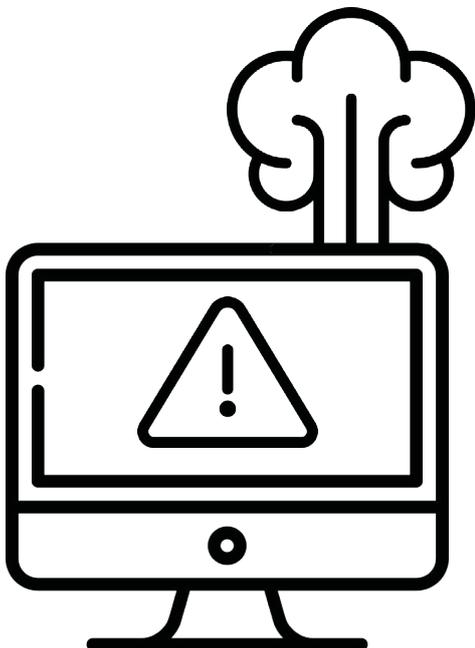


LEEDS CITY COUNCIL

# RISK MANAGEMENT POLICY & STRATEGY

Our policy is to identify, analyse and manage potential threats and opportunities posed by risk.



# RISK MANAGEMENT POLICY STATEMENT

Our ambition is for Leeds to be the best city in the UK: one that is compassionate and caring with a strong economy which tackles poverty and reduces inequalities. Strong risk management arrangements are essential to minimise the risks of achieving the ambitions. Our policy is to identify, analyse and manage potential threats and opportunities posed by risk.

Risk is present in everything we do to improve outcomes and deliver services. Local authorities, our communities and partners experience a wide range of significant risks including: cyber-attacks, adverse weather conditions and safeguarding incidents. The Covid-19 pandemic has seen the biggest test of our risk management arrangements to date, with risk management forming a key part of our pandemic response and recovery plans and our multi-agency partnership work.

A risk management culture needs to feature throughout our activities, operations, partnerships, programmes and projects, with judgement based on an understanding of the risk and the level of exposure that is acceptable. Managing risk is the responsibility of everyone, is at the heart of the council's culture and values and needs to be reflected in the behaviours of staff and elected members.

This policy statement is supported by our risk management strategy to provide a systematic approach to support the effective, robust, consistent and clear proportionate management of risk.

Our risk management arrangements can help achieve the ambitions, whilst also protecting people and businesses in Leeds, ensuring continuity of essential council services, help manage emergencies and avoid costly mistakes.



**Tom Riordan**  
Chief Executive of Leeds City Council



**Cllr Lewis**  
Leader of Leeds City Council

# **Introduction:**

## **The purpose of risk management within Leeds City Council**

### **Purpose of risk management**

This strategy sets out how Leeds City Council ('the council') will effectively manage potential threats and opportunities to achieving our ambitions. The risk management policy, strategy and additional guidance notes available on INSITE<sup>1</sup> form a framework that is fit for purpose and supports the effective and proportionate management of risk.

The strategy aims to provide staff, elected members and partners with guidance to help ensure there is an effective, robust, consistent and communicated way of managing risk across the whole council, specifically by:

- Identifying the scope of risk management across the council and its key partners, with regular review of the arrangements.
- Ensuring risk management remains integral to the council's culture, values and behaviours, and mandatory rather than optional.
- Raising awareness of the council's risk management arrangements and the benefits to staff, elected members, key partners and stakeholders, and providing guidance and training and sharing good practice.
- Confirming the roles, responsibilities, accountabilities and clear reporting lines for risk management within the council.
- Incorporating risk management into business planning, budget monitoring and decision making arrangements ensuring risk is properly considered.
- Undertaking regular monitoring and reporting of risk to identify the threats and opportunities facing the council, as well as anticipating and responding to changing social and legislative requirements, minimising the impact and likelihood of risks occurring and to reduce the cost of risk.
- Ensuring a consistent and proportionate approach to managing risks.

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1 The council's intranet platform

**"Risks are the tangible threats that we need to be worried about and that keep us awake at night."**

# Definitions: Risk and Risk management

**'Risk'** can be defined as 'The effect of uncertainty on objectives'<sup>2</sup>.

Risks are generally threats, incidents or adverse events that, should they arise, would prevent the achievement of ambitions. In simple terms, risks are the tangible threats that we need to be worried about and that keep us awake at night.

It is important to be aware of what does not constitute a risk in order to avoid misunderstanding: Issues (problems that are happening right now or have already occurred); statements; certainties; sources; consequences and observations are not, in themselves, risks. Other risk management definitions can be found in the Glossary of Terms at the end of this strategy.

Risks can be classed as internal or external facing. Internal risks are those faced by the council from within the organisation, that arise from routine day to day activities such as administering budgets, managing staff and operating IT systems. External risks are those that arise from outside the council but may still have an adverse impact on its activities. We have more control over the internal risks as they can be managed with a greater level of reliability. External risks, however, are harder to manage as we have less control over whether they occur, for example a major cyber-attack or extreme weather conditions.

Many risks come and go as the environment changes, eliminating the risk or reducing it to a very low level. However, there are a set of 'standing' corporate risks that the council will always have to manage such as safeguarding, financial challenge, major incidents, climate change, health and safety and information management issues. Further information on the 'standing' risks, including assurances on how they are being managed, is included in the Annual Corporate Risk Management report, described later in this Strategy.

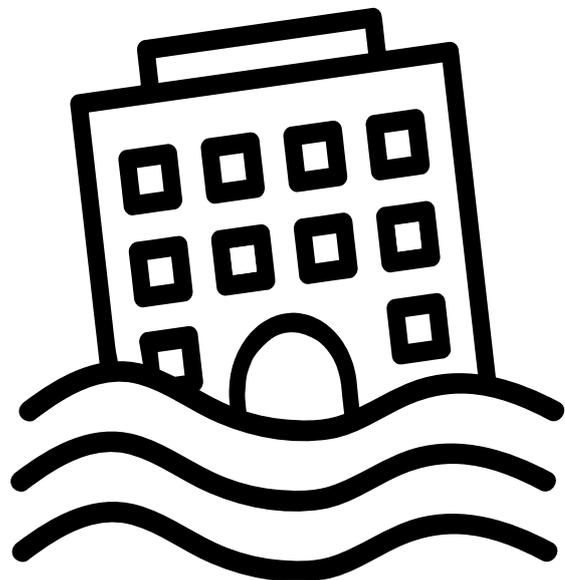
**'Risk management'** is a term used to describe the series of co-ordinated activities designed and operated to manage risk within an organisation and is a central part of that organisation's strategic management. Risk management activities include the identification, evaluation, prioritisation and treatment of risks which are summarised as the Risk Management Process, outlined later in this strategy.

Risk management is an essential part of the council's governance and leadership arrangements and is fundamental to how the organisation is directed, managed and controlled at all levels. Effective risk management enables the council to make informed decisions about the challenges and risks that it wants to take on and helps target resources towards achieving the best possible results.

The council cannot be totally risk averse in its activities and risk needs to be managed rather than avoided. By being risk aware and having adequate risk management arrangements in place, the council will be well placed to manage threats and take advantage of opportunities.

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2 ISO 31000 Risk Management – Guidelines (2018)



The council accepts risk is present in everything that it does across all its services, operations, activities and in the decisions taken. However, the level of risk needs to be controlled and measured, within the boundaries of available resources and legislative/regulatory requirements. The council's risk evaluation methodology determines what constitutes a significant risk and whether it falls within the risk appetite of the organisation. Based on this, decisions are made about the degree to which risks should be accepted and treated or whether they should be avoided altogether.

Further information on risk management, including a summary of information available on INSITE and Leeds.gov, risk management training and other linked areas can be seen at Annex 1.

**Opportunity risks** are those associated with decisions that aim to achieve a benefit, for example from an investment or hosting a major event in the city. Opportunity risks are taken purposefully to help achieve the ambitions and are an important part of risk management for the council, provided these risks are well thought out and properly managed, often through programmes and projects and documenting them on a risk register and treating them within a good governance approach.

**The council's risk culture** – the way in which the values, beliefs, knowledge and understanding of risk is demonstrated - forms part of the wider organisational culture. The risk culture balances an acceptance that risks need to be taken to achieve our ambitions with the implementation of good risk management and control. The council is fully committed to developing a culture where risk is appropriately, effectively and proportionately managed.

A strong risk management culture is apparent when employees and elected members understand and comply with the council's risk management strategy and processes, and are fully aware of their own roles and responsibilities.

'Being open, honest and trusted' is one of the Council Values and this includes the reporting and constructive discussion of risk at all levels, in particular that decisions are made with proper consideration of risk; potential new risks are raised and reported to the right level for consideration; that when risks are increasing in significance, or showing other early warning indicators, they are escalated to the correct level to enable decisions about how to manage/mitigate them to be made; and that lessons are learned from significant control failures and 'near misses'.



## The benefits of risk management

The benefits from embedding strong risk management arrangements include:

Supporting the achievement of the council's ambitions, outcomes and priorities.	Improved efficiency and effectiveness of operations and activities.	Helping protect budgets from unexpected financial pressures and losses.
Providing information to help inform effective decision making.	Enabling the council to maximise its opportunities.	Reducing losses arising from workplace accidents and illnesses.
Avoiding costly mistakes from being made and minimising their impact if they happen.	Ensuring compliance with legislation, thereby avoiding costly legal action.	Protecting people and assets (both physical and digital) from damage and harm.
Enhancing good governance arrangements and helping demonstrate openness, integrity, accountability and effectiveness.	Ensuring that services provided by the council continue to be delivered in the event of a significant problem.	Helping develop and maintain a good relationship with key partners and stakeholders by providing them with confidence in the way the council is run.
Helping demonstrate good practice to regulators such as Ofsted and the Health and Safety Executive.	Increasing the probability of programmes and projects being delivered on time, within budget and to specification.	Protecting and improving the reputation of the council.

**"Managing risk is the responsibility of everyone, it is at the heart of the council's culture and values"**

### The Risk Management Process

The risk management process is a series of co-ordinated activities, carried out in sequence, by which risks are identified, evaluated, treated, reported and monitored on a regular basis.

Key elements of how the council applies the risk management process are summarised in this section, with further guidance provided via the Risk Management INSITE page .

The risk management process helps us to:

- Understand the nature of the risks faced and ‘what could go wrong’.
- Be aware of the extent of these risks.
- Identify the level of risk that the council is willing to accept.
- Recognise the council’s ability to control and reduce risk, including identifying any risks that cannot be controlled.
- Take action where possible, to avoid something going wrong and to minimise the impact if it does - based on the best use of the resources available.



## The Risk Management Process continued

### Step 1: Establish objectives

The starting point for the management of risks and opportunities should be the Best Council Plan and the strategies that underpin it. If a risk cannot be linked to the Plan or supporting strategies, consideration needs to be given to whether the risk needs to be managed at all.

### Step 2: Identify risks

The purpose of risk identification is to generate a comprehensive, up to date and easy to understand list of risks relevant to the council, directorate, service or programme/project.

There are a variety of ways in which the risks can be identified, including:

- Considering the guidance on what risks are and how to describe them.
- Risk assessment exercises undertaken within directorates, services or on programmes, projects and partnerships.
- Facilitating risk workshops.
- Horizon scanning, the term given for researching and considering risks, adverse incidents and 'near misses' that have affected other similar organisations or services.
- Measuring performance and identifying weaknesses.
- Reviewing reports about council services, such as those issued by internal and external auditors and inspection results.
- Considering the risk categories and types, summarised below.

### Risk categories and types

Risks facing the council may arise from a range of general categories and types, as summarised below. Risk categories and types are useful as they can act as prompts when identifying risks.

Once a risk has been identified, it needs to be described in clear terms that can be easily understood, with emphasis placed on the tangible threat. The description helps determine how the risk can be managed and treated.

Business Continuity	Community	Service delivery
Economic	Environmental	Finance
Health & Safety	Information management	Legal / Regulatory
Partnerships	Programmes and projects	Reputational
Security	Staffing	Technology/IT

The Risk Management Process continued

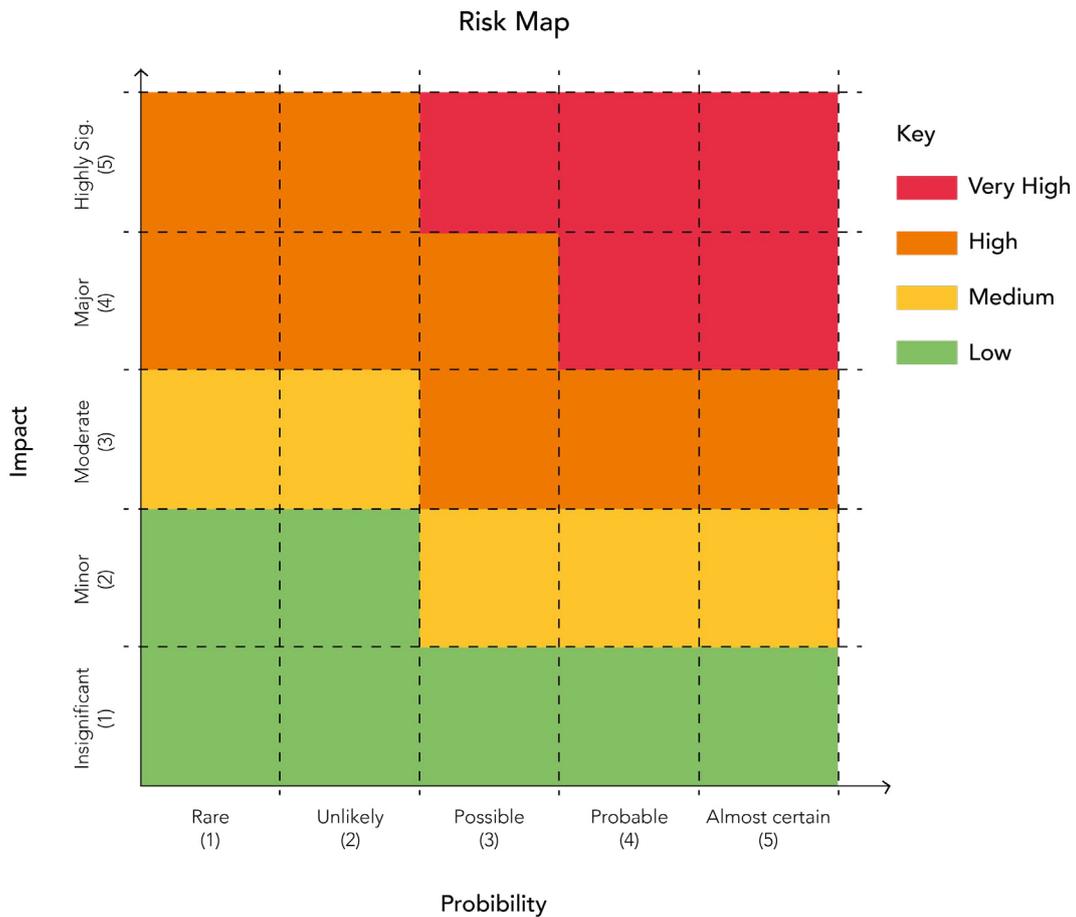
Step 3: Analyse and evaluate risks

The risks need to be analysed, evaluated and prioritised for treatment.

Risks are rated through a combined assessment of:

- **Probability:** How likely the risk is to occur, and
- **Impact:** The potential impact/consequences, taking into account the controls already in place to manage/mitigate the risk.

A '5x5' scoring mechanism is used to carry out the assessment of probability and impact to ensure that the risks are rated in a consistent way. These scores allow the risks to be plotted onto a risk map (seen on the next page), a visual tool used to illustrate and compare a group of risks. The risks in the 'red zone' are those that need to be prioritised for treatment.



The council has four risk ratings options, each one is colour coded:

Rating	Action
Very High	Immediate and significant management action and control required. Continued proactive monitoring needed.
High	Seek cost effective management actions and controls. Continued proactive monitoring.
Medium	Seek cost effective control improvements. Monitor and review regularly.
Low	Seek improvements to controls if cost effective to do so. Routine monitoring and review.

## The Risk Management Process continued

The greater the risk, the more we try to do to manage it, where that is within our control and if that would be the best use of resources. The council recognises that the cost and time involved in reducing risk to zero may not always be the best use of public money and take this into account when establishing the target rating and developing our risk management action plans.

Risk ratings should be checked regularly as part of the routine risk review process and amended to take into account changes in the probability and impact scores, e.g. the implementation of additional controls or the completion of actions to manage the risk should result in a reduction in the risk rating.

### Controls

Many of the risks uncovered during the risk identification and analysis stages will already have controls in place to mitigate them and these, together with their effectiveness should be taken into account when determining the scores. The assessment of controls should take place as part of the regular risk review.

It is good practice to identify Key Risk Indicators (KRIs) during the analysis and evaluation stage. These are specific to each risk and act as an early warning indicator to monitor changes in the likelihood or impact of a risk or that the risk event is about to materialise.

### Step 4: Manage risks

Once a risk has been identified and its priority determined, the next step is to consider the options for managing (treating) the risk to either stop it from arising, or to minimise the impact should it occur. This involves either improving existing controls or developing and implementing new ones (via risk actions) to minimise the likelihood of a risk event occurring, reduce the frequency with which it might occur and limit the severity of the consequences in the event that it does occur. Progress in implementing actions to treat the risk should be regularly reviewed and reported. However, the council recognises that it is not possible to eliminate all risks regardless of how much time and resources are given over to this purpose.

Even when all that can be done with the resources available is already being done, there may be some element of 'residual risk' – a remaining amount of risk that simply needs to be monitored.

Responsibility and accountability for managing each risk needs to be assigned:

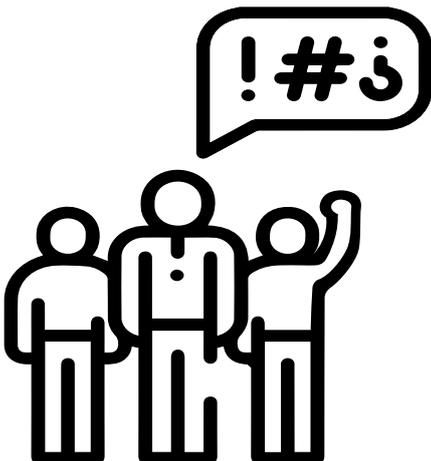
**Risk owner:** The person who is responsible and accountable for the risk. This should be someone with knowledge of the risk area and sufficient seniority to enable them to allocate resources to manage the risk and to ensure that actions required to treat it are completed.

**Delegated risk owner:** The risk owner may allocate someone else, of appropriate seniority and who is perhaps closer to the service to which the risk relates, to oversee the risk on their behalf. The delegated risk owner reports progress in managing the risk to the owner.

**Key contact:** A person responsible for the day-to-day management of the risk and who reports to the delegated owner.

Corporate risks are owned by the relevant director, with delegated ownership usually allocated to a Chief Officer.

Directorate risks are usually owned by the relevant Chief Officer, with delegated ownership allocated to a Head of Service. In some circumstances, the director may choose to be the risk owner.



## The Risk Management Process continued

### Step 5: Record and report

Risks need to be recorded and reported, with the main methods for this being through a risk register and the council's Risk Management System (RMS).

A risk register is a working document that records the key details of the risks, such as title/description, risk owner, risk rating, the main controls in place to manage the risk, a summary of the actions and their progress, and comments providing further information and updates on the management of the risk.

The RMS is an application that houses the council's corporate and directorate risk registers and includes key details of the individual risks within each register.

There are three levels of risk register in the council's risk reporting framework:

- **Corporate risk register**

Corporate risks are those of significant, strategic and cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has named risk owners - a lead portfolio member and a director who are jointly accountable for their management.

- **Directorate risk registers**

Directorate risks are those that require the attention of the respective Directorate Management Team (the Director and Chief Officers). Directorate risks may be local versions of those on the corporate risk register e.g. directorate budget or information management and governance, articulating in more specific terms how the directorate manages the risk as it relates to their services. Other risks may reflect issues specific to that directorate. Should a directorate risk increase in significance, to the extent that it may have a corporate impact, the risk may need to be escalated to the Corporate Risk Register.

- **Service risk registers**

Service level risks, including those for programmes and projects, are those of a more operational nature. Risks at this level are reported to the respective Service Management Teams or Programme/Project Boards. Should a service level risk increase in significance, it may need to be escalated onto the directorate or even the corporate risk register.

Risk reporting should:

- Provide relevant, sufficient and accessible risk information in a timely manner that facilitates decision making and action.
- Ensure that the views of the board, committee or leadership/management team receiving the risk report are passed to the relevant risk owners and key contacts.
- Focus on the most significant risks, ensuring adequate responses are put in place.
- Facilitate the raising and discussion of new and emerging risks and encourage the escalation of risks to a higher level risk register where necessary.

## The Risk Management Process continued

### Step 6: Monitor and update

Few risks and risk registers remain static – risks, priorities and responsibilities change, and actions get completed. Therefore, risk monitoring is required and this includes two key elements:

- Monitoring the effectiveness of our response to the risk - by considering our steps to manage the risk such as the adequacy of controls and how the risk actions are progressing.
- Monitoring the risk profile – the regular review of the risks facing the council via the reporting of risk registers to the relevant boards, committees and leadership teams.

Any changes identified during the monitoring meetings should be reflected in the risk/risk register.

Identifying when a risk should be escalated is an important part of the monitoring process. There may be instances where further action to mitigate a risk cannot be taken by their current owner meaning it needs to be escalated e.g. from the Directorate to Corporate Risk Register or from the Project/Programme to Directorate Risk Register.

### **Risk Governance Assurance**

Risk Management is a key part of the council's governance arrangements and the Risk Management Policy and Strategy support the authority's compliance with its statutory requirements<sup>3</sup>. Within this, local authorities are required to conduct a review of the effectiveness of its systems of internal control, which include the arrangements for the management of risk, at least once a year. Through the [Annual Governance Statement](#), the council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management.

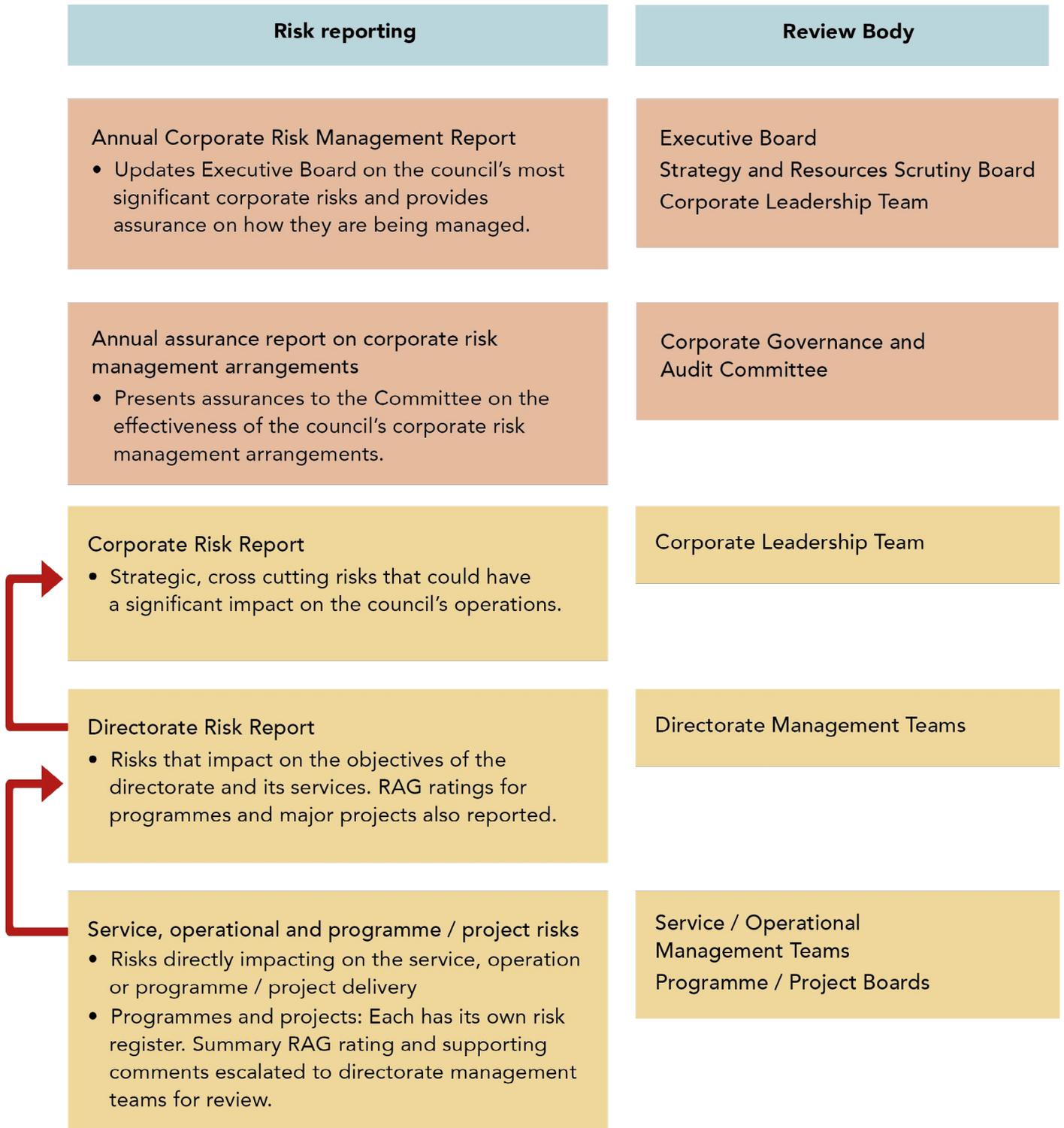
<sup>3</sup> Under the Accounts & Audit Regulations 2015

**"Corporate risks are those of significant, cross-cutting strategic importance"**

Risk governance is demonstrated by the following:

- Roles and responsibilities for risk management have been identified, documented, and communicated (seen in Annex 2).
- Risk is integrated with decision making. All corporate reports, such as those for the council's Executive Board, must include an outline of the key risks along with information on how they are to be managed.
- Risk is embedded throughout all levels of the council, as in the three tiers of risk registers detailed in the risk reporting framework.
- Risks and risk management arrangements are widely reported throughout the council, as can be seen in the following table:

Risk Reporting Framework



### Risk Management Policy and Strategy review

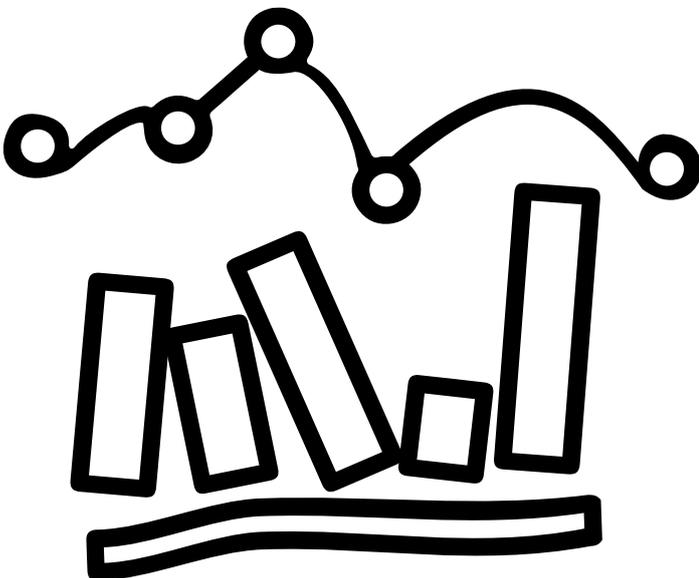
It is important that the Risk Management Policy, Strategy and framework remain up to date, fit for purpose, are embedded across the council and that they will work as intended.

The following actions will help achieve this:

- Keeping up to date with risk management best practice and guidance.
- Regular risk management reporting, including feedback from key stakeholders, as outlined earlier in this strategy.
- Obtaining feedback via surveys undertaken at risk management training sessions and workshops.
- Periodic reviews of the controls and governance arrangements behind our most significant corporate risks.
- Applying CIPFA's<sup>4</sup> Risk Maturity self-assessment<sup>5</sup> to our risk management arrangements.
- Periodic comparison against the risk management arrangements of UK Core Cities and other relevant local authorities.
- Consideration of Equality, Diversity, Cohesion and Integration in any future updates.

<sup>4</sup> The Chartered Institute of Public Finance Accountancy

<sup>5</sup> CIPFA's risk maturity assessment sets out several areas of focus, against which a series of questions are applied to determine an organisation's risk maturity.



## **Annex 1: Further information**

### **Risk management information on INSITE and the Leeds.gov website**

The council's intranet, INSITE, contains additional information on risk management including a series of guidance notes, related documents, frequently asked questions and details of risk training and workshops. A copy of the corporate risk map can be located on INSITE.

The following risk management information is available on the council's Leeds.gov website:

A summary of [Risk Management](#) arrangements and the current corporate risks.

The Annual Corporate Risk Report, found in the [Executive Board](#) meeting details.

The Annual assurance report on corporate risk management arrangements located in the [Corporate Governance and Audit Committee](#) meeting details.

### **Risk management training**

It is important that elected members and staff develop a knowledge and general understanding of risk management.

Risk management training is provided by the IPS and can be tailored to suit specific needs, of elected members, management or operational staff. Risk management training can also be combined with the linked topics of the Best Council Plan and Performance Management. Risk workshops delivered by the IPS can incorporate some element of training if required.

Further details and guidance about risk management, including how to request a training session can be found on the Risk Management INSITE page. Staff and elected members are encouraged to familiarise themselves with this information and guidance.

### **Other areas linked to Risk Management**

#### The Best Council Plan

To achieve the ambitions and priorities set out in the Best Council Plan, it is essential that we understand, manage and communicate the risks that could threaten the organisation or vital council services.

#### Performance management

Risk management is an integral part of the council's performance management framework which is also aligned to the Best Council Plan. Good or improving performance results may indicate a reduction in the threat from a risk, whilst poor or declining performance can act as a warning sign that a risk may be about to arise or has already arisen.

#### The National Risk Register

Published by the Cabinet Office, which captures the changing risk landscape affecting the UK and is also used to inform the council's Corporate Risk Register and the West Yorkshire Community Risk Register<sup>6</sup>.

#### Business continuity management (BCM)

BCM is how the council prepares for future incidents of major significance that could jeopardise its existence. The range of incidents covered by BCM include extreme weather, civil emergencies and pandemics.

#### Managing risks with partners

Risk management should be part of good partnership governance arrangements – to mitigate against risks that could threaten the partnership objectives, but also and to take advantage of opportunities to contribute to that could benefit service delivery. A Partnership Governance and Risk checklist has been developed for use by council services to help ensure that potential risks are covered during discussions about working with partner organisations. The checklist will help highlight any significant gaps in the control framework for the partnership, so that these can be addressed and action taken to mitigate future problems.

<sup>6</sup> The national risks are assessed locally to identify the risks which would have an impact on the county, these risks together form the West Yorkshire Community Risk Register.

## **Annex 2: Roles and responsibilities for risk management within the council**

### **Elected Members**

#### Council Leader and Executive Board

Ultimate responsibility for ensuring that the council has effective risk management arrangements lies with the Executive Board. Executive Board approve the risk management policy, strategy and framework and receives an annual update on this work from the Director of Resources which includes a summary of how the corporate risks are being managed. Executive members also have a key role in identifying the risks associated with the delivery of the council's priorities and to discuss these with the relevant director(s).

The Board provides appropriate challenge to strategic decision-making and ensures that satisfactory consideration is given to the risk management implications of strategic priorities and all major business change proposals.

The Annual Governance Statement, which takes account of the contribution that risk management plays in achieving objectives, is signed by the Council Leader.

#### Corporate Governance and Audit Committee

The Corporate Governance and Audit Committee is responsible for reviewing the adequacy of the council's governance arrangements, including risk management. The Committee receives an annual assurance report on our risk management arrangements from the Director of Resources and uses this to monitor, review and scrutinise these arrangements and their implementation. Furthermore, the Committee can provide challenge on the arrangements to manage specific risks and reviews the Risk Management Policy and Strategy.

The Chair of the Committee signs the Annual Governance Statement which incorporates risk management.

#### Scrutiny Boards

Scrutiny Boards ensure that risk management is given appropriate consideration within their areas of responsibility and can also bring potential risks to the attention of the appropriate Director.

#### Member Risk Management Champion

The Member Risk Management Champion is the Council Leader, whose portfolio responsibilities include Risk Management. They have an important role in raising the profile of risk management, promoting the benefits to Members and staff, and ensuring everyone is aware of their own responsibilities and level of accountability. The Member Risk Management Champion also ensures that the risk management process is applied to all key and major decisions made by elected members, through the use of quality risk assessments within all reports requiring decisions. They also promote risk management and related training to elected members.

#### All Elected Members

All elected members have a responsibility to understand the council's risk management arrangements and the strategic risks facing the authority. Elected members are responsible for properly considering the risk implications during decision-making and policy approval, particularly where the decision may have resource implications, an impact on the authority's strategic priorities or propose a service change.

## **Council staff**

### Corporate Leadership Team

Members of the Corporate Leadership Team (CLT) are collectively responsible for ensuring that all strategic risks are effectively managed by reviewing the corporate risk register each quarter, whilst individual directors take ownership of specific risks.

CLT ensures that due consideration is given to identifying and managing the risks associated with the delivery of the council's outcomes and priorities and with major business change proposals. This may include reviewing the allocation of resources and establishing clear lines of accountability across the organisation and with external partners.

CLT members create an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the council.

### Director of Resources

The Director of Resources has specific responsibility for providing assurances to the Executive Board and the Corporate Governance and Audit Committee on the adequacy of our risk management arrangements. In addition, the Director of Resources holds delegated authority to approve changes to the Risk Management Policy on behalf of the Executive Board and acts as the 'officer risk management champion.'

### Senior Managers

Senior managers are responsible for ensuring that arrangements are in place within their directorates and services to identify and manage risks in accordance with the council's Risk Management Policy and they contribute to the regular updating and review of risk registers at corporate, directorate and service levels. They also ensure risks are escalated to the appropriate level of risk register where they can be properly managed and that proportionate risk assessments are contained within reports requiring a decision. Senior managers are also responsible for identifying the risk management training needs of their staff.

### Project Executives and Project Managers

Project Executives and Project Managers are responsible for ensuring that adequate risk management arrangements are in place throughout the project lifecycle. They also report the 'Red/Amber/Green' (RAG) status of their projects to the council's Intelligence and Policy Service (IPS) each quarter for inclusion in the corporate risk register.

The Project Executive, when setting project tolerances, determines the level of risk exposure that the project is willing to accept. Project risks considered to have a direct impact on the achievement of directorate or strategic priorities are escalated to the directorate management team.

### All council staff

All staff have a duty to consider the risks to the achievement of their day-to-day objectives and the council's outcomes and priorities. They should also ensure that any risks which they cannot manage or that have a wider impact are escalated to their managers. For Chief Officers, this may mean adding the risks to the directorate risk register, whilst for Directors, they may need to propose that a risk is considered for inclusion on the corporate risk register.

When developing new policies and processes that incorporate risk management, staff should start by referring to this Policy.

### Intelligence and Policy Service

The Intelligence and Policy Service (IPS) is responsible for developing, implementing and co-ordinating all strategic risk management arrangements and can provide advice and guidance for strategic risk management. IPS functions include maintaining the corporate risk management documentation (policy, strategy, project risk management guidance etc.), analysing and reporting on the corporate risk register, and liaising with colleagues across the council and externally to help identify, assess and manage strategic risks. IPS provide risk management training and development across the council, and facilitates risk workshops.

### Internal Audit

Internal Audit coverage is risk based in that it places focus on areas of strategic risk facing the council. Internal Audit and IPS regularly meet to exchange information about risks within the council. Internal Audit has the authority to review and report on the council's risk management arrangements.

## Glossary of Terms

Term	Description
Accept	A risk response that means an organisation takes the chance that the risk will occur, usually after all viable options to treat the risk have been exhausted.
Consequence	The impact and implications for the organisation should the risk materialise.
Current rating	This rating is 'where the risk is right now' based on the controls in place and the resources allocated to manage the risk. The 'reasonable worst case scenario'.
Delegated Risk Owner	The person chosen by the risk owner to oversee the risk on their behalf. The delegated risk owner reports progress in managing the risk to the owner.
Inherent Risk	The level of risk before any actions have been taken on it to change the probability or impact. By adopting controls and management on the inherent level of risk, its rating is reduced towards a target level.
Issue	An event that has already occurred i.e. not a risk.
Key Contact	The person responsible for the day-to-day management of the risk. The key contact reports to the delegated owner
Key risk indicator (KRI)	An early warning indicator that can be used to monitor a change in the likelihood or impact of a risk. Indicates that the risk event is about to materialise.
Likelihood	How likely the risk is to occur - the probability or frequency of the risk actually materialising.
Maturity level	Maturity helps define the level of sophistication of the organisations risk management activities. The higher the level of sophistication, the greater the benefits.
Opportunity Risk	Opportunity risks are those which are taken deliberately in line with the organisations risk appetite in order to gain a positive return.
Probability	See likelihood (above)
Residual risk	The remaining level of risk after mitigation and control measures have been taken into consideration.
Risk	The effect of uncertainty on objectives. The tangible threats that we need to be worried about and that keep us awake at night.
Risk Action	Additional/further work required to mitigate the risk
Risk Analysis	Systematic use of available information to determine how often specific events may occur and the magnitude of the impact.

Term	Description
Risk Appetite	Amount and type of risk that an organisation is prepared to seek, accept or tolerate.
Risk Assessment	The process by which the significance of a risk is determined.
Risk Category	The general areas, categories or types of risk that may face the council.
Risk Culture	Risk culture is 'the ways we do risk management within the organisation' – the values, behaviours and attitudes towards risk management.
Risk Evaluation Matrix	The system used for scoring the probability and impact of a risk to determine its overall rating.
Risk Management	The term used to describe the series of co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation.
Risk Map	A model that visually displays the relationship between the likelihood and impact of specific risks.
Risk Owner	The person who is responsible and accountable for the risk. Someone with knowledge of the risk area and of enough seniority to allocate resources to manage the risk and to ensure that actions required to treat it are completed.
Risk Management Policy	The Policy sets out the risk strategy and how it will be achieved and should facilitate successful risk management within an organisation.
Risk Management Process	A series of steps, carried out in sequence, by which risks are identified, evaluated, responded to, reported and monitored on a regular basis
Risk Rating	The end result of the probability and impact scores for a risk.
Risk Register	A working document that records the risks identified and their key details such as title/description, risk owner, risk rating, the main controls in place to manage the risk,
RMS	A Share Point application housing the details of the council's corporate and directorate risks.
Source	The things that could give rise to the risk / cause it to occur
Stakeholder	Any individual, group or organisation that can effect, be affected by, to perceive itself to be affected by a risk.
Standing Risks	Risks that will always face the council, no matter how well they are managed.
Target Rating	The rating based on the lowest probability and impact scores deemed viable to manage the risk to an acceptable level given the amount of resources available to deal with it.
Treat	The application of controls and actions to a risk to reduce its probability and/or impact down to acceptable levels.