REPORT TO: Audit and Governance Committee

MEETING DATE: 13 November 2012

BY: Executive Director (Support Services)

SUBJECT: Council Risk Management Strategy

1   PURPOSE

1.1   The purpose of the report is to seek Audit and Governance Committee approval of the revised Risk Management Strategy.

2   RECOMMENDATIONS

2.1   It is recommended that the Audit and Governance Committee approves the revised Risk Management Strategy (Appendix 1).

3   BACKGROUND

3.1   The Council adopted the Risk Management Strategy in December 2009. The Strategy has been reviewed and updated and is submitted for approval by Audit and Governance Committee (see Appendix 1).   The main changes relate to updating the responsibilities of senior officials in line with the re-organisation of the Council Management Team that took place in March 2012 and revising the Risk Rating Matrix to redefine the Very High, High, Medium and Low risk categorisation.

3.2   The Corporate Risk Register (CRR) was approved by Audit and Governance Committee on the 26th April 2011. Since then the Register has been reviewed by Local Risk Working Groups and the Council Risk Management Group. The revised Corporate Risk Register is to be considered and approved by the Council Management Team before being submitted to the Cabinet and Audit and Governance Committee in January 2013.

4 POLICY IMPLICATIONS

4.1 In approving the revised Risk Management Strategy the Audit and Governance Committee will be affirming the process of embedding risk management principles across the Council.

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial – There are no direct financial implications associated with approving the revised Strategy although it is anticipated that implementation may give rise to improvement measures which may themselves have financial implications.

6.2 Personnel – There are no immediate implications.

6.3 Other – Effective implementation of the Risk Management Strategy will require the support and commitment of those identified within the strategy to have specific responsibilities.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Council Risk Management Strategy; October 2012

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Risk Management Strategy

OCTOBER 2012

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Document Control			
Version No.	Effective Date	Reason for Update	Lead Reviewer
1.0	December 2009	New document	CMT/EP&RM
2.0	October 2012	Revised	CMT/EP&RM

1.   Background

East Lothian Council provides a diverse range of services to the community of East Lothian and visitors to the area. The strategic and operational hazards and potential risks associated with delivering these services are many and varied.

East Lothian Council regards risk as the threat that an event or action will adversely affect the Council's ability to achieve objectives and the successful execution of strategies. Risk Management is the process of identifying, analysing, treating and monitoring risks which face the organisation and forms part of East Lothian Council's internal control and corporate governance strategy.

Developing a risk management culture and integrating risk management into the way the Council delivers services is essential for achieving best value, taking up opportunities and achieving the Council's Vision of making East Lothian a good place to live, work or visit. When risk is well managed it often goes unnoticed. If it is poorly managed or not managed at all the consequences can be significant and high profile. Effective risk management is needed to prevent such failures.

2.   Policy Statement

2.1   The Elected Members and Chief Officers of East Lothian Council are committed to creating a culture within the Council where all staff are encouraged to develop new initiatives, improve performance and achieve their goals safely, effectively and efficiently by consistent application of tried and tested methodologies for identifying and managing opportunity and risk.

2.2   In doing so the Council aims to make the most of opportunities to:

- achieve high standards of performance;
- deliver high quality services for service users;
- provide an environment that meets Health & Safety requirements for the people it employs;
- protect assets and liabilities against potential losses, and
- minimise uncertainty in achieving its goals and objectives.

3.   Scope

3.1   Whilst the Chief Executive has overall accountability for risk management, the Head of Policy and Partnerships has responsibility for the implementation of a suitable and effective risk management framework, and is supported in this respect by the Emergency Planning & Risk Manager and the Risk Officer whose remit is to co-ordinate, integrate, oversee and support the risk management agenda and ensure that risk management principles are embedded across the Council.

3.2   The Council has agreed that the Council Risk Management Group (chaired by the Head of Policy and Partnerships) is the lead Group overseeing the development, implementation and maintenance of risk management across all services. Risks will be recorded within the corporate risk register, service risk registers or project risk registers and development of the Aspireview risk module will facilitate this electronically.

3.3   **Corporate risks** represent those with the potential to impact on the 'corporate body', East Lothian Council, in achieving its stated policies and corporate objectives and those that require strategic leadership (for example the Council Plan and the Single Outcome Agreement). Service risks may be included on the corporate risk register where a risk impacts on multiple services or requires significant central resources in the development of risk control measures.

3.4   **Service risks** represent the potential for impact on 'individual services' in relation to service delivery, or the experience of those who work within the services, i.e. staff, partners, contractors and volunteers, or the general public and clients in receipt of the services provided.

3.5   All risk will be analysed in terms of impact on the Council, its component services and the likelihood of occurrence. This analysis will produce an evaluation of risk as being Low, Medium, High or Very High. The council's response in relation to adverse risk, or 'tolerance for risk' is such that:

- 'Low' risk is broadly acceptable without any further action to prevent or mitigate risk;

- 'Medium' risk is tolerable with control measures that are cost effective;

- 'High' risk may be tolerable providing the Council is assured that adequate and effective control measures are in place; and,

- 'Very High' risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.

High and Very High risk will be subject to closer scrutiny by the Council Management Team and the Cabinet or Audit and Governance Committee.

3.6   This document represents the risk management framework to be implemented across the Council and effectively contributes to the signing of the Statement of Internal Control, which is an annual requirement of the Head of Council Resources.

4.   Risk Management Philosophy and Objectives

4.1   Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects[1]. It is pro-active in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an important role to play in ensuring that defensible and beneficial 'risk-aware' not 'risk-averse' decisions are made. It ensures that the Council provides high quality services and staff are aware that every effort has been made to maximise their opportunities to succeed.

4.2   East Lothian Council uses the risk management process shown below[2].
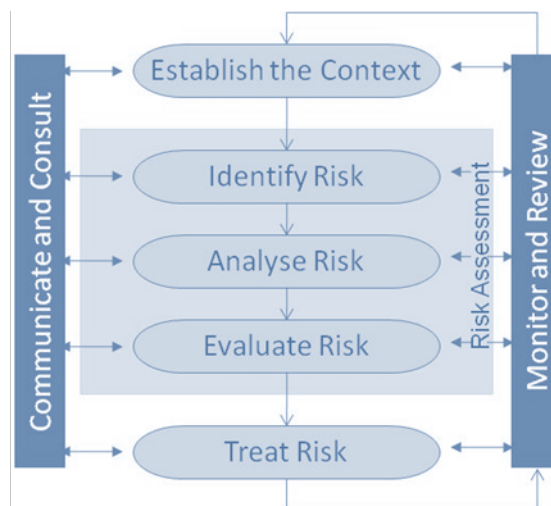
4.3   Risk Management Objectives

The specific risk management objectives of the Council are to:

(i)   integrate governance and risk management into the day to day activities of all Council employees including project management and service planning;

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[1] Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004
[2] Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004 and ISO 31000 (2009)

(ii)   create a consistent approach to risk across all services using the adopted process;

(iii)   promote practical measures to reduce the council's exposure to risk and potential loss;

(iv)   define clear lines of responsibility for the management of risk, including corporate risks, service risks and those involving specialised support functions;

(v)   provide a system for monitoring the effectiveness of the risk management framework;

(vi)   provide a system for feedback on the management of key risks to Elected Members, with clear and measurable targets set, and reports on progress made against those targets;

(vii)   comply with legislative requirements; and

(viii) comply with the requirements of Corporate Governance

4.4   The fundamental principles of Risk Management are to:

- ensure that the Risk Management process takes account of and links to Council objectives;
- monitor the provision of, and attendance at, Risk Management training events;
- to keep the elected members and senior managers advised of any significant risk management issues;
- to promote an open and fair reporting culture;
- encourage local ownership of the Risk Management process by ensuring that decisions on risk management are taken locally rather than centrally.
- agree clear roles and definitions relating to the accountability, management, escalation and communication of key risks; and
- approach the assessment of risks and opportunities consistently.

5.   Benefits of Effective Risk Management

5.1   Effective risk management will contribute to delivering significant benefits for the Council. The primary benefit is that appropriate, defensible, timeous and best value decisions are made. Such 'risk-aware' decisions should be based on a balanced appraisal of strengths, weaknesses, opportunities and threats, and should enable acceptance of a certain level of risk in order to achieve a particular goal or reward.

5.2   Defensible decision-making means that:
- all reasonable steps in the decision-making process will have been taken;
- all relevant information will have been collected and thoroughly evaluated;
- reliable assessment methods will have been used;
- decisions (and supporting rationales) will have been clearly documented, and
- processes will have been put in place to monitor the effectiveness of the decision outcomes.

5.3   Other benefits would include:
- high achievement of objectives and targets;
- high levels of staff morale and productivity;
- better use and prioritisation of the council's resources;
- high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation;
- further enhancement of the council's good reputation both as an employer and as a public service provider; and
- avoid duplication of Risk Management issues which affect more than one service and bring them together to benefit from good practice.

6.   Standard Procedures

6.1   Standard procedures (6.1.1 – 6.1.14) should be fulfilled in order to achieve a consistent approach to effectively implementing risk management across all areas of the Council.

     6.1.1   Full implementation of the continuous risk management process, embedding risk management within existing Council processes so that an assessment of risk as well as costs and benefits becomes routine wherever possible.

     6.1.2   Identification of risk using standard methodologies and involving managers throughout the service with detailed knowledge of the service and the environment in which it operates.

     6.1.3   Each Service through its Risk Working Group will identify events which may have the consequence of affecting the Council's ability to provide services and achieve its objectives.

     6.1.5   Consistent application of a standardised 5x5 risk matrix to analyse risk in terms of impact and likelihood of occurrence, thus producing a risk score and evaluation of either 'low', 'medium', 'high' or 'very high.' The values attached to the risk for likelihood and impact are then multiplied and placed on the risk matrix, which shows the level of risk ranging from 1 to 25.

     6.1.6   Consistency of approach for risk response/ treatment where appropriate actions are taken to bring a situation to a level where the exposure to risk is acceptable to the Council, either through termination, tolerance, transfer or treatment of the risk.[3]

     It will be for the Management Team or the departments Risk Working Group to decide on what action they take to deal with the identified corporate or operational risks.

     6.1.7   Implementation and maintenance of risk registers as a means of collating risk information in a consistent format allowing comparison of risk evaluations and informed decision-making in relation to prioritisation of resources. The council will progress the development of the Aspireview 'risk' module to ensure consistency of approach and format of risk registers.

     6.1.8   Routine reporting of risk information to the appropriate group e.g. Audit and Governance Committee, Council Management Team and Cabinet dependent on the type and significance of risk.

     6.1.9   Periodic re-assessment of individual risks, proportionate to significance of risks (i.e. low risks fully reassessed every two years, medium risks every year and significant [high and very high] risks every 6 months) including routine audit of robustness of measures implemented to control risks.

     6.1.10   To fully document the risks in the risk registers and to monitor and carry out an annual review of corporate and service risk registers/ risk management plans to ascertain progress and to check for contextual changes affecting the risks.

     6.1.11   Mid-year progress review of service risk management plans by Management Teams.

     6.1.12   Ongoing proactive identification of new and/ or potential risks as a general responsibility of all service areas specifically those where risk is inherently discussed as part of their remit.

     6.1.13   Supporting Risk Management Guidance will provide further direction regarding the above.

     6.1.14   Link Service Risk Register to Service plans.

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[3] **Termination** - avoiding the risk by not proceeding with the activity likely to generate the risk;

Tolerance - ensuring that adequate plans exist to respond to potentially disruptive events and monitoring current controls where the probability of harm materialising is low and/or the economic cost of further reducing the risk is disproportionately high;

Transfer - arranging for another party to bear or share some part of the risk, through insurance, contracts, partnerships, joint ventures etc.; and

Treatment - controlling the likelihood and consequences of the occurrence through preventative measures.

7.	**Structural Arrangements and Responsibilities**

7.1 All employees are responsible for managing risk to varying degrees within East Lothian Council and it is important that employees are made aware by the Council of their specific responsibilities in order to ensure risk is successfully managed throughout the Council. The Risk Framework (Figure 2.0) illustrates the relationship between different levels of employees and their accountability amongst each other. It shows the structure whereby information, instruction, training, supervision and reporting in relation to the management of risk will be effectively communicated within the Council.

7.2 The process must be driven from the most senior level of the Council. The framework (2.0) shows that the Council Management Team has collective responsibility for the management of risk and that the process of implementing the strategy will be through the Council Risk Management Group and thereafter cascading through the Council departments.

Figure 2.0

Reporting Arrangements
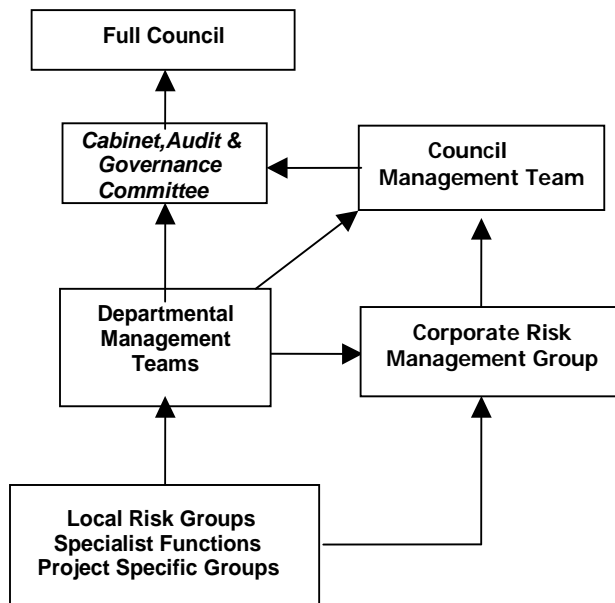
7.3 **Formal Groups**

7.3.1 Elected Members, Full Council, Cabinet and Audit and Governance Committee

Elected Members will promote a culture of risk management throughout the Council and encourage effective management of risk by Officers.

As part of its corporate governance role, **Full Council** is accountable for ensuring that the organisation has a suitable risk management framework in place and that significant risks are adequately identified and controlled. At meetings of the relevant committees, Elected Members will:

- approve service risk registers and risk management plans submitted on an annual basis, and

- conduct a mid year progress review of service risk management plans.

Cabinet has delegated authority for and on behalf of Council for ensuring that corporate risks and any emerging significant (high and very high) risks within their specific remit are adequately controlled. Cabinet will approve the Corporate Risk Register.

Audit and Governance Committee will scrutinise and review the effectiveness of the implementation of the risk management processes within the Council. It will also scrutinise and review the Risk Registers.

7.3.2   Council Management Team

Council Management Team will promote the importance placed on risk management within the Council and will:

- oversee the implementation of this strategy throughout the Council;

- review the proposed corporate risk register and agree the risks for the Council in achieving its key corporate objectives;

- monitor the effective management of known risk by officers of the Council, by reviewing action taken in managing risks identified on the corporate risk register on an annual basis;

- support implementation of the strategy throughout the Council;

- timeously identify potential risks arising from the Council's external environment, and

- ensure effective systems of internal control and Risk Management are in place to support the corporate governance of the Council advise and promote the Risk Management framework, policy and strategy.

7.3.3   Council Risk Management Group

The Council Risk Management Group is fundamental to the delivery of risk management throughout East Lothian Council and will meet on a regular basis to ensure that risk management remains high on the corporate agenda. The Council Risk Management Group comprises the Emergency Planning and Risk Manager, Risk Officer and representatives from each Risk Working Group, Internal Audit, Insurance Services, Health and Safety, IT Security and other relevant members by invitation and will:

- identify and review corporate risks, in consultation with the Board of Directors and Heads of Service, through the production of a corporate risk register that will demonstrate the overall risk profile of the council and be used to focus on developing actions for effectively managing the risks;

- co-ordinate arrangements for monitoring progress of action plans designed to manage corporate risks;

- provide regular risk management reports to the Council Management Team (in respect of risk registers, risk management plans);

- assist in implementation issues across the council, share experiences and inform changes to the strategy and direction;

- adopt and monitor progress against a Risk Management Action Plan which will show the direction for medium to long term risk management objectives, and

- form a sub group(s) from within the Council Risk Management Group to take forward specific initiatives complimentary to the remit of the Group when required.

7.3.4   Risk Working Group (Departmental)

Risk Working Groups will:

- organise training and raise awareness in their area of responsibility to ensure practical prevention and control measures are put in place to minimise risk;

- contribute to the service risk register and regularly review its content to ensure it continually reflects the key risks of the service and highlights the service's top risks;

- report progress to their Departmental Management Team on a regular basis;

- on behalf of the Service Director, contribute to the council's assurance framework through the annual submission of their service's risk register and risk management plan to the

Head of Policy and Partnerships, for review prior to submission to the Audit and Governance Committee. These plans will provide a summary of progress made in managing risks identified in the previous year's plan, will set out plans for the coming year for managing identified keys risks and incorporate estimates of planned reduction in financing costs where possible;

- provide the central point for co-ordination of risk management policy within the service;

- oversee the implementation of this strategy throughout the service at an operational level, and

- provide a representative to the Council Risk Management Group.

7.3.5   Specialist Functions

Specialist functions such as Insurance and Health and Safety will:

- provide a central resource of expertise to the wider Council, and

- be responsible for the development and actioning of corporate risk management initiatives, either directly or through other Council services.

Where relevant, the Council will access external sources of expertise such as the Police or the Council's Insurers.

7.3.6   Internal Audit

Internal Audit is an independent appraisal function within the Council. Internal Audit will:

- review, appraise and report on the adequacy and effectiveness of Risk Management arrangements within the Council, and

- take into account the Council's Corporate Risk Register when identifying areas to be included in the Internal Audit plan.

7.4   **Individuals**

7.4.1   Chief Executive

The Chief Executive has ultimate responsibility for ensuring that there are suitable and effective arrangements in place to manage the Council's risks.

7.4.2   Head of Policy and Partnerships

The Head of Policy and Partnerships is the lead for risk management, its related strategy and supporting processes. He/She is supported in this respect by a dedicated risk management resource in the Emergency Planning and Risk Manager and the Risk Officer.

7.4.3   Executive Directors

All Executive Directors are accountable to the Chief Executive for the management of risk within their areas of responsibility. Executive Directors will ensure that risks identified as likely to impact on their delivery of the strategic objectives are managed effectively.

It is the responsibility of each Executive Director and their senior management team to implement local arrangements which accord with the principles, objectives and standard procedures set out in this strategy. Specifically, they will:

- implement the strategy within their own range of services, seeking every opportunity to embed risk management methodologies within their existing processes;

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- monitor and review the effective application of the risk management process throughout their service and report on significant risks to the Council Risk Management Group, and

- encourage their Risk Working Group to promote staff learning and development in risk management and monitor operational risk management progress;

Whilst an Executive Director has overall responsibility for the management of a risk within their services, they might not 'own' the risk control mechanisms being implemented to manage the risks (e.g. implementation of policies developed by other services, such as Finance or Human Resources). In this case, the role of the Executive Director is to oversee that the control(s) is/ are fit for purpose and operating effectively within their area of responsibility.

7.4.4   Heads of Service

Heads of Service are accountable to their Executive Director for the management of risk within their areas of responsibility. They will ensure that any risks identified as likely to impact on their service are documented in the Risk Register and thereafter managed effectively.

Heads of Service across East Lothian Council have a responsibility to ensure that all employees are familiar with the latest risk management strategy, guidance and controls.

7.4.5   Emergency Planning and Risk Manager

The Emergency Planning and Risk Manager, in conjunction with the Risk Officer, will:

- organise the meetings of the Council Risk Management Group;

- offer advice and support to service managers and other groups in the management of corporate and service risks;

- appraise the services' risk management plans, and

- maintain the corporate risk register and risk management systems for the Council.

7.4.6   All East Lothian Council Empoyees

All Council employees should be encouraged to be involved at all levels in identifying current and potential risks where they work. They should make every effort to be aware of situations which place themselves or others at risk, report identified hazards and implement risk reduction measures developed by their service. Risk assessments should encompass all facilities used to deliver services and be completed using the knowledge and experience of all relevant staff and where appropriate service users. This approach will support the formal risk review conducted annually by all services and enable staff to:

- understand the risks that relate to their roles and their activities;

- understand how the management of risk relates to their own and their client's/ the public's safety;

- understand their accountability for particular risks and how they can manage them;

- understand how they can contribute to continuous improvement of risk management;

- understand that risk management is a key part of East Lothian Council's culture;

- report systematically and promptly to senior management any perceived new risks or failures of existing control measures, and

- liaise with line managers to assess risk in their jobs and will manage risk effectively in their jobs.

8.   Training, Learning and Development

8.1   To implement this strategy effectively, it is essential to have a workforce with the competence and capacity to identify and manage risk and handle risk judgements with confidence including learning from past experience.

8.2   The Council recognises that for Risk Management to be successfully embedded in the Council's day to day activities appropriate training must be undertaken by all members of staff to varying degrees. The Emergency Planning and Risk Manager, supported by the Risk Officer, will regularly review the risk management training needs of the Council and ensure the implementation of a programme of training for all staff to be undertaken both internally and also through specialist external trainers. This will ensure that all employees are equipped with the skills to act effectively in accordance with good practice.

8.3   Depending on the purpose, nature and extent of the training, it can provide staff with knowledge of the following:

- the risk management process;
- risk reporting requirements;
- risk management roles and responsibilities;
- risk tools and techniques and how and where they are applied; and how to identify, assess and manage risks;
- the Council's policy on risk, and
- the Council's risk appetite, risk tolerance levels and escalation rules.

9.   Monitoring and Reviewing Risk Management Activity

9.1   Efficient and effective risk management requires a monitoring and review structure to ensure that changes to the council and its environment are identified and addressed.

9.1.1   There will be reports to the Council Management Team and Cabinet on progress in managing the risks recorded in the Corporate Risk Register. This will detail the most significant risks and what actions have been taken to mitigate them. The risks will be reviewed as follows:

- Very high risks and the actions taken to mitigate them will be reviewed every 6 months;
- High risks and the actions taken to mitigate them will be reviewed every 9 months;
- Medium risks and the actions taken to mitigate them will be reviewed annually, and
- Low risks and the actions taken to mitigate them will be reviewed every 2 years.

9.1.2   There will be annual reporting to the Audit and Governance Committee on progress against the risk management plans and service risk registers;

9.1.3   There will be regular reporting to Business/ Departmental Management teams on progress against the risk management plans and service risk registers;

9.1.4   There will be regular reporting on progress on the Risk Management Action Plan to the Corporate Risk Management Group;

9.1.5   There will be quality assurance checks on the risk management process conducted through meetings of the Council Risk Management Group;

9.1.6   There will be ad hoc tailored reports/ presentations to Cabinet on specific risk related issues/ topics arising from discussion or specific enquiry;

9.1.7   There will be continual review by Risk Working Groups of progress in managing individual risks listed in the service risk registers;

9.1.8   There will be regular reporting of claims data to Heads of Service by the Insurance Section and 'Stewardship reports' provided by the council's Insurers;

9.1.9   There will be annual review of risk registers by the Audit and Governance Committee.

9.2   A review of the above and other data sources should determine whether:

- the risk management framework and process is fit for purpose and aligned to the Council's corporate objectives;

- staff across the Council have sufficient risk management skills, knowledge and competence in line with the activities they are required to perform on a daily basis, and

- improved knowledge would have helped to make better judgements or reach better decisions and identify lessons for future assessments and the management of risks.

9.3   Such a review should shape future risk management priorities and activities and be reflected in the revision of the Risk Management Action Plan and preparation of the Council's Risk Management Annual Report that is provided to the Audit and Governance Committee, forming part of their assurance to Council.

10.   Risk Registers

10.1   The Council Risk Management Group will establish a Corporate Risk Register, which aligns with the Council Plan and they will have responsibility for maintaining the Register.

10.2   Each Service will, through its Risk Working Group, establish a Risk Register which aligns to its Service Plan and which will, where appropriate, be linked to the Corporate Risk Register. The information to be contained in both the Corporate Risk Register and the respective Service Risk Registers will be:

- risk identification number;
- risk description (linked to the achievement of business objectives);
- likelihood/impact rating;
- risk rating;
- controls in place;
- potential residual risk;
- planned actions;
- service or person responsible for planned actions/managing the risk;
- timescale for completion of action, and
- evidence of regular review.

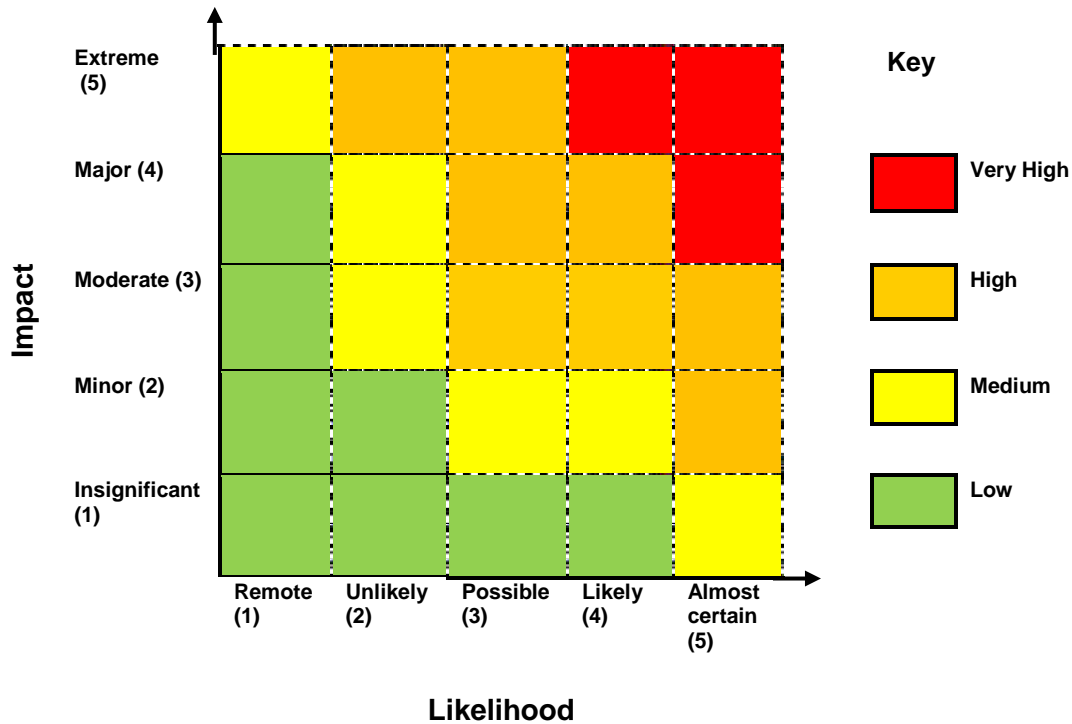## 11.   Strategy Implementation, Communication and Review

11.1   The Council's Risk Management Strategy was approved by Council at its meeting on 8 December 2009 and subsequently revised in October 2012. The Strategy accurately represents the arrangements for managing risk within the Council at the time of approval. Implementation of this strategy will be underpinned by Risk Management Guidance and the Risk Management Action Plan.

11.2   The Elected Members and Chief Officers consider that effective communication of risk management information across all services and levels of staff is essential in developing a coherent, consistent and effective approach to risk management. Copies of this strategy are available on ELnet and specific details will feature in the induction programme for all new staff.

11.3   This strategy will be reviewed at periodic intervals of at least every 2 years to ensure that it reflects current standards and best practice in risk management and fully reflects the rapidly changing environment in local government.

12. Outputs and Benefits of the Risk Management Strategy

12.1   Embedding a Risk Management culture throughout East Lothian Council is vital to the success of this strategy. The anticipated outputs and benefits of the Risk Management Strategy are:

- Improved service delivery;
- Better value for money;
- Improved corporate governance and compliance systems;
- Improved insurance management;
- Improved decision making;
- Enhanced understanding of the Council's vulnerabilities;
- Improved use of resources;
- Enhanced strategic awareness;
- Compliance with legislation/ regulation;
- Adds value to the activities of the organisation, and
- Increases the probability of success in achieving business objectives.

12.2   These outputs and benefits will protect and enhance East Lothian Council's reputation, which will in turn increase public trust.

Appendix 1 – Risk Rating Matrix

The probability (likelihood) of an event occurring being almost certain, likely, possible, unlikely or remote and the impact ranging through, catastrophic, major, moderate, minor or none, that such an event may have on the following areas; service objectives, financial, people, time and reputation. See next page for descriptions of risk ratings.

Descriptions of Risk Ratings

Very High Risk **(17 – 25)**	These are classed as primary or critical risks requiring immediate attention. Their potential consequences are such that they must be treated as a high priority. This may mean that strategies should be developed to reduce or eliminate the risks, and the risk monitored every 6 months. Consideration should be given to planning being specific to the risk rather than generic. Examples of impact include: national attention, Government intervention, total service disruption and fatality. Very High risks are unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.
High Risk **(10 – 16)**	These risks are classed as significant. They may have a high or low likelihood of occurrence but their potential consequences are sufficiently serious to warrant appropriate consideration after those risks classed as 'very high'. Consideration should be given to the development of strategies to reduce or eliminate the risks and they should be reviewed every 6 months. Examples of impact include: national media, adverse comments (reputational risk), external audit, MSP intervention, significant service disruption and disability (or other serious injury). High risks may be tolerable providing the Council is assured that adequate and effective control measures are in place.
Medium Risk **(5 – 9)**	These risks are less significant but may cause upset and inconvenience in the short term. These risks should be monitored to ensure they are being appropriately managed and should be reviewed annually. Examples of impact include: local media attention, service user complaints, service disruption and lost time injuries. Medium risks ares tolerable with control measures that are cost effective.
Low Risk **(1 – 4)**	These risks are either unlikely to occur and not significant in their impact. They should be managed using normal or generic planning arrangements and require minimal monitoring and control unless subsequent risk assessments show a substantial change. They should be reviewed every two years. Examples of impact include: isolated complaints and minor service disruption. Low risks are broadly acceptable without any further action to prevent or mitigate risk.