

Risk Management Strategy 2024

*Managing the
threats,
maximising the
opportunities*



North East
Derbyshire
District Council

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The ever-changing risk environment

The period ahead remains affected by the challenges of the past couple of years along with new ones beginning to emerge. Challenges including the war in Ukraine and elsewhere, cost of living, difficult financial times for many Councils and the impact of this upon the services provided, and widespread recruitment issues to name a few.

As the sophistication of cybercrime increases, so too must our defences. Relying on one or two products such as anti-virus and firewalls is a thing of the past, along with seeing the issue as an ICT department concern only. Cyber security has to be on everyone's radar and multi-layered including effective training and awareness and be built into the corporate consciousness and culture.

With the newly established East Midlands Combined County Authority comes the potential of much needed resource to our area. However, the way that District and Borough Councils effectively engage with this new entity, will be key for our organisation to ensure that investment in our district is maximised.

Last year also saw a change in political administration here at NEDDC. With such change and at the start of a new political term came the need for a new Council Plan - a plan through which the ambitions of the organisation are mapped out for the next term, a time of new beginnings, new energy, and new opportunities.

Against this backdrop of challenges and opportunities both new and old...each day, our Council continues to provide a diverse range of services to our communities. The risks facing the Council in this endeavour are many, varied and ever-changing -the approach to managing those risks must be applied consistently and be embedded within the decision-making processes.

A comprehensive review of the Council's risk management framework now takes place every two years following which the risk management Strategy for the two years ahead will be set. During the autumn of 2023, the Council undertook an external assessment in relation to its risk management Strategy and arrangements to help inform the 'then' upcoming strategic review. Across a range of themes and out of a maximum score of 5 the Council were assessed at level 4 overall (public sector score expected to be at level 2) with the Council scoring level 5 for its Culture and Leadership, the highest score possible - this is classed as Transformational.



Lee Hickin
*Managing Director
and Senior Risk
Officer*



Cllr Pat Kerry
Deputy Leader

Risk management - an introduction

When we think of risk, most of us are conditioned to think of this in a negative sense - the risk of a negative outcome. Increasingly however, there is a realisation that risk is a double sided concept, with both positive and negative outcomes. To manage risk effectively we need to perhaps think of risk as 'uncertainties that affect us' - not all of which are bad. In other words; an uncertainty that, if it occurs, will have a negative effect might be seen as a threat, whereas an uncertainty that, if it occurs, will have a positive effect might be known as an opportunity. Both of these are uncertainties that affect us.

Risk is integral to everything we do, every action we take, every decision we make - part of our everyday. Whether we realise it or not we are managing risk constantly - it is our attempt to prevent something going wrong and causing us harm or helping something to go well and producing benefits. When driving we will wear a seatbelt, when it comes to our money we will keep it in a bank and when the clouds are grey we might choose to take an umbrella with us on our way to work. These are all risk management decisions and actions designed to either reduce the potential consequence or support the realisation of the benefits associated with our actions.

None of these risk management decisions and actions however, will either remove the threat or guarantee the benefits completely. For example, wearing a seatbelt will not remove the risk of accident or injury, it may however allow us

to manage the risk to a level that allows us to make the decision to drive a car. If our aim is to remove the threats associated with driving the car completely, then we simply don't drive the car - this would of course also result in the loss of the possible benefits resulting from driving the car. Taking risks therefore is an inevitable part of our daily lives - without risk taking we simply could not advance, progress and achieve.

Risks will however be interpreted differently by each individual because we all have a different perception of the threat or opportunity depending on our propensity to take risk or avoid it. Using the car as an example, wearing a seatbelt and driving at a certain speed will be enough for some of us to manage the threat presented whilst enjoying the benefits, for others they may choose to manage this threat further by avoiding a motorway or driving at busy times, this approach will of course impact upon the benefits or opportunities too. This is known as our *Risk Appetite*, the level of risk that an individual is prepared to take in order to pursue their goals.

When considering the business of the Council, the same principles apply. Risk taking is something we simply can't avoid... therefore, the success and operability of our organisation depends on how well we manage our risks. We need to know what they are, understand them, identify ways to mitigate or exploit them and control them in line with our organisational risk appetite. Where risks are effectively managed, the chances of achieving our objectives will be optimised. Conversely, poor risk management will reduce the likelihood of success.

Scope and objectives

This Strategy sets out the mechanisms and processes for both the maintenance and development of risk management within the Council's operational framework. Whilst the main focus of the arrangements set out within this Strategy will be in respect of the Council's own activities, it also recognises that key elements of the Council's service delivery may well be delivered by way of partnership working. Accordingly the Council's own risk management approach needs to ensure that the risks arising from partnering with others are appropriately addressed as part of this Strategy.

Our organisation needs to be risk aware rather than risk averse, as the decision whether to accept risk should be taken in light of the potential benefits of a proposed course of action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for local residents.

Risk management, both in the identification of risks and the action taken to address the risks, needs to be flexible and have the ability to respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities will change and evolve over time. Risk Management focus and arrangements need to adjust in order to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

The Council is committed to maintaining, developing and actively monitoring the operation of a formal and systemic approach to risk Management.

The key objectives of this Strategy are as follows:

- To operate in line with best practice and update our approach to reflect evolving best practice.
- To protect service delivery arrangements, the reputation and the financial position of the Council by managing risk effectively.
- To maintain and strengthen robust managerial and governance arrangements within the Council.
- To promote risk awareness, risk intelligence and risk management throughout the Council.
- To ensure programme, project and partnership risk is effectively managed.
- To ensure there are clear roles, responsibility and accountability for risk management within the Council.
- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place.
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure.

Benefits of risk management

The challenges faced by local government in recent years have been significant, often resulting in a great deal of uncertainty - uncertainty that affects us, or in other words risk. Our ability to manage these risks or those uncertainties that affect us, both the threats and the opportunities, will have a direct bearing on the Council's ability to succeed.

Risk management is a tool and should not be seen as something we must do, but rather something we 'need to do' to achieve the Council's objectives. It is an essential tool in helping to bring a greater level of understanding of those risks; it enables the Council to be more prepared, more resilient to change, more able to minimise threats and more able to seize opportunities.

Below are a number of widely accepted benefits resulting from the effective management of risk:



Risk categorisation



Risk management is a complex subject due in part to the multi-dimensional nature of the risks that we face, the illustration on the previous page highlights some of these along with a high level categorisation of risk types.

Some risk areas will have varying risk types, for example; Financial risks may be identified within all broad risk type categories; Strategic - perhaps due to legislative change; Operational - service area budgets; and Governance - the way we deal with our Treasury Management for instance. The endless nature of risk management makes it impossible to list every single risk and future risk specifically within this document, the following areas do however provide an approach that will support the identification and appropriate management of risks in the context of our organisation.

Strategic risks

Strategic Risks are those which have the potential to have a significant impact upon the Council as a whole. Such risks might include; the impact of global events such as war; national events such as cost of living; changes in government policy; legal and regulatory change; Brexit; environmental and social factors and high operational risk factors such as investment, safeguarding and emergency planning. Due to the nature and scale of the possible threat and potential opportunity arising from this level of risk, strategic risks should be owned by the Senior Management Team.

In order for the Council to have a clear overall position in relation to its strategic risks and to be able to track and review

them regularly, strategic risks will be contained within the Council's **Strategic Risk Register**. This register identifies the strategic risks facing the Council so that elected members and senior management can make informed decisions and prioritise actions, with these high level risks in mind.

Operational risks

Operational Risks are those that relate to a given service area which have the potential to have a significant impact on the delivery of that service. These might include; human resources; health and safety; procurement; asset management and systems failure. These risks are more closely associated with the 'day to day' operation of the service areas within the Council, service based risks that may prevent individual service aims and objectives being met.

Risks within this category are identified, assessed and dealt with within the operational service area. These risks are contained within an **Operational Risk Register** that is unique to the given service area, although the process by which they are managed remains the same as those of a strategic nature.

Governance risks

Governance related risks are those that relate to 'how we do things' as an organisation, including; how we manage our risks. These might also include; the Council's Constitution; data protection; policy and strategy; leadership and accountability; contracting arrangements and performance management. As with high level operational risks, governance

related risks might also be managed as strategic risks, depending upon the nature and scale of the risk. Ordinarily however, these risks are associated with the broader organisational day-to-day framework of running our organisation. Risks associated with the Council's governance will feature in both the Operational Risk Registers of those service areas who 'own' the governance related risk along with the Strategic Risk Register where appropriate.

Project risks

Project risks are those risks that are integral to or arise during the lifecycle of a project. These may relate to; roles and responsibilities; timescales; resources; objectives; communication and monitoring for example. These risks will usually start and end with the project and need to be treated separately to those linked with the everyday operation of the Council.

With projects, it is vitally important that risks are identified and assessed early in the planning process. When undertaking a project, the Council will create a **Project Plan** in order to effectively manage the project, the plan might include; scope management; planning and delivery; budget; monitoring and control; administration; communication and risk management.

The project related risks are managed through a **Project Risk Register** which is developed specifically for the project at hand and maintained throughout the life of that project.

Partnership risks

Reduced public service funding is leading to more services and community projects being delivered through different forms of partnership involving the public, private and third sector. Partnership working can take many forms including; integrated services; joint ventures; shared procurement; and co-ordination of activities. The use of risk management to mitigate threats whilst also exploring opportunities is key to ensuring that collaborative working arrangements contribute positively to service delivery. Partnership related risks might include; lack of relevant skill levels; differing legislative environments of the partners; differing governance arrangements and differing agendas.

Key considerations prior to entering into or reviewing a partnership need to include whether or not; the partnership helps secure the Council's objectives; it provides value for money; there are any alternatives; the governance arrangements are robust; and whether or not the Council has a legal duty or right to enter into the partnership at all.

The risks related to the partnership will be managed through a **Partnership Risk Register** which is developed specifically for the partnership at hand and maintained throughout the life of that partnership.

Community risk register

Although this strategy document concerns itself with the organisation itself, our organisation also feeds into a broader category of risk through our membership of the Local Resilience Forum (LRF), this includes risks which might affect the whole area, particularly in relation to emergency situations - known as Community Risks.

Risk Assessments are required to be carried out by all designated 'Category 1' responders in all areas under the Civil Contingencies Act 2004. Local authorities are 'Category 1' responders under the Act along with others such as the emergency services, Health, and the Environment Agency.

Community Risk Registers have been compiled to show the results of these detailed assessments. This enables us to

better understand our risks, decide our priorities and identify the further actions required, including enhanced contingency planning.

The documents covers hazards such as:

- Flooding
- Hazardous chemicals and Control of Major Accident Hazards
- Pipeline accidents
- Severe Weather related and untoward natural events
- Transport Accidents
- Outbreaks of diseases (both animal and human)

More information on this can be found on the ***Derbyshire Prepared website - Community Risk Registers*** which includes risk assessments for the Derbyshire districts and boroughs and for the County as a whole.

Risk management process

To ensure risk management is effective it must be part of an overall framework and be supported by processes and procedures - a systemic and consistent approach. Whether the risk poses a threat or an opportunity

- the stages remain the same. A *Risk Assessment* template/form shall be used when carrying out the stages below - the findings of which will be included on the appropriate *Risk Register*.

RISK IDENTIFICATION

Threats or opportunities which might prevent or help achieve, delay or accelerate the objectives of the Council



RISK ANALYSIS & ASSESSMENT

Following identification of the threats/opportunities, the risks need to be assessed



RISK CONTROL

Taking risk appetite into account, the risks now need to be controlled



RISK MONITORING

Most risks will change over time, timely, regular and appropriate monitoring must take place

Risk identification

The identification of risks will be the result of a variety of sources and endeavours including but not limited to; lessons learned and analysis of previous events; technical briefings; national reports; workshops; team meetings; networking; management experience; and through a 'staple' element of the **Risk Management Group** - something we will cover in later sections of this strategy. Another key source of risk identification will of course be the business/service planning process where SWOT (strengths, weaknesses, opportunities, threats) and PESTEL (political, economic, social, technological, environmental, legal) analysis takes place.

Traditionally this stage of the risk management process has focused on the things that can go wrong or the threats, if the organisation wishes to improve outcomes however, then it must search for the 'upside risks' or opportunities to make things better and maximise any potential benefits that may also be available. If an opportunity risk is identified, decisions can be made to pursue and increase the likelihood/impact of the opportunity - i.e. it can be managed in the way a negative risk can, to make the most of the potential offered.

N.B. It is important to note here that when attempting to capture the opportunity risk description that we do not attempt to replace or duplicate the purpose or rationale for a given activity. Opportunity risk is **not** the argument or reason for doing something - it is the awareness and control of the uncertainties that matter in relation to the 'upside' risks involved with the activity or issue at hand.

Risk analysis and assessment

Once the risks have been identified and articulated they need to be assessed using the **Risk Matrix** in terms of the **Likelihood** of them occurring and the **Impact** of them if they do. This will provide an indication of the **Inherent risk** - the level of risk prior to any action being taken.

Likelihood is scored based upon probability of the risk occurring and impact based on the consequences of the risk occurring. Taking each threat/opportunity in turn the risk should be assessed using the impact/likelihood tables. The ratings may well be mixed, as one overarching risk could have a number of threats/opportunities associated with it. For example, the consequence may carry a moderate threat financially but may have a significant impact upon reputation.

Once the consequence is understood for all of the threats/opportunities associated with the risk, a 'best fit' impact rating shall be determined and the **Inherent Risk Value** identified. For example; if the impact of all of the threats/opportunities associated with the risk are significant with only one moderate, then the overall impact would be significant. It is important to note that the tables and descriptions are not and can never be exhaustive, they are designed to give a common perspective but not to be prescriptive.

Risk matrix

| | | | | | | |
|--------|------------|---|----|----|----|----|
| IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | LIKELIHOOD | | | | | |

Impact table

| Score | Description | Examples/guidance |
|-------|--------------|---|
| 5 | Catastrophic | <p>Risks that can have a catastrophic impact on the operation of the Council or service, for example:</p> <ul style="list-style-type: none"> • Death • Unable to function without Government or other agency intervention • Inability to fulfil obligations • Adverse national publicity - highly damaging, loss of public confidence. |
| 4 | Severe | <p>Risks which can have a severe impact on the operation of the Council or service, for example:</p> <ul style="list-style-type: none"> • Extensive injury, major permanent harm • Significant impact on service objectives • Short to medium term impairment to service capability • Major adverse local publicity. |
| 3 | Moderate | <p>Risks which have a noticeable impact on the services provided. Will cause a degree of disruption to service provision / impinge on the budget, for example:</p> <ul style="list-style-type: none"> • Medical treatment required, semi-permanent harm up to 1 year • Short term disruption to service capability • Significant financial loss • Some adverse publicity, needs careful public relations. |
| 2 | Minor | <p>Risks where the impact and any associated losses will be minor, for example:</p> <ul style="list-style-type: none"> • First Aid treatment, non-permanent harm up to 1 month • Minor impact on service objectives • Financial loss that can be accommodated at service level • Some public embarrassment, no damage to reputation. |
| 1 | Negligible | <p>Risks where the impact and any associated losses will be small, for example:</p> <ul style="list-style-type: none"> • No obvious harm or injury • Negligible impact on service capability • Minimal financial loss • Unlikely to cause any adverse publicity, internal only. |

Likelihood table

| Score | Description | Examples/guidance |
|-------|-------------|---|
| 5 | Common | <ul style="list-style-type: none"> • Is expected to occur in most circumstances. • Perhaps annually or more frequent. |
| 4 | Likely | <ul style="list-style-type: none"> • Will probably occur in most circumstances • Not persistent, perhaps once in 3 years. |
| 3 | Foreseeable | <ul style="list-style-type: none"> • Could occur in certain circumstances. • Perhaps once in 10 years. |
| 2 | Occasional | <ul style="list-style-type: none"> • May occur in exceptional circumstances. • Not expected to happen, perhaps every 25 years. |
| 1 | Freak Event | <ul style="list-style-type: none"> • Is never likely to happen or no knowledge of this happening before. • Very unlikely, perhaps once in 50 years. |

Risk control

When deciding how to control the ‘downside’ risks or threats, there are four options available, sometimes more than one option may be chosen, the Council could transfer and treat. For example:

| Negative risk (threat) Control measures | | | |
|---|--|--|---|
| Transfer E.G. Insurance, Outsource, Partnerships. | Treat E.G. Mitigation, Likelihood & Consequence. | Tolerate Understand and live with the risk. | Terminate Avoid the risk, Do not pursue. |

Transfer the Risk - this might include transferring some of the consequence to an insurer e.g. legal liability, property, vehicles etc. Other examples might include services being delivered on the Council’s behalf through outsourcing. When deciding to transfer, it must be acknowledged that this does not mean that the risk disappears. Some risks may, whilst others remain, such as responsibility for the service being delivered and the reputational risk remaining with the Council for example.

Treat the Risk - the risk at this stage is unacceptable to the Council as it stands. Action needs to be taken and controls put in place to mitigate and reduce the risk to an acceptable level - the **residual risk**. This might include putting procedures in place or modifying the activity to reduce the risk.

Tolerate - the Council intends to do nothing different to manage the risk identified aside from the usual management arrangements that are in place.

Terminate - the risk is so significant that even with control measures in place or modifications being made, the risk cannot be reduced to an acceptable level for the Council.

When attempting to control the ‘upside’ risks or opportunities, the four options above will be replaced by the three below:

| Positive risk (opportunity) control measures | | |
|---|---|---|
| Share E.G. Joint Venture, Design and Build Contract. | Enhance E.G. Action, Likelihood & Consequence. | Accept Understand and accept the risk. |

Share - the benefits of the opportunity risk might be shared, a project being completed early for instance which would save money overall.

Enhance - using the project example again, action might be taken to improve the likelihood and consequence of the project completing early.

Accept - as with tolerating a threat, the Council intends to do nothing different to manage the risk identified aside from the usual management arrangements that are in place.

By this stage, using the **Risk Assessment** template/forms, the risks have been identified and analysed taking into account any current controls in place, giving an **inherent risk value**, beyond this other control measures may have been put in place resulting in a **residual risk value**. The Council will now consider the residual risk and decide how this fits with the Council’s **risk appetite** in terms of acceptability - this shall be detailed in a later section of the strategy.

Risk Monitoring

Now that the risks have been identified, analysed, controlled, and scored according to the Risk Matrix and considered alongside the Council’s Risk Appetite (see next section), the final stage of the effective risk management process begins - risk monitoring. It is critical that risk assessments and action plans relating to them are monitored and reported on regularly to ensure progress is being made in both the management of the threats, or the taking advantage of the opportunities.

Risk registers are an important tool within the risk monitoring stage, as long as they are kept up-to-date and accurate. Previously identified risks will change over time; some may become less of an issue once planned activity has taken place, therefore reducing the likelihood of the risk occurring. Others may have an increased level of risk due to external changes or important milestones approaching. When things change, or at a given frequency, the reassessment of the risk is necessary.

When reviewing, the following should be considered;

- Is the risk still valid?
- Have any of the circumstances or the situation changed?
- Has any planned mitigation/treatment/enhancement or action now taken place which has affected the **residual risk value**?
- Has the planned mitigation/treatment/enhancement or action been deemed effective?
- Is there more that the Council should be doing?
- Has the threat/opportunity passed?

Along with those sources listed in the Risk Identification stage previously, the risk monitoring and review stage is also a good time to consider the following:

- Has anything new happened either externally or within the service, department, Council, project or partnership?
- As a result, are there any new threats or opportunities facing the service, department, Council, project or partnership?
- Has the risk appetite changed?

Part of the monitoring process is of course **risk reporting**. This is required to ensure that managers, senior officers and elected members are fully aware of the risks when making decisions and taking any action. Effective risk reporting should provide management and elected members with assurance that all risks have been identified, assessed, controlled and are being effectively monitored - this shall be detailed further in a later section of the strategy.

Risk appetite and tolerance

Risk appetite relates to the type, quantity, and level of risk an organisation is prepared to take to achieve its objectives. Risk tolerance is the amount of acceptable deviation from an organisations risk appetite. Whilst appetite is set quite broadly, tolerance is more influenced by the granular detail of a given task.

Risk appetite for local authorities on the whole will most likely be lower than that of many other organisations due in part to the regulatory nature of most of its services and because of its stewardship obligations for public resources. It is however, increasingly important for the Council to identify innovative solutions and new ways of working in the delivery of its services and operations.

New opportunities or changes to the way we do things will often bring new risks,

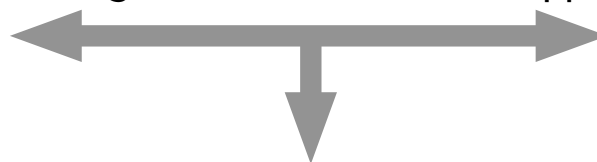
both specific to the change at hand and to the Council as a whole. A key determinant in the risk management process is the Council's risk appetite and the scalability of this depending upon the individual circumstances.

The Council's risk appetite in relation to a given opportunity needs to be gauged individually to ensure that the tolerance level of the risks at hand are adjusted in accordance with the level or scale of the risk. A specific project may well have a different risk tolerance level to that of the wider operation of the Council or a health and safety matter for example. The Council should not be risk averse but risk aware and able to accept risk at a level that meets the Council's risk appetite.

Effective risk management aims to minimise the likelihood and impact of the threats whilst maximising the likelihood and impact of the opportunities.

Risk aware

Sensible management of threats and opportunities



Risk blind

- Exposed to threats
- Too opportunity focused

Risk averse

- Excessive management of threats
- Do not maximise opportunities

Acknowledgement and awareness of the two aspects of risk - the 'upside' and 'downside' increases the importance of an effective risk appetite framework which has the ability to be repositioned along the continuum on the previous page in line

with the given subject matter at hand.

Generally speaking, the amount of risk that the Council is willing to take on, tolerate or be exposed to in the pursuit of its objectives can be illustrated below:

Risk Matrix

| | | | | | | |
|---------------|-------------------|---|----|----|----|----|
| IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | LIKELIHOOD | | | | | |

Green = Low Priority - no immediate action other than to set a review date to re-consider assessment.

Amber = Medium Priority - check current controls and consider if others are required.

Red = High Priority - must take action to mitigate or terminate if not possible to do so.

Any threats that are an unacceptable level to the Council have to be mitigated as far as possible. So when viewed generally, where a proposed activity has a residual risk value that is considered unacceptable and there is no means of reducing this value, then the activity will be rejected. Therefore, generally speaking, the Council's risk appetite threshold is 15 or above, in other words if the residual risk is 15 or above the Council's risk appetite has been exceeded and the activity will be terminated.

There may be however, occasions where there is a statutory obligation to undertake a given activity despite the risk exposure. There may also be occasions where, in entrepreneurial terms, it will be appropriate to take measured but

increased levels of risk in furtherance of the Council's business objectives.

In determining the Council's risk appetite, elected members and senior officers will consider many things including, but not limited to the following:

- Wider macro-economic factors including legislation
- The level of risk that can be justified
- The Council's capacity to bear the risk
- The Council's resource, expertise and skill-set for taking the risk
- The extent and prevalence of operational and commercial opportunities capable of being exploited by the Council.

Public sector organisations cannot be culturally risk averse and be successful. Effective and meaningful risk management remains more important than ever in taking a balanced view of risk and opportunity in delivering public services. Risk management is an integral part of good governance and corporate management mechanisms. An organisation's risk management framework harnesses the activities that identify and manage uncertainty, allows it to take opportunities and to take managed risks not simply to avoid them, and systematically anticipates and prepares successful responses. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious and dynamic determination of the organisation's risk appetite.

The Council should recognise the following when understanding its own risk appetite:

- While desirable, it is often not possible to manage all risks at any point in time to the most desirable level, but the discipline and approach set out in our approach provides a means to manage risks to a tolerable level.

- Outcomes cannot be guaranteed when decisions are made in conditions of uncertainty.
- It is often not possible, and not financially affordable, to fully remove uncertainty from a decision or in the design and application of control activities.
- Decisions should be made using the best available information and expertise.
- When decisions need to be made urgently, the information relied upon and the considerations applied to it should, as in the normal course of business, be retained.
- The risk culture must embrace openness, support transparency, welcome constructive challenge and promote collaboration, consultation, co-operation and continual improvement.

Below is the ‘typical’ risk appetite profile for the Council, this needs to be flexible and dynamic and open to factors that may cause this to change on an ongoing basis along with regular systematic review (see in conjunction with Appendix 1).

| Risk Appetite Profile | | | | | |
|------------------------|-------|------|----------|---------|--------|
| | Eager | Open | Cautious | Minimal | Averse |
| Strategy | | ● | | | |
| Governance | | | | | ● |
| Operations | | | | ● | |
| H&S | | | | | ● |
| Legal | | | | | ● |
| Property | | | ● | | |
| Financial investment | | | ● | | |
| Financial management | | | | | ● |
| Commercial | | ● | | | |
| People | | ● | | | |
| Technology | | | ● | | |
| Data & Info Management | | | | ● | |
| Project /Programme | | ● | | | |
| Reputational | | | | | ● |

In reaching this risk appetite position, the Council risks are organised by categories of risk as set out in Government’s guidance on the management of risk - grouping risks in this way supports the development of an over-arching sense of appetite whilst differentiating tolerance levels on a given area or category. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences.

These categories provide a ‘flavour’ and are not intended as exhaustive:

Strategy risks - Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).

Governance risks - Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

Operations risks - Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.

Legal risks - Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).

Property risks - Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.

Financial risks - Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

Commercial risks - Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

People risks - Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

Technology risks - Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.

Information risks - Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential. **Project/Programme risks** - Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

Reputational risks - Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.

Applying risk appetite and tolerance thresholds

Having set out the principles of risk appetite and tolerance, along with the Council's 'typical' risk appetite profile in the previous section, we are able to demonstrate in further detail how this is applied. The diagram below sets out the risk categories differently, allowing the tolerance levels to be better illustrated:

Tolerance Appetite

| Eager 25 | Open 16 | Cautious 9 | Minimal 4 | Averse 1 | |
|-------------|------------|---------------|--------------|-------------|------------------------|
| | | | | | Strategy |
| | | | | | Governance |
| | | | | | Operations |
| | | | | | Health and Safety |
| | | | | | Legal |
| | | | | | Property |
| | | | | | Finance/invest |
| | | | | | Finance/Management |
| | | | | | Commercial |
| | | | | | People |
| | | | | | Technology |
| | | | | | Data & Info Management |
| | | | | | Project/Programme |
| | | | | | Reputational |



Risk blind

Risk averse



If we take the following categories: **Strategy, Commercial, People and Project/programme**, you can see that organisationally we are quite ‘open’ and ‘eager’ in terms of our risk appetite - as such the ‘generic’ risk matrix viewed earlier, will now be viewed differently to enable the risk assessors to consider the proposed activity with a more nuanced appetite and tolerance threshold. See illustration right.

| | | | | | | |
|------------|---|---|----|----|----|----|
| IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| LIKELIHOOD | | | | | | |

If on the other hand, we take; **Governance, Health and Safety, Legal, Financial Management and Reputational** categories, then we are quite ‘averse’ with our appetite and have only a minimal tolerance threshold. See illustration right.

| | | | | | | |
|------------|---|---|----|----|----|----|
| IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| LIKELIHOOD | | | | | | |

See Appendix 2 for full list of appetite and tolerance threshold matrices by category).

When applying risk appetite and tolerance thresholds in the ‘real world’, it will very rarely be just one category that relates to a given activity - it will most likely involve several aspects and categories that must be considered which will collectively go on to influence the final position taken by the organisation, having weighed up the threats and the opportunities present or on offer.

To further illustrate this, let’s use a ‘real-world’ example - the **development or provision of a swimming pool**.

Organisationally we will be very ‘open’ and ‘eager’ to provide such a facility - in a strategic context, we recognise the benefits and opportunities that this would bring to our communities; improved health and wellbeing, adding value to life experiences, improving opportunities to interact socially and even helping equip our residents with a lifesaving skill for life.

On the other hand,...If we were only to take a ‘Health and Safety’ perspective with this example, then the provision of such a facility could present significant threat potentially leading to a fatality...to remove the threat of drowning completely, we might conclude that we should not develop and provide a swimming pool at all. In doing so of course we lose the potential benefits or opportunities described above.

Whilst the scenario above represents the two ends of the risk appetite spectrum, there will also be many other appetite categories that will be considered along the way...if not all the categories listed previously. So, we can see, effective risk management aims to minimise the likelihood and impact of threats whilst maximising the likelihood and impact of opportunities too.

Our risk management arrangements

This strategy sets out to ensure that effective risk management is embedded throughout all levels of the Council. Whether it relates to day-to-day service delivery or the decision making process of elected members, the Council and its employees need to know what the risks are, understand them, identify ways to mitigate or exploit them and control them in line with the Council's risk management processes and appetite.

Risk management roles and responsibilities

Elected Members

All elected members are responsible for effective governance in the delivery of services to the local community and the achievement of the Council's objectives. Elected members have a responsibility to understand the risks that the Council faces and will be made aware of how these risks are being managed through a variety of mechanisms including, but not limited to; the corporate, strategic and service planning and delivery process. It is the responsibility of all elected members to support and promote an effective risk management culture and consider the risks associated with recommendations put forward in reports to the various committees at which decisions are made.

Cabinet

Cabinet has a fundamental role to play in the management of risk. Its role is to set the risk appetite and influence the culture of risk management within

the organisation. Cabinet will ensure that risks are fully considered as part of every decision it makes whilst ensuring effective procedures are in place to monitor the management of significant risks. Cabinet will establish portfolio holder representation on the Risk Management Group and regularly review the content of the strategic risk register. Cabinet will periodically review the Council's approach to risk management and approve changes or improvements to processes and procedures.

Audit Committee

The Audit and Corporate Governance Committee has responsibility for overseeing all aspects of risk management, governance and internal control. The Committee will provide guidance and oversight to the management of risk but also challenge the effectiveness of the risk management arrangements within the Council. The Committee will look to seek assurance for the Council that risk management is being effectively undertaken and that all risk related processes and procedures are being implemented.

To this end, the Committee will receive reports on behalf of the Council including but not limited to; Quarterly Risk Management Group reports, Internal Audit reports, External Audit reports and the Annual Governance Statement.

Scrutiny

In their role of scrutinising decisions taken by the Cabinet, Scrutiny Members should ensure that associated risks have been taken into account. Scrutiny Committees also have a role in bringing potential risks that have not previously been identified to the attention of the organisation.

Managing Director

The Head of Paid Service leads on the wider Corporate Governance arrangements of the Council of which risk management is a part. The Managing Director has ultimate responsibility for risk management within the paid service and as Senior Risk Officer (SRO) will support the Senior Information Risk Officer (SIRO) in carrying out their roles and responsibilities.

Senior Risk officer (SRO)

The SRO plays an important role in raising the profile and promoting the benefits of risk management to elected members and officers. The SRO also ensures that the accountability and responsibility of elected members, officers and staff is understood by embedding risk management throughout every level of the Council and by overseeing the implementation of the Risk Management Strategy and Action Plan.

Senior Information Risk Owner (SIRO)

Information has never been more important to the essential working of the Council. As the quantity, diversity and nature of Council information changes, so will the risks. The role of the SIRO is to ensure that ‘information’ related risks are identified and addressed. The SIRO will establish an Information Risk Management Framework which allows information based threats and opportunities to be managed effectively.

Section 151 officer

Section 151 of the Local Government Act 1972 requires all Councils to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this Council this statutory role is carried out by the Director of Finance and Resources. The Section 151 Officer is a key member of the Senior Management Team who helps to develop and implement the strategy and appropriate resourcing to deliver the Councils objectives sustainably and in the public interest. The role brings influence and bearing on all material business decisions to ensure opportunities and threats are fully considered and aligned to the Council’s financial strategy. The Section 151 Officer leads on the promotion of good financial management by the whole organisation so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Risk Management group

The Risk Management Group shall be elected member led and will include the Council's SRO, SIRO, S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group will provide a comprehensive oversight of risk throughout the organisation and be the conduit to and from the whole organisation in terms of risk management. The group will regularly and consistently oversee, at least quarterly, all of the risk registers ensuring they are up-to-date and accurate whilst offering challenge to the assessment process itself. It will be responsible for risk management reporting to stakeholder groups across the Council and support the production of the Annual Governance Statement. The group will lead on the development and review of all risk related policies, plans and strategies across the Council and will oversee and champion the implementation of the Risk Management Strategy and associated action plan including training relating to and the embedding of an effective risk management culture.

Directors and Assistant Directors

Directors and Assistant Directors are responsible for creating an environment and culture within their directorate and portfolio of services where risk management is promoted, facilitated and effectively undertaken. They will drive forward risk management to raise its profile and ensure that Service Managers and their teams understand the importance and benefits of effective risk management, embedding the Risk Management Strategy and arrangements throughout their span of control. They will include risk management

as a standing item on all directorate, service and team meeting agendas to keep risk management ever present and ensuring effective, regular and consistent 'check and challenge' is in place throughout the directorate. Assistant Directors will review the content of the strategic risk register and their Directorate operational risk registers at least quarterly and represent their directorate and portfolio of services at the Risk Management Group. They will identify existing and emerging risks, address them in line with the risk management arrangements and ensure sufficient resource is allocated to for this purpose within their span of control, including identifying and meeting any risk management training needs within the directorate.

Service Managers

As with the Directors and Assistant Directors, Service Managers will support the creation of an environment where risk management is promoted, facilitated and effectively undertaken within their service area. Service Managers will also form part of the quarterly review process of their service related operational and when necessary, strategic risks. They will work with the Directors and Heads of Service to identify and address existing and emerging risks within their service area and ensure that training needs are identified and addressed in relation to risk management within their service area. Service Managers will be the consistent day-to-day champions of an effective risk management culture throughout their service area and will ensure that the risk management strategy and arrangements are understood, embedded and implemented by their team.

Project and partnership leads

Project and Partnership Leads are responsible for ensuring that the project or partnership is being effectively managed in terms of risk and that the Risk Management Strategy and arrangements are implemented fully throughout the lifecycle of the project or partnership. As mentioned in previous sections of the document however, project risks and partnership risks do need to be treated slightly differently to the Council's other risks.

The Project Lead will;

Ensure that there is senior management team commitment to and involvement in the project/programme delivery. They will set out clearly defined roles and responsibilities at all levels within the project/programme with responsibility for risk identified and agreed. The Project Lead will ensure stakeholder engagement in the early identification of the risks which will inform the project/programme scope, objectives and outcomes. They will embed the active management of risk throughout the lifecycle of the project/programme through the development of a project plan.

The Partnership Lead will;

Ensure that the partnership has a senior management team made up of members from all organisations involved who will support, own and lead on risk management. The Partnership Lead will ensure that an agreed risk management framework is in place and managed on an ongoing basis. They will promote a partnership culture which supports an effective and appropriate approach to managing risks by reducing the threats and maximising the opportunities that the partnership will bring.

Both Leads will approach the project/programme/partnership in line with the Risk Management Strategy and arrangements set out within. They will ensure that the risk management process is followed, risk assessments completed, control measures are in place and risk registers are maintained throughout. The Leads will report to the Risk Management Group quarterly and assist in the production of the Risk Management Group reporting process.

Internal Audit

Internal Audit's role is to maintain independence and objectivity, they are not responsible for risk management or for managing risks on behalf of others. Internal Audit will check, challenge and test the risk management process and arrangements for adequacy in order to provide assurance to the Council that risk is being effectively managed.

All staff

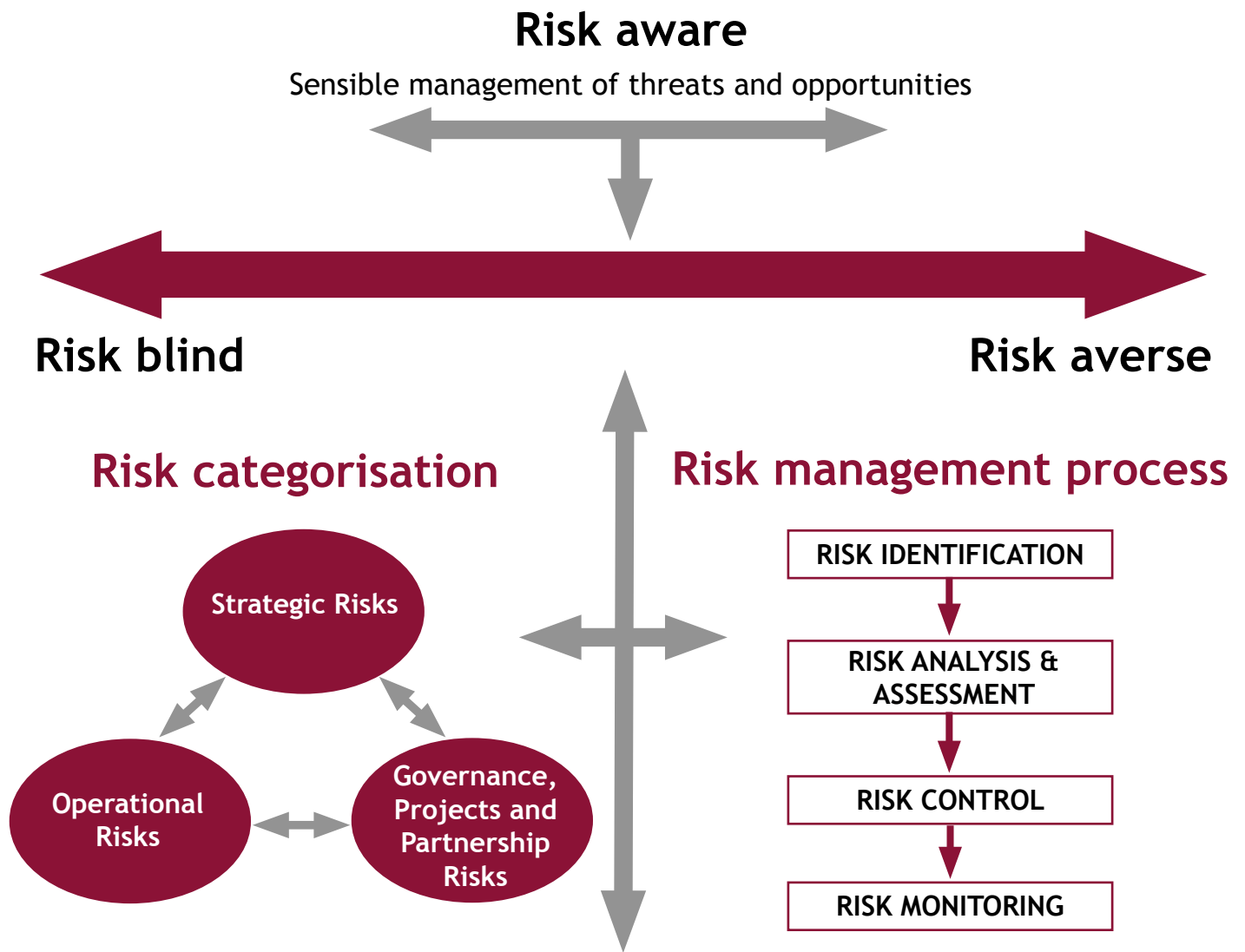
All staff have a responsibility for identifying threats and opportunities in performing their day-to-day duties. They also have a responsibility to participate in training, supporting the risk assessment process and action planning where appropriate.

Roles and responsibilities summary table:

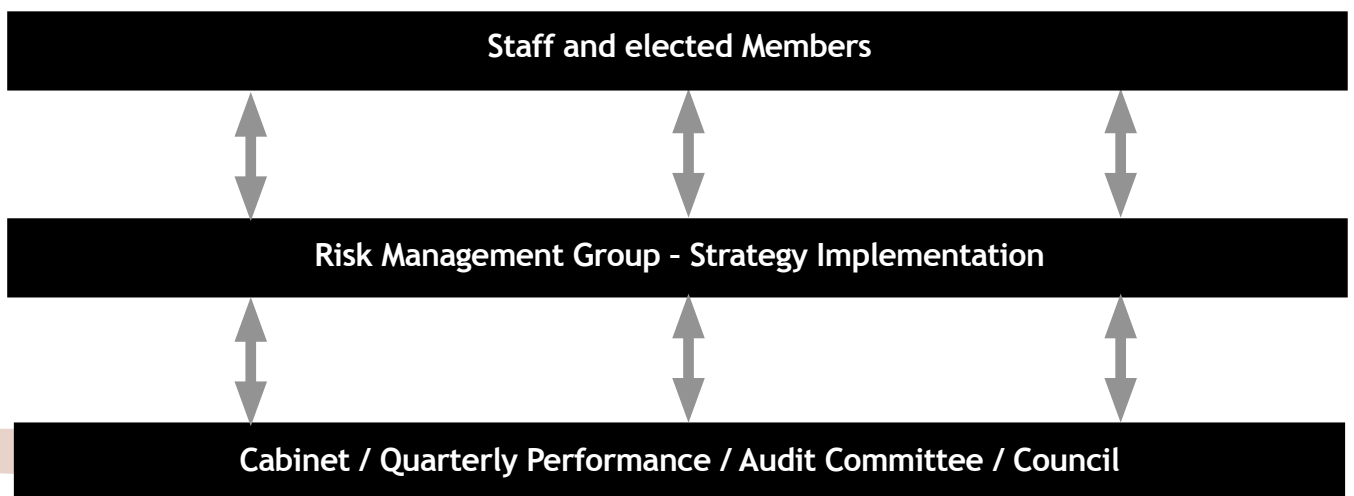
| Group or individual | Roles & responsibilities |
|--------------------------------------|---|
| Elected Members | <ul style="list-style-type: none"> • Support and promote an effective risk management culture • Understand the strategic risks that the Council faces and how these risks are being managed • Consider the risks associated with recommendations put forward in report |
| Cabinet | <ul style="list-style-type: none"> • Provide leadership on risk management within the Council • Monitor the Council's risk management arrangements • Assess the risks in Cabinet reports and provide challenge where necessary, particularly in relation to key decisions |
| Audit Committee | <ul style="list-style-type: none"> • Overseeing all aspects of risk management, governance and internal control • Provide guidance and oversight to the management of risk and challenge the effectiveness of arrangements • To seek assurance for the Council that risk management is being properly undertaken. |
| Scrutiny | <ul style="list-style-type: none"> • In their role of scrutinising decisions taken by Cabinet, Scrutiny members will ensure that associated risks have been taken into account • Identifying potential risks that may not have been previously identified. |
| Managing Director | <ul style="list-style-type: none"> • Leads on the wider Corporate Governance arrangements of which risk management is a part • Overall responsibility for ensuring that strategic risks are effectively managed within the Council. |
| Senior Risk officer (SRO) | <ul style="list-style-type: none"> • Raising the profile of risk management • Promoting the benefits of risk management • Promoting the accountability and responsibility of all staff • Embedding risk management throughout all levels of the Council. |
| Senior Information Risk Owner (SIRO) | <ul style="list-style-type: none"> • Manage information risk from a business perspective • Establish an effective information governance framework • Ensure compliance with regulatory, statutory and organisational information security policies and standards. |
| Section 151 officer | <ul style="list-style-type: none"> • To assist with the development and implementation of the strategy and resourcing required to deliver the Council's objectives sustainably and in the public interest • To ensure opportunities and risks are fully considered and aligned to the Council's financial strategy • Leads on the promotion of good financial management by the whole organisation. |
| Risk Management Group | <ul style="list-style-type: none"> • To provide a comprehensive oversight of risk throughout the organisation and become an effective conduit to and from the whole organisation in terms of risk management • To regularly and consistently oversee, at least quarterly, all of the risk registers ensuring they are up-to-date and accurate whilst offering challenge to the assessment process itself • To be responsible for risk management reporting to stakeholder groups • To review and support the development of all risk related policies, plans and strategies • To oversee the implementation of the Risk Management Strategy. |

| Group or individual | Roles & responsibilities |
|-----------------------------------|--|
| Directors and Assistant Directors | <ul style="list-style-type: none"> • To review the content of the strategic risk register at least quarterly • To allocate sufficient resources to address strategic and operational risks • To identify emerging risks and address them through the risk management arrangements • To ensure that operational risks are being managed in line with the risk management arrangements and that the service area operational risk registers are up-to-date • Escalate when necessary. |
| Service Managers | <ul style="list-style-type: none"> • To implement the Risk Management Strategy and arrangements within their service area • To review the content of their operational risk register at least quarterly and provide assurance to stakeholders that risks are being effectively managed • To identify emerging operational risks and address them through the risk management arrangements • Escalate when necessary. |
| Project / Partnership Leads | <ul style="list-style-type: none"> • To ensure that the risks associated with the project / partnership are identified and managed in line with the risk management arrangements • To review the content of their project/partnership risk register regularly. Depending upon the project/partnership this could be weekly • To identify emerging project/partnership risks and address them through the risk management arrangements • Escalate when necessary. |
| Internal Audit | <ul style="list-style-type: none"> • Audit the risk management process • Assess the adequacy of the arrangements • Provide assurance to officers and elected members on the effectiveness of the processes and arrangements • Be guided by the risk registers in terms of the annual audit plan - areas of greatest risk = greatest need for assurance. |
| All staff | <ul style="list-style-type: none"> • To adhere to the risk management strategy and arrangements • Report emerging or new threats and opportunities to their manager • Participate in training, risk assessments and action planning where appropriate. |

Risk management framework



Training and development roles and responsibilities



Appendix 1

| Risk appetite level definition | | | | | |
|--------------------------------|--|---|---|---|---|
| | Eager | Open | Cautious | Minimal | Averse |
| Strategy | Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed each year. Strategies are aspirational. | Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals. Strategies are aspirational but smart. | Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals. Strategies require more certainty in terms of deliverability. | Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is longer term and quite fixed. | Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is 'safe' with less aspiration and more knowns rather than unknowns. |
| Governance | Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Good Governance levels of controls are varied to reflect scale of risks with costs. | Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Good Governance levels of controls are varied to reflect scale of risks with costs. | Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Good Governance levels of controls enable poor Governance prevention, detection and deterrence by maintaining appropriate controls and sanctions. | Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise poor Governance prevention, detection and deterrence through robust controls and sanctions. | Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of poor Governance, with significant levels of resource focused on detection and prevention. |

Risk appetite level definition

| | Eager | Open | Cautious | Minimal | Averse |
|-----------------------------|---|---|--|--|--|
| Operations | Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust / lagging indicators rather than close control. | Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved. | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators. | Innovations largely avoided unless essential. Decision making authority held by senior management. | Defensive approach to operational delivery - aim to maintain/ protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. |
| Health and safety | Activity/outcome prioritised with less focus upon H&S restrictions or parameters. | Activity/outcome prioritised whilst seeking solutions to the H&S restrictions or parameters. | Activity/outcome balanced equally with H&S requirements, restrictions or parameters. | H&S prioritised over activity/ outcome. | An avoidance of activity - seek another way to produce the outcome. |
| Legal | Chances of losing are high but exceptional benefits could be realised. | Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact. | Want to be reasonably sure we would win any challenge. | Want to be very sure we would win any challenge. | Play safe and avoid anything which could be challenged, even unsuccessfully. |
| Property | Application of dynamic solutions for purchase, rental, disposal, construction and refurbishment that ensures meeting organisational requirements. | Consider benefits of agreed solutions for purchase, rental, disposal, construction and refurbishment that ensures meeting organisational requirements. | Requirement to adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money. | Recommendation to follow strict policies for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money. | Obligation to comply with strict policies for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money |
| Financial investment | Prepared to invest for best possible benefit and accept possibility of financial loss. | Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels. | Seek safe delivery options with little residual financial loss only if it could yield upside opportunities. | Only prepared to accept the possibility of very limited financial impact if essential to delivery. | Avoidance of any financial impact or loss, is a key objective. |
| Financial management | Prepared to manage for best possible benefit and accept possibility of financial failings. | Prepared to manage for benefit and to minimise the possibility of financial failings by managing the risks to tolerable levels. | Seek safe management options with small residual financial failings only if it could yield upside opportunities. | Only prepared to accept the possibility of very limited financial failings if essential to delivery. | Avoidance of any financial failings, is a key objective. |

Risk Appetite Level Definition

| | Eager | Open | Cautious | Minimal | Averse |
|-----------------------------------|--|---|--|--|---|
| Commercial | Innovation pursued- desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust / lagging indicators rather than close control. | Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved. | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators. | Appetite for risk taking limited to low scale activity. Decision making authority held by senior management. | Zero appetite for untested commercial activity. Priority for close management controls and oversight with limited devolved authority. |
| People | Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust rather than close control. | Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non- critical decisions may be devolved. | Seek safe and standard people policy. Decision making authority generally held by senior management. | Decision making authority held by senior management. Development investment generally in standard practices. | Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only. |
| Technology | New technologies viewed as a key enabler of operational delivery. Agile principles are embraced. | Systems / technology developments considered to enable improved delivery. Agile principles may be followed. | Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered. | Only essential systems / technology developments to protect current operations. | General avoidance of systems / technology developments. |
| Data & Info Management | Level of controls minimised with data and information openly shared. | Accept need for operational effectiveness in distribution and information sharing. | Accept need for operational effectiveness with risk mitigated through careful management limiting distribution. | Minimise level of risk due to potential damage from disclosure. | Lock down data & information. Access tightly controlled, high levels of monitoring. |

Risk Appetite Level Definition

| | Eager | Open | Cautious | Minimal | Averse |
|-------------------------------|--|--|--|--|--|
| Project/ Programme | Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust rather than close control. Plans aligned with organisational governance. | Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for non-critical decisions may be devolved. Plans aligned with functional standards and organisational governance. | Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards. | Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards. | Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards. |
| Reputational | Appetite to take decisions which are likely to bring additional governmental / organisational scrutiny only where potential benefits outweigh risks. | Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure. | Appetite for risk taking limited to those events where there is little chance of any significant repercussions for the organisation. | Appetite for risk taking limited to those events where there is no chance of any significant repercussions for the organisation. | Zero appetite for any decisions with high chance of repercussions for organisation's reputation. |

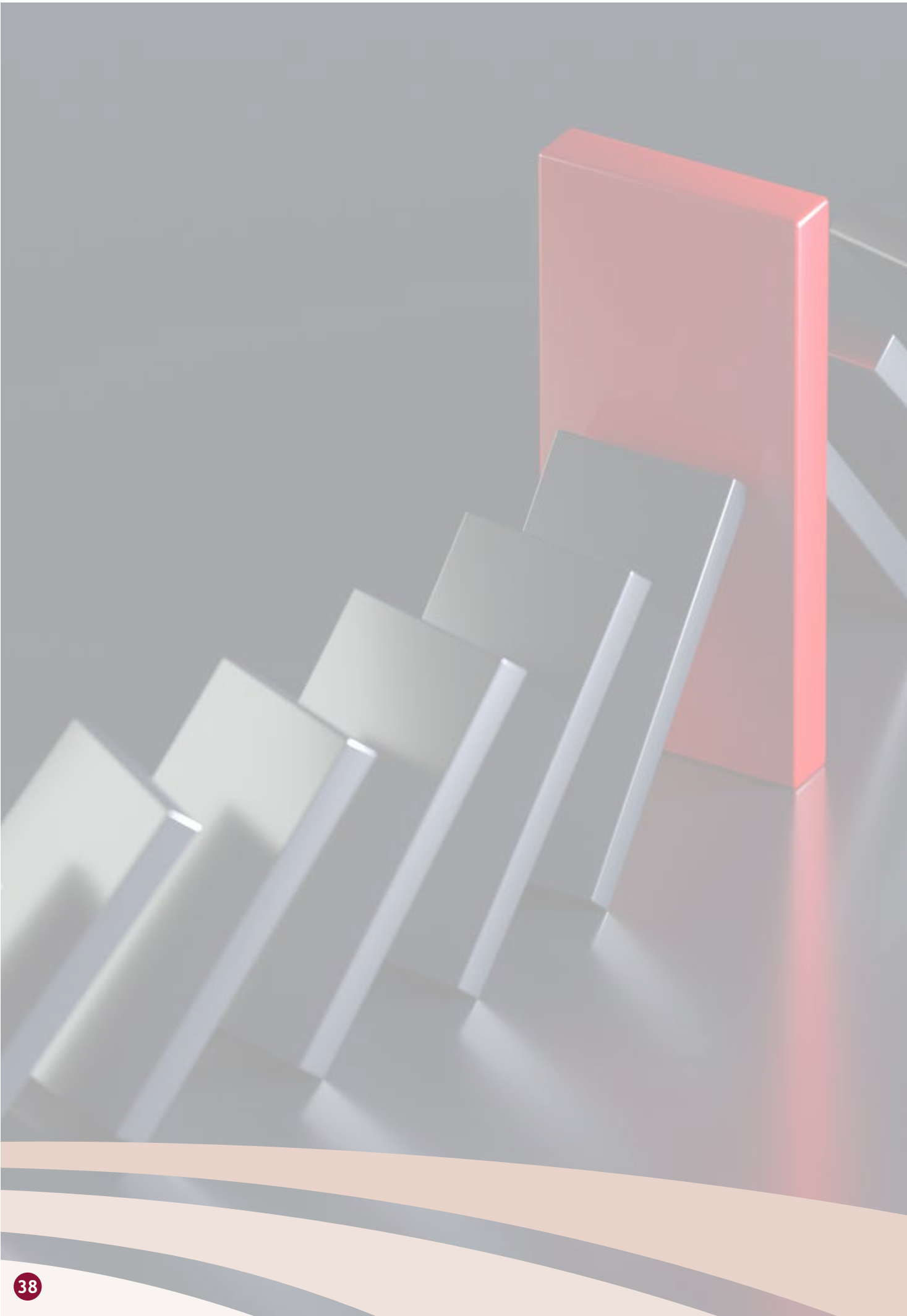
Appendix 2 - Appetite matrices by category

| | | | | | | | | |
|-----------------------------|---|--------|------------|---|----|----|----|----|
| Strategy | Open / Eager - Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals. Strategies are aspirational but smart. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Governance | Minimal - Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise 'Poor Governance' prevention, detection and deterrence through robust controls and sanctions. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Operations | Cautious - Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Health and Safety | Minimal - Health and Safety prioritised over activity/outcome. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Legal | Minimal - Want to be very sure we would win any challenge. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Property | Open / Cautious - Consider benefits of agreed solutions for purchase, rental, disposal, construction and refurbishment that meeting organisational requirements. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Financial Investment | Open / Cautious - Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |

| | | | | | | | | |
|------------------------|---|--------|------------|---|----|----|----|----|
| Financial Management | Minimal / Averse - Avoidance of any financial failings, is a key objective. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Commercial | Open / Eager - Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| People | Open /Eager - Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non- critical decisions may be devolved. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Technology | Open / Cautious - Systems / technology developments considered to enable improved delivery. Agile principles may be followed. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Data & Info Management | Cautious - Accept need for operational effectiveness with risk mitigated through careful impact management limiting distribution. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Project / Programme | Open / Eager - Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for non-critical decisions may be devolved. Plans aligned with functional standards and organisational governance. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |
| Reputational | Appetite for risk taking limited to those events where there is no chance of any significant repercussions for the organisation. | IMPACT | 5 | 5 | 10 | 15 | 20 | 25 |
| | | | 4 | 4 | 8 | 12 | 16 | 20 |
| | | | 3 | 3 | 6 | 9 | 12 | 15 |
| | | | 2 | 2 | 4 | 6 | 8 | 10 |
| | | | 1 | 1 | 2 | 3 | 4 | 5 |
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | LIKELIHOOD | | | | | |

Appendix 3 - Action plan

| Ref | Action | Responsibility | Target date |
|------|--|--|--|
| RMS1 | Schedule the new Risk Management Strategy review date and process for 2026 . | SRO (MD) With support of RMG | July 2024 |
| RMS2 | Roll-out digital online training package for staff and elected Members. | SRO (MD) and HR With support of RMG | Autumn 2024 |
| RMS3 | Establish an Information Risk management framework. | SIRO AD - R & P | Sep 2024 |
| RMS4 | Further develop the Projects and Partnerships Risk Registers. Including training for these. | AD - R & P | Sep 2024 |
| RMS5 | Promote a positive risk awareness culture within the organisation through our collective spans of influence. | RMG | Ongoing |
| RMS6 | Undertake quarterly detailed strategic risk review to include assessment, adjustment, and update for each risk area. Undertake quarterly risk appetite reviews as part of this process. | SRO (MD) With support of RMG | Ongoing |
| RMS7 | Review the format of the strategic risk register including trend analysis. | SRO (MD) With support of RMG | Sep 2024 |
| RMS8 | Undertake an annual Risk management audit. | Internal Audit Consortium Manager | Ongoing |
| RMS9 | Monitor the implementation of the Antifraud and Corruption Strategy. | S 151 officer and RMG | Built into agenda - for the lifetime of the plan |



Access for All statement

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Video Interpreter

