

Risk Management Policy

– key changes

Wiltshire Council's new Risk Management Policy aligns our risk management processes with **best practice within the sector**, as well as the CIPFA '3 lines of defence' model for governance.

The new policy uses a **new 5x5 matrix for scoring the likelihood and impact** of a risk. This aligns us with the majority of our external partners, as well as most other local authorities. This matrix is divided into five risk levels, ranging from very low to very high.

We have introduced **new risk appetite levels**, to help describe the risk scores we are prepared to tolerate for different types of activity:

- Averse – risk scores of 1-2
- Minimalist – risk scores of 3-6
- Cautious – risk scores of 8-9
- Receptive – risk scores of 10-12
- Eager – risk scores of 15 or higher

These risk appetite levels have been allocated to **12 new risk categories**, allowing for appetite to be applied at a more granular level. For the operational category, three appetite levels have been created: 'operations – minimalist', 'operations – cautious' and 'operations – open', recognising that some services may have a lower tolerance for risk than others.

Risks are now scored three times:

- Firstly, the **original, untreated risk** with no mitigating actions in place.
- Then the **target risk**, aimed for once all mitigating actions are fully implemented and working effectively.
- Finally, the **current, treated risk** with current mitigating actions as they are now.

Current risk scores are reviewed quarterly, with the current risk score and status of mitigating actions regularly reviewed and monitored.

Risks are now managed across several tiers, including strategic, corporate, service, change, and national level risks, which broadly align to the management hierarchy of the Council. **New criteria have been established for escalating and de-escalating risks** between tiers, based on risks that exceed their appetite, have high or very high current scores, or impact beyond the current project, service or directorate as appropriate for the tier.

New criteria for reporting risks to Cabinet have also been developed. Quarterly strategic risk summaries will now cover strategic risks as well as any corporate risks exceeding their appetite, with high or very high current scores, or with rapidly increasing risk scores, allowing for improved scrutiny of risks impacting the Council's strategic priorities.

Finally, **guidance for officers has been improved**, with examples to help with scoring risk likelihood and impact for all risk categories, as well as separate 'How to...' guides that include worked examples for different aspects of risk management.