

Appendix 1 – Risk Management: Underlying Principles

The following principles continue to be used for the management of risk

- 1) Core Risks: these are the core set of strategic and high level risks that are recorded in the Council's Risk Register and are managed by JMT. They are monitored by the Accounts, Audit and Risk Committee and JMT on a quarterly basis. These risks are defined as strategic, corporate and partnership risks (see 'types of risk' below).
- 2) Residual/Net Risk: this is a measure of impact and likelihood after the proposed mitigating actions or controls have been taken into account. This is given a score using a 5x5 matrix which can then range from 1 to 25, with 25 being the highest level a risk can score. Changes in residual risk are highlighted in the risk monitoring reports to draw attention to any increase or decrease in risk and any new controls required. It also shows the progression from the inherent risk that was identified when the risk was first identified.
- 3) Types of Risk: the Council distinguishes between types of risk and those defined as strategic, corporate or partnership are held on the Council's core strategic risk register. Operational risks are managed at the service and directorate level. Risks can move between the Strategic and Operational risk registers if it is felt a risk needs to be escalated or down-graded.

Our definitions are as follows:

- Strategic risks that are significant in size and duration and will impact on the reputation and performance of the Council as a whole and in particular on its ability to deliver its four strategic priorities
- Corporate risks to corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services.
- Partnership risks to a partnership meeting its objectives or delivering agreed services/ projects.
- Operational risks specific to the delivery of individual services/service performance or specific projects.