Shropshire Council

Risk Management Framework 2026

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Contents

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1. Introduction

This document sets out how Shropshire Council's risk management framework should be applied in practice. It is designed to support a consistent approach to identifying, assessing, recording, monitoring and reporting risks that may affect delivery of the Council's priorities, services and statutory responsibilities. Risk management is important to Shropshire Council because it supports informed decision-making, strengthens accountability and helps the Council protect essential services, public resources and outcomes for local communities. Effective risk management helps the Council make informed decisions, manage uncertainty, protect service delivery and identify opportunities to improve outcomes.

The benefits to the council of the risk management process are to:

- Increase the likelihood of achieving corporate and business objectives;
- Alert the council to new/increasing risks that may impact on the council's ability to serve its community;
- Enable significant risks to be effectively managed to ensure that risk is taken seriously, and
- Use a single process that can be applied to any type of risk that the council faces, including opportunity (positive risk).

Statement from the Chief Executive:

The Council's Members and Executive Management Team support and endorse the work of the Risk Management Team in embedding an Risk Management culture across all levels of the Council's operations. The importance of integrating Risk Management techniques in decision making and business planning process is recognised and acknowledged, as is the need to raise general awareness and understanding of risk. The strategy sets out how the Council intends to do this and the process for moving forward. The Leader of the Council, Council Members, Senior Management Team, and I, are fully committed to this strategy and see it as part of our responsibility to deliver excellent public services.

Signed: Tanya Miles, Chief Executive, Shropshire Council

Tanya Signature

Date: September 2026

2. Risk Management Framework

2.1. Risk Management Policy and Strategy

Shropshire Council's risk management framework provides the structure through which risks are identified, assessed, managed, monitored and reported across the organisation. It brings together the Council's risk management policy, strategy, roles, governance arrangements, reporting routes and supporting tools to promote a consistent and proportionate approach. The framework helps ensure that risk management is embedded within decision-making, service planning, performance management and day-to-day operational activity, supporting the Council to deliver its priorities and statutory responsibilities effectively.

Risk Management Framework

How risk is identified, assessed, managed, recorded, reported and assured across the Council

1. Strategic context Corporate Plan, Improvement Plan, Financial Plan, People Plan, service plans, statutory duties and partnership priorities define what must be delivered and where uncertainty may arise.	**2. Risk identification** Risks and opportunities are identified through service planning, budget setting, key decisions, projects, change activity, incidents, audit findings, benchmarking and risk workshops.	**3. Assessment and appetite** Impact and likelihood are scored using the corporate methodology. Current and future risk scores are considered against appetite and tolerance to determine the required response.	**4. Mitigation and control** Responses may include accepting, minimising, transferring, ceasing activity or taking an opportunity. Actions should have owners, target dates, controls and review frequencies.
5. Recording Risks are recorded on the relevant corporate, directorate, service, project, partnership or specialist risk register, with SharePoint acting as the main system record.	**6. Monitoring and review** Risk owners and risk champions review risks regularly, update scores and actions, confirm whether controls remain effective and identify new or emerging risks.	**7. Reporting and escalation** Significant, worsening or cross-cutting risks are escalated through management and governance routes so that senior leaders and members can consider exposure and action.	**8. Roles and support** Elected members, senior leaders, directors, managers, risk champions, the Risk Manager, specialist functions and employees all contribute to ownership, challenge and delivery.

Assurance and feedback loop

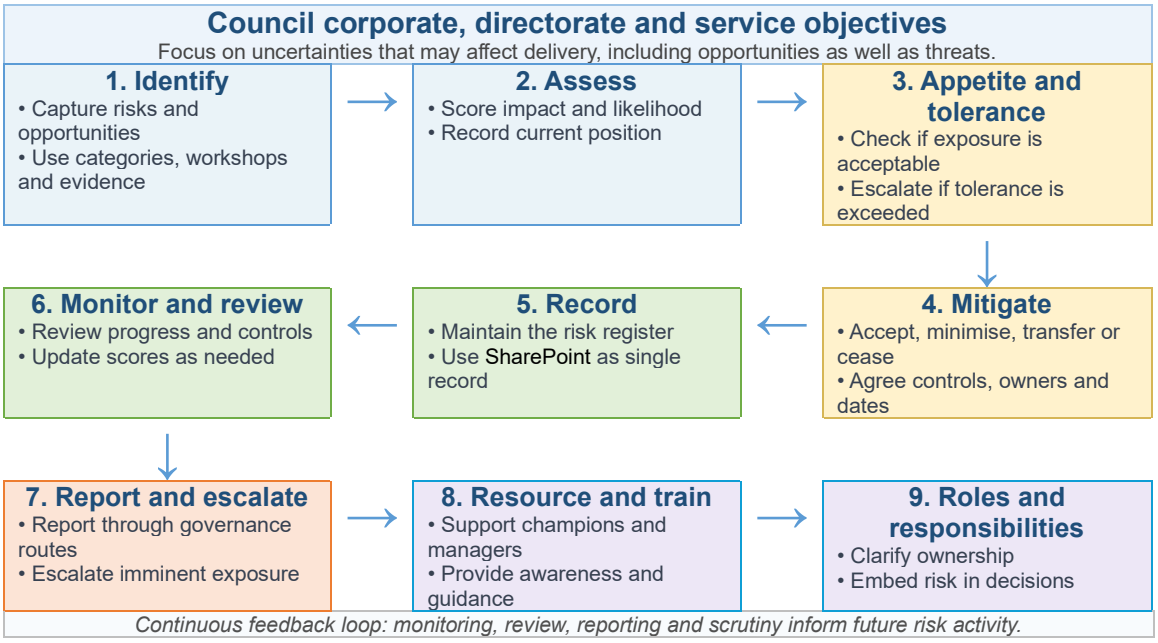
Internal audit, external audit, scrutiny, performance information, incidents, lessons learned, specialist advice and management challenge provide assurance over whether risks are understood, controls are effective and the framework remains proportionate, current and embedded.

The framework is cyclical: review, reporting, assurance and learning feed back into strategic planning, operational decision-making and future risk identification.

Key strategic plans, priorities and values		
Plan / framework	**Relevance to risk management**	**Link**
Corporate Plan 2026–2030	Sets the Council's strategic direction, priorities and intended outcomes. Risks should be considered against delivery of these objectives.	Corporate Plan
Improvement Plan	Identifies improvement priorities and delivery activity. Risks should be used to support delivery confidence and escalation where improvement activity is at risk.	Improvement Plan
Financial Plan / Medium Term Financial Strategy	Provides the financial context for decisions and service delivery. Financial sustainability risks should be identified, managed and reported alongside wider corporate risks.	Financial Plan
People Plan	Supports workforce capacity, capability, culture and leadership. Workforce and change risks should be considered as part of service and corporate risk activity.	People Plan
Corporate priorities and values	Provide the behaviours and priorities against which decisions, controls and risk responses should be considered.	Corporate Plan

3. Risk Management Process

This section explains the practical steps that should be followed to manage risk consistently across the Council. The process begins with clear objectives and then moves through risk identification, assessment, consideration of appetite and tolerance, mitigation, recording, monitoring, reporting and escalation. Risk management should be treated as a continuous cycle, with risks reviewed and updated as circumstances change, controls are implemented, or new information becomes available. This ensures that risks and opportunities are understood, owned and managed in a timely and proportionate way.



3.1. Risk Identification

What situations give rise to risk?

Risks to the achievement of the council's corporate and business objectives should be identified. These risks may arise through:

- Normal day to day operational activities
- Taking a key decision
- Before or during the implementation of change or new initiative
- A significant project
- Implementation of new policies or procedures
- Relationships with partnerships and contractors
- During business planning and budget setting processes

Managers and staff responsible for these areas within the council must identify the potential risks that may affect their ability to undertake the tasks above.

Opportunity risk management

The council should also consider opportunities that would improve the chance of achieving the council's aims and objectives. The opportunity risk assessment process is contained in appendix (ii).

Different types and categories of risk

In order to identify potential risks to the achievement of corporate or business objectives it is useful to consider the different types of risks. Risk can arise from a number of external and internal factors and risk can be either strategic or operational in nature. In this council we categorise risks in 2 stages. Risk category 1 is the high level risk category and displayed below:

- Financial
- Legal and regulatory
- Operational
- Staffing and culture
- Reputational
- Economic

Risk category 2 which helps identify the main risk themes running through the council's different risk registers are displayed in appendix (iii).

How to identify risks

It is sometimes difficult to start the risk identification process. Therefore once you have the strategic or business objectives it is easier to consider:

- What are the risks that may impact the achievement of these (consider the different categories above and see appendix (iii) for further risk categories).
- When considering risk, departments should focus their attention on the following;
  - Risks that could prevent the service from meeting its key objectives
  - Risks relating to significant service disruption or non-delivery
  - Major safety risks relating to that service
  - Major financial risks e.g. in excess of £50,000
  - Risks relating to overriding issues of corporate concern

- It is also important to ensure that risks have been articulated correctly to ensure that all stakeholders would understand the risk being identified (try to keep abbreviations and jargon to a minimum). Therefore you may find it useful to consider the risk description rationale, outlined in appendix (iii).
- Risk identified should then be captured on a 'Risk identification, assessment and control' template (see appendix (iv)).

Additional sources of risk information

Prior to starting the risk identification process, the risk champion should identify any other sources of risks that should be shared during the risk identification workshop. These may include but are not limited to:

- Claims/past losses

- Accidents/incidents/near misses
- Loss information from other local authorities
- Any recent internal audit, other audit and inspection reports
- Feedback from external auditors
- Benchmarking with peers
- Staff/team meetings
- Association of Local Authorities Risk Managers (ALARM)

Different techniques to facilitate risk identification

Risk workshops - There are different methods of identifying risks. The most common method used in the council is a risk identification workshop. The workshop consists of a team of relevant personnel identifying the risks to the achievement of their particular objective or activity. The Risk Manager is also available to provide resource and training in workshop facilitation as required.

Others - There are other approaches to risk identification including structured interviews, incident investigation, auditing and inspection. However these approaches have their limitations and we would advocate the use of a workshop-based approach if at all possible.

Appointing risk owner

Each risk identified should have an appropriate risk owner identified. A risk owner is someone who has the appropriate responsibility, authority and knowledge of the risk to manage that risk.

3.2. Risk Assessment

Once risks have been identified, we must measure the potential importance of the risk to the council. As with the risk identification stage, the assessment should consider the potential importance to the council as it affects the achievement of the relevant aims and objectives. This will consider both the **impact** to the council if the risk was to occur, and the **likelihood** of the risk occurring with that level of **impact**.

There are many techniques to assess risks. The council-wide risk assessment steps in the risk assessment methodology are outlined in the steps below. **These steps should be read in conjunction with the risk assessment methodology (see appendix (vi) for full scale impact and likelihood assessment):**

How to assess risk

- Ensure that all risks identified have been articulated adequately and that all participants understand the risks. This is crucial to enable accurate scoring of each risk.
- Taking each risk in turn, decide what the potential impact is if the risk was to occur based on the assessment criteria below. Consider each of the potential impact categories, choose the category most relevant to the risk and score it against that category: ‘what is the potential negative impact of this threat if it was taken by the business?’
- For each risk, decide what is the likelihood of the risk occurring which would result in the impact scored above. Use the likelihood assessment criteria below: ‘What is

the likelihood of the threat having this negative impact if it happened to the business?'

- Once you have scored all risks by impact and likelihood you may now plot these on the council's risk matrix below.

This is known as the **current risk assessment**. That means the assessment of the risk at the current point in time, with existing controls in place.

There is another level of risk assessment called **controlled/future risk assessment**. Further details of this can be found below. Once the risk mitigation has been decided upon the risk can be re-assessed assuming the new controls have been implemented to determine whether the new controls identified are adequate to reduce the risk down to a tolerable level.

3.3. Risk Appetite and Tolerance

The council has set its risk tolerance. This is displayed in the risk matrix below. The risk matrix will then help you assess the importance of each risk. As a general rule of thumb:

Risk rating	What this means	Expected management response	Monitoring and escalation
🟢 **Green/ Low risk**	The risk is within tolerance and can normally be managed through existing controls.	Maintain existing controls and keep under routine review. Further action is usually only needed if the risk changes.	Review at least quarterly, or sooner if circumstances change.
🟡 **Yellow/ Moderate risk**	The risk is broadly manageable but may need additional control or closer oversight.	Consider whether further controls are needed to reduce likelihood or impact. Confirm ownership and planned actions where appropriate.	Monitor regularly through service-level risk review arrangements. Escalate if the score increases or actions are not progressing.
🟠 **Amber/ Significant risk**	The risk is above normal tolerance and requires active management.	Put proportionate mitigating actions in place, assign clear owners and target dates, and track progress.	Review regularly and report through departmental or directorate risk arrangements. Escalate where progress is limited or exposure remains high.
🔴 **Red/ Key risk**	The risk is outside tolerance and may have a serious impact on the Council's objectives, services, finances, reputation or statutory responsibilities.	Take urgent action to mitigate the risk as soon as possible. Ensure senior ownership and clear action planning.	Escalate to senior management for consideration and maintain ongoing monitoring until the risk is reduced to a tolerable level.

Shropshire Council Corporate Risk Assessment Matrix

Likelihood

Impact	1	2	3	4	5	6	7	8	9	10
10	55	64	72	79	85	90	94	97	99	100
9	45	54	63	71	78	84	89	93	96	98
8	36	44	53	62	70	77	83	88	92	95
7	28	35	43	52	61	69	76	82	87	91
6	21	27	34	42	51	60	68	75	81	86
5	15	20	26	33	41	50	59	67	74	80
4	10	14	19	25	32	40	49	58	66	73
3	6	9	13	18	24	31	39	48	57	65
2	3	5	8	12	17	23	30	38	47	56
1	1	2	4	7	11	16	22	29	37	46

RISK RESPONSE GUIDE

GREEN / LOW RISK (1-14)

Monitor through routine management arrangements.

YELLOW / MODERATE RISK (15-39)

Review controls and manage through service plans.

AMBER / SIGNIFICANT RISK (40-79)

Active management and mitigating action required.

RED / KEY RISK (80-100)

Immediate attention, escalation and continued monitoring required.

3.4. Department and service level risk tolerance

As an absolute minimum, each department should follow the council's tolerance for risk. However, there will be certain cases where, due to the nature of the risk and other factors the department may feel that their tolerance to risk is actually much lower than the council's tolerance. For instance, in children's services it may be determined that any score with an impact of '5' for life and limb is intolerant regardless of the likelihood of occurrence. Therefore their tolerance may be lower than that of the council as a whole.

During the risk identification and risk assessment process for departments and service lines, you should ask the question 'Are we comfortable with this risk assessment?' If the answer is no, then regardless of the council risk tolerance it will be appropriate for the individual department or business line to decide to immediately and actively reduce the assessment score for an individual risk.

4. Risk Mitigation

This section explains how risks should be managed once they have been identified, assessed and considered against the Council's risk appetite and tolerance. Risk mitigation involves deciding the most appropriate response to reduce, control, transfer, accept or, where necessary, cease the activity giving rise to the risk. Mitigating actions should be proportionate to the level of risk, clearly owned, time-bound and capable of reducing the risk to a tolerable level where possible. Effective mitigation helps ensure that risks are actively managed rather than simply recorded.

4.1. Risk Mitigation Techniques

There are five main categories of risk mitigation technique approaches:

Accept and manage – the risk exposure may be tolerable without any further action being taken. For high scoring risks, it may also be the case that despite the risk exposure being high there is nothing that can be done about a particular risk and the council will just have to 'live with it'.

Minimise – controls are implemented to reduce the risk to an acceptable level without ceasing the activity giving rise to the risk.

Transfer – for some risks there will be the opportunity to transfer the risk or the financial aspect of that risk. For instance, you may be able to transfer an exposure to a contractor on a major project, or you may be able to transfer the financial consequence of the risk of a building fire to insurance. However, care should be taken when considering risk transfer as the risk's potential reputational impact may remain with the council regardless of where the risk was transferred to.

Cease activity – in exceptional circumstances, the council may decide to cease the activity giving rise to the risk as the risk exposure is too great for the council to accept. However there are activities in the council that, regardless of the risk involved, would have to continue to provide a service to the community.

Take the opportunity – when an opportunity has been identified through the risk identification process, depending on its potential positive exposure a decision may be made to exploit the opportunity.

NB: It may be that a combination of the above mitigation techniques will be used.

4.2. Choosing the Correct Risk Mitigation Technique

This will depend in part on the tolerance to each risk identified as outlined in section 3 above. Generally, we should consider the following type of control for each of the different levels of risk assessment. These are only guidance and it may be that different or increased levels of mitigation are required, dependent on the risk itself.

GREEN / LOW RISK

Accept and manage

YELLOW / MODERATE RISK

Accept and manage or possibly minimise (with additional controls), or

AMBER / SIGNIFICANT RISK (40-79)

Minimise (with additional controls) or transfer the risk

RED / KEY RISK

Minimise (with additional controls), transfer or in extreme situations consider ceasing the activity that creates the risk.

4.3. Action Planning

Once you have decided on the correct form(s) of mitigation then for those risks which will require any of the treatments above, other than 'Accept and manage', an action plan must be developed.

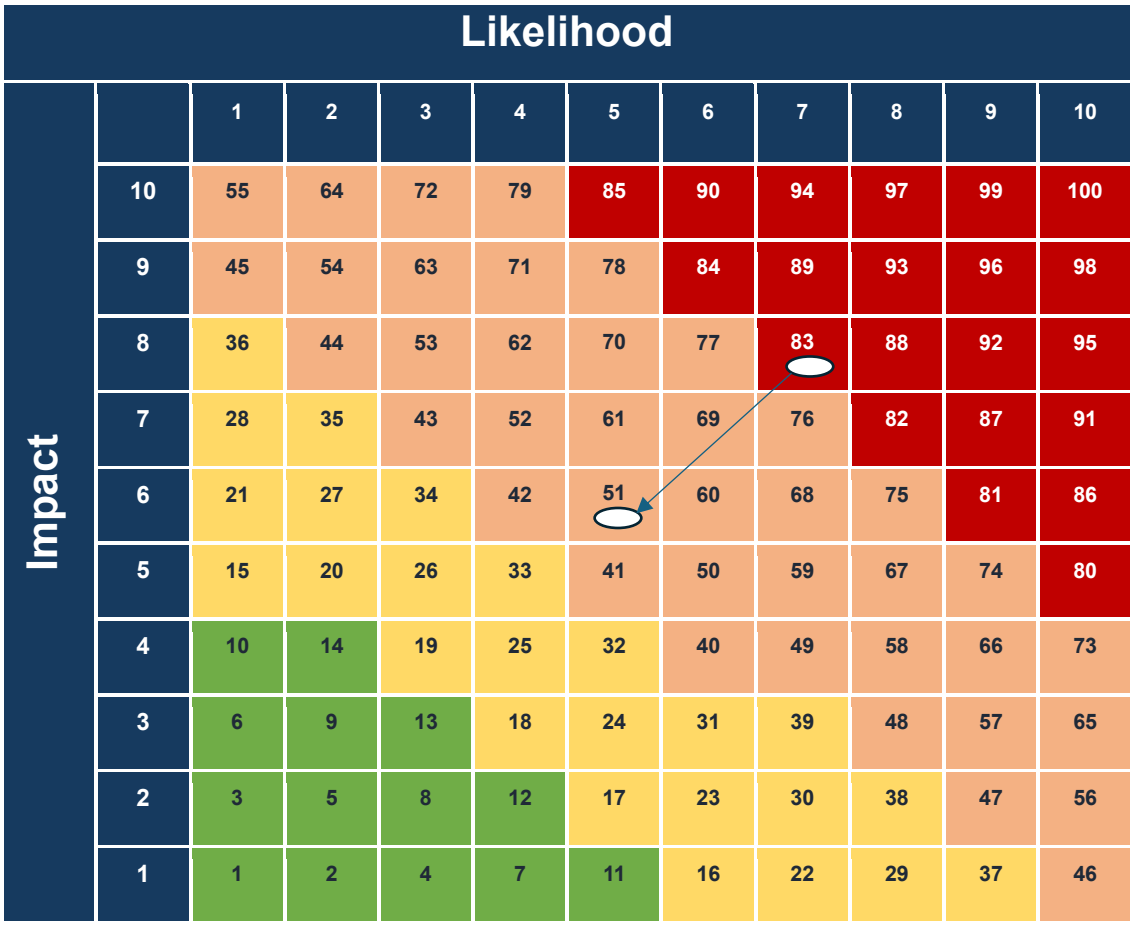
Each action plan must include:

- Risk reference
- Control actions
- Control action owner (each control can have a different control owner)
- Deadline for each control
- Frequency of review

See appendix (iv) (Risk identification & assessment template) for sample template to capture data.

4.4. Controlled/Future Risk Assessment

Once new controls have been identified to reduce the risk, these should help reduce the risk score. A re-assessment of the impact and likelihood (using the assessment methodology in section 2 above) should be made to ensure that the level of new controls identified will reduce the risk down to a tolerable level. See mini-diagram below:



5. Risk Recording

This section explains how risk information should be recorded once risks have been identified, assessed and appropriate mitigating actions agreed. Risk recording provides a clear and documented record of the risk, its causes and consequences, current controls, assessment score, ownership, further actions and review arrangements. Maintaining accurate and up-to-date risk records helps ensure that risks are visible, consistently managed, monitored over time and reported through the appropriate governance routes.

5.1. Risk Register

Once the above steps have been completed the risk information may now be called a risk register. This is simply a list of risks for a particular area which have been assessed and control action plans identified – the completed appendix (iv) – Risk identification, assessment and control template.

5.2. Inputting the Risk Register onto the Risk Management System

The council has a risk management system on the SharePoint platform that stores and helps to manage the council's various risk registers.

The risk register needs to be populated on the SharePoint risk management system. Please contact the Risk Manager to arrange for access to the Risk Management SharePoint system and the necessary training.

Further information on the SharePoint system and how it is used by the council is available from appendix (vii) – user manual.

6. Risk Monitoring and Review

This section explains how risk registers should be maintained, reviewed and updated to ensure they provide an accurate and current picture of risk across the Council. Monitoring and review are essential to confirm whether risks remain relevant, whether controls are operating effectively, whether mitigating actions are progressing, and whether risk scores need to be revised. Regular review also helps identify new, emerging or escalating risks and ensures that risks are reported or escalated through the appropriate governance routes when required.

Each risk register should be reviewed and updated regularly to ensure that it is as far as possible there is an up to date picture of the council's risk profile at a point in time. Therefore, there are specific tasks to be completed to ensure that this happens:

6.1. Monthly Risk Register Review on SharePoint

At least monthly, the risk champion should review progress on risk and control actions, and where there are items outstanding to liaise with the appropriate risk owner or control owner to update the risk management system.

6.2. Quarterly Detailed Risk Register Review

At least quarterly the risk champion should facilitate the review of all risks on the risk register. This should include:

- **Risk description** – do they need to be revised?
- **Risk assessment scores** – for example, has progress towards implementing controls changed the risk score?
- **Risk controls** – are the controls being implemented, do we need additional controls, are the controls identified still relevant?
- **New risks** – have there been any significant changes within the area of work that may give rise to a new risk or significantly increased risk?
- **Old risks** – should risks be removed from the risk register because they are no longer a risk to the council?

6.3. Annual Risk Register Challenge for Operational Risks

At least annually and as part of the business planning cycle, each area should carry out a new risk identification exercise. The existing risk register will be used to support this process but it is important to ensure that there is an identification of any new risks and significant changes aligned to the corporate or business objectives.

Further information on the risk identification process is available in section 1 and 2 above.

6.4. Risk Monitoring and Review for Other Risk Areas

Projects, programmes, live events etc risk monitoring frequency should be based on the changing risk environment, and may be required to be reviewed far more frequently.

6.5. Ongoing Monitoring and Review

Various internal and external factors can impact on a risk register. Therefore any such changes should be identified and if they are likely to affect the risk register (e.g. a new risk or a significant increase in risk score) updates should be made to the risk register as soon as possible.

7. Risk Reporting and Escalation

This section sets out how risk information should be reported, escalated and scrutinised through the Council's governance arrangements. Effective reporting ensures that managers, senior leaders and members have timely and relevant information about significant risks, emerging issues, progress with mitigating actions and any areas where risk exposure exceeds agreed tolerance. Escalation should be proportionate to the level of risk and should ensure that risks requiring senior oversight, cross-council coordination or urgent action are brought to the attention of the appropriate decision-makers without delay.

7.1. Risk Reports

The risk management system is set up to generate a number of general reports for those involved in risk management. These can be accessed via SharePoint. For a specific report request please contact the Risk Manager.

7.2. Reporting and Escalation

- **Audit and Governance Committee –** receives regular risk management reports to support its role in monitoring the effective development and operation of the Council's risk management arrangements. Reports should provide assurance on the operation of the framework, highlight key corporate risks, summarise significant changes in risk exposure, identify risks outside agreed tolerance, and set out progress with mitigating actions. The Committee should also receive the annual risk management update and be asked to consider key risk management documents, including the risk management framework, strategy, policy statement and any significant changes to risk methodology or reporting arrangements.
- **Strategic Directors –** risk champions report to strategic directors on key departmental risks on at least a quarterly basis.
- **The Corporate Management Team –** receive a regular report on the council's key corporate risks.

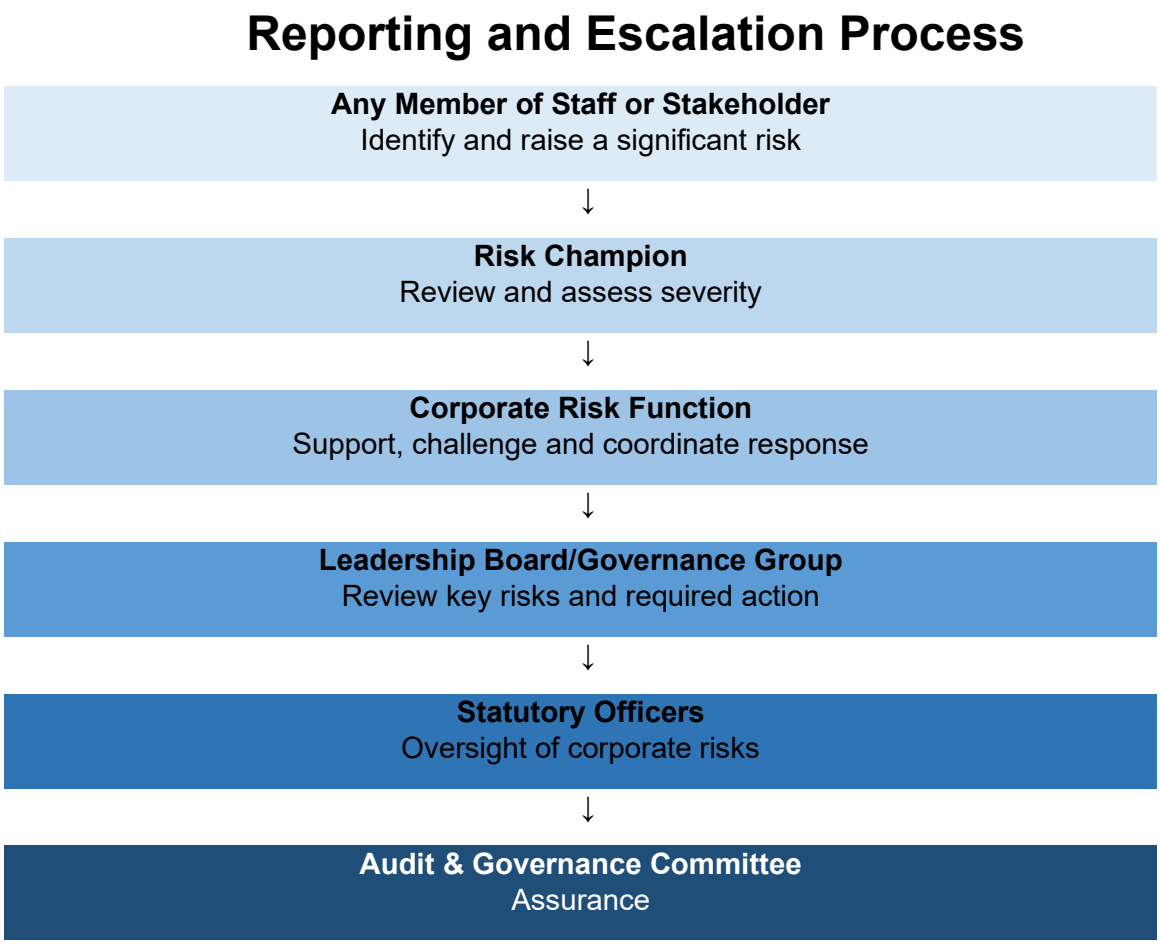
Risk reports to the Audit and Governance Committee should focus on oversight, assurance and constructive challenge rather than operational management of individual risks. The purpose of reporting is to help members understand whether the Council's risk management arrangements are operating effectively, whether key risks are being managed within agreed tolerance, and whether further escalation, action or assurance is required.

Risk reports to Audit and Governance Committee	
Area	**Expected coverage**
Frequency	A formal risk management update should be presented at least annually, with additional reports provided where there are significant changes to the corporate risk profile, risk framework or wider governance arrangements.
Corporate risk profile	Summary of key corporate risks, including new, escalating, reducing and closed risks, together with the overall direction of travel and any significant cross-cutting themes.
Risks outside tolerance	Identification of red/key risks and any other risks where the current exposure exceeds agreed tolerance, including the actions being taken, ownership and expected review points.
Framework assurance	Updates on the effectiveness of the risk management framework, including completion of risk reviews, quality of risk records, training, engagement with risk champions and progress against planned improvements.
Committee challenge	Reports should support members to test whether significant risks are clearly described, appropriately scored, actively managed, linked to Council priorities, and subject to proportionate assurance.

7.3. Emergency Escalation Process

If any member of staff feels that they have identified a significant risk that could have a substantial negative impact on the council they should approach their departmental risk champion. However, if they remain concerned or the risk is such that the council is exposed to imminent loss then the individual should contact the council risk champion – Corporate Director S151 Officer.

The diagram below outlines the reporting and escalation process:

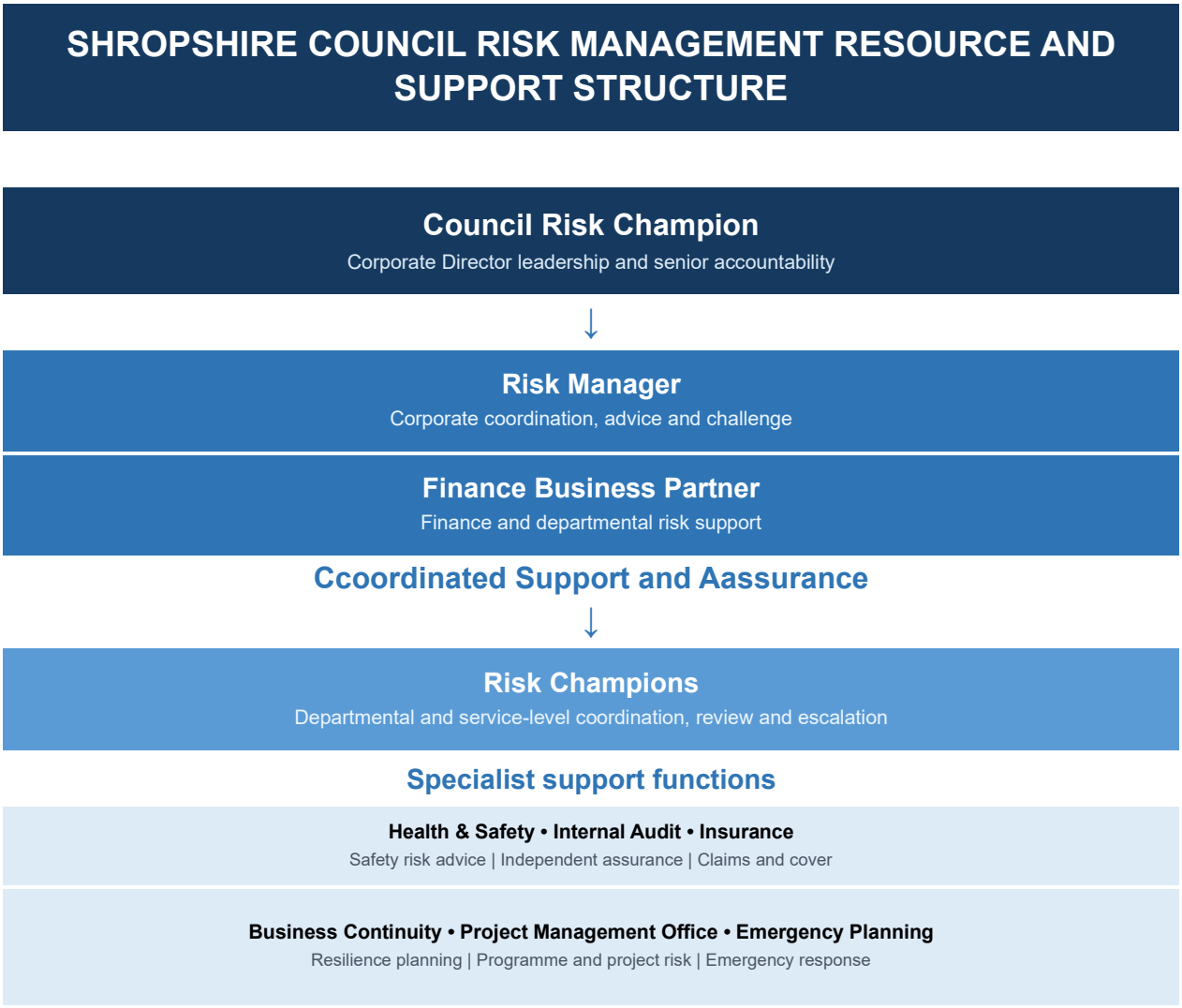


8. Resource and Training

This section explains the resources, support arrangements and training available to help embed effective risk management across the Council. Clear support structures, accessible guidance and appropriate training are essential to ensure that officers, managers, risk champions and members understand their responsibilities and are able to apply the Council's risk management process consistently. Effective resourcing and training help build risk awareness, strengthen ownership, and support informed decision-making at corporate, directorate and service level.

8.1. Risk Management Resource

The diagram below outlines the operating and reporting structure of risk management resource:



8.2. Training

- **Member** – Members receive training as required and in line with their responsibilities.
- **Senior management** – Risk management training is provided, as required.
- **Risk champions** - Specific risk training is available to risk champions on an ad-hoc or regular basis depending on their individual requirements.
- **Other employees** – other employees are able to attend the half day risk management course via the council's learning programme.

8.3. Communication and Support Information

Risk management information can be accessed on the council's intranet site via the following link Risk and business continuity | Shropshire Council Intranet.

9. Roles and Responsibilities

This section sets out the key roles and responsibilities for risk management across the Council. Effective risk management depends on clear ownership, leadership and accountability at all levels, from elected members and senior managers through to service managers, risk champions and individual employees. By understanding their responsibilities, each role can contribute to identifying, assessing, managing, monitoring and escalating risks in a consistent and timely way, ensuring that risk management is embedded within governance, decision-making and day-to-day service delivery.

9.1. Elected Members

- Oversee the effective management of risk by officers
- Monitor and challenge risks and the strategic directors on management of risk
- Agree the proposed risk management strategy put forward by officers
- Monitor and review the effectiveness of risk management in the council

Note:

- Cabinet is responsible for the operation of the council's risk management function
- The Audit and Governance Committee is responsible for monitoring the effective development and operation of risk management in the council
- A cabinet member will hold specific responsibility for risk management

9.2. Corporate Management Team

- Take the lead in identifying and managing the risks and opportunities that face the authority
- Determine the risk strategy, framework and process
- Establish the council's risk appetite and priorities
- Identify and assess strategic risks
- Provide reports to members on the effectiveness of risk management
- Monitor risks and challenge officers on the management of risk

9.3. Risk Champions

- Provide support and guidance to management and staff and co-ordinate risk management activity within their departments
- Review new policies and procedures

9.4. Risk Manager

- Manages the implementation of strategy, framework and process on behalf of the council and its management team
- Provides support and guidance to management and staff and co-ordinates risk management activity throughout the Council
- Submits reports to senior management and members on the effectiveness of the risk management process

9.5. Corporate/Service Directors

- Responsible for encouraging good risk management practices, and sharing with every manager within the council the responsibility for managing the risks inherent in their operational areas. They will discharge this responsibility by:
  - Identifying, assessing, evaluating and managing all risks
  - Ensuring newly identified significant risks are reported using the council's risk management system
  - Regularly reviewing and monitoring reported risks
  - Reviewing the adequacy and effectiveness of controls and updating as necessary

9.6. Employees

- Are risk aware and understand the purpose and importance of controls
- Understand their accountability for particular risks
- Understand how they can enable continuous improvement of risk management
- Understand that risk management is a key part of the council's culture
- Report immediately and systematically to senior management any new risks or failures of existing control measures

9.7. Ownership of Risks

There are six categories of ownership:

- Corporate responsibility, e.g. failure of corporate systems such as ERP, or failure to set council tax
- Strategic Director responsibility, e.g. major service failing
- Heads of service responsibility, e.g. divisional specific issue including business continuity planning
- Business manager responsibility, e.g. business unit specific issues
- Officer responsibility, e.g. role specific issues
- Heads of profession, e.g. those with overall responsibility for a particular area, including legal, human resource, IT and business continuity.

10. Risk Management in Specialist Areas

This section provides additional guidance on how risk management applies to specific areas of Council activity and related disciplines. It should be read alongside the main risk management process set out earlier in these procedures and used where risks arise in major projects, partnerships, audit and scrutiny activity, emergency planning, business continuity, health and safety, financial governance, data protection, insurance and other specialist areas. These arrangements help ensure that risk management is applied consistently across different contexts while recognising that some areas may require additional controls, reporting routes or professional guidance.

10.1. Major Projects

Risks are identified and assessed and captured broadly using the methodology outlined above.

Individual project risks are captured on a risk log using the project management Prince II methodology and this then feeds into the key risk register at project and programme level.

10.2. Partnership Risk Management

Risk management enables the partnership to manage strategic-decision-making, service planning and delivery effectively to safeguard the well-being of its stakeholders and is crucial to the achievement of all its objectives. It is important, therefore, that adequate risk management arrangements are in place.

Key risks to the partnerships should be considered at both the outset of a partnership and also on an ongoing basis. Risks should be managed to support the partnership's ability to achieve its aims and objectives. Therefore, it is important that all partnerships consider risk at a level commensurate with their relative significance as defined in appendix – 'Partnership significance assessment matrix'. A partnership with limited significance may not require a formal risk management process, whilst a partnership with moderate or major significance will require formal risk identification, assessment and monitoring of risks and opportunities to ensure that they are successfully controlled and any risk register updated.

10.3. Audit and Scrutiny

- **Audit and Governance Committee -** Responsible for reviewing risk management arrangements, receiving an annual report on risk management and ad-hoc challenge on risk matters as required. In addition, the committee reviews the risk-based audit plan that considers key risks to the council when formulating the specific audits to carry out.
- **External Audit** - Will as necessary audit the council's risk management arrangements.
- **Internal Audit** - May request, review and challenge risk registers. Any recommendations made by internal audit should be considered and appropriately scored against the risk criteria.
- **Overview and scrutiny committees** - May as required request information on the council risk management arrangements in scrutinising a decision taken by Cabinet.

10.4. Related Disciplines

The risk-related disciplines such as internal audit, health and safety, insurance, emergency and business continuity planning, financial governance and data protection all contribute to the council's risk management process.

Emergency Planning and Business Continuity Planning - Key risks that may result in the council's emergency arrangements being invoked, are contained within the council's risk register. The council has emergency and business continuity plans in place to reduce the potential impact to the council if these risks were to materialise.

Health and Safety - The Shropshire Council Health and Safety service (Health and Safety - Home) has placed the identification of risk control strategies to eliminate or control hazards, at the centre of our health and safety arrangements and processes.

Internal Audit - Internal audit is an assurance function that provides an independent and objective opinion on risk management, control and governance. Through its review of the control environment, it contributes to the organisation's use of resources and helps to add value to and improve operations. The review of controls also provides a challenge to mitigating controls, to ensure these are operating as expected. The review of high level risks demonstrates that the plan, as a whole, will consider all aspects of the risks involved. The associated risks have been linked to the relevant audit to incorporate in the scoping meetings for those assignments. This also includes fraud risks from the fraud risk register which may also feed into the audit planning process.

Financial Governance - The role of this section is to improve financial governance arrangements in place across the council, in terms of processes and procedures, systems and culture, to help ensure that the finance director is able to meet his statutory responsibility for proper financial administration. The risk register may inform them of any potential control weaknesses and areas of new and changing risks where financial governance may have to consider new processes and controls.

Data Protection - Key risks relating to data protection are considered, and as appropriate, included in the council's risk register. The council has a system and process in place to manage data protection risks in line with legislative requirements.

Insurance - There will be occasions where it is appropriate to take measured levels of risk in furtherance of the council's strategic aims and objectives. Where it is feasible and cost effective to do so, the financial impact of risks may be minimised by insurance or other third party indemnities. The council's insurance arrangements cover a wide range of risks and situations. The council is effectively self-insured for the majority of these because of the large excesses on our policies. The council's Insurance Fund meets the majority of the day to day losses, with the council's insurers providing cover for catastrophic losses and a claims handling service in respect of liability claims. All departments contribute to the Insurance Fund, the cost of external catastrophe insurance and external claims handling costs.

Appendix i – Risk Management Policy Statement and Strategy

Risk Management Policy Statement

Shropshire Council believes that managing risk, both opportunity and threat, is essential to effective local government. The council takes a proactive approach to the management of risks to support its strategies, day to day operations and overall achievement of the Council Plan and associated activities.

A certain amount of risk is necessary and unavoidable, but risk can be a positive force in developing and improving our services. However, risks need to be managed and maintaining a robust system of risk management supports the council in delivering its fairer future commitments. In implementing this policy, the council will:

- Safeguard our residents, clients, service users, employees, members, pupils and all other persons to whom the council provides services and has a duty of care.
- Protect our property, buildings, data, IT and other equipment, vehicles and all other assets and resources.
- Ensure statutory compliance, and update practices when necessary.
- Maintain and strengthen the services we deliver.
- Maintain effective and efficient control of public funds by reducing waste, minimising our exposure to fraud and corruption, and delivering value for money.
- Support the sustainability of the environment and minimise negative impacts.
- Increase the likelihood of change initiatives being implemented effectively and in a timely manner.
- Respond effectively in the event of an emergency.

Our success in dealing with risk has a major impact on achieving our key objectives and delivering our services. The risk management strategy sets out our approach to managing risks and how risk management will be applied across the council. This document should be read in conjunction with the risk management procedures.

Risk Management Strategy

Introduction

Shropshire Council is at a pivotal moment. Our financial position means we need to live within our means, while we build a stronger future for our county and its communities. We are setting a new direction for the Council over the next four years, rooted in realism, responsibility and ambition. Our plan reflects both the challenges we face and the opportunities we must grasp. It is focused on rebuilding Shropshire together. Financial sustainability underpins this Plan. We must be honest about the resources available to us and disciplined in how we use them. That means being focused on needs, not wants, and ensuring that every pound we spend delivers the greatest possible benefit and impact for our residents and communities. The Corporate Plan therefore goes hand-in-hand with our Improvement Plan and Financial Plan, providing a single, coherent direction for the Council.

Risk management is important to Shropshire Council because it supports informed decision-making, strengthens accountability and helps the Council protect essential services, public resources and outcomes for local communities. Effective risk management helps the Council make informed decisions, manage uncertainty, protect service delivery and identify opportunities to improve outcomes.

Risk Management

Risk is the uncertainty of an event occurring that could have an impact on the achievement of objectives, and is measured in terms of impact and likelihood.

For Shropshire Council, risk management is the process whereby the council methodically addresses these risks to the council achieving its vision, corporate and operational objectives.

Effective risk management is also an essential and integral part of effective corporate governance. It is not a separate process. Instead, it is at its most effective as an integral part of the council's business process and culture.

This risk management strategy outlines how the council will achieve its risk management objectives, whilst the detailed risk management procedures are contained in a separate document.

Risk Management Objectives

The risk management objectives are:

1. To continue to support the strategic aims and operational objectives of the council as defined through the Corporate, Improvement and People Plans by supporting the management of risks.
2. To ensure that risk management is embedded into all key council activities, including business planning and the budget process.
3. To embed and extend risk management procedures to include key partnerships.
4. To ensure that there is a transparent and prompt escalation and communication process through the council on risk management to key decision-makers, enabling them to make considered risk decisions. These will include the decision whether to eliminate where possible any unacceptable risk exposures.

5. To consider not only the risks that may affect the achievement of strategic aims and objectives but also to consider opportunities (positive risks) that may help improve the chances of succeeding in achieving those aims and objectives.
6. To achieve standards in risk management which are best practice in both the public and private sector, exceeding regulatory requirements.

Achieving Our Risk Management Objectives

The following points set out how we will achieve our risk management objectives. The risk management procedures provide further detail to the following where necessary.

Embedding risk management

The risk management process is embedded through the business planning, budgeting and performance review process, and is also applied if there is a major organisational change or key project.

Risk register

The council maintains risk registers that capture the key departmental and corporate risks to the council, including areas of risk opportunity. Key risks are held on the SharePoint system.

Risk identification and assessment

Risks are identified at least annually and are reviewed at least quarterly by each department, and consistently assessed using the council-wide risk assessment methodology. Risks are identified under the following risk categories: economic, financial, operational, staffing and culture, reputation and legal and regulatory compliance.

Risk assessment is measured by likelihood of occurrence and by potential impact. Impact to the council is measured under the key areas of ‘life and limb’, customer service, staffing and culture, compliance with regulations/ law, reputation and financial.

Risk opportunities

During the risk identification process, risk opportunities (positive risks) may also be identified. The risk management process enables opportunities to be managed alongside negative risks. Following initial identification of opportunities it may be appropriate to move these opportunities to other council business processes to maximise their positive impact.

The council’s risk appetite

At department level, risks are assessed based on each department’s individual tolerance to risk. At corporate level, risks are identified based on the council’s overall tolerance to risk as outlined in the risk management procedures document.

In addition, systems are in place to escalate risks to senior management level in situations where the risk is assessed above a pre-approved risk tolerance which is detailed as part of the risk assessment framework.

Risk control

The council maintains an effective control framework designed to manage risks. Any risks that are an unacceptable exposure to the council are mitigated as far as possible. Where a proposed activity or venture has a residual risk that is considered unacceptable and there is no means of reducing the risk to an acceptable level the activity may be rejected. However, there may be occasions where there is a statutory obligation to undertake the activity despite the risk exposure.

There will be occasions where it is appropriate to take measured levels of risk in furtherance of the council's strategic aims and objectives. Where it is feasible and cost effective to do so, the financial impact of risks may be minimised by insurance or other third party indemnities.

Risk monitoring and review

Risks are monitored and progress against them reviewed through the performance review and challenge process. Chief officers also monitor and review key council risks on a regular basis, and corporate risks are reported to the audit, governance and standards committee on an annual basis. Further details are contained within the risk management procedures.

Risk and Issue escalation and reporting

There are procedures in place to ensure that chief officers and relevant cabinet members receive the necessary information to monitor key risks and issues (those risks that materialise) and take considered decisions. Further details are contained within the risk management procedures.

Programme and project management

All key projects will incorporate risk assessment at the project initiation phase and regularly through the life-time of the project. The council's accepted robust project management methodology is used across the council to support the project management process including a requirement to identify and monitor risks.

Partnerships and contracts

Partnerships are an area of increasing importance to how the council operates and as such there may be key risks within the partnerships that could potentially have an adverse effect on the council. Therefore, the council will be working increasingly with partnerships to develop and implement robust risk identification and assessment arrangements. These can be recorded and monitored on the SharePoint system.

Key contractual arrangements also form part of the risk identification and assessment process.

Emergency planning and business continuity planning

Key risks that may result in the council's emergency arrangements being invoked are contained within the council's risk register. The council has emergency and business continuity plans in place to reduce the potential impact to the council if these risks were to materialise.

Health and Safety

The Health and Safety policies place the identification of risk control strategies to eliminate or control hazards at the centre of our arrangements and processes. Significant risks identified are recorded on the SharePoint system.

Performance management and external scrutiny

The risk management process will be regularly audited against industry best practice by internal audit. In addition, external audit will be undertaken by Grant Thornton. The process will be continuously improved in line with this feedback. In addition key risk management documents will be presented to the audit, governance and standards committee for formal review.

Risk management resource

Sufficient resources are devoted to risk management to ensure that it is effectively undertaken. The corporate Risk Manager reports to the Head of Policy and Governance who reports to the Service Director, Legal and Governance.

The network of departmental risk champions supports the corporate risk manager.

The risk-related disciplines such as internal audit, health and safety, insurance, emergency and business continuity planning, performance management and project management all contribute to the council's risk management process.

At departmental level the risk management process is supported and actively promoted by a network of departmental risk champions. Risk champions across the council meet quarterly to discuss risk and update the corporate risk and insurance manager with any risk-related developments within the department.

Risk management training is available to council staff and members commensurate with their role and their responsibility for risk management.

Responsibility and ownership for risk

The authority for and responsibility to take decisions involving risk will be appropriate to the level of risk and is defined and communicated within the risk management procedures document. There is a council wide risk champion at senior officer level. The senior officer risk champion is currently the Corporate Director S151. It should be noted in the context of the corporate restructure currently underway, the roles of risk champion and cabinet member responsibility will be reviewed and this document updated as appropriate.

The senior officer risk champion has responsibility for overseeing risk management and has delegated specific responsibilities for components of the risk management process. Risk is aligned to the council's performance review and challenge process, with relevant lead cabinet members and Corporate Directors taking ownership of, and being held accountable for the delivery of the Corporate plan measures and milestones including the mitigation of risk that would limit achievement of priority outcomes.

The risk management policy statement and strategy are submitted to the council's Audit and Governance Committee for review and comment.

The information contained above forms part of the overall governance of the council. In addition, a report is presented to the audit, governance and standards committee each year, to provide an annual update on key risks, and other reports on risk management are presented as needed.

Appendix ii – Opportunity Risk Management

How to identify and assess opportunity?

The same basic process that is used to manage risk may also be used to help identify and consider opportunities.

Opportunities that could help the council better achieve its corporate and departmental objectives should also be identified through the risk management process.

In order to identify potential opportunities to the achievement of corporate or business objectives it is useful to consider the different types of opportunities. As with risk, these are not all financial and may also consider reputational and operational enhancements.

Opportunity assessment should be measured using the following assessment framework:

The positive impact can be scored from 1 (lowest) to 10 (highest) positive impact using the table below.

Opportunity Impact Score	Description
10	Over £100m gain and/ or significant positive impact to council across one of the other impact categories.
9	Between £50m and £100m gain and/ or minor positive impact to council across one of the other impact categories.
8	Between £20m and £50m gain and/ or positive impact to council across one of the other impact cats.
7	Between £10m and £20m gain and/ or positive impact to council across one of the other impact cats.
6	Between £5m and £10m gain and/ or positive impact to council across one of the other impact cats.
5	Between £3m and £5m gain and/ or positive impact to council across one of the other impact cats.
4	Between £1m and £3m gain and/ or positive impact to council across one of the other impact cats.
3	Between £500k and £1m gain and/ or positive impact to council across one of the other impact cats.
2	Between £100k and £500k gain and/ or positive impact to council across one of the other impact cats.
1	Up to £100k gain and/ or little or no positive impact to council across one of the other impact categories.

The likelihood of the opportunity arising may also be scored from 1(lowest likelihood of success) to 10 (highest likelihood of success) using the table below:

Score	Range	Example likelihood criteria (not to be followed strictly)
10	Extremely likely	Numerous, highly credible sources indicate that this event is imminent.
9	Very likely	Numerous, highly credible sources indicate that this event will occur soon.
8	Fairly likely	Numerous, highly credible sources indicate that this event will occur in the future.
7	Likely	A single highly credible source or multiple less credible sources suggest that this event is imminent.
6	More likely	A single highly credible source or multiple less credible sources suggest that this event will occur soon.
5	Less likely	A single highly credible source or multiple less credible sources suggest that this event will occur in the future.
4	Unlikely	A small number of unreliable indicators suggest that this event is imminent.
3	Fairly unlikely	A small number of unreliable indicators suggest that this event will occur soon.
2	Very unlikely	A small number of unreliable indicators suggest that this event may occur in the future.
1	Extremely unlikely	A single unreliable source suggests that this event may occur in the future.

It may then be plotted on a mirror image of the existing risk matrix to show the increasing level of opportuniy as shown below:

Positive Impact	Likelihood									
	1	2	3	4	5	6	7	8	9	10
10	55	64	72	79	85	90	94	97	99	100
9	45	54	63	71	78	84	89	93	96	98
8	36	44	53	62	70	77	83	88	92	95
7	28	35	43	52	61	69	76	82	87	91
6	21	27	34	42	51	60	68	75	81	86
5	15	20	26	33	41	50	59	67	74	80
4	10	14	19	25	32	40	49	58	66	73
3	6	9	13	18	24	31	39	48	57	65
2	3	5	8	12	17	23	30	38	47	56
1	1	2	4	7	11	16	22	29	37	46

Note: Opportunities should be considered based on their relative positive impact and likelihood of succeeding, and whether they align to the council's plan and objectives.

Appendix iii – Risk Categorisation and Risk Description Guidance

Risk Category 1

- Economic
- Financial
- Operational
- Legal and Regulatory
- Staffing and Culture
- Reputational

Risk Category 2

- Structural/ organisation
- Technology
- Service Delivery
- Health and safety (staff)
- Health and safety (service users)
- Recruitment and retention
- Resource capacity
- Environmental Issues
- Media Coverage
- Manifesto/ Corporate plan
- Consultation
- Data protection
- National/ local political priorities
- External scrutiny
- Partnership arrangements
- Contractual/ supplier
- Democratic process
- Government policy
- Litigation
- Legislation
- Economic
- Anti-fraud
- Audit and control
- Capital
- Consultation
- Financial
- Funding (including budget issues)
- Governance
- Legal and regulatory compliance
- Reputation
- Staffing and culture

Appendix iv – Risk Identification and Control Template

Risk Description Rationale

The risk description should describe the hazard, the risk and the immediate consequence.

Hazard: The trailing wire **Risk:** Tripping over the trailing wire **Consequence:** Spraining ankle

Risk Description: A person trips over a trailing wire resulting in an ankle sprain

Risk Description	Hazard	Risk	Consequence
The Eligibility Criteria Review results in reduced support to substantive number of claimants causing significant reputational damage.	Review of the eligibility criteria.	Reduces support to substantive number of claimants.	Significant Reputation damage/ adverse media attention.
A child or young person will be seriously injured or killed as a result of a failure of council service, resulting in significant reputational damage and reduction in Joint Area Review (JAR) score or other external scrutiny.	A failure of council service to children.	A child or young person will be seriously injured or killed.	Significant reputational damage and reduction in JAR score or other external scrutiny.
Incidents of Death, injury, Anti-social behaviour (ASB) or civil disturbance arising from violent crime, drug related activity, or group activity due to a failure of our partnerships and processes and the associated increase in the fear and perception of crime and loss of reputation.	Failure of Partnership.	Violent crime, drug related activity or group related activity.	Incidents of death, injury, ASB or civil disturbance, reputational damage.
In achieving the agreed £5 million (budget savings £2.3m, efficiencies to balance the budget £2.7m) in savings programme and resultant reduction in staffing complement impacts performance ratings and staffing capacity.	Achieving the agreed £5 million (budget savings £2.3m, efficiencies to balance the budget £2.7m) in savings.	Reduction in staffing complement.	Impacts on performance ratings and staffing capacity.

Appendix V - Risk identification, assessment and control template

Risk Description	Risk Category	Risk Owner	Existing Controls	Current Impact Score	Current Likelihood Score	Current Risk Score	New Controls	Target Impact Score	Target Likelihood Score	Target Risk Score

Appendix vi – Risk Assessment Scoring Methodology

Score	Range	Example likelihood criteria (not to be followed strictly)
10	Extremely likely	Numerous, highly credible sources indicate that this event is imminent.
9	Very likely	Numerous, highly credible sources indicate that this event will occur soon.
8	Fairly likely	Numerous, highly credible sources indicate that this event will occur in the future.
7	Likely	A single highly credible source or multiple less credible sources suggest that this event is imminent.
6	More likely	A single highly credible source or multiple less credible sources suggest that this event will occur soon.
5	Less likely	A single highly credible source or multiple less credible sources suggest that this event will occur in the future.
4	Unlikely	A small number of unreliable indicators suggest that this event is imminent.
3	Fairly unlikely	A small number of unreliable indicators suggest that this event will occur soon.
2	Very unlikely	A small number of unreliable indicators suggest that this event may occur in the future.
1	Extremely unlikely	A single unreliable source suggests that this event may occur in the future.

Shropshire Council Corporate Risk Assessment Matrix

Impact \ Likelihood	1	2	3	4	5	6	7	8	9	10
10	55	64	72	79	85	90	94	97	99	100
9	45	54	63	71	78	84	89	93	96	98
8	36	44	53	62	70	77	83	88	92	95
7	28	35	43	52	61	69	76	82	87	91
6	21	27	34	42	51	60	68	75	81	86
5	15	20	26	33	41	50	59	67	74	80
4	10	14	19	25	32	40	49	58	66	73
3	6	9	13	18	24	31	39	48	57	65
2	3	5	8	12	17	23	30	38	47	56
1	1	2	4	7	11	16	22	29	37	46

Score	Range	'Life and Limb'	Customer Service	Staffing and Culture	Compliance with regulations/Law	Reputation	Financial
10	Catastrophic	Multiple fatalities and wide-spread serious injuries.	Severe, prolonged impact on customer service affecting whole Council with process change required.	Severe impact on employee motivation leading to Council-wide prolonged dissatisfaction and industrial unrest.	Major breach leading to suspension / discontinuance of business or outsourcing/ privatisation of core services and/or functions long term.	Very substantial adverse media comment at National level with long-term impact such as resignation of key senior staff and/or Audit Commission enquiry.	Over £100m
9	Critical	More than one fatality and multiple serious injuries.	Severe, & prolonged impact on customer service affecting whole Council.	Severe impact on employee motivation leading to short-term Council-wide dissatisfaction and industrial unrest.	(as above for medium period of time).	(as above for medium term).	£50m to £100 m
8	High/ critical	Multiple serious injuries and/ or one fatality.	Severe impact on customer service affecting whole Council for short term	Significant impact on employee motivation, poor quality service delivery across Council short-term.	(as above for short period of time).	(as above for short term).	£20m to £50 m
7	Very high	Individual fatality and separate serious injury.	Serious impact on customer service affecting majority of Departments for short period of time.	Significant impact on employee motivation resulting in poor quality service delivery majority of Deptments.	Serious breach causing intervention, sanctions, legal action and threat of suspension etc (as above).	Serious short-term damage to reputation, with prolonged adverse media comment at regional level.	£10m to £20m

Score	Range	'Life and Limb'	Customer Service	Staffing and Culture	Compliance with regulations/Law	Reputation	Financial
6	High	Individual fatality.	Serious disruption to service delivery from more than one department.	Significant impact on employee motivation resulting in poor quality service delivery at more than one Department.	Serious breach causing intervention, sanctions, and legal action.	Serious short-term damage to reputation, with adverse media comment at regional level.	£5m to £10m
5	High/ medium	More than one serious injury.	Serious disruption to service delivery from one department prolonged period.	Significant impact on employee motivation resulting in poor quality service delivery at one Department.	Significant breach leading to sanctions and legal action.	Adverse media comment at regional level.	£3m to £5m
4	Medium/ high	Serious injury.	Serious disruption to service delivery from one department for short period of time.	Moderate impact on employees motivation at single department level.	Significant breach leading to sanctions and/or legal action.	Significant, adverse local media comment/public perception - long term impact.	£1m to £3m
3	Medium	Moderate number non- life threatening injuries.	Moderate impact on customer service at single divisional level.	Moderate impact on employees motivation at single divisional level.	Significant breach leading to reprimand or sanctions, legal action.	Significant, adverse local media comment/public perception – medium term.	£500k and £1m
2	Low/ medium	Small number minor injuries.	Moderate impact on customer service at business unit level.	Affects motivation of small groups of employees.	Moderate impact leading to warning, threat of sanctions.	Minor, local adverse media comment/public perception, short term.	£100k and £500k
1	Low	Small number superficial injuries.	Minor impact on customer service e.g. small number of complaints.	Impact limited to individuals at business unit level.	Minor impact only, no reprimand, sanction, or legal action.	Damage very localised, does not result in adverse media comment.	Up to £100k

Appendix vii – Partnership Management Matrix

The Council recognises the important roles and contribution its partners make to the achievement of its priorities and outcomes.

As we evolve and implement new efficient ways of delivering our services, our expectations and reliance upon our partners will be extensive. We need to embrace the opportunities to develop partnership arrangements and initiatives and work collaboratively and effectively with all our partners.

Opportunity Risk Management plays a vital role in ensuring that these partnerships are successful and that they do not expose the Council to unnecessary risks.

How robust our partners and contractor's business continuity arrangements are, is also key to ensuring that our arrangements with them, and expectations of them, are not compromised. Therefore, attention has to be paid to the business continuity arrangements that are in place and how these are reviewed and tested. This further reduces the Council's vulnerability within the partnership or contractual arrangements.

Managers need to identify their key contracts/ partners and risk assess these arrangements in relation to the reputational, financial or service delivery impact if these arrangements should fail. Where there is reliance on consultants to help deliver new ways of working, managers must ensure that these arrangements are also risk assessed in a similar vein. It is key that their business continuity arrangements are checked to ensure these are robust to protect the interest of the authority