South Somerset District Council

Risk Management Policy & Toolkit

Managing Risk – the key to successful organisational performance

Date 1/09/2019 – Version No. 1

Foreword

Welcome to the South Somerset District Council Risk Management policy, revised in September 2019. We are fully committed to improving the effectiveness of risk management across the Council as this allows us to:

- have increased confidence in achieving our priorities and outcomes
- constrain threats to acceptable levels
- take informed decisions about exploiting opportunities
- ensure that we get the right balance between rewards and risks
- improve partnership working arrangements and corporate governance

Ultimately, effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving our ability to deliver key priorities, improve outcomes for residents, maintain good governance and minimise any damage to its reputation.

Risk Management is the responsibility of everybody at South Somerset District Council and the aim of this policy is to explain our approach to risk management and the framework that we will operate to ensure that risks are effectively managed.

Chief Executive
South Somerset District Council

Contents

1. Introduction

Risk management is not a compliance exercise. It is an indispensable element of good management and corporate governance. It is the way an organisation manages its business, shapes strategy and objectives, and goes about achieving its goals. All organisations face risks in undertaking their business as there is always the possibility that an event or action will adversely affect their ability to achieve objectives. As an organisation we face a significant number of risks and it is therefore important that the Council should recognise its responsibility to adopt an effective risk management process.

Risk management will help identify and deal with the key risks facing the organisation in the pursuit of its objectives. The Risk Management Process outlined within this policy should be used to identify and manage all risks to South Somerset's ability to deliver its priorities.

South Somerset District Council defines risk as: *"The effect of uncertainty on objectives, often described by an event or a change in circumstances"* and Risk Management as: *"Coordinated activities to direct and control an organisation with regard to risk"*

The benefits of successful risk management include:

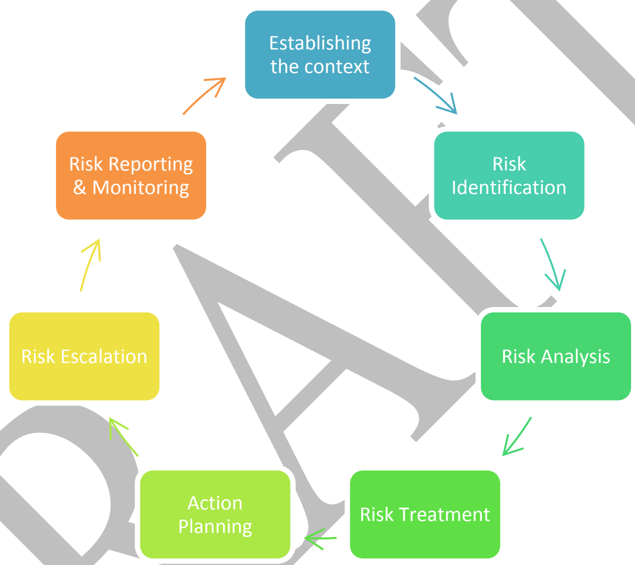
- **Improved service delivery** – fewer disruptions, efficient processes, improved controls.
- **Improved financial performance and value for money** – increased achievement of objectives, reduced impact and frequency of critical risks.
- **Improved corporate governance and compliance systems** – robust corporate governance, fewer regulatory visits.
- **Improved insurance management** – leading to a lower number of claims, a lower impact of uninsured losses and reduced insurance premiums.

This Risk Management policy provides a framework and process to support managers in ensuring that South Somerset District Council is able to discharge its risk management responsibilities fully. The policy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that we have in place to manage risk successfully. Detailed information on how to implement this policy is provided in the Risk Management Toolkit at the end of this document.

Risk management should not be seen as a means of reducing all risk to the council. Indeed, in order to deliver our objectives we must have an appetite for a certain amount of risk and innovation. As a large and diverse organisation it is recognised that our risk appetite will vary according to the activity undertaken and hence different risk appetites and tolerances will apply. South Somerset District Council aims to be risk aware, but not overly risk averse, and to actively manage business risks to protect and grow the organisation and achieve our strategic aims. In making informed decisions we will consider, on an individual basis, all options and opportunities and their associated risks. We will respond to those risks appropriately and take the actions most likely to successfully deliver our vision whilst also providing an acceptable level of value for money.

2. Overview of the Risk Management Process

The Council's risk management process consists of a series of co-ordinated activities, applicable to all levels and activities of the Council.



Step	Activity
Establishing the context	Understanding of key outcomes and objectives for the organisation, directorate or service being assessed.
Risk identification	Risks to the organisation are identified and described
Risk analysis and evaluation	Scoring and prioritising the risks based on likelihood and impact in order to determine the optimal action for managing the risk.
Risk treatment	Deciding what to do about the risks – treat, tolerate, transfer, terminate or embrace.
Resourcing controls and action planning	Putting controls into place and planning actions to reduce risks to an acceptable level within an agreed time frame.
Risk escalation	The escalation or downgrading of risks between the strategic, directorate and departmental levels of the Council.
Risk reporting and monitoring	Risks change and so need regular monitoring and reporting to appropriate stakeholders.

3. Roles and responsibilities

The responsibility for managing risk extends throughout the organisation. It is important that all of us are aware of our roles. The following summarises the various roles and responsibilities.

Role	Responsibilities
The Senior Leadership Team / Strategic Directors	• Identify, assess, evaluate and manage the critical risks faced in delivering their business plans. Understand where a business risk has a corporate or strategic impact and escalate accordingly • Review the strategic risk register, identify and understand the most significant strategic and critical residual risks facing the Council. Understand the impact of these risks on stakeholders and performance • Obtain assurance from strategic risk owners that risks are evaluated and managed to ensure the achievement of the business plan • Make informed decisions about treatment of significant risks • Know how the organisation will manage in a crisis • Be assured that risk management is working effectively • Assure Members that appropriate risk management processes are in place across the Council
Leadership Management Team	• Ensure that planning in their area of responsibility includes adequate identification and ongoing evaluation of key risks at a "service critical" and operational/ transactional level. Use the Council's risk management process • Have in place sufficient risk, financial and performance management processes and indicators to allow them to monitor their key business and financial activities, progress towards objectives and identify developments requiring intervention • Ensure that there is prompt and systematic reporting upwards on any perceived risks or failures of existing control which cannot be managed within their span of control • Embed the risk management framework into business as usual.
Procurement Specialist	• Develops the risk management strategy • Maintains and develops the risk management framework • Consolidates reporting of strategic risks and category risks • Facilitates the identification and evaluation of risks
Cabinet and Scrutiny Committees	• Know the most significant residual risks facing the Council. Know the impact of these on stakeholders and performance • Understand and be fully informed of the key risks and relevant controls associated with decision making

	• Understand who owns the risk at Strategic, category and project level and gain assurance that appropriate decisions are taken in respect of risk • Gain assurance that risk management processes are operating effectively
Audit Committee	• Scrutinises and monitors the effectiveness of risk management arrangements • Obtains assurance on the effectiveness of risk and internal control arrangements • Reviews the Strategic Risk Register on a regular basis
Individuals	• Understand their accountability for individual risks and the controls in place to manage those risks • Understand that risk management and risk awareness are a key part of the Council's operations • Report promptly and systematically to senior management any perceived risks or failures of existing control measures
SWAP Audit	• Provides assurance on the effectiveness of risk management processes • On a regular basis, evaluates the management and reporting of key risks • Conducts an annual review of the risk management arrangements • Arranges for training to be provided to all those who have responsibility for managing risk within the Council.

4. The Risk Framework at South Somerset District Council

4.1. Overview

A robust and effective approach to risk is necessary to guide our operational activities and support our strategic aspirations. This approach should be supported by coherent policies, processes and tools, but more critically must be underpinned with the right cultural mind set and attitude to risk management.

This can be articulated through a clear description of the level of risk we are prepared to accept in our day-to-day activities across the council. We need to acknowledge that how we think about risk will differ depending on context, roles, timing, impact and sensitivity. Risk needs to be managed at all levels of the organisation (strategic, programme, partnership, project and operational). As such, the overarching risk framework should support ownership and empowerment of the risk owner at the appropriate level.

This requires a shared understanding across the organisation of where risk is being managed and focus on appropriate topics at the appropriate level; i.e. allowing effective monitoring at the lowest possible level and only escalating the appropriate risks to SLT/Members.

The risk approach should ensure SSDC puts in place:

- Effective identification and evaluation of risks and opportunities
- Cost effective/proportional control of risks and opportunities
- an appropriate level of governance to protect the organisation from harm without stifling innovation
- a culture of creativity, innovation and transparency in which risks are understood and proactively managed at the correct level of the organisation, rather than avoided
- processes and tools to ensure the risks and opportunities are identified, assessed and addressed in a consistent way

The benefits of doing so would encompass:

- Informed strategic and operational decision-making to maximise our opportunities
- Safeguarding all persons to whom the Council has a duty of care
- Managing potential service disruption
- Improved project delivery
- Increased knowledge and understanding of the implications of risk and opportunity
- Proactive opportunity focussed mind set
- Minimising our vulnerability to fraud and corruption, and ensuring statutory compliance
- Better use of internal resources
- Reduced financial exposure

4.2. The “One Team” Risk approach

Strategy and Commissioning has reviewed the overall SSDC approach to risk management, with the objective to ensure it is operating efficiently, effectively and supports the new council approach to achievement of its objectives.

The new risk approach is based on the organisational ethos of “One Team”. This is intended to create a risk management approach that looks at risk holistically across the organisation, rather than focussing on performance risks in individual functional units which can lead to silo thinking and inefficiencies.

The SSDC risk approach is based on new framework of registers, which can be summarised as:

- Strategic Risk register which records the significant long term risks facing the authority
- Category registers which will capture corporate risks as well as provide oversight of all project risks coded to a specific category
- “Project” risk registers, developed for projects, initiatives and significant areas of work

4.3. Strategic Risks

On an annual basis SLT and LMT will hold a joint risk workshop to review the existing risk profile (of Project and Category risks), and identify the key strategic risks facing the organisation which would then be recorded as the Strategic Risk register.

Strategic risks would include

- Material risks to the organisation, community or the overarching corporate objectives
- Looking at future impact over 3 to 5 years
- Category risks that have been escalated

The Strategic Risk register will then be reviewed on a quarterly basis by SLT to address any new strategic topics or escalations from the broader risk framework

4.4. Category Risks

When a risk is created it will be allocated to a risk category type (Financial, Legal etc.). The category structure for SSDC has been simplified based on input from SWAP and Zurich risk consultants. The use of fewer categories in the risk system will provide more consistency in risk groupings, and guidance has been developed (appendix 1) to provide more consistent impact scores.

A category Risk register would include an overview of all project risks assigned to that category, as well as any additional risks (identified through annual category focussed risk workshops) such as:

- Common risks across a number of areas of the organisation
- Risks that require a consolidated corporate response or action plan.
- Risk with a potential future impact over 1-2 years.
- Risks from project, programme or initiative risk registers that have been escalated

It is anticipated that having a risk category approach will:

- provide oversight and monitoring of risks across the organisation related to a specific topic (e.g. People, Legal and Governance)
- create a more simplified framework to enable a consistent, integrated and consequential approach to risk management across SSDC
- enable more meaningful groupings of risks aligned to the relevant interest groups
- provide a clearer route of risk escalation through the organisation
- ensure consistency of measurement of risk, and prioritisation of SSDC resources on key issues

Category risk registers would be managed and reviewed using existing executive groups or forums (e.g. H&S category risks within the H&S Steering Group.) It should be noted that the owner of the category risk register (Category Risk Lead) would not own the risks, but would lead on and enable the review of risk. Their role is to provide oversight of risks related to their area of work, and guide risk owners on an appropriate response with guidance from Strategy and Commissioning

4.5. Project Registers

The risk framework also supports focus on priority projects and significant change programmes rather than the "business as usual" activities of the organisation where dynamic risk assessments based on professional judgement by officers is pragmatic and more appropriate.

In this context it is sensible to focus our risk management framework on the most significant and relevant risks to the organisation. Therefore it is proposed that risk registers should be maintained for:

- Projects, programmes & Initiatives
- Areas of Work (Not BAU) that may cause *significant* disruption
- Commercial opportunities as they arise.

The structure of project registers will be flexible and develop over time as required by management.

4.6. Review process

The risk review process will also be aligned to and integral to existing processes, utilising existing organisational forums to review and provide oversight of the organisational risks. This will ensure risk management is no longer seen as an administrative burden, but rather as an integrated part of the management approach which will promote a more positive risk culture within SSDC.

4.7. Escalation Criteria

Clear guidance is provided on when risks should be escalated. Strategy and commissioning will review all risk registers with the relevant risk register owners and develop a joint proposal on when risks should be escalated using the following principles:

Criteria to escalate:

- On review, despite attempted mitigation, risk remains above appetite
- Aggregated view on a project e.g. 6 risks on a specific project are above appetite and it is felt additional scrutiny would be of value
- Degree of discomfort of risk owner: Belief that risk cannot be controlled/contained within its current level: Request for CRL to initiate a review
- Risk is a significant single Point of Failure for Organisation
- A risk that impacts on more than 1 area or category or is too unwieldy to manage at the current level

Criteria to de-escalate/ remove:

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one function / service area / team
- the impact will be limited
- Existing Issue that is already in play (the here and now) / Has become BAU
- Is a risk that in reality is best managed through dynamic risk assessment ("on the job")

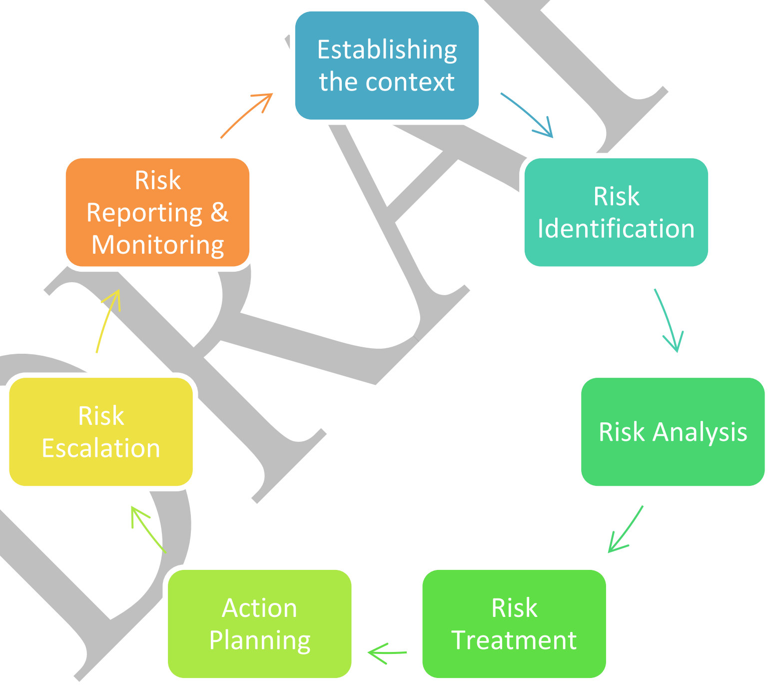
5. The Risk Management toolkit

5.1. Introduction

The Risk Management Process outlined within this Toolkit should be used as a guide to best practice in managing risks which could impact strategic priorities, operational activities (e.g. delivery of actions identified in service plans) and delivery of projects or programmes.

Risk management activity will happen at different levels within the organisation and for different purposes. You are identifying the risks that may affect the delivery of these objectives. A risk is where there is uncertainty of the outcome which may have a positive or negative effect on the achievement of the desired outcome, e.g. the objective.

South Somerset District Council's risk management process consists of seven steps:



A step-by-step guide follows to enable you to understand the risk management process.

Further advice and assistance on risk management is available from Strategy and Commissioning Team.

5.2. Establishing the context

The starting point for risk management is to ensure that there is a clear understanding and agreement on the objectives for the subject on which the risk assessment is being undertaken (i.e. the organisation and the overarching corporate objectives, a particular service and local objectives, etc.). In this regard, risks are managed across the following levels within the organisation:

- "Project" risk registers, developed for projects, initiatives and significant areas of work. Covers risks from initial business case stage throughout the project lifecycle.
- Category registers which will capture corporate risks as well as provide oversight of all project risks coded to a specific category
- Strategic Risk register which records the significant long term risks facing the authority which could impact on achievement of its corporate objectives.

5.3. Risk Identification

Risks should be identified that may affect the Council's ability to achieve its business objectives, execute its strategies successfully or limit its ability to exploit opportunities.

Risks can be identified through a number of methods, including:

- A 'brainstorming' session or workshop with the whole management team and relevant stakeholders
- Interviews or questionnaires with key stakeholders
- Meetings with smaller groups of people

There are a wide range of methods available that can be used to identify and understand risks. The method that you select will depend upon the type of risk(s) that you are dealing with but typically a management team workshop is the method most commonly used.

Additionally, existing sources of information could help inform this stage. Some examples are listed below:

- Service / corporate plans, strategies and objectives
- Existing risk registers
- Risks or issues raised by internal audit or any other external scrutiny body
- Risks identified through budget setting processes
- Health & safety risk assessments
- Business continuity risk assessments
- Partnership, programme or project documentation (e.g. business case or project risk register)
- Experience of those participating in the risk identification process

It is the responsibility of those identifying risks to decide which sources of information they should consult. This may be one or more of the sources listed above or it could be something else you think is appropriate.

It is crucial for risks to be defined properly at this stage. Failure to do so can result in confusion about the exact nature of the risk, ineffective risk controls being implemented, or the risk analysis being over or underestimated.
As well as direct risks to the achievement of our objectives it is important to think as broadly as possible about uncertainties that may have an impact on the organisation. The diagram shown below illustrates a variety of different risk themes, expanding on PESTLE prompts, which the organisation could face. Think also in terms of these themes when identifying risks.

Once identified, the risks need to be described in sufficient detail and recorded in a consistent format to support effective decision making on the way that the risk is managed. The description of the risk should include the following elements:

- Risk Title – a short and concise header for the risk
- Description – expanding on the risk title (if required) outlining the situation or event, that exposes us to a risk.
- Risk Cause - The trigger event - Include the event that could or has occurred that results in a negative impact on the objectives being achieved
- Risk Effect - the likely consequences if the risk materialises (The negative impact, How big? How bad? How much? - consider worst likely scenario)

When describing a risk try not to describe the impact of the risk as the risk itself or define risks with statement which are simply the converse of the objectives.

5.4. Risk Analysis

Once risks have been identified the risk matrix is the main tool for prioritising each risk so we can establish which risks are most significant and therefore are in need of greater attention, effort and resources. It also allows us to compare different types of risk with each other across the council.

Each risk should be analysed for the likelihood it will happen and the impact if it did happen. An assessment should be made both before and after considering controls that are already in place and working effectively – this is referred to as 'inherent' and 'residual' risk respectively. It is management's responsibility to ensure the controls they believe are reducing the risk are effective and are working in practice. Controls that are not yet in place should not be considered at this stage, no matter how soon they will be implemented.

The impact should be considered against the relevant objectives – Strategic and category risks should be scored against impacgt on the organisations objectives; project or programme risks scored against the objectives of the project.

Each identified risk should be plotted onto the risk matrix once the likelihood and impact score has been agreed among the relevant management team.

IMPACT	Catastrophic	17	22	23	24	25
	Significant	12	18	19	20	21
	Moderate	6	13	14	15	16
	Limited	2	8	9	10	11
	Minimal	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Certain
		LIKELIHOOD				

When considering the likelihood of a risk happening you should select the number from 1 to 5 from the risk matrix that you think it will be over the next 12 months (it can be longer or shorter; some risks in the Strategic Risk Register are better considered over 3 to 5 years, some operational risks will be considered over 3 to 6 months). This score will require an element of judgement when considering how likely an event is to occur and you should consider the following:

- *Has this event happened before in South Somerset? (How frequently?) Has this event happened elsewhere? (How frequently?)*

- *How likely is it that one or more of the causes/ triggers of the event will occur?*
- *Has anything happened recently that makes the event more or less likely to occur?*

What does the Risk Matrix score mean?

Overall Risk	Description
5 or less	A residual risk score of 5 or less is generally considered acceptable to the Council and will require no further action other than continued monitoring and good management practices and to ensure that the relevant controls are still operating effectively.
6 - 15	A residual risk score of **6 -15** is likely to require the implementation of additional controls/action to be taken. This depends on the nature of the risk and the potential cost/benefit of reducing the level of risk further.
17 – 25	A residual risk score of **17** or more requires the implementation of additional controls and a timely management action plan as this level of residual risk is unacceptable to the Council.

The following table provides some support in quantifying the risk in terms of likelihood and impact.

Risk Likelihood Key				
Score - 1 **Remote**	**Score – 2** **Unlikely**	**Score – 3** **Possible**	**Score - 4** **Probable**	**Score – 5** **Certain**
Previous experience at this & other similar organisations makes this outcome highly unlikely to occur	Previous experience discounts this risk as being unlikely to occur but other organisations have experienced problems	The Council has in the past experienced problems in this area but not in the past three years	The Council has experienced problems in this area in the last three years.	The council is currently experiencing problems in this area or expects to within the next 12 months.
0-5% chance of occurrence	6-20% chance of occurrence	21-50% chance of occurrence	51-80% chance of occurrence	80%+ chance of occurrence

When you select the impact you should give consideration to the factors outlined in the risk matrix. For example, if the risk you are scoring has a low financial impact but a high impact on our reputation then you would select the most appropriate number between 1 and 5 that relates to the level of reputational impact. Once again, this score will have an element of judgement. The criteria for risk impact levels can be found on the next page.

Risk Impact Key					
Risk Impact	**Minimal**	**Limited**	**Moderate**	**Significant**	**Catastrophic**
Project / programme delivery	No impact on the delivery of the projects Negligible impact on a strategic priority	Delay to project. One or more key variables (cost, time, quality, scope, benefits) are exceeded but remain within tolerance Minor impact on a strategic priority	Significant delay to high profile project, or failure to deliver target. One or more key variables (cost, time, quality, scope, benefits) are exceeded beyond tolerance requiring project board intervention. Project likely to be delivered but over-cost, late, below quality, under scope, or failing to deliver expected benefits Moderate impact on a strategic priority	Failure to deliver high profile target Major impact on a strategic priority	Failure to deliver a key council programme or multiple high profile targets Complete failure to deliver on a strategic priority
Financial	Less than £50,000	Between £50,000 and £250,000	Between £250,000 and £1,000,000	Between £1,000,000 and £5,000,000	More than £5,000,000
Delivery of Services	Council services are not disrupted	Short term disruption to Discretionary service	Statutory / Major element of service not provided for 1 day, Discretionary / minor element not provided for up to 1 week	Statutory / Major element of service not provided for up to 1 week, Discretionary / minor element not provided for 1 week or more	Longer term (Greater than 1 week) disruption to major service element Discretionary / minor element withdrawn
Staffing / Capacity	No impact on staff turnover, limited impact on staff morale	Damage to staff morale, minor increase in staff turnover	Staff dissatisfaction, increase in staff turnover	Major staff dissatisfaction, short term strike action, staff turnover including key personnel	Major staff dissatisfaction, long term strike action, significant key staff turnover
Reputation	Little or no adverse local public opinion or media attention	Short term adverse local public opinion	Adverse local publicity / local public opinion	Persistent adverse local media coverage	Persistent adverse national / International media coverage
Health & Safety (& Environmental)	No health and safety implications	Minor injury, short term, sickness less than 3 days. Requirement for self-certification.	Serious injury or extensive minor injury, semi-permanent, sickness more than 3 days. Illness or injury requiring Fit/Sick note – from 7 (calendar days)	Extensive serious injury, permanent injury or harm, long term sickness over 4 weeks. All incidents falling within RIDDOR reportable categories	Death of staff / public.
Governance & Legal	Governance generally effective Undertaking illegal practice or non-compliance with statute leading to negligible financial penalties and/or minor complaints or rumors.	Some elements of governance framework ineffective Undertaking illegal practice or non-compliance with statute leading to minor financial penalties and/or short term reputational damage.	Some elements of governance framework criticised by external body Undertaking illegal practice or non-compliance with statute leading to moderate financial penalties and/or medium term reputational damage	Criticism of all governance arrangements by external body. Undertaking illegal practice or non-compliance with statute leading to major financial penalties and/or medium term reputational damage	Ineffective governance arrangements Undertaking illegal practice or non-compliance with statute leading to catastrophic financial penalties and/or long term international or national reputational damage

5.5. Risk Treatment

Once risks have been identified and scored based on current controls the next step is to decide what action should be taken to manage or treat them. There are four general approaches to treating risk: Treat, Tolerate, Terminate or Transfer.

Action	Description	Options
Treat	Controlling the likelihood of the risk occurring, or controlling the impact of the consequences if the risk does occur	Reducing the likelihood of the risk occurring AND / OR Mitigating the impact if the risk does occur
Tolerate	Acknowledging that the ability to take effective action against some risks may be limited or that the cost of taking action may be disproportionate to the potential benefits gained.	The ability to take effective action against some risks may be limited or the cost of taking action may be disproportionate to the potential benefits gained in which case the risk is accepted on an "informed" basis.
Terminate	Not undertaking the activity that is likely to trigger the risk	Changing the direction or strategy and revisiting objectives or improving channels of communication Obtaining further information from external sources or acquiring expertise Reducing the scope of the activity or adopting a familiar, proven approach Deciding not to undertake the activity likely to trigger the risk
Transfer	Handing the risk on elsewhere, either totally or in part – e.g. through insurance.	Financial instruments such as insurance, performance bonds, warranties or guarantee. Renegotiation of contract conditions for the risk to be retained by the other party. Seeking agreement on sharing the risk with the other party. Sub-contracting risk to a consultant or external suppliers. NB. It may not be possible to transfer all aspects of a risk. For example, where there is or reputational damage to the organisation.

A further consideration is whether to 'Embrace' the risk, which could be appropriate in order to take advantage of opportunity risks. Where risks are embraced relevant safeguards need to be considered and implemented.

Assessment of each treatment option is used to provide the basis for selecting the best option to manage each risk identified. Risk treatment is concerned with actions taken to reduce the impact or likelihood of risks not wholly avoided or transferred (retained risks).

The efficiency of the risk treatment relates to the cost effectiveness of the proposed actions to be taken. Firstly the cost of implementation has to be considered (time, manpower, budget, etc). The impact expected if no action is taken, should be weighed against the cost of action and the reduction of the impact. There should be a direct benefit from the cost implementation in terms of the reduction of the level of the risk.

5.6. Resourcing controls and action planning

Risk can be managed by taking action to reduce the likelihood, reduce the impact or to limit damage and/or financial loss if the risk materialises.

Action plans should be put in place to reduce residual risk to an acceptable level within an agreed and acceptable timeframe. Where these actions are significant, they will need resourcing and may need to be incorporated into the Council's annual budget, business planning and performance monitoring processes.

5.7. Risk escalation

The risk escalation process allows for risks to be escalated and/or downgraded between the different levels of the Council as deemed appropriate, depending upon the status of the risk factor at any specific time.

If a service or risk owner wishes to escalate or propose a new strategic risk, they should raise this with their Directorate Leadership Team who will engage with the Head of Audit and Risk to take this forward as part of the Corporate Leadership Team review and reporting cycles.

If a service wishes to urgently escalate a risk, this should be raised with the Chief Executive through the relevant Strategic Director. The Head of Audit and Risk should also be informed for reporting purposes.

Operational risks should be escalated through the relevant management and governance structures.

Note: If this results in a change of risk owner, the potential new risk owner must be contacted for handover. If a risk is multi service or organisation wide the risk owner should consult with other relevant stakeholders before recommending a change of level.

A risk may need to be escalated to a higher level if:

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled/contained within its current level
- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service/project or function if the risk event materialises
- the risk moves outside the appetite boundaries / comfort zone.

A risk may need to be moved to a lower level if:

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one function / service area / team and the impact will be limited then this should be controlled more locally at a lower level.

5.8. Risk Reporting and Monitoring

Strategic risks are generally long-term in nature and are monitored through the Council's Strategic Risk Register. This is reviewed on a quarterly basis by SLT, and revised annually through a joint SLT / LMT workshop.

Category risks registers are managed by appropriate personnel at LMT or SLT level through category risk registers that contain information in relation to any service, project or programme risks impacting on that category area. Respective management teams are responsible for ensuring that their risks are identified and managed appropriately. The Strategy & Commissioning risk lead will schedule and facilitate these reviews.

Project Risk registers will be reviewed in accordance with the agreed project governance arrangements.

Each risk register contains:

- The risk description, causes and consequences
- An identified risk owner
- Controls in place to mitigate the risk
- Risk scores based on likelihood and impact
- An action plan to bring the level of risk to its acceptable level.

Required risk action planning should be proportionate to the significance of the risk.

Risk should be regularly considered and reported on alongside financial and performance information consistent with the Council's performance management framework.

Annually, the Audit Committee will receive a report on the authority's Risk Management arrangements together with an up to date risk matrix and Strategic Risk Register.

A thorough review of each risk register should occur annually as part of the annual business planning processes and departmental risk registers should be reported to the senior management team thereafter.

The Councils Audit partner (SWAP) is responsible for undertaking an annual review of the risk management framework and provides assurance on its effectiveness.