Risk Management Policy 2021 - 2025

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Author:	Pino Mastromarco
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Contents

1.0 Purpose and Objectives of the Policy

1.1 Introduction

Woking Borough Council recognises that risk management is an integral component of good management and corporate governance and is therefore at the heart of what we do. It is important that the Council is proactive in the identification and control of risk to ensure there is continued financial and organisational well-being.

The purpose of this policy is to structure and formalise risk management arrangements across all functions within a comprehensive framework to ensure that risks are managed effectively, efficiently, and coherently across the organisation.

The objectives of this policy are to:

- Raise awareness amongst staff and partners of the benefits of risk management.
- Embed risk management into the culture of the Council.
- Integrate risk management into policy, planning and decision making.
- Manage risks consistently and effectively to an acceptable level in-line with the Council's risk appetite.

These objectives will be achieved by:

- Clearly identifying roles and responsibilities for the management of risk.
- Documenting the Council's strategic approach to risk management.
- Formalising risk management processes across the Council.
- Identifying, assessing, and managing strategic and operational risk.
- Incorporating the assessment of risk into all key decision making and planning processes within the Council.

This policy will be reviewed every four years in-line with the end of the policy period, or before if required to take account of key changes in Government policies and other significant external factors. All changes will be submitted to CLT for approval.

1.2 What is risk management?

Risk Management can be defined as:

"The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks"

Risk management therefore is essentially about identifying all of the obstacles and weaknesses that exist within the Council. This holistic approach is vital to ensuring that all elements of the organisation are challenged, including decision making processes, working with partners, existing policies and procedures, and also the effective use of assets, both staff and physical.

Once the obstacles have been identified, the next stage is to prioritise them to identify the key risks to the organisation moving forward. It is essential that steps are then taken to effectively manage those key obstacles/risks. If this approach is

followed, the result is that major obstacles or blockages that exist within the organisation can be mitigated to provide the Council with a greater chance of being able to achieve its objectives. Risk management needs to be seen as a strategic tool that forms an essential part of effective management and planning.

1.3 National drivers behind strategic risk management

By adding risk management to the business planning and performance management processes, the ability of the Council to achieve its objectives and enhance the value of the services provided will be strengthened.

However, it also something that the Council is required to do, for example:

- The CIPFA Corporate Governance framework requires the Council to make an annual public assurance statement on the Council's risk management policy, process, and framework. The framework requires the Council to establish and maintain a systematic strategy for managing risk.
- Strong risk management supports the Council's obligations in relation to annual account preparation and audit regulations.
- Risk management implementation is best practice in both the public and private sectors, and is regarded as an essential part of business management which is required to operate effectively within increasingly complex environments.

1.4 Woking For All Strategy

The Woking For All strategy was adopted by the Council in March 2022. The strategy covers the period 2022 to 2027 and outlines how the Council will continue to support the communities and residents of Woking over the next five years. The strategy is comprised of five themes, around which the objectives and priority outcomes of the Council are articulated. The Woking For All themes are:

- Healthier Communities
- Engaged Communities
- Greener Communities
- Prospering Communities
- A High Performing Council

In order to successfully deliver the objectives and actions against each theme, it is recognised that the Council must embrace and embed risk management across the organisation. The desired outcome is that risks associated with these objectives can be managed and the potential impact limited, providing greater assurance that the Woking For All strategy can be delivered.

1.5 Benefits of risk management

Successful implementation of risk management will produce many benefits for the Council if it becomes a living tool. These include:

- **Improved service delivery**: resulting from fewer disruptions/enhanced controls.
- **Increased chance of achieving strategic objectives**: through minimising or removing key obstacles.
- **Improved awareness of risk**: an organisation can become less risk averse if risks are identified and understood.

- **Improved corporate governance**: through stronger, more transparent decision making, accountability and prioritisation.

1.6 Risk management linkages with other disciplines

There is a link between risk management, emergency planning, business continuity and disaster recovery, and it is important that the roles of each, and the linkages between them, are clearly understood.

Risk Management is about trying to identify and manage risks which may occur and where the impact on our strategic objectives can be critical or even catastrophic. Risk Management is managed by Business Improvement.

Business Continuity is about trying to identify and put in place measures to protect priority functions against catastrophic risks that can stop an organisation in its tracks. There are some areas of overlap e.g. if the ICT infrastructure is not robust then this will feature as part of the organisational risk assessment and also be factored into the business continuity plans. Business Continuity is managed by the Business Improvement team.

Emergency Planning is about managing incidents that can impact the community (in some cases they could also be a business continuity issue) e.g. a local plane crash is an emergency, but it could also become a business continuity event if it were to damage the Civic Offices and disrupt services. Emergency Planning is managed by the Emergency Planning team.

Disaster Recovery involves a set of policies, tools, and procedures to enable the recovery or continuation of vital technology, infrastructure and systems following a natural (hardware or system failure) or human-induced (virus or cyber security) disaster. Disaster Recovery focuses on the technology or systems that support critical business functions. Disaster Recovery is managed by ICT.

The diagram below demonstrates that there are linkages between risk management, business continuity, emergency planning and disaster recovery, but that they can also stand apart; each discipline has a separate policy.

1.7 Risk management in projects, contracts, and partnerships

Risk management should be a key consideration in the ongoing management of projects, contracts, and partnerships within the Council. The approach that should be taken in each of these areas is outlined below:

Projects: Every project will have a distinct set of objectives, and the risks that might impact on these will need to be managed. Risks should be identified at the Project Workbook stage to allow CLT to make an informed decision as to whether the project should be initiated. If the project is authorised, risks should be managed in the risk register (which mirrors the corporate template) in the project area on SharePoint. Risks will be reviewed on a quarterly basis by the Project Support Office and reported to the Executive as part of the project monitoring arrangements. The approach used to identify, prioritise, and manage project risks should be the same as the process outlined in this policy.

Contracts: It is important that Contract Managers maintain risk registers for key Council contracts where the risk of contract failure will result in a significant issue for the Council. Examples of such contracts are those that deliver a key service to residents, that provide a significant income stream, that are integral to core Council operations or those that would result in major reputational damage in the event of failure. The significance of each contract will vary a great deal, so in these instances, Contract Managers should contact the Business Improvement team to discuss the risk management approach that should be applied. Areas to consider will be governance, reporting and monitoring arrangements.

Partnerships: The Council is currently embarking on numerous partnership initiatives and risk management will be a key aspect in delivering success in this area. Examples of partnership working include:

- Joint commissioning/provisioning with other public bodies;
- Joint ventures with other public sector entities;
- Partnership and joint ventures with the private sector;
- Council companies, social enterprises and trusts.

Partnership working can bring many benefits but can also carry significant risks. It is therefore important that, as part of the process of setting up and developing partnerships, relevant risks are identified, managed, and monitored. As with contracts, the Business Improvement team should be contacted to discuss the risk management approach that should be applied to any new or existing partnership.

1.8 Positioning risk management against health & safety assessments

This document outlines the corporate approach to the identification and management of risks that might impact on the achievement of the Council's objectives. The content of this policy should not be confused with Health and Safety Risk Assessments which stand apart from this framework.

Health and Safety Risk Assessments are a legal requirement under the Management of Health and Safety at Work Regulation 1999 and solely focus on risks in the workplace that may cause harm to people. For further information on Risk Assessments or any other aspect of Health and Safety, please contact the Health and Safety Team in Human Resources.

1.9 Strategic approach to risk management

In order to formalise and structure risk management in the Council, it is recognised that there needs to be clear links between risk management, strategic planning, financial planning, and policy making. To achieve this, this policy sets out an approach where-by the identification and management of risk will be grouped around two primary levels of activity within the organisation, these being (1) strategic risk and (2) directorate level risk. A detailed description of the two levels of risk is as follows:

1. Strategic Risk Register

The Strategic Risk Register will contain all of the key strategic risks which could affect the delivery of significant Council objectives and targets. The management of this register is undertaken by the Corporate Leadership Team (CLT). These risks are often at such a level where only CLT can influence and mitigate them through political and financial intervention, or other means such as redistributing resources. The risks on the Strategic Register might be unique to the Council in terms of one-off, bespoke risks that only CLT is aware of, or they might be informed by high scoring risks from the Directorate Risk Registers. Risks at this level will be scored and assessed in detail using the template at Appendix 2.

2. Directorate Risk Registers

Every directorate must have a risk register because each area is unique in terms of the services it delivers and the challenges and threats it will face in delivering those services. It is important to capture risks at this level so each Strategic Director can obtain an overarching view of all risks in their section which will allow them to work to ensure that service objectives remain on target.

Directorate Service plans set-out the aims, objectives, priorities, and budgets for all of the individual services that each directorate provides. The details of the activities required to deliver each service must be set-out and understood and it is important that specific threats and risks at the operational level are identified and managed. Risks at this level will be scored and assessed in detail using the template at Appendix 2.

By breaking risk registers down in this way, the Risk Management process seeks to embed risk by encouraging an up and down relationship to assist in the identification and analysis of risk. From the top down, the corporate objectives are articulated in the Woking For All strategy and will be cascaded down to inform Directorate Service Plans and then onto individual targets that will be set at Personal Development Review level.

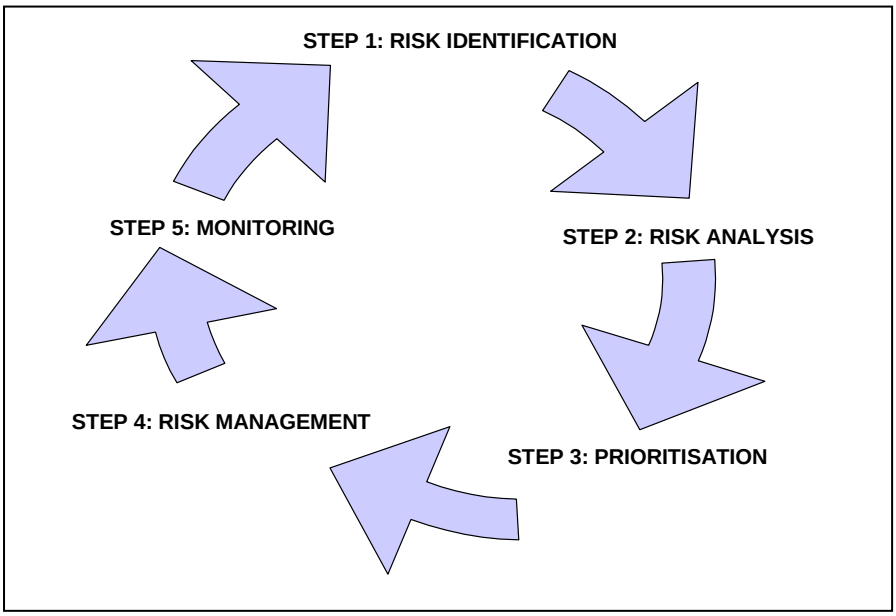
From the bottom, the operational risks on the front line can lead to the success or failure of a corporate objective and therefore might inform the approach and decision making of senior management at both the directorate and the corporate strategic levels. This approach supports a more holistic understanding of risk across the organisation.

2.0 Implementation of risk management

2.1 The risk management process

The Council's risk management process consists of 5 steps. The process should be applied to all risks whether they be service, corporate or project based. This process, also known as the Risk Management Cycle, will enable you to identify, analyse, prioritise, manage, and monitor risks. The process is illustrated below at figure 1.

Figure 1: The Risk Management Cycle



The Council's default risk register template should be used when undertaking the risk management process. A list of headings used in the template is provided at Appendix 2, but please contact Business Improvement for the excel version of the template.

2.2 Step 1: Risk identification

The first step is to identify the risks that could have an adverse impact on business objectives. We need to know the challenges/obstacles we face and decide how best to manage them. Those involved at this step should clearly understand what it is *we want to achieve* in order to be able to identify *the barriers to achievement.*

When identifying risks it is important to remember that risk management is also about making the most of opportunities e.g. making bids for funding, taking a national or regional lead on policy development etc.

Using Appendix 1 (categories of risk) as a prompt, various techniques can be used to begin to identify business risks. Techniques include:

- A brainstorm session or workshop with your team;
- Own (risk) experience;
- Experiences of others - can we learn from their successes/mistakes?
- Strengths, Weakness, Opportunities and Threats (SWOT) analysis or similar;

- Exchange of information/best practice with other organisations or partners.

It is also recommended that a review of published information such as service plans, strategies, financial accounts, media mentions, and audit reports be used to inform this stage, as they are a useful source of information.

It is crucial for the risk to be defined properly. 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.

2.3 Step 2: Risk analysis

The information that is gathered at step 1 needs to be analysed into risk scenarios to provide a clear, shared understanding and to ensure that the root cause of the risk is clarified. Risk scenarios also illustrate the possible consequences of the risk if it occurs so that its full impact can be assessed. There are 2 parts to a risk scenario, **the threat or cause** (which describes the situation and/or event that exposes the Council to a risk) and **the consequence** (which are the events that follow in the wake of the risk).

Figure 2: Example of the structure of a risk scenario

Risk Scenario

THREAT (CAUSE)	**CONSEQUENCE**
Statement of fact or perception about the organisation, department or project that exposes it to a risk or hazard. Include a description of the event that could or has occurred, which might have a negative impact on the objective(s) being achieved. Finish with a clearly articulated risk i.e. 'There is a risk that…'	Describe the impact that the risk will have on the objective and organisation. Consider the worst likely scenario: How big? How bad? How much? How long?

Each scenario is logged on the appropriate risk register, whether it be corporate, service or project risk.

2.4 Step 3: Prioritisation of risks

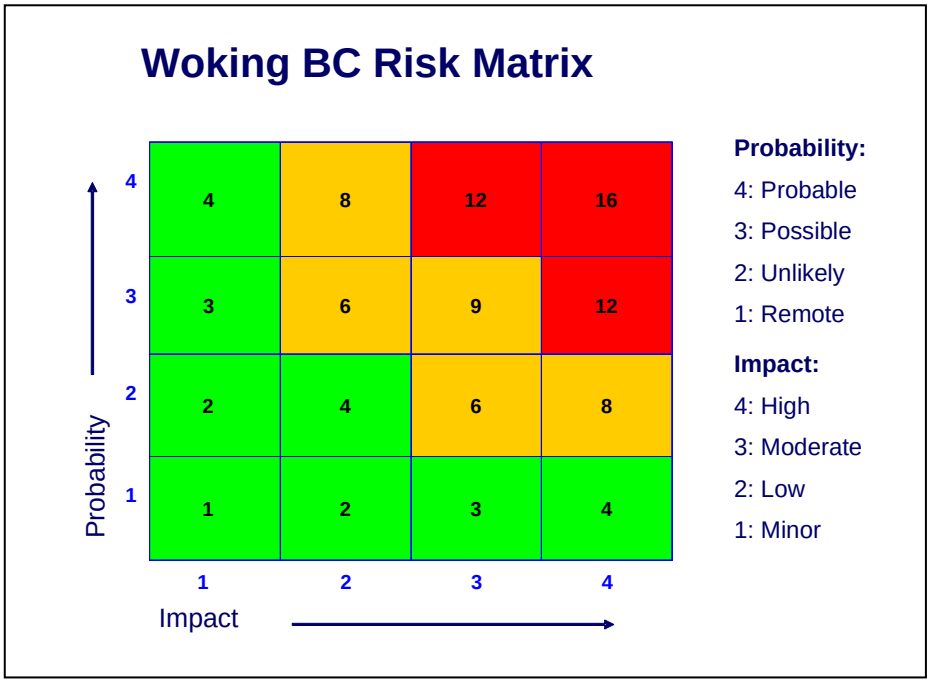
After the identification and analysis of a risk (step 1 and 2 respectively), the next stage is about evaluation and prioritisation. It is important to look at each risk to decide where it ranks according to the probability of the risk occurring and its impact if it were to occur.

When assessing the impact, the risks must be considered against the relevant objective being assessed i.e. strategic risks scored against corporate objectives, operational risks scored against service plan objectives, project risks scored against the objectives of the project and so on. This allows the risks to be set in perspective

against each other. The challenge is to determine how much impact each risk could have on the ability to achieve the objective.

The matrix below (Figure 3) is used to plot and score the risks and, once completed, the priority of each risk will be identified.

Figure 3: The Council risk matrix and filters



As figure 3 illustrates, the matrix is constructed around 3 filters - these being red, amber, and green. Red risks (12, 16) are of greatest priority and require immediate attention. Amber risks (6, 8, 9) should be reviewed and moderate risk mitigation action may be required. Green risks (1, 2, 3, 4) are likely to require no further action but should be monitored at regular intervals in case the situation changes.

The probability and impact ratings range from 1 (remote or minor) to 4 (probable or high). To arrive at the risk score you simply multiply the probability of the risk occurring with the impact of the risk i.e. if the probability of the risk occurring is unlikely it would score a 2. If the impact of the risk is high, it would score a 4. To determine the risk score the probability is multiplied by the impact and this would give you a risk of 8 which would indicate an amber risk.

2.5 WBC risk tolerance level

The risk tolerance level is a statement that indicates the level of risk that the organisation is prepared to tolerate. In determining this level, the organisation will take into account a range of factors such as budgetary constraints, political circumstances, as well as the organisation's culture and strategic goals.

The Council's risk tolerance level is set at 12. This means that only those risks 12 or below can be tolerated, and risks above 12 will need to be actively managed down (where possible) to within the tolerance threshold. The risk tolerance level serves to establish a trigger point for the escalation of individual risks that exceed the agreed level. It will also support better resource allocation in that greater effort can be

concentrated on addressing risks above the tolerance level whilst resources may be freed up from devoting excess attention to risks that sit within acceptable boundaries.

In real terms, this will mean that all risks above 12 at directorate level will be escalated to CLT if Directors and/or Senior Managers cannot mitigate those risks themselves. CLT will then be able to provide direction as to whether the risk should be scored down and tolerated or scored down via direct action to treat the risk.

2.6 Risk Appetite

Risk appetite is best summarised as “the amount of risk an organisation is willing to seek or accept in pursuit of its long-term objectives”.

Woking Borough Council aims to be risk aware, not risk averse. We aim to make informed decisions, consider all possible delivery options, be creative, and actively manage business risks to protect and grow the organisation.

To deliver the Council’s priorities outlined in the Woking for All Strategy, we recognise that we will have to manage certain business risks. The Council’s appetite for risk will vary depending on the activity undertaken - in some areas our risk appetite will be low, in others we will accept high risk and will be willing to carry risk in the pursuit of important objectives.

The Council has defined its risk appetite scale as follows:

Unwilling Risk Black (16)	The Council is unwilling to accept risks scored at 16 and is willing to abandon objectives completely to avoid the risk. Risks at this level sit outside of the Councils tolerance thresholds.
High Risk Red (12)	The Council is willing to take substantial risk to achieve objectives even where only limited mitigation is possible.
Moderate Risk Amber (6 to 9)	The Council is willing to take considered risk to achieve objectives, provided that robust mitigation is in place.
Low Risk Green (1 to 4)	The Council is willing to accept a level of inherent risk but is prepared to limit achievement of objectives to minimise the risk.

The appetite scale is plotted on the risk matrix below to give a visual representation of the Councils approach. **The RED shaded area** represents the outer limit of our risk appetite, and the **BLACK shaded area** indicates the point at which tolerance is exceeded. As a Council we are not willing to take risks that have significant negative consequences on the achievement of our objectives.

The matrix also illustrates the frequency of risk monitoring i.e., the Council’s highest-level risks (those with a score above 12) are reported to Corporate Leadership Team monthly for ongoing consideration and guidance. All other risks will be reviewed on a quarterly basis in line with agreed monitoring frequencies.

Probability					
	4: Probable	4: Low Monitor Quarterly	8: Moderate Monitor Quarterly	12: High Monitor Quarterly	16: Unwilling Monitor Monthly
	3: Possible	3: Low Monitor Quarterly	6: Moderate Monitor Quarterly	9: Moderate Monitor Quarterly	12: High Monitor Quarterly
	2: Unlikely	2: Low Monitor Quarterly	4: Low Monitor Quarterly	6: Moderate Monitor Quarterly	8: Moderate Monitor Quarterly
	1: Remote	1: Low Monitor Quarterly	2: Low Monitor Quarterly	3: Low Monitor Quarterly	4: Low Monitor Quarterly
		1: Minor	2: Low	3: Moderate	4: High
		Impact			

It is important to note that it is not always practical or affordable to fully manage risks to the level of an organisation's optimal position. When decisions are made outside of appetite (which increase risk beyond the tolerable positions), their justification and evidence should be recorded including, if appropriate, seeking Member direction.

If a decision recognised as being outside of appetite is considered necessary, and is appropriately authorised and approved, it will require specific monitoring and assurance.

2.7 WBC Risk Appetite Statement

The Council's risk appetite statement is set out below and maps the risk appetite scale (unwilling, high, moderate, low) against twelve key strategic and operational risks. Managers should use the following statements when developing risk registers to ensure that risk appetite is applied consistently across their respective services:

1. Reputational risks: We have adopted a **low appetite** in relation to reputational risks. We have a preference for safer delivery options, choosing the option most likely to result in successful delivery, thereby enhancing our reputation for delivering high quality, cost-effective services to the public.

It is considered as essential that the Council develops a consistently high reputation across all stakeholders. It recognises that for some stakeholder groups there is work required to develop a trusted relationship. The Council has prioritised engagement with communities as a feature of how the Council operates and develops policy. An annual programme of community engagement activity is in place and periodic surveys are undertaken to continually benchmark performance.

2. Financial risks: We have adopted a **moderate appetite** in relation to financial risks. The Council aims to maintain its long-term financial viability and its overall financial strength whilst aiming to achieve its strategic and financial objectives subject to the following minimum criteria:

- Maintaining a minimum level of working balance that is linked to the scale of the Council's operations;
- Ensuring regular robust review of the reserves strategy;
- Ensuring that investment decisions are taken based on clear business cases and any additional borrowing meets the requirements of the Prudential Code.

The Council has an integrated service and financial planning process and a Medium Term Financial Strategy outlook. This is underpinned by a reserves strategy which has risk assessed a minimum level of reserves to reflect:

- Services risk;
- Risks in delivering savings, efficiencies, and income growth;
- Risks arising from its commercial operations and micro / macro-economic outlooks.

3. Change and place making programmes: We have adopted a **high appetite** in relation to change and place making programme risks. The Council's Change programmes provide the opportunity to transform the way we operate and to establish longer term benefits. The Council recognises that this may require increased levels of risk and accepts this, subject to ensuring that risks are appropriately managed.

Change Programmes are agreed by the Corporate Leadership Team and reported through the Corporate Programme Board to the Executive. The Corporate Programme Board advises on their Risk Appetite as part of their oversight and assurance role.

4. Service Delivery: We have adopted a **moderate appetite** in relation to service delivery risks. It is acknowledged that, despite best efforts, there may be occasional gaps in service delivery. The Council therefore accepts a moderate level of risk arising from the nature of the Council's business operations and ability to deliver an appropriate level of service at value for money, whilst minimising any negative reputational impact.

5. Supplier, Contractor, and Partnership Management: We have adopted a **high appetite** in relation to supplier, contractor, and partnership risks**.** It should be noted that this appetite will vary depending on the criticality of the service provided or supported by third parties.

The Council has an established procurement process and is supported by the Contract Standing Orders, and an established contract management framework. The appointment of contractors or suppliers resulting from a project will automatically be monitored with regular performance reports being submitted to CLT and Executive.

6. Technology and Information: We have adopted a **low to moderate appetite** in relation to technology and information risks.

Our appetite to risk will be vary depending on the nature, significance, and criticality of systems used, and the services that they support to reflect the sensitivity of information. CLT will receive an annual assurance that guidance and procedures are

in place and necessary training undertaken by staff.

This risk appetite applies to the Council's technology networks and cloud-based applications used to support delivery of services, as well as processes where manual documents are used and retained.

7. Cyber risks: We have adopted a **low appetite** in relation to cyber risks. CLT will have independent assurance on the risk of fraud and inadvertent or malicious corruption or modification of data on its IT systems.

8. Governance and Decision-Making risks: We have adopted a **low appetite** in relation to governance and decision-making risks. The Council's governance and decision-making risk is detailed in its established Committee and corporate structures, schemes of delegation, levels of authority, and the member-officer protocol. No officer or elected member may knowingly take or recommend decisions or actions which breach legislation.

9. Legal/Regulatory and compliance risks: We have adopted a **low appetite** in relation to legal/regulatory and compliance risks. The Council aims to comply with applicable regulatory and legislative requirements to the fullest extent possible. No officer or elected member may knowingly take or recommend decisions or actions which breach legislation.

Directors and Senior Managers are expected to implement appropriate controls to ensure ongoing compliance, and identify, report, and resolve breaches when they occur. CTL will receive annual assurance that compliance regimes are in place.

10. Business Continuity and Resilience risks: We have adopted a **low to moderate appetite** in relation to business continuity and resilience risks. The Councill recognises that it is not always possible to effectively mitigate the risks associated with unplanned events. The Council has an established business continuity and emergency planning framework that includes resilience and contingency plans for certain scenarios and provides guidance to identifying critical functions/services and establishing appropriate resilience plans.

CLT and the Executive will receive ongoing assurance from annual testing of business continuity and emergency plans.

11. Assets/Estates risks: We have adopted a **moderate appetite** in relation to assets and estates risks. The Council will seek value for money but with a preference for proven delivery options that have a low residual risk. This means that we use solutions for purchase, rental, disposal, construction, and refurbishment that ensures we protect the taxpayer from as much risk as possible, producing good value for money whilst fully meeting organisational requirements.

12. Health and Safety and Wellbeing risks: We have adopted a **low appetite** in relation to health and safety and wellbeing risks. It is considered as essential that the Council meets its health and safety obligations, so far as is reasonably practicable, to maintain an effective workforce in safe and healthy workplaces.

The table below provides an overview of the risk appetite for each scenario:

	Unwilling	Low	Moderate	High
Risk Factor	**Shaded areas represent risk appetite**			
Reputational				
Financial				
Change / Place programme				
Service Delivery				
Supplier, contractor, partnerships				
Technology and information				
Cyber				
Governance & decision making				
Legal, regulatory and compliance				
Business continuity, resilience				
Assets and Estate				
Health and Safety and Wellbeing				

2.8 Step 4: Management of risk

This is the process of turning ‘knowing’ into ‘doing’. Moving systematically through the list of risks, the task now is to decide what should be done about them. Should the risk be avoided, eliminated, reduced, or accepted? A statement of intent should be made about how you intend to deal with each risk. A useful framework for considering these questions is the "4 T's":

Terminate: Stop the activity altogether. Rarely an option in Local Government, especially in the case of mandated or regulatory measures, but the option of closing down a project or programme where the benefits are in doubt must be a real one.

Tolerate: Accept the risk and live with it. Applies to risks within the tolerance threshold (below 12) or those where the cost of treatment far outweighs the benefits. Any tolerated risk should be backed up by appropriate contingency plans, business continuity plans and recovery plans as appropriate.

Transfer: Pass all or part of the risk to the party best placed to manage it. This could be to a third party or through insurance. It is important to note, however, that although risk ownership can be transferred, accountability and/or reputational impacts associated with the risk rarely can.

Treat: Take action to control the likelihood and/or impact of the risk. This is often the preferred option and is where the bulk of risk management action falls. All risks over the tolerance threshold (12 or above) should be treated to manage down the risk.

Action planning should follow a structured process to ensure:

- The action is proportionate to the risk;
- There is clarity as to which part of the risk is being managed i.e. the cause(s), the trigger(s) or the effect(s);
- There is clarity around what dimension of the risk is being considered, i.e. the probability, the impact, or both;
- Whether or not there are any residual risks or new risks caused by the action.

Most risks are capable of being managed – either by managing down the probability or impact or both. Relatively few risks have to be transferred or terminated. Existing

controls, their adequacy, new mitigation measures, and associated action planning information is all recorded on the risk register, including ownership of the risk and allocation of responsibility for mitigating actions.

A further judgement to be made is the 'target risk score' which is where the risk could be managed to, should the identified controls be successfully implemented. Consideration should also be given here to the costs and benefits derived from applying each control, weighed against the potential cost/impact of the risk should it occur i.e. if the cost to treat the risk is more than the cost of the risk occurring then it will not be value for money to pursue that approach.

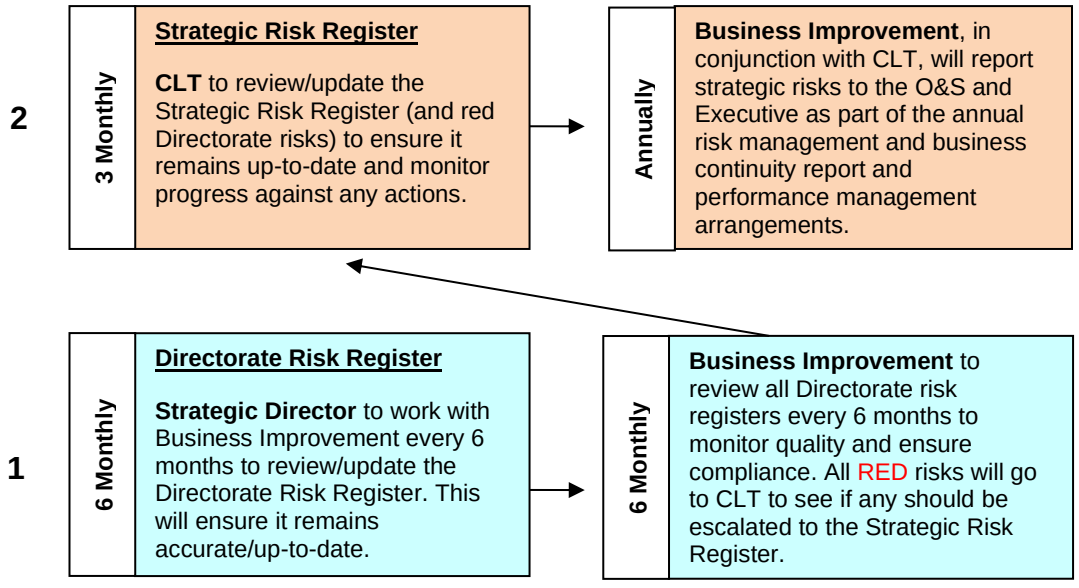
2.9 Step 5: Monitoring, escalating, and reporting risks

Ongoing monitoring of risk registers must be established to ensure that (a) the risk registers remain up-to-date and (b) that risk management is embedded within the organisation. Business Improvement will support the monitoring process by setting deadlines for updates and providing compliance/quality assurance checks.

Every three months (or before if required) the Strategic Risk Register will be reviewed and updated by CLT. Directorate risks will be reviewed every 6 months by the respective Strategic Director. As part of every review, risks should be amended so they reflect the current situation, obsolete risks should be deleted, and new risks identified. This ensures that the risk registers and resulting risk mitigation measures remain appropriate for the current service and corporate objectives.

Every six months Business Improvement will collate all red risks from the Directorate Risk Registers. These red risks will be escalated to CLT where the decision will be taken as to whether any should be incorporated into the Strategic Risk Register. It will be the responsibility of each Strategic Director to feedback the headline risks from their individual Directorate.

The overarching monitoring of risk will be undertaken by CLT with support from Business Improvement. CLT, supported by Business Improvement, will report the headline risks to the Executive as part of the annual risk management and business continuity report. The diagram below illustrates the monitoring schedule as well as the relationship between the different types of risk register.



3.0 Roles and responsibilities

The following section describes the roles and responsibilities that Members and officers will have in introducing, embedding, and owning the risk management process within the Council.

3.1 Members

- Members have a responsibility to understand the strategic risks that the Council faces and will be made aware of how these risks are being managed through the annual risk management report.
- All members will have the responsibility to consider the risks associated with the decisions they make and will be informed of these risks in the reports that are submitted to them.
- Members should not seek to avoid or delegate overall responsibility regarding the management of risk, as it is key to their stewardship responsibilities.

3.2 Executive

- To receive an annual report which covers the implementation of the Council's risk management policy to determine whether corporate risks are being managed.
- The portfolio holder for 'Corporate Services' is recognised as the Member champion for Risk Management and is responsible for being the link between CLT and the Executive.

3.3 Corporate Leadership Team (CLT)

- To ensure that effective systems of Risk Management and internal control are in place to support the corporate governance of the Council.
- To take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff.
- To advise the Executive on the risk management framework and strategy.
- To advise on the management of strategic and other significant risks.
- To ensure that this policy is communicated, understood, and implemented by all Members, managers, and staff, and fully embedded in the Council's business planning and monitoring processes.
- To identify, analyse and profile high-level corporate and cross-cutting risks on a regular basis as outlined in the monitoring process.
- To report to Members on the management of corporate and other significant risks and the overall effectiveness of risk management controls.
- To ensure that appropriate risk management training and awareness is provided to relevant Members and staff.
- To ensure that sufficient resources are identified and provided to enable the development/implementation of risk management.

3.4 Strategic Directors

- Each strategic director is individually responsible for monitoring the status of the risk registers and action plans for their respective areas of responsibility.
- Each director should support the embedding of risk management into the business/service planning of all areas for which they are responsible.
- Ensuring that the risk management process is part of all major projects, partnerships and change management initiatives.

- Ensuring that all reports of a strategic nature written for Members include a risk assessment of the options presented for a decision.
- Report as required to CLT on the progress being undertaken to manage the risks within their areas of responsibility.
- Be actively involved in the identification and assessment of risks to ensure that their respective areas of responsibility are sufficiently reflected and updated on the appropriate risk register.
- To recommend risk management training for staff where appropriate.

3.5 Business Improvement

- To ensure compliance to the policy across the Council.
- To collate the headline red risks and planned mitigation activity from each risk register and feed these to CLT.
- To co-ordinate and review all Directorate Service Plan risks.
- To prepare the annual Risk Management and Business Continuity report for the Executive.
- To act as a forum for the sharing of best practice.

3.6 Individual Employees

- To identify risks within their everyday work processes and working environment.
- To participate, where appropriate, in ongoing risk management within their teams and areas of responsibility, as part of the day-to-day activities.
- To actively manage risks and risk actions, where appropriate.
- To demonstrate an awareness of risk and risk management relevant to their role.

3.7 Audit

- To undertake a regular review of the Council's Risk Management arrangements to ensure that they remain fit-for-purpose and reflect current best practice.
- To provide independent assurance that adequate and effective controls relating to the management and monitoring of risk have been implemented.
- To provide independent assurance that the Risk Management Policy is being followed across the organisation in line with agreed frequencies.

Appendix 1: WBC Risk Register

Identification and Classification of Risk									Controlling / Managing the Risk								
Risk No.	Directorate	Risk Classification and Appetite	Threat / Cause	Consequence	Controls in place	Probability	Severity	Risk Score	Approach	Recommendation /mitigation	Comment / update on progress since last review	Risk owner	Target date	Revised Probability	Revised Severity	Revised Score	Risk within agreed appetite level?

Risk No	This is the unique identification number given to each individual risk .
Directorate	The Directorate where the risk has originated from – Communities, Corporate Resources or Place Directorate.
Risk Appetite Classification	Assign a risk classification to the risk to determine corporate appetite in relation to the management of the risk.
Threat (Cause)	This describes the existing, potential, or perceived risk/threat to the strategic objectives.
Consequences	A description of the events that might follow in the wake of a risk; How big? How bad? How much?
Controls in place	What measures are currently in place to control the risk?
Probability	What is the probability/likelihood of the risk occurring? (1 being low, 4 being high).
Severity	How severe is the risk should it occur? (1 being low, 4 being high).
Risk Score	Based on the risk matrix, what is the overall score of the risk (determined by probability x severity – 1 lowest, 16 highest).
Approach	Which approach will you use for this risk? Options are: Terminate, Tolerate, Transfer, Treat the risk.
Recommendation	Outline the actions/steps required for dealing with/mitigating the possibility of the risk occurring.
Progress Update	Outline what progress has been made on controlling/mitigating the risk since the last review.
Risk Owner	Who is the risk owner and therefore responsible for ensuring the mitigation work is undertaken?
Target date	This is the target date for the completion of any mitigation actions.
Revised Probability	Once mitigation measures have been actioned, the probability of the risk occurring should decrease. What is the revised score?
Revised Severity	Once mitigation measures have been actioned, the severity of the impact of the risk should decrease. What is the revised score?
Revised score	The score which the risk can be reduced to by effective actions. The overall risk score once actions have been implemented.
Within Appetite Level?	Now that mitigation measures have been applied, is the revised risk score within corporate risk appetite levels?