

Risk Management Strategy

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EREWASH BOROUGH COUNCIL

Risk Management Policy Statement

Erewash Borough Council recognises that, as an organisation delivering a range of services across the community, it is exposed to a wide variety of risks and has a responsibility to manage those risks (and opportunities) effectively and in an integrated manner in order to achieve its corporate and service objectives.

The council will manage the risks and opportunities associated with the delivery of its services, by implementing a robust risk management framework. This strategy therefore focusses on risk management principles, tools, techniques, advice and support.

Risk is unavoidable and successful risk management is about ensuring that the correct level of control is in place to provide sufficient protection from harm, without stifling development. Arrangements and processes need to be in place to ensure the risks and opportunities associated with all council activities are routinely identified, assessed and addressed in a structured way. The council will not shy away from risk but instead seek to proactively manage it to enable it to meet both current and future challenges.

What are the council's risk management objectives?

- Adopt a structured approach to risk management to make better informed decisions;
- Identify new and emerging risks through forward planning and relevant publications.
- Ensure each service manager is responsible for identifying and mitigating his/her share of the risk;
- Acknowledge that even with good risk management things can go wrong. Where this happens the lessons learnt will be used to try to prevent it from happening again;
- Integrate risk management into how services are run. Sound risk management processes help the council to achieve its core purpose, priorities and outcomes;
- Optimise insurance arrangements and minimise potential exposure to liability risks;
- Support a culture of well-measured risk taking throughout the council. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, reward, impact and cost of control measures;
- Ensure that the council continues to meet all statutory and best practice requirements in relation to risk management;
- Ensure risk management continues to be a key and effective element of the council's Corporate Governance arrangements.

How are the council's objectives going to be met?

- Maintain a robust and consistent risk management approach that will:
 - Identify and effectively manage strategic and operational risks;
 - Focus on those key risks that, because of their likelihood and impact, make them priorities;

- Ensure accountabilities, roles and responsibilities for managing risks are clearly defined and communicated;
- Consider risk as an integral part of service planning and delivery and key decision making processes;
- Communicate risk information effectively through a clear reporting framework; and
- Increase understanding and expertise in risk management through targeted training and the sharing of good practice.

The risk management framework will be reviewed periodically to take account of changing legislation, government initiatives, best practice and experience gained within the council.

Risk Management Approach

1. Introduction

The purpose of the risk management approach outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process;
- Ensure risks are identified and assessed consistently throughout the council through the clarification of key concepts;
- Clarify roles and responsibilities for managing risk;
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

This strategy provides a framework and process to support officers and members in ensuring that the council is able to discharge its risk management responsibilities fully. In doing this the risk management strategy will be robust enough to support the council's decision making process, and its annual assurance statements.

2. Definitions

Risk can be defined as an uncertain event that, should it occur, will have an effect on the council's objectives and/or reputation. It is the combination of the probability of an event (likelihood) and its effect (impact).

Risk Management is the systematic application of principles, approach and processes to identify, assess and monitor risks. By managing the risk process effectively the council will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

It is important that risk management is viewed holistically, and covers risks from across all services, not just those associated with more risk-heavy areas such as finance.

Risk management is applied at all levels of service delivery and includes:

Strategic Risks are council-wide, or those which could have far-reaching implications for the council and affect the successful achievement of the council's long term core purpose, priorities and outcomes. They are recorded on the Strategic Risk Register (SRR). They are:

- Risks that could potentially have a council-wide impact and/or
- Risks that cannot be managed solely at a service unit level because higher level support/intervention is needed.

Operational Risks are risks at a service unit level that could have an effect on the successful achievement of the directorate and service unit outcomes / objectives. They are recorded on the Operational Risk Register (ORR).

Health and Safety Risks are all risks relating to the council's ability to implement effective Health and Safety provision. The council has a statutory responsibility to have arrangements in place for managing Health and Safety Risk.

Health and Safety risks will be maintained on the Health and Safety Risk Register (HSRR) and be reported quarterly to the Corporate Health and Safety Group. Risks on the HSRR may be recommended to the Corporate Management Team (CMT) for escalation to the

SRR by the Corporate Health and Safety Group where they meet the definition detailed above.

3. Approach

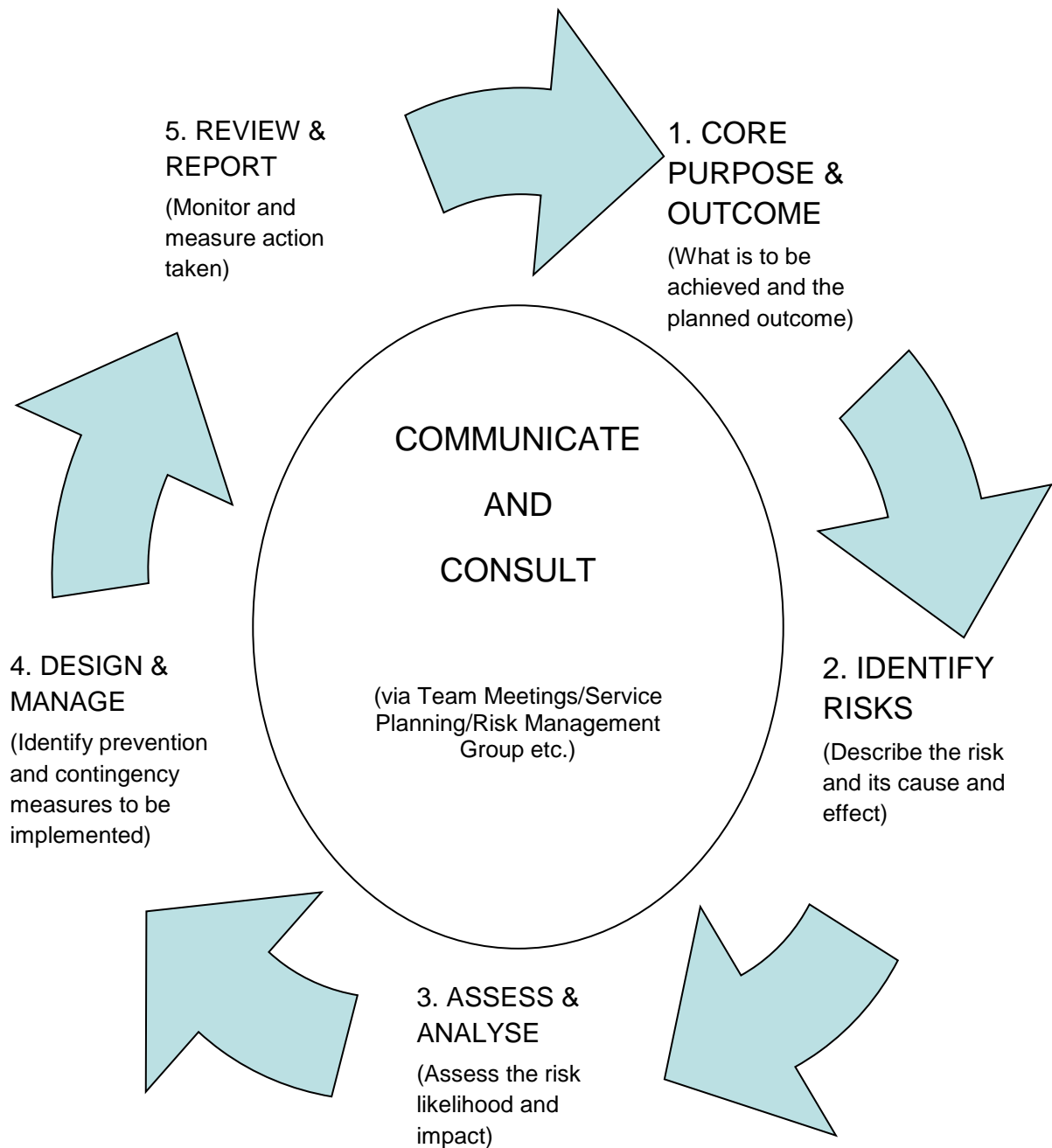
For a number of years the council has been working towards a comprehensive and integrated approach to risk management where:

- employees and members are clear about what risk management is intended to achieve;
- significant risks are being identified and managed effectively;
- training and guidance on risk management are easily accessible;
- a consistent corporate approach is followed using a common 'risk language'; and
- risk management is seen as an integral part of good corporate governance.

This section details the arrangements to ensure the effective management of risk across the council. The council's approach to risk management is based on best practice and involves a number of key steps as outlined in Diagram 1.

Effective communication and consultation is critical to the successful management of risk and it is vital that employees at all levels across the council are involved if risk management is to be embedded and be a useful management tool.

Diagram 1: Erewash's Risk Management Approach



Step 1: Core purpose / Outcomes

Before risks can be identified there is a need to establish the context by looking at what the council is trying to achieve and what the proposed outcomes are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents, including the following:

- Corporate Plan (for core purpose, priorities and outcomes)
- Directorate and Service Unit Plans (for service unit outcomes / objectives and actions)
- Project / Programme Briefs (for aims and objectives)
- Partnership Agreements (for aims and objectives)

Step 2: Identify Risks

There are a number of different categories of risks that the council may face. To act as a prompt and to ensure completeness, a checklist of risk categories has been developed around the acronym **PERFORMANCE**:

Political **E**conomic **R**eputation **F**inancial **O**pportunities / Outcomes
Regulatory **M**anagement **A**ssets **N**ew Partnerships/ Projects/ Contracts
Customers / Citizens **E**nvironment

Examples of risks from each category are detailed in the Risk Identification Checklist (Appendix 2).

Describing the risk is equally important to ensure that risks are fully understood, and to assist with the identification of actions the cause and effect of each risk must also be detailed. Typical phrases used to do this include:

Description of Risk	Cause	Effect
Risk of ... Failure to ... Failure of ... Lack of ... Loss of ... Uncertainty of... Delay in ... Inability to ... Inadequate ... Partnership with ... Development of ... Opportunity to ... Damage to...	... due to ... because leads to ... results in ...

New Risks – A corporate approach is taken to risk identification through the inclusion of risk as a mandatory agenda item on all team briefings starting with Directorate Management Team meetings, providing the opportunity for all employees to identify risks. Additionally during service planning actions for the forthcoming period are assessed for risk and where appropriate added to the relevant risk register.

Discussions at CMT and the Risk Management Group (RMG) also facilitate the introduction of new risks at a strategic level if required.

In order to capture all risks a Risk Template (Appendix 1) needs to be completed and once agreed by the Head of Service or relevant Director, sent to the Internal Audit Manager for entry onto the appropriate register.

Step 3: Assess Initial / Current Risk Level

To ensure resources are focused on the most significant risks, the risks need to be assessed in terms of both the potential likelihood and impact so that actions can be prioritised.

The first assessment (initial risk level) is taken on the basis of the current situation relating to the identified risk. To ensure that a consistent scoring mechanism is in place across the council, risks are assessed using the grading toolkit for likelihood and impact detailed in Appendix 3. When assessing the risk, multiply the likelihood score by the impact score as identified from the relevant table. The risk level can then be plotted on the risk matrix (Diagram 2).

The council defines its risk appetite through the use of a 5 x 5 risk matrix, which is colour coded to show the overall severity of the risk. This enables risks to be prioritised. The matrix uses a “traffic light” approach to show high (red), medium (amber) and low (green) risks. Those risks which have an overall grade of 1 – 5 are given a “green” rating and may be considered for closure if appropriate. Whilst those risks which remain in the red area will not be considered for closure, those risks within the amber zone may be considered for closure if the risk has reached the target grade.

Diagram 2: EBC’s Risk Matrix

IMPACT	CATASTROPHIC (5)	5	10	15	20	25
	MAJOR (4)	4	8	12	16	20
	MODERATE (3)	3	6	9	12	15
	MINOR (2)	2	4	6	8	10
	INSIGNIFICANT (1)	1	2	3	4	5
		HIGHLY UNLIKELY (1)	UNLIKELY (2)	EVEN CHANCE (3)	HIGHLY LIKELY (4)	ALMOST CERTAIN (5)
		LIKELIHOOD				

It is the risk owner’s responsibility to ensure that the agreed initial risk level for each risk is an accurate reflection of the likelihood and impact measures detailed in Appendix 3.

The current risk level is required to be established on a quarterly basis by the risk owner and reported to Internal Audit to facilitate an update to the appropriate register and subsequent reporting.

Step 4: Identify Prevention and Contingency Measures

Not all risks can be managed all of the time, so having assessed and prioritised the identified risks, cost effective action needs to be taken to manage those that pose the most significant threat.

Risk may be managed in one, or a combination, of the following ways:

- **Avoid** - A decision is made not to take a risk.
- **Accept** - A decision is taken to accept the risk.
- **Transfer** - All or part of the risk is transferred through insurance or to a third party.
- **Reduce** - Further additional actions are implemented to reduce the risk.
- **Exploit** - Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

These are described in more detail in Appendix 4.

If the risk is to have some mitigating actions aimed at reducing the risk score, then a **TARGET SCORE** needs to be determined along with the actions to be taken and a date when this should be achieved. This will enable monitoring of the risk and mitigating actions through the scheduled reviews.

Step 5 – Review and Report

A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk.

Once agreed by the Head of Service/Director, all risks are sent to the Internal Audit Manager who records them in the appropriate Risk Register (see Step 2).

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact.

Erewash's approach to review is that on a quarterly basis, prior to the Risk Management Group (RMG) meeting, the Internal Audit Manager will obtain an update from each risk owner in order to bring all the risk registers up to date.

All Strategic Risks are reviewed by the RMG and reported on to CMT for further consideration and agreement. RMG will consider escalation into the Strategic Risk Register of any operational risk which shows an inability to be mitigated to an acceptable level within the directorate. Once agreed by CMT the Strategic Risk Register is reported into Council Executive as part of the quarterly Performance and Budget Management reporting arrangements.

Operational risk registers are considered on a quarterly basis by the appropriate DMT prior to the RMG meeting.

Risk Closure – Successful management and monitoring of all risks will identify when a risk is at a level which the council can accept, and can therefore be closed and removed from the register. Recommendations for closure of strategic risks are made to CMT through the RMG. Final approval to remove the risk from the Strategic Risk Register (SRR) is given by CMT. Operational risks are managed by the risk owner and can be removed from the

Operational Risk Register (ORR) with the authority of the appropriate Head of Service/Director. The Internal Audit Manager will remove the risk from the relevant register on receipt of confirmation of this authority.

Regular reporting enables CMT and members to be more aware of the extent of the risks and progression being made to manage them. Net red risks on operational risk registers will also be reported to CMT as part of RMG minutes.

The SRR and ORR are created and maintained by Internal Audit and published on a quarterly basis. This enables the council to create a corporate risk profile, record and manage risks in a consistent way, map risks to objectives and risk types, monitor and review risks and produce meaningful management reports.

The Annual Governance Statement (AGS) process incorporates a review of the risk management framework including the strategic and operational risk registers to give an opinion which is reported within the AGS.

4. Roles and Responsibilities

To ensure risk management is effectively implemented, all members and officers should have a level of understanding of the council's risk management approach and regard risk management as part of their responsibilities:

All Employees

- a. Report risk management concerns to their line managers i.e. at a Team Meeting.
- b. Complete training and awareness sessions as appropriate.

All Members

- a. Support and promote an effective risk management culture.
- b. Constructively review and scrutinise the risks involved in delivering the council's core purpose, priorities and outcomes.

Some individuals and groups have specific leadership roles or responsibilities and these are identified below:

Council Executive

- a. Review and recommend to council the risk management policy statement and strategy.
- b. Consider and challenge the risks involved in making any 'key decisions'.

Audit Committee

- a. Monitor the effective development and operation of risk management and corporate governance in the council.
- b. Review the assurance to the council on the overall adequacy of the risk management framework through the annual review of the council's framework of governance, risk management and control (including the strategic and operational risk registers).

Lead Member

- a. Political responsibility for risk management in the council rests with the Resources Portfolio holder.

CMT

- a. Champion an effective council-wide risk management culture.

- b. Ensure members receive relevant risk information.
- c. Responsible for owning and managing strategic risks.
- d. Agree RMG Terms of Reference.

Director of Resources

- a. Report on the effectiveness of risk management to the Council Executive.
- b. Prepare the risk management strategy and policy statement and promote the adequate and proper consideration of risk management throughout the council.

Directors

- a. Responsible for the effective leadership and management of risk in their directorate to meet corporate and service objectives/outcomes in line with the council's risk management framework.
- b. Constructively review and challenge the risks involved in decision making.
- c. Agree additions to the Operational Risk Registers and recommend escalation to the Strategic Risk Register through the RMG.

Heads of Service

- a. Undertake reviews (at least monthly) of risks within their service and notify the Director for Resources immediately of the full details of any loss, liability or damage that may lead to a claim against the council and of all new risks, property and vehicles that require insurance.
- b. With the appropriate risk owner, ensure all key risks are identified, managed and reviewed in line with the corporate risk management approach and maintain the relevant risk registers.
- c. Promptly escalate risks appropriately.
- d. Encourage employees to be open and honest in identifying risks and opportunities.
- e. Ensure risk management process is a part of all significant projects.

Risk Owners

- a. Ensure that appropriate resources and importance are allocated to the process.
- b. Confirm the existence and effectiveness of existing actions and ensure that any further actions are implemented.
- c. Provide assurance that the risks for which they are the risk owner are being effectively managed.

Risk Management Group - this is made up of officers from each directorate and the Internal Audit Manager. There is an open invitation to the Chief Executive to attend.

- a. Meet quarterly to maintain an overview of all risks, by reviewing and challenging the content of risk registers.
- b. Make recommendations to CMT on strategic risks.
- c. Where appropriate escalate operational risks to CMT for possible inclusion on the Strategic Risk Register.
- d. Maintain contact with the insurance officer to identify any trends and raise appropriate risks in order that appropriate mitigation may be taken.

- e. Promote and embed risk management throughout service areas including horizon scanning.
- f. Review and recommend amendments to the Risk Management Strategy.

Internal Audit Manager

- a. Design and facilitate the implementation of a risk management framework to ensure it meets the needs of the council.
- b. Provide support and guidance as required.
- c. Maintain both strategic and operational risk registers and the history of each risk.
- d. Collate risk information and prepare reports as necessary.
- e. Ensure the Internal Audit work plan is focused on the key risks facing the council.
- f. Provide assurance that risks are being effectively assessed and managed.
- g. During all relevant audits challenge the content of risk registers.
- h. Periodically facilitate specific audits of the council's risk management process to provide an independent objective opinion on its operation and effectiveness.

5. Demonstrating an Embedded Culture

Embedding can be defined as “making it a natural part of” working practices. Embedding risk management as discussed throughout this strategy will ensure that risk management is an integral or natural part of service planning and delivery and decision making processes.

The benefit of embedding risk management throughout the council is that it increases the likelihood of achieving corporate objectives, results in fewer undesirable surprises, and therefore improvement in resource management and financial efficiency.

- The embedding of risks within an organisation can be demonstrated via the following benchmarks: Risks are linked to corporate priorities within the Corporate Plan and Service Plans indicating risk awareness within the council.
- There is a structure in place to support risk management for the council in the form of the Risk Management Group.
- Risks are included within service planning and review.
- A corporate approach is taken raising risk and transparency of process at all levels.

Culture

The council will be open in its approach to managing risks and will seek to avoid a blame culture. Lessons from events that lead to loss or reputational damage will be shared as well as lessons from things that go well. Discussion on risk in any context will be conducted in an open and honest manner.

Training and Awareness

Having developed a framework and established clear roles, responsibilities and reporting lines, it is important to provide members and officers with the knowledge and skills necessary to enable them to manage risk effectively. Risk management information is available on the intranet, and e-learning training is also available to all. Specific training will be available as required and support can be obtained from the RMG and Internal Audit.

APPENDIX 1 – Risk Template



RISK TEMPLATE

Risk Number (To be completed by internal audit)	
Risk Title	
Date Identified	
Initial Author	

Identification Information (the initial problem)

Record Related Corporate Plan 2016/19 Priority and Objective and/or Service Plan Action		
Corporate Plan Priority		
Corporate Plan Objective		
Service Plan Action(s)		
Risk Category:	... (Double Click for drop down menu)	
Description of Risk Cause and Effect		
Service Areas Affected		
Initial Risk Level:		
Likelihood Grade (1 – 5)	Impact Grade (1 – 5)	Overall Score (L x I)

Risk Treatment

PREVENTION MEASURES (Actions to be taken to stop the risk from occurring)	1.	
CONTINGENCY MEASURES (Actions to be taken to minimise the impact should the risk occur)	A.	
Risk Lead		
Target Date for Risk Closure (Anticipated date when risk is at an acceptable level)		
Target Risk Level (The score which would be acceptable to consider closing the risk)		
Likelihood Grade (1 – 5)	Impact Grade (1 – 5)	Overall Score (L x I)

Approval

Approved By	
Date Approved	

PLEASE FORWARD TO INTERNAL AUDIT WHEN COMPLETE

APPENDIX 2 - Risk Identification Checklist

Remember, effective risk management improves.....**PERFORMANCE**

Political	<ul style="list-style-type: none"> • Change in Government policy. • Member support / approval. • Political personalities. • New political arrangements.
Economic	<ul style="list-style-type: none"> • Demographics. • Economic downturn - prosperity of local businesses / local communities.
Regulatory	<ul style="list-style-type: none"> • Legislation and internal policies/regulations including: Health & Safety at Work etc. Act, Data Protection, Freedom of Information, Human Rights, Equalities Act 2010 and Public Sector Equality Duty 2011, Employment Law, TUPE, Environmental legislation etc. • Grant funding conditions. • Legal challenges, legal powers, judicial reviews or public interest reports.
Financial	<ul style="list-style-type: none"> • Budgetary pressures. • Loss of/reduction in income/funding, increase in energy costs. • Cost of living, interest rates, inflation etc. • Financial management arrangements. • Investment decisions, Sustainable economic growth. • Affordability models and financial checks. • Inadequate insurance cover. • System / procedure weaknesses that could lead to fraud.
Opportunities/Outcomes	<ul style="list-style-type: none"> • Add value or improve customer experience/satisfaction. • Reduce waste and inefficiency. • Improving the lives of children, young people and families. • Protecting the community and making Erewash a safer place to live.
Reputation	<ul style="list-style-type: none"> • Negative publicity (local and national), increase in complaints.
Management	<ul style="list-style-type: none"> • Loss of key staff, recruitment and retention issues. • Training issues. • Lack of/or inadequate management support. • Poor communication/consultation. • Capacity issues - availability, sickness absence etc. • Emergency preparedness / Business continuity.

APPENDIX 2 - Risk Identification Checklist

Assets	<ul style="list-style-type: none"> • Property - land, buildings and equipment. • Information – security, retention, timeliness, accuracy, intellectual property rights. • ICT – integrity, security, availability, e-government. • Environmental - landscape, countryside, historic environment, open space.
New Partnerships/Projects/Contracts	<ul style="list-style-type: none"> • New initiatives, new ways of working, new policies and procedures. • New relationships – accountability issues / unclear roles and responsibilities. • Monitoring arrangements. • Managing change.
Customers/Citizens	<ul style="list-style-type: none"> • Changing needs and expectations of customers - poor communication/consultation. • Poor quality / reduced service delivery - impact on vulnerable groups. • Crime and disorder, health inequalities, safeguarding issues.
Environment	<ul style="list-style-type: none"> • Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions. • Impact of planning or transportation policies. • Climate change – hotter drier summers, milder wetter winters and more extreme events – heat waves, flooding, storms etc.

APPENDIX 3 - Grading Toolkit

Likelihood of Risk

Description	Descriptor	Probability	Score
May occur only in exceptional circumstances.	Highly unlikely.	0 – 20%	1
Fairly likely to occur at some time, or in some circumstances.	Unlikely	21 – 40%	2
Equal chance of occurring or not occurring.	Even chance	41 – 60%	3
Will probably occur at some time, or in most circumstances.	Highly likely	61 – 80%	4
Is expected to occur in most circumstances.	Almost certain	81 – 100%	5

APPENDIX 3 - Grading Toolkit

Impact of Risk

Impact of risk can be rated in alignment with the receptor the risk relates to (i.e. what the risk will impact on). Guidance on receptors is outlined below, followed by a definition on the impact for each receptor. The severity of the impact should be based on the assumption that the risk **does** occur.

Risk Receptor	Score and Descriptor				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
<u>Assets / Property</u> (Associated with buildings, vehicles, plant, and equipment)	Insignificant damage to buildings, infrastructure and property.	Minor damage to buildings, infrastructure and property. No building closure will be required.	Moderate damage to buildings, infrastructure and property. Building closure may be required but for less than 1 month.	Major damage to buildings, infrastructure and property, leading to closure of a building for more than 1 month.	Loss of buildings, infrastructure and property. Leading to complete building loss or closure for more than 2 months.
<u>Environmental</u> (Relating to the environmental consequences of an action)	Insignificant environmental damage. Any damage incurred will be recoverable.	Minor environmental damage for which existing risk assessments and clean-up methodology is in place. Any damage incurred will be recoverable.	Moderate environmental damage or damage involving a number of natural systems. Potential for external agency involvement. Any damage incurred will be recoverable over a significant time period.	Major environmental damage. Statutory requirement to involve or inform an external agency. Damage may not be naturally recoverable.	Irreversible local, national or international environmental damage.

APPENDIX 3 - Grading Toolkit

	Score and Descriptor				
Risk Receptor	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
<u>Financial</u> (Associated with the effective management and control of the finances of the organisation, fraud and ability to meet financial commitments)	Insignificant financial loss (quantified as less than 5% of the budget area affected)	Minor financial loss (quantified as more than 5% but no more than 10% of the budget area affected).	Moderate financial loss. (quantified as more than 10% but no more than 20% of the budget area affected).	Major financial loss (quantified as more than 20% but no more than 40% of the budget area affected).	Catastrophic financial loss (quantified as more than 40% of the budget area affected).
<u>Governance</u> (Relating to processes, by which the organisation manages its business, determines strategy and priorities and implements them)	Insignificant disruption to duties. Governance functions are not affected.	Minor disruption to duties. Governance functions require rearranging or postponement.	Moderate disruption to duties. Governance functions are delayed beyond their stated timeline (ie quarterly meetings are not able to meet quarterly).	Major disruption to duties. Governance functions are delayed beyond their stated timeline, affecting statutory services and giving a noticeable impact to the public.	Loss of duties. Governance functions are suspended or stopped completely, impacting on Council services and detrimentally affecting the services received by residents.

APPENDIX 3 - Grading Toolkit

Risk Receptor	Score and Descriptor				
	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
<u>Health & Safety</u> (Associated with the organisations ability to safely serve customers and staff - may also cross reference with Legal)	No injuries or minor injury not requiring first aid assistance to members of the public or staff. (cuts, abrasions, minor irritations)	Minor injury to members of the public or staff requiring first aid treatment and resulting in 1 – 3 days lost.	Violence, serious injury or industrial disease inflicted on members of the public or staff, resulting in more than 3 days lost and reportable under RIDDOR.	Extensive / multiple injuries / serious injury / industrial disease with long term medical effects resulting in months or weeks off work, and reportable under RIDDOR.	Major injury or fatality of members of the public or staff, resulting in permanent disablement or long term absence. Reportable under RIDDOR.
<u>Legal</u> (Related to possible breaches or changes within legislation, or compliance with those existing)	No litigation, compensation or other legal consideration.	No litigation, compensation may be due at Council's discretion.	Council at fault, compensation due. Formal litigation possible with costs within the Council's contingency. Possible criminal action and sanctions.	Council at fault, compensation due. Formal litigation certain with costs within the Council's contingency. Possible criminal proceedings and sanctions. Reputational damage could be incurred.	Council at fault, national reputational damage could be incurred. Cost of litigation cannot be absorbed within the Council's contingency. Possible criminal proceedings and sanctions.
<u>Partnership</u> (Associated with the organisations ability to work effectively with partners and vice versa)	Insignificant disruption to partnership work. No effect on LSP objectives.	Minor disruption to internal business only, no effect on LSP objectives.	Moderate disruption to partnership or contractual work, which is noticeable to the public.	Major disruption with serious damage to the organisations ability to deliver services.	Service/ objective unlikely to service, or loss of service / LSP objective delivery for more than 7 days.

APPENDIX 3 - Grading Toolkit

Risk Receptor	Score and Descriptor				
	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
<u>Professional / Managerial</u> (Associated with the particular nature of a profession, or the people who deliver those services)	Insignificant disruption to service delivery.	Minor disruption to service delivery (not noticeable by the public).	Moderate disruption to service delivery, which is noticeable by the public.	Major disruption to the ability to deliver service (loss of service for more than 48 hours, less than 7 days).	Catastrophic loss of service for more than 7 days.
<u>Reputation</u> (Failure to manage reputational issues resulting in an adverse impact)	No reputational damage.	Minor reputation damage (minimal cover in local press).	Extensive front page coverage in local press and/or local TV.	Coverage in national press and/or low national TV reporting.	Extensive coverage in national press and broadsheet editorial and/or national TV item.
<u>Service Delivery</u> (Associated with the delivery of a particular service, or progress towards an objective or priority.)	Insignificant disruption to service delivery. No disruption to a statutory service.	Minor disruption to service delivery (not noticeable by the public). Statutory services affected but not noticeable externally.	Moderate disruption to service delivery, which is noticeable by the public. Statutory service affected but timescales are recoverable (ie bin collections)	Major disruption to the ability to deliver service (loss of service for more than 48 hours, less than 7 days). Statutory services are unable to recover timescales, residents require notification of impact.	Catastrophic loss of service for more than 7 days. Council is unable to deliver a statutory service.

APPENDIX 3 - Grading Toolkit

	Score and Descriptor				
Risk Receptor	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
<u>Supplier</u> (Associated with the ability of suppliers to deliver services or products on time to the agreed cost)	Insignificant disruption to contractual work. Deadlines are not affected and Council duties are not unduly delayed.	Minor disruption to contractual work. Deadlines are not affected but Council duties may be affected – compensated for by existing contingency measures.	Moderate disruption to contractual work which makes deadlines unachievable and impacts on Council duties to an extent which is noticeable by the public.	Major disruption to contractual work (affecting project deadlines) or delivery of a product essential for Council services. Services may have to be suspended for up to 7 days.	Project work stops. Loss of contractual work for more than 7 days. Supplier may need to be completely resourced. Potential for reputational damage through association exists.

APPENDIX 4 - Risk Response Management Categories

	Description
Avoid	<p>A decision is made not to take a risk.</p> <p>Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or stop the activity.</p>
Accept	<p>A decision is taken to accept the risk.</p> <p>Management and/or the risk owner make an informed decision to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.</p> <p><i>Note that red risks are outside of the Council's risk appetite (i.e. the level of risk the Council is prepared to accept).</i></p>
Transfer	<p>Transfer all or part of the risk through insurance or to a third party e.g. contractor or partner, who is better able to manage the risk.</p> <p><i>Although responsibility can be transferred, in most cases accountability remains with the Council, so this still needs to be monitored.</i></p>
Reduce	<p>Implement further additional action(s) to reduce the risk by</p> <ul style="list-style-type: none"> • minimising the likelihood of an event occurring (e.g. preventative action) <p>and/or</p> <ul style="list-style-type: none"> • reducing the potential impact should the risk occur (e.g. business continuity plans) <p>Further actions are recorded in the risk register and regularly monitored. Once they have been completed, where appropriate a resultant action should be recorded as an existing action and the net risk level re-assessed.</p>
Exploit	<p>Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.</p>