Risk Management
Strategy

April 2020

SOUTH
LANARKSHIRE
COUNCIL

Contents

South Lanarkshire Council
Risk management policy statement

South Lanarkshire Council is committed to undertaking practical risk management to maximise the opportunities available and to minimise losses.

The Council recognises that risk management is one of the principal elements of good governance and a key contributor to ensuring a sound internal control environment.

South Lanarkshire Council aims, through a systematic framework and process, to identify, evaluate, manage and monitor all risks within its control to protect its employees, service users, assets, service delivery, reputation, community and business partners.

South Lanarkshire Council promotes an inclusive approach to managing risk through engaging with Resources to embed, develop, challenge and support risk management activity within the Council. The overall aim of this policy is to raise awareness of risk throughout the Council.

As a Council, we are exposed to a vast array of risks. These risks stem from funding pressures against an increased demand for services; provision of public services, including services to vulnerable clients; handling personal information; fraud, theft and organised crime; complex partnership working arrangements; and new or amended legislation, to name but a few.

I consider risk management as a vital activity, which supports our vision, values and strategic objectives and is an integral part of both strategic and operational planning.

Risk is present in all that we do, it is therefore essential that our workforce is empowered in the identification and management of risks to ensure that risk is considered in all key decisions that we take.

Through effective risk management, we are able to enhance service delivery and operate more effectively and efficiently. Ultimately, we are better placed to succeed!

Cleland Sneddon
Chief Executive

Introduction

South Lanarkshire Council's Resources, Services and employees are encouraged to develop new initiatives, improve performance and achieve goals safely, effectively and efficiently through the application of good risk management practice.

For consistency throughout the Council, Resources are required to ensure that the systematic management of risks and opportunities is embedded in service planning and delivery; in the way they make decisions; in major projects; and in their dealings with partners and contractors.

This strategy describes the specific risk management techniques and standards to be applied and the responsibilities for achieving effective risk management.

The strategy aims to provide a sensible and proportionate approach to risk management that promotes awareness rather than avoidance.

The Council seeks to promote an environment that is risk aware and strives to place risk management at the heart of key decisions. Applying a systematic risk management process will encourage:

- reasonable risk-taking in order to make service improvements and enable positive outcomes;
- the implementation of mitigating control measures to avoid or reduce the impact of losses and deterioration in services;
- the preparation and testing of business continuity plans for responding to emergency events.

Risk management is an integral part of all that we do and is key to the success of the Council.

Definition of risk

A risk is something which creates uncertainty and could prevent the Council, or our community and business partners, from achieving our Connect Objectives; or which might detract from the successful delivery of our services.

A risk is also an opportunity which is taken in order to improve services or efficiency.

A risk can therefore be a positive opportunity or a negative threat.

Risks can affect all Council services, our assets, employees, reputation, and our dealings with our community and business partners.

Risk management aims and objectives

We aim to:

- integrate risk management into how we run the Council, ensuring risk management forms part of key decisions;

- support reasonable risk taking in a balanced way, giving consideration to the level of risk, reward, impact and cost of control measures;

- clearly identify all significant risks we face, prioritise these and ensure they are managed within set tolerance levels;

- safeguard Council employees, assets and reputation;

- achieve best value by ensuring more efficient use of resources;

- ensure risk management is a key and effective element of our Corporate Governance arrangements, through more informed, transparent and accountable decision making;

- develop awareness throughout the Council, to allow practical implementation of the risk management methodology;

- ensure the Council operates within the requirements of the law;

- share risk information through all areas of the Council to aid effective risk management and encourage best practice;

- acknowledge that even with good risk management arrangements and best endeavours, things can go wrong;

- learn from previous experiences, both good and bad, putting into practice what has been learned, ensuring that where necessary, steps are taken to reduce the likelihood of adverse events occurring again;

- exploit opportunities.

Risk management – measures of success

The measures of success for this strategy will be:

- successful delivery of the Council Plan, Connect;

- successful outcomes from external scrutiny;

- fewer unexpected/unanticipated problems;

- fewer incidents/accidents/complaints;

- fewer claims/less litigation;

- successfully taking advantage of opportunities;

- maintaining a positive reputation for the Council.

Risk management application

The process of risk management does not seek to fully eliminate all risks, rather it aims to reduce risk to an appropriate level with which the organisation is comfortable, without preventing development. Good risk management is therefore about being risk aware and not risk averse.

Management of risk must be carried out in a systematic manner and should be applied at both strategic and operational levels throughout the organisation. It should be practiced at all times but is especially important and must be considered:

- during periods of major change;
- prior to undertaking projects/as part of a project management system;
- when entering into partnerships;
- when setting budgets;
- when amending structures;
- as part of Procurement exercises;
- when undertaking service reviews;
- following political change;
- as part of strategic planning/decision making process.

Risk management and the strategic planning process

To successfully manage risk, Council Objectives and Resource plan actions must inform the Council's risk management arrangements and vice versa. For this to occur, it is important that the arrangements for risk management are comprehensive enough to reflect the business of the Council as detailed within the Council Plan, Connect and individual Resource Plans.

At a strategic level, the Council reviews its top risks each year and this contributes to the content of the annual Internal Audit plan.

At a Resource level, Resource risk registers should be reviewed and updated following preparation of the annual Resource Plan. Risk registers must reflect the work of the Resource. To achieve this, the updated risk register must accurately reflect the content of the Resource Plan including details of risk controls and actions.

Resource risk registers should be reviewed following the review of the Council's top risks to ensure that any top risks that affect the Resource are adequately reflected. Resource risk registers are also considered as part of the Council's top risk review process. This ensures the process is both top down and bottom up.

Roles and responsibilities

Risk management roles and responsibilities are as follows:-

Roles and responsibilities	
The Chief Executive and the Corporate Management Team (CMT) will:	● Ensure that risk management is embedded at all levels throughout the Council; ● Prioritise and manage strategic risks and monitor those risks that are relevant to Council Plans and Policies.
Executive Directors will:	● Appoint a Resource Risk Sponsor and establish a Resource Risk Management Group (or alternative where risk management is a standing agenda item); ● Evidence assurance of sound risk management within their Annual Governance Statement.
The Executive Director – Finance and Corporate Resources will:	● Champion risk management activity in the Council; ● Organise reports on relevant risk management arrangements to the Risk and Audit Scrutiny Committee, the Finance and Corporate Resources Committee and the Executive Committee.
The Head of Finance (Transactions), Finance Services, Finance and Corporate Resources will:	● Co-ordinate the Council's strategic risk management arrangements; ● Provide periodic reports to the CMT and elected members on risk management arrangements.
The Insurance and Risk Management Adviser, Finance Services, Finance and Corporate Resources will:	● Liaise with Resources in the implementation and embedding of their risk management arrangements; ● Advise the Head of Finance Services (Transactions) on bids for risk initiative funding from the Insurance Fund; ● Offer advice and support to service managers and other groups in the management of operational and strategic risks; ● Maintain a Risk Register for the Council; ● Prepare reports on risk management and insured risks; ● Monitor progress of the Risk Management Work Plan, drive forward risk management training, and support risk management initiatives; ● Be aware of developments within insurance and risk management and share knowledge; ● Prepare specific risk management guidance material; ● Monitor the performance of Resources in meeting the requirements of the Risk Management Strategy.
The Audit and Compliance Manager, Finance and Corporate Resources will:	● Create an Audit Plan that is aligned to the Council's top risks; ● Review/challenge the effectiveness of the Council's risk management arrangements; ● Test and validate existing control measures.

Roles and responsibilities	
The Corporate Risk Sponsors Group will:	• Develop, challenge and support risk management activity at Resource and Corporate levels; • Advise and provide support to the CMT and lead officers on the management of risks and risk management processes; • Identify, analyse and discuss emerging risks resulting in provision of advice on opportunities and mitigation; • Lead new risk management initiatives; • Communicate the need to manage risk and share good practice; • Review risk management training materials and develop opportunities for dissemination of best risk management practice in Resources; • Review and prioritise the Council's top risk register, co-ordinating the results for risk reporting and monitoring; • Prepare and deliver the annual risk management work plan.
Resource Risk Sponsors will:	• Lead their Resource Risk Management Group; • Facilitate the update of their Resource risk register and risk control plan; • Progress delivery of Resource risk control actions and control actions for top risks led by their Resource; • Prepare an annual progress report for their Resource Senior Management Team and their Resource Committee; • Participate in self evaluation of the risk management process and progress within their Resource; • Liaise with Service Planners to ensure that risks associated with Council and Resource plans are identified and that appropriate plans are in place to manage these risks.
Resource Risk Groups will:	• Consider and evaluate new risks to delivery of services; • Inform targeted risk management initiatives for the Resource; • Promote the management of risk at appropriate forums; • Manage Resource insurance hotspots and required mitigating actions.

Roles and responsibilities	
Heads of Service; Resource Management Teams; and Senior Managers will:	• Take actions to deliver the Risk Management Strategy in their area of responsibility particularly promoting risk awareness in decision making; • Ensure risks are appropriately managed and that employees receive appropriate training; • Monitor operational risk management; • Input to the identification and management of top Council risks; • Provide assurance to elected members, by using the Other Implications section within reports, that risks associated with proposed plans have been evaluated and mitigated against.
Operational Managers will:	• Organise training and raise awareness for employees, as relevant, to ensure risks are identified and control measures are put in place and monitored; • Make risk based decisions when delivering services; • Provide assurance to elected members, by using the Other Implications section within reports, that risks associated with proposed plans have been evaluated and mitigated against.
Lead Officers for specific priorities, projects and/ or partnerships highlighted in Council and Community Plans will:	• Ensure risks are identified, recorded and managed for the projects and partnerships under their leadership (refer to guidance: Managing Risk in Partnerships). • Ensure that their Risk Sponsor is kept up to date with the level of risk and control.
The Risk and Audit Scrutiny Committee (RASC) will:	• Provide assurance to elected members that the Council's risks are being appropriately managed; • Promote the understanding of risk among elected members and the benefits of risk management as well as monitoring the Council's internal controls; • Seek assurance of sound risk control.
Elected Members will:	• Oversee the effective management of risk by officers of the Council; • Be supported in this role by the RASC.
All employees will:	• Be bound by the "Seven Principles of Public Life" detailed within the Council's Code of Conduct for Employees; • Advise their line manager of any risks that they become aware of when undertaking their duties.

Risk management structure

The main responsibility for implementing the Risk Management Strategy will lie with the nominated Risk Sponsors in each Resource. The Insurance and Risk Management Adviser has a key role in raising awareness and supporting the Resource Risk Sponsors.

Resource Risk Groups and various other groups will undertake risk related activities at Resource and Service level, within projects, corporately and within Community groups and partnerships.

Resource Risk Sponsors will report progress to Risk Management, the corporate Risk Sponsors Group and to their own Resource Management Team.

The following diagram shows the structure of managing risk management activity in South Lanarkshire Council:
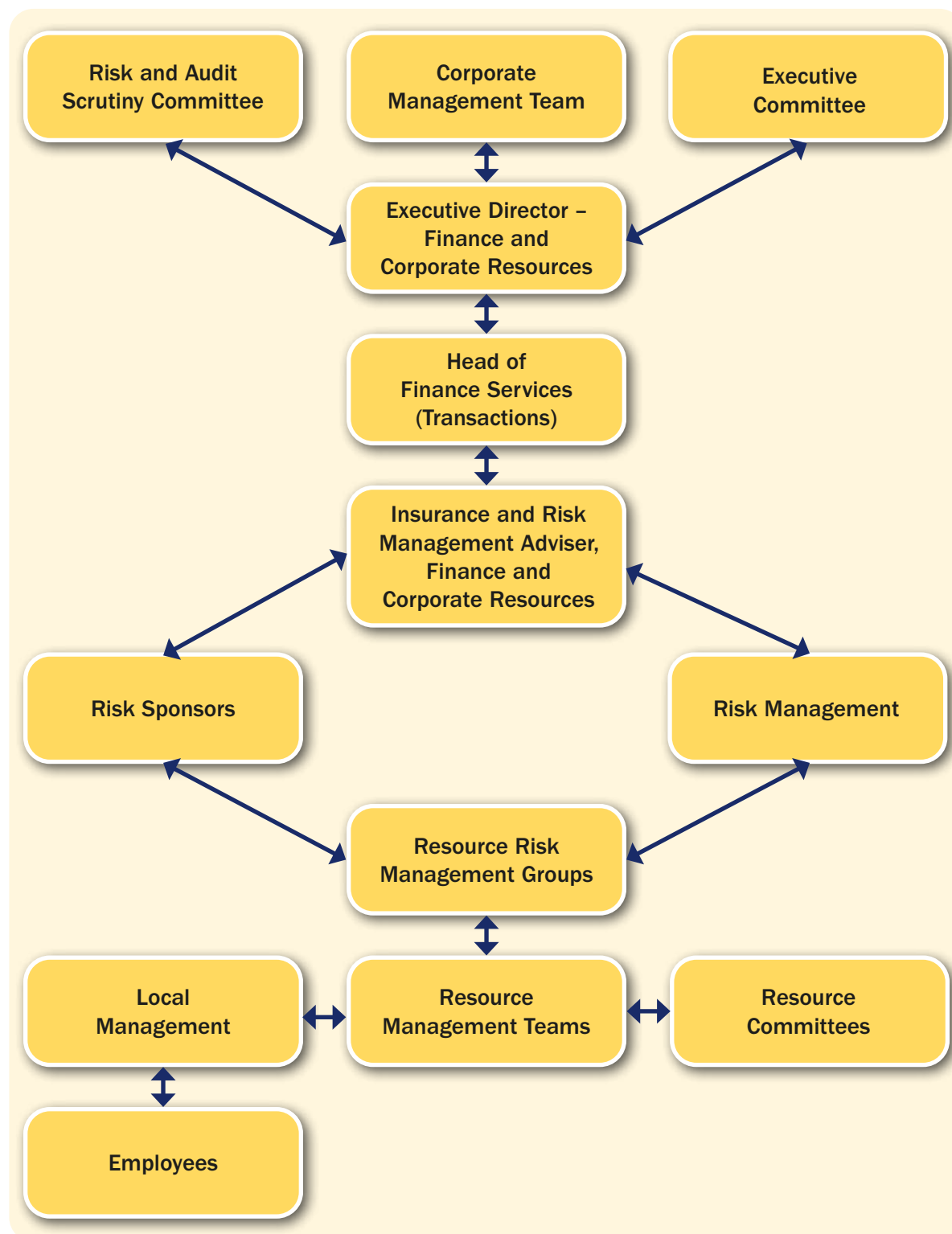
Methodology

A methodology for managing risk in South Lanarkshire Council has been established and will be universally applied. Full details of the methodology can be found on page 16.

Techniques in using and applying the methodology will differ, depending on the project or service area and the impact it is likely to have on delivery of Council objectives. The treatment of risk will depend on ownership, availability of insurance cover, cost of mitigation and level of concern.

Risk registers and risk control plans will be used to share information, reduce duplication of effort in managing risks and to build up an overall risk profile of the Council. The risk profile will be monitored and the level of exposure reported as appropriate.

Risk tolerance

South Lanarkshire Council aims to be risk embracing, that is it will accept a tolerable level of risk in seeking opportunities, service efficiencies and in agreeing control measures. The level of risk facing the Council is measured both before (inherent risk) and after (residual risk) consideration of controls.

The Council should never carry a high residual risk exposure as this would indicate instability but a low residual risk exposure should also be avoided as this indicates lack of innovation.

It is generally understood that in normal circumstances:

- Low risk is acceptable without any further action to prevent or mitigate the risk (risk category 4);
- Medium risk is tolerable – control measures implemented or introduced must be cost effective (risk category 3);
- High risk may be tolerable – providing the Council is assured regarding the adequacy and effectiveness of the control measures in place. Any further control measures implemented or introduced must be cost effective in relation to the high risk (risk category 2);
- Very high risk is deemed to be unacceptable and measures should be taken to terminate, transfer or treat a very high risk to a more tolerable position (risk category 1),

It is recognised that in exceptional circumstances that factors will combine to produce a very high risk for which the Council has limited control over (for example impact of demographic change). Recognising this scenario, and taking into account the inherent level of risk experienced in some Resources, the Council may have the capacity to deal with some very high risk, it does not wish to tolerate any more than 10 per cent of risks at a very high level at any given time.

South Lanarkshire Council's ideal risk exposure should be consistent with an acceptable tolerance of:

- no more than 10 per cent of risks at a very high level;
- no more than 15 per cent of risks at a high level;
- around 50 to 60 per cent of risks at a medium level;
- no more than 30 per cent of risks at a low level.

It is always important to consider how proportionate your response to risk is, ensuring that the risk is continually evaluated to the lowest level that is reasonably practical whilst considering the net benefits, that is to a level where it is believed the cost of action will give the desired benefit without becoming risk averse.

Funding and risk financing

New risk management initiatives or those with a Council wide application may be partially financed from the Council's Risk Management Fund. As these are limited funds, a bidding process is in place and all requests will be assessed against set criteria by the Insurance and Risk Management Adviser and approved by the Head of Finance (Transactions).

Risk management initiatives will be tracked and a record maintained, which will enhance the Council's reputation within the insurance market for practical risk management.

Insurance, broking and loss adjusters' contracts will be subject to regular competitive tendering to ensure best value.

Legitimate insurable losses will be financed through purchased insurance covers and a self insurance fund. Regular professional advice will be sought on the optimum balance between bought and self insurance.

The Risk Management team will manage the self insurance fund, following recognised insurance principles and standards.

The self insurance fund will be subject to regular actuarial review and approved accounting practices.

The self insurance fund will be financed, in principle, by contributions from Resources. Resource contributions will be subject to review.

Core requirements and outcomes

Appropriate and effective risk management will be embraced by all Council Resources as an enabler of success, whether for maximising opportunities, delivering innovation and best value, increasing performance or managing significant challenges.

All Resources, major partnerships and projects will be required to meet the following minimum requirements:

- that a register of risks must be approved by the Resource Management Team and presented for noting to Resource Committees once per annum;
- that a risk control plan must be approved by the Resource Management Team and assurance of delivery of actions given to Committee once per annum;
- that, where appropriate, the Council's top risks are reflected within Resource risk registers;
- that documented evidence of risk evaluation prior to the commencement of major projects, partnerships and organisational changes is completed;
- that formal risk sharing agreements for major partnerships and contracts are put in place;
- that when major decisions are taken, they are transparent and clearly show the following key elements:
  - full cost over life of proposal;
  - funding source;
  - savings or efficiencies;
  - other benefits;
  - associated risks and how they will be managed.

- that Elected Members are to be kept informed of risks by using the "Other Implications" section of the Committee report template. This section should include:
  - the risks involved with the report's recommendations;
  - the potential positive and negative consequences;
  - how these risks are currently being managed (existing controls) or how they will be managed going forward (additional actions);
  - link to risks on the Council's top risk register.
- that assurance is gained from contractors and sub contractors, in line with procurement processes, of their adoption of recommended risk management practices, particularly that adequate insurance cover, safe health and safety practices, and equalities, sustainable development, business continuity and scrutiny procedures are in place;
- that the corporate risk management IT system is used to record and monitor risks and actions;
- that assurance that risks are being managed is provided annually to the Chair of the Resource Committee and the Chief Executive as part of the Council's governance framework;
- that the Council's agreed risk profile and risk tolerance level is adopted.

Reports for projects and partnerships risk registers and action plans should be presented to the relevant board.

Delivery of core requirements will ensure that the benefits outlined in the Strategy are recognised by insurers, auditors and members of the Community with the primary outcome being a well governed and high performing Council.

Monitoring and reporting

Management information for insured risks, including claims experiences, in terms of numbers and value, is used to inform the CMT of the Council's losses and to identify hotspot areas where further targeted action is required. Changes in the level of risk are tracked by analysing trends.

Performance information, relating to Council and Resource performance in delivering risk control actions is reported quarterly through IMPROVe.

The CMT has overall responsibility to monitor Resources progress against the Risk Management Strategy.

Regular reports will be prepared by the Risk Management team. Regular re-evaluation of risks will enable the risk exposure and effectiveness of initiatives to be tracked and reported.

The RASC will oversee the effective management of risk through presentation of regular reports and discussion of issues arising.

Risk management performance will be measured by reviews against standards, use of local and national insurance performance indicators and where possible benchmarking with other authorities.

Reporting requirements and responsibilities are outlined in Table one.

Table one - Risk management reporting requirements

Report title	Purpose of report	Report prepared by	Frequency of report	Reported to				
				Executive Committee	Corporate Management Team	Risk and Audit Scrutiny Committee	Resource Senior Management Teams	Resource Committees
Year-end insured risks report	To highlight the number and estimated costs of insured losses as at 31 March To identify actions and progress for insurance hotspot areas	Risk Management	Annual		✓	✓		
Risk Management year-end report	To advise Resources compliance with the Risk Management Strategy To seek approval and to provide an update on progress made in delivering actions in the risk management work plan To provide an update on progress made on delivering risk control actions	Risk Management	Annual		✓	✓		
Review of the Council's top risks	To update top risk areas for the Council and seek approval for exposure levels	Risk Management	Annual		✓	✓		
Update of the Resource Risk Register and Risk Control Plan	To seek approval for Resource risk registers and risk control plans	Resource Risk Sponsor	Annual				✓	✓
Actuarial review of the Council's self insurance fund	To provide assurance that there is adequate funds within the self insurance fund to meet known liabilities	Risk Management	Bi-annual		✓	✓		
Review of the Risk Management Strategy	To seek approval for updates made to the Strategy	Risk Management	Following each review of the Strategy	✓	✓			

Risk management methodology

Introduction

The risk management process is a continuous and developing process involving the identification of risks; analysis and prioritisation of these risks; and the implementation of actions to further mitigate risks.

Within South Lanarkshire Council, risk management is a four stage process:

Risk identification

Risks can be identified through a number of channels:

- Council, Resource and Service planning processes
- Risk sponsors meetings
- Risk Identification Workshops
- SWOT Analysis
- Regular Resource risk management group meetings
- Project/Partnership meetings
- In the course of normal operational business
- During periods of emergency/crisis management

All identified risks should be aligned to Connect objectives.

When describing a risk always it should be presented in three parts:

- The root cause (weakness)
- The trigger (initiating event or action)
- And the impact (consequence)

It is important to ensure risk descriptions are brief but fully communicate the risk in question. The following wording groups are often used to begin the process of articulating risk:

- Failure to…
- Loss of…
- Inability to…
- Inappropriate…
- Exploitation of…
- Enhancement of…
- Reduction of…
- Disruption to…
- Increase in…
- Lack of…
- Realisation that…
- Empowerment of…

All risks should be categorised for the purpose of analysis. The Council's risk categories are:

- Assets
- Reputation
- Operational continuity and performance
- Financial
- Political
- Environmental
- IT
- Regulatory and legislative
- People

Evaluation of risks – inherent

Risks should be evaluated, initially without regard to any mitigation or controls that are already in place.

It is a twofold evaluation, which considers both the impact and likelihood of the risk.

Definitions of likelihood and impact are detailed below, but these may vary depending on the project or partnership, where analysis requires to be more specific.

Likelihood is scored on a scale of one to five, with one being the lowest. Descriptions of the scores are as follows:

Score	1	2	3	4	5
Description	Rare	Unlikely	Possible	Likely	Almost certain
Likelihood of occurrence	1 in 10 years	1 in 3 years	1 in 2 years	Annually	Monthly
Probability of occurrence	The event may occur in certain circumstances	The event could occur	The event may occur	The event will probably occur	The event is expected to occur or occurs regularly

Impact is also scored on a scale of one-five, with one being the lowest. Descriptions of the scores are as follows:

The following descriptions are provided to assist in ensuring greater consistency when scoring the potential impact of specific types of risks:

	Reputation	Financial	Service delivery/ time to recover	Compliance	Safety
1 Negligible	Public concern restricted to local complaints	<£50,000 per annum	No impact to service quality; limited disruption to operations	No external interest	Minor injury – no lost time
2 Minor	Minor adverse local/ public/media attention and complaints	£50,000-£250,000 per annum	Minor impact to service quality; minor service standards are not met; short term	Very minor attention from legislative/ regulatory body	Minor injury – resulting in lost time
3 Moderate	Adverse national media Public attention	£250,000 to £500,000 per annum	Significant fall in service quality; major partnership relationships strained; serious disruption in service standards	Short-term attention from legislative/ regulatory body	Major injury or ill health resulting in lost time
4 Major	Serious negative national or regional criticism	£500,000 to £1million per annum	Major impact to service delivery; multiple service standards are not met; long term disruption to operations; multiple partnerships affected	Medium-term attention from legislative/ regulatory body	Fatality; or injuries to several people
5 Catastrophic	Prolonged international, regional and national condemnation	>£1million per annum	Catastrophic fail in service quality and key service standards are not met; long term catastrophic interruption to operations; several major partnerships are affected	National impact with rapid intervention of legislative/ regulatory body	Multiple fatalities; or injuries to large number of people

The assessments for impact and likelihood combine to provide an overall inherent risk score on the scale of between 1 and 25, using the Council's recognised risk matrix.

Risk matrix

		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
Likelihood	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
		Impact				

The risk score is calculated as follows: **Likelihood score x Impact score = Risk Score**

These scores should be recorded in the relevant columns of the risk register.

Risk categories/rating

Risk category	Risk rating	Risk score
1	Very high	15-25
2	High	8-12
3	Medium	4-6
4	Low	1-3

The information gathered at the risk identification stage should be used to compile an initial risk register.

Risk control

For every risk, controls that reduce the impact and likelihood should be identified and noted in the risk register.

Examples of controls are:

- Policies and procedures
- Information, instruction and training
- Physical security measures
- Scrutiny measures
- Communication processes

It is the responsibility of the risk owner/identifier to assess the effectiveness of the control measures that are already in place.

Three opinions exist – poor, adequate and good. See table below for examples:

Poor (Not effective)	Adequate (Partially effective)	Good (Completely effective)
Insufficient controls; weak procedures; limited attempt made to implement preventative measures; controls not working as intended	Reasonable compliance with statutory requirements; reasonable standards established; some preventative measures in place; controls can be improved	Full compliance with statutory requirements; comprehensive procedures in place; no other controls considered necessary; ongoing monitoring only

If it is considered that the existing controls are adequate or poor, it is likely that further control measures will require to be implemented.

After consideration of the controls that are already in place, a decision on the treatment of the risk needs to be made. There are four options – transfer, reject, accept and mitigate. See below:

Transfer	Reject	Accept	Mitigate
This involves transferring the cost of risk to a third party	This implies that a risk is undesirable, e.g. it offers unattractive awards, it is outside of the risk appetite, or there is no capability to manage the risk	The Council decides to accept the risk as it is and do nothing further to mitigate it	This involves putting in place risk control measures that reduce the likelihood and/or the consequences of the risk to acceptable levels
• Insurable	• Cancel planned project; work; etc.	• Cannot control – maintain a watching brief	• Some further action required to mitigate the risk
• Not the Council's responsibility	• Change operation	• Already adequately controlled	• Existing Controls need tightened/improved
• Pass to contractor		• Cost of control outweighs benefit	

For risks which require mitigation, a risk control plan should be prepared. This should contain the following information:

• Details of the risk

• The action that is to be completed

• Who is responsible for ensuring completion

• Target date for completion of the action

After preparation of the risk control plan and consideration of the controls already in place, the risk is re-scored as if all current controls were in place and working. This results in the residual risk score.

This re-evaluation uses the same method as the inherent evaluation.

A copy of the Council's risk card that should be used to record the details of the risk is attached at Appendix one.

Monitoring

It is essential for risk management success that periodic review and monitoring of risks, controls and actions is in place.

Risks should be updated if there are changes to the risk, and when further control measures are put in place when actions are completed.

When reporting on the progress of the completion of risk control actions, the following statuses should used:

Status	Definition
Green	The timescale or target has been met as per expectations
Amber	There has been minor slippage against timescale or minor shortfall against target
Red	There has been major slippage against timescale or major shortfall against target
Report later	The information is not yet available to allow us to say whether the target has been reached or not. These will be reported when available

Appendix one – Risk card

Key risk:			
Risk description	Root cause		
	Trigger		
	Impact		
Classification:			
Connect Objective:			
Head of Service:		**Lead Officer:**	
Lead Resource:		**Resources affected:**	
Inherent impact:		**Inherent likelihood:**	**Inherent risk score:**

Existing control measures:
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Assessment of effectiveness of existing control measures:	Poor/Adequate/Good
Risk treatment:	Transfer/Reject/Accept/Mitigate
Residual impact:		**Residual likelihood:**		**Residual risk score:**	

Action Plan (Additional control measures required to mitigate the risk)			
	Action:	**Responsible person:**	**Target completion date:**
1			
2			
3			
4			
5			

Appendix two – Risk management glossary

Key definitions	
Control	Any action, procedure or operation undertaken to either contain a risk to an acceptable level, or to increase the probability of a desired outcome.
Down-side risk	A risk with a negative or unfavourable impact.
Impact	Impact or consequence to the Council should the risk materialise.
Inherent risk score	The level of risk existing before any control measures have been put in place.
Likelihood	Used as a qualitative description of probability or frequency of that risk actually materialising.
Mitigation	The limitation of any negative impact of a particular event.
Operational risk	Risks associated with the day-to-day issues that the Council is confronted with as we strive to deliver our actions and outcomes.
Residual risk score	The level of risk remaining after control measures have been taken into consideration.
Risk	The chance of something happening that will have an impact upon objectives. It is measured in terms of impact and likelihood.
Risk Appetite	The amount of risk that the Council is willing to take.
Risk analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk assessment	The overall process of risk analysis and risk evaluation.
Risk communication	The exchange or sharing of information about risk between the decision maker and other shareholders.
Risk control	The part of risk management which involves the provision of policies, standards and procedures, initiatives and actions to eliminate risk or minimise adverse risks.
Risk control plan	A list of all the proposed actions to be undertaken to mitigate risks. The control plan should contain details of the person who is responsible for implementation and a target completion date.
Risk evaluation	The process used to determine risk management priorities by comparing the level of risk against pre-determined standards for impact and likelihood, target risk levels or other criteria.
Risk financing	The provision of funds to meet the cost of implementing risk treatment and related costs.
Risk identification	The process of determining what can happen, why and how.
Risk management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Risk register	A product used to maintain information on all the identified risks pertaining to a particular activity, project or partnership. Also known as the risk log.
Risk tolerance	The range of exposure that is judged to be tolerable for the Council.
Risk treatment	Selection and implementation of appropriate options for dealing with risk.
Stakeholders	Those individuals and organisations who may affect, be affected by, or perceive themselves to be affected by, the decision or activity.
Strategic risk	Risks concerned with where the Council wants to go, and how we plan to get there.
Up-side risk/ Opportunities	A risk with a positive or favourable impact.

If you need this information in another language or format, please contact us to discuss how we can best meet your needs.
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www.southlanarkshire.gov.uk