



CAMBRIDGE CITY COUNCIL

RISK MANAGEMENT

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Version Control

Version	Date	Updated by	Summary of change
1.0	22/09/2021	Stephanie Fisher	Approved by Civic Affairs Committee
1.1	06/12/2022	Jonathan Tully	Added guidance on scoring risks at residual stage.
1.2	4/1/2024	Stephanie Fisher	<ul style="list-style-type: none">• Update terminology following the Senior Management Review• The Risk Appetite Statement has been enhanced.• Risk Escalation – Guidance is provided on when risks should be escalated from PM3 to 4Risk or from the Operational to Strategic risk registers.• Introduction of multiple category risk scoring.• Record Inherent Risk Scores for all risks to improved evaluation over the effective of risk controls.• Roles & responsibilities updated and establish a Risk Management Group• Intelligent clients to ensure the ownership, monitoring, escalation and assurance of partnership and cross-cutting risks.

Risk Management Strategy

Introduction

Effective risk management is critical to ensure an organisation maintains its services, progresses towards achieving its strategic aims, and provides assurance it is operating on sound corporate governance principles.

Definition

Risk Management is a key element of the Council's Governance Framework. The objective of the risk management process is to identify, evaluate and control risks and opportunities.

Risks are the possibility that an unwanted or uncertain action or event will cause injury, loss, damage or adversely affect the Council's ability to achieve our objectives.

Opportunities also need to be considered, providing the benefits and rewards outweigh the potential risks.

Aims and Objectives

Our strategic aim is to:

- integrate pragmatic risk management into the Council's culture.
- raise awareness of the need for risk management by all those responsible for managing risk.
- maintain an ability to anticipate and respond to changing social, environmental and legislative changes.

Our Processes

The Risk Management process involves identifying potential risks and opportunities; what might cause them to occur; and what the consequences would be if they happen. The process will identify controls that are currently in place to mitigate the risks and establish what actions can be taken to further reduce the likelihood of the risk arising and/or the impact should it occur. Risk Management is a continual process and as part of this we need to consider learning from previous experiences.

The greater the understanding of the risks that the Authority is exposed to and the causes and consequences of these risks, the more informed future decision making should be.

Our processes, roles and responsibilities, performance and training information are detailed within our Policy Framework.

Governance

Governance is the system by which the Council ensures that it achieves the right outcomes for the citizens of Cambridge in an open and honest way.

The system of internal control is a key part of the Governance Framework and is designed to manage risk to a reasonable level. Internal Audit regularly reviews the system of internal control, providing independent assurance on the adequacy and effectiveness of the controls in place to manage risks. Actions are also agreed with management to improve controls where needed.

Both the Strategy and the Framework will be reviewed regularly to ensure that we maintain best practice and an effective risk management system.

Risk Appetite

The Risk Management Framework is designed to enable officers to identify opportunities and, where possible, minimise threats. Good risk management, informed decision making and understanding of the associated risks, will help maintain the Council’s desired balance of caution and innovation.

Defining our risk appetite provides structure for the management of risks and associated decision making and provides the following benefits:

- Improved understanding and management of risk exposure.
- Improved/informed decision-making.
- Improved consistency in Risk Management/decision-making.
- Better able to direct resources to priorities.
- Improved performance.
- Increased transparency.

The Risk Universe (All Risks)			
Risk Appetite	Risk Tolerance	Risk Capacity	Beyond Capacity
Level of risk we aim to operate within	Level of risk we are willing to operate within	Maximum Level of risk we can operate with	Beyond acceptable risk

Risk Appetite: The level of risk we are prepared to accept in order to achieve our objectives before we need to take action to reduce our risk exposure.

Risk Tolerance: The level of risk which we are willing to accept if our risk appetite is not achieved and cessation of such activity is not an option.

Risk Capacity: The maximum level of risk which the Council is able to take to achieve its objectives, having regard to factors such as legislative and financial constraints.

In determining our risk appetite, the Corporate Management Team will continuously review the nature and extent of the key risks that the Council is exposed to and is willing to take to achieve its objectives. Strategic planning and decision-making will reflect our risk appetite when identifying the systemic challenges to our [Council Vision](#).

The Leadership Team & Executive have agreed the following Risk Appetite Levels and set the risk appetite for each risk category.

Risk Appetite Level Definitions:

Risk Appetite Level	Risk Appetite Level Description	Acceptable Risk Score
Averse	We will reduce the residual risk as far as practically and reasonably possible within the constraints of available resources.	1-5
Minimal	We will accept a low degree of residual risk.	6-10
Cautious	We are willing to accept some degree of residual risk where we have identified scope to achieve significant benefit and/or realise an opportunity.	11-15
Open	We are willing to consider a range of options where we are able to demonstrate a balance between a high level of residual risk and a high likelihood of successful/ beneficial outcomes.	16-20
Hungry	We are eager to be innovative and choose a range of options based on maximising opportunities and beneficial outcomes even if those activities carry a very high level of residual risk.	21-25

Risks can be monitored within 4Risk to ensure that the residual risk score remains within the agreed risk appetite level.

By understanding our risk appetite, resources can be prioritised and allocated where they are most needed to manage the risks to achieving our objectives, whilst maintaining and demonstrating value for money.

We encourage our staff to take an entrepreneurial mindset. We also aim to have an agile culture that enables staff to work in the most effective way to respond to new opportunities and changing needs, and to focus on the outcomes that deliver most value. In light of this, we recognise there may be circumstances where it may be appropriate to accept risks outside of the established risk appetite level. In such circumstances the rationale for proceeding should be fully recorded within the 4Risk system.

Appendix C outlines the Council's Risk Categories together with Risk Appetite Level definitions for each risk category.

Risk Management Framework

Introduction

Effective risk management is critical to ensure an organisation maintains its services, progresses towards achieving its strategic aims, and provides assurance it is operating on sound corporate governance principles.

The Account and Audit (Amended) Regulations 2015 establishes that a system for managing risk is a key part of an internal control framework.

A public service organisation must identify, analyse and prioritise risks, as well as manage and control risks in a cost-effective manner to maximise the quality and efficiency of its service provision and protect its reputation.

Risk management is about being risk aware and finding ways to do something that best minimises threats and maximises opportunities. The key is to identify what those risks might be and how to accommodate them in our activities. Our Risk Management Policy outlines how this will be undertaken.

Policy Aims

The aims of the Risk Management Framework are to:

- embed a pragmatic risk management culture, reducing bureaucracy and improving efficiency and effectiveness.
- explain how to identify and manage risk.
- provide a formalised, coordinated, and consistent approach to managing risks that is understood by all.
- inform policy, strategic planning, and operational decisions by identifying key risks and their likely impact.
- preserve and enhance the effectiveness of service delivery and achievement of corporate objectives.
- minimise loss, disruption, damage, and injury and reduce the cost of risk, thereby maximising resources.

The Benefits of Good Risk Management



How the Council captures and monitors risks

The Council uses a web-based risk management system (4Risk) to record and manage risks, controls and actions.

Risks and actions are allocated to Owners and/or Assignees and are regularly reviewed and updated.

The system can produce reports and statistics to help Risk/Action Owners monitor and manage their risks and actions.

Management Actions, agreed in Internal Audit reports, are also recorded in the 4Risk system and progress with their implementation is monitored.

The Risk Management Process

There are four critical steps in the process of identifying and managing risk:



(The following guidance focuses on risks captured within the Corporate Risk Management system, 4Risk.)

Step	Details
Identify risks and controls	<p>All officers are responsible for identifying and flagging potential risks within their service/team/project and establishing the Risk Owner for each risk.</p> <p>The Risk Owner is responsible for ensuring the risk is recorded in the appropriate system (4Risk or PM3/MyCompliance etc).</p> <p>Directors are responsible for monitoring their individual group risks whilst the Leadership Team are collectively responsible for identifying and monitoring Strategic Risks.</p> <p>In each case the causes of the risk and the consequences of the risk occurring should be identified and recorded, together with any existing controls in place to mitigate the risk exposure</p>
Analyse and score risks	<p>Risk Owners should analyse and score their risks to assess the likelihood of any risk arising, the potential impact should they occur and whether they fall within the Council's Risk Appetite Level (see Appendix C).</p> <p>Please see Appendix A for the Risk Scoring Matrix and Appendix B for the Impact Matrix by Risk Category.</p>
Identify actions	<p>Actions may be taken to avoid, eliminate, reduce or transfer the risk.</p> <p>Actions will be assigned to an action owner and assignee and have a date for implementation.</p>

	Actions can be identified by managers/risk owners or by Internal Audit as a result of a planned review.
Monitoring, reporting and review	<p>Risks, controls and actions will be monitored on an ongoing basis by the Leadership Team, CMT, Directors, Managers, Risk Owners and Risk Assignees.</p> <p>The Risk Management Group will report separately to the Leadership Team twice per year, and the Corporate Management Team twice per year.</p> <p>Performance statistics will be included in quarterly Performance Management reports to the Leadership Team and Corporate Management Team, included in the Corporate Performance Reports and published on the Risk Management Intranet pages.</p>

Risk management is a continuous process, and risks should be regularly reviewed to monitor changes over time. Updates should be recorded as they occur, but a quarterly review should be completed for each risk and recorded on the 4Risk system as evidence of this review.

The 4Risk system issues email reminders when Risks and Actions require review. Six monthly reports setting out the significant and high scoring risks will also be produced for Directors for review with their Executive Councillor(s).

Risk Categories

Risks can be categorised across a number of different themes and categories. The Leadership Team have identified 18 risk categories. Please see [Appendix C](#) for details of the current risk categories and corresponding Risk Appetite Levels.

Multiple Risk Scoring

We recognise that some risks have more than one associated risk category, and the impact or likelihood score for each risk category may be different.





The impact and likelihood scores for each relevant risk category for any risk can be recorded in our risk management system. Once all risk category scores are recorded, the reported residual risk score is the maximum score (based on the highest scoring risk category). Recording scores for each risk category enables us to easily capture changes in risk category scores and reflect changes in the highest scoring risk category.

We also aim to develop thematic risk registers (e.g., Financial Resilience, Information Governance) to help managers identify their operational risks.

Other Risk Systems

Some risks are also identified and recorded in other risk management systems such as PM3 and MyCompliance. In these circumstances it makes sense to use the same Corporate Scoring Risk Matrix to enable and support the escalation of risks to the corporate Risk Register (4Risk).

Other risk management systems could include:

Environment	System	Purpose
 Project management	PM3	Risks specifically related to the delivery of projects: <ul style="list-style-type: none"> • Risks which affect the day-to-day management of a project. • Risks which affect the successful delivery of a project. • Risks which will affect benefits being realised for a project.
 Business continuity	Excel or Word	To support agile and quick development of risks and controls in an emergency.
 Health and safety	MyCompliance	Health & Safety risks with limited impacts and where the wider, umbrella risks are already reflected in the corporate risk register.
 Thematic development	Excel or Word	Working papers for the development of thematic risk registers – e.g., Financial Resilience or Information Governance. These are typically strategic and cross cutting documents and can be used as reference tools for identifying operational risks.

We also have a Risk Management Template available on our [Risk Management](#) webpages, for the agile identification of risks and to support risk identification workshops.

Risk Management Escalation

The Council maintains separate Strategic and Operational risk registers within 4Risk.

It is best practice for Risk Owners to review risks in relation to delivery of our [Corporate Plan](#) and Strategic Delivery Plans, as this will help them to consider where their risks will be best managed and monitored. Factors to consider include:

Factors	Type of Risk	
	(4Risk) Operational Risk	(4Risk) Strategic Risk
Strategic importance	This is a risk which threatens delivery of your Service or Strategic Delivery Plans.	This is a risk which threatens delivery of our Corporate Plan.
Level of risk	Low level risk, as likely to only be an operational risk (e.g., affects day to day performance management)	High level risk as it is significantly important and will have a major impact if it materialises/becomes an issue.
Stakeholders involved	A risk which is best managed operationally (i.e., a manager can quickly respond to issues arising).	It will require at least one member of the Leadership Team to manage.
Impact	If the risk materialises it will have a local impact (i.e., limited to one team).	If the risk materialises it will have a corporate impact (i.e., will impact multiple teams at the same time).

Operational risks can be escalated to the strategic risk register. Alternatively, Parent and Child risks can be created within 4Risk to enable co-ordination of resources to monitor and manage linked operational and strategic risks.

If a risk score is greater than our risk appetite this would be a good driver for inclusion on the Strategic Risk Register, even if it is just temporary.

Risks captured in other operational systems such as PM3 (Project Management system) Risk Warden (Fire Risk Assessments) and MyCompliance (Health & Safety management system) are generally not duplicated in 4Risk. However, there may be occasions where it is appropriate to escalate significant risks and also record/monitor them in 4Risk.

When to escalate risks onto 4Risk:

- If the risk threatens the delivery of our Corporate Plan.
- If the risk materialises/becomes an issue, it will have a corporate impact (i.e., will impact many teams at the same time).
- It is a cross cutting risk which, affects multiple services and would benefit from corporate oversight.
- Where there is a risk of serious injury, prosecution or significant reputational damage.

Risks identified for escalation to 4Risk should be reported to the Risk Management Group for inclusion on 4Risk.

Roles and Responsibilities

Everyone has a responsibility to manage risks, ensure risks are discussed and record risks in the most appropriate place.

It is vital that everybody understands the role that they play, with every employee and Member of Cambridge City Council being responsible for ensuring effective risk management.

The roles and responsibilities within the Risk Management Process are detailed below:

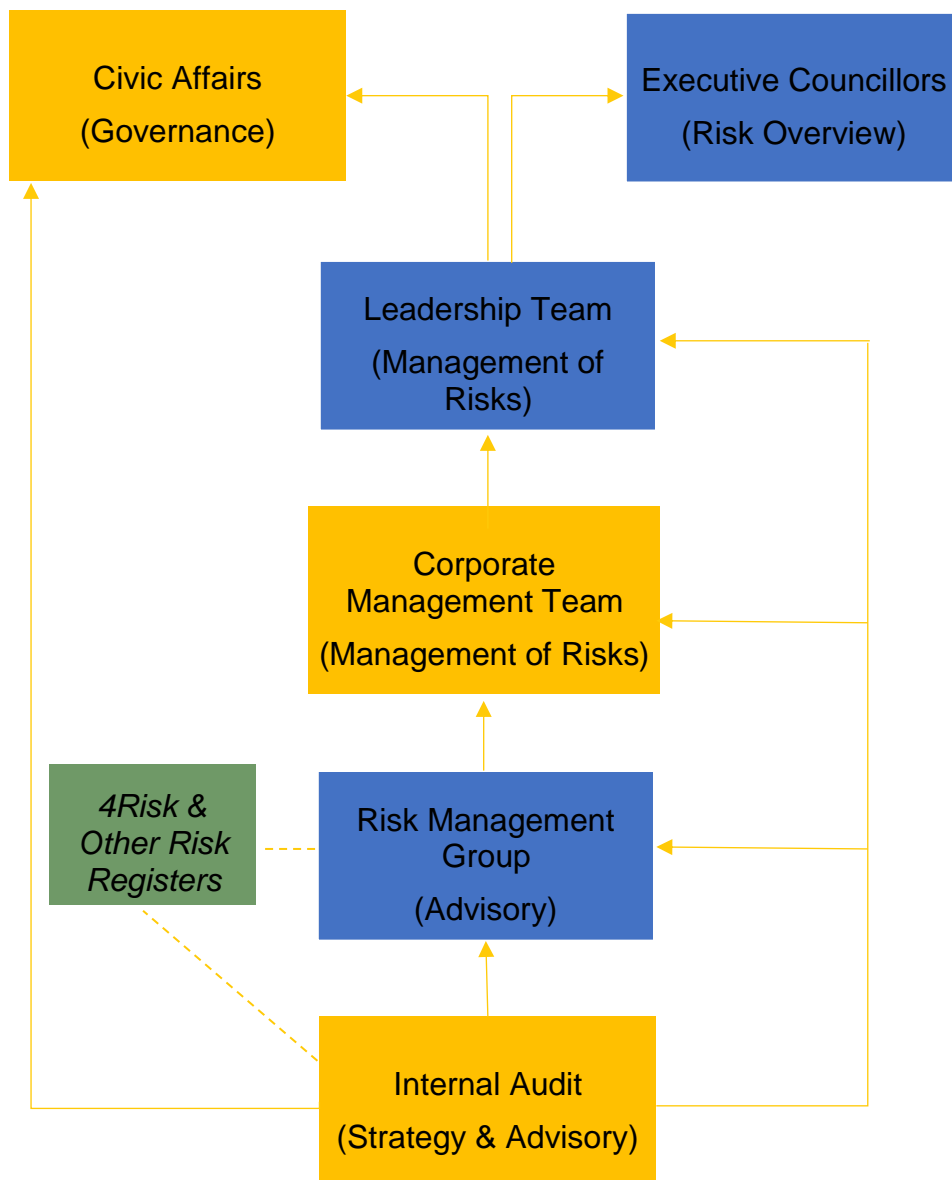
Group or Individual	Roles and Responsibilities
Civic Affairs	Members of Civic Affairs have the role of overseeing the effective management of risk by officers. In effect this means that they will agree the Strategy, Framework and processes put forward by officers.
Executive Councillors	Ensure that risks are considered as part of the Portfolio Planning Process. Review and challenge the risks associated with their portfolios on a quarterly basis with the relevant Director.
Leadership Team	<p>The Leadership Team will approve the Risk Management Strategy & Framework. They will perform quarterly reviews of Strategic and key risks facing the Council and progress with the implementation of overdue and outstanding actions.</p> <p>The Leadership Team are also responsible for:</p> <ul style="list-style-type: none"> • Individually and collaboratively managing and monitoring Strategic Risks to ensure that the register reflects the current strategic risks and opportunities. • Reviewing new, thematic and top operational risks to identify risks which need to be escalated to the Strategic Risk Register. • Sharing the Strategic Risk Register with the Executive as part of the Council's Assurance framework at agreed intervals.
Directors	<p>Directors are responsible for monitoring their individual group risks and reporting to their Executive Councillor on a quarterly basis.</p> <p>They are also responsible for ensuring that all risk owners are reviewing risks in line with the Risk Management Framework.</p>
CMT/Risk Owners	<p>Managers will support the Risk Management Strategy & Framework and related processes.</p> <p>Managers are responsible for:</p> <ul style="list-style-type: none"> • managing risks within their service or associated projects, • ensuring risk management activity and targets for implementing actions are achieved and • updating the risk register in a timely manner. • Reporting risks which fall outside of their risk appetite levels to the Risk Management Group

	<p>Managers will typically be Risk Owners. The system allows risk management to be assigned to a member of their team where this is more practical.</p> <p>CMT will review key operational risks and identify risks which need to be escalated to the strategic risk register.</p>
Risk Management Group	<p>The Risk Management Group comprises Managers and professional leads from across the Council who help identify emerging risks and proportionate controls, as well as identifying risks which need to be escalated to 4Risk or from the Operational to the Strategic risk register.</p>
Internal Audit	<p>Internal Audit is responsible for facilitating the integrated strategy and framework, and processes on behalf of the Council and its Leadership Team. They offer advice, guidance, support and challenge on all aspects of Risk Management as well as providing system support and training on the Risk Management system (4Risk).</p> <p>Internal Audit also provides independent assurance on the effectiveness of controls within the Council to mitigate risks. This helps to quality assure the risk management process. The risk register is used for monitoring progress with implementation of management agreed actions resulting from audit reports.</p> <p>As part of the production and presentation of the annual Head of Internal Audit Opinion to the Civic Affairs committee, Internal Audit comments on the appropriateness of the risk management processes within the Council; as well as identifying areas of limited or no assurance and the associated actions required to improve controls.</p>
Partners	<p>Cambridge City Council works with a wide range of partners in delivering its services. It is important that these partners are brought into the risk management framework. At times it will be appropriate for partnerships / shared services to be established. It is essential that accountabilities are adequately determined, and that Cambridge City Council does not overlook any risks that may arise as a result of collaboration. Even where there is transfer of operational risk, there will undoubtedly be residual risk which remain with the authority. It is not possible to transfer responsibility for the risk management process.</p>

Risk Management Lines of Communication

As highlighted above there are various stakeholders involved in the Risk Management process.

Effective communication helps us to manage risks. The diagram below illustrates the role of each stakeholder group and the lines of communication between them.



The Importance of an Integrated Approach

The Framework detailed above should provide a consistent, integrated top-down meets bottom-up approach to risk management – embedding it into our strategy and operations.

Partner and Cross Cutting Risks

As an authority we are working more collaboratively to deliver services, through external partners or via shared services with other Local Authorities. In such circumstances the risks relating to service delivery may not sit with CCC, however there may be residual risks which we cannot transfer which need to be reflected in our Risk Registers.

The appropriate CCC intelligent clients/Shared Service Boards for these services, such as 3CICT, are responsible for ensuring that risks are recorded in the relevant risk registers (e.g., CCC/SCDC/HDC), and that suitable processes are in place for the escalation of risks and provision of assurance.

Communication and Training

The [Risk Management](#) webpages on our intranet are regularly updated and enhanced. They include:

- reference material
- training and guidance
- intelligence on emerging risks

Internal Audit are also developing a suite of Risk Management training tools to support officers and members. This will include a series of self-serve videos on how to use the 4 Risk system as well as regular Risk Management drop-in sessions, focussing on various elements of the Risk Management process. Information regarding such training will be published on the Risk Management Intranet pages.

Appendices

Appendix A – Risk Scoring

Risk Scoring Matrix

The matrix illustrates where risks sit once their likelihood and impact scores are multiplied. Our risk appetite levels are illustrated on our Risk Scoring Matrix.

Impact	5	5-10 Medium	5-10 Medium	12-15 Significant	16-25 High	16-25 High
	4	1-4 Low	5-10 Medium	12-15 Significant	16-25 High	16-25 High
	3	1-4 Low	5-10 Medium	5-10 Medium	12-15 Significant	12-15 Significant
	2	1-4 Low	1-4 Low	5-10 Medium	5-10 Medium	5-10 Medium
	1	1-4 Low	1-4 Low	1-4 Low	1-4 Low	5-10 Medium
		1	2	3	4	5
Likelihood						

Below is the summary text and guidance included in the 4Risk system for Impact and likelihood scores.

Score	Impact	Description
5	Critical	The consequences of this event occurring could cause the failure of a number of services or result in the Council having its powers removed through government intervention. The level of financial impact is likely to be over £500,000 in any year.
4	Significant disruption &/or damaging	Significant – the consequence of such an event occurring could cause the failure of the service or bring the Council into serious disrepute. The level of financial impact is likely to be up to £500,000 in any year.
3	Noticeable effect	This type of risk event would have a significant impact on a service's ability to provide its full range of activities. The result of this is that the integrity of the service/Council would be called into question by, for example an inspection service. The level of financial impact is likely to be up to £300,000.
2	Limited disruption	These types of events can normally be dealt with through the normal day to day management of the service and internal control mechanisms. The level of financial impact is likely to be up to £50,000 in any year.
1	Virtually no impact	These events may be recognized internally but generally have no external impact and can be resolved quickly. The level of financial impact is likely to be under £5,000 in any year.

Score	Likelihood	Description
5	Dead Cert	In this case the event(s) may have already happened in the recent past. Without controls it will happen again and may even occur despite controls. Projected increase in insurance premiums
4	Probable	The event is more likely to happen than not but there remains some possibility it will not. The chance of occurrence may be around 75%+.
3	Strong possibility	There is an even chance that this event may occur. (A probability would be around one in two, (50%)).
2	Some possibility	These events are not likely to occur but there remains some possibility it will. (A probability of a one in ten chance of this event occurring (10%)).
1	Little chance	These events will only occur in exceptional circumstances. (A probability of less than one in fifty (2%).

Risks can be assessed and scored at three stages:

- The **inherent risk** is what could happen before any mitigating controls are used - *the worst-case scenario*.
- The **residual risk** is what could happen after our controls have been implemented - *where we are today*.
- The **target risk** is what we could achieve if we implement further actions - *where we could be in the future*.

We score risks on the 4Risk system at the **residual risk** stage - *where we are today*. This helps us to understand what our greatest risks are, and how to prioritise resources best.

We are also planning to introduce inherent risk scoring. A retrospect exercise to capture inherent risk score for all existing risks will be undertaken and all new risks will be required to provide inherent and current scores. The provision of inherent risk scores will enable us to evaluate the effectiveness of existing controls to mitigate risks.

Appendix B - Impact Matrix by Risk Category

Scoring risks consistently is important, as it helps us to prioritise our resources where it is most valued.

It can be challenging to consistently score the impacts of risks across the Council and Partners, as we can have different risk appetites. For example, not all teams have the same budget.

We tend to score risks according to how easy it is to measure their impact. It can be easy to quantify risks from their financial impact but considering other factors can more difficult. This can make it difficult to score risks consistently.

We have developed this matrix to help you consider the impact of a risk materialising across our various categories.

Bear in mind that sometimes risks can be cross cutting and fit into more than one category. In such scenarios we would suggest choosing the category where there is the greatest impact.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Financial	Failure to effectively manage the Council's assets and finances including budget monitoring, financial priorities, medium/long term planning, fraud prevention.	The level of financial impact is likely to be under £5,000 in any year.	The level of financial impact is likely to be up to £50,000 in any year.	The level of financial impact is likely to be up to £300,000.	The level of financial impact is likely to be up to £500,000 in any year.	The level of financial impact is likely to be over £500,000 in any year.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Reputation	Damage to Council's reputation through adverse media coverage.	No reputational damage. Coverage in media which is not typically frequent.	Limited coverage in social media and local media. Short term reduction in public confidence. Elements of public expectation not being met.	Brief coverage in the national media. Sustained coverage in the local media. Longer term reduction in public confidence.	Coverage in the national media.	Repeated and extensive coverage in the national media. Commentary from MP in Parliament. Total loss of public confidence.
Health & Safety	Failure to manage health and safety effectively leading to a prosecution under the Corporate Manslaughter Act or other health and safety legislation.	Physical No injury/claims.	Minor injury/claims (first aid treatment).	Violence or threat or serious injury/claims (medical treatment required).	Extensive multiple injuries/claims. HSE inspection.	Loss of life. HSE inspection.
Major Projects	Failure to adequately manage and control major CCC projects.	Insignificant cost increase Schedule slippage	<5 percent over project budget	5 – 10 percent over project budget	10 - 25 per cent over project budget	>25 percent over project budget

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Change Management	Ineffective management of change, inadequate capacity and knowledge.	Ad hoc officer resistance. Insufficient resources (time/officers) resulting in minor slippage on planned implementation timescales.	Minor levels of resistance. Insufficient resources (time/officers) resulting in minor slippage on planned implementation timescales.	Lack of awareness or desire to support the change at officer level. Noticeable levels of resistance. Insufficient resources (time/officers) resulting in noticeable slippage on planned implementation timescales.	Lack of awareness or desire to support corporate change amongst Corporate Management Team. Significant levels of resistance. Insufficient resources (time/officers) resulting in significant slippage on planned implementation timescales.	Lack of awareness or desire to support corporate change at strategic level (Leadership Team/Members). High levels of resistance. Insufficient resources (time/officers) resulting in major slippage on planned implementation timescales.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
IT & Technology	Failure to properly manage IT, data and the Council's website.	Out of date links on Council's website Ad-hoc access issues for individual users.	IT issues which impact individuals for an extended period or a small group of users, for a short period, but does not cause disruption to customer service.	Outages due to hardware/software failures affecting larger number of users within a service impacting on customer service/service operations.	Frequent outages due to hardware/software failures causing significant disruption to multiple service operations.	Major IT outages due to failure or Hardware causing major disruption to service delivery. Software no longer supported by suppliers.
Business Continuity	Failure to adequately plan and manage processes for unforeseen events (Civil Emergency Plan, Business Continuity Plans, IT failure)	Insignificant disruption on internal business – no loss of customer service. Less than 1 hour.	Some disruption on internal business only – no loss of customer service. Interruption of half a day.	Noticeable disruption to Council – would affect customers (loss of service no more than 48 hours).	Major disruption to the Council – serious damage to organisation's ability to service customers (loss of service for more than 48 hours but less than seven days).	Loss of service delivery for more than seven days.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Recruitment & Retention	Failure to recruit and retain adequate number of suitable staff leading to key person dependency and loss of capacity building opportunities.	<p>Insignificant impact on service operation as a result of staff turnover.</p> <p>Occasional use of temporary staff</p> <p>Occasional vacant posts for a brief period</p>	<p>Minor disruption to internal operations due to staff leaving/training new members of staff.</p> <p>Frequent use of temporary staff</p> <p>Frequent vacant posts for a short period</p>	<p>Significant number of staff leaving the council resulting in minor disruption to service delivery.</p> <p>Inability to recruit experienced permanent employees.</p> <p>Reliance on temporary workers to fill vacant posts.</p>	<p>Significant number of staff leaving the council resulting in major disruption to service delivery.</p> <p>Inability to recruit experienced permanent employees.</p> <p>Reliance on significant levels of temporary staff in individual service areas.</p>	<p>Unable to maintain service delivery due to high volumes of staff leaving the council/inability to recruit in a timely manner.</p> <p>Unable to attract suitable staff (permanent/temporary)</p>
Legislation	Failure to ensure compliance with legislation.	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 5 notice, Section 151 or government intervention or criminal charges.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Partnerships	Failure to adequately manage and control partnerships working and joint agency activity and key contractor relationships.	Minor partnership friction	Some delay to projects	Project over-run against time and cost budgets, need for greater investment of senior officer time	Projects and initiatives not delivered; reputational damage and loss of trust impacting on future funding and partnership proposals	Irreconcilable breakdown in partnerships with loss of facility for joint working + reputational damage
Equalities / Social Exclusion	Failure to manage equalities/social exclusion (including duties for specific vulnerable groups).	Minor impact – queries able to be resolved	Risk of delay to initiatives and/or diversion of resources to resolve issues	Extended delays to projects and initiatives to ensure equalities considerations properly addressed	Adverse impacts for people with protected characteristics; risk of challenge; reputational damage	Legal challenge over legal compliance; significant reputational impact

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Political	Ineffective political leadership, policy development and community leadership; member support.	Objectives still achieved with minimum extra cost or inconvenience	Partial achievement of objectives with compensating action taken or reallocation of resources.	Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets.	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities.	Unable to achieve corporate objectives and/or corporate obligations
Officer/Member Relationships	Ineffective officer/member working relationships.	Queries easily resolved	Queries and issues take longer to resolve	Policies and projects delayed due to additional queries and challenge	Difficulty in setting budgets or approving major policies: Significant diversion of officer and member time spent on issue; may require external (e.g., peer support)	Complete breakdown in officer/member relations – potential need for external intervention; major reputational damage

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Planning & Leadership	Opportunity to maintain and continue to improve Council efficiency through clear strategic focus, planning and leadership.	Minor queries, easily resolved	Potential misunderstanding of priorities, minor delay / disruption to activities and initiatives	Some priorities delayed or not delivered due to insufficient clarity, planning or leadership	Financial and service objectives not met, with impacts for stakeholders and potential for unplanned financial consequences	Failure to deliver major service objectives; customer and stakeholder dissatisfaction; serious financial consequences.
Governance *	Inappropriate internal governance.	Minor weaknesses in governance risk and control identified. Management can easily and quickly rectify and implement improvements.	Independent and external assurance reporting identifies moderate weaknesses in governance risk and control.	Independent and external assurance reporting identifies major weaknesses in governance risk and control. Reporting in the Annual Governance statement required.	External inspection conducted under section 10 of the Local Government Act 1999. Reporting in the Annual Governance statement required.	Intervention and appointment of external parties / Commissioners to take over key functions in relation to governance and operations. Reporting in the Annual Governance statement required.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Procurement & Contract Management	Failure to ensure effective procurement and contract management arrangements.	Limited resource, excessive demand for support	Lack of market visibility, unaware of innovations that may impact suitability of tender. Unaware of national trends in supply chain	Lack of contract management post award	Failing to follow procurement procedures and legislation	Lack of planning by stakeholder services Legislative changes or national requirement Supplier financially or operationally fails
Physical Property & Assets	Failure to properly manage property and other assets, to prevent damage, loss or theft.	Minor damage or loss to physical fabric that does not prevent ongoing use	Minor damage or loss to physical fabric that does not prevent ongoing use but disruption due to alternative arrangements or during repairs.	Damage or loss to physical structure that prevents ongoing use pending repair	Significant damage or loss to physical structure that prevents ongoing use for extended period pending substantial repair.	Catastrophic damage or loss to physical structure requiring full closure and alternative premises for ongoing operation
Environmental	Failure to properly identify/manage environmental impact.	Minimal or no impact on the environment.	Minor impact on the environment.	Moderate impact on environment.	Major impact on environment.	Catastrophic impact on environment.

Risk Category	Risk Description	Virtually No/Minimal Impact	Limited Disruption	Noticeable Effect	Significant Disruption & / or Damaging	Critical
	Score	1	2	3	4	5
Performance and Objectives	Ineffective performance monitoring arrangements.	Minimal impact on performance	Underperformance not detected or reported early, opportunity to mitigate may be missed	Underperformance not reported resulting in inefficiency, cost, delay and poor service	Major impact on performance requiring costly intervention to recover; reputational damage and impact on officer-member trust	Total absence or failure of performance management resulting in service failure, complaints, reputational and relational damage, potential need for external intervention

Appendix C – Risk Categories & Risk Appetite Matrix

Risk categories should be used by managers to identify and analyse strategic and operational risks. The categories highlight common areas/sources of risk within the Authority and should be used as a prompt to ensure all areas are considered.

Risk Appetite Matrix

The risk appetite matrix details the risk appetite level definitions for each risk category.

The Leadership Team are responsible for setting and reviewing the Council's risk appetite, using the Risk Appetite Matrix to determine the risk appetite for each risk category. These risk appetite levels will be made available to officers on the Council's Risk Management intranet pages.

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
Financial	Failure to effectively manage the Council's assets and finances including budget monitoring, financial priorities, medium/long term planning, fraud prevention.	Avoidance of any financial impact or loss, is a key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).
Reputation	Damage to Council's reputation through adverse media coverage.	Zero appetite for any decisions with high chance of repercussion for organisations' reputation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
Health & Safety	Failure to manage health and safety effectively leading to a prosecution under the Corporate Manslaughter Act or other health and safety legislation.	No appetite for any risk resulting in regulatory non-compliance	Avoid any risks where there is a risk of regulatory non-compliance unless it is unavoidable.	Accept the possibility of limited regulatory challenge providing others have already successfully defended such challenges.	Accept the possibility of regulatory challenge where we are confident we can justify our actions and the potential benefits outweigh the risks.	Willing to risk regulatory intervention where benefits outweigh the risks and improve outcomes for stakeholders.
Major Projects	Failure to adequately manage and control major CCC projects.	aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.
Change Management	Ineffective management of change, inadequate capacity and knowledge.	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
IT & Technology	Failure to properly manage IT, data and the Council's website.	General avoidance of systems / technology developments.	Only essential systems / technology developments to protect current operations.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.
Business Continuity	Failure to adequately plan and manage processes for unforeseen events (Civil Emergency Plan, Business Continuity Plans, IT failure)	No appetite for decisions which may result in additional scrutiny or attention to the Council.	Limited to those decisions/events where the impact has no chance of any significant repercussions.	Willing to take limited risks where appropriate controls are in place to limit the impact.	Willing to accept some reputational risk where there is potential for improved benefits/outcomes for stakeholders.	Willing to accept risk which will bring scrutiny, new ideas and innovation where the benefits outweigh the risks.
Recruitment & Retention	Failure to recruit and retain adequate number of suitable staff leading to key person dependency and loss of capacity building opportunities.	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control.
Legislation	Failure to ensure compliance with legislation.	Play safe and avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge.	Want to be reasonably sure we would win any challenge.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
Partnerships	Failure to adequately manage and control partnerships working and joint agency activity and key contractor relationships.	No appetite for any additional scrutiny/attention on the organisation as a result of partnership risks.	Appetite is limited to those events/opportunities where there is no chance of any significant repercussions.	Appetite is limited to those risks where appropriate controls are in place to minimise risk.	Willing to take limited risks where there will be improved outcomes for stakeholders.	Willing to accept the possibility of scrutiny where the benefits outweigh the risks or promotes new ideas/innovation.
Equalities/ Social Exclusion	Failure to manage equalities/social exclusion (including duties for specific vulnerable groups).	No appetite for any risks which disadvantage/exclude any specific group.	Will avoid any decision which may unfairly benefit/disadvantage any specific group.	Prepared to accept the possibility of limited inequality.	Prepared to accept some challenge, providing the decision can be justified	Prepared to take risks where the decision can be justified and the potential benefits outweigh the risks.
Political	Ineffective political leadership, policy development and community leadership; member support.	No appetite for risks where decisions may affect officer neutrality	Avoid taking any risks which may affect officer neutrality unless unavoidable	Prepared to take limited risks where similar actions elsewhere have already been successful.	Prepared to take risks where appropriate and deliver improved outcomes	Prepared to take risks where it can be justified and the potential benefits outweigh the risks.
Officer/ Member Relationships	Ineffective officer/member working relationships.	No appetite for risks where decisions will have an adverse impact of relationships	Avoid taking any risks which will have a negative impact on relationships unless unavoidable	Prepared to take limited risks where similar actions elsewhere have already been successful.	Prepared to take risks where appropriate and deliver improved outcomes	Prepared to take risks where it can be justified and the potential benefits outweigh the risks.

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
Planning & Leadership	Opportunity to maintain and continue to improve Council efficiency through clear strategic focus, planning and leadership.	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance	Inappropriate internal governance.	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.

Risk Category	Description	Risk Appetite Level Definition (Risk Score)				
		Averse (1-5)	Minimal (6-10)	Cautious (11-15)	Open (16-20)	Hungry (21-25)
Procurement & Contract Management	Failure to ensure effective procurement and contract management arrangements.	Zero appetite for untested commercial agreements. Priority for close management controls and oversight with limited devolved authority.	Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
Physical Property & Assets	Failure to properly manage property and other assets, to prevent damage, loss or theft.	Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Requirement to adopt a range of agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money	Consider benefits of agreed solutions for purchase, rental, disposal, construction, and refurbishment that meeting organisational requirements	Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements
Climate Change	Failure to meet Council's climate change commitments.	No appetite for risks/decisions which may not have a positive impact on the environment	Avoid taking any risks which may not have a positive impact on environment unless unavoidable	Appetite is limited to those risks where appropriate controls are in place to minimise risk.	Prepared to take risks where appropriate and deliver improved outcomes	Prepared to take risks where it can be justified and the potential benefits outweigh the risks.

Appendix D - Glossary

Key Terms

These are the key terms that a Risk Manager needs to understand to fulfil their daily risk management responsibilities.

Term	Description
Action	Something in addition to the existing controls which needs to be carried out to mitigate a risk. Once implemented actions may become controls.
Analysing Risk	The evaluation of risk with regard to the severity if the risk is realised, and the likelihood of the risk being realised.
Cause	What will cause the risk to occur.
Consequence	What the consequence will be should the risk occur.
Control	Existing checks / processes in place to mitigate a risk.
Strategic Risk	Potential risks that may prevent the organisation achieving its aims and Medium-Term Objectives.
Impact (Severity)	The probable effect on the Organisation / Service if the risk occurs (scored from 1 – 5).
Likelihood	The probability or chance of the risk occurring (scored from 1 – 5).
Operational (Service) Risk	Potential risks that managers and officers encounter during their business planning and day-to-day service delivery
Risk	Risk is the uncertainty of outcome, whether a positive opportunity or a negative threat, of action and events. It is the combination of likelihood and severity.
Risk Management	All the processes involved in identifying, analysing and profiling risks, assigning ownership, taking actions to mitigate or anticipate theme and monitoring and reviewing progress.
Risk Score	The exposure arising from a specific risk after controls have been put in place to manage it and assuming that the control is effective. The score is calculated by multiplying likelihood by severity with controls in place.

Glossary of Specialist Terms

These are more detailed risk definitions and terms used by Risk Management Team and specialists.

Term	Description
Opportunity Risk	Most risk management standards and guidelines recognise the upside of risk. However, many people find the concept of opportunity risk management difficult to grasp, due to the negative associations of risk.
Threat Risk	Organisations should proactively manage opportunity risk. If only threat risks are managed, the best outcome expected is to meet the promised objectives but never to improve on them. The value of identifying opportunity risk and threat risk is that the Council can take a strategic approach to tackling the risk.
Risk Appetite	Level of risk we aim to operate within
Risk Tolerance	Level of risk we are willing to operate within
Risk Capacity	Maximum Level of risk we can operate with
Risk Universe	All of the risks that we document and are managed
Black swan event	An event that comes as a surprise, has a major effect, and is often inappropriately rationalized after the fact with the benefit of hindsight
Grey swan event	A potentially significant event that is considered unlikely to happen but still possible. Examples include climate change, population growth, and rising debt.
White swan event	An event with a high certainty and easily estimated impact.
Grey rhino	A highly probable event with a great deal of impact which is dismissed or overlooked because it is not taken seriously enough in the short term. A totally predictable grey rhino might be building new homes on a flood plain with one-in-a-hundred-year mitigation measures put in place.
Polycrisis	Where current/future global risks interact, resulting in compounding impacts which exceed the sum of the individual risks. Examples include the pandemic, Ukraine war, and resulting impacts such as supply chain, inflation, housing refugees.
Permacrisis	Permacrisis remains a new and evolving concept but can be defined as “an extended period of acute uncertainty and instability, including a portfolio of different but interrelated, potentially existential, crises (e.g., political, economic or social). These are unlikely to have definitive permanent solutions – rather they need eventually to be assimilated within mainstream public policy planning and management. 'Permacrisis', when examined through a public policy and placemaking perspective, represents an extended stretch of chaos and instability, which often require permanent modifications rather than distinct solutions.

Appendix E - Risk Management Standards, Legislation & Guidance

These are some of the documents that we use to ensure our Framework stays up to date:

- ALARM (Association of Local Authority Risk Management) Risk Management Toolkit 2021
- ISO 31000:2018 Risk Management Guidance
- HM Treasury - Orange Book 2020
- Risk Appetite Guidance Note
- Civil Contingencies Act 2004
- APP National Decision Model
- APP Risk
- Delivering Good Governance in Local Government 2016
- BS 31100:2011 Risk Management British Standard Code of Practice