

# **Risk Management Framework**

# Overview of the Risk Management Framework

This framework supports the consistent and robust identification and management of risks at proportionate levels across the council, supporting openness, challenge, innovation and excellence in the achievement of council objectives.

The subsequent sections within this document explain how the council considers and manages risk in the pursuit of its objectives and provides assurance over its systems of internal control.

Elements of this framework are aligned to the Government's [Orange Book: Management of Risk – Principles and Concepts](#), [Risk Appetite Guidance Note](#), [Good Practice Guide: Risk Reporting](#) and the Local Government Associations [Must know guide: Risk management](#)

This document is structured in 2 parts:

**Part 1** outlines the fundamental principles and methodologies employed by the council in risk management. This section aims to clarify the rationale and objectives underpinning the design, implementation, and ongoing maintenance of the council's risk management

**Part 2** describes the methods used for managing risks to align with the principles outlined in Part 1.

## What is risk management?

Risk Management refers to the set of coordinated activities implemented to identify, assess, and control risk within the council.

A risk is the potential of an uncertain situation or event to impact on the achievement of the council's intended outcomes. Risk is usually expressed in terms of causes, potential events, and their impact:

- > A cause is an element which alone or in combination with other causes has the potential to give rise to risk
- > An event is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives
- > the impacts, should the risk materialise, are the outcome(s) of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives. Consequences can be expressed qualitatively or quantitatively

Risk is described in levels of exposure, which is a reflection of the amount of risk the council is exposed to as a combination of the likelihood of the risk occurring and the impact that may be experienced if that risk is realised.

The level of risk exposure is determined through the evaluation and scoring<sup>1</sup> of the risk regarding the impact if the risk is realised and the likelihood of the risk being realised.

---

<sup>1</sup> Further information of risk evaluation and scoring is detailed within [Part 2: Risk Management Process](#)

Our Risk Management Framework aligns with our Learning Framework



## Part 1: Principles of risk management



**Risk management is integral to the council's governance and leadership framework, underpinning its direction, management, and oversight at every level.**

### **Be confident**

Risk management is one of the eight elements in the Performance Management Framework, designed to support ongoing improvement and contribute to corporate governance by addressing risks that could affect the achievement of organisational objectives. The risk management framework aligns with CIPFA's Good Governance principles

*Determining interventions to maximise outcomes*

*Managing risks and performance through robust internal control and strong public financial management.*

View the [Local Code of Corporate Governance](#) for further details on the council's governance arrangements.



**Risk management is integral to all council activities to support decision-making in achieving our objectives.**

### **Be connected**

Risk management extends beyond the risk management processes and forms an integral part of all council activities to support decision-making and provide assurance in achieving our objectives.

The assessment and management of risk should be an embedded part of, and not separate from:

- > setting strategy and plans
- > evaluating options and delivering programmes, projects or policy initiatives
- > prioritising resources
- > supporting efficient and effective operations
- > managing performance
- > managing tangible and intangible assets
- > delivering improved outcomes

Risks that could affect decision-making are outlined in cabinet and committee papers, so councillors have complete information regarding any potential impacts on the achievement of council objectives.

This diagram shows how risks should be considered to inform planning and audit delivery to support achievement of our strategic objectives.

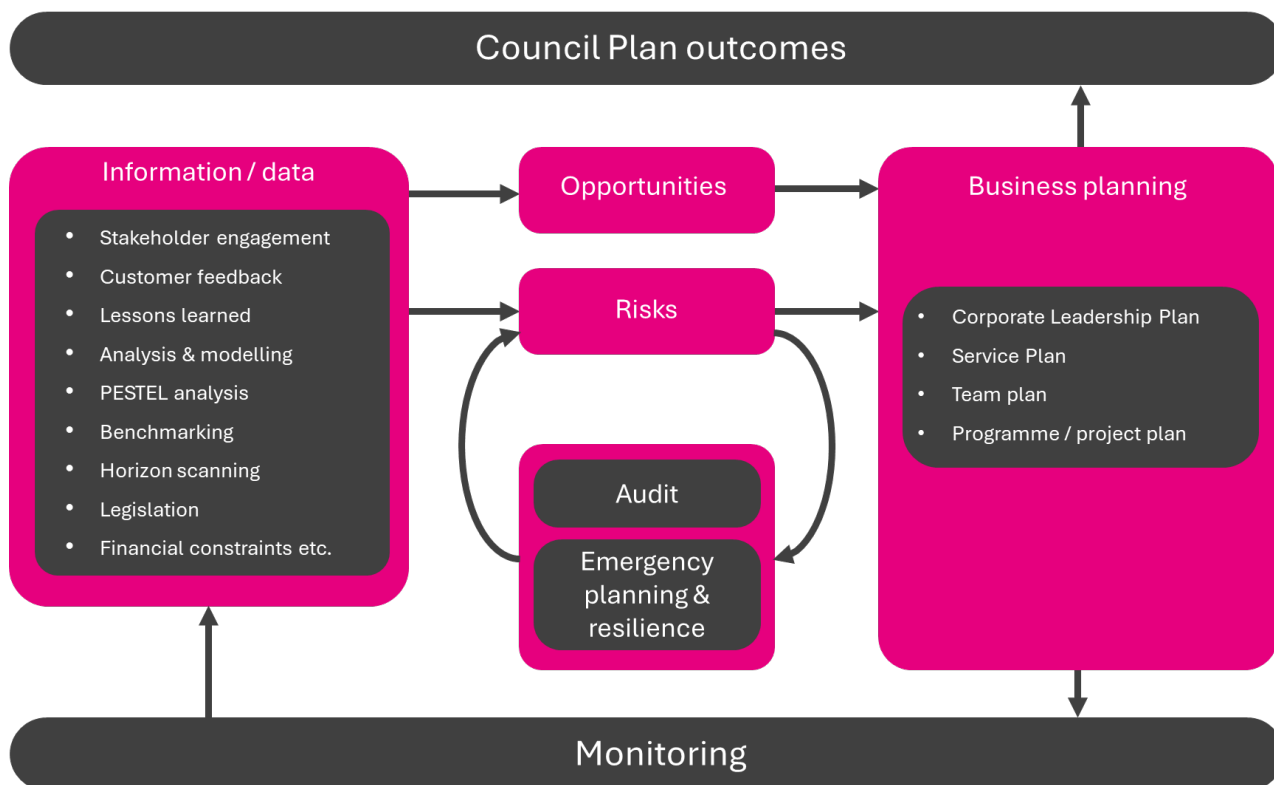


Figure 1: illustration showing how risk management informs council business



**Risk management processes are structured to include:**

### **Be confident**

#### **Risk Identification & Assessment**

Risk identification and assessment help the Council to determine and prioritise how risks should be managed.

Consideration of emerging risks, accurate descriptions of risk, including the causes and potential consequences and use of the Three Lines of Defence to evidence internal controls.

The council uses a range of techniques for identifying specific risks that may potentially impact on one or more objectives. The following factors, and the relationship between these factors, should also be considered:

- > tangible and intangible sources of risk

- > changes in the external and internal context
- > uncertainties and assumptions within options, strategies, plans, etc
- > indicators of emerging risks
- > limitations of knowledge and reliability of information
- > any potential biases and beliefs of those involved

Risks should be identified whether the causes are within the council's direct control or not. Even seemingly insignificant risks on their own have the potential, if they interact with other events and conditions, to have significant or create opportunities.

### Risk Treatment

Selecting and implementing the appropriate treatment using the Four Ts methodology (Treat, Tolerate, Terminate or Transfer). This supports the achievement of intended outcomes and ensures risks are managed to an acceptable level.

Correctly implemented, risk treatments will help prevent the risk from occurring and/or mitigate the impact of the risk if it does occur.

Re-assess the risk, on the basis that all planned treatments are completed to provide a Target Risk Score. This should be reflective of the organisations risk appetite for that risk area.

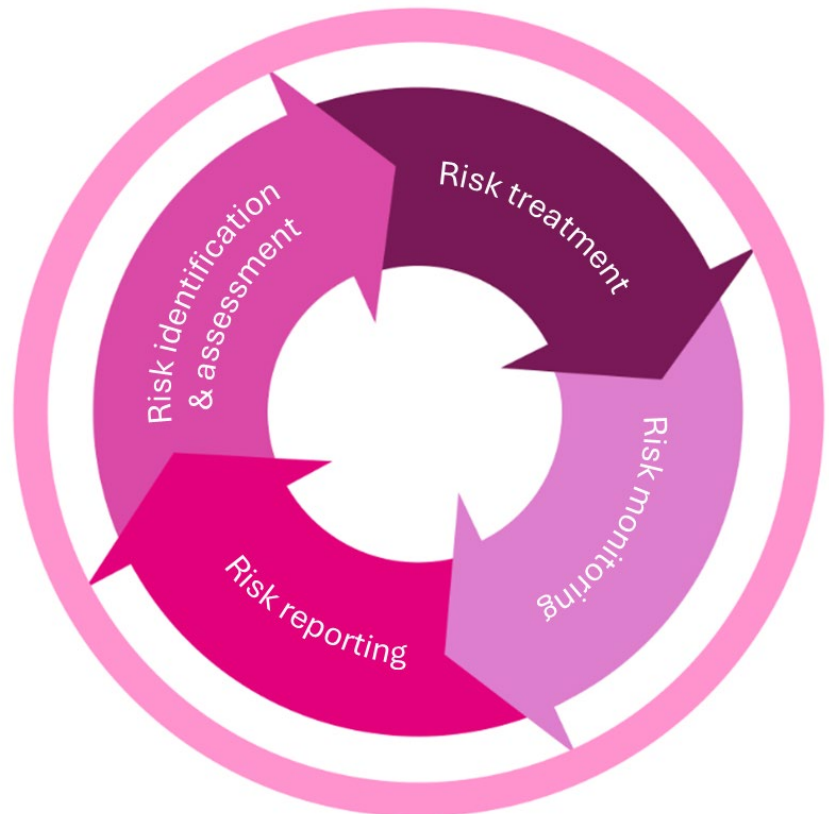


Figure 2: illustration of the risk management process cycle

### Risk Monitoring

The effective monitoring of risks ensures that timely and insightful action can be taken and supports strategic planning and decision making.

Implementing effective monitoring of the causes, progress of actions and effectiveness of controls to understand current level of risk exposure.

### Review & Report

Risk reporting enhances the quality of decision-making and supports management, and oversight bodies, in meeting their responsibilities.

Regularly review the risk descriptions, scores, controls, and actions in light of any new information or changes in circumstance timely, accurate and useful risk reporting to

enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.



**Be innovative  
and creative**

**Risk management shall be continually improved through learning and experience.**

The council continually monitors and adapts the risk management framework to address external and internal changes.

The council looks to continually improve the suitability, adequacy and effectiveness of the risk management framework and process. This is supported by the consideration of lessons based on experience and, an annual review of the risk management framework.

Annual risk management audits, scrutiny from Audit, Standards & General Purposes Committee and reviewing and testing our systems of internal control as part of the development of the Annual Governance Statement provide further opportunity for improvement.



**Be healthy and  
psychologically safe**

**Risk Management is an integral part of our behaviour and culture**

The council's risk culture supports transparency, welcomes constructive challenge and promotes collaboration ensuring an openness to scrutiny and embracing expertise to inform decision-making and learn.

The risk culture requires:

- > Leaders at all levels setting the tone and personally demonstrating the importance of the management of risk with clear accountability, to give greater confidence in decision-making.
- > Communication channels that enable and encourage conversations and challenge around risk throughout the organisation as well as communicating corporate messages of success and learning from both positive and negative experiences.
- > Empowering employees to own and therefore manage risks at an operational level, and for all employees to feel able and empowered to speak up where there is a concern that threatens success, delivery, achievement, and good performance.

- > An embedded and accessible source of information, practical examples and scenarios, and easy to understand guidance to make the 'risk process' real and relatable to everyone.

## Part 1a: Risk management approach

### Levels of risk management across the council

Risk identification and assessment supports the prioritisation of risks and ensures they are managed appropriately and with sufficient allocation of resources and oversight.

The council has three distinct levels of risk management:

- > Strategic (corporate)
- > Directorate
- > Service or Programme/Project

The table below provides an overview of the differences in risk management between the three levels.

Level	Owner	Level definition	Management process	Oversight
<b>Strategic Risks (SR)</b>	A member of the Corporate Leadership Team (CLT)	Significant impact on the achievement of Council Plan outcomes Impacts multiple directorates, partners or the city	Managed by Corporate Performance & Risk Team Reviewed quarterly at DLT and CLT meetings Reviewed biannually at Cabinet	Cabinet Audit, Standards & General Purpose Committee Lead Cabinet Member External & Internal Audit
<b>Directorate Risks (DR)</b>	A member of a Directorate Leadership Team (DLT)	Will impact on the ability to deliver Council Plan outcomes Impacts multiple services or departments	Managed by DLTs with support from Corporate Performance & Risk Team Reviewed quarterly at DLT and CLT	Corporate Leadership Team Lead Cabinet Member
<b>Service Risks</b>	Head of Service or Team Leader	Impacts on achievement of the service objectives Response can be managed within service	Managed within service	Directors Heads of Service

Programme & Project Risks	A member of the Programme or Project Board	Impacts on achievement of the Programme or Project's objectives Response can be managed within Programme or Project	Managed within programme or project	Directors Programme/Project Board
---------------------------	--	--	-------------------------------------	--------------------------------------

The level a risk is managed at will depend on the scope, scale of potential impact and the type of response required. Risks can be escalated or de-escalated between the management levels as the level of risk exposure increases or decreases.



Figure 4: illustration of risk management levels

## Risk assurance

Risk assurance specifically refers to the processes and systems which can be used to hold the council to account and give confidence in how it delivers its duties, functions and outcomes through the management of risk.

Directly supporting the levels of risk management, the council uses the 'three lines of defence' model to assess and provide assurance of the effectiveness of our internal controls for any strategic risk.

The Three Lines of Defence model outlines three levels of assurance within our existing controls for each risk, providing evidence of the controls, oversight and existing processes specific to that risk.

The use of the Three Lines of Defence model demonstrates:

- > Robust controls are systematically established,
- > Comprehensive checks are in place across all control areas,
- > the best use of the assurance process, i.e. all areas checked have oversight and duplication is avoided

Risks managed at corporate, directorate, service or programme/project level need to include oversight and assurance arrangements within the details of their existing controls.

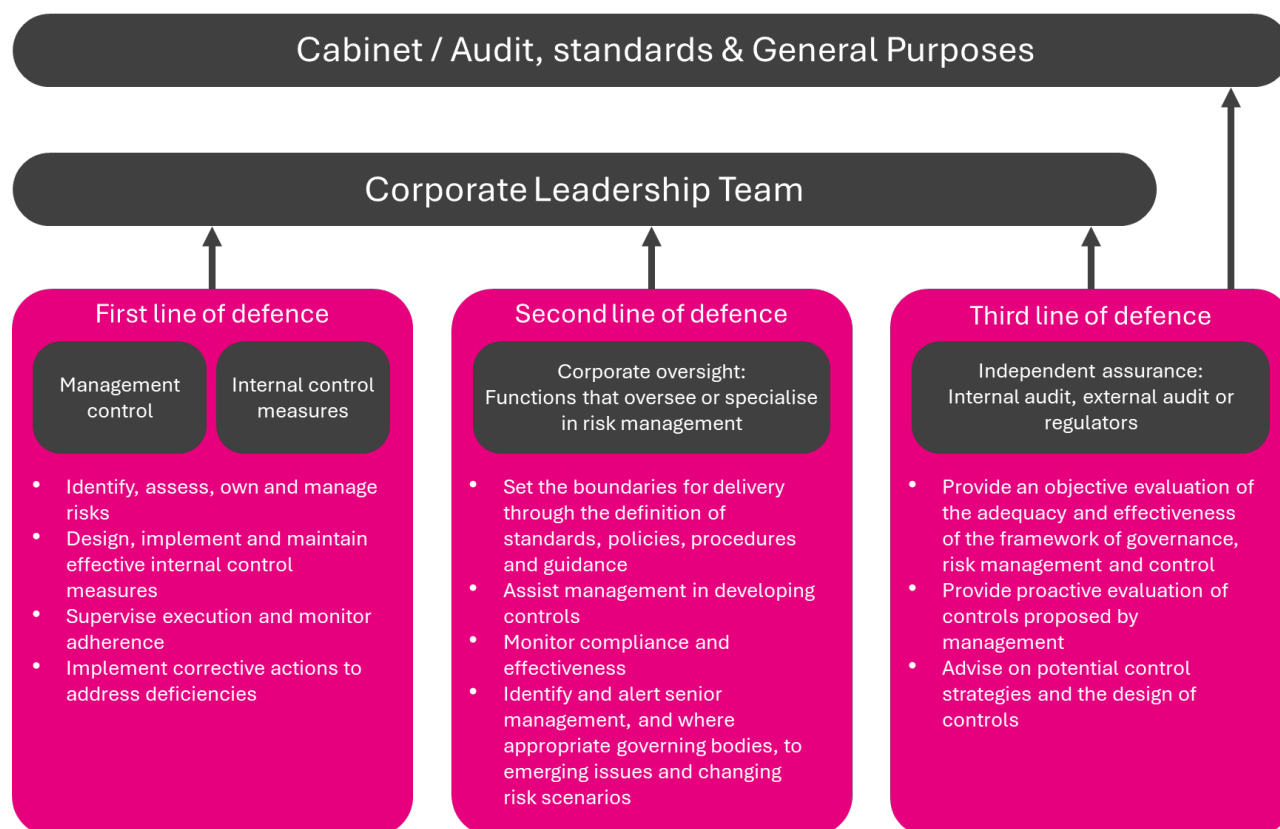


Figure 5: illustration of three lines of defence model

## Roles & Responsibilities

To ensure the effective and robust management of risk, specified council functions, members and officers are responsible and accountable for the management of risk.

The key responsibilities for the management and oversight of risk are detailed within the Council's Constitution. The table below outlines these responsibilities alongside those responsible for managing the process.

Role	Responsibilities
Cabinet	Approval of the Risk Management Framework Oversight and review of strategic risks
Audit, Standards & General Purpose Committee	Oversight of the risk management framework and recommend improvements to strengthen risk management
Cabinet Portfolio Leads	Oversight of relevant risks

Corporate Leadership Team (CLT)	<p>Accountable for the Strategic Risk Register</p> <p>Review the strategic risk register, ensuring it contains appropriate risks and they are managed effectively</p> <p>Escalation/de-escalation of risks between directorate and strategic levels</p> <p>Agree recommendations in changes to strategic risks</p> <p>Promote culture of risk management</p> <p>Each CLT member is responsible for their Directorate Risk Register</p>
Directorate Leadership Team (DLT)	<p>Management of the directorate risks, ensuring it contains appropriate risks, and they are managed effectively</p> <p>Escalation/de-escalation of risks between service and directorate</p>
Risk Owner	<p>Accountable for the management of assigned risks, ensuring descriptions, assessments and risk scores are accurate, and suitable controls and actions are in place to mitigate the risk</p> <p>Provide updates on the risk, including any emerging information which may impact the risk</p>
Risk Action Lead	<p>Responsible for delivering the action assigned</p> <p>Provide progress updates</p> <p>Support the risk owner to describe and mitigate the risk</p>
Corporate Risk Management Lead	<p>Maintain the Strategic Risk Register through regular reviews with DLTs and CLT</p> <p>Support DLTs to review their Directorate Risk Registers</p> <p>Implement and review the risk management framework</p>

## Risk appetite

Risk Appetite is the amount of risk the council is willing accept, in order to achieve its strategic objectives.

Fundamentally, it is the amount of uncertainty the council is prepared to accept in the pursuit of its objectives within any given scenario. Once defined, risk appetite improves the consistency across governance and decision making by increasing awareness of the council's tolerance for risk and ensures the council attention is directed towards the correct areas.

Each risk category has a risk appetite position statement that defines the level of risk the council is prepared to accept within that particular area at any given point in time and in

the context of our strategic objectives, current priorities, and our power to directly influence any given situation.

The risk appetite for each category is set out in the [council's risk appetite statement](#).

These position statements inform how we approach decisions within each risk category and ensure the council remains within its preferred level of risk appetite.

When assessing and scoring strategic risks, the risk appetite is considered, and a target score is set at a tolerable level.

The below table provides a general description of each appetite level.

Appetite Level	General description (for guidance only)
Averse	We are unwilling to tolerate risks in this area Will always select the lowest risk option Avoidance of risk is key to organisation objective Close to zero tolerance for uncertainty of outcome
Minimal	We will take the lowest possible risks in this area Preference for ultra-safe, low risk actions Activities will only be taken when essential, with strong governance in place and limited possibility or impact of failure
Cautious	We will consider taking risks within this area but hold a preference for safe options Willing to consider acting where benefits outweigh the risks and with strong governance in place Activities with a higher level of risk may be acceptable if it is deemed largely controllable
Open	We will tolerate risks with a higher level of uncertainty of outcome in the right conditions We aim to maintain a balance between a high likelihood of successful delivery and maximizing benefit and cost-effectiveness. Will take risks but manage impact
Eager	Willing to tolerate a high level of risk and accept uncertainty of outcome in order to maximise opportunity and potential higher benefit

For example, when determining how to address a risk within an area where the council has a minimal appetite, appropriate measures will need to be put in place to ensure the desired outcome is achieved. Whereas a risk in an area where the council has an open or eager appetite, whilst still requiring internal control, governance and oversight there will be an acceptance of a higher level of uncertainty in our actions to deliver the intended outcomes.

Strategic risks are presented to Cabinet at least annually. Cabinet, and the relevant Cabinet Lead, should take account of the risk appetite when considering whether the target score is appropriate and provide support and constructive challenge to the risk owner.

## Risk Categories

The [Orange Book](#) recommends risks should be organised by taxonomies or categories of risk. Grouping risks in this way supports the development of an integrated and holistic view of risks allowing the council to better understand and address risks as a connected council.

The below categories represent the core risk areas. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational impacts.

Category	Description
Governance	Related to weaknesses in internal control, lack of clear ownership & accountability, oversight or assurance.
Legal	Related to defective transactions, claims, or other legal events that may result in liabilities or losses or a failure to meet legal or regulatory requirements or to protect assets.
Property	Related to weaknesses in property asset management that may lead to non-compliance, harm, or suffering to employees, contractors, service users, or the public.
Financial	Related to weaknesses in managing finances in accordance with requirements and legislation, financial investment, maximising revenue opportunities or insufficient service funding.
Procurement, partnership or commercial	Related to weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives. Includes risks associated with procurement of goods/works/services
People	Related to leadership and engagement, culture, behaviours, and non-compliance with employment legislation/HR policies or insufficient capacity and capability of services.
Safeguarding	Related to practices and internal controls for safeguarding to meet our statutory duties.
Health and safety	Related to the management of Health & Safety operational practices, compliance and reporting.
Technology	Related to technology not delivering the expected services due to inadequate or deficient systems/processes, a lack of investment and development, poor performance or inadequate resilience.
Information and data use	Related to a failure to produce robust, suitable, and appropriate data/information systems and processes or to exploit data/information to its full potential.

Information Governance & Security	Related to a failure to prevent unauthorized and/or inappropriate access to systems, assets and information including cyber security and non-compliance with UK General Data Protection Regulation requirements.
Project or Programme	Risks associated with innovation and change programmes that may not successfully and safely deliver requirements and intended benefits to time, cost, and quality.
Reputational	Related to adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures, or poor quality that may result in damage to the council's reputation or destruction of trust and relations.

## Part 2: Risk Management Process

This section provides an overview of the council's risk management process.

### Recording risks

Before starting any risk identification or assessment, you should establish how you are going to capture and record the risks.

Risks are generally recorded in a risk register that captures all the details and provides a simple and effective way to view and prioritise risks. Risk registers can vary in format, however the most frequently used is an excel spreadsheet. Further details of what to include in a risk register are provided in [Part 2a: Supporting material](#).

Strategic and directorate risks are recorded and managed corporately on a central register.

Service, programme and project risks should use an appropriate register to capture and manage risks.

### Step 1: Risk Identification & Assessment

Identifying risks is the first stage of the risk management process. Risks can be identified by anyone, but they need to be clearly articulated so that the council is fully aware of the causes and potential impacts to ensure the right controls and treatment can be put in place.

This is often best done in groups of stakeholders who are responsible for delivering or are impacted by the objectives. It is important to identify risks when:

- > Setting strategic aims
- > Setting business objectives
- > Writing plans
- > Project planning
- > Appraising options
- > Making changes to business set up or service provision
- > Reviewing audits
- > Learning from incidents

It may be useful to use the [risk categories](#) as prompts when identifying risks.

### Risk Description<sup>2</sup>

Once identified, it is important to provide accurate and honest descriptions.

Start by describing the risk in a short summary that clearly explains the risk event. This often begins with terms such as:

- > Loss of ...
- > Uncertainty of ...
- > Ineffective Partnership with ...
- > Slow Development of ...

---

<sup>2</sup> Definitions for risk event, causes and impacts is provided in [Part 1: Overview](#)

- > Unable to take up Opportunity to ...
- > Threat of ...
- > Failure to ...

Then detail what causes may lead to the risk event occurring and the impacts, should the risk materialise. It is best to use short and concise sentences when detailing the causes and impacts.

It may also be useful to consider when the risk is likely to occur (it's proximity), as this will further support decision-making and prioritisation.

### Existing Controls

Taking into consideration the causes and potential impacts of the risks, detail what current process, systems and measures already in place that support the prevention of the risk event from occurring or reduce the impact if it does occur.

It is important to be open and honest when detailing the controls to ensure the current level of risk exposure is understood and appropriate treatment can be applied.

### Assessing the level of risk exposure

Risks are prioritised by assigning scores of 1 to 5 to the likelihood (L) of the risk occurring, and the potential impact (I) if it should occur. These L and I scores are multiplied; the higher the result of  $L \times I$ , the greater the level of risk exposure. For example  $L4 \times I4$ , which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major), which gives a total risk score of 16. This would be considered a high level of risk exposure.

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

Figure 5: Risk scoring matrix

A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are those with the highest level of exposure (15-25), amber risks hold a significant level (8-14), yellow risks are moderate (4-7), and then green risks have the lowest level (1-3).

The purpose of scoring is to support prioritisation of risks to ensure resources are allocated to the most significant risks. Heat maps are a helpful way to see how risk scoring compares.

When assessing the current risk score, consideration must be made to the existing controls identified. For example, if we have robust systems in place that tell us how close we are to the risk occurring the likelihood of it occurring would be significantly lower.

Scoring should be a realistic assessment without optimism bias. The risk scoring guidance below can support you to assess the risk score by providing examples of what the impact may be in relation to specific impact areas. If the risk has the potential to impact multiple areas, this should be taken into consideration when determining the overall impact score for the risk, as the overall impact to the organisation may be higher as a result. For

example, if the risk has a moderate impact in 3 separate areas, you may wish to score the overall impact as major.

It should be noted that the below tables, and definitions, are to provide guidance and support when considering how to score risks. They are not intended to provide specific instruction when scoring the level of impact, and as such should be amended appropriately based on the risk being scored.

#### Likelihood Risk Score

Risk Score	Likelihood Descriptor	Guidance
1	Almost Impossible	Difficult to see how this could occur. Has happened very rarely before or never Is a highly unlikely climate scenario, even at the extremes of climate projections
2	Unlikely	Do not expect occurrence but it is possible. Less than 10% chance of occurrence May have happened in the past; unlikely to happen in the next three years
3	Possible	May occur occasionally. Only likely to happen once in 3 or more years Has happened in the past; reasonable possibility it will happen as part of climate change scenarios
4	Likely	Will occur persistently but is not an everyday occurrence. Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered within likely climate change scenarios
5	Almost Certain	High probability of situation occurring Regular occurrence, Circumstances frequently encountered, daily/weekly/monthly

## Impact Risk Score

The below tables provide guidance on how to score the impact of the risk within specific areas.

Impact Area	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
<b>Health &amp; Safety</b>	minor injury, basic first aid required, 1 person affected, no absence from work, no delay	non-permanent harm, short-term injury, resulting in absence of up to 6 days.	causing semi-permanent disability, injury, disease, or harm which could interrupt attendance at work for of 7 days or more	causing death, permanent disability, serious injury or harm, e.g. loss of function or body part(s), serious disability, single death of any person. Long term absence from work.	multiple deaths involving any persons, long term absence from work, more than 30 days extended hospital stay
<b>City &amp; community</b>	insignificant disruption to community services, including transport services and infrastructure	minor localised disruption to community services or infrastructure less than 24 hours	damage that is confined to a specific location, or to a number of locations, but requires additional resources. Localised disruption to infrastructure and community services	significant damage that impacts on and possible breakdown of some local community services. Requires support for local responders with external resources	extensive damage to properties and built environment in affected areas. General & widespread displacement of more than 500 people for prolonged duration. Community unable to function without significant support
<b>Service Delivery</b>	No or marginal service disruption No noticeable drop in service performance	service disruption or partial closure for 1 or 2 days Drop in service performance	service disruption or total closure for 1-3 days Poor service performance Slight impact on Council Plan outcomes	service disruption or total closure for 3-7 days Repeated poor service performance Impact to delivery of Council Plan outcomes	Service disruption or total closure for 7+ days Ongoing failure to provide an adequate service Failure to deliver on Council Plan outcomes
<b>Economic</b>	none/minimal financial burden (less than £100, can be resolved at local service / department level), minor interruption to income generation, no permanent loss	minimal financial burden or disruption to income generation (less than £1,000 but greater than £100). Can be resolved at line manager/ service manager level through usual budgetary measures	moderate financial burden (less than £10,000 but greater than £1,000). Interruption to income generation lasting less than 14 days, majority of income recoverable but at additional cost	major financial burden (less than £100,000 but greater than £10,000). Can include significant extra clean up and recovery costs.	Catastrophic financial burden (greater than £100,000). Extensive clean up and recovery costs

Environment	insignificant impact on environment	minor impact on environment with no lasting effects	limited impact on environment with short-term or long-term effects	significant impact on environment with medium to long term effects	serious long-term impact on environment and/or permanent change.
Reputation	organisation(s) reputation remains intact	minimal impact on organisation(s) reputation	moderate impact on organisation(s) reputation	major impact on organisation (s) reputation / National adverse publicity	catastrophic impact on organisation(s) reputation. International adverse publicity
Personal Privacy Infringement	No personal details compromised / revealed	Isolated individual personal detail compromised / revealed	All personal details compromised / revealed	Many individual personal details compromised / revealed	Personal Data revealed which leads to serious incident and lack of credibility in organisation's ability to manage data, fine

Project Delivery	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Project Status	Project on schedule to deliver the planned works on time and to budget	Project on schedule to deliver the planned works on time and to budget	The project has encountered some issues which could affect the delivery of the planned works within agreed time, costs, and resources	The project has encountered some issues which could affect the delivery of the planned works within agreed time, costs, and resources	Delivery of the planned works within agreed time, costs and resources is presently threatened
Timescales	No delays anticipated	The project is delayed by 1 week or under	The project is delayed by 1 week – 2 weeks	The project is delayed by 2 weeks or over	The project is delayed for an indefinite period
Resources	The project is fully resourced	The project is fully resourced	A lack of human resources which could impact overall delivery and require Programme Board attention	Lack of human resource is impacting successful delivery and needs to be addressed immediately	Lack of human resource is impacting successful delivery and needs to be addressed immediately
Issues	All issues under control and no outstanding issues requiring Programme Board attention	All issues under control and no outstanding issues requiring Programme Board attention	Outstanding issues which could impact overall delivery and require Programme Board attention	Outstanding issues which could impact overall delivery and require Programme Board attention	Outstanding issues which will impact the overall delivery require URGENT Programme Board attention
Risks	All risks under control and no outstanding issues requiring Programme Board attention	All risks under control and no outstanding issues requiring Programme Board attention	Risks that have a medium probability of occurring and will have a medium impact on the programme and require Programme Board attention if there is no change or is increasing	Risks that have high or medium probability and impact if they occur and require the Programme Board attention	Risks that have high or medium probability and impact if they occur require the Programme Board attention
Budget	Predicted costs are on track and within the cash limit budget	Predicted costs are on track and within the cash limit budget	Predicted costs are under 10% of budget	Predicted costs are up to 10% over budget	Predicted costs are higher than 10% over budget

## Step 2: Risk Treatment

Based on the Current Risk Score, and considering the risk appetite, determine the most appropriate treatment for the council to take in addressing the risks by using the four T's and record the reason for your choice.

<b>T</b> treat	Take further action to reduce the likelihood or impact
<b>T</b> olerate	Decide the risk level is tolerable and that no extra resources will be applied
<b>T</b> erminate	Stop undertaking the activity which leads to the risk
<b>T</b> ransfer	Pass to another party or organisation to manage and reduce the council's liability

The below table provides recommended approach based on the level of exposure

Risk Rating	Risk Score	Recommended action
High	15-25	Immediate action and/or escalation required Mitigating actions must be taken Monitor the risk to ensure action is having the desired effect
Significant	8-14	Review and ensure effective controls Mitigating actions should be taken Monitor the risk to ensure action is having the desired effect
Moderate	4-7	Monitor in case the risk levels increase
Low	1-3	Monitor as part of business as usual

### Mitigating Controls Actions

If you have decided that the risk should be treated, then mitigating actions should be taken to reduce the likelihood and/or impact of the risk. When developing mitigating actions, Risk Owners are strongly encouraged to work with all key stakeholders, including external partners to ensure the right actions are identified and stakeholder buy in into the delivery of these actions. The actions must be SMART (Specific, Measurable, Achievable, Realistic and Timebound) and agreed by the Risk Action Lead who is named responsible for delivering the action. Mitigating actions should have a start and end date and progress should be regularly tracked.

It is important to ensure that mitigating risk actions map to directorate or service plan actions, so that they are planned and resourced adequately to be completed within the timeframe indicated.

You should also detail any action required to tolerate, terminate or transfer the risk to ensure that this is completed in a controlled way, and any additional monitoring is established and embedded.

### Target Risk Score

The target risk score is scored similarly to the current risk score but is based on the assumption that the mitigating actions are completed at the expected time. This must reflect the level of risk the council is willing to operate at to bring the risk exposure down to

tolerable level. However, the score needs to be realistic and consider the uncertainty of the situation and resources available to deliver actions so the target risk score can sometimes remain as a high 'red' score regardless of mitigation.

### Step 3: Risk Monitoring

Risks must be regularly monitored to support understanding of whether the level of risk exposure is changing and to what extent the existing controls, or mitigating actions, are having the desired effect. A monitoring structure should be agreed that identifies key indicators to show the progress or effect of controls and actions at suitable intervals.

If there is not any current control that can be used to provide this insight, then serious consideration should be given to establishing a monitoring process. This should take into account whether costs, efforts or advantages of the controls and action being taken balances against potential benefit of achieving the objective.

### Step 4: Review and Report

#### Risk Reviews

It is important to regularly review risks, to determine if there is new information or changing circumstances that may impact the level of risk exposure.

Strategic risks are reviewed quarterly by Directorate Leadership Teams (DLT) and then the Corporate Leadership Team (CLT). Newly identified risks and suggested amendments to strategic risks are reported as part of this process.

Directorate risks are reviewed at least fortnightly by DLTs and CLT.

It is recommended that risk reviews are established within the governance arrangements for all services, programmes and projects with clear protocol for escalation.

Whilst risk reviews occur quarterly it is recommended for risk owners and services to provide additional reports to CLT, outside of the quarterly cycle, where risk scores are not reducing or where circumstances impacting the risk significantly change.

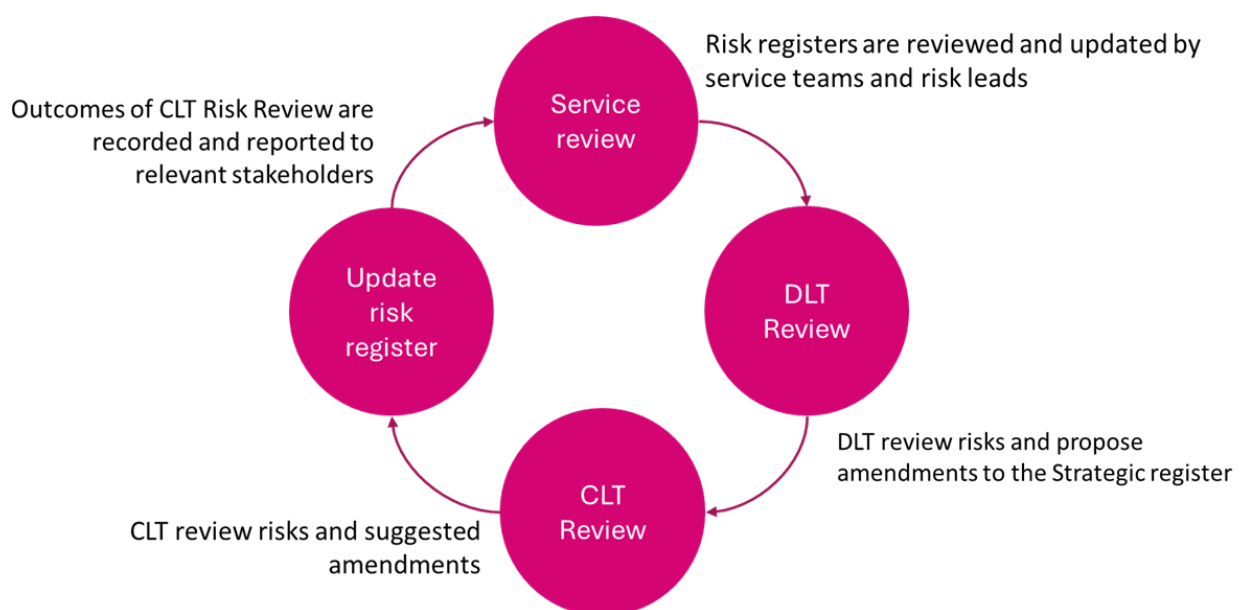


Figure 7: Risk reporting & review cycle

## Risk Reporting

Risk reporting provides a regular mechanism to give updates to key stakeholders, ensuring the right information is given to the right people, at the right level, at the right time. Strategic and directorate risks are recorded and managed corporately on a central register and reported on a quarterly cycle, alongside other key performance data (such as business planning and corporate key performance indicators) to support an ongoing narrative of information.

In doing so risk reporting enhances the quality of organisational decision-making, informs prioritisation of activity, and strengthens organisational oversight.

The benefits of regular risk reporting include:

- > Embedding a consistent understanding of risks, thereby reducing the uncertainty of outcomes
- > Enabling the council to understand the effectiveness of internal controls and take direct, timely and informed interventions as required
- > Integrating risk, planning, performance and prioritisation discussions to enable informed consequence-based decisions
- > Providing assurance to stakeholders, including oversight bodies, that risks are understood and being effectively managed
- > Providing oversight of business activities, enabling a dynamic response to unplanned events threatening delivery of priorities and strategic objectives

A reporting timetable is published annually to inform risk owners and action leads the dates they are required to provide updates to the risk details and actions.

Risk reviews are the best time to ensure risks are considered, although risks must be escalated at any time there is a change to the level of risk exposure.

Strategic risks are reported to Cabinet biannually as part of the Council Plan progress report.

The Risk Management Framework is reported annually to Cabinet, for approval, and Audit, Standards & General Purposes Committee, for the scrutiny and examination of the effectiveness of the council's arrangements for the management of risk.

## Part 2a: Supporting material

### Glossary of terms

Assurance	an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.
Current risk score	The assessment of the risk (likelihood x impact) taking into consideration the existing controls already in place. This represents the level of risk exposure the council is currently facing
Exposure	the consequences, as a combination of impact and likelihood, which may be experienced by the council if a specific risk is realised.
Initial risk score	The assessment of the risk (likelihood x impact) before any controls are in place
Internal control	any action, originating within the organisation, taken to manage risk. These actions may address either the potential impact of the risk, should it materialise, or the likelihood/frequency with which the risk occurs.
Risk Appetite	the amount of risk that the council is prepared to accept, tolerate, or be exposed to at any point in time.
Risk assessment	the evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised.
Risk management	all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.
Target risk score	The assessment of the risk (likelihood x impact) taking into consideration the existing controls already in place and on the assumption of all mitigating actions having been delivered

### Risk registers

Risks are recorded in a risk register that captures all the details and provides a simple and effective way to view and prioritise risks. Risk registers can vary in format, however the most frequently used is an excel spreadsheet.

Information and data captured in risk registers can vary and should be proportionate to the potential level of risk exposure to the council. For example, operational risk register may not need to capture oversight arrangements as these will likely be detailed in other places.

A corporate template is available through the [Wave](#) and is designed to capture the below details:

<b>Risk Ref</b>	It is easier to monitor, report and manage multiple risks if they have reference numbers. There is no corporate standard so please use a system that works for your area
<b>What is the risk?</b>	Provide a description of the event or issue that may occur which could prevent achievement of your objective
<b>Risk causes</b>	What are the likely causes, or events, that could make the risk happen
<b>Risk Consequence or Impact</b>	What are the potential consequences or impact if the risk were to happen
	Considering the causes and existing controls in place, what is the likelihood of the risk happening now?
<b>Initial Likelihood (L)</b>	1 – Almost Impossible 2 – Unlikely, 3 – Possible 4 – Likely 5 – Almost Certain
	Considering the consequences, what would be the impact if the risk were to happen now?
<b>Initial Impact (I)</b>	1 – Insignificant 2 – Minor 3 – Moderate 4 – Major 5 – Catastrophic (or Fantastic, if an opportunity)
<b>Initial Risk Score (L x I)</b>	This is the current risk score indicating the likelihood and impact without controls
<b>Existing Controls already in place (BAU)</b>	What existing controls do we already have in place, and functioning, to mitigate this risk?
	Considering the causes and existing controls in place, what is the likelihood of the risk happening now?
<b>Current Likelihood (L)</b>	1 – Almost Impossible 2 – Unlikely, 3 – Possible 4 – Likely 5 – Almost Certain
	Considering the consequences, what would be the impact if the risk were to happen now?
<b>Current Impact (I)</b>	1 – Insignificant 2 – Minor 3 – Moderate 4 – Major 5 – Catastrophic (or Fantastic, if an opportunity)
<b>Current Risk Score (L x I)</b>	This is the current risk score indicating the likelihood and impact before any mitigating actions are taken
<b>Risk Indicator</b>	List how can you monitor the issue to determine if it is more or less likely to occur?
	Is the level of risk exposure increasing, decreasing or the same since it was last reviewed?
<b>Direction of travel</b>	↑ - increasing (the risk score has increased) ↓ - decreasing (the risk score has decreased) ↔ - no change (the risk score has stayed the same)

<b>Risk Treatment</b>	Select how you are going to manage the risk from the 4 T's
<b>Mitigating Actions</b>	<p>If you have decided to treat the risk please provide details of all the actions being taken to reduce likelihood or impact.</p> <p>If you are transferring, tolerating or terminating the risk please provide details.</p> <p>Risk actions should include details of who is responsible for delivering the action.</p>
<b>Action due date</b>	When is the action expected to be completed?
<b>Risk Owner</b>	Who has overall responsibility for managing the risk
<b>Target Likelihood (L)</b>	<p>Considering the causes &amp; controls, what would be the impact if the risk were to happen after we have delivered all mitigating risk actions.</p> <p>1 – Almost Impossible</p> <p>2 – Unlikely,</p> <p>3 – Possible</p> <p>4 – Likely</p> <p>5 – Almost Certain</p>
<b>Target Impact (I)</b>	<p>Considering the consequences, what would be the impact if the risk were to happen after we have delivered all mitigating risk actions.</p> <p>1 – Insignificant</p> <p>2 – Minor</p> <p>3 – Moderate</p> <p>4 – Major</p> <p>5 – Catastrophic (or Fantastic, if an opportunity)</p>
<b>Target Risk Score (L x I)</b>	This is the expected risk score following completion of all mitigating actions or risk treatment
<b>Date Added</b>	When was the risk added to the register
<b>Last reviewed date</b>	When was the risk last reviewed
<b>Status</b>	<p>Select the current risk status. You should not delete risks from register but mark them as closed, terminated or transferred</p> <p>Newly identified</p> <p>Active (ongoing)</p> <p>Closed (no longer a risk)</p> <p>Transferred</p> <p>Terminated</p>

## Risk management training and guidance

Risk management training and guidance is available to all members and officers, resources can be found on the [Wave](#).

## Appendices

### Risk appetite statement

Our risk appetite has been defined following consideration of organisational risks, issues and consequences. Given the complexities of Local Government and the wide array of services delivered by the council, it is not appropriate to define a single risk appetite that can be applied across the organisation.

Appetite levels will vary, in some areas the council will be cautious, in others it will be open to risk and willing to carry a higher level of uncertainty in the pursuit of its intended outcomes.

The council has described its appetite across core risk categories, detailed below, and sets target scores at its tolerable level.

We will always aim to operate organisational activities at those defined levels. Where activities exceed the defined levels, or a risk is outside its defined tolerance, this must be managed through appropriate governance mechanisms.

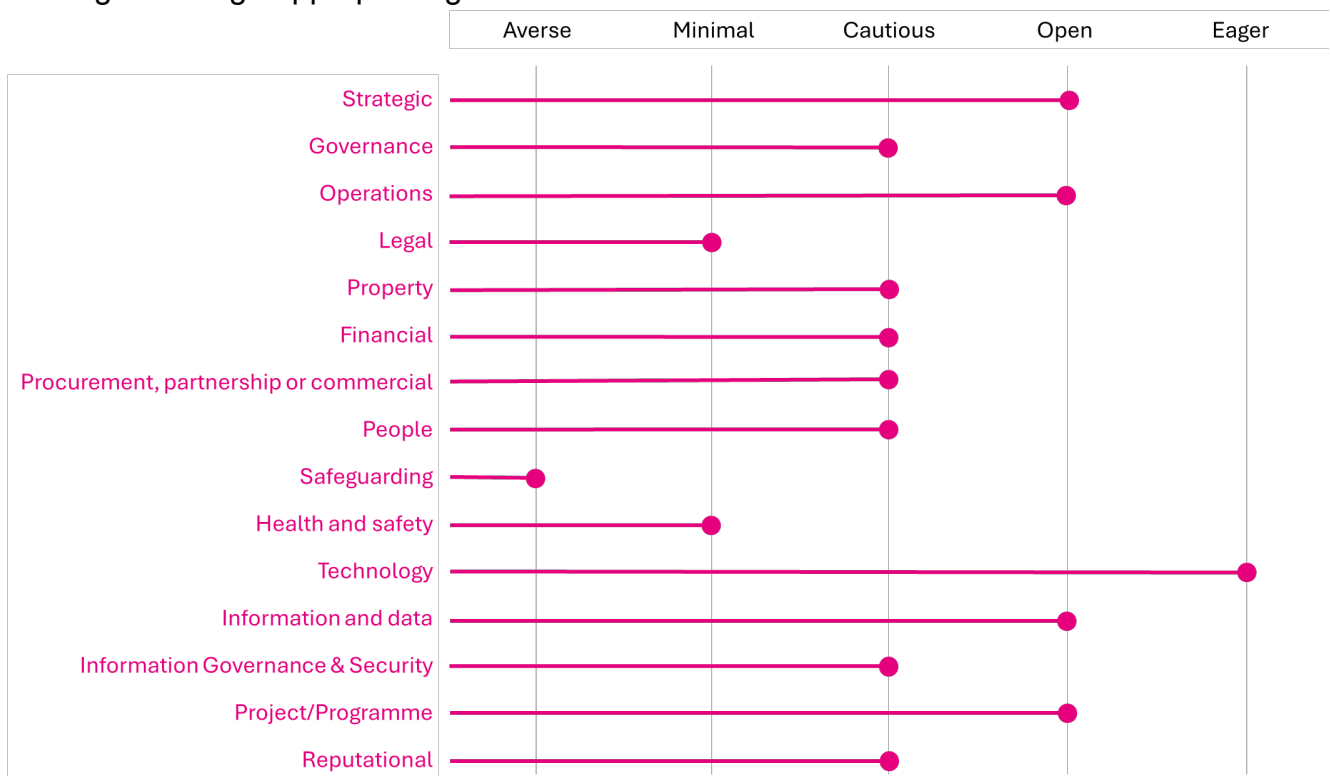


Figure 8: Visual of the council's risk appetite across the core risk categories

Governance	Cautious
<p>The Council recognises that strong governance is fundamental to achieving its strategic objectives, maintaining stakeholder trust and meeting its statutory requirements. However, it seeks governance innovation and process improvements that enhance efficiency and effectiveness. As such it has a <b>cautious</b> appetite for risk in relation to its governance arrangements, systems of internal control and assurance.</p> <p>This means the Council:</p>	

<ul style="list-style-type: none"> <li>• will not tolerate risks that could lead to failures in oversight, accountability, or decision-making processes or conflicts of interest that compromise integrity or transparency.</li> <li>• is willing to revise governance arrangements to enhance agility and responsiveness, while maintaining clear accountability.</li> <li>• is willing to adopt new technologies, or approaches, that may hold initial uncertainty but aim to strengthen governance outcomes</li> </ul>	
<b>Legal</b>	<b>Minimal</b>
<p>The Council has a <b>minimal</b> appetite for legal risk</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• Will not tolerate breaches of statutory or regulatory obligations,</li> <li>• will prioritise rigorous legal review, compliance monitoring, and risk mitigation strategies to avoid litigation, penalties, or reputational harm</li> <li>• will not knowingly undertake any activity that breaches law, statutory obligations, or actions leading to criminal liability, fraud, or corruption.</li> </ul>	
<b>Property</b>	<b>Cautious</b>
<p>The Council has a <b>cautious</b> appetite for risks that may impact our ability to manage council property (including housing, commercial and operational property) and deliver new housing supply.</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• prioritises resources on compliance with all regulatory and legislative requirements</li> <li>• adopts a range of agreed solutions for the purchase, rental, disposal, construction and refurbishment that ensures meeting our requirements</li> <li>• focuses resources on the prevention of homelessness and meeting its housing duty</li> <li>• will accept a moderate level of risk exposure in delivering new housing supply</li> <li>• will consider low risk actions which support delivery of housing priorities and objectives with robust controls, oversight and monitoring arrangements in place</li> </ul>	
<b>Financial</b>	<b>Cautious</b>
<p>The council has a <b>cautious</b> appetite for financial risks and puts in place appropriate controls through governance, policies, and procedures to manage risk.</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• has strong governance in place for investment capital</li> <li>• limits delegation of making significant financial decisions</li> <li>• has robust policies and procedures for financial planning, management and reporting</li> <li>• will consider options to invest and funding for delivery of modernisation and invest-to-save proposals</li> <li>• will consider value for money and tangible benefits (cashable and otherwise) to achieve service benefits and deliver a sustainable solution (not always select the cheapest option)</li> </ul>	
<b>Procurement, partnership or commercial</b>	<b>Cautious</b>
<p>The council has a <b>cautious</b> appetite for procurement, partnership, and commercial risk</p> <p>The means the council:</p>	

<ul style="list-style-type: none"> <li>• will balance risk with reward through robust due diligence, clear contracts, and ongoing performance management.</li> <li>• is open to innovative partnerships and commercial deals that offer cost-effective solutions, enhance services, and generate economic and social value</li> <li>• is willing to consider a higher level of risk where these activities align with our strategic objectives, enhance service delivery, and create new opportunities for the community.</li> </ul>	
<b>People</b>	<b>Cautious</b>
<p>The council has a ‘cautious’ to ‘open’ appetite for risks that may impact our ability to deliver services to our customers or adversely impact our capability to deliver services. The council is <b>cautious</b> in respect of any risk that may impact its ability to deliver essential services but is more open to risk when exploring innovation and modernisation opportunities.</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• will not tolerate breaches of employment legislation, HR policies, or health and safety regulations.</li> <li>• will not knowingly take actions that compromise equality, diversity, inclusion, or safeguarding standards</li> <li>• will not tolerate inappropriate behaviours or culture that undermine integrity or public trust</li> <li>• will explore new workforce models, organisational change, or cultural initiatives where risks are understood, mitigated, and supported by robust HR policies, engagement, and communication</li> <li>• will look to take initiatives that improve leadership capability, staff development, and engagement, provided risks are proportionate and controls are in place.</li> </ul>	
<b>Safeguarding</b>	<b>Averse</b>
<p>The Council has an <b>averse</b> appetite for risks materialising that are associated with preventable deaths, serious injury or serious harm to vulnerable adults, children, and young people that we have responsibility for.</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• have robust recruitment processes which incorporate safeguarding requirements such as disclosure and barring service (DBS) checks, checking references, proof of qualification and professional registration.</li> <li>• has clear and well communicated policies and procedures</li> <li>• monitors meaningful performance metrics to act as early warning signs</li> <li>• Has professional oversight, in terms of staff supervision and inspections by the Care Quality Commission and Ofsted.</li> <li>• maintains up to date and accurate risk records in relation to safeguarding adults and safeguarding children</li> <li>• works in partnership with key organisations to monitor safeguarding delivery across all agencies in the city</li> <li>• has strong controls in place to ensure any organisations delivering services on behalf of the council have robust safeguarding arrangements in place</li> </ul>	
<b>Health &amp; Safety</b>	<b>Minimal</b>
<p>The council has a <b>minimal</b> appetite to any risk that may impact the health and safety of customers or council officers and prioritises taking proportionate action to mitigate risk.</p>	

<p>The means the council:</p> <ul style="list-style-type: none"> <li>• focuses action on risks which have potential to cause serious injury or harm to customers and council officers</li> <li>• adopts a sensible approach, in relation to resources, for all other risks</li> <li>• takes proportionate action to minimise the potential for injury or harm to the lowest possible level</li> <li>• has policies, procedures and governance in place to provide robust oversight of health &amp; safety in service delivery</li> <li>• promotes a culture of health &amp; safety, including mental health and wellbeing, throughout the council</li> </ul>	
Technology	Eager
<p>The council has an <b>eager</b> appetite to risk when investing in and maximising use of technology.</p> <p>The means the council:</p> <ul style="list-style-type: none"> <li>• sufficiently invests in foundational technology to ensure that the IT infrastructure is capable to support use of technologies</li> <li>• ensures staff have the systems and devices to deliver services</li> <li>• is open to investment and use of modern technology to improve customer outcomes</li> <li>• invests in the development of council officers, managers and leaders to maximise the use of technology in the provision of services</li> </ul>	
Information and data use	Open
<p>The council has an <b>open</b> appetite for risk related to the management and use of data and information.</p> <p>The means the council:</p> <ul style="list-style-type: none"> <li>• is willing to accept a higher level of risk in the innovation and improvement in the management, sharing, and utilisation of data and information assets</li> <li>• will actively look to explore and adopt innovative data-driven technologies and practices (e.g. AI, data analytics, open data portals).</li> <li>• Seeks out potential digital transformation and data integration projects that improve efficiency and outcomes</li> </ul>	
Information Governance & Security	Cautious
<p>The council has a <b>cautious</b> appetite for information governance and security risks with strong policies and procedures in place.</p> <p>The means the council:</p> <ul style="list-style-type: none"> <li>• ensures our IT infrastructure meets UK and international regulatory standards</li> <li>• is unwilling to have any risk exposure related to customer and staff data</li> <li>• embed comprehensive procedures for the identification and resolution of incidents that present a threat to information security</li> <li>• is willing to share data, within a controlled framework, for the benefit of customer outcomes</li> </ul>	
Transformation	Open
<p>The council has an <b>open</b> appetite to risk when exploring innovation opportunities, however it recognises the successful delivery of Council Plan outcomes will require associated programmes and projects being delivered on time and to budget.</p>	

<p>The means the council:</p> <ul style="list-style-type: none"> <li>• is willing to except a higher level of uncertainty to achieve its objectives</li> <li>• requires business cases that are properly costed with clearly defined outcomes and benefits.</li> <li>• provides appropriate challenge to ensure that any investment offers the best possible return and value for money</li> <li>• requires project and programme risks to be identified and managed in accordance with the Council’s Risk Management Framework.</li> <li>• will escalate any high or very high risks which exceed the Council’s risk appetite by the relevant corporate directorate management team. Where appropriate this may involve escalation to the Corporate Management Team.</li> <li>• Benefits realisation and lessons learnt should be completed following major programme and project work.</li> <li>• All major projects will be RAG rated with the appropriate level of governance, scrutiny, and reporting in place for projects assessed as high risk.</li> </ul>	
Reputational	Cautious
<p>Due to the nature of the council’s business, a certain degree of risk taking is required, therefore the council has a <b>cautious</b> appetite for risks which may negatively impact on the council’s reputation or the community’s trust in our ability to lead the city.</p> <p>This means the Council:</p> <ul style="list-style-type: none"> <li>• proactively engages with the community in significant changes or key decisions</li> <li>• is open, honest and transparent in its decision making</li> <li>• is willing to take decisions with limited potential to expose the council to additional scrutiny, but only with strong controls and governance in place to minimise risk exposure</li> <li>• accepts moderate level of local media and social media scrutiny or complaints relating to actions, or decisions, which deliver longer benefits to the community</li> </ul>	

The areas included in the above table are not intended to be an exhaustive list of statements. Risk appetite statements are developed as required and reviewed on an annual basis.