APPENDIX A

Risk Management

Strategy and Policy

Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

Contents

Our Strategy

Foreword by Paul Orders, Chief Executive

I am pleased to introduce you to the new Risk Management Strategy and Policy for Cardiff Council. The Council has over a period of years continued to develop a risk approach that focusses on assessment and monitoring. This new strategy signifies a step change in our approach by putting Risk Management at the centre of what we do. Assessment and monitoring remain key components but effective Risk Management is essential as we approach the challenges of delivering more with less, and considering innovative solutions to difficult problems.

This strategy seeks to empower us to seek strategic opportunities, whilst recognising that innovation and good governance are not mutually exclusive. It supports us to get the basics right, by prompt identification, ownership and reporting of threats to our objectives, from which clear actions and targets to manage the risks are set. Having clear guiding principles on the levels of risk that we are empowered to take (risk appetite), whilst understanding the levels of risk that we actively manage and reduce, are fundamental to getting decision making right. We are making efforts to engage our staff and wider partners in Risk Management to support delivering our strategy.

We can only act upon what we are aware of, and in that spirit we have developed a brief 'Risk Management Essentials' guide which I strongly recommend that we all read.

Foreword by Councillor Chris Weaver, Cabinet Member for Finance, Modernisation and Performance.

As the Council's Member 'Risk Champion', I am pleased to have contributed to the development of our refreshed approach to the management of risk. The new strategy supports our aspiration to make risk management part of our everyday thinking and decision-making. When making decisions on new ways of working, investments, savings and anything in between we need to be aware of the risks involved in order to achieve the best outcomes. It will benefit Members, Officers and Cardiff citizens alike, as it communicates how much risk we can take and in which areas.

We have developed five standard perspectives / lenses, to help us to consistently consider and understand the wide-ranging nature of risks that could affect the Council in managing our functions and making decisions. It is important that we all take the time to remind ourselves of our responsibilities to manage risk in our day-to-day working.

We all play a part in managing risk, and the guidance and support included in the Strategy and Policy and the Risk Management Essentials guidance seeks to make us all aware of our role in managing risk.

What are we trying to achieve?

Cardiff Council is committed to a proactive approach to risk management which is integrated into the policy framework, planning and budgeting cycles. The Risk Management Strategy and the associated Policy outlines the framework, responsibilities and accountabilities for the systematic and consistent management of risk through Council, partnership and collaborative activities.

The Council recognises the value of maintaining and enhancing an effective risk management culture to identify, analyse, manage and control the risks it faces. The Council acknowledges that risk cannot be totally eliminated and may at times need to be embraced as part of an innovative approach to problem solving and achieving best value.

Aims

The Council is committed to the management of risk in order to:

- Support delivery of the corporate vision, priorities, objectives and values
- Ensure that statutory obligations and policy objectives are met
- Safeguard all stakeholders to whom the Council has a duty of care
- Protect physical and information assets and identify and manage potential liabilities
- Ensure effective stewardship of public funds, efficient deployment and use of resources and achievement of value for money
- Learn from previous threats, opportunities, successes and failures
- Preserve and promote the reputation of the Council

The aims will be addressed by systematically identifying, analysing, cost effectively controlling and monitoring risks at strategic, programme, project, and operational levels.

Objectives

The Risk Management Strategy seeks to:

- Outline the scope of risk management
- Integrate and embed risk management into the culture of the Council
- Assign risk management roles, responsibilities and accountability
- Ensure risk awareness and proportionate and consistent management of risk
- Prevent injury, damage, breaches and losses
- Enhance realisation of opportunities and resulting benefits

The aims and objectives will be achieved by:

- Training and developing relevant managers, officers and members.
- Timely risk identification, reporting, ownership and oversight.
- Application of risk management in business planning, decision making, programme, project, partnership and collaborative activities.

What is Risk Management?

Risk definition

Risk is the "**effect of uncertainty on objectives**" (ISO 31000)
An **effect** is a positive or negative deviation from what is expected.

Risk management

Risk management is the process followed to control the level of risk in business and service activities which could impact on their achievement of our objectives and the delivery of our key priorities.

Why do we manage risk?

Risk management is a key component of corporate governance in maintaining a strong control environment. It can help prioritise attention and ensure considered decision making (e.g. investment, divestment, insurance, methods of delivery) in times of continued resource constraints. It should be used as an integral part of core business processes such as business planning, budgeting and performance review processes.

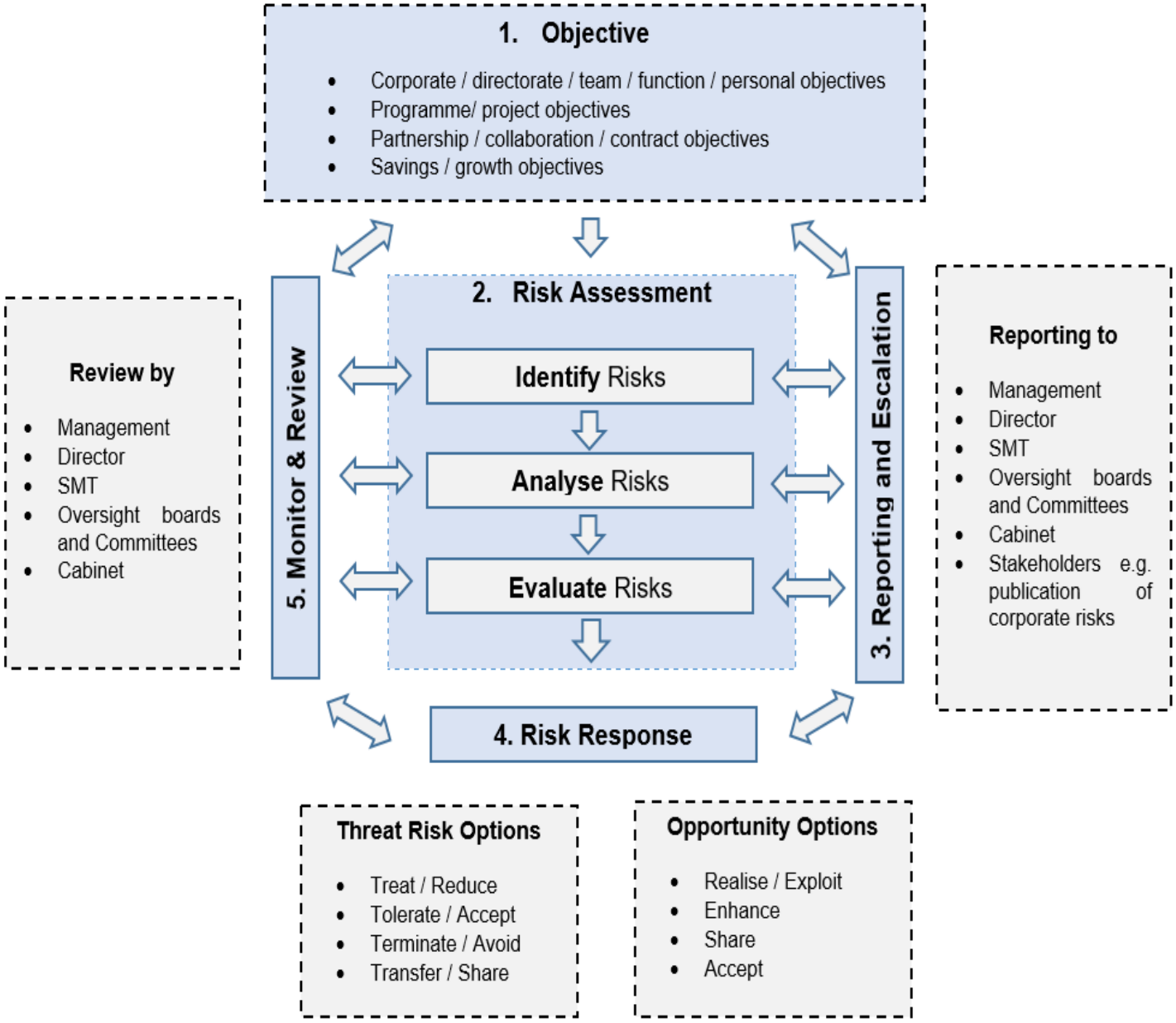
Improved efficiency of operations	Better delivery of intended outcomes	Maximises Opportunities
Protected reputation of the Council	Supports the achievement of the Council's objectives	Reduced losses arising from workplace accidents & illnesses
Better mitigation of key risks	Demonstrates good governance	Enhanced political and community support
Protection of budgets from unexpected financial losses or Increased ability to secure funding	Increased effectiveness of business change programmes and projects	Protection of Council Assets
Fewer unwelcome surprises	Improved management information to inform decision making	Improved planning

Where to apply risk management?

- Include risk assessments in decision making reports
- Maintain risk registers for all functions, partnerships, contracts, programmes and projects
- Escalate risks in accordance with the Council's risk escalation process
- Include risk accountabilities for measures and actions in performance reviews
- Filter any positive deviations (opportunities) into business planning processes.
- Programme and project planning and management
- Savings and growth proposals
- Review and benchmark your functions (internal and external environment)

Risk Management Process

A systematic approach to risk management is followed in the Council through which objectives are set and risks are identified, analysed and evaluated. Risks are reported in accordance with a defined risk escalation process, with a proportionate risk response required to manage risks within the Council's risk appetite. The risk management review process is as follows.



Based on ISO 31000

The standard approach is to report and escalate risks on a quarterly basis. However, risk management in Cardiff Council is a dynamic 'live' process and officers and members are encouraged to report and escalate significant risks as frequently as required, thereby fast tracking the typical quarterly reporting cycle where merited. An incident management process is also in place to manage time critical risks 24 hours a day.

Fundamental to the level of risk response is a concept known as ***risk appetite***. This will determine the level and extent of action that is required in order to manage risks to a level that is proportionate and acceptable to the Council.

Risk Appetite

Risk appetite definition

'The level of risk that the Council and its leadership team are willing to take on, accept, tolerate or be exposed to in pursuit of Council objectives.'

Why define a risk appetite?

Our risk appetite should clarify the options available to us, the risks that we can take and those which we need to avoid or reduce as a priority.

A risk appetite has been formalised in this policy to provide clear guidance to all officers, managers, members and partners on the level of risk which can be accepted. It should be used to ensure consistency in, and accountability for:

- The reporting and management of existing or emerging risks
- The extent of governance arrangements and controls required
- Assessments of the suitability of proposals (savings, strategies, policies etc.)

Risk appetite levels

The Council uses the following definitions of risk appetite levels. At each level there is a *balance between risk and reward*, with 'hungry' risk appetite offering the highest risk and reward and 'averse' offering the lowest.

- **Hungry** - Where we seek out innovative delivery options and choose options offering the highest reward despite significant risks which are not able to be managed. Activities themselves may potentially carry, or contribute to, a high (red) residual risk.

- **Open** - Where we consider all potential delivery options, seek greater reward, are aware of the risks and can put in place actions to moderate these risks. Activities themselves may potentially carry, or contribute to, a moderate / high residual risk.

- **Cautious** - Where we seek to deliver safe options with a low degree of risk and limited reward. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

- **Minimalist** - Where we seek to deliver very safe options with a low degree of risk which will return a very limited reward. Potential for reward / pursuit of opportunity is not a key decision driver.

- **Averse** - Where we focus on avoiding risk & uncertainty. Activities undertaken will be those considered to carry virtually no inherent risk.

The Council's risk matrix is used to measure the likelihood and impact of potential risk events. The methodology is explained fully as part of Stage 2 (Risk Assessment) of the risk management cycle in this policy.

Risk Appetite Statement

We are **not averse** to taking risks, and our approach is based on judgement of the circumstances of each potential risk and an assessment of its impact. This means:

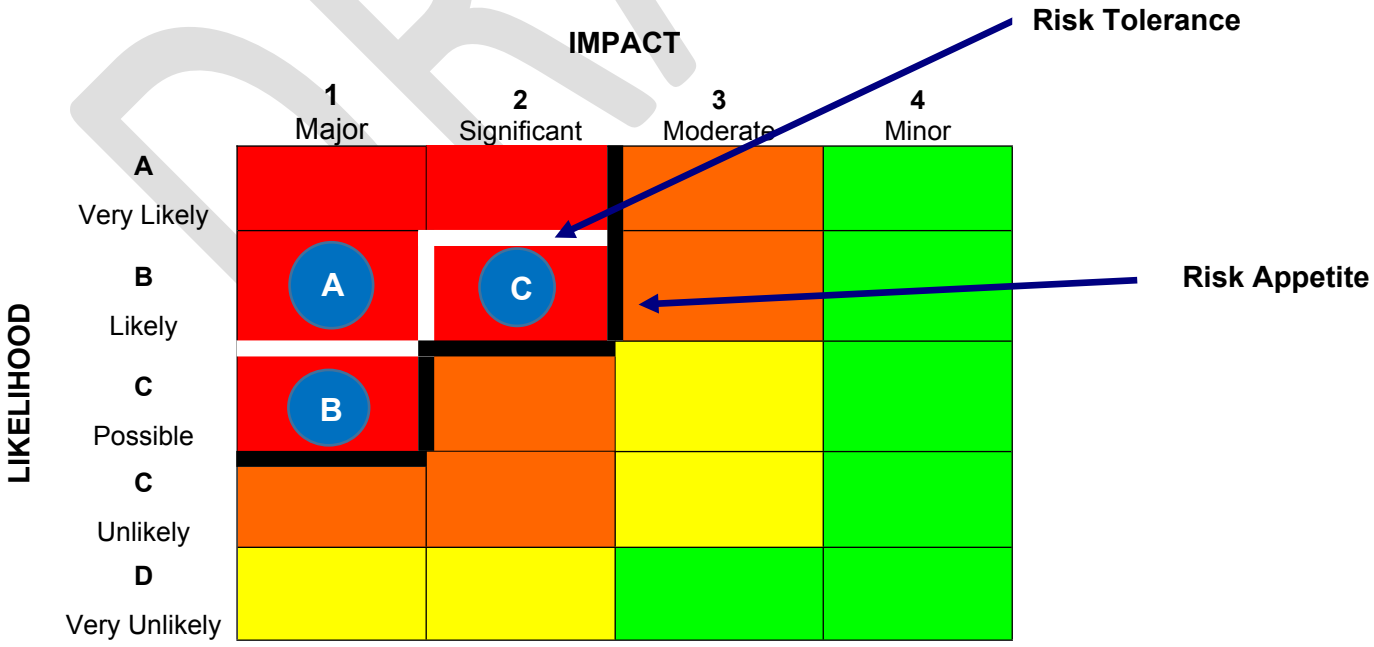
- When we review existing or emerging risks we intervene to the extent necessary to manage risks within appetite.
- In making new decisions we ensure any risk exposure is within the same common risk appetite boundaries.

i. Overall Risk Appetite and Risk Tolerance

At a summary level, we have established the broad levels of residual risk which may be accepted or tolerated for overall general application, monitoring and control.

The Council's overall broad risk appetite is displayed in the risk matrix below, whereby:

- Risks which appear above the bold black risk appetite line (such as risks 'A') are deemed to be unacceptable by the Council and will require further action to be taken to manage them to an area where exposures are sufficiently reduced.
- Risks below the bold white risk tolerance line, but above the bold black risk appetite line (such as risks 'B' and 'C') are deemed undesirable but may nevertheless be acceptable under current conditions and constraints.
- The determination of acceptability of risks and the extent and urgency of mitigation required is based on the following detailed risk appetite.



Key Principles

1. Considering overall risk appetite and tolerance levels is useful as a starting point
2. **An assessment against the 'Detailed Risk Appetite' must be made before making any decisions** on risk acceptance, or the required mitigations

ii. Detailed Risk Appetite

An overall corporate risk appetite has been set as a guiding principle for all residual risks as it is rare for a significant risk facing the Council to be purely composed of just one type of risk, or to impact upon only one directorate. The Council's large-scale and significant risks are interrelated, and often form part of a wider collection or cluster of risks.

Whilst an awareness of risk interdependencies is important, the Council has set a greater risk appetite for some areas that others and this needs to be applied in any risk analysis and decision making.

All risk assessments must be made against five standardised perspectives/lenses which each have a distinct risk appetite as follows:

- 'Open' risk appetite – not to be exceeded for strategic, service delivery and financial risks.
- 'Cautious' risk appetite - not to be exceeded for legal and regulatory and reputational risks.

The extent of risk acceptance and the urgency and extent of mitigation required must be a product of the risk assessment against the five risk perspectives and the risk appetites set.

The Council's approved Risk Appetite

√ **'Open'** risk appetite is acceptable as an upper risk limit (boundary) for
- **Strategic Risk**
- **Service Delivery Risk**
- **Financial Risk.**

√ **'Cautious'** risk appetite is acceptable as an upper risk limit (boundary) for
- **Legal and Regulatory Risk**
- **Reputational Risk.**

Risk Perspectives:

1. Strategic Risk
The consequences of strategic decisions, or the failure to achieve our strategic vision.

2. Financial Risk
Risk to the Council's balance sheet, assets and liabilities, funding, income and spending levels.

3. Service Delivery Risk
Risks to the effective and efficient delivery of Council services and business continuity.

4. Legal & Regulatory Risk
Risks of breaching the law, legal action, losses, fines and other sanctions arising from non-compliance with laws and regulations.

5. Reputational Risk
Risks of adverse or damaging perception of the Council by the general public and Cardiff residents.

iii. Application of Risk Appetite

In recognising the diversity of the Council's functions and operating environments, the Council's risk appetite is designed to enable delivery of effective innovation and change within clear boundaries to ensure strong governance and stewardship.

A key principle is of accountability. Whilst the opportunities for well managed risk-taking have been formally established, those providing risk information to support decision makers are responsible for robust risk assessments and clear communication of decision-related risk. In turn, decision makers are responsible for approving decisions with full consideration of the associated risks in accordance with the Council's risk appetite.

√ Risk appetite should not be applied as a rigid target, but as a level of risk that we are willing to take if supported by a strong consideration of financial and non-financial costs, benefits and risks.

√ A risk appetite decision making guide has been produced in figure 1. It should be used to communicate the risk associated with decisions, and ensure the Council's risk appetite is not exceeded.

X It is not acceptable to make decisions which exceed the risk appetite, or to fail to effectively measure and manage new or existing risks.

iv. Approach to Risk Appetite

The remainder of this strategy outlines how risks should be identified, assessed, managed and monitored through the different activities and functions of the Council in order to meet the overarching risk appetite requirements.

This is to ensure that:

- Risk registers are widely used to ensure risk appetite is not systematically breached and that all risk are managed with risk tolerance.
- When making decisions, there is a strong awareness of the opportunities available for taking risk, together with the accountabilities for managing any risk exposures.

The risk reporting and escalation processes (as outlined in stage 3 of our risk management methodology), reflect the levels of risk appetite delegated to the Senior Management Team, individual Directors and Managers.

The Risk Appetite Decision Matrix (**Figure 1**) outlines the principles and characteristics demonstrated at different risk appetites, and should be used as the Council's common frame of reference when assessing and communicating risk appetite.

Risk Management Methodology

Stage 1 - Objectives

The first stage in the risk management cycle is to establish the context and objectives upon which our risk management will relate. This is an essential element of the process, as if we do not know the context we cannot meaningfully begin to measure, manage and report upon the risks.

Our objectives should stem from our corporate priorities as outlined in the corporate plan. Through this mechanism we measure risks related to:

- Corporate / directorate / team / function / personal objectives
- Programme/ project objectives
- Partnership / collaboration / contract objectives
- Savings / growth objectives

Stage 2 - Risk Assessment

A systematic and consistent approach to identifying and analysing risks should be an integral part of all key management processes and decision making. The Council's risk management approach, involves continuous processes to ***identify***, ***analyse*** and ***evaluate*** risk.

The process of identifying, analysing and responding to risks should be ongoing and not seen as a one off systematic review activity. Some of the core questions we should be constantly considering are as follows:

- What risks are there to our objectives over the next 12 months, and over the medium term, how significant are these risks and can we tackle / exploit them?
- How resilient are our functions to mitigate and respond to the risk events we have seen elsewhere?
- What have we learned from risk events within and outside our organisation?
- Are existing risks still relevant and focussed or have they changed or evolved?
- Are there any key risks missing risks in the register(s) and business plans?

1. Risk Identification

Risk identification involves gaining a clear understanding of the opportunities and threats to corporate or directorate objectives. It should enable us to gain important insight into what is causing a particular risk and how it could impact on the Council.

It is important to have all of the facts before we make decisions regarding business strategy, growth, investment, resilience, divestment and savings. Taking the time and effort to develop strong and timely risk awareness and intelligence can pay dividends in ensuring business decisions and actions are made in the best strategic and operational interests of the organisation.

There are a range of methods which can be used to identify risks, but the most important tool is to build a risk identification and reporting philosophy into the culture and operation of the workforce. Cardiff Council has a strong risk management network in place to help to embed this philosophy.

A selection of risk identification methods are included below for reference, but the list is by no means exhaustive:

- SWOT, PESTLE analysis etc.
- Analysis of previous losses, events and incidents both internal and external to the organisation and sector
- lessons learned reviews
- Technical briefings, national reports, networking and best practice
- Process reviews and observation
- Documentation and data analysis
- Horizon scanning and benchmarking
- Interviews, questionnaires and surveys with managers / officers / stakeholders
- Risk identification workshops
- Root Cause Analysis (e.g. '5 Why's' and 'Fishbone Diagram' techniques)
- Encouraging a risk identification and reporting philosophy

We must take the opportunity to learn from risk events both within and outside of our organisation and to take the time to identify the reasons why these events took place, and reconsider our own defences and current risk management approach.

Further preparation should include analysing current performance data; collating results from independent reviews (e.g. Internal Audit, Health and Safety Executive, Wales Audit Office, National Assembly for Wales) reviewing complaints data, insurance claim details, fraud history etc.

i. Areas of Review

In order to ensure a wide risk assessment is undertaken, risk assessments must be made against our 5 risk perspectives as follows, and in line with our approved risk appetite.

1. Strategic Risk	2. Financial Risk	3. Service Delivery Risk
4. Legal & Regulatory Risk	5. Reputational Risk	

In considering these risks we must also consider the range of risks which could be of an internal or external nature.

- **Internal Risks** – are risks which we should have the ability to manage through internal controls and, where necessary, additional mitigating actions.
  Examples include fraud, health and safety, capacity and capability, data security and contractor / partner risks.

- **External (Event Driven) Risks** – are considered to be external events / perils for which we need to ensure that the Council is resilient. Our business continuity and emergency management arrangements provide the common framework for managing risk events of this nature.
  Examples include, economic downturns, terrorist attacks, extreme weather and cyber-attacks.

Risk Identification Workshop – Process Flow Example

1. List the functions you perform and the objectives in place.
2. Identify what success looks like (consider use of benchmarking / best practice models).
3. List the factors which may prohibit or reduce the ability to deliver the function or to achieve an objective (i.e. SWOT, PESTLE analysis – explained below).
4. Check the list to ensure it contains a full range of financial and non-financial risk factors and has included each **Risk Perspective**.
5. Now consider potential opportunities using the first 4 steps.
6. Document the risks identified in an initial risk register.
7. Review existing risk registers and existing strategies, programmes, projects and actions and consider if risks are being addressed.
8. Determine if existing programmes, projects and business actions need to be updated, re-framed or re-scoped, or if new activities are required.

For many managers, a new *risk identification* process will begin at the start of a new business planning cycle and will involve reviewing existing and new risks to the objectives upon which business plans are being developed. This process should involve an analysis of strengths, weaknesses, opportunities and threats through “SWOT” analysis, to provide the initial list of known risks.

A broad range of external risk factors should be taken into account using wider analysis tools such as PESTLE, which stands for Political, Economic, Social, Technological, Legal and Environmental factors. Reviews of external risk factors should already be integrated into our business planning, as we are required to deliver sustainable and long term decision making through existing legislation, such as the *Wellbeing of Future Generations (Wales) Act 2015.*

Our aim when setting and reviewing strategies and actions should be to address and exploit key business risks and opportunities. Sound risk identification is critical as an ongoing review process to avoid strategic drift and to enable focus on achieving key business objectives and the management of uncertainty (risk).

Long Term Perspective

The Wellbeing of Future Generations (Wales) Act 2015 details the ways in which specified public bodies must work, and work together to improve the wellbeing of Wales.

Together, seven wellbeing goals and five ways of working provided by the Act are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.

A key aspect of well-being planning is to identify and address long term risks to communities through Council and Public Service Board risk management arrangement. There is a need to identify and manage potential risks over longer term horizons, to develop preventable approaches.

The following table can be used as a guide when assessing the time horizon of potential risk events.

Short Term Risk Management	Medium Term Risk Management	Long Term Risk Management
a. Between 1 and 5 years	**b.** Between 5 and 20 years	**c**. Between 20 and 35 years

a. Identifying threats and opportunities within the timeframe of the electoral cycle.

b. Identifying threats and opportunities to the current generation.

c. **Identifying threats and opportunities to future generations** *(informed by long term trends e.g. ageing population, energy security, economic resilience, food security, health and climate change, which are central to the development and infrastructural planning over the next 35 years.)*

Partnership / Collaborative Working

There is a need for a clear strategic fit in partnership and collaborative working and agreed governance and risk management frameworks.

Once a risk framework has been agreed, the risk management process can be instigated. The principles of effective risk management will apply to any form of partnership / collaboration activity, as follows.

- Risk identification should focus on risks that may impact on the achievement of the objectives of the partnership
- All key partners should be involved
- A partnership risk register should be used to record and report this information

ii. Risk Descriptions

It is important to ensure risk descriptions are brief but fully communicate the risk in question. The following table gives examples of wording often used to begin the process of communicating risk:

Disruption to	Exploitation of	Increase in . . . .
Loss of	Enhancement of	Lack of . . . .
Inability to	Reduction of	Realisation that . . . .
Inappropriate	Failure to	Empowerment of. . . .

It is important that we do not just report on the symptoms of risk but that we identify and manage the **risk cause**.

Risk	Example **threat** risk description	Example **opportunity** risk description
Risk Cause	• Uncompetitive remuneration packages and over worked staff.	• Ongoing effects of the current economic climate are putting downward pressure on the price of labour and materials.
Risk Event	• Failure to retain key employees.	• Enhancement of the pricing terms with key contractors for labour / material.
Risk Impact	• Disruptions to services, increase in temporary staffing costs, increased pressure on recruitment team.	• Procurement savings, reduction in the cost of key projects.

Risk Descriptions

- If a risk description were to only include the risk event i.e. Failure to retain key employees, it would be difficult to target the controls and mitigating actions without knowing the root cause.
- By capturing the Risk Event, Risk Cause and Risk Impact the risk description will be clear to those reading the risk register of the threat or opportunity.
- Failure to achieve a particular objective is not in itself a risk and there will inevitably be a number of different risks that need to be managed in order for an objective to be achieved.
- It is important that these are assessed in order that their likelihood and impact on the business can be ascertained. The aim of this is to aid decision making and prioritisation of actions, at a time when resources are limited.

2. Risk Analysis

Once we have identified our risks, we need to score them by measuring the ***likelihood*** and ***impact*** of occurrence.

In the first instance we want to assess the inherent risk. This represents the level of risk before we have considered any planned 'countermeasures' and / or mitigating controls. Inherent risks generally relate to the nature of the activity involved. Certain areas of Council business will be more inherently risky, such as safeguarding children and vulnerable adults, information security and health and safety.

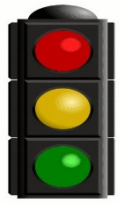
Once we have an assessment of the inherent risk we need to assess the value of our existing controls in order to arrive at a current / residual risk score.

- I**nherent risk** represents the risk in its uncontrolled state, before any current controls have been considered.
- **Residual risk** is the remaining level of risk after current risk mitigation and control measures have been taken into consideration.

The residual risk takes into account the value of the controls you already have in place to manage the risk. It is this current risk value which is used for considering what further actions are necessary and the level of reporting and escalation required.

Risk Analysis

- It is likely that you will have a mixed impact rating from which an assessment of 'best fit' will be required for the overall risk rating. For example the impact of a risk happening may be moderate in terms of financial implications but may have a significant impact on the Council's Reputation.



To ensure a consistent approach to assessing risks a standard 4 x 5 risk matrix is used across the Council. The assessment is translated into a 'traffic light' score for simplicity in understanding the risk prioritisation.

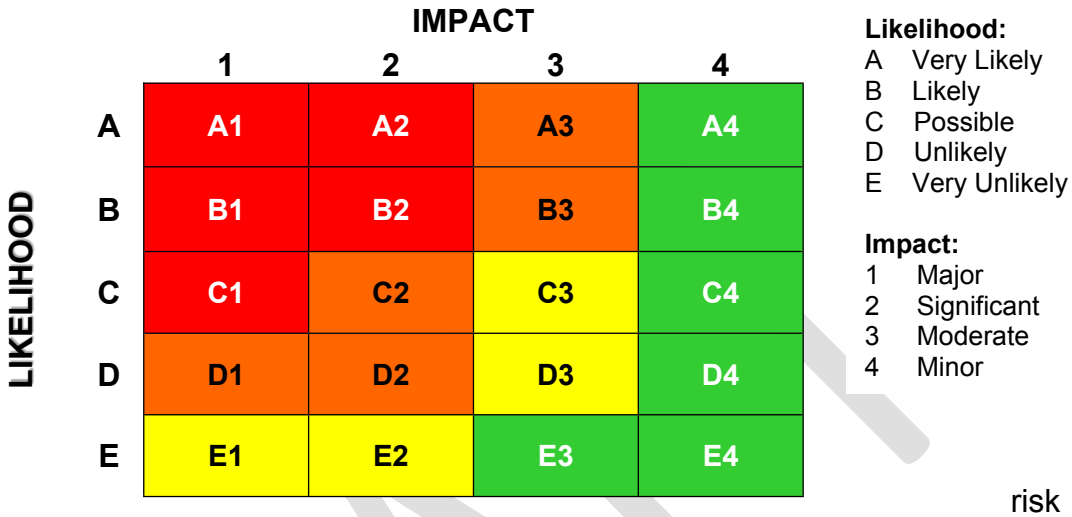
The risk matrix is included below, but the matrix and full guidance tables are included in **Figure 2.**

- **'Likelihood'** is measured based on probability of the risk materialising, scored as 'very unlikely', 'unlikely', 'possible', 'likely' or 'very likely'.
- '**Impact'** is measured against the severity of a potential risk event, scored as 'major', 'significant', 'moderate' or 'minor'.

i. Threat (Negative) Risk Analysis

A standardised 4 x 5 risk matrix is used by the Council to measure and report on the threats to the delivery of Council objectives, and to prioritise risk actions.

Directorate, Corporate, Programme and Project risks are measured using a threat (negative) risk assessment, and a number of key Council decisions on investments, savings and divestment are informed by a risk assessment in this format.

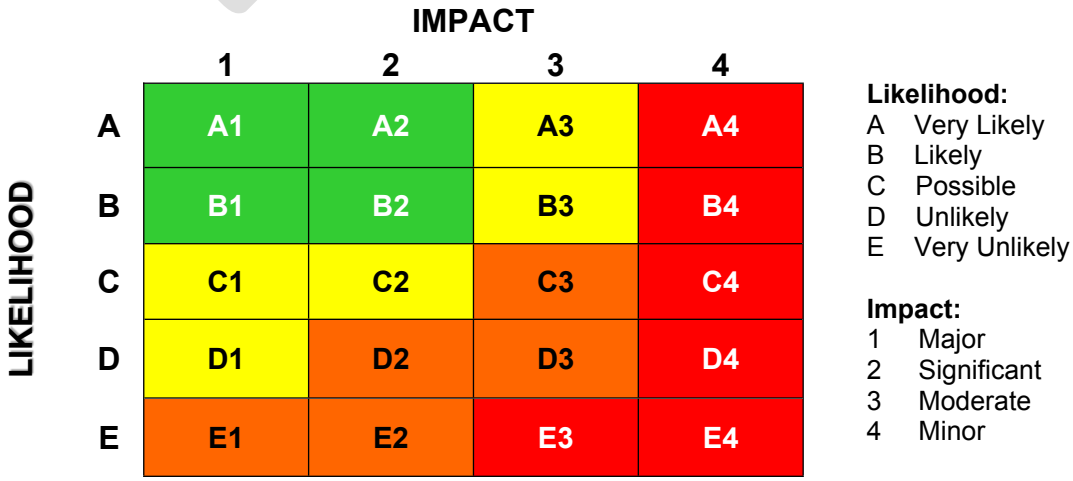


At the risk analysis stage it is useful to have an awareness of stage four (risk response) of this strategy, as we typically have four risk responses available to us in order to manage the likelihood and / or the impact of the risk (*transfer, treat, tolerate, terminate*).

ii. Opportunity (Positive) Risk Analysis

In seeking to enhance the Council's risk management maturity and gain the greatest strategic value from risk analysis, there is an increasing need to assess the opportunity (positive) risks available, and to include opportunities within our risk registers.

When assessing, monitoring and reporting opportunity risks, the risk matrix can be broadly reversed (with a few adjustments) **i.e. we want to increase the likelihood and / or the impact of the positive outcome.**



At the risk analysis stage it is useful to have an awareness of stage four (risk response) of this strategy, as we typically have four opportunity risk response strategies available to us (*enhance, exploit, accept, share*). We can use these strategies to increase the likelihood and / or impact of realising an opportunity.

It is possible to analyse and manage all risks and opportunities through the traditional threat (negative) risk register. Opportunities can be converted into the negative risks associated with their successful delivery, and managed and tracked on this basis. However, holding separate opportunity (positive) and threat (negative) risk registers may appeal to some functions/managers to help maintain a distinct strategic focus on managing threats and opportunities.

Integrated Risk Assessments

The Council does not operate in a vacuum, and there are a number of interdependencies at play in the management of risks to Cardiff and the wider region. A significant amount of cross organisational working takes place to manage risks associated with emergency management, safeguarding and public safety in particular. Efforts will continue to be made to build upon and enhance the collaborative approach to risk management.

Over the last few years we have seen changes in the methods of service delivery, with greater exploration and use of collaborative, partnership, arms-length and contractual arrangements. This is in addition to shared governance such as the Public Service Board and Joint Cabinet arrangements for the CCR City Deal.

When measuring risk it is essential that we consider the wider risk perspective and are not constrained by organisational boundaries. Risk Registers should be informed by integrated risk assessments, which systematically use risk information from public service forums, boards and partners together with wider intelligence, in order to effectively identify, assess and manage risk.

Key Risk Indicators

It has become second nature to capture and monitor a series of performance measures and indicators across Council services. This provides important data and information on our progress in meeting the objectives set. It is possible to support traditional performance indicators with the use of Key Risk Indicators (KRIs). KRIs are an opportunity to develop and use indicators to assist functions, services and projects in managing their risks.

KRIs are leading indicators, they let us know how we are managing threats associated with our ongoing activity and objectives. A simple example below on increasing online services demonstrates how our traditional performance measures may give us confidence that availability has improved and back office savings have been delivered, but in order to capture rates of usage dropout by certain demographic groups, or service downtime we could introduce supplementary KRIs.

Making use of both KPI and KRI measures will enable us to adjust our actions and manage risks before they become an issue.

Key Risk Indicator (KRI) Example

Objective - To make a certain key services fully accessible online and to reduce back office costs.

Key Performance Indicators (KPIs)
1) The percentage of services accessible online
2) The realised back office saving

Key Risk Indicators (KRIs)
1) Service user loss rate by demographic group.
2) The online service downtime rate.

Decision Making

It is vital that decisions are strongly informed by a robust identification and assessment of risks and opportunities. A clear identification of the risks to our overall objectives can help us to frame our strategies and decisions to best effect in exploiting opportunities and managing threats.

- Firstly, we need to know the current context i.e. what vulnerabilities could we face or opportunities could we miss if we continue as we have been and do not change.
- Secondly, we need to identify and assess the risks associated with our proposed decisions.

The level of resource dedicated to risk identification needs to be proportionate to the nature and value of the decision being made. However, each risk perspective must be separately considered in each business decision to ensure a complete assessment.

As set out in the risk management statement, the key principle is one of accountability, whereby those providing risk information to support decision makers are responsible for robust risk assessments and clear communication of decision-related risk.

Investment, Savings and Pressure Bids

Risk assessments form an important part of the decision making process for investments, savings proposals and financial pressure bids. They can be an important means of informing decision makers of the suitability, acceptability and feasibility of proposals and of prioritising limited resources. Typical risk assessments are as follows.

- Achievability - This refers to the extent of risk-based assurance that we have on delivering a saving. This is typically based on whether the saving has already been effectively achieved (such as the deletion of a vacant post), whether a detailed plan is in place with strong confidence of delivery, or if there are only general plans in need of refinement. The higher the degree of certainty the lower the risk rating.

- Inherent Risk - This refers to the decision related risk before mitigating controls are put in place. In respect of a savings proposal, it is the risk the Council will face if

the savings proposal is accepted. In the case of an investment / financial pressure bid, it is the risk the council will face if the bid is rejected.

- Mitigated Risk - This refers to the level of inherent risk once the control actions have been taken into account. In the case of a savings proposal it refers to the risk the Council will face if the saving is taken, after taking into account the measures that will be put in place to reduce the potential impact. In the case of an investment / financial pressure bid it is the remaining risk if funding is not provided, but again following any planned mitigating action to reduce the risk.

- Equality Impact Assessment - An assessment of equalities risk is undertaken on an equalities screening form. Where the equalities risk is assessed to be red or red-amber a supplementary equalities impact assessment (EIA) is completed. In communication with the Equalities Team the impact assessment is completed, with all EIA proposals signed off by the relevant Director.

Savings / Pressure Bids

In each instance the risk score should be used to support a case for change.

- **For savings**, we are measuring the risk associated with accepting the proposal.

  - *Firstly, what is the risk to successfully delivering the full saving?*
  - *If delivered, what risk does the saving pose to delivering our objectives and priorities?*
  - *What actions will we take to manage these risks?*

- **For investments and financial pressures**, we are measuring the risk of not approving the bid.

  - *What are the potential risks to our objectives and priorities if the bid is not accepted?*
  - *What actions will we take to manage these risks?*

3. Risk Evaluation

Risk evaluation is a process that is used to interpret the risk analysis and to consider whether the risk is acceptable or tolerable.

To guide the risk evaluation there is a systematic risk escalation process in place for all risks, which is based on the risk assessment. This means that risk are evaluated in an appropriate forum relevant to the risk assessment. The reporting and evaluation process is outlined in stage 3, as follows.

Stage 3 – Reporting and Escalation

Risks are systematically reported and escalated on a risk priority basis each financial quarter (at minimum). This is to ensure that there is timely awareness of the most significant risks at both directorate and corporate levels.

The Council holds Directorate Risk Registers and a Corporate Risk Register and the purpose of each is outlined below.

The Corporate Risk Register (CRR)

The CRR is a register of the main risks to the delivery of corporate objectives and priorities.

The CRR is used as a strategic tool, to identify, monitor and manage the key risks facing the Council so that elected Members and senior management can make informed decisions and prioritise actions, with these high level risks in mind.

The CRR is reviewed quarterly by Senior Management Team, the Risk Champion Network and the Audit Committee, and biannually by the Risk Management Steering Group, and Cabinet to ensure the register remains relevant and accurate.

Directorate Risk Registers (DRR)

Each directorate holds a DRR, which is a register of the key risks that they need to monitor and manage in order to effectively deliver their functions and discharge their responsibilities.

Directorate risks are reviewed and reported each quarter by Directors, Managers and Risk Champions. Directors escalate risks to Senior Management Team (SMT) upon quarterly review.

Once directorate risks are escalated to SMT, a decision is made on whether they will become corporate risks, or if they will remain on directorate risk registers, but with collective SMT ownership and quarterly review.

SMT determine if any changes are required to the CRR each quarter in consideration of the risk assessments reported and escalated. The remaining escalated risks continue to be held on Directorate Risk Registers (DRR) and reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

i. Standard Risk Escalation and Reporting

In managing day-to-day threat (negative) risks within risk appetite, a risk escalation process is in place to report risks from Directorate Risk Registers (DRRs) to SMT. The risk escalation process represents the delegated risk appetite, and sets out the minimum standards of risk reporting and risk ownership.

The delegated risk appetite means that:

1. Each Director reviews and has responsibility for their directorate risks with a residual (current) rating of red/amber and above.
2. SMT reviews and has collective responsibility for all 'red' risks from all DRRs.

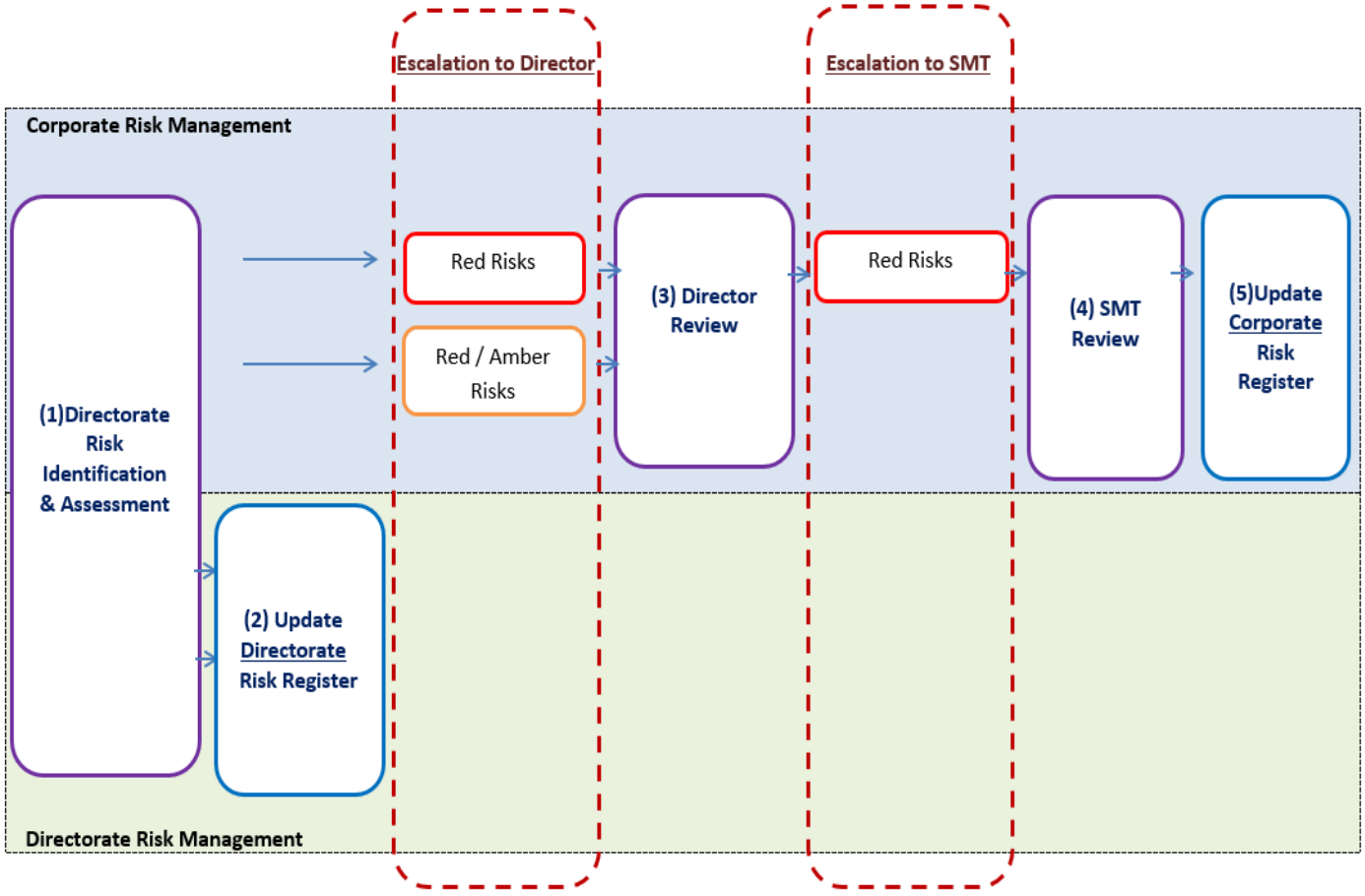
The minimum standards for risk escalation are as follows:

a) Director Review

- Each Director must review each 'red' and 'red/amber' residual risk on their DRR each quarter.
- Each Director must then escalate all 'red' residual risks from their DRR to SMT each quarter.

b) SMT Review

- SMT review all escalated risks and determine the appropriate method of reporting and mitigations required.



Each financial quarter, SMT collectively determine whether or not any changes are required to the CRR. When making this consideration they consider the extent to which the risk has a strategic link to the corporate plan, corporate values and priorities.

Decisions on whether to escalate or de-escalate risks from the corporate risk register are made by SMT in the interests of being open about key strategic risks facing the Council.

ii. Fast Track Risk Escalation and Reporting

As part of the Council's risk aware culture, risks need to be identified and reported on a priority basis to the extent required in order to manage the risk effectively and proportionately.

There will be times when potential risk events materialise perhaps with little or no prior warning or awareness. This sort of risk awareness can present itself following a regulatory or compliance review, an incident within the Council or elsewhere or via a number of other internal or external risk indicators.

Key Principle - Risk Reporting and Escalation

The standard quarterly risk management reporting process is a base-level process.

Risks should be reported and managed to the extent required to proportionately address relevant threats.

Risk should be a standing item on the agenda of management team meetings across the Council, and addressed and discussed daily.

iii. Capital Ambition Delivery Programme - Risk Escalation and Reporting.

Programme and Project Risk Registers are used to identify, manage, monitor and report risks for all projects within the Capital Ambition Delivery Programme. These risks are escalated on a systematic basis through the corporate Project Quality Assurance (PQA) process (PQA Handbook - CIS 5.PQA.708).

All risks identified by the Project Manager/Business Change Manager are reported to the relevant Project Board and Project Executive. Typical escalation points are to the Project Board and Project Executive → Programme Board and Senior Responsible Officer → Senior Management Team (acting as the Sponsoring Group for the Capital Ambition Delivery Programme).

iv. Risk Control within Partnerships / Collaboration Activities

Each Directorate participates in partnership / collaborative activities, for which clear governance arrangements are necessary to ensure the effective delivery of scope and objectives with clear accountabilities in place.

Each partnership / collaboration requires:

- Adoption of this Risk Management Policy and Strategy, or a robust alternative.
- A clear risk appetite, through which the risks to Cardiff Council do not exceed the risk appetite boundary levels as set out in this policy.
- A clear means of allocating risk ownership and accountability.
- A clear and robust risk escalation and reporting process.

Stage 4 - Risk Response

When deciding how to control a traditional or opportunity risk there are four typical options available. The risk control measures to deal with a threat risk are commonly known as the four T's; Tolerate, Treat, Transfer or Terminate. There are four additional risk management options for opportunity risks and each are outlined as follows.

Threat (Negative) Risk Control Measures			
Transfer Insurance, Outsource, Partnerships.	**Treat / Control** Mitigation, Likelihood & Impact.	**Tolerate / Accept** Understand & live with the risk.	**Terminate** Avoid the risk.

Risk Response Strategies for Threat (Negative) Risks

1. **Tolerate / Accept the Risk** – The current (residual) risk is managed to a level which is tolerable and within appetite. No further actions are considered necessary to manage the risk beyond the normal management routines that are in place, and subject to ongoing monitoring.

2. **Treat / Control the Risk** - The risk is identified as outside of tolerance, so controls need to be put in place that effectively manage the risk and reduce the risk to an acceptable level. There are four typical types of controls:

   - *Preventative* controls help to stop the risk from occurring in the first place. Examples include restricting access to buildings or IT systems, requiring two signatures on cheques, ensuring segregation of duties (i.e. at least two officers are involved in a system / process) and implementing authorisation limits.
   - *Detective* controls can alert you that the risk event is becoming more likely to occur. Examples include quality checks, alarms, exception reports, accident / error reports, budget monitoring reports and insurance claims reports.
   - *Directive* controls offer guidance on how to carry out processes in conformance with particular requirements, such as procedure manuals, guidance notes, instructions, supervision and training.
   - *Corrective* controls are intended to limit the extent of damage caused by an incident or a risk trigger that has taken place. Examples include error, incident, complaint handling, virus isolation, business continuity / recovery plans or processes.

3. **Transfer the Risk** -The traditional approach is to transfer risks to an insurer e.g. legal liability, property, motor vehicle etc. There are other examples such as service delivery being transferred to the private sector or delivered jointly with partners. Where this approach is considered the risk needs to be carefully considered, as it is often the case that some risk can be transferred whilst major risks such as responsibility for delivery of the service and the reputational risk remains with the Council.

4. **Terminate / Eliminate the Risk** - The risk is so serious that adding controls or modifications do not reduce the risk to an acceptable. An option at this point could be to withdraw from the activity.

Risk Response Strategies for Opportunity (Positive) Risks

Opportunity (Positive) Risk Control Measures			
Realise / Exploit Maximise likelihood.	**Enhance** Improve likelihood	**Share** Collaborate to exploit opportunity.	**Accept** Do not directly influence opportunity.

1. **Exploit / Realise** – Exploiting is about doing everything that you can to make sure that the opportunity is realised. In an exploit risk strategy, you increase the chance of achieving the opportunity to 100%.

Example – You have a short time window to bid for Welsh Government grant funding. You secure a dedicated multi-disciplined project team of specialist officers and a resource budget to develop a robust bid on time and of high quality. You take every possible step to deliver the very best bid with close engagement with the grant provider.

2. **Enhance** – Enhancing is about increasing the probability of the occurrence of the opportunity, by taking measures to increase the chance of the event happening. Whilst there is no guarantee that you will realise the opportunity, you take action to increase the likelihood.

Example – You have a short time window to bid for Welsh Government grant funding. The officer responsible for the bid is given additional short-term resources to focus on developing a bid to meet the challenging deadline and improved viability.

3. **Share –** Sharing is about seeking collaborations or using contractual arrangements, as you are unable to realise the opportunity alone.

Example – You may lack the technical ability to successfully bid for Welsh Government grant funding. An option is seek collaboration / input from an organisation that delivers the skills and support required.

4. **Accept** – Accepting is about leaving the opportunity open, without taking particular action to realise it. If the opportunity happens you realise it, but otherwise you will not take action.

Example – As lead officer, you have been advised that if available you may be allocated specialist officers to support you in developing a bid for Welsh Government grant funding. You do not actively request the specialist officers, but will utilise them if they are allocated to you by senior management.

Stage 5 – Monitoring and Review

In accordance with the Council's risk aware culture, we seek ongoing mechanisms and indicators to identify, assess and report risks, as outlined in the preceding sections of this Policy and Strategy. Risks should be monitored, discussed and reviewed on a priority basis to the extent required for effective and proportionate management.

Risks constantly change, so it is necessary to monitor and regularly report on the progress being made in managing risks and opportunities, so that the achievement of business aims and service objectives are maximised and losses are minimised.

Risk should be a standing item on the agenda of management team meetings across the Council, and addressed and discussed daily as part of an ongoing monitoring and review process.

Each risk owner is accountable for communicating an accurate picture of the nature, source, cause and controls for threat (negative) and opportunity (positive) risks. It is important that risk registers are kept up to date and accurate with robust risk analysis which enables meaningful monitoring and review.

The risk escalation process is designed and operated in accordance with the Council's risk appetite, which informs the extent of risk monitoring and review as outlined in stage 4 above. Additionally, for wider risk management oversight and assurance:

- SMT and Audit Committee review the full Corporate Risk Register each quarter
- Cabinet and Risk Management Steering Group review the full Corporate Risk Register biannually

At each review stage attention should be prioritised to considering high (red risks) and medium risks (red / amber risks). Particular attention should be paid the sufficiency of the proposed improvement actions to manage risks within the Council's risk appetite in an acceptable timeframe.

Monitoring and Review of Existing Risks

As outlined previously, existing risks should be monitored regularly and formally reviewed at least quarterly. At all levels of review the nature, source and cause of the risk needs to be reconsidered to ensure ongoing accuracy, adequacy of focus and a clear understanding of the root cause of the risk.

The risk owner is principally responsible for reviewing and updating the risk description, inherent risk and current controls, whilst setting out clear and proportionate improvement actions, where merited, in accordance with the risk assessment (stage 2) process.

At each stage of the review, consideration should be given to business objectives, risk appetite, risk ownership, risk interdependencies and the sufficiency of risk management controls and proposed actions.

If it is collectively considered that the risk no longer represents a key strategic priority upon which greater oversight and public reporting is merited, SMT may decide to de-escalate corporate risks. Typically, risks are de-escalated when their effective management is

considered to be embedded in business as usual routines, at which point their reporting transfers to directorate risk register(s).

Monitoring and Review of New / Escalated Risks

All Council processes, functions, contracts, programmes and projects require effective mechanisms to identify and assess the risks to their effective delivery. New threats and opportunities may be identified from new or existing activities through the risk assessment (stage 2) process.

Risk ownership should be allocated for all new risks to ensure clear accountability for the risk assessment and reporting process. Risks should then be escalated for monitoring and review in accordance with the reporting and escalation (stage 3) process.

Risk Management Roles and Responsibilities

The roles and responsibilities of individuals and groups to implement the strategy are as follows:

Cabinet

- Approve the risk appetite of the Council.
- Ensure relevant risks are considered as part of every Cabinet report decision and that in approving such decisions, the Council's risk appetite is not exceeded.
- Review the content, and effective management, of risks on the Corporate Risk Register biannually.
- Periodically review the Council's approach to Risk Management and approve changes or improvements to key elements of its processes and procedures.

Elected Members

- Consider relevant risks associated with recommendations in decision making reports through Committee roles.
- Engage in active risk management debate with the Portfolio lead (Member Risk Champion), Risk Management Officers and relevant Committee roles.

Member Portfolio Lead (Risk Champion)

- To promote risk management within the Council's corporate and service priorities.
- To promote the needs of the client group represented in risk management to the decision makers within the Council.
- To work with the decision makers in the Council to establish strategies / policies / work plans connected with risk management.
- To maintain an awareness of all matters connected with risk management.
- To engage with members in matters related to risk management such as attending Overview and Scrutiny / Cabinet / Full Council meetings etc.
- Raising awareness of and taking a lead role in the development of all members and officers in relation to risk management.

Scrutiny Committees

- Providing a challenge to the Cabinet that risks have been managed within appetite and that risks have been appropriately identified and considered in decision making.

Audit Committee

- Provide independent assurance of the adequacy of the Risk Management Policy and Strategy and the associated control environment within the Council.

Chief Executive

- Support in raising the profile of risk management and promoting the accountability of all staff within the Council.

Officer Risk Champion

- The Section 151 (Officer Risk Champion) is responsible for raising the profile of Risk Management and promoting the accountability and responsibility of all Members and officers within the Council.

Senior Management Team

- Work with their risk champion(s) and management team each quarter to identify risks relevant to their functions and areas of responsibility.
- To promptly escalate risks to SMT in accordance with the risk escalation requirements.
- Take ownership for the management of corporate risks within the organisational risk appetite.
- To review the content of the Corporate Risk Register at least quarterly and provide assurance to stakeholders that the risks are being effectively mitigated.
- Allocate sufficient resources to address strategic risks.
- Create and support an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the Council.
- Integrate risk management into performance management, business planning, business change projects, partnership and collaborative activities Senior Management.

Risk Management Steering Group

The key roles of the Risk Management Steering Group are to:

- Support the development and implementation of the Risk Management Policy and Strategy and good practice risk management initiatives.
- Ensure an effective framework for managing risks throughout the Council including partnerships.
- Review the content of the Corporate Risk Register biannually to ensure risks are being managed within the corporate risk appetite.
- Ensure effective training and development of managers and staff on Risk Management processes, procedures and implementation.

Risk Management Team

The Risk Management Team is responsible for supporting and promoting a corporate, and enterprise approach to risk management through.

- Developing strategic risk management initiatives and approaches for review in SMT, Risk Management Steering Group, Audit Committee and Cabinet.
- Delivering risk management advice, guidance, coaching and training.
- Overseeing the Risk Champions network, its activities and reporting.
- Co-ordinating the risk management review, escalation and reporting process with the Risk Management Steering Group, SMT, Audit Committee and Cabinet.
- Reporting on risk management development, initiatives and outcomes.

Risk Champions

The Council has established a network of officers representing each Directorate, the role of a Risk Champion is to:

- Attend Risk Champion meetings and any required training, and contribute to and support risk management development.
- Work with managers within their Directorate to identify, assess and maintain an accurate DRR each financial quarter.

- Raise the profile of risk management and promote its benefits, within their Directorate.
- Keep up to date with risk management requirements, in order to support the delivery of consistent, accurate and timely risk identification, assessment and reporting.

All Staff

All staff have a responsibility for identifying threat risks in performing their day to day duties and at a minimum reporting the risk to their Line Manager or Risk Champion.

Management must report risks to Risk Champions, and work with them to complete a timely and accurate risk assessment which can be reporting through the DRR review process.

Staff have a personal responsibility to mitigate and / or report certain risks in accordance with other corporate policies, such as Financial Procedure Rules and the Health and Safety policy.

If further clarification is required on your responsibilities please contact:

- Vivienne Pearson (OM, Information Governance and Risk Management) (029) 2087 3340, or
- Chris Pyke (Principal Auditor – Risk and Governance) (029) 2087 2276.

Glossary of Terms

Corporate Risks	Risk to the delivery of corporate objectives and priorities.
Current Controls	The combination of policy, procedure, practice, process, technology, technique, method and device that has modified or managed the risk.
Directorate Risks	Risks to the delivery of directorate functions and priorities.
Impact	The effect or result of a risk taking place (risk event).
Inherent Risk	The risk score before the countermeasures (current controls) have been taken into account.
Likelihood	The chance / probability of the risk taking place.
Opportunity	An uncertain event that would have a favourable impact on objectives or benefits if it occurred.
Residual / Current Risk	The remaining level of risk after you have implemented your current controls.
Risk	The effect of uncertainty on objectives. An effect is a positive or negative deviation from what is expected.
Risk assessment	Made up of three processes: risk identification, risk analysis, and risk evaluation. 1. Risk identification the process used to find, recognise, and describe the risks that could affect the achievement of objectives. 2. Risk analysis is a process used to understand the nature, sources, and causes of risks and to study impacts and consequences. 3. Risk evaluation is a process that is used to interpret the risk analysis and to consider whether the risk is acceptable or tolerable.
Risk Appetite	The level of risk that the Council and its leadership team are willing to take on, accept, tolerate or be exposed to in pursuit of Council objectives.
Risk Response	The process of developing strategic options, and determining actions, to increase opportunities and reduce threats to objectives.

Risk Escalation	The systematic process of risk reporting, ownership, review and oversight.
Risk Matrix	Used to measure the 'Likelihood' and 'Impact' of a risk occurring.
Risk Owner	The person or function that has been given the authority to manage a particular risk and is accountable for doing so.
Risk Tolerance	The acceptable variance from risk appetite.
Enterprise risk management	An approach to embedding risk management into day to day business processes and practices.
Threat	An uncertain event that could have a negative impact on objectives or benefits.

Further Information

If you would like to know more about Risk Management, please contact the following:

Cllr Chris Weaver
Cabinet Member for Finance, Modernisation and Performance
Member Risk Champion

Vivienne Pearson
OM, Information Governance and Risk
029 2087 3340

Chris Pyke
Principal Auditor – Risk and Governance
029 2087 2276

Mark Hansen
Operational Risk Management Officer - Insurance
029 2087 2333

Donna Jones
Health and Safety Manager
029 2087 2635

Gavin Macho
Principal Emergency Management Officer
029 2087 1831

Huw Owen
Business Continuity Officer
029 2087 1835

Figure 1

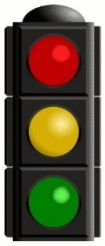
Risk Appetite - Decision Matrix

General characteristics at each risk appetite.

Risk Type	Averse	Minimalist	Cautious	Open	Hungry
Type	**Averse** *Where we focus on avoiding risk & uncertainty*	**Minimalist** *Where we seek to deliver very safe options with a low degree of risk which will return a very limited reward.*	**Cautious** *Where we seek to deliver safe options with a low degree of risk and limited reward.*	**Open** *Where we consider all potential delivery options, seek greater reward, are aware of the risks and can put in place actions to moderate these risks.*	**Hungry** *Where we seek out innovative delivery options and choose options offering the highest reward despite significant risks which are not able to be managed.*
Strategic *The consequences of strategic decisions, or the failure to achieve our strategic vision.*	existing service / business models. Very low residual risk from strategic decision. Direct / central risk management	existing services and delivery models. Low residual risk from strategic decision. Direct / central risk management.	incremental changes to existing services / delivery methods. Moderate / low residual risk from strategic decision. Some risk sharing and / or transfer possible.	changes to service / business / delivery models. Moderate residual risk from strategic decision. Risk sharing and / or transfer likely.	service / business / delivery models displaying 'Early Mover' characteristics and high levels of strategic autonomy. High residual risk from strategic decision. Risk sharing and / or transfer very likely.
Legal & Regulatory *Risks of breaching the law, legal action, losses, fines and other sanctions arising from non-compliance with laws and regulations.*	No grounds for reasonable legal or compliance-based challenge. No challenge expected, but any challenge will be managed by the Directorate(s) concerned.	Very low possibility of legal or compliance-based challenge. The limited, if any challenge, can be managed effectively by the Directorate(s) concerned.	Possible legal or compliance-based challenge. Challenges expected to reach the ombudsman. Whilst not expected, any successful legal challenge(s) represent low overall risk.	Likely legal or compliance-based challenge. Impact of successful challenge is moderate.	Very likely legal or compliance-based challenge. Impact of successful challenge is high.
Financial *Risk to the Council's balance sheet, assets and liabilities, funding, income and spending levels.*	Negligible risk to funding, financial loss and asset impairment. Likely selection of the lowest cost option. Decision likely to involve withdrawal or material reduction of services.	Low risk to funding, financial loss and asset impairment. Selection of a low cost option. Decision likely to involve moderate reduction in cost of services.	Moderate / low risks to funding, financial loss and / or asset impairment. Strong cost focus. Some consideration of financial / investment return.	Moderate risk to funding, financial loss and / or asset impairment. Focus on financial / investment return.	High risk to funding, financial loss and / or asset impairment. Invest in option with best possible return. Strong limitations to control over assets and financial outcomes.
Reputational *Risks of adverse or damaging perception of the Council by the general public and Cardiff residents.*	Eliminated or significantly minimised possibilities of even minor member, regulatory, media or public scrutiny / adverse criticism.	Eliminated possibilities of moderate member, regulatory, media or public scrutiny / adverse criticism. Very unlikely minor criticism	Eliminated possibilities of significant member, regulatory, media or public scrutiny / adverse criticism. Possible but unlikely moderate criticism, such as statutory prosecution of a non-serious nature.	Eliminated possibilities of major member, regulatory, media or public scrutiny / adverse criticism. Possible but unlikely significant criticism, such as local publicity of a significant and persistent nature. Moderate criticism is likely.	Likely significant or major member, regulatory, media or public scrutiny / adverse criticism. Likely adverse local publicity of a significant and persistent nature
Service Delivery *Risks to the effective and efficient delivery of Council services and business continuity.*	Focus on maintaining existing services and making only essential changes. Negligible disruption possible.	Focus on minor changes to existing services. Possible minor and brief non-crucial service disruption.	Focus on incremental changes to existing services. Seek some improvement to service quality. Possible short term disruption to an important service.	Focus on material / significant changes to existing services. Strong consideration to increasing service quality. Possible disruption to important services for a short period.	Focus on major service delivery changes. Possible major service disruption to a statutory service(s).

Figure 2

Risk Matrix and Definitions



High Priority	**Red** - Significant management action, control, evaluation or improvements required with continued proactive monitoring.
Medium Priority	**Red / Amber** - Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring.
Medium Priority	**Amber / Green** - Seek cost effective control improvements if possible and/or monitor and review regularly.
Low Priority	**Green** - Seek control improvements if possible and/or monitor and review.

LIKELIHOOD	IMPACT 1	2	3	4
A	A1	A2	A3	A4
B	B1	B2	B3	B4
C	C1	C2	C3	C4
D	D1	D2	D3	D4
E	E1	E2	E3	E4

Likelihood:

A. Very Likely
B. Likely
C. Possible
D. Unlikely
E. Very Unlikely

Impact:

1. Major
2. Significant
3. Moderate
4. Minor

The '**LIKELIHOOD**' table below provides a framework by which you can use to score the likelihood of your risk occurring giving a score of A being very likely to E being very unlikely.

Description	Probability	Criteria
A. Very Likely	**75% +** chance of occurrence	• Expected to occur in most circumstances • Circumstances and near misses frequently encountered (e.g. daily / weekly /monthly / quarterly)

B. Likely	**50% - 74%** chance of occurrence	• Will probably occur in most circumstances • Circumstances frequently encountered • Near misses regularly encountered (e.g. once or twice a year)
C. Possible	**30% – 49%** chance of occurrence	• Not likely to occur but a distinct possibility • Circumstances regularly encountered • Near misses occasionally experienced (e.g. every 1 - 3 years)
D. Unlikely	**10% - 29%** chance of occurrence	• Not expected to happen but there is the potential • Circumstances occasionally encountered • Any near misses are infrequent (e.g. 3 years +)
E. Very Unlikely	**Less than 10%** chance of occurrence	• May only happen in exceptional circumstances • Has rarely / never happened before.

The '**IMPACT**' table:

Description	1 - Major	2 - Significant	3 - Moderate	4 - Minor
Implications for Service and / or Achievement of Key Targets / Objectives	Major loss of service, including several important areas of service and / or protracted period Service Disruption 5+ Days Major impact on achievement of several key targets / objectives	Complete loss of an important service for a short period Significant effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days Significant impact on achievement of a key target / objective or some impact on several	Moderate effect to an important service for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days Moderate impact on achievement of one or more targets / objectives	Brief disruption of service Minor effect to non-crucial service Service Disruption 1 Day Minor impact on achievement of targets and objectives
Reputation	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and / or Members forced to resign	Adverse publicity in professional / municipal press, affecting perception / standing in professional / local government community Adverse local publicity of a significant and persistent nature	Adverse local publicity / local public opinion Statutory prosecution of a non-serious nature	Contained within Directorate Complaint from individual / small group, of arguable merit
Health & Safety	Fatality (ies)	Incidents reportable to the HSE (i.e. specified injuries to workers, over seven days lost from work accidents, specified non-fatal accidents to non-workers, specified occupational diseases / dangerous occurrences / gas incidents). Cases of other injury's (not reportable to HSE).	Minor injuries No time lost from work	No injuries but incident has occurred
Failure to provide statutory duties / meet Legal Obligations	Multiple Litigation	Litigation	Ombudsman	Individual claims
Financial	Corporate Budget re-alignment	Budget adjustment across Directorates	Contained within Directorate	Contained within Section / Team
Implications for Partnership (e.g. objectives / deadlines)	Complete failure / breakdown of partnership	Significant impact on partnership or most of expected benefits fail	Adverse effect on partnering arrangements	Minimal impact on partnership
Implications for the Community or the Environment	Extensive, long-term impact Major public health / environmental incident or loss of significant community facility	Long-term environmental or social impact such as a chronic and / or significant discharge of pollutant	Short-term, local environmental or social impact such as a major fire	No lasting detrimental effect on the environment or the community e.g. noise, fumes, dust etc.
Stakeholders	Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences	Stakeholders would experience considerable difficulty in pursuing rights and entitlements	Some minor effects on ability of stakeholders to pursue rights and entitlements, e.g. other sources or avenues would be available to stakeholders	The interests of stakeholders would not be affected

Figure 3

Standard Risk Register Template

Ref	Risk Description	Inherent Risk			Current Controls	Residual Risk			Proposed Management Actions	Target Risk Rating	Risk Owner
		Likelihood	Impact	Priority		Likelihood	Impact	Priority			
1.											
2.											
3.											
4.											