

## Appendix D – Background Information

A **corporate risk** is one that requires:

- strong management at a corporate level, thus the County Leadership Team should direct any action to be taken.
- input or responsibility from more than one Executive Director for mitigating tasks; and if not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key objectives and/or suffer a significant financial loss or reputational damage.

A **departmental risk** is one that requires:

- strong management at a departmental level thus the Departmental Management Team should direct any action to be taken.
- appropriate management. If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key departmental objectives and/or suffer a significant financial loss or reputational damage.

A **Service Risk** is one that requires:

- strong management at a service level, thus the Head of the Service should direct any action to be taken.
- input or responsibility from the Head of Service for mitigating tasks; if not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key service objectives and/or suffer a significant financial loss or reputational damage.

Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring.

- Original risk score – the level of risk exposure before any action is taken to reduce the risk
- Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
- Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks. This can be seen as the risk appetite.

### Risk Appetite

Risk Appetite is strategic and directly related to the achievement of the Council's objectives, including the allocation of resources. The risk appetite set by each Committee explicitly articulates the attitudes to and boundaries of risk that the Committee expects Executive Directors to take.

### Risk Tolerance

Risk Tolerance is the tactical and operational boundaries and values which enable the Council to control its risk appetite in line with the organisational strategic objectives.