Solihull Council Audit Services

Risk Management Policy and Procedure

First Produced: August 2003
Document Review Date: June 2019

Version	Date	Author	Sent to	Reason
2.0	10/4/14	Governance Services	Published on Intranet	Final approved version.
	17/05/16	Audit Services	CLT	To review the refreshed Policy
	20/06/16	Audit Services	Audit Committee	To endorse the refreshed Policy
	04/07/16	Audit Services	Cabinet Member for Resources & Delivering Value	To approve the refreshed Policy
3.0	05/07/16	Audit Services	Published on Intranet	Final approved version.

Solihull Council Audit Services
Specialising in audit, investigations, risk management, health & safety and counter fraud

Contents

1. Introduction

Solihull Council is a complex organisation, providing a wide range of services to a population of around 200,000 people. It engages with many organisations (public, private and voluntary), in order to provide community leadership, deliver services and achieve its Vision for Solihull by 2020, where everyone has an equal chance to be healthier, happier, safer and prosperous.

The Council recognises that there are risks in everything it does and has a duty to manage these risks in a balanced, structured and cost effective way. Approval and publication of this Risk Management Policy and Procedure demonstrates this intention. The document:

a)   is fully supported by Members, the Chief Executive and the Corporate Leadership Team who are accountable for effective risk management within the Council;
b)   explains the Council's underlying approach to risk management, documenting the roles and responsibilities of Members, officers and other key parties for the ongoing management of risk, as well as explaining key aspects of the Council's risk management process; and
c)   forms part of the Council's overall internal control and governance arrangements.

2. Solihull's Definition of Risk and Risk Management

Risk is the uncertainty that surrounds future events and outcomes. This uncertainty can be a positive opportunity or a negative threat. Risk is therefore defined as "the chance of something happening that will have an impact (positive or negative) on the achievement of the Council's outcomes". It is measured in terms of the likelihood of an incident/event occurring and the impact if it does.

Risk management is a systematic way of identifying how to manage uncertain events and outcomes. It is a consistent, robust approach (including the culture, resources and processes) established to identify significant risks and reduce them to the lowest acceptable level. Used effectively, risk management supports the Council to exploit potential opportunities and promote innovation, as well as safeguarding it against potential threats.

Risk management is not about creating a totally risk-free environment, scaremongering by exaggerating trivial risks or stopping activities where the risks are managed, but it aims to maximise potential opportunities and minimise the adverse effects of risk.

"Sensible" Risk Management is about focusing attention on the real risks, those that happen more often and those with serious consequences, and taking practical steps to protect the Council from risks – it is using common sense.

The Council's overall Risk Management objectives are to:

- Embed "sensible" risk management into the culture and decision making of the Council
- Integrate risk management with key business processes so that the whole range of business risks facing the Council are managed effectively
- Manage risk in accordance with best practice, whilst developing an approach tailored to meet the Council's local needs
- Continually identify new and future risks that may impact on the Council
- Work with partners, providers and contractors to develop awareness and a common understanding of the Council's expectations on risk management.

3. Why is risk management important?

Risk Management is important because:	
It's a requirement	The Council has a statutory responsibility to have arrangements for managing risk. The Local Government (Accounts and Audit) Regulations state that "A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk."
It's good practice	The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" seeks to ensure that risk management is embedded into the culture of the Council, with Members and officers recognising that risk management is part of their jobs.
It makes good business sense	Effective risk management: - identifies opportunities where taking risks might benefit the Council - improves accountability, decision making, transparency and visibility - supports innovation and creative thinking - results in more effective partnership arrangements - enables more effective management of change - protects revenue and enhances value for money - secures trust from stakeholders through transparent and open management - enhances the Council's reputation and credibility It also helps to reduce the number and cost of claims and adverse incidents and improves the Council's ability to defend them; thus controlling insurance costs.
Risks need to be managed rather than avoided	Making the most of opportunities to improve public services, involves some amount of risk taking. Successful organisations take risks in an informed way; an unsuccessful organisation takes risks without understanding them.

4. Solihull's Risk Management Approach

The Council's risk management approach is designed to ensure that:

- new and emerging risks continue to be identified promptly and assessed realistically;
- significant risks are escalated appropriately;
- the focus is on risks that, because of their likelihood and impact, make them management priorities;
- effective mitigating action is taken to manage identified risks;
- all reasonable steps are taken to reduce risks to the lowest acceptable level.

It should be noted that whilst the Council has developed an approach that best meets its own needs, the arrangements take account of best practice and are subject to periodic external and internal review.

The following section details the agreed arrangements that operate to ensure the effective management of risk across the Council.

4.1   The Risk Management Cycle – Step by Step

The Council's approach to risk management involves a number of key steps, as outlined below.

Diagram 1   **Solihull's Risk Management Approach**
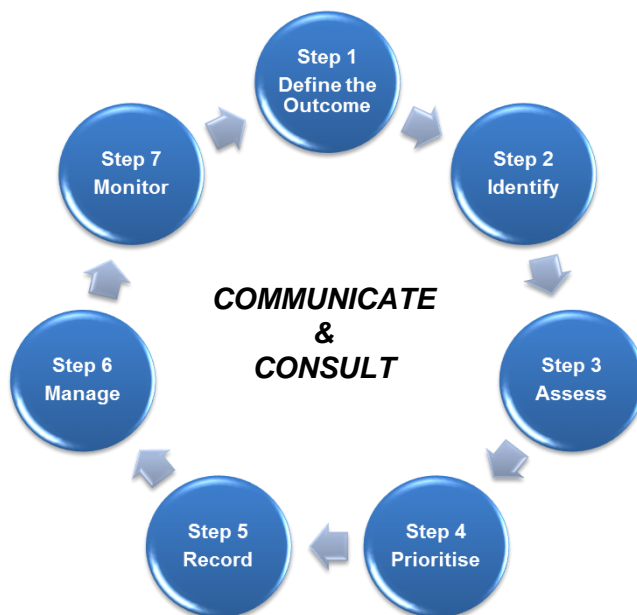
The following section describes each step in the risk management process in more detail:

Step 1 – Define the Outcome

The starting point of any risk management exercise is to define the outcome to be achieved. Depending on the area, relevant outcomes will usually be articulated in one (or more) of the following documents:

- The Council Plan and policy deployment documents (for corporate outcomes)
- Local Service Delivery Plans (for service area outcomes)
- A Project Plan (for project outcomes)
- Partnership Agreement (for partnership outcomes)
- Contract or other legal agreement (for contract outcomes)

Step 2 – Identify Risks

The Council faces a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the Council's reputation.

To ensure that all key risks are identified the process requires wide involvement, a structured framework and systematic process that is consistently applied. As such, the Council has developed a process for risk identification that:

   a) provides corporate specialist risk management support and facilitation
   b) ensures that where budget implications exceed £1m, it is a requirement that there is an early meeting of key stakeholders to assess risks, including relevant Members and financial and legal representatives
   c) strongly encourages the involvement of internal and external colleagues and partners
   d) uses an easy to remember framework of risk categories built around the acronym "PERFORMANCE" as follows:

Political	**O**pportunities / **O**utcomes	**N**ew Initiatives
Electronic	**R**eputation	**C**ustomers / **C**lients / **C**itizens
Regulatory	**M**anagement	/ **C**hildren/ **C**linical
Financial / **F**raud	**A**ssets	**E**nvironment including Climate Change

For further details, including examples of risks from each category see *Appendix A.*

Describing the risk is equally important and although this may sound negative, risks will usually best be described by using one of the following statements:

- Failure of or damage to.............   - Loss of or lack of......................
- Inappropriate or inefficient........   - Poor or insufficient....................

Step 3 – Assess Risks

Risk management is not about identifying or eliminating all risks and it is impossible to manage every risk all of the time. To ensure resources are focused on the most significant risks, the Council's approach to risk management requires identified risks to be assessed in terms of both the potential likelihood and impact so that action can be prioritised. The methodology adopted for assessing risks is simple and easy to use. It looks at each risk and assesses:

a)   how likely it is that the risk will occur, using a rating of either high, medium or low; and
b)   what the potential impact of the risk is, using a rating of either high, medium or low.

Appendix B describes the agreed criteria for assessing likelihood and impact.

Please Note: The risk management process requires each risk to be rated twice. The first rating (the "gross" risk level) is assessed on the basis that there is no action being taken to manage or reduce the identified risk or any existing measures are not operating effectively. In other words, the worst-case scenario if the risk were to occur.

The Council considers the gross risk to ensure that:

-    all risks are identified, even those believed to be well managed;
-    the seriousness of the risk is not hidden by the fact that it is thought to be well controlled, as this may not always be the case.

The second rating (the "net" risk level) is assessed in light of any existing or planned measures to manage or reduce the identified risk. In other words, the reality if the risk were to occur.

The Council considers the net risk to ensure that:

-    there is a reality check to take account of any measures already in place to minimise the likelihood or impact of the identified risks;
-    the seriousness of the risk is not exaggerated as this may lead to a risk averse culture.

Step 4 – Prioritise Risks

To focus attention on the risks that pose the most threat, both the gross and net risk levels of each risk (as assessed in Step 3 above) are plotted and prioritised using a simple 3 x 3 matrix.
The matrix uses a "traffic light" approach to show high (red), medium (amber) and low (green) risks.

Diagram 2: Likelihood and Impact Matrix

	High	Amber 7	Amber 8	Red 9
I M P A C T	Medium	Green 4	Amber 5	Amber 6
	Low	Green 1	Green 2	Green 3
		Low	Medium	High
		LIKELIHOOD		

The risk level is determined by where the Likelihood and Impact cross. For example, a risk assessed as high likelihood and high impact is a red 9 risk. A risk assessed as medium likelihood and low impact is a green 2 risk.

The thick black line between the amber and red risks define the Council's appetite for risk or its risk tolerance (i.e. the level of risk the Council is prepared to tolerate). The red area is outside the Council's risk appetite and any risk assessed as a net red risk is not tolerated and must be a priority for immediate management action. The ultimate intention is to reduce risk to the lowest acceptable level i.e. wherever possible, the aim is to reduce net risks to low green.

It is however, accepted that there will be certain risks where, because of the seriousness of the outcome if they occur, the Council will be unable to reduce the risk level below medium amber.

Step 5 – Record Risks

Having assessed and prioritised the risks, those with a net risk level of red or amber must be recorded in a risk register.

However, managers can decide how they record the lowest risk levels and risks do not need to be formally recorded in a risk register if:

a) the risk is considered highly unlikely to occur in the next 3 years; or
b) the only consequences if the risk were to occur are limited to any of the following:
   - possible first aid or medical treatment required
   - financial cost is less than £50k
   - non-compliance with local procedures and/or a supervision issue
   - minor service disruption but manageable locally
   - minor delays impacting on the service area's performance
c) the risk has a net risk level of green.

Effective management of these risks is considered to be within the expected day-to-day role and responsibilities of all managers and to ensure the Council focuses attention on the most significant risks, such risks will generally not be recorded within a formal risk register.

All risk registers are created and maintained on the Council's risk management system. This allows the Council to:

- record and manage risks in a consistent way, including what might cause them;
- generate risk registers;
- prioritise risks;
- record responses to risks by logging mitigating action and allocating responsibility for them;
- monitor and review risks, including tracking the changes to risks; and
- produce pre-defined and ad-hoc management reports.

A Risk Owner must be allocated to each identified risk. Such accountability helps to ensure "ownership" of the risk is recognised and appropriate resources are allocated. The title and/or name of the Risk Owner must be recorded in the risk register.

Each risk will have mitigating actions in place to minimise the likelihood of the risk occurring and/or the impact if it does occur. Where appropriate, an action owner should be allocated to each identified action. Again, such accountability helps to ensure "ownership" of the action is recognised and appropriate resources are allocated. The title and/or name of an Action Owner should be recorded in the Risk Register.

For access to the Council's risk management system, user training and detailed user guides contact Audit Services on telephone number 0121 704 8312.

Step 6 – Manage Risks

Not all risks can be managed all of the time, so it is important to focus attention on the most significant risks and to choose cost effective approaches to manage them. Having assessed and prioritised identified risks, it will be clear which risks pose the most threat and where management action needs to be taken.

It is anticipated that all risks will be managed in one, or a combination of the following ways (known as the 4 T's):

Manage by:	Description
Treating and thereby reducing the risk	The Council encourages a sensible approach to risk reduction. Whilst management must consider taking all reasonable steps to reduce risk, additional action(s) should be proportionate with the potential likelihood, impact and financial consequences of the risk.
Terminating and thereby avoiding the risk	Risk avoidance involves the Council opting not to take a current or proposed activity because it believes it is too risky.
Transferring the risk	Risk transfer involves transferring either the legal or financial liability for the consequences of a risk or responsibility for service delivery to another body.
Tolerating and thereby accepting the risk	This response will be appropriate where management judges that the mitigating actions already in place are sufficient to reduce the likelihood and impact of a risk to an acceptable level and there is no added value in doing more. *It must be understood that management's acceptance of a risk represents an informed decision to accept the impact and likelihood of that risk. Accepting the risk means management intends to manage the risk within existing management routines. The important point is that these risks have been identified and are clearly understood.*

Appendix C describes in more detail the management action required for each level of risk.

Step 7 – Monitor Risks

Significant risks need to be monitored regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact. Solihull's approach is one where monitoring is:

- part of existing performance monitoring arrangements;
- proportionate to the level of risk i.e. focused on those risks that because of their likelihood and impact, make them priorities;
- about making sure risks are being effectively managed and not bureaucratic back covering.

Although the exact process used may differ, Risk Owners will consider the following key issues when risks are monitored:

a)   is the risk still valid and if not should it be closed?
b)   has anything changed since the last review?
c)   have proposed or planned actions progressed?
d)   are existing actions operating effectively?
e)   has the likelihood or impact of the risk increased or decreased?
f)   have any events related to this risk materialised elsewhere that we need to learn from?
g)   taking account of the seriousness of the risk, should it be escalated?
h)   have any new risks arisen?

Regular monitoring reports of the progress to manage identified risks, enable senior managers and Members to be more aware of the extent of the risks and the changes occurring to them.

Appendix C details the agreed reviewing and reporting arrangements aimed at providing different levels of the Council with the most appropriate information.

Communicate and Consult

Effective risk management requires the involvement of a range of stakeholders and therefore effective communication and consultation throughout the process is essential. Audit Services can help facilitate a range of activities including risk identification workshops, risk review meetings and training.

Risk management is recognised as part of the corporate training programme and should form part of the discussion each year with staff about any appropriate development needs. Training is available throughout the year to meet demand, e.g. new managers who are expected to take responsibility for risk management, training sessions for specific Divisions or teams at management request.

Risk management information is available on the Audit Services Intranet site, as well as through regular updates, guidance and awareness sessions. The level and nature of this will vary to meet individual needs. The Risk Management Policy and Procedure will be subject to regular review (with a formal review every three years) to ensure it continues to meet the changing needs of the Council.

4.2   Embedding Risk Management

A systematic approach to identifying and analysing risk needs to be an integral part of key management processes and day-to-day working. As such, risk management is embedded in the Council's significant business processes including:

- **Annual Governance Statement** - The annual assurance process has direct links with the identification and management of significant risks throughout the year.

- **Climate Change** - Climate Change is a serious threat both now and in the future, a Climate Change Risk Assessment process has been developed.

- **Corporate Focus** - To maintain the corporate focus on risk management, the Director of Resources & Deputy Chief Executive leads on risk management throughout the Council.

- **Equality and Diversity** - Officers are required to undertake a Fair Treatment Assessment where appropriate and complete the "Statutory Equality Duty" section within Member decision reports.

- **External Funding -** Officers are required to submit a Bid Assessment Form (BAF) when applying for external funding and a finance risk assessment will be carried out in accordance with risk management guidelines.

- **Financial Management** - The Council's Financial Regulations include guidance on risk management.

- **Health and Safety** - The corporate business risk management approach has been adopted for all health and safety risk assessments.

- **Insurance Services** - The Council's Insurance Manager manages insurable risks and self-insurance arrangements.

- **Internal Audit** – The annual work plan reflects emerging and current significant areas of high risk and information taken from risk registers inform individual audit reviews.

- **Partnership Working** - The Council's Financial Regulations require any partnership arrangements to have risk management processes in place.

- **Performance and Development Framework** - The Council's performance management scheme includes risk management as a key managerial responsibility.

- **Policy and Corporate Decision making** - Significant risks, which are associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.

- **Procurement** - The Council's compliant procurement process requires managers to produce a risk register following the corporate approach.

- **Project Management** - All significant projects should be managed using an accepted project management methodology and this includes the formal consideration of risks before and throughout the project.

- **Safeguarding** - Safeguarding procedures and supervision guidance will support staff in developing effective risk assessment skills in order to keep children, young people and adults at risk safe.

- **Service Delivery Planning** - Service delivery planning should trigger a re-evaluation of any existing risk registers as well as consideration of any new or emerging risks.

5. Roles and Responsibilities

To ensure effective risk management across the Council, roles and responsibilities have been designed to achieve the following:

1. Risk management is embedded within the culture of the Council, it is most effective when it is part of the day job and fully integrated with existing management processes.
2. Risks are recorded only once and (where possible) managed by one responsible person and monitored by one responsible body, otherwise there could be duplication of effort to manage the same risk and a danger that everyone believes someone else is responsible.
3. Risks are managed at the most appropriate level - sensible risk management is about ensuring that risks are managed responsibly, managing risk is a normal part of the day to day responsibilities of service managers who are generally best placed to do this effectively.
4. Risks are promptly escalated, senior management and Members need to be aware of those risks that pose the most serious threat to the Council and how they are being managed.
5. Articulating and realistically assessing the potential likelihood and impact of a particular risk is vital, the risk management process is inherently subjective and open to interpretation, therefore competent professional advice and robust challenge is required.
6. Everyone must take some personal responsibility for identifying and managing risks in their own area, one person can not do everything and failure to identify or escalate real risks increases the chance that something serious will happen.

The following describes in detail, the key roles and responsibilities of Members, senior management and officers:

5.1 Members

Members are responsible for governing the delivery of services to the local community and have a responsibility to understand the risks that their Council faces and be aware of how these risks are being managed. Member's key tasks are as follows:

Audit Committee

1. Monitor the effective development and operation of risk management through regular information reports.
2. Determine whether any further information or action is needed in respect of significant risks and whether referral to the relevant Scrutiny Board is required.
3. Consider compliance with the Risk Management Policy and Procedure.
4. Require risk owners to attend the Committee to explain the actions being taken to manage significant risks.

Cabinet Members

1. Hold the Corporate Leadership Team (CLT) accountable for the effective management of risk.
2. Monitor the arrangements for managing the Council's strategic risks through an annual performance report.
3. Consider the risks involved in making any "key decisions".

Cabinet Member for Resources & Delivering Value

1. Approves the Risk Management Policy and Procedure.
2. Considers the risks involved in making any "key decisions".

Other Members

1. Support and promote risk management.
2. Consider the risks involved in making any "key decisions".

5.2   Chief Executive and Corporate Leadership Team

The Chief Executive and CLT are responsible for managing strategic risks, as well as operational risks in their individual areas of responsibility. CLT's Key tasks are to:

1. Determine the Council's Risk Management Approach and supporting processes and recommend any subsequent changes for approval by Members.
2. Support and promote risk management throughout the Council.
3. Actively identify, analyse and profile corporate and cross cutting risks.
4. Determine and prioritise action on corporate and cross cutting risks, delegating responsibility for control where appropriate.
5. Monitor progress of risk arrangement activities as part of existing performance management timetables.
6. Escalate as appropriate, significant operational risks for consideration at a corporate level.
7. Appraise the relevant Cabinet Member of any emerging or increasing risks.
8. Ensure that "key decision" reports include a section to demonstrate that arrangements are in place to manage any risks.

5.3   Director of Resources & Deputy Chief Executive

The Director of Resources & Deputy Chief Executive is the Officer Risk Champion with responsibility for Risk Management, fulfils the statutory role of Section 151 Officer and is the Council's most senior finance professional. In relation to risk management, key tasks are to:

1. Ensure that effective risk management arrangements are maintained to reflect the changing nature of the Council.
2. Champion the process of risk management as good management practice and a valuable management tool.
3. Understand the financial risks and potential liabilities that may impact the Council.
4. Ensure that material business decisions include a full consideration of the immediate and longer-term financial implications, opportunities and risks, consistent with the overall financial strategy.
5. Promote arrangements to identify and manage key business risks including safeguarding assets, risk mitigation and insurance.
6. Provide independent assurance of compliance with effective risk and financial management arrangements to support production of the Council's Annual Governance Statement.

5.4   Directorate Leadership Teams

The primary role of Directorate Leadership Teams is to manage operational risks by:

1. Being actively involved in the identification, analysis and profiling of risks.
2. Incorporating the risk management process into service planning processes.

3. Encouraging staff to be open and honest in identifying risks or missed opportunities.
4. Ensuring that the risk management process is an explicit part of all major projects and change management initiatives.
5. Regularly monitoring progress of risk management activities as part of existing performance management timetables.

5.5   Heads of Service, Service Managers and Project Managers

Heads of Service, Managers and Project Managers are responsible for ensuring that their Service and Project activities are well managed and suitable management practices and controls are in place and working. This includes responsibility for managing risks. Heads of Service, Managers and Project Managers, will ensure that:

1. Significant risks are identified, assessed and appropriately documented.
2. Risk ownership is clearly identified.
3. Risk monitoring is undertaken in line with corporately agreed timescales.
4. Risks are escalated appropriately.

5.6   Risk Champions

Each Directorate has a nominated Risk Champion whose role is to:

1. Produce regular progress reports to Directorate Leadership Teams on performance as part of the existing performance management processes.
2. Share their experiences of the risk management process and identified risks with others in their Directorate.
3. Act as a resource to help, support and facilitate risk assessments being carried out within their, and other directorates.
4. Support the review of cross cutting risk areas.

5.7   Audit Services Division

Head of Audit Services

To maintain independence and objectivity, the Internal Audit function is not responsible or accountable for risk management or for managing risks on management's behalf. Internal Audit will:

1. Audit the risk management process and provide assurance on its implementation.
2. Support risk identification and assessment workshops, as appropriate.
3. Assess the adequacy of the mechanisms for identifying, analysing and mitigating key risks.
4. Ensure Internal Audit's work plan is updated to reflect emerging or increasing risks and include time to review those risks that could significantly hinder achievement of the Council's outcomes.
5. Ensure that each audit review includes an assessment of the effectiveness of risk management in the particular area.

Governance Manager

The Governance Manager co-ordinates the Council's risk management arrangements, reporting to the Head of Audit Services and independently to Audit Committee. This provides Members with an objective and independent view, outside of senior management and will:

1. Provide a centre of expertise, providing active support and involvement in the risk management process.
2. Provide guidance and advice on matters of risk management and facilitate risk management training where appropriate.
3. Provide managers with practical techniques for identifying and assessing risks and designing control and mitigation strategies.
4. Support risk identification and assessment workshops, identifying or co-ordinating handling of risks across Directorates.

5. Provide assurance that risks are being effectively assessed and managed by regularly testing judgements about key risks and procedures.
6. Consider what further action needs to be taken as a result of any internal audit review. *This could include, for example, ensuring new risks are included in an appropriate risk register, providing support to accurately assess risks and identify effective mitigation.*
7. Co-ordinate risk reporting to the Corporate Leadership Team and Members.
8. Arrange for net amber 8 and net red 9 risks to be published on the Council's internet site.
9. Take a lead role in the review of the Risk Management Policy and Procedure.

5.8   Other Staff

All staff have a responsibility to:

1. Manage risk effectively in their job and report emerging risks to their service managers.
2. Participate in risk assessment and action planning where appropriate.
3. Adhere to Council policies and procedures.
4. Attend training and development sessions as appropriate.

5.9   Risk Owners

To ensure "ownership" of identified risks, each risk has a Risk Owner who is responsible for:

1. Ensuring that appropriate resources and importance are allocated to the process of managing identified risks.
2. Confirming the existence and effectiveness of the current mitigating actions and ensuring that any proposed mitigating actions are implemented.
3. Ensuring any changes in the risk in terms of likelihood or impact are recognised and prompt action taken where necessary.

5.10   Action Owners

To ensure "ownership" of any mitigating action, an action owner should be allocated to each identified action, who is responsible for:

1. Confirming the existence and effectiveness of the current mitigating actions.
2. Ensuring that any proposed mitigating actions are implemented.

Check List for Risk Identification

Remember, effective risk management improves…PERFORMANCE

Political	• Change in Government policy • Election changes and new political arrangements • Member support/approval, political personalities
Electronic	• Use of technology including disaster recovery • Data protection and security of information
Regulatory	• Legislation, grant funding conditions, internal policies and regulations • Data Protection, Freedom of Information, Public Sector Equality Duty, Human Rights, Employment Law, TUPE, Health & Safety, Environmental • Legal challenges, judicial reviews or public interest reports
Financial / **F**raud	• Budgetary pressures, loss of/reduction in income, cost of living, interest rates, inflation etc • Financial management arrangements • Investment decisions, sustainable economic growth • Affordability models and financial checks, inadequate insurance cover • External funding issues including loss of (or reduction in) funding • System/procedure weaknesses that could lead to fraud
Opportunities/ **O**utcomes	• Opportunities to add value or improve customer experience/satisfaction • Opportunities to reduce waste and inefficiency and minimise the use of natural resources • Increase employment, education and training • Improve health, reduce health inequalities and promote healthy lifestyles • Eliminate discrimination, promote equality of opportunity and promote good relations between communities • Recycling, minimise pollution, emissions and energy use • Protecting the community and making Solihull a safer place to live
Reputation	• Negative publicity (local and national) including print, broadcast or social media, inspection reports
Management systems	• Loss of key staff, recruitment and retention issues, management arrangements/protocols • Lack of/inadequate management support, poor communication • Capacity issues, training issues, availability, sickness absence etc • Emergency preparedness/Business continuity
Assets	• Land, property, listed buildings and ancient monuments, equipment, information, cultural and recreational assets, abuse of intellectual property
New Initiatives	• New ways of working, combined authority, shared services, projects, partnerships or contracts • New arrangements/relationships, new policies/procedures • Managing change
Customers/ **C**itizens **C**lients/ **C**hildren/ **C**linical	• Demographics, changing needs and expectations of customers, impact on vulnerable groups • Poor quality/reduced service delivery, poor communication/consultation • Crime and disorder, health inequalities, safeguarding issues, clinical governance
Environment including Climate Change	• Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions • Impacts from weather and climate change, such as severe weather events like heat waves or flooding

Measures of Likelihood and Impact

LIKELIHOOD MEASURES

	Low Green	Medium Amber	High Red
Probability	Possible to happen	Likely to happen	Highly likely to happen
Consider	*Has an incident occurred in the past 2-3 years OR is it possible in the next 2-3 years*	*Has an incident occurred in the past 1-2 years OR is it likely to occur in the next 1-2 years*	*Has an incident occurred in the past year OR is it highly likely to occur in the next year*

IMPACT MEASURES

	Low Green	Medium Amber	High Red
Safeguarding / Safety	Avoidable minor injury	Avoidable serious injury	Avoidable death, abuse, life-threatening OR permanent disability
Cost	Between £50k - £100k	Between £100k - 250k	More than £250k
Legal Impact	Legal action and/or fines unlikely	Legal action likely Substantial cost claims	Legal action certain Criminal offence Possible imprisonment Judicial Review
Intervention Required	Corporate Leadership Team intervention	Member intervention	Statutory body, partner or enforcement agency intervention
Service Impact	Significant service disruption	Service failure directly affecting customers/ council operations	Serious service failure directly affecting vulnerable groups
Project Delivery	Significant delays impacting on the Division's performance	Project failure impacting on the Directorate's performance	Project failure impacting on the Council's performance
Reputation Impact	Short term local media attention	Sustained local media attention	National media attention (print/broadcast/social), highly damaging or potential Public Interest Report

I M P A C T	**High**	Amber 7	Amber 8	Red 9
	Medium	Green 4	Amber 5	Amber 6
	Low	Green 1	Green 2	Green 3
		Low	**Medium**	**High**
		LIKELIHOOD		

Net Risk Level	Option	Management Action Required	Review / Reporting Required
Red 9	Reduce Avoid	This level of risk is not acceptable and immediate management action must be taken to assess how this risk can be reduced to an acceptable level. Where the impact might be avoidable death, abuse, life-threatening OR permanent disability, wherever possible, the activity should cease until the risk is effectively managed.	• The appropriate Director must be made aware immediately • Escalate to the most appropriate DLT • Director to appraise the relevant Cabinet Member and consider escalation to CLT Progress to manage these risks must be reviewed by DLT and/or CLT at least monthly and it is expected that the outcome of such reviews will be minuted in the appropriate meeting minutes and a comment recorded in the risk management software.
Amber 8 Amber 6 Amber 5	Transfer Reduce Accept	Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact.	• The appropriate Head of Service must be made aware • Consider whether the risk should be escalated to the appropriate DLT Progress to manage these risks must be reviewed by the Head of Service and/or DLT at least quarterly. It is expected that the outcome of such reviews will be minuted in the appropriate meeting minutes or 1:1 notes and a comment recorded in the risk management software.
Amber 7	Transfer Reduce Accept	In view of the low likelihood of this risk occurring, this level of risk can be accepted. However, management must first consider all reasonable steps that could be taken to reduce this risk in terms of the potential impact.	• The appropriate Head of Service must be made aware • Consider whether the risk should be escalated to the appropriate DLT Progress to manage these risks must be reviewed by the Head of Service and/or DLT at least six monthly. It is expected that the outcome of such reviews will be minuted in the appropriate meeting minutes or 1:1 notes and a comment recorded in the risk management software.
Green 4 Green 3 Green 2 Green 1	Transfer Reduce Accept	Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact. If the likelihood of this risk occurring reduces further, management may consider closing this risk.	• The appropriate Line Manager must be made aware • Consider whether the risk should be escalated to the Head of Service Progress to manage these risks must be reviewed by the Line Manager at least annually (or sooner if circumstances change significantly) and a comment recorded in the risk management software.