture risk information for this purpose.

5.3 Those risks identified, and their control status should be formally reported to appropriate management and stakeholders on a frequency proportionate to the level of risk. This will ensure that risk information receives appropriate management attention in line with good Corporate Governance arrangements.

5.4 Enterprise Risk Management means that registers are maintained at each level of the organisation, with the flexibility to escalate and de-escalate risks between levels depending on the significance of the risk.

5.5 The levels are:

Corporate Risk Register (CRR)	Corporate risks are owned by the Corporate Management Team, and will be monitored and reviewed by relevant Corporate Working Groups and/or Management Teams on behalf of CMT. Progress on the management of these risks will be regularly reported to the Corporate Management Team. Risks rated as "high" will be reviewed on a 3 monthly basis. The Corporate Register will be subject to an annual refresh exercise.
Service Risk Registers	Risk registers will be maintained by each Service and will require to be reviewed at least once every 3 months to ensure that identified risks are being properly managed in accordance with expected timescales, and to minimise any significant risk exposure. Risks rated as "High" should be reviewed at least quarterly, and may be escalated if appropriate for consideration as a corporate risk. Service risk registers should be a reflection of Divisional and Team registers, and include relevant partnership and project risks.
Project Risk Registers	Project Risks should be captured and managed within project risk registers in accordance with the Project Risk Management process which is embedded within the Council's approved Project Management Model. The project risk management process should be followed for all projects, as the risks that can prevent a project from achieving its objectives or cause adverse impacts on the council, can happen in any project irrespective of the size or spend of the project. Risks relating to the successful implementation of key projects of corporate significance will be considered for inclusion within the corporate risk register.

6. Risk Reporting, Review and Challenge

6.1 Different levels of the organisation require different information from the Risk Management process. For example, CMT should know about the most significant Key Corporate Risks facing the Council and how these risks are being managed. Service Management Teams require to be aware of the risks which fall into their area of responsibility and which may impact on the services provided by them, and on their ability to achieve their objectives. Teams need to be aware of and take appropriate action on the risks that face the Team.

6.2 Risks identified and their control status should be formally reported to the appropriate level of management and stakeholders on a regular and timely basis to ensure that they receive the appropriate level of management attention.

6.3 To allow for the effective monitoring of risks, a "Risk Owner" should be identified for each risk. This person is responsible for ensuring that plans are in place for reviewing and reporting progress on the management of that risk and associated actions. The "Risk Owner" will be a named individual.

6.4 The Corporate Risk Register will be presented to the Audit & Scrutiny Panel on a quarterly basis. Immediately prior to this, CMT will have reviewed and confirmed that it is comfortable that the CRR is an accurate reflection of the overall risk position for the Council.

6.5 Oversight of risk registers is an important and essential part of the Risk Management process, to ensure that registers represent a reasonable reflection of the organisation's risk exposure. It will identify any anomalies for example where a risk is rated as "low" but should in fact be "high" or vice versa. Having the correct oversight and challenge will mean that we avoid the inefficient use of time and resources in addressing and reporting on what are in fact lower priorities, or not having sufficient review of key risks which have been wrongly rated and therefore do not receive the appropriate level of management attention.

6.6 The frequency of review for each risk will be dependent upon the residual risk rating as follows:

Residual Risk Score	Review frequency	Residual Risk Score	Review frequency
High (15-25)	Quarterly	**Low (4-6)**	Annually
Medium (8-12)	Six monthly	**Insignificant (1-3)**	Annually

6.7 As part of the risk monitoring and review process, management should monitor, and give proper consideration to progress against risk action plans, review the risk ratings applied to each risk and also give consideration to any new risks which have emerged.

6.8 Where a risk is reviewed by the Service and felt to have either corporate relevance or its significance has escalated to be of corporate relevance, this should be raised through the Risk Management Corporate Working Group or with the Corporate Management Team for inclusion as a Key Corporate Risk.

6.9 The Council's Internal Audit Team will undertake regular audits of the Council's Risk Management arrangements as part of the annual Internal Audit plan. The Council's external auditors will also periodically review the Risk Management processes put in place by the Council as part of their review of the Council's wider corporate governance arrangements.

7. Training & Development

7.1 To support the development and embedding of sound Risk Management practice, it is essential that the Council has a workforce that is equipped with the right levels of knowledge and competence to manage risk, and to make decisions with confidence and awareness of risk. The Council will seek to develop a learning culture, where we learn from events and past experiences in terms of what went well, what we could do better, and reflect on whether we have adequately considered risks.

7.2 Through the work of the Risk Management Corporate Working Group, training needs across the Council will continue to be reviewed and identified, with the Risk Management Team providing training and learning opportunities for Elected Members and Officers, which are appropriate and proportionate to roles and responsibilities.

7.3 Appendix C contains a Risk Management Training matrix which outlines the knowledge requirements and training solutions for different categories of employees, depending on their interaction with Risk Management, from those who require a general awareness, to Elected Members and Senior Managers with more strategic decision making responsibilities, and those employees who have a more specific role in the Risk Management process.

Appendix A Risk Assessment: Likelihood and Impact Descriptors

Please note that descriptors are intended to be indicative only, and may need to be tailored to the individual objective, project or activity under consideration, for example in line with specific professional guidance, national targets or project parameters. These should be agreed with all stakeholders concerned with the risk.

Likelihood Descriptors

Score	Probability of occurrence	Description
5	Over 90%	Almost certain to occur within 12 months
4	61-90%	Likely to occur within 12 months
3	31-60%	Possible that it may occur within 12 months
2	11-30%	Unlikely to occur within 12 months
1	10% or less	Rare that it would occur within 12 months

Impact Descriptors

Score	Description of impact				
	On Corporate or Service objectives	**Financial**	**On people**	**On time to recover**	**On reputation**
5 Catastrophic	Unable to function, inability to fulfil obligations	Severe financial loss (over 25% of budget)	Death	Serious – in excess of 2 years to recover to pre-event position	Highly damaging, severe loss of public confidence
4 Major	Significant impact on Corporate or Service objectives	Major financial loss (between 10% and 25% of budget)	Extensive injury, major permanent harm	Major – between 1 and 2 years to recover to pre-event position	Major adverse publicity, major loss of confidence
3 Moderate	Moderate impact on Corporate or Service objectives	Significant financial loss (between 2.5% and 10% of budget)	Medical treatment required, semi-permanent harm up to one year	Considerable – between 6 months to 1 year to recover to pre-event position	Some adverse publicity, legal implications
2 Minor	Minor impact on Corporate or Service objectives	Moderate financial loss (between 1% and 2.5% of budget)	First aid treatment, non-permanent harm up to 1 month	Some – 2 to 6 months to recover to pre-event position	Short-term public embarrassment and no damage to reputation
1 Insignificant	Minimal impact, no service disruption	Minimal loss (up to 1% of budget)	No obvious harm/injury	Minimal – up to 2 months to recover	No interest to the media, internal only.

Appendix B Risk Assessment: Risk Scoring Matrix

Likelihood	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
	Impact					

Risk rating	1-3 Insignificant	4-6 Low	8-12 Medium	15-25 High

Once risks have been assessed and rated, they should be on a programme of regular review according to residual risk score as follows, unless circumstances change to suggest the risk should be reviewed sooner:

Residual Risk Score	Review frequency	Residual Risk Score	Review frequency
High (15-25)	Quarterly	**Low (4-6)**	Annually
Medium (8-12)	Six monthly	**Insignificant (1-3)**	Annually

Appendix C: Training Matrix - Risk Management Knowledge requirements and solutions

		RISK MANAGEMENT TRAINING SOLUTION				
		Introduction to Risk Management (E-learning) Mandatory for all staff	**Advanced Risk Management (E-learning)**	**Enterprise Risk Management (External/ Internal)**	**1 day Enterprise Risk Management course (External)**	**Inclusion of Risk Management content in SVQ 4 Management Development Programme**
AUDIENCE	All employees and elected members (at Induction and Bi-ennially	✓				
	CMT	✓		✓		
	Heads of Service	✓		✓		
	Audit & Scrutiny Panel	✓	✓	✓		
	Risk Champions and Facilitators	✓	✓		✓	
	3rd/4th Tier Managers	✓	✓			✓
	Supervisors/Team Leaders	✓	✓			✓
	Project Managers	✓				

Appendix D – Glossary of Risk Management Terms

Context	Context means the external and internal parameters that organisations must consider when they manage risk. External context includes external stakeholders, local, national, and international environment, as well as any external factors that influence objectives. It includes social, cultural, political, legal, regulatory, technological, economic, natural, and competitive environment. Internal context includes internal stakeholders, approach to governance, contractual relationships, capabilities, culture, and standards.
Corporate Governance	The framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions to achieve their objectives
Exposure	The susceptibility to loss.
Impact	Effect or consequences of a risk. Examples of a range of impacts can be found in the Impact Matrix.
Inherent Risk	The exposure arising from a specific risk if no controls were in place to manage it.
Likelihood	The chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively and can be expressed either qualitatively or quantitatively.
Mitigating Action	Any action that seeks to reduce the likelihood or impact of a risk event to an acceptable level.
Monitoring	To supervise, check and critically observe on an ongoing basis. Monitoring will help determine the current status and assess whether or not required or expected performance levels are being achieved.
Operational Risk	Risks associated with the day to day issues facing the organisation in its service delivery, i.e. human error, system failures, inadequate procedures and controls.
Probability	Extent to which a risk event is likely to occur. A measure (expressed as a percentage) of likelihood.
Residual Risk	The level of risk remaining taking risk control measures into account.
Risk	An adverse event or set of events, that should it occur, will have an impact on the achievement of objectives. Risk is measured by the combination of the "likelihood" of the event occurring, and the "impact" on our objectives if it does.
Risk Analysis	The use of information to work out how often risk events might occur and the magnitude of their consequences.
Risk Appetite	The Council's attitude towards risk taking, which in turn dictates the amount of risk it considers tolerable or acceptable.
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk Categories	Risks are categorised into different types. The Council's categories are Strategic, Financial, Operational, Legislative & Regulatory, Human Resources and Information Technology.
Risk Control	A control is any measure or action that modifies or regulates risk. Controls include any policy, procedure, practice, process, technology, technique, method, or device that modifies or regulates risk. Risk treatments become controls, or modify existing controls, once they are implemented.
Risk Evaluation	The process of comparing the net effect of the scores of the analysed risks in order to make decisions about their significance in relation to our priorities, objectives and targets.
Risk Financing	The provision of funds to meet the cost of implementing risk treatments, including, but not limited to, insurance.
Risk Identification	The process by which risk events, which could affect the organisation's objectives, are identified, described and recorded.

Risk Management	The co-ordinated activities to direct and control an organisation with regard to risk. It covers the processes involved in identifying, assessing and prioritising risks, assigning ownership, taking actions to prevent or mitigate them, and monitoring and reviewing progress.
Risk Management Policy Statement	A high-level statement showing how Risk Management will be handled throughout the Council.
Risk Management Strategy	Describes the goals of applying Risk Management to the activity, a description of the process that will be adopted, the roles and responsibilities, risk thresholds, the timing of Risk Management interventions, the deliverables, the tools and techniques that will be used and the reporting requirements. It also describes how the process will be co-ordinated with other management activities.
Risk Matrix	A model that visually displays the relationship between the likelihood and impact of specific risks. Visually it is a 5x5 box that plots likelihood and impact as Insignificant, Low, Medium or High.
Risk Owner	A risk owner is a person or entity that has been given the authority to manage a particular risk and is accountable for doing so.
Risk Prioritisation	The process of ranking risks into a logical order by establishing how significant they are in terms of likelihood and impact (NB Impact is given priority over probability when prioritising risks).
Risk Profile	The overall picture of the Council's, Services, or Team's risks including the number of risks and their scores.
Risk Register	A formal listing of identified risks, together with the results of the risk analysis and risk evaluation procedures, as well as details of any risk responses. Helps decision makers prioritise resources to minimise risk to best effect and provide assurances that progress is being made.
Risk Tolerance	Delineation on the risk matrix, risks above which cannot be accepted without referring them to a higher authority. For a project, the project manager would refer these risks to the senior responsible owner (i.e. the person with overall responsibility for ensuring that the project/programme meets its objectives).
Risk Response	Selection and implementation of appropriate options to further minimise the likelihood or impact of an identified risk.
Strategic Risk	Risk concerned with where the Council wants to go, how it plans to get there and how it can ensure survival.
Terminate	Avoid or eliminate the risk exposure or activity giving rise to the risk so that it no longer presents a risk to manage.
Tolerate	An informed decision to accept the likelihood and the impact of a particular risk rather than trying to mitigate it. This is usually because there are certain benefits to be gained, or the cost and effort of implementing further control measures is disproportionate to the risk.
Transfer	An informed decision to transfer all or part of the risk to another party who will accept the risk and/or reap the rewards i.e. through contract terms, insurance etc.
Treat	Implement cost effective actions to modify the risk to a more tolerable level in line with the Council's risk appetite.
Uncertainty	A condition where the outcome can only be estimated.

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۔ں ی ہ ل م ا ش ی ھ ب ں ی ل ک ش ی ئ ا س ر ل ب ا ق ر و ا ک ن ر ٹ ک ی ل ا ، و ی ڈ آ ، (ی ئ ا ھ ک ل ی ک ف و ر ح ے ئ و ہ ے ر ھ ب ا ے ی ل ے ک د ا ر ف ا ا ن ی ب ا ن)

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EC_00317 11.2019

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