



# Risk Management Framework 2018-2020

## *Risk is the effect of uncertainty on objectives*

*The effect may be positive, negative or a deviation from the expected, and that risk is often described by an event, a change in circumstances or a consequence*

*Risk Management is defined as: Coordinated activities to direct and control an organisation with regards to risk<sup>1</sup>*

The Council is committed to developing its Risk Management Framework and the necessary supporting processes as part of the Council's on-going improvement programme. This will help to improve and strengthen governance and front-line service delivery throughout the Council. The aim is to minimise the incidence and impact of risk taking activity, improve decision making and increase opportunities for innovation.

All organisations encounter uncertain events when trying to fulfil their priorities and achieve their objectives. These events may arise internally or externally and may result in positive impacts (opportunities) and/or negative impacts (threats). Any uncertain event that could affect one or more objectives is a risk. The consequences of a risk materialising may be negative, positive or may result in greater uncertainty.

This document sets out South Kesteven District Council's commitment to the management of risk in accordance with the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards. It states the principles that we will aspire to and outlines the main benefits to be realised by its use throughout the Council.

The framework described in this document is based on the ISO 31000 International Standard for Risk Management. Effective risk management supports the Annual Governance Statement and is a key element of corporate governance within the CIPFA Corporate Governance Framework.

It is important to note that the framework is not intended to be used for the assessment and management of health and safety risks, nor as a guide for regular general risk assessments conducted as part of normal business activities.

When considering risks to health and safety, managers should refer to the policies, procedures and guidance contained within the Council's health and safety system. Significant health and safety risks, if identified, should be included on the appropriate risk register.

For guidelines relating to general risk assessments managers should refer to local procedures maintained by the relevant business areas.

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<sup>1</sup> As defined within the ISO 31000:2018 Risk Management – guidelines

The Council undertakes risk management to promote and ensure that:

The management of risk is linked to performance improvement and the achievement of priorities and objectives

Members and senior management own, lead and support risk management

Ownership and accountability are clearly assigned for the management of risks and opportunities at all levels throughout the Council

There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels

All Members and officers acknowledge and embrace the importance of risk management as a process by which key risks and opportunities are identified, evaluated, managed and contribute towards good governance

Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities

Open and inclusive processes are established and maintained by involving all those associated with the planning and delivery of services, including stakeholders and partners

Accountability to stakeholders is fully demonstrated through periodic progress reports and an annual statement on the effectiveness of and the added value (benefits) from the Council's risk management framework and processes

The Council has benchmarked its approach using CIPFA guidelines against other public sector organisations to identify best practice

The Risk Management Framework is reviewed and updated, at least biennially, in line with the Council's developing needs and requirements

# Risk Management Procedural Guidance

## Introduction and background

This framework provides an overview of the Council's arrangements for risk management. It updates the previous Risk Management Strategy (2015-2017) and seeks to clarify the various roles, responsibilities and governance structures. The procedural guidance may be subject to further review and amendment as required subject to approval by the s151 Officer, Corporate Management Team and the Governance and Audit Committee.

Through priority plans and business objectives, the Council must balance the demands of service users and tax payers; involve communities in service provision; deliver, commission and regulate services; and enter into local and strategic partnerships, sometimes involving complex funding arrangements. Balancing all these competing demands and objectives means that the Council needs a framework that ensures that a pro-active approach is taken and risks are considered before decisions are made.

The management of risk is woven throughout the Council's key governance frameworks and there are specific requirements to adopt a formal approach to risk management in the following areas:

- Key decision making reports
- Programme and project management
- Partnership working arrangements
- Corporate, directorate and business area planning
- Procurement processes
- Change management processes

A formal approach to risk management will involve, for example, undertaking a risk assessment or detailing risks in a report. The Council recognises that the approach to risk management should be proportionate to the level of risk involved.

Risk management is an essential part of strengthening the "health" of the Council because it is a crucial part of the overall arrangements for securing effective corporate governance. Risk management can make a difference and enhance performance by:

- Identifying and preventing the bad things from happening
- Ensuring all the good things we want to do actually happen

The Council has to comply with various statutory requirements that include issues relating to risk management. Risk management is a key element of the Council's arrangements for delivering good governance.

## Risk management objectives

The purpose of this framework is to set out how we will manage risk throughout the Council and to ensure that risks are identified at the right time to facilitate effective decision making. In particular to:

- Ensure risk management is part of strategic and operational management decision making, planning and implementation
- Manage risks in accordance with the Council's Risk Management Framework, recognised best practice and to enable good governance
- Take account of internal and external changes that may impact on the Council's overall risk profile
- Respond to risk in a balanced way, mindful of the risk level, risk reduction potential, cost/benefit and relationship to resource constraints
- Raise awareness of the need for effective risk management

# Risk management principles



## What is risk?

Risk can be defined as anything that poses a threat to the achievement of the Council’s objectives, programmes or service delivery to residents, businesses and communities. It can come from inside or outside the organisation; may involve financial loss or gain; physical damage to people or property; customer dissatisfaction; unfavourable publicity; failure of equipment; or fraud, etc. Failure to take advantage of opportunities may also have risks, for example, not bidding for external funding, etc.

## What is risk management?

Risk management is the range of activities that an organisation intentionally undertakes to understand and reduce the effects of risk in a manner consistent with the virtues of economy, efficiency and effectiveness. It is about making the most of opportunities (making the right decisions) and about achieving objectives once such decisions are made.

There is no such thing as a risk free environment but many risks can be avoided, reduced or eliminated through good risk management – something managers do every day as part of their normal work.

There are many benefits to making sure that risk management is considered and applied at all levels in the Council:

- Allows managers to focus on issues that really matter
- Managers are focussed on doing the right things in the right way
- There are fewer surprises
- More likely to achieve business objectives
- More likely that new developments can be delivered on time and on budget
- More informed risk taking and decision making

## Types of risk

To aid the management of risk we have set out the following categories:

### Corporate

- High level and cross cutting risks which need to be considered in judgements about the Council's priorities, plans and objectives
- Risks that may be potentially damaging to the achievement of the Council's key objectives
- Identified as part of the process of preparing the Corporate Plan and other related strategies, for example, the Medium Term Financial Plan
- Members and officers are involved in the identification, assessment and treatment of those risks

### Service

- Risks that exist at service level and are considered exceptional (or not considered business as usual) in that they have come about through a change in activities (internally/externally) that cannot be managed through normal day to day controls
- Risks could also be the result of a failure in control that threatens the ability to maintain business as usual and jeopardises the Council's ability to achieve its objectives (thus by its nature is exceptional)

### Fraud

- Risks that exist due to a lack of internal controls, making the Council vulnerable to opportunities by unscrupulous individuals

The provision of good risk intelligence promotes discussion, encourages challenge and enables the organisation to consider risks and opportunities as an integrated element of the day to day management of the business.

The governance for how the different risks are managed is explained in **Appendix A**.

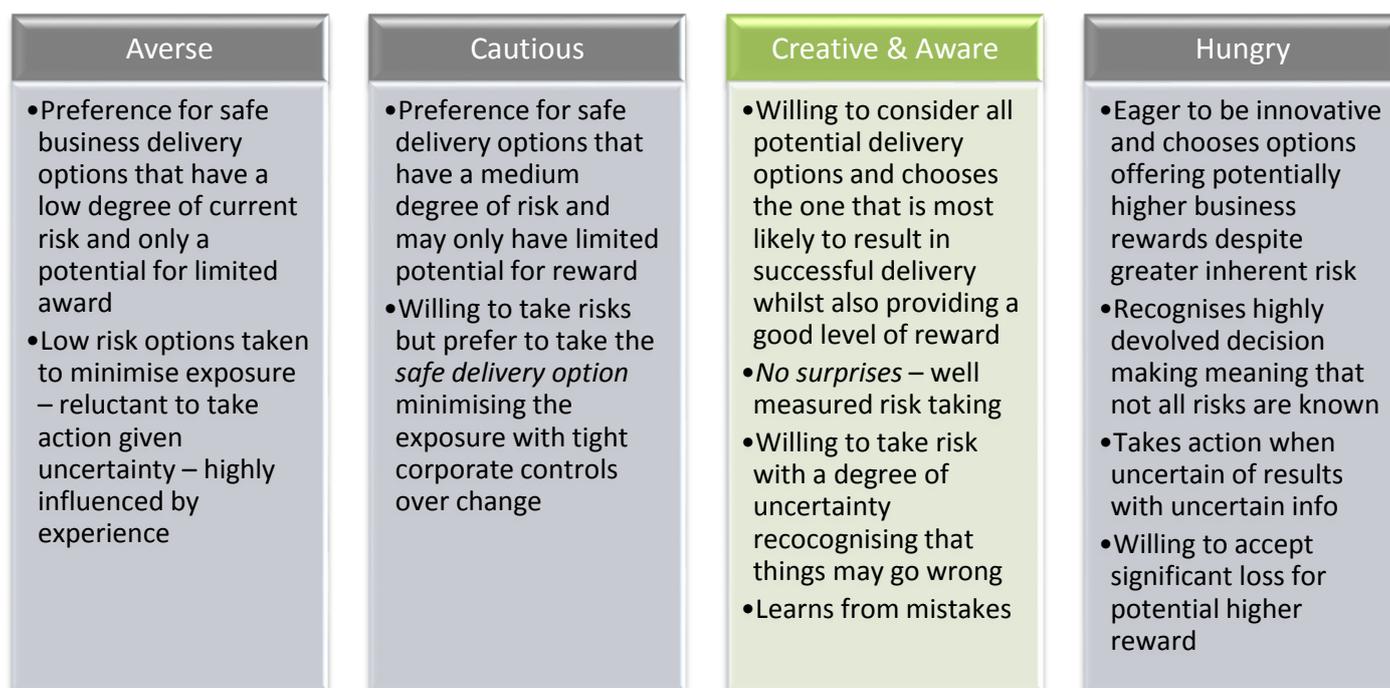
## Risk appetite

Risk appetite can be defined as the amount of risk that an organisation is willing to take on in pursuit of value, or in other words, the total impact of risk an organisation is prepared to accept in the pursuit of its strategic objectives.

Risk management is not about being ‘risk averse’ – it is about being ‘risk aware’. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being risk aware the Council is in a better position to avoid threats and take advantage of opportunities. A clearly understood and articulated risk appetite assists in this ‘risk awareness’ and helps unlock value by better aligning decision-making and risk.

Factors such as the external environment, people, business systems and policies and how key stakeholders perceive the Authority will all influence the Council’s risk appetite.

Similarly to other Councils, our approach to risk appetite can be defined as ‘Creative and Aware’ as defined below:



## Embedding risk management

The Cabinet Member for Finance and the Corporate Management Team are jointly responsible for ensuring that risk management is embedded throughout the Council.

It is the responsibility of Assistant Directors and Heads of Service to ensure that, within their areas, risks are being effectively managed.

The Governance and Audit Committee is responsible for scrutinising risk management systems.

It is important that the principles of this framework are communicated to partners and that the arrangements for managing risk are clearly understood.

Finance & Risk will provide advice and assurance on a day to day basis.

## Risk assurance and review procedures

To ensure the Risk Management Framework remains fit for purpose, we continually seek to review and improve our risk management methodology and embrace new initiatives and industry practices that suit the needs of our organisation. We adapt to our changing operating environment and economic conditions and have a risk framework with sufficient flexibility to cope with these changes.

Risk management is subject to the Council’s internal audit practices and as such is audited annually to enable the auditors to provide assurance that processes are in place to identify, assess and manage the risks the Council faces. Any recommendations arising from audits are channelled back through annual work plans to ensure they are implemented.

Assurance that our risk management processes are working effectively is obtained by following the risk governance framework as set out in **Appendix A**.

## Methodology

We use the methodology set out in **Appendices B and C** when undertaking the assessment of risk and opportunities.

## Roles and responsibilities

All Officers and Members have a key responsibility to ensure that risk management is effective across the whole of the authority’s operations. Specific roles and responsibilities are set out in **Appendix D**.

## Glossary

A glossary to assist with the interpretation of the framework is provided at **Appendix E**.

## Risk Management Action Plan

### Key improvement area

Incorporate governance and risk training into the overarching corporate training programme for officers utilising appropriate training tools such as e-learning

Introduce ‘back to basics’ manager training to all key post holders ensuring appropriate levels of competency for governance areas such as procurement, financial regulations, risk management and contract procedure rules

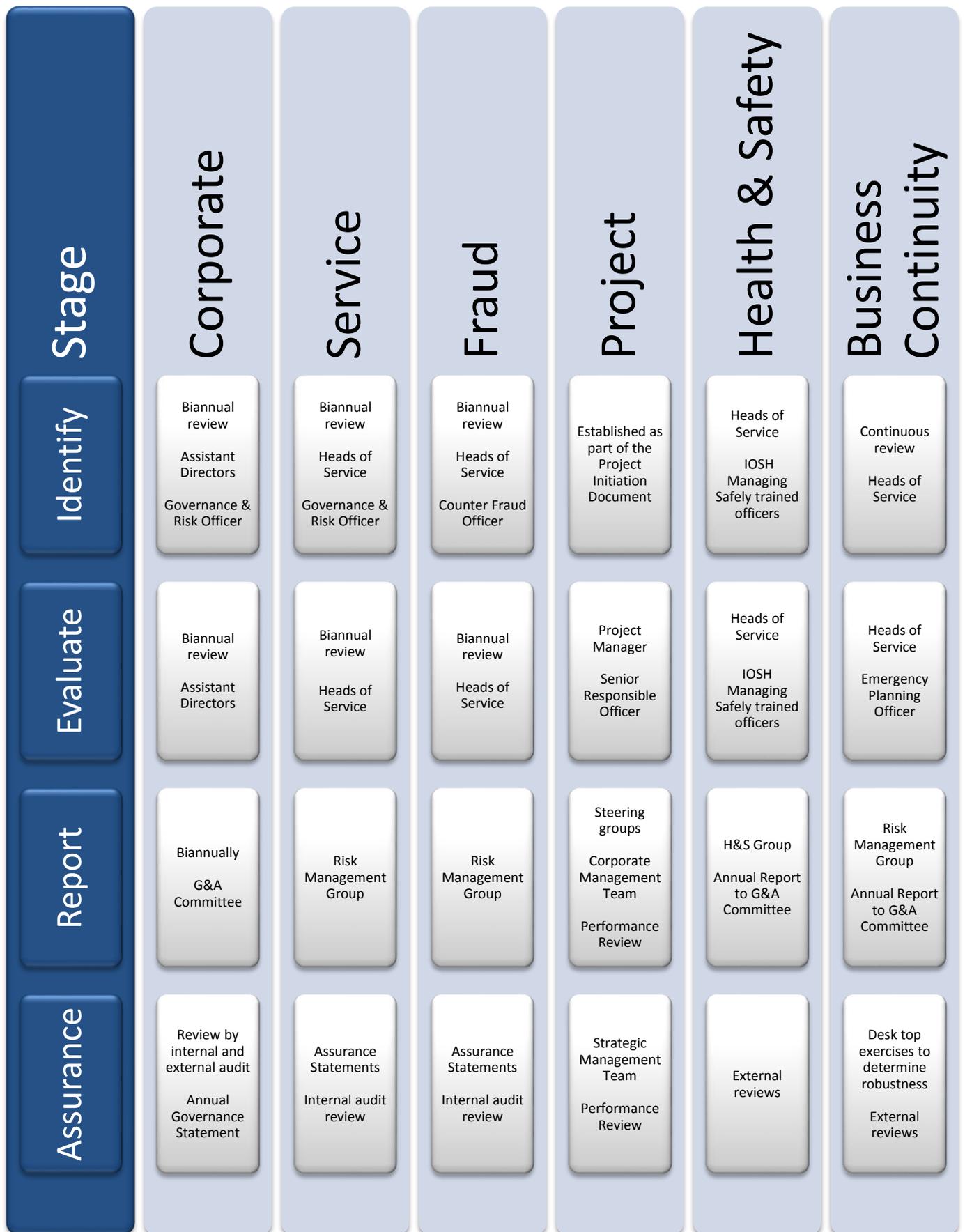
Ensure members are trained on the key areas of risk management and all reports identify risk management issues for their consideration

Undertake a review of procedures to ensure compliance with the Risk Management Framework

Work with colleagues across the county to learn and share best practice regarding risk management

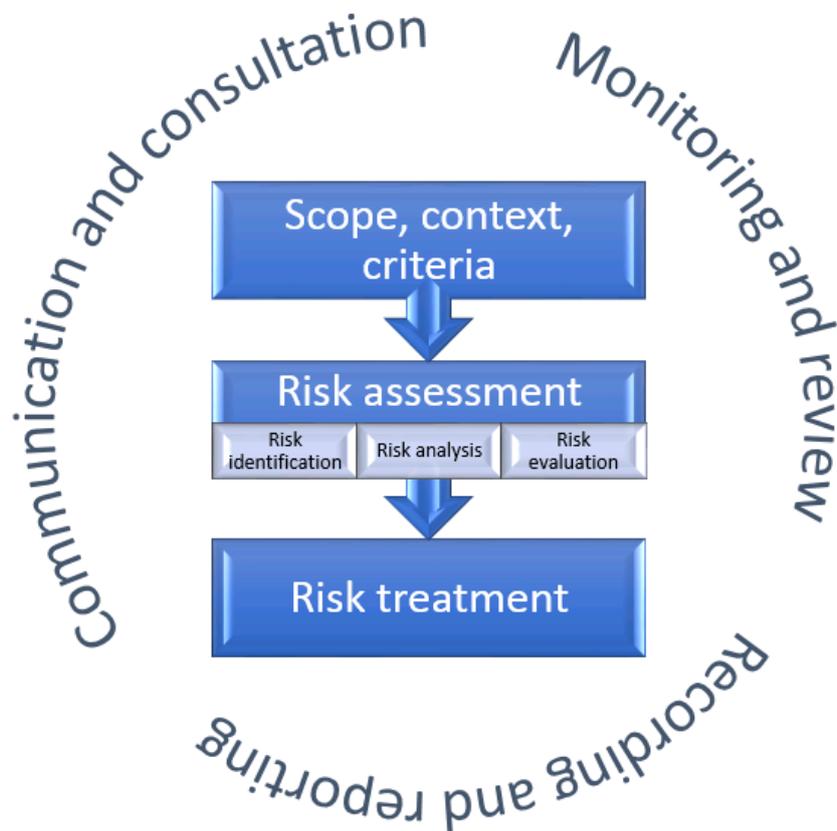
Ongoing review of Corporate Risk Register to ensure all risks are captured and evaluated

# Appendix A – Risk Management Governance Framework



# Appendix B – Risk Management Process

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting of risk as shown below:



## Risk Assessment

### Risk identification

A risk is an uncertainty that could have adverse or beneficial effects on the achievements of objectives. The initial stage of risk management sets out to identify the exposure to these uncertainties. This requires knowledge of the Council and its services, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its corporate and business objectives, including factors critical to the success and the achievement of objectives.

The starting point should be the corporate vision as detailed in the Corporate Plan and the supporting priorities. The delivery of the priority actions are then supported by priority plans and risk management should be in place to ensure the actions can be delivered in order to ensure delivery of the corporate vision. There will also be some cross cutting corporate objectives that impact on the service areas, as well as objectives that the service has for key projects. Key project risks or opportunities are captured within project risk registers.

The risks and opportunities identified need to be recorded in a structured format. A description covering the Cause, Event and Effect is used to scope a risk. Some typical phrasing or statements are outlined below:

Cause	Event	Effect
Because of... As a result of... Due to...	<an uncertain event i.e. risk> may occur...	... which would lead to <effect on objective(s)>

Event	Cause	Effect
Risk of... Failure to... Failure of... Lack of... Loss of... Uncertainty of... Delay in... Inability to... Inadequate... Partnership with... Development of... Opportunity to...	... due to...	... leads to... and/or... results in...

## Risk analysis

Once the risk has been identified and defined, the details need to be entered onto the appropriate risk register. By using the criteria, as defined below and overleaf, the risk rating can be evaluated.

Risk is assessed by the combination of two factors – the likelihood of something happening and the impact if it does happen. This can be represented graphically on a simple 4x4 matrix as shown below:

### Risk Matrix

Impact	<b>Critical</b> None or very low tolerance to the risk	4	<b>4</b> Medium	<b>8</b> High	<b>12</b> Very High	<b>16</b> Very High
	<b>Major</b> Some tolerance to the risk	3	<b>3</b> Medium	<b>6</b> High	<b>9</b> High	<b>12</b> Very High
	<b>Moderate</b> Risk can be tolerated in most cases	2	<b>2</b> Low	<b>4</b> Medium	<b>6</b> High	<b>8</b> High
	<b>Minor</b> Risk can be tolerated	1	<b>1</b> Low	<b>2</b> Low	<b>3</b> Medium	<b>4</b> Medium
			1	2	3	4
			Unlikely	Possible	Likely	Certain
			Low but not impossible <20%	Fairly likely to occur 21% - 50%	More likely to occur than not 51% - 80%	Expected to occur in most circumstances >80%
			Likelihood			

## Risk impact descriptions

Impact	1 Minor	2 Moderate	3 Major	4 Critical
People and resources	Minor injuries or stress with minimal medical treatments or no workdays lost. No impact on staff morale	Injuries or stress level requiring some medical treatment. Potentially some workdays lost. Potential impact on morale and performance on teams	Serious injuries or stressful experience requiring medical. Many workdays lost. Major impact on morale and performance	Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale and service performance
Legal, statutory compliance and reputation	Internal review. Unlikely to have impact on the corporate image	Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage	Scrutiny required by external agencies etc. Unfavourable external media coverage. Noticeable impact on public opinion	Intense political and media scrutiny. Possible criminal, or high profile, civil action against the Council, members or officers
Service delivery and processes	Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines	Significant short term disruption of non-core activities. Service action will be required	Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium term difficulties	Cessation of core activities. Strategies not consistent with government's agenda. Failure of major projects
Financial and budgetary impacts	Minimal financial loss. Minimal effect on budget/cost	Medium financial loss. Small increase on budget/cost. Handled within the team	High financial loss. Significant increase on budget/cost. Service budgets exceeded	Major financial loss. Large increase on budget/cost. Statutory intervention triggered. Impacts the whole council

The worst case or effect will determine the risk impact i.e. minimal financial loss (Minor) but serious injury (Major). The injury overrides the cost so the higher impact is applied – each risk is not required to meet all criteria in the description.

## Definition of risk level

Level of risk	Consequences	Action required
<b>12 - 16</b> Very High	Disastrous negative impact Unacceptable threat	Treatment/mitigation actions required to minimise threat(s)
<b>6 - 9</b> High	Severe negative impact Considerable threat	Treatment/mitigation actions required to minimise threat(s)
<b>3 - 4</b> Medium	Medium negative impact Manageable threat	Managed via contingency plans. Treatment/mitigation actions required to minimise threat(s)
<b>1 - 2</b> Low	Relatively light negative impact Acceptable threat	Council content to accept the risk but threats should be reviewed regularly

## Detailed risk description to be captured within the risk register

1	Risk reference	<ul style="list-style-type: none"> <li>Unique identifier</li> </ul>
2	Risk type	<ul style="list-style-type: none"> <li>Category of risk (see <b>Appendix C</b>)</li> </ul>
3	Risk description	<ul style="list-style-type: none"> <li>Brief explanation of risk</li> </ul>
4	Risk cause	<ul style="list-style-type: none"> <li>What would cause the risk to occur</li> </ul>
5	Risk consequence	<ul style="list-style-type: none"> <li>Scope of risk and details of possible events, including description of the events</li> </ul>
6	Mitigation measures	<ul style="list-style-type: none"> <li>Existing control mechanisms and activities</li> <li>Procedures for monitoring and review of risk performance</li> </ul>
7	Risk evaluation	<ul style="list-style-type: none"> <li>Likelihood and magnitude of event and possible impact or consequences should the risk materialise</li> </ul>
8	Risk actions, action progress and action owner	<ul style="list-style-type: none"> <li>Potential for risk improvement or modification</li> <li>Recommendations and deadlines for implementation</li> <li>Responsibility for implementing any improvements</li> </ul>
9	Risk action date	<ul style="list-style-type: none"> <li>Date by which the action will be implemented</li> </ul>

## Risk treatment

Under the management stage, there are five choices of response strategies for all risks and these are outlined below:

	Response strategies
1. Treat the risk	Reduce the size of the risk in order to make it more acceptable by reducing the likelihood and/or impact
2. Tolerate the risk	Recognise that some risks must be taken and respond either actively by allocating appropriate contingency arrangements or passively doing nothing except monitoring
3. Transfer the risk	Identify another stakeholder better able to manage the risk to which the responsibility can be passed, for example, take out insurance or involve a third party
4. Terminate the risk	Eliminate the uncertainty by making it impossible for the risk to occur or by executing a different approach to eliminate the risk or stop doing what is causing the risk
5. Take the opportunity	Encourages thoughts about additional opportunities that may arise if you decide to tolerate, treat or transfer the risk

Treating the risk is the most used option. If a risk is to be treated a control mechanism must be put in place:

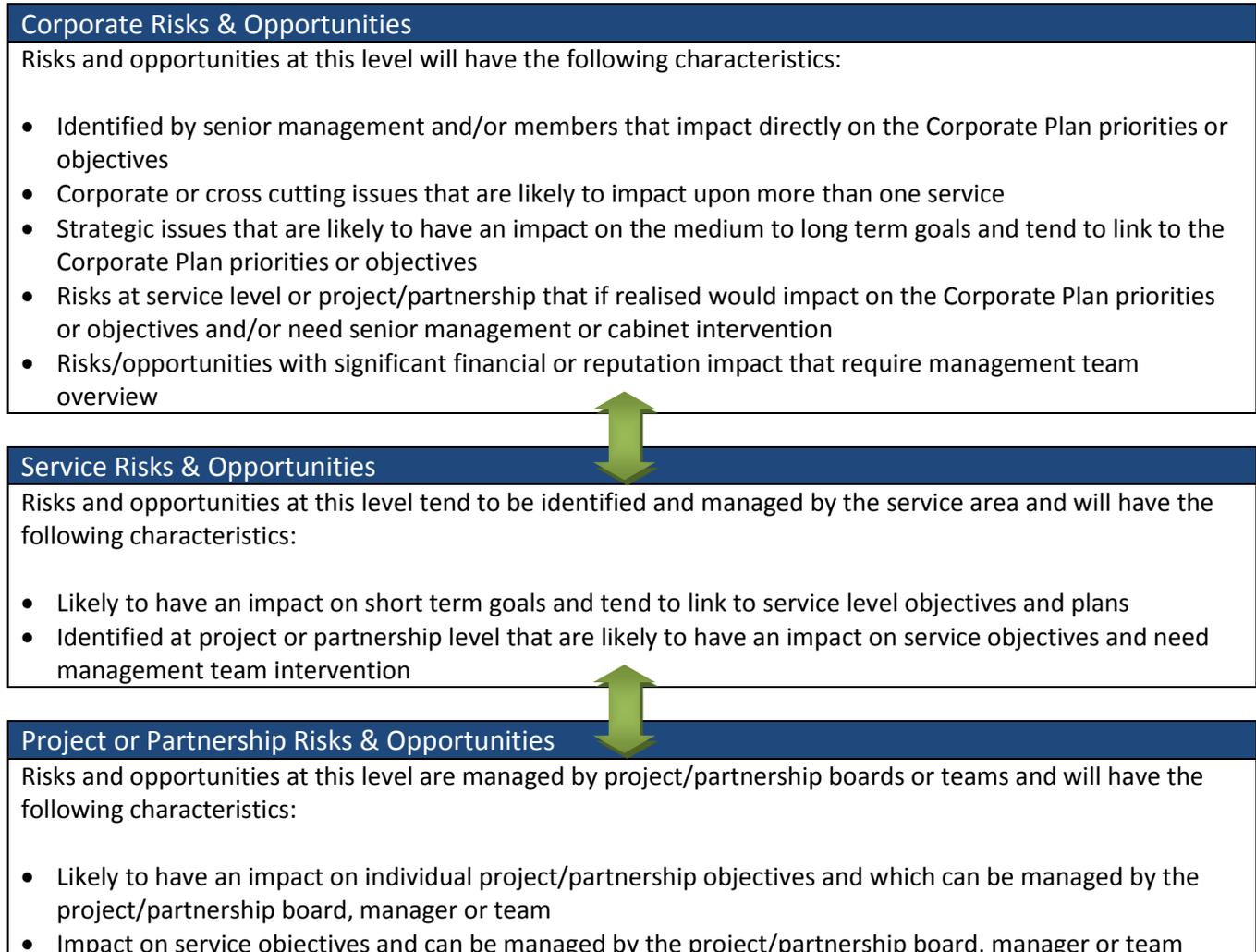
- Preventative controls – designed to limit the possibility of something undesirable happening, for example, separation of duties in a financial system to reduce the risk of fraud occurring
- Corrective controls – designed to limit the damage/impact should the risk arise, for example, effective contingency planning
- Directive controls – designed to ensure a particular outcome is achieved, for example, insistence that workers wear protective clothing to help reduce the likelihood of harm
- Detective controls – designed to identify an undesirable outcome that has arisen, for example, stock takes alert to the fact theft has possibly taken place

All risks must have an owner to ensure they are controlled effectively. The owner of the risk should be the person who is best placed to inform and monitor the risk. Delegation for monitoring the risk and any associated/resulting actions may be undertaken, however overall responsibility for the risk remains with the risk owner.

## Risk escalation

The escalation of risks or opportunities to the Corporate Risk Register is considered by Corporate Management Team and appropriate action taken. This may include:

- Incorporating into the Corporate Risk Register for reports to Corporate Management Team and Governance and Audit Committee
- Incorporating into an existing risk on the Corporate Risk Register if it is related to that issue, for ongoing management and review
- De-escalating to service or project/partnership level for ongoing management and review



A risk may need to be escalated to a higher level if:

- The risk becomes too unwieldy to manage at the current level
- The risk rating cannot be controlled/contained within its current level
- The risk remains very high even after mitigations are implemented
- The risk will impact on more than one service/project or function if the risk event materialises
- The risk moves outside the appetite boundaries/comfort zone
- Instinct tells the risk owner it is out of their control

A risk may need to be moved to a lower level if:

- The risk can be controlled/managed at a lower level
- The risk rating decreases significantly
- The risk event will only affect one service area and the impact will be limited then this should be controlled more locally at a lower level

## Review and assurance

Risk management is a dynamic process. It is vital that registers are kept up to date. New risks and opportunities will be identified and some will be managed and removed. Risks need to be reviewed and reported upon to identify if risks are changing and their impact on the Council’s objectives and to gain assurance that risk management is effective.

The assessment of likelihood and impact levels for existing risks/opportunities will need to be updated to take into account the management actions undertaken and contingency arrangements will need to be reviewed in response to changing internal and/or external events.

Officers complete regular reviews of their risk registers considering the following points:

- How static is the risk information?
- Have the risk likelihood/impact levels changed?
- Do the changes appear cosmetic or are they substantial, involving the identification of additional actions or changes to contingency arrangements?
- Is there an audit trail outlining the actions that have been taken and indicating their relative success?
- Is the information shared with officers and are they amending and refining their actions in light of any changes?
- What is the turnover in terms of new risks being identified and existing issues being removed or terminated?
- Is the number of high risks decreasing?
- Are the high level opportunities being exploited and the benefits realised?

Assurance will be provided that the Council’s approach to risk management is working by:

Action	Evidence
Risk registers	<ul style="list-style-type: none"> <li>• Risks identified with risk owners, risk treatment and reporting mechanism</li> </ul>
Review of the risk management system	<ul style="list-style-type: none"> <li>• Risk Management Group</li> <li>• Governance &amp; Audit Committee</li> <li>• Internal and external audit</li> </ul>
Assurance statements	<ul style="list-style-type: none"> <li>• Ensures the efficient application and integration of risks, controls and assurances coupled with their reporting as part of Performance Review</li> <li>• Governance &amp; Audit Committee will review annually the on-going effectiveness of the Council’s risk controls assurance framework</li> </ul>
Committee reports	<ul style="list-style-type: none"> <li>• Integration of risk identification as part of the member review and approval process with the inclusion of a risk table on reports</li> </ul>

## Appendix C – Risk Categories

Category	Description	Examples	
Corporate	Political	Associated with the failure to deliver either local or central government policy	<ul style="list-style-type: none"> <li>– Unforeseen policy changes</li> <li>– Not meeting government agenda</li> <li>– Too slow or failure to modernise</li> <li>– Decision based on incorrect information</li> <li>– Unfulfilled promises to electorate</li> <li>– Community planning oversight/errors</li> </ul>
	Economic	Affecting the ability to meet financial commitments. Includes internal and external budgetary pressures, failure to purchase adequate insurance or consequences of proposed investment decisions	<ul style="list-style-type: none"> <li>– General/regional economic problems</li> <li>– Missed business opportunities</li> <li>– Failure of major projects</li> <li>– Failure to prioritise, allocate appropriate budgets and monitor</li> </ul>
	Social	Relating to the effects of changes in demographic, residential or socio-economic trends. This may also include factors relating to cultural attitudes and beliefs	<ul style="list-style-type: none"> <li>– Failing to meet the needs of disadvantaged communities</li> <li>– Failures in partnership working</li> <li>– Problems in delivering lifelong learning</li> <li>– Impact of demographic change on other people</li> <li>– Crime and disorder</li> </ul>
	Technological	Capacity to deal with the pace/scale of technological change on ability to use technology to address changing demands	<ul style="list-style-type: none"> <li>– Breach of confidentiality</li> <li>– Failure in communications</li> <li>– Insufficient disaster recovery for key data/systems</li> <li>– Failure of strategically significant technology related project</li> </ul>
	Legislative	Associated with current or potential changes to legislation at national and international level	<ul style="list-style-type: none"> <li>– Inadequate response to new legislation</li> <li>– Not meeting statutory dues or deadlines eg H&amp;S, data protection</li> <li>– Failure to implement legislative change</li> <li>– Misinterpretation of legislation</li> <li>– Exposure to liability claims</li> </ul>
	Environmental	Relating to the environmental consequences of realising objectives, for example, in terms of energy, efficiency, pollution, recycling, climate change and sustainability	<ul style="list-style-type: none"> <li>– Impact on sustainability initiatives</li> <li>– Impact of planning and transportation policies</li> <li>– Noise, contamination and pollution</li> <li>– Crime and Disorder Act implications</li> <li>– Inefficient use of energy and water</li> <li>– Incorrect storage/disposal of waste</li> </ul>
	Cyber	Relating to financial loss, disruption or damage to the reputation from some sort of failure of its information technology systems	<ul style="list-style-type: none"> <li>– Deliberate and unauthorised breaches of security to gain access to IT systems</li> <li>– Unintentional or accidental breaches of security</li> <li>– Operational IT risks due to poor systems integrity or other factors</li> </ul>

Category	Description	Examples
Business	Competitive	Competitiveness of service in terms of cost or quality and/or its ability to deliver best value <ul style="list-style-type: none"> <li>– Takeover of services by government</li> <li>– Failure of bids for government funds</li> <li>– Failure to show value for money</li> <li>– Accusations of anti-competitive practices</li> </ul>
	Customer	Associated with the failure to meet the current and changing needs and expectations of customers and citizens <ul style="list-style-type: none"> <li>– Lack of appropriate consultation</li> <li>– Bad public and media relations</li> <li>– Significant service failure</li> </ul>
	Fraud	Associated with theft, embezzlement, fraud, bribery, corruption, money laundering <ul style="list-style-type: none"> <li>– Loss of assets</li> <li>– Inappropriate expenditure</li> <li>– Loss of income</li> </ul>
	Partnership	Associated with working in partnership with other organisations <ul style="list-style-type: none"> <li>– Poor selection of partner</li> <li>– Failure of partner to deliver</li> <li>– Inadequate management of partnership working</li> </ul>
	Procurement	Associated with letting large contracts, purchasing new ICT systems and commissioning services <ul style="list-style-type: none"> <li>– Unclear business cases</li> <li>– Failing to vet providers</li> <li>– Lack of market capacity</li> <li>– Inappropriate contract awarding</li> <li>– Failing to manage and monitor contracts</li> <li>– Non-compliance with procurement policies</li> <li>– Poor contract specification or deficiencies</li> </ul>
	Reputation	Relating to public confidence and failure to recruit high calibre staff <ul style="list-style-type: none"> <li>– Adverse media attention</li> <li>– Policies misunderstood or misinterpreted</li> <li>– Negative implications identified by others which have not been previously considered</li> <li>– Failure to keep partners on side</li> <li>– Breach of confidentiality</li> <li>– Lack of business continuity plans</li> <li>– Failure to maintain and upkeep land and property</li> </ul>

# Appendix D – Roles and Responsibilities

All Officers and Members have a responsibility to ensure that risk management is effective across the whole of the Authority's operations. Specific roles and responsibilities are set out below:

<b>The Council</b>	<ul style="list-style-type: none"> <li>– Overall responsibility for risk management</li> <li>– Provide a corporate perspective on the risk appetite of the Council</li> <li>– Ensure risk management is embedded into all processes and activities</li> </ul>
<b>Cabinet Member for Finance</b>	<ul style="list-style-type: none"> <li>– Strategic endorsement of the overall approach and attitude to risk management</li> <li>– Champion risk management</li> </ul>
<b>Governance and Audit Committee</b>	<ul style="list-style-type: none"> <li>– Approve and monitor the implementation of the Risk Management Framework</li> <li>– Review Annual Governance Statement including effectiveness of risk management</li> <li>– Provide assurance to members that risks are being identified and managed, which includes oversight of the Corporate Risk Register, and scrutinise the system of internal control</li> </ul>
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>– Strategic leadership that endorses the implementation of the Risk Management Framework across the Council</li> </ul>
<b>Section 151 Officer (Strategic Director - Resources)</b>	<ul style="list-style-type: none"> <li>– Overall responsibility for maintenance and delivery of risk management across the Council</li> <li>– Disseminate and promote the framework</li> <li>– Champion risk management</li> </ul>
<b>Corporate Management Team</b>	<ul style="list-style-type: none"> <li>– Monitor the Corporate Risk Register</li> <li>– Take ownership, as appropriate, of the identified corporate risks</li> <li>– Monitor Project Risk Registers</li> <li>– Raise awareness of risk with Members and Officers as appropriate</li> </ul>
<b>Directors Assistant Directors Heads of Service</b>	<ul style="list-style-type: none"> <li>– Communicate risk management approach and framework throughout the Council</li> <li>– Identify, assess and communicate risks within their sphere of responsibility</li> <li>– Regularly review risk management process in their area of responsibility</li> <li>– Provide support/assistance to employees in fulfilling their risk management duties</li> <li>– Provide CMT with updates on changes to the Corporate Risk Register</li> </ul>
<b>Risk Management Group</b>	<ul style="list-style-type: none"> <li>– Provide a forum for the discussion of risk management issues</li> <li>– Review and monitor the Exceptional Service Risk Register</li> <li>– Promote and embed risk management throughout service areas</li> </ul>
<b>Assistant Director Resources Governance &amp; Risk Officer</b>	<ul style="list-style-type: none"> <li>– Operational responsibility for supporting and guiding risk management across the Council including training</li> <li>– Facilitate discussion of risk at local and corporate level, including risk identification and practical techniques for identifying, assessing and mitigating risks</li> </ul>
<b>Risk Owner</b>	<ul style="list-style-type: none"> <li>– Responsible for ensuring that each risk is managed effectively</li> <li>– Report any significant changes to the Risk Management Group</li> <li>– Implement actions arising from risk assessments</li> </ul>
<b>All staff</b>	<ul style="list-style-type: none"> <li>– Understand, accept and implement risk management processes</li> <li>– Report inefficient, unnecessary or unworkable controls</li> <li>– Report loss events, near miss incidents and co-operate with management on investigations</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>– Act in accordance with the Accounts &amp; Audit (England) Regulations 2011 and Public Sector Internal Audit Standards</li> <li>– Produce a risk based internal audit plan</li> <li>– Provide an informed opinion on the effectiveness of the risk management framework</li> </ul>

## Appendix E – Glossary

Service risks and opportunities	Service level issues that are likely to have an impact on short term goals and tend to link to service level objectives and plans
Control	Measure that is modifying risk
Corporate risks and opportunities	Corporate (cross cutting) or organisational issues that are likely to impact more than one service area and tend to link to the objectives of the Council
Establishing the context	Defining the external and internal parameters to be taken into account when managing risk and setting the scope and risk criteria for the risk management framework
Event	Occurrence or change of a particular set of circumstances
Frequency	Number of events or outcomes per defined unit of time
Impact	Outcome of an event affecting objectives
Issue	A previously uncertain event that has occurred
Likelihood	Chance of something happening
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
Opportunity	An uncertainty that will enhance the Council's ability to achieve its objectives (positive effect)
Residual risk	Risk remaining after risk treatment
Resilience	Adaptive capacity of an organisation in a complex and changing environment
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives
Risk	The effect of uncertainty on objectives
Risk acceptance	Informed decision to take a particular risk
Risk aggregation	Combination of a number of risks into one risk to develop a more complete understanding of the overall risk
Risk analysis	Process to comprehend the nature of risk and to determine the level of risk
Risk appetite	The amount and type of risk the Council is willing to pursue or retain
Risk assessment	Overall process of risk identification, risk analysis and risk evaluation
Risk attitude	Organisation's approach to assess and eventually pursue, retain, take or turn away from risk
Risk aversion	Attitude to turn away from risk
Risk avoidance	Informed decision not to be involved in, or to withdraw from, an activity in order not to be exposed to a particular risk
Risk category	The type of risk, for example, PESTLE (political, economic, social, technological, legislative or environmental)
Risk criteria	Terms of reference against which the significance of a risk is evaluated

Risk description	Structured statement of risk usually containing four elements: sources, events, causes and consequences
Risk evaluation	Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable
Risk financing	Form of risk treatment involving contingent arrangements for the provision of funds to meet or modify the financial consequences should they occur
Risk governance framework	Sets out the various groups, teams, boards where risk management activity and intelligence is discussed and reported
Risk identification	Process of finding, recognising and describing risks
Risk level	The level of risk identified by the impact/likelihood analysis, for example, very high, high, medium, low
Risk management	Coordinated activities to direct and control an organisation with regard to risk
Risk management audit	Systematic, independent and documented process for obtaining evidence and evaluating it objectively in order to determine the extent to which the risk management framework, or any selected part of it, is adequate and effective
Risk management framework	Set of components that provide the foundation and organisational arrangements for designing, implementing and monitoring
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk
Risk matrix	Tool for ranking and displaying risks by defining ranges for likelihood and impact
Risk owner	Person with the accountability and authority to manage a risk
Risk perception	Stakeholder's view on a risk
Risk profile	Description of any set of risks
Risk register	Record of information about identified risks
Risk reporting	Form of communication intended to inform particular internal or external stakeholders by providing information regarding the current state of risk and its management
Risk retention	Acceptance of the potential benefit of gain, or burden of loss, from a particular risk
Risk score	The total risk score calculated by multiplying the likelihood and impact scores
Risk sharing	Form of risk treatment involving the agreed distribution of risk with other parties
Risk source	Element which alone or in combination has the intrinsic potential to give rise to risk
Risk tolerance	Organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objectives
Risk treatment	Process to modify risk
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Uncertainty	A risk or opportunity that could have adverse or beneficial effects on the achievement of objectives (in relation to risk/opportunity management)