

Audit and Governance Committee

17 July 2023



Risk Management Exception - Quarterly Update Report

Extreme Risks

29 June 2023

Each risk will be assessed twice: once in terms of inherent risk and in terms of residual risk.

- To assess inherent risk, the impact and probability must be considered in the absence of any controls: what is the level of risk before controls are considered, what is the susceptibility of the Council to risk, in the first instance? Inherent risk assessment is intended to demonstrate the purpose and effect of control and mitigating actions – it will show the exposure if control, and mitigating actions fail.
- An assessment of residual risk then follows and considers the control and mitigating actions identified. Where there is no change in the assessed risk score between inherent and residual, this is indicative of a lack of, or ineffective controls or circumstances where the council is limited in the action it can take.

Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Slight	2	4	6	8	10
	Limited	1	2	3	4	5
		Very Unlikely	Unlikely	Possible	Likely	Certain
Likelihood						

Assessing Likelihood (Probability)

In assessing probability, the following 1 to 5 scoring system is to be followed:

Likelihood (Probability)	Certain Score 5	Reasonable to expect that the event WILL happen, recur, possibly or frequently
	Likely Score 4	Event is MORE THAN LIKELY to occur. Will Probably happen, recur, but is not a persisting issue.
	Possible Score 3	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.
	Unlikely Score 2	Event NOT EXPECTED. Do not expect it to happen or recur, but it is possible that it might do so.
	Very Unlikely Score 1	EXCEPTIONAL event. This will probably never happen or recur.

Assessing Impact (Severity)

In assessing Impact, the following 1 to 5 scoring system is to be followed:

Impact (Severity)	Catastrophic Score 5	Multiple deaths of employees or those in the Council's care; Inability to function effectively, Council-wide; Will lead to resignation of Chief Executive and/or Leader; Corporate Manslaughter charges; Service delivery must be taken over by Central Government; Front page news story in National Press; Financial loss over £10m
	Major Score 4	Suspicious death in Council's care; Major disruption to Council's critical services for more than 48hrs; Noticeable impact achieving strategic objectives; Will lead to resignation of Senior Officers and/or Cabinet Member; Adverse coverage in National press/Front page news locally; Financial loss £5m-£10m
	Moderate Score 3	Serious Injury to employees or those in the Council's care; Disruption to one critical Council Service for more than 48hrs; Will lead to resignation of Head of Service/Project Manager; Adverse coverage in local press; Financial loss £1m-£5m
	Slight Score 2	Minor Injury to employees or those in the Council's care; Manageable disruption to services; Disciplinary action against employee; Financial loss £100k-£1m
	Limited Score 1	Day-to-day operational problems; Financial loss less than £100k

Level of Risk	EXTREME (20-25)	Risks at this level sit above our tolerance and form the biggest risks. Risks at this level sit above the tolerance of the Council and are of such magnitude that they form the Council's biggest risks. The Council is not willing to take risks at this level and action should be taken immediately to manage the risk.	IMMEDIATE ACTION AND REPORTING TO SLT
	HIGH-LEVEL (12-16)	The Council is not willing to take risks at this level and action should be taken immediately. These risks are within the upper limit of risk appetite. While these risks can be tolerated, controls should be identified to bring the risk down to a more manageable level where possible.	IMMEDIATE ACTION
	MEDIUM (5-10)	While these risks can be tolerated, controls should be identified to bring the risk down to a more manageable level. These risks sit on the borders of the Council's risk appetite and so while they do not pose an immediate threat, they are still risking that should remain under review. If the impact or likelihood increases, then risk owners should seek to manage the increase.	REVIEW CURRENT CONTROLS
	LOW (1-5)	These risks sit on the borders of the Council's risk appetite and so while they do not pose an immediate threat, they are still risking that should remain under review. These are low level risks that could impede or hinder achievement of objectives. Due to the low level, it is unlikely that additional controls will be identified to respond to the risk. Minor level risks with little consequence but not to be overlooked completely.	LIMITED ACTION BUT REVIEW

Risk assessment using probability and impact scoring can be subjective. The change in the overall risk profile demonstrates how action is taken to manage risks, to ensure the completeness of the risk register and to capture emerging risks. Note the deadline to update risks was 16 December 2022.

- The full Services Risk Register can be viewed from this link [HERE](#)
- And the PowerBI risk dashboard from [HERE](#)

RISK SUMMARY – As at 29 June 2023

		Likelihood					
		Very unlikely	Unlikely	Possible	Likely	Certain	
Impact	Catastrophic	0	6	4	4	5	9 No of Extreme Risks
	Major	5	47	21	21	0	58 No of High Risks
	Moderate	12	48	88	11	1	
	Slight	0	85	11	7	2	209 No of Medium Risks
	Limited	1	1	0	1	0	
						106 No of Low Risks	
						10% Overdue Review	

People Directorate for [Adults and Housing](#)

Impact	Likelihood				
	Very unlikely	Unlikely	Possible	Likely	Certain
Catastrophic	0	0	0	0	0
Major	0	1	3	3	0
Moderate	1	10	9	2	0
Slight	0	8	0	2	0
Limited	0	0	0	0	0

(Blank)
Overdue Review

Adults and Housing Extreme Risks - None

People Directorate for [Children’s Services](#)

Impact	Likelihood				
	Very unlikely	Unlikely	Possible	Likely	Certain
Catastrophic	0	1	1	1	0
Major	0	3	4	1	0
Moderate	0	2	3	1	0
Slight	0	4	2	2	0
Limited	0	1	0	0	0

15%
Overdue Review

Children’s Services Extreme Risks

[Schools & Learning](#)

- Risk 272 - Failure to stabilise the budget for the High Needs Block

Public Health

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	0	1	0	0
	Major	0	0	0	0	0
	Moderate	0	0	7	1	0
	Slight	0	0	0	1	0
	Limited	0	0	0	0	0

20%

Overdue Review

Public Health Extreme Risks - None

Corporate Services

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	0	2	2	0
	Major	1	16	6	4	0
	Moderate	3	7	43	6	0
	Slight	0	42	3	3	0
	Limited	1	0	0	0	0

9%

Overdue Review

Corporate Services Extreme Risks

ICT Operations

- Risk 286 - Loss of ICT service or data through a cyber-attack
- Risk 348 - There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure

Place Directorate

		Likelihood				
		Very unlikely	Unlikely	Possible	Likely	Certain
Impact	Catastrophic	0	5	1	1	5
	Major	4	27	8	12	0
	Moderate	8	29	33	2	1
	Slight	0	31	6	0	2
	Limited	0	0	0	1	0

12%

Overdue Review

Place Extreme Risks

Assets & Regeneration

- Risk 572 - Asbestos inspection compliance Health and Safety compliance and recording
- Risk 656 – Fire Risk Assessments
- Risk 138 - Breach of health and safety at an occupied premise
- Risk 571 - Corporate Landlord model not being fully implemented by the Council and all services.
- Risks 703 – Radon Management

Place Based Services – COMMERCIAL WASTE & STRATEGY

- Risk 381 - Cost of contracted services (HRCs operation, transportation) increases when retendered