BOROUGH COUNCIL OF WELLINGBOROUGH

Audit Committee

Report of the S151 Officer

RISK MANAGEMENT UPDATE

1   Purpose of Report

To provide members with a summary of the council's management of risk; advise of the current key corporate risks along with an overview of the control of those risks.

2   Executive Summary

2.1   Following the resolution to the resourcing issues in 2019/20 the risk and business continuity group have now been able to meet frequently, ensuring that that top corporate risks are being kept under review.

2.2   Service risk registers (SRR) have been reviewed and updated, linking back to the relevant risks on the corporate risk registers (CRR).

2.3   Changes to the agendas and committee dates as well as the Covid-19 pandemic have prevented the top corporate risks being presented to the resources committee.

2.4   The risk management principles are being reviewed as part of the wider unitary preparations.

2.5   As part of the programme of agreed audit work for 2020/21, internal audit is scheduled to undertake a review of risk management during quarters three and four. The scope of the review is to examine the extent that the specified strategic and operational risks are being effectively controlled through delivery of key control objectives.

2.5.1   The risk management 2020/21 audit is underway and will be finalised after the audit committee in line with the above timescale.

3   Appendices

Appendix 1 – Corporate risk register

Appendix 2 – Risk analysis and management

4   Proposed action

The committee is invited to note this report as part of its role in ensuring that the risk management strategy is being adhered to and that the corporate risk register is being updated and maintained periodically in line with policy.

5   Background

5.1   Risk management plays a significant role in strengthening the council's capacity to recognise, understand, accommodate and capitalise on the uncertainty which exists in the organisation. It allows the council to respond to change and uncertainty by using risk-based information to enable effective decision-making.

5.2   The existing risk management strategy together with the CRR and the risk tolerance levels contained therein was approved by the resources committee on 17 December 2014; the regular updating of the strategy and register was delegated to the chief executive. The risk management strategy sets out the way the council will identify, assess, manage, monitor and report risk.

5.3   <u>Review of risks and associated controls</u>

5.3.1   Risks are split across three types of risk register:

1. Corporate or strategic risks are incorporated into the CRR (Appendix 1). These are the risks that affect the whole organisation such as:
   • Insufficient adequately skilled employees to ensure services are delivered without threatening the well-being of the workforce; and
   • Loss of ICT/data.

   Member risks that are strategic or operational in nature; important to the corporate priorities and require a high level of member input are incorporated into the CRR. These include:
   • Failure to deliver major developments; and
   • Lack of money to deliver services and meet customer/citizen expectations without using reserves.

2. Operational risks are documented in SRR. These are managed at service level, owned by heads of service and link to service action plans and business continuity plans. Examples of operational risks include the:
   • impact of High Street works on locality and businesses;
   • inability to process planning applications on time; and
   • inability to maintain level and quality of affordable homes delivered.

3. Health and safety risks are incorporated into the SRR as they are managed at service level in accordance with the council's health and safety policy.

   Health and safety risk assessments (HSRA) contain risks and controls that affect individual employees and are maintained in

accordance with the council's health and safety policy at service level by principal managers.

5.3.2   It is essential that the council is aware of risks to the organisation and take the appropriate action to mitigate their consequences. Where risk is unavoidable the council takes the necessary actions to manage the risk to a justifiable and tolerable level, known as the "risk appetite."

5.3.3   The level of risk remaining after internal control has been exercised (the "residual risk") is the exposure in respect of that risk.

5.3.4   As available resources are limited risks are prioritised. The risk analysis and management are provided in more detail at appendix 2.

5.3.5   The risk management arrangements are monitored, reviewed and amended periodically by the risk & business continuity group (R&BCG) comprising of senior management team together with co-opted principal managers and key employees.

This group ensures that:
- the risks are still relevant;
- new risks are analysed and added to the register;
- account is taken of anything that has happened to alter the likelihood or impact of the risks;
- actions to mitigate the risks are still relevant and are on target; and
- moving forward a report on the top corporate risks will be submitted periodically to the audit committee together with an overview of the resources committed to the control of risk.

5.4   Roles and responsibilities

5.4.1   Risk management is the responsibility of all members, managers and employees of the council. The key people responsible for managing risk on behalf of the council are set out below:

5.4.2   Elected members should:
- Understand and accept the various levels of risks and opportunities faced by the council;
- Oversee the management and monitoring of risks by managers in accordance with the council's priorities and available resources;
- Approve, through full council, the risk management strategy; and
- Receive, through audit committee, a periodic report on risk management and activity and the resources committed to the control of risk.

5.4.3   The S151 Officer:
- will act as the sponsor for risk management;
- is responsible for supporting the council in the development, implementation and review of the risk management strategy;
- will ensure that the strategy and procedures are implemented and offer guidance and advice to members and managers in developing risk registers at strategic and operational levels; and

- ensure the regular review, updating and reporting of risk assessment and management.

6   Discussion

6.1   The high level CRR seeks to identify as succinctly as possible:

6.2
- the key corporate risks the council faces;
- the residual impact of those risks; and the
- further actions that are required to better manage residual risks.

6.3   The committee is asked to satisfy itself that the risk management strategy is being adhered to; note the CRR at appendix 1 and satisfy itself that the register is being updated and maintained periodically in line with policy.

7   Legal Powers

Section 3 of the Local Government Act 1999, as amended by s137 of the Local Government and Public Involvement in Health Act 2007 puts the council under a general duty of best value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

8   Financial and value for money implications

The efficient management of risk improves the council's financial position and contributes towards improved value for money.

9   Risk Analysis

Risk management strategy and corporate and service area risk registers ensures that current risks are identified, assessed, monitored and reported.

10   Implications for resources

Risk management will assist in ensuring the efficient use of resources.

11   Implications for stronger and safer communities

Effective risk management ensures that resources are properly and appropriately directed to the development of stronger and safer communities.

12   Implications for Equalities and Data protection

12.1   It is not relevant to undertake an equalities impact assessment (EqIA) as protected characteristics are not subject to the collection or reporting of risk.

12.2   If there is a chance that an action to mitigate a risk may affect the way personal data is processed, then a data protection impact assessment (DPIA) may be required. If this is the case this will be documented and be undertaken by the relevant officer.

**13	Author and Contact Officer**

Naomi Harewood, Policy and Compliance Officer and Data Protection Officer

**14	Consultees**
Shaun Darcy, Director of Resources (S151 Officer)
Eric Symons, Assistant Director (Finance, Deputy S151 Officer)

**15	Background papers**

Reports to senior management team
Minutes of risk & business continuity group
Risk management internal audit report 2019/20

Corporate Risk Register 2020/21

Risk No	Risk Title	Risk Owner	Inherent Score	Residual Score	Direction of Travel	Audit Plan 2017/18	Audit Plan 2018/19	Audit Plan 2019/20	Audit Plan 2020/21	Audit Work Outline	Actions
CRR1	Assets (including land and property) are not managed effectively to maximise returns	Assistant Director AP	9	4	↓		Insurance, Procurement & Contract Management, Anti-Fraud & Corruption, Economic Development	Property Management	Commercial Property Management / Risk Management	Review of the Council's strategy and processes for acquiring and managing commercial properties. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Proposal on office accommodation • Disposal (with member approval) of low or no return properties • Town Centre regeneration working group established. • Exercise being undertaken to identify works to properties and establish return on investment • Property project priorities agreed by members and regular updates are being provided.
CRR2	Lack of money to deliver services and meet customer/citizen expectations without using reserves	Managing Director	16	8	⟶	Financial Strategy, Finance & Income Systems, Crematorium, Anti-Fraud and Corruption, Markets	Finance & Income Systems, Service Planning, Anti-Fraud and Corruption, Building Control, Economic Development, S106	Finance & Income Systems, Pest Control, Property Management, Anti-Fraud and Corruption, Planning and Development, Homelessness	Financial Management & Reporting / Risk Management	Review of budget setting, variance control, delivery of savings and financial reporting at senior management and committee level. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Medium term financial plan and efficiency plan • Budget and service planning • Corporate Plan and business plan agreed by members • Level of reserves under continuous review
CRR3a	The major regeneration project of Stanton Cross not proceeding according to programme.	Assistant Director VJ	12	2	⟶	Regeneration Projects	Economic Development, Regeneration Projects	Regeneration Projects	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Monthly project meetings • Additional resources required to drive the delivery of this project • Funding from MHCLG to assist with staffing • First occupation took place in November 2018
CRR3b	The major regeneration project of the High Street not proceeding according to programme, therefore having an impact on capital and revenue budgets	Assistant Director VJ	12	9	⟶	Regeneration Projects	Regeneration Projects	Regeneration Projects	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Resolution to grant planning permission subject to S106 Agreement. • To be referred back to Council for decision on the sale of land.
CRR3c	The major regeneration project of Wellingborough North not proceeding according to programme, therefore having an impact on capital and revenue budgets	Assistant Director VJ	12	2	↓	Regeneration Projects	Regeneration Projects	Regeneration Projects	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Regular steering group and technical meetings • Planning permission granted • Work to discharge precommencement conditions is ongoing. Pre-commencement discussions with developers
CRR5	Insufficient adequately skilled employees to ensure services are delivered without threatening the well-being of the workforce	Managing Director	9	6	⟶		Human Resources	Service Planning, Human Resources	Human Resources	Financial Systems Migration / Risk Management	To provide independent assurance that the migration of data on the existing finance system has been completed in a controlled, accurate and timely fashion. To confirm that operational processes have been clearly documented and staff have received appropriate training on the new system. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Continue monitoring of performance • Review recruitment and selection policy and procedures and market supplements. • Learning and development opportunities being provided, particularly in view of local government reform in Northamptonshire. Joint working with neighbouring authorities
CRR5a	Loss of key strategic senior management and ability to recruit replacements	Managing Director	12	8	⟶		Human Resources	Human Resources	Human Resources	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Regular Senior Team meetings, including principal managers • Encouragement of mutual support and assistance amongst senior colleagues. • Collaborative working of senior management team to provide resilience and succession planning • Targeted recruitment exercise by external specialists
CRR6	Loss of key ICT systems and threats to data and network security	Managing Director	16	8	↓				Financial Systems Migration / Risk Management	To provide independent assurance that the migration of data on the existing finance system has been completed in a controlled, accurate and timely fashion. To confirm that operational processes have been clearly documented and staff have received appropriate training on the new system. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	ICT strategy review and implementation (ENTEC SI) over 3 years. Changes to Zscaler and Kaspersky. Investigation of insurance against risk. • Rationalisation and streamlining ICT support for all corporate applications. • Network storage of information for Uniform. Abritas homeless and allocations modules are available through their own browser ICT implementation of strategy by October 2019 should mitigate many of these risks
CRR7	The Wellingborough Norse partnership becoming unworkable	Managing Director	12	8	⟶	Norse Contract Monitoring	Waste & Recycling	Grounds Maintenance, Street Cleansing	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• 10 year business plan projections for Wellingborough Norse reviewed. • Set council short and medium priorities necessary to address budget imbalance. • Links to CRR19 • Increased contract monitoring meetings in place. Concern over Norse group affecting management of our partnership
CRR8	Corporate governance arrangements do not comply with legislation, central government intervention and best practice.	Senior Management Team	16	3	⟶	Corporate Governance, Anti-Fraud & Corruption	Corporate Governance, Democratic Services, Anti-Fraud & Corruption	Corporate Governance, Anti-Fraud & Corruption	Risk Management / Financial Policies & Regulations	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives. / To review financial policies and regulations prepared for the new unitary authority to ensure that they are fit for purpose.	• Constitution reviewed and adopted by Council. • Monitoring Officer and Deputy appointed. • Adoption of corporate plan and identified corporate priorities.
CRR9	Inability to meet minimum statutory responsibilities, including but not limited to, emergency planning, health and safety, homelessness, duty of care to vulnerable people	Senior Management Team	16	6	⟶	Norse Contract Monitoring, Food Safety, Emergency Planning, Safeguarding, Corporate Health & Safety, Human Resources, Data Protection & Freedom of Information	Waste & Recycling, Community Safety, Service Planning, Human Resources, Business Continuity, Building Control	Grounds Maintenance, Street Cleansing, Licensing, Human Resources, Choice Based Lettings, Homelessness, Private Sector Housing - Enforcement	Commercial Property Management / Finance & Income Systems / Safeguarding / Health and Safety / Risk Management	Review of the Council's strategy and processes for acquiring and managing commercial properties. / Review of high level controls for key financial and income systems. / Review of the Council's role/interaction with the Northamptonshire Safeguarding Children Board and the Northamptonshire Safeguarding Adults Board. Review of action taken locally to safeguard children and vulnerable adults. Review of safeguarding training arrangements for all public facing members of staff and relationship with the Multi Agency Safeguarding Hub (MASH). / Review of arrangements in place to ensure that the health of safety of staff and the general public is protected at all times in accordance with relevant legislation. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Training and continuing professional development of senior managers • Cascading of training and clarity of roles. • Performance management (performance indicators, PDRs, 121s etc.) • Mitigations for financial pressures (with business cases) to be sought Homelessness legislation and demand impacts on service. Additional funding agreed to find solutions.
CRR10	Breakdown in arrangements with partners or contractors leading to non-delivery of expected outcomes	Senior Management Team	16	6	⟶	Leisure Services - Contract Monitoring, Crematorium, Partnerships	Community Safety	Licensing, Partnerships	Risk Management / Partnerships	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives. / Review of arrangements in place to deliver key Council services through partnerships, with emphasis on role of partnerships within new unitary authority.	• Review extent and nature of service delivery partnerships in a meaningful way, and in co-operation with contractor/partner • Keeping communication channels operating efficiently and effectively.
CRR11	Non-delivery of houses and regeneration of the town centre and the impact on the 5 year housing supply.	DoGI RH	16	2	⟶		S106	Planning & Development	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Joint Core Strategy adopted and 5 year land supply in place. • Examination of Local Plan took place in April 2018, and was approved by the inspector. Local Plan found sound and was adopted in February 2019 The Housing delivery action plan identifies a 94% delivery (2020) and the target is 95%. This is being kept under review.
CRR12	Planning application turnaround targets are not met, leading to government intervention.	DoGI RH	12	2	⟶		S106	Planning & Development	Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Ensure external audit and internal procedures are in place with recommendations promptly actioned. • Performance monitored regularly. The right staff in place with the right skills and experience.
CRR13	Inability to maintain good quality information in a secure environment, in compliance with Data Protection/GDPR legislation	Assistant Director KD	9	8	⟶	Data Protection & Freedom of Information			GDPR / Risk Management	Review of the Council's arrangements for complying with the requirements of the General Data Protection Regulation. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Striving for compliance with Public Sector Network audit • Regular monitoring and review of General Data Protection Regulation compliance Adequate training and information available for staff. Adequate governance in place for sharing information with partners.
CRR14	Inadequate business continuity arrangements in the event of a critical incident or situation, including provision of alternative premises.	Managing Director	9	6	⟶		Business Continuity		Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Business continuity plan in place for ICT • Effective challenge of ICT capabilities • Review business continuity plans (corporate and services) • Test business continuity plans within service areas. • Confidence from partners re business continuity plans. • Continuing professional development for officers Schedule BCP exercise one desktop and mobile devices have been
CRR15	Ineffective planning and risk management of processes to deliver elections and publish a register of electors	Managing Director	6	2	⟶		Democratic Services		Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Project management • Regular training and updating of experienced team
CRR16	Accounts are not produced on time	Director of Resources (S151)	9	4	⟶	Finance & Income Systems	Finance & Income Systems	Finance & Income Systems	Financial Management & Reporting / Finance & Income Systems / Risk Management	Review of budget setting, variance control, delivery of savings and financial reporting at senior management and committee level. / Review of high level controls for key financial and income systems. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Increase resilience and share knowledge and skills of the close down process within the accountancy function. • Process review to continually improve and reduce timescales for delivery of the accounts.
CRR17	Lack of robust financial systems and records	Director of Resources (S151)	8	2	⟶	Finance & Income Systems, Anti-Fraud & Corruption	Finance & Income Systems, Anti-Fraud & Corruption	Finance & Income Systems, Anti-Fraud & Corruption	Financial Management & Reporting / Finance & Income Systems / Financial Policies & Regulations / Financial Systems Migration / Risk Management	Review of budget setting, variance control, delivery of savings and financial reporting at senior management and committee level. / Review of high level controls for key financial and income systems. / To review financial policies and regulations prepared for the new unitary authority to ensure that they are fit for purpose. / To provide independent assurance that the migration of data on the existing finance system has been completed in a controlled, accurate and timely fashion. To confirm that operational processes have been clearly documented and staff have received appropriate training on the new system. / To review financial policies and regulations prepared for the new unitary authority to ensure that they are fit for purpose. Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Explore further sharing of Academy system with ENC to provide resilience • Get a copy of KBC BCP for Agresso
CRR18	Breach of procurement regulations	Managing Director	6	3	↓	Anti-Fraud & Corruption	Anti-Fraud & Corruption, Procurement & Contract Management	Anti-Fraud & Corruption	Finance & Income Systems / Financial Policies & Regulations / Procurement / Risk Management	Review of high level controls for key financial and income systems. / To review financial policies and regulations prepared for the new unitary authority to ensure that they are fit for purpose. / Watching brief in the final 12 months' of the Council's existence to ensure that contract procedure rules are complied with. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Contracts and procurement training with Welland partnership - completed • Contracts register is updated and made more usable for monitoring contracts and planning procurement • Contracts for the coming year are recognised and reported on by PMs to SMT • Contract procedure rules revised and to be adopted.
CRR19	Impacts of changes on other public bodies priorities and budgets leading to reduction or withdrawal of council services (excluding NCC)	Senior Management Team	12	6	⟶				Local Government Restructure / Risk Management	Targeted Internal Audit work on emerging issues and risks related to local government restructure. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Working closer with partners to understand their coming proposals for service reductions and propose solutions where these may impact either directly or indirectly on the Borough Council • Negotiate - where possible - to improve the outcome for the council • Consider whether the council may have to make further adjustments to accommodate the changes in budgets
CRR22	Townscape Heritage Initiative	Assistant Director AP	12	4	↓				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Extension of time agreed through to March 2021. • Final works being progressed for completion of project.
CRR23	Multi-storey car park	Assistant Director AP	16	4	↓				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Project Monitoring. • Arrangement in place for continued cleaning and maintenance. • Any defects picked up and addressed.
CRR25	Impact of strategic developments in neighbouring districts/boroughs	DoGI RH	12	4	⟶				Local Government Restructure / Risk Management	Targeted Internal Audit work on emerging issues and risks related to local government restructure. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Agree budget priorities on a North Northants basis • Ensure that clear business plans are in place for new spend • Town centre sub-committee established • S106 monies received from Rushden Lakes but further phases of development have been proposed.
CRR26	Reimbursement of planning fees	DoGI RH	6	3	⟶				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Limited claims to date and to be regularly monitored for impact.
CRR27	Vicarious liability	Managing Director	12	4	↓				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Ensure all relevant employment policies are up-to-date and followed as a matter of course. • Make sure all relevant individuals understand the expected workplace standards. • Define the scope of individual job roles • Consider which policies apply to non-employees • Ensure appropriate management and supervision is in place • Consider appropriate insurance cover based on the risks presented • Include suitable indemnities in contracts with suppliers.
CRR28	Brexit	Senior Management Team	9	6	⟶				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	* Ensure links continue with MHCLG advisor East Midlands: Anthony May (Nottinghamshire County Council) (VJ lead) * EEA and Swiss citizens and their family members will need to apply to the EU Settlement Scheme by 30 June 2021 to continue living in the UK after the Transition Period and be eligible to access housing services Imports and exports (info on gov.uk) website is awaited
CRR29	Cyber Security	Senior Management Team	4	4	N/A				Cyber Security / Risk Management	Review to ensure that effective cyber security arrangements are in place in accordance with legislation / recognised best practice. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	The organisation has established boundary firewalls to protect computers from external attack and exploitation. The organisation has established effective anti-malware defences to protect computers from malware infection.
CRR30	Local Government Reform (LGR)	Senior Management Team	16	9	N/A				Local Government Restructure / Risk Management	Targeted Internal Audit work on emerging issues and risks related to local government restructure. / Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	• Not sticking to the Structural Changes Order 2019 not being followed to the time line. • Organisational close down project to be progressed.
CRR31	Covid-19	Senior Management Team	16	9	N/A				Risk Management	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and treats risks to key strategic and operational objectives.	Sit on SCG's/TCG's to work with our partners on the best approach countywide and tailor this for Wellingborough as appropriate. Sit on gold calls and Sit calls to participate in relevant areas and take necessary actions and co-ordinate BCW through the Incident Control management calls to ensure actions are recorded and taken to mitigate any further risk of outbreak in the borough.

Risk Analysis

Identifying and analysing risk

- Risk identification is the process of establishing those risks and opportunities that may prejudice and/or enhance the achievement of the council's agreed objectives.
- Managers need to be aware of how risks will impact on the council's priorities and objectives as well as on individual services and projects.

Risks can be identified through:

- Risk assessment exercises undertaken with employees
- Internal audit reports
- Performance measuring and monitoring
- Inspections by insurers and analysis of past claims
- Case law
- Service and business continuity plans.

Once a risk has been identified it is allocated to one of the risk registers and a Risk Analysis Template is completed. The template enables analysis and scoring of the risk, as well as allocating responsibility and establishing how it can be reduced or mitigated.

Risk is assessed and scored on a matrix by considering the likelihood of the risk occurring and its effect or impact. As the likelihood and severity of impact increases, so does the significance of the risk. Risks are scored twice – firstly assuming no action is taken to reduce them (Inherent Risk Score), and secondly at the level they are reduced to as a result of the actions taken (Residual Risk Score).

Scoring Matrix

VERY HIGH (V)	4	8	12	16
HIGH (H)	3	6	9	12
MEDIUM (M)	2	4	6	8
LOW (L)	1	2	3	4
LIKELIHOOD **IMPACT**	**LOW (L)**	**MEDIUM (M)**	**HIGH (H)**	**VERY HIGH (V)**

Impact
1 = Low impact
E.g. minor service disruption, short term inconvenience, minor injury, financial loss under £25,000, failure to achieve a Team Plan objective.
2 = Medium impact
E.g. service disruption, loss time injury, financial loss under £50,000, adverse local media coverage, isolated service user complaints, failure to achieve a Service Plan objective.
3 = High impact
E.g. significant service disruption, major/disabling injury, financial loss under £100,000, adverse national media coverage, lots of service user complaints, failure to achieve one or more Strategic Plan objectives.
4 = Very high impact
E.g. total service loss for a significant period, fatality to employee, service user or other, financial loss in excess of £100,000, ministerial intervention in running service, failure to achieve a major corporate objective in the Strategic Plan.
Likelihood
1 = Unlikely to happen/rarely happens
2 = Moderate/chance could happen
3 = Likely
4 = Almost certain/very likely

Residual risk scores are plotted onto a risk profile matrix to demonstrate the council's risk appetite (the level of risk the council is prepared to accept in order to achieve its objectives) and to identify risks which require priority action:

- Risks in the red section on the matrix, scoring 8 or above, are considered to be 'primary' risks, require action to reduce the risk and regular monitoring to improve control
- Risks in the amber section on the matrix, scoring between 3 and 6, require regular monitoring and review to ensure controls are working as expected to keep them within the risk appetite
- Risks in the green section on the matrix, scoring 1 and 2, require periodic monitoring and review to ensure controls are working as expected to keep them within the risk appetite.

Managing risk

Risk management is the process of taking action to minimise the likelihood of a risk event occurring, the frequency with which it might occur, and reducing the severity of the consequences should it occur e.g. reducing the severity of injury, reducing the spread of fire, business continuity planning.

It is not possible to eliminate all risks – some will have to be accepted, mitigated or transferred. The cost of minimising the risk must be proportionate to the potential cost of the unmanaged risk and as a result there will be a level of risk the council is prepared to take. This is known as the 'risk appetite'. Any risk with a 'red' score of 8 or above is outside the council's risk appetite and needs to be acted on.

Possible courses of action against risk include:
- **Risk elimination** – stop doing whatever it is that causes the risk, use alternative products or change processes
- **Risk reduction** – provide protective equipment, training, warning notices, improve security measures
- **Risk retention** – decide that the risk is acceptable and make proper financial arrangements should it occur
- **Risk transfer** – transfer the risk to another party either by insurance or through a contractual arrangement.

Risk financing should reduce the total cost of risk including:

- Management and administration costs;
- Preventative measures;
- Down-time resulting from losses;
- Financial impact of loss;
- Insurance premiums and excesses; and
- Uninsurable risks