Government of Jersey

Risk Management Strategy

2023

One Island One Community One Government One Future

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Contents

1. INTRODUCTION

1.1. CONTEXT

What is a Risk?

Risk is a part of all our lives. The Government of Jersey (GoJ) deals with risk every day from managing its infrastructure, supply chains, security, and projects. Risk can cause uncertainty in achieving our business objectives but can also present opportunities.

The International Standards Organisation (ISO) - Risk Management Guidance - ISO31000 defines risk as:

'Effect of uncertainty on objectives'

"An effect is a deviation from the expected. It can be positive, negative or both, and can address, create, or result in opportunities and threats. Objectives can have various aspects and categories and can be applied at different levels. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood."

For the purpose of this Strategy, the Government of Jersey describes risk as:

"Something that might happen that could have an effect on GoJ objectives."

In simple terms, risk management seeks to minimise the probability of unwelcome events and reduces the negative consequences of risks if they were to occur by developing appropriate mitigations and contingencies to achieve a positive outcome. It can also present us with opportunities to do things differently.

Why is Risk important?

Risk is inherent in all activities across the Government of Jersey and risk management is an integral part of the Government's corporate governance arrangements. Managing risk improves the way we do business. It plays a key role in helping achieve our strategic objectives. It helps ensure decision making is better informed, precious resources are used efficiently and effectively and helps avoid unwelcome surprises. Good risk management is a key part of our everyday business.

What is an Issue?

An issue is defined as an event which has happened or is happening **and** is having an impact on your departments or GoJ objectives.

It is a risk that has been realised and therefore the likelihood score is 100%.

When risks are not addressed in a timely and effective manner, they can potentially escalate into an Issue. Good risk management endeavours to prevent escalation into an issue. Sometimes however issues can materialise due to unforeseen circumstances. This can often be due to external factors beyond our control. This itself reminds us of the importance of regular horizon scanning for emerging risks.

It is therefore important to promptly address issues as they require immediate attention and action in real-time, whether they arise from identified risks or from unforeseen sources. When dealing with issues you should consider who needs to be involved within your department and the wider government.

By proactively managing risk it will reduce reactive management through the reduction of the likelihood of issues occurring.

What this Strategy does

This document sets out the Government's strategy and approach to the management of risk and demonstrates its intention to continue to develop the maturity of Enterprise Risk Management (ERM) across the organisation to support the delivery of the Government's Strategic Priorities and Outcomes. This strategy is supported by the Public Finance Manual (PFM) and all other GOJ risk management guidance and policies.

The Government recognises that risk management is a journey and to be effective it must be characterised by a set of consistent principles, language, framework and processes. To achieve its Strategic Outcomes under the vision of 'One Island, One Community, One Government, One Future,' the Government is committed to proactively managing its risks in a systematic way.

1.2. GOJ SEVEN PRIORITIES FOR CHANGE

Effective risk management is a key requirement of any organisation's strategic management and decision making.

The Government of Jersey has embarked on an ambitious programme of strategic and organisational change in order to deliver an improved set of outcomes for the Island and its population. It has set out seven interlinked priorities which will help with focussed decision making in regard to Jersey as a place to live, a place of work, a place to grow old with dignity, and a place to take pride in and protect. These priorities are included in the Government Plan and supported by a risk management system which is open and transparent and continually seeks to improve. The Government's priorities have been set out in the Common Strategic Policy document (2023-26) and are illustrated in Diagram 1 below.

Government of JERSEY

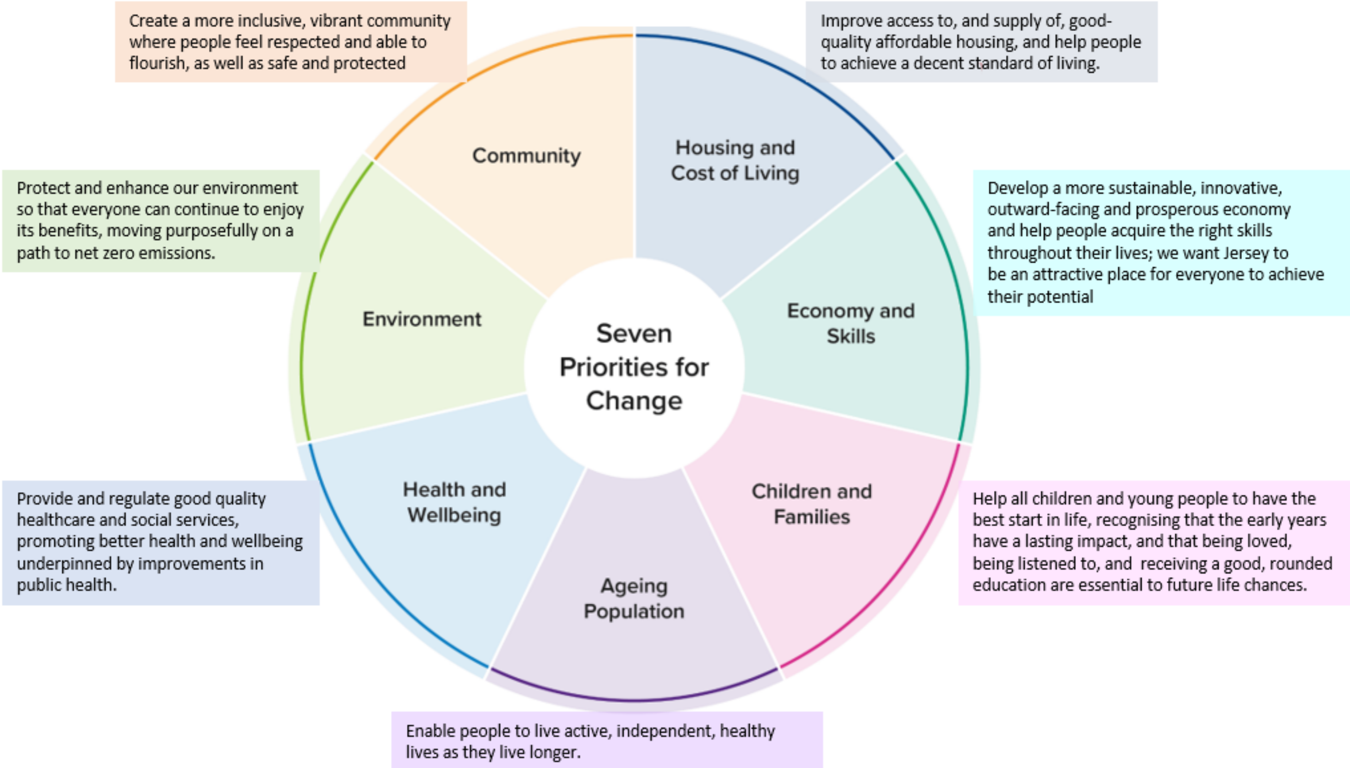


Diagram 1: Seven priorities for change

2. RISK, POLICY, STRATEGY AND OBJECTIVES

2.1. POLICY STATEMENT

The Government of Jersey, Council of Ministers and Executive Leadership Team have signed up to the following cultural statement regarding risk:

- The Government of Jersey promotes a transparent ‘no surprises,’ ‘no blame’ culture where well managed risk taking is encouraged.
- Ministers and Managers lead by example to encourage the right behaviours and values.
- Risk management behaviours and practices should be embedded into all Government activities including those with partners and Arms’ Length Bodies (ALBs).

This strategy sets out the Government of Jersey’s commitment to managing risk effectively across its business, and the standard of risk management we expect across the organisation. To maximise the effectiveness of our risk management arrangements we will:

- Ensure we have an environment that will allow the effective management of risk to flourish.

- Ensure our people have the skills, knowledge and capacity they need to fulfil their risk management responsibilities; and

- Ensure there is a commitment from the highest level to the consistent application of the agreed risk management approach across the organisation.

2.2. OUR PURPOSE AND OBJECTIVES

The purpose of this strategy is to set out how the Government's risk management system will ***support delivery*** of the overarching objectives outlined in the Common Strategic Policies and in the Government Plan, and how it will be developed for 2022 onwards. It is supported by the Public Finance Law and Manual, and Risk Management Guidance, procedures, and tools.

Our Vision is to ensure that the Government of Jersey has a ***consistent, pragmatic and fit-for-purpose*** approach for its internal risk management structure, systems, culture, and capabilities. This enables our Government to effectively support the achievement of its strategic priorities over the next 12 months and beyond.

Our risk management strategy is built upon a continuous, proactive, and systematic approach that assists in identifying, understanding, managing, and communicating risks across the Government of Jersey. The Government aims to deliver the following objectives in order to develop its Risk Maturity profile:

Objectives		
	1	**Develop our 'risk maturity'**: improving understanding and application of risk management across the Government of Jersey;
	2	Embed risk management as part of business as usual across Government so that it is **relevant, effective, efficient and sustained**;
	3	Apply risk management to **inform our decision making**;
	4	**Keep risk management 'live'**: periodically reviewing our strategy to reflect changes in circumstances and to incorporate best practice as part of its development;
	5	Ensure our **culture promotes effective risk management**, including sharing lessons learned as appropriate; and
	6	Be an example of good risk management practice, and to **have the confidence of our stakeholders** for managing risk

Table 1 – Key Objectives ERM Government of Jersey

2.3. PLAN TO ACHIEVE OUR OBJECTIVES

Between 2020 and 2022 we have been able to achieve the first of 5 key focus areas. To improve our risk maturity we will, during 2023, continue the development of the Government ERM framework across these five (5) key areas as highlighted in Table 2 below.

Focus area (2022-2024)	Proposed actions	Success Measure	Stakeholders	Target Dates
Risk Strategy and Governance	Formalised risk governance and reporting structure, leveraging on existing forums. Supportive Working relationship with States Owned Entities (SoEs) reviewing risks, Global landscape etc. Agreed oversight roles and responsibilities across all significant risk areas. Established ERM team that act as 'Go-to' ERM expert for the States' Departments	Number of Deep dives by Departments Attendance at quarterly shareholder meetings Attendance at DRG meetings	DRG& All Departments	2022-Dec 2023
Risk Appetite	Formalised expression of Risk Appetite and translation into strategic and operational plans Structured mechanism to monitor and flag Risk Appetite exceptions	% of Expression risk appetite by Department % of risks with target score % of risks on Corporate risk register where score matches appetite	Departments & ELT	2022-Dec 2023
Risk Enabled Process	Unified risk methodology, language, and assessment criteria across the Government of Jersey. Clarity on risk mitigating activities, status, and ownerships to enable prioritisation on critical matters	% of overdue actions by Department Control effectiveness by Department Number of unassessed risks by Department Number of risks without an owner by Department Number of Corporate risks not reviewed in last month by risk owner.	Departments and Corporate level	2022-Dec 2023
Risk Culture	Formally assigned risk representatives across the GoJ directorates that is responsible for analysis and monitoring of risks in their respective areas. Regular ERM trainings and refreshers programmes that are tailored to specific staff levels / roles	Develop structured training packages for Tier 1 to 3 (2023) Implement / measure take-up (2024) % of Departments with an identified risk lead % of Corporate risks that have been reviewed within the last month	Departments and Corporate level	2023-Dec 2024
Team Enablement	Continued development of the SharePoint ERM site as a "one stop shop" for risk management across Government of Jersey from operational to strategic risk.	Number of system changes/increased functionality per annum	GoJ wide	2023-2025

Table 2 – ERM Focus Areas

3. ENTERPRISE RISK MANAGEMENT SYSTEM

3.1. ERM PROCESS

The Government recognises that an effective risk management process requires a continuous process of identification, assessment, management, and monitoring of all risks that could adversely affect the current and future services provided to Islanders. More specifically recognising which events (hazards) may lead to harm and therefore minimising the likelihood (how often) and consequences (how bad) of these risks occurring.

The risk management approach will not only ***address threat reduction***, but also support activities that ***capitalise on opportunities and foster innovation*** so that the best returns can be achieved taking into consideration a cost benefit analysis.

Table 3 below outlines the seven stages of the risk management process that the Government will follow, with further details outlined in the risk management guidance.

Table 3 – Enterprise Risk Management High Level Process

1	**Establish Context**	• Using the Community and Corporate Risk Registers, to better understand the risk profile of the organisation • Enterprise Risk Management Strategy and Guidance • External and Internal Risk Environments and the context of Risk Management
2	**Risk Identification**	• Understanding risk sources, hazards, opportunities, causes, exposures • Occurs within the context of risk management activities, procedures, or process • Maintaining the 'Golden thread' from service and operational (Department) risk registers to Corporate and Community Risk Registers
3	**Risk Analysis**	• Likelihood & Impact matrix for evaluation of risk • Control Assessment Framework
4	**Risk Evaluation**	• Comparing the level of risk found during analysis against the Governments' strategic priorities & outcomes • Risk priorities based on discussions and criteria for further escalation
5	**Risk Treatment**	• Options to modify risks, including reasons for treatment, risk ownership, actions and timing • Assurance framework over treatment of risks
6	**Consult and Communicate**	• Effective communication of risks • Departmental Risk Group discussions to share good practice • Enterprise Risk Team to ensure that all relevant stakeholders are informed, consulted and involved in the relevant risk management activities
7	**Monitor and Review**	• Regular monitoring significant risks and their control effectiveness • The periodic review of all other risks • Assessment of risk treatment plans

3.2. RISK CATEGORIES

The Government of Jersey is exposed to a wide range of risks. These risks can be grouped in different ways, to help with the assessment and evaluation of the risks. Six of these categories have been used to help determine the impact likelihood scoring of risks to the government. However, when looking holistically at a risk you may also consider its impact to the economy, Business continuity, Reputation etc.

The Government has categorised these risks to provide a simplified method to manage, respond to and report on risks in Table 4.

Type of Risk	Definition
Financial/Economic	Risks that a weakness in financial controls could result in a failure to safeguard assets, impacting adversely on the Government's financial viability and capability for providing services. Financial risks include fraud & corruption, and money-laundering; investment and fund management risk; Liability risk; current country credit rating; and Liquidity risk. Economic risk has a direct impact on the economy of Jersey. This includes geoeconomic risks such as inflationary pressures and the cost-of-living, sanctions, external relations.
Service Delivery	Risks that threaten the day-to-day delivery of services. Examples include procurement issues; supply chain; maintenance of property/systems and IT, and others such as geopolitical pressures. Recent examples have included Brexit, Pandemic response, and the Russia-Ukraine war.
Workplace health and safety	Risks which impact the wellbeing, health, safety & welfare of the Government of Jersey's employees, including those using or visiting our premises and others who might be affected by delivery of the Public Service. This includes topics covered by the published H&S Minimum Standards.
Legislative Compliance	Risks which may impact on the ability of the Government to deliver high quality services in accordance with the requirements of regulators and national standards. This can include information governance (e.g., GDPR/Data protection, Public Finance Law, Health & Safety at Work Law). Other examples include litigation and insurance claims due to alleged negligence.
People/ Organisational	Good Governance is about how our organisation's environment ensures that it has robust and fair systems, which are evidence-based, ethical to provide good decision-making. This includes investing in our people and culture, attracting the right talent, and ensuring good training and development opportunities. Examples include Workforce planning, recruitment, and retention, conduct and competencies. Other areas include digital, information and data governance; asset management; and planned preventative maintenance.
Environmental / Social	Relating to the environmental consequences of progressing the Government's strategic objectives (e.g., in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions etc.). This could include a risk of not investing in environmental and sustainable projects as a result of pressures on finances. Social risk includes cross-demographic educational attainment, employment, affordable housing, and law and order.

Table 4 – Risk Categories

The Government's Principal Risks are identified in **the Corporate Risk Register.** These are Level 1 risks comprised of strategic, emerging, and exceptional risks escalated from Departments and projects. These risks will be reviewed on a regular basis as per the frequency set in the reporting section 3.8 below.

3.3 RISK IDENTIFICATION

Community Risk Register

What is it?

The Community Risk Register enables the community of Jersey to be better prepared to cope during an emergency and to recover more quickly. It helps us in our preparedness and resilience for major events to identify risks which could potentially meet the definition of a major incident or emergency.

How does it fit into the Strategy?

In the second version of this Strategy, work was undertaken to incorporate the Community Risk Register and emergency planning structures within the Framework as part of our resilience journey.

The Community Risk Register sits at the very top of the ERM Framework pyramid and risk escalation hierarchy described in later in this document (see *Risk Monitoring and Review*).

Current Emergency Powers legislation and a move towards a Civil Contingencies Law.

Currently Jersey uses The Emergency Powers and Planning (Jersey) Law 1990 to enable competent authority ministers to invoke emergency powers in the event of an emergency.

The current legislation is outdated when compared to the UK Civil Contingencies Act 2004 and the associated Regulations, and similar legislation called The Civil Contingencies (Bailiwick of Guernsey) Law 2012 and the associated Regulations in our neighbouring island of Guernsey.

The UK Civil Contingencies Act replaced the Emergency Powers Act 1920 and the Civil Defence Act of 1948. These former pieces of legislation were designed to deal with industrial unrest in the aftermath of the Great War and Bolshevik Revolution and respond to the threat of nuclear conflict.

The UK Civil Contingencies Act 2004 was brought in to help the UK Government to be able to respond to a changing global risk landscape, particularly in terms of anti-terrorism after the attack on the World Trade Centre.

Section 1 of the UK Act defines an 'emergency' as an event or situation which threatens serious damage to human welfare in a place in the United Kingdom, an event or situation which threatens serious damage to the environment of a place in the United Kingdom or war, or terrorism which threatens serious damage to the security of the United Kingdom.

The Act then provides a comprehensive list of what is classed as an event or situation threating damage to human welfare, including; loss of human life, illness or injury, homelessness, damage to property, disruption of a supply of money, food, water, energy or fuel, disruption of a system of communication, disruption of facilities for transport or disruption of services relating to health.

Under section 5 of the Act, a government minister can perform a function in order to; prevent the emergency, reduce, control, or mitigate its effects or take other action in connection with the emergency.

In 2021 work continued with emergency planning colleagues to move towards the introduction of similar legislation to the UK and Guernsey or a Civil Contingencies Law.

The risk team is working with Justice and Home Affairs in shadow form to create a new UK-based Community Risk Register based on the National Security Risk Assessment (NSRA) 2022. until enactment of a Civil Contingencies Law by our States Assembly. This is being done through a Risk Working Group constituted under the Jersey Resilience Forum (see below).

The group is using the latest National Security Risk Assessment (NSRA 2022) and looking at how these have been interpreted by the Hampshire and Isle of Wight Local Resilience Forum, which the islands worked closely with on Brexit related community risks. The work of the Group uses the NSRA as the basis for a localised Community Risk Register, in alignment with other Local Resilience Forums in England and Wales.

Definition of "Emergency"

The current legislation in Jersey, the Emergency Powers and Planning (Jersey) Law 1990 (Part 2 Section 11) defines an Emergency as:

> **If at any time it appears to the Lieutenant-Governor that there have occurred, or are about to occur, either inside or outside Jersey, events of such a nature as to threaten the national defence or the safety of the community, the Lieutenant-Governor may, after formal consultation with the Council, declare that a state of emergency exists**

To quantify an emergency in a modern context, the Community Risk Register will define its interpretation of an emergency on that detailed in the Civil Contingencies (Bailiwick of Guernsey) Law 2012.

The register then provides information on emergencies that could happen within the Bailiwick of Jersey.

Under the NSRA, risks are classified into nine categories: Terrorism, Cyber, State Threats, Geographic and Diplomatic risks, Accidental and system failures, Natural and Environmental hazards, Human, animal, and plant Disease, Societal, Conflict and instability.

Risk descriptions must strike a balance between being sufficiently generic to encourage consideration of a range of possibilities, but specific enough to be meaningful for planning purposes, based on a reasonable worst-case scenario.

Responsibility for the identification of risks for inclusion lies with the Risk Working Group (RWG), a working group within the Jersey Resilience Forum (JRF).

To be included in the register, the risks defined under these categories:

1. must either meet the pre-defined criteria of a civil emergency under the Civil Contingencies Act 2004, OR otherwise pose a serious threat to our national security.
2. There must be a credible possibility of a malicious threat occurring in the next 2 years on order to be included in the risk assessment (likelihood).
3. For non-malicious risks this is 5 years
4. Risks in the NRSA represent the most significant risks to national security that have the potential to cause serious harm and would pose a major response challenge (Impact).
5. Representative of other risk scenarios: As a strategic planning and prioritisation tool, the CRR tries to avoid including multiple scenarios with very similar consequences. Lead Risk Assessors have provided generic scenarios that are representative of a particular type of risk where possible, that can inform general planning and prioritisation.

It is anticipated that Jersey's new Civil Contingencies legislation will come into force in 2022/2023 and will give a legal obligation to assess risks and incorporate them in the 'Community Risk Register'.

Who is responsible for the Community Risk Register?

The Community Risk Register is the responsibility of the Jersey Resilience Forum (JRF). The Register will be owned by the Emergencies Council (subject to their approval) but administered through the Jersey Resilience Forum and the JRF Risk Working Group.

The resilience forum is a multi-agency partnership of different organisations including the emergency services, health services, Coastguard, Justice & Home Affairs, Infrastructure Housing and Environment, utilities, and voluntary organisations.

The register and JRF aims to:

- Plan and prepare for emergencies based on the Community Risk Register.
- Deliver an effective and efficient response to an emergency.
- Support and enable the community.
- Prepare for and increase resilience to emergencies.

Corporate Risk Register

The Corporate Risk Register identifies those risks that could materially threaten the Government of Jersey's business model, future performance, or prospects. These are strategic, emerging, or exceptional risks. This includes financial risk, service delivery, reputational, legal, and regulatory, people (e.g., Health and Safety), economic, social, and environmental. There is a strategic "golden" thread with both the Community Risk Register and the Departmental Risk Registers. The Golden Thread, also known as organisational alignment, is a simple framework to explain how an organisation links what it does to its goals.

For example, in the case of Covid-19, the emergency identified as pandemic influenza under the Community Risk Register had direct impacts at both corporate and Departmental levels in terms of financial, service delivery, reputational, legal, and regulatory, people, economic, social, and environmental risks.

Examples of these included: reduced income; increased expenditure; shortages of Personal Protective and Respiratory Protective Equipment (in the early stages of the event); environmental risks in the workplace; impact on delivery of services resulting in backlogs; increased risk around mental health and wellbeing, to name a few.

The Principal Accountable Officer, Accountable Officers and Ministers will undertake an annual (or more frequent) exercise to identify the key risks to the achievement of the Government of Jersey's corporate aims and priorities in the forthcoming planning period. At quarterly meetings of the Executive Leadership Team (ELT) the corporate risk register will be subject to review and challenge. This group will also review any significant risks that have been identified and reported to it by the Departmental Risk Group, the Risk and Audit Committee or in exceptional circumstances by Departmental Risk Groups or Project Boards. Notwithstanding the above, significant risks should be escalated to the next stage of management as and when they occur (see Escalation levels 1-5 under table 5).

Departmental Risk Registers

Departmental risk registers record operational and strategic risks at service level and have a strategic golden thread with the corporate and community risk registers, as described above. Risks can be escalated from Departmental level to corporate level depending on the severity of the impact and likelihood. Again, any significant risks should be escalated to the next stage of management as and when they occur (see Escalation levels 1-5 under table 5).

For example, if there is a risk that a Department is unable to achieve its new target operating model resulting in detrimental impact on service delivery, then this can be escalated to corporate level for consideration by those within the Executive Leadership Team.

Similarly, during the early stages of Covid-19 pandemic, the global lack of PPE and RPE posed a threat to frontline health workers. This is the type of risk that we expect to be escalated as an emerging risk to inform both the Corporate and Community Risk Registers in terms of the strategic (Corporate) and emergency (Community) response to the situation.

Departmental Risk Group

This group meets bi-monthly. It includes representatives of each of the Departmental Management teams, Non-Ministerial Departments, and other relevant interested parties such as corporate experts on internal audit, insurance, health and safety, business continuity and information security. The group keeps the Corporate Risk Register under review and scrutinises Departmental Risk Registers for new and emerging risks that need considering by the ELT. It also communicates and evaluates corporate risks identified by ELT that are cross-cutting in nature, to understand their impact on services/Departmentally.

In so doing, they review and identify the risks identified by each division, project, and partnership for which they are responsible to identify:

- Risks which are common to more than one area and which, cumulatively could be of significance.
- Risks which emanate from a particular area, but which could have a significant impact across a number of Departments and/or corporately.
- Opportunities for sharing good practice and learning.

The group also examines the global risk landscape and how this translates into a Jersey context. This includes horizon scanning for emerging risks.

Departmental Leadership teams and risk groups

Individual Departmental Senior Leadership teams and Risk Groups should conduct as a minimum, quarterly reviews of the key risks to achieving Departmental aims in each forthcoming planning period and whether these need to be escalated to the Corporate Risk Register.

Throughout the year, each management team will also identify emerging or new risks of Departmental significance.

Using its performance / management team meetings these groups will consider risks brought to their attention by Heads of Service, project and partnership managers and will assess such risks for their potential Departmental and Corporate impact, their likelihood and proximity. Risk Proximity is how soon (when) the risk is likely to happen.

The process of how such risks are escalated is described in section 3.6 below.

Service team level

Every service area will review on at least a quarterly basis the risks to the achievement of its objectives in the forthcoming planning period. This will be undertaken by Heads of Service, managers and, where appropriate, representatives of service partners Throughout of the year each service area will also identify new risks through its performance/ management team meetings and escalate these as per the escalation process described in section 3.6 below.

Project Risks

The definition of a Major Project and other projects is set out in the Public Finances Manual. This is normally described as an activity that is outside 'business as usual' and excludes work that could be defined as 'day to day' operations. A project has a finite life. It achieves specific results that satisfy the needs of the Government, through a series of linked activities conducted in an organised manner, with a clearly defined start and finish point.

Every project will be considered the responsibility of a specific Department and accountability for its delivery is assigned to an Accountable Officer by the Principal Accountable Officer (Chief Executive). The Accountable Officer (AO) takes overall accountability for the successful realisation of benefits associated with the project and for its successful delivery. The AO appoints the Senior Responsible Officer (SRO) to take responsibility for the delivery of the project as a project sponsor. In some cases, the AO may decide to also act as SRO. All projects must follow the Government of Jersey Project Delivery Framework unless an exemption is approved otherwise. This framework sets out the approach to risk management in the project context and puts in place defined points for the assessment of such risk by the Project Board and SRO.

The Corporate Programme Management Office (CPMO) monitors and reports on portfolio level risk across the Government of Jersey change portfolio in consultation with the Risk and Audit team.

Programme and project risk and issues with a score of >15 are reported through the portfolio approved tool (Perform). All risks and issues should be logged in the risk and issue 'Logbook' which is a mandatory deliverable within the GoJ Project Delivery Framework. SROs and their project teams must review their significant risks regularly.

All Departments are expected to undertake a Departmental portfolio review monthly which includes a review of the programme and project risks within the Department. Any project risks which the Department identify as significantly impacting either the Department or corporately should be considered for escalation to the ERM risk register. For further details on what constitutes corporate risk. If you require further assistance speak to the Risk Team

Partnership Risks

The definition of a partnership arrangement is defined in the Financial Directions and Public Finances Manual.

Every partnership arrangement is considered to be the responsibility of a particular Department. Prior to entering into any partnership agreement, an assessment must be undertaken of the risks which participation in the partnership/ arm's length arrangement presents to the Government and the key risks to the delivery of the partnership itself. This should form part of any business case.

The governance arrangements will define the points or intervals during the lifetime of the partnership when exercises will be undertaken to identify the risks to the successful delivery of partnership objectives and how these will be conducted.

Risk owners

Each risk will be allocated a risk owner, an individual who is in the position to manage the risk and ensure it is controlled effectively.

Action owners

To help ensure effective risk management risks will have actions over and above the current controls. These will describe what the action is, what the timeline is for completion, how it will help manage the "path to green," and if possible, a financial quantification. If a risk is being tolerated, it should still be regularly reviewed, and this should form the basis of any action assigned to it under those circumstances.

The ERM automatically sends email reminders to action owners when the action due date is realised. This helps to ensure that they are continually reviewed when they become overdue, to ensure ongoing effective management of that particular risk. Each action will have an agreed owner assigned to it who is accountable for that action.

3.4 RISK ANALYSIS

The **inherent** level of risk is the gross level of risk prior to any controls or actions being applied. We do not record this on the system. However, when completing the risk assessment, the risk owner is required to assess the score with existing controls applied. This is a **residual** (net) score. The risk owner is also asked to note what actions they are going to implement against the risk to manage it further. In addition, the system asks for a target score. This allows us to understand and monitor mitigations around that risk. It also helps to provide assurance around how the risk is managed.

A 5-point scale (impact x likelihood) model is shown in Appendix A and will be used to evaluate risks. Both inherent and residual risks scores will be in the range of 1-25. Each risk will be plotted against a Risk Scoring Model. The model defines overall levels of risk as Negligible; Minor; Moderate, Major, and Catastrophic.

Those risks which normally score between **15 and 25** or are considered by the Departments to be strategically significant and needing escalation may be included in the Corporate Risk Register using the escalation tick box in the ERM. Risks should only be escalated to the Corporate Risk Register once a Department's Senior Leadership Team has reviewed the risk and discussed with their Minister. There should be consensus agreement on aspects such as description, scoring, risk appetite and the controls and actions required.

The -Strategic Director Assurance and Risk is the gatekeeper for the Corporate Risk Register and will consider these escalated risks with the Head of Risk before including them on to the risk register. These risks will then be considered and owned by the Executive Leadership Team.

Other risks with an impact (consequence) score of 3, 4, or 5 may be recommended by a Directorate Leadership Team (with advice from the Departmental Risk Group) or proposed by the ELT for inclusion on the Corporate Risk Register on the basis that the nature of the impact (consequence) of the risks means that the ELT should have continued oversight – even though a high level of controls / mitigations are in place.

3.5. RISK CONTROL

Mitigations will be developed to 'manage down' those risks above the Government's tolerance threshold. The options available will be one or more of the following:

Tolerate – Where our ability to take effective action is limited or where the cost of mitigating the risk outweighs the potential benefit.

Treat – Take action to control the risk to an acceptable level by means of containment (before the risk materialises) or contingent actions (once the risk has happened).

Transfer – Pass aspects of the risk to another party. This can take the form of a conventional insurance transaction or paying a third party to take on risk in another way (for example through outsourcing services). The Government acknowledge that service and reputation risk cannot be transferred and that contracting can raise a range of other risks that need managing.

Terminate – Where feasible we will, by doing things differently, remove certain risks.

Most risks can be managed by 'treating' them. Relatively few risks have to be transferred. Any proposals to address risks must identify the resources required to deliver the improvements, the individual responsible for their implementation and the key date(s) involved. They will be incorporated into service and project plans and recorded in each risk register.

3.6. RISK MONITORING AND REVIEW

Our ambition is for the Government to have one Corporate Risk Register which is populated from the risk assessments carried out at all levels within the organisation whilst enabling Departments, directorates and project leads the ability to access information that is relevant to them (in supporting risk registers) in order to allow them to manage their part of the business.

The Government's risk profile will be articulated using a 3-tier hierarchy. Each tier refers to a dedicated risk register. The diagram below outlines definitions of each risk register and criteria for escalation and / or aggregation of risks. Further information will be detailed within the Risk Management Guidance.

Once a risk has been identified, analysed, prioritised and further control actions agreed, it will be recorded in the relevant risk register. The total risk score will be used to measure performance in managing that risk and will be reviewed by the risk owner. High scoring risks will be subject to more frequent review.

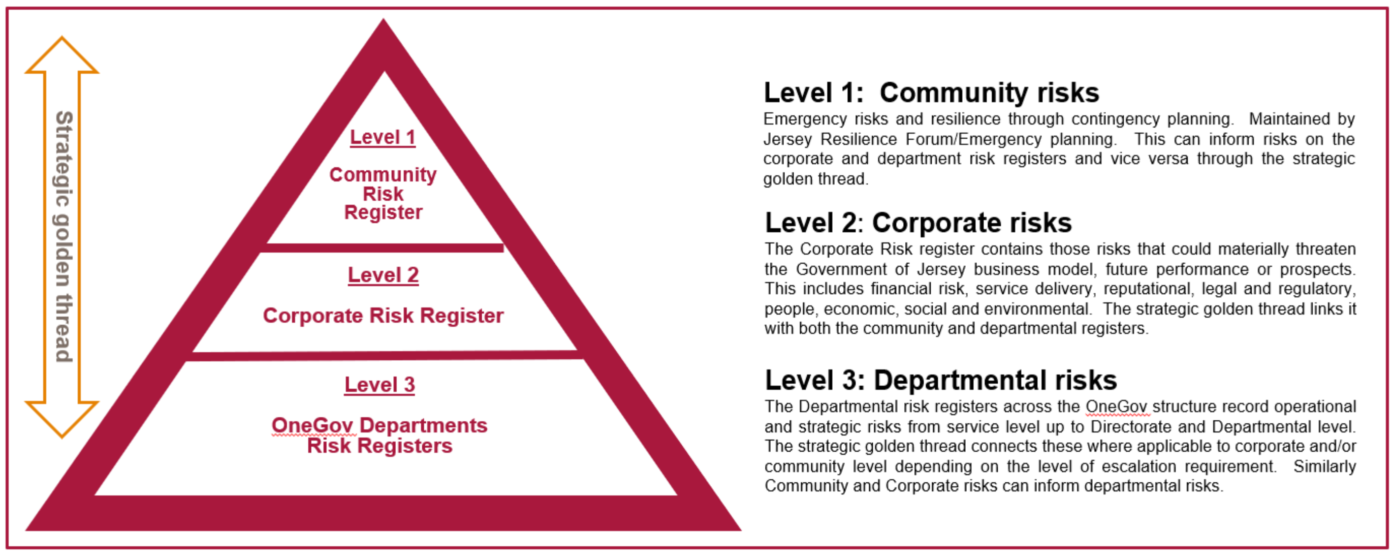


Diagram 2 – Enterprise Risk Management Escalation Hierarchy

It is essential that the risk management approach is grounded in a ‘no blame’ culture, and any ‘bad news’ should be reported immediately following the escalation guidelines defined in this document so that there is sufficient notice to determine an effective response.

Table 5 below outlines how a risk will be managed and escalated from within the organisation ELT dependent upon the risk score.

Risk Rating	Management
LOW **(Between 1 and 3)**	Managed at a service level by the Action Lead in the Departmental wide or project risk register. Assurance will be provided to the Accountable manager on the management of this risk. (Note: not normally escalated to ELT level)
MEDIUM **(Between 4 and 6)**	Managed at a Departmental level by the Action Lead via the Departmental wide or project risk register. The Accountable Manager will monitor the delivery of any actions. (Note: not normally escalated to ELT level)
HIGH (Between 8 and 14)	Managed by the Accountable Manager. Actions prioritised and agreed with the Executive Owner. (Note: not normally included in the Corporate Risk Register).
EXTREME **Between 15 and 25** **(Principal Risks)**	Managed on a day-to-day basis by the Accountable Manager and reviewed as a minimum on a monthly basis with the Executive Owner. Actions prioritised / agreed on a monthly basis and subject to scrutiny by the appropriate Departmental Leadership Team / Director General. (Note – included in the Corporate Risk Register)

Table 5: Risk Escalation Guidance

3.7. RISK APPETITE

Risk Appetite is a key concept in achieving effective risk management. The aim of the Government’s risk strategy is not to remove all risk but to recognise that a level of risk will always exist. We recognise that taking risks in a controlled manner is fundamental to innovation and to developing a ‘can-do’ culture across the Government of Jersey.

Risk appetite is best summarised as “the amount of risk the Government of Jersey is willing to accept” and is about looking at both the propensity to take risk and the propensity to exercise control. As a diverse Island with responsibility for several critical services to Islanders, the Government recognises that the appetite for risk will vary according to the activity undertaken and hence there will be different appetites and tolerances for risk depending on the type of risk.

By understanding its appetite, the Government will be able to actively manage its risks to protect, grow and provide better services to Islanders. The Government’s Risk appetite statement should support its decision making, provide clarity over priorities and risks that it is willing to take and evidence the effective use resources.

Risk appetite is the level at which the ELT determines whether an individual risk, or a specific category of risks, is deemed acceptable or unacceptable based upon circumstances / situations facing the Government. This determination may well impact on the prioritisation of resources necessary to mitigate or reduce the impact of a particular risk. It may also impact on the timeframe required to mitigate a risk. Appendix B outlines the risk appetite judgements and statement that the Government is following to evaluate its response to individual risks. This statement will be interpreted in the Risk Management guidance for individual Departments.

3.8. REPORTING REQUIREMENTS

Regular reporting on the status of strategic and emerging risks and of the measures of success will support three outcomes:

- Increased accountability for delivery upon the actions, and
- Communications to the Council of Ministers, Executive Leadership Team and the Risk and Audit Committee that demonstrates the Government's commitment to risk management.
- Use of Key performance indicators (such as in Deep Dives) to assess the impact and likelihood of the risks.

Having complete and current risk information available is vital to the Government, as this information drives business performance through the ability to make informed and calculated decisions. The table below outlines the type of risks that the Government will report on its Corporate Risk Register:

Type of Risks	Description
Principal Risks	Significant or strategic risks to the achievement of the Government priorities. These risks are maintained by the Enterprise Risk team and reviewed at least quarterly by the ELT.
Common Risks	Report focused on common risks identified across the Departments. Risk Analysis on a regular basis through the Department Risk Group will allow for the identification of efficiencies and synergies in how the risk is managed.
New and Emerging Risks	New and emerging risks provide an opportunity to highlight emerging risk trends that could potentially impact the achievement of the Government objectives. These are usually external risks e.g., new regulations or geopolitical relations. ELT will determine whether the new or emerging risks warrant inclusion in the Government's Corporate Risk Register.
Risks by Exception	These are risks specific to one or more Departments that are escalated for review, potentially by theme, and consideration because of one or more of the following reasons: • the risk rating cannot be controlled / contained at the current level. • the risk remains very high even after mitigations are implemented. • action/ support is required from the relevant oversight body. • the risk will impact on more than one public service / functions. If the risk rating decreases significantly, these will be moved lower to the Departmental level once approval is obtained from the ELT.
Significant risks (Deep Dives)	Deep dives are expected to be done quarterly on significant risks (>15 in scoring) to demonstrate active risk management and driving risk scoring down on what we call the "path to green". Departments will also capture performance indicators in order to provide a robust evidence base against the risks where possible and assist in evidence-based decision making.

Type of Risks	Description
	Departments with few significant risks but more risks rated medium or low, can use these to demonstrate again how they are managing them.
Project risks	In the context of a project. it is the projects objectives that are at risk. Typically project risks are risks that prevent the completion of the project or impact on its objectives for example time, cost, quality, scope, or benefits. Risk taking in project is inevitable as projects are enablers of change which introduces uncertainty.

Table 6: Types of risks

The Government will also adopt the following risk reporting requirements:

Risk Type / Recipient	Principal Risks	Common Risks	New and Emerging Risks	Risks by exception
Council of Ministers	Quarterly	If requested	Quarterly	On an ad-hoc basis at the discretion of the Director, Risk and Audit
Executive Leadership Team	Quarterly	Six monthly	As required	
Risk and Audit Committee	Quarterly	Six monthly	As required	
Departmental Risk Group	Bi-monthly (for information)	Bi-monthly	Bi-monthly	

Table 7: Types of risks

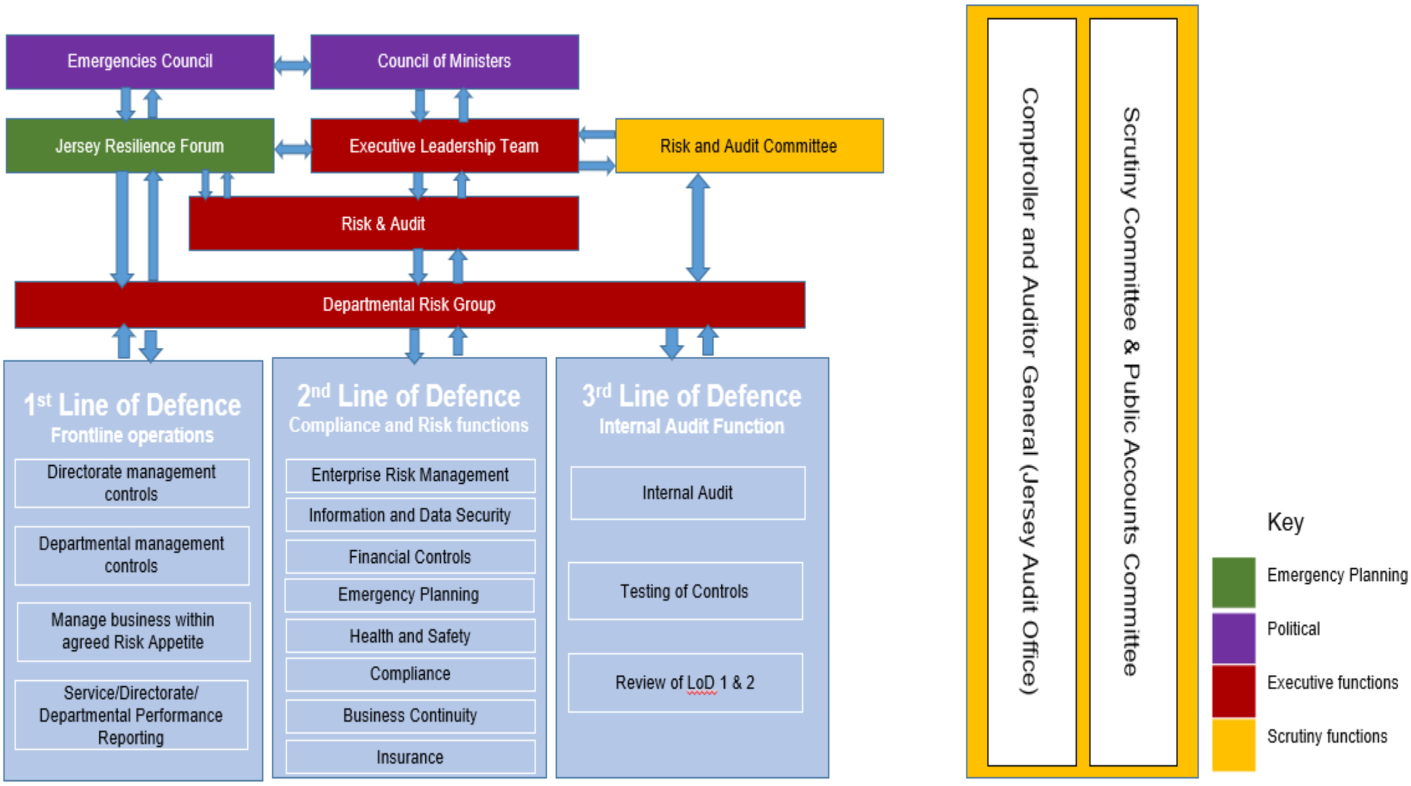
4. INTEGRATING WITH ASSURANCE AND AUDIT FUNCTIONS

4.1. RISK ASSURANCE FRAMEWORK

Government's ability to conduct effective risk management is dependent upon having an appropriate governance, performance management and assurance framework in place with well-defined roles and responsibilities. Risk management is a responsibility of everyone, with specific risk responsibilities being allocated to different groups and levels within the Government. It is important for everyone to be aware of their individual and collective risk management responsibilities.

All States Members, senior leaders, employees, and partners of the Government of Jersey have a role to play in ensuring that risk is effectively managed. One of our key objectives is to embed risk management within the Government by ensuring that risk management activities are functional within all levels of Government – Corporate, Departments and Directorates.

Diagram 3 – Government of Jersey Risk Governance Structure[1]

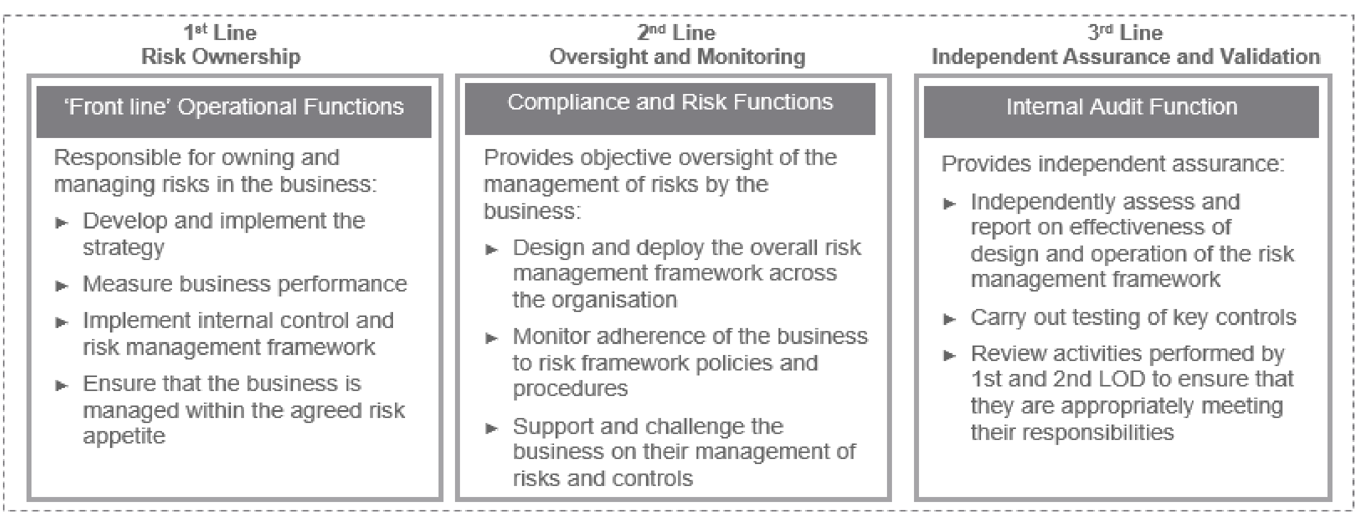


[1] The Jersey Resilience Forum has an informal relationship with the DRG and ELT. It is not a statutory function and reports to the Emergency Council. The Emergency Council convenes 2-3 times per annum and only meets formally if and when the Lieutenant Governor declares a State of Emergency. Compliance as described in the diagram is not a function but refers to a general governance function around due diligence. Emergency planning is a community-wide function.

A key component of Government's risk management system is providing assurance, not only about the overall risk management system (which is the domain of the Risk and Audit Committee) but as importantly on the effectiveness of the controls put in place to mitigate the impact of any risk (which will be considered by the ELT or Departmental Risk Group as appropriate).

The Governance structure above is underpinned by the Three Lines of Defence (3LOD) principles. The responsibilities of the lines of defence are shown in the diagram below. The importance cannot be underestimated of failing to integrate or co-ordinate each of the elements. For example, it is crucial that business planning and performance frameworks include consideration of key risks from the outset and that the assurance framework is aligned with key risks.

Diagram 4 – 3 Lines of Defence principles



The Risk and Audit Committee and the Departmental Risk Group will play a key role in working with ELT to identify the appropriate types of assurance and particularly in respect of Level 1 Principal risks. The table below outlines the type of assurance that will be applied for each of these lines of defence:

Line of Assurance	Examples of Assurance
Level 1 – Departmental Management	• One to one meeting between Action Lead and an Accountable Manager / Peer Review of pieces of work could be facilitated. • Self-assessment review and report – completion of Annual Governance Statements
Level 2 – Organisation oversight	• One to one meeting between an Accountable Manager and an Executive Owner • Reports to a Committee or Departmental Management team (e.g., Health Risk and Oversight) • Recommendation to ELT from the Departmental Risk Management Group
Level 3 – Independent Assurance	• Internal Audit Review and Reporting • Risk benchmarking with other organisations • Independent review • External Audit reports - C&AG (Comptroller & Auditor General) or Scrutiny reports

Table 8: Types of assurance

4.2. INTEGRATING WITH BUSINESS PROCESSES AND OTHER RISK FUNCTIONS

The Government's ERM approach is strongly linked with business processes which facilitate the achievement of its objectives. ERM will be embedded across these key processes as part of 'business as usual:

Budget / Investment Planning & Allocation – understanding the risks associated with corporate and directorate objectives means that realistic budgets, timeframes, and benefits target can be set for existing or new initiatives, especially on capital projects.

Anti-fraud & Corruption / Anti-Money Laundering – the Government has an anti-fraud and corruption framework to ensure a professional and ethical approach to combating fraud. Implementing this approach will help maintain its reputation.

Business Continuity – The business continuity process is essentially risk management applied to the whole Government of Jersey and provision its ability to continue with its critical public services in the event of a disruption.

Climate Change risk management: The government aims to understand and manage climate risks and trends by proactively identifying and addressing the impact that these risks will have and the opportunities available that if taken advantage of could have value for the island.

Internal Audit - to obtain maximum value from the internal audit process, focus will be placed on reviewing the effectiveness of key controls associated with the Government's main strategic risks, as identified through the Corporate Risk Register.

Programme Management – identifying risk during the programme / project management process allows the Government to set realistic delivery timelines and budgets for projects or to choose to cancel a project if the associated risks are too high or unmanageable.

Whistleblowing – the Government is committed to the highest possible standards of propriety and accountability in the conduct of its activities. Management through a whistleblowing process helps ensure management of risks in this area.

Information Security Management – in line with the Jersey Data Protection Regulation, risks to the confidentiality, integrity and availability of data will be robustly assessed and managed to protect sensitive and personal information.

ESG risk management: Developing and understanding our Environmental, Social and Governance (known as ESG factors) and developing our overall strategy to address key risks and opportunities in this area in order to keep up with the global pace of change.

Insurance-Risk management is important in empowering an organisation like the Government of Jersey to identify and deal with risks before they occur. However, sometimes, despite best endeavours risks will materialise and may result in an insurance claim.

When considering risks, you should also seek to understand whether they are insurable or indeed if they are currently covered under the Government's insurance programme.

The Treasury and Exchequer Insurance Team should be consulted on any questions relating to insurance via email: insurance@gov.je.

In addition to ensuring that risk management is embedded within key processes and considered as part of strategic objectives, it is essential that risk activities are streamlined and efficient so that resources are used in the most effective manner. This means that the various second line risk functions (e.g., Risk, Health and Safety, Business Continuity, Compliance, Legal, etc) and the third line function of Internal Audit will work together to ensure that there are coordinated risk discussions between the risk functions using a common risk language and approach. This will reduce current overlaps and duplication and help ensure that there are no gaps in risk coverage. Furthermore, better quality and more frequent risk communications across and between these functions will drive coordinated risk reporting that presents a holistic risk picture and ensure we keep up to date with global risk challenges and with other government peers across the world.

5. ROLES AND RESPONSIBILITIES

To manage risk effectively, it is essential that people behave in a way that is consistent with the Government approved approach. Risk management is not merely about having a well-defined process but also about effecting the behavioural change necessary for risk management to be embedded in all Government of Jersey activities. The governance framework is key to driving the right behaviours across Government and will be explicitly supported by the roles and responsibilities set out below in Table 9 below.

It is vitally important that the Government provide clarity on the various roles, responsibilities, and expectations of individuals throughout the organisation. The table below details key responsibilities for each group:

Table 9 – Roles and Responsibilities

Group / Stakeholder	Role Description
Council of Ministers	Council of Ministers has responsibility for ensuring that the Government of Jersey delivers on its strategic priorities by holding the ELT to account and in relation to risk management has responsibility for: • Setting the tone and influence for the culture of risk management across the Government of Jersey and with partners. • Determining the nature and extent of the principal risks it is willing to take in relation to achievement of its strategic priorities. • Setting the priorities for delivery by the Executive Leadership team • Reviewing the Corporate Risk Register on a regular basis and receiving feedback from the Principal Accountable Officer and the Risk and Audit Committee as to the effectiveness of the risk management systems. • Conducting an Annual Review of the effectiveness of the risk management systems in support of the Annual Accountability Report and Governance Statement.
Executive Leadership Team (ELT)	ELT has the responsibility for ensuring that the Government of Jersey deliver on its strategic priorities and in relation to risk management, the ELT has responsibility for: • Setting the tone and influence for the culture of risk management across the Government. • Overall accountability for ensuring that a system is in place for identifying, assessing and managing existing and / or emerging risks. • Determining the nature and extent of the principal risks[1] it is willing to take in relation to its strategic objectives. • Ensuring that the Corporate Risk Register is up to date to reflect the current risk exposure. • Reviewing the Corporate Risk Profile to inform strategic decisions; and • Conducting an annual review of the effectiveness of the risk management systems in support of the governance statement and the Statement of Internal Control. • Ensure risk is appropriately considered in items or activities that require political direction. • Ensure risk is appropriately considered in items of activities that require management direction. • Regularly review the Strategic Risk Report (or equivalent risk report showing corporate risk profile) and ensure alignment to the Government's Strategic Priorities.

Group / Stakeholder	Role Description
Risk and Audit Committee	The Risk and Audit Committee is responsible for ensuring proper arrangements exist for risk management and its internal controls. It considers and advises ELT on the: • Effectiveness of the current enterprise risk management process and policies; including the review process into the corporate risk register. • Development, management and monitoring of risk management activities, • Assurance relating to the adequacy and effectiveness of the risk, control and governance processes across the Government; and • Alignment of the Government's strategic risk strategy against strategic priorities and good practice.
Head of Risk	• Overall responsibility for the effective implementation and embedding of Government risk management activities in accordance with the agreed Risk Strategy. • Overall responsibility for the effective delivery and coordination of 'Business-as-usual' risk management process including the review process into the corporate risk register. • Reports to the ELT and Risk and Audit Committee, as required to answer questions, position deep-dive risk activities and provide status updates; and • Oversees the risk management activities performed by the Enterprise Risk Team and co-ordinates the activity of the Directorate Risk Group (DRG).
Enterprise Risk Team	The Enterprise Risk Team will comprise of Head of Risk and Enterprise Risk Advisers(s), reporting to the Office of the Chief Executive and responsible for: • Implementation and embedding of Government risk management activities in accordance with the agreed Risk Strategy. • Maintenance of the corporate risk register, including co-ordinating a consistent risk identification and management approach across Departments • Reviews with the Departments the assumptions and analysis underpinning the determination of the Government's key risks and whether adequate procedures are in place to ensure that new or materially changed risks are properly and promptly identified, understood and accounted for in the actions of the identified owner; and • Providing expert advice and facilitate risk focused learning and development
Departmental Leadership Teams (DGs or their delegate)	• Ensure adherence with the risk management strategy and framework. • Champion the benefits of effective risk management. • Take ownership for risks within their respective Departments and ensure that Departmental risk registers are regularly discussed, reviewed, updated and escalated as appropriate. • To appoint a risk lead (s) within their Department to drive forward and implement a 'fit-for-purpose' risk management framework within their Departments / areas; and • Embed risk management in operational decision-making and in day-to-day operations.
Departmental Risk Leads	• Support and facilitate risk management across the Departments within their Departments. • Provide support to their Departmental Leadership teams, other Directors, managers and staff on the management of their risks. • Undertake a regular review of the Departmental risk registers to inform and update the Departmental Risk Register. • Review the effectiveness of risk management activity for specific Department(s); and • Cascade, communicate and promote the risk management framework as directed by the Enterprise Risk Team.

Group / Stakeholder	Role Description
Jersey Resilience Forum (JRF)	The JRF provide a forum to consult, collaborate and disclose information with each other to facilitate planning and response to emergencies and produce a Community Risk Register. They are not a statutory body but are responsible for: • the compilation of agreed risk profiles for Jersey, through a Community Risk Register. • assisting the Government of Jersey with a systematic, planned and co-ordinated approach to plan for emergencies, support and encourage business continuity management, and training through multi-agency exercises and other training events.
Departmental Risk Group (DRG)	The Departmental Risk Group (DRG) will be chaired by the Head of Risk and membership comprise of Directorate Risk Leads (or their delegates). The DRG will: • Ensure a consistent approach to risk management is taken across the Government of Jersey. • Ensure that risk management practices (as set out in the Risk Strategy and Guidance) are operating, effective and embedded within each Directorate. • Provide a consolidated, consistent and considered view of Directorate risks, to inform the Corporate Risk Register; and • Share best practice across Directorates through knowledge sharing
Other directors, managers, project managers and policy owners	Everyone with a line or project management role is responsible for assessing and communicating risks within their Departments / area of responsibility, including judging when a risk should be escalated and considered for inclusion in their respective Corporate Risk Register, Departmental Risk Register or project risk log.
Staff and Contractors	Risk management is part of every member of staff and contractor's responsibilities, and everyone has a role in conducting appropriate risk management, through: • Understanding the risk objectives and obligations relating to their role and activities. • Participating in the risk management processes relevant to their roles. • Reporting new risks, risk issues, compliance requirements and obligations, breaches and weaknesses of controls to their manager and as required under this Strategy or other management systems; and • Performing any risk actions or compliance obligations for which they are responsible.

6. EMBEDDING AND EVALUATING PROGRESS

6.1. EMBEDDING

The Government of Jersey will seek to bring about the cultural changes necessary to improve effective management of risk through:

- Ensuring that key risk management principles are incorporated into all significant plans and strategies, such as the Government Plan, Capital programme and strategy.
- Embedding risk management in its governance framework.
- Creating and revising guidance on managing risk in areas such as procurement and the management of projects and partnerships.
- Including risk management as a standard item for meetings of Council of Ministers, ELT, Departmental management teams and project boards.
- Including risk management focussed objectives for staff to discuss with their managers.
- Ensuring that explicit information on the risks and opportunities associated with the decisions to be taken by Ministers and ELT are included in reports.
- Providing learning and development to those who have responsibilities for managing risk.
- Including risk management learning and development during the induction and ongoing training of Ministers and all staff.
- Including risk management in its communications with stakeholders, bringing risk to life through storytelling, celebrating good practice, and sharing lessons learned.

6.2. EVALUATING SUCCESS

To determine whether the risk strategy has delivered its anticipated benefits the following measures will be developed and monitored to assess the success of the strategy:

Expected Benefit	Measure
Effective decision making through better understanding of risk exposures	• Improved current risk ratings / reduction in level of risk exposure across the Government. • Documented evidence of 'risk consideration' in approvals of strategic decisions e.g., Government Plan, business plans, project plans etc.
Effective use of the Government's resources to deliver outcomes for Islanders	• Improved risk reporting / decision making (e.g., hours saved by risk function, number of risk-related advice information requested)
Compliance with legal and regulatory requirements	• Reduction in number of breaches and size of penalties / fines • Reduction in number of exemptions
Improved confidence and proactivity to manage risk	• Positive stakeholder feedback • Improved ratings from internal and external audits e.g., Scrutiny, C&AG
Capitalising on opportunities	• Increased number of opportunities recognised and realised. • Costs saved / profit made through successful opportunities
Increased organisational risk maturity	• Improving risk maturity score against ERM maturity model

Expected Benefit	Measure
Confidence and trust of stakeholders	• Positive stakeholder feedback through risk surveys
Accountability for risk	• All risks and treatments with named owners • % of 'active' risks with mitigating activities taking place
Enhancement of the Government's reputation	• Number of C&AG findings addressed in a timely manner and meeting / exceeding customer expectations.

Table 10: Evaluating Success

6.3. LEARNING AND REVIEW

The Risk Team will review the Risk Management Strategy at least annually to ensure continuous alignment with the Government's Strategic Policy and good practice. The Head of Risk will advise the Risk and Audit Committee and the Executive Leadership Team (ELT) if any changes are required. Both bodies will then formally review the Risk Strategy and submit amendments for consideration.

APPENDIX A - RISK ANALYSIS AND EVALUATION

Risks are scored using a risk scoring matrix which has been adopted across the world and is based on the ISO standard ISO31000, with the risk scores taking account of consequence and likelihood of a risk occurring (further details can be found in the Government's Risk Management Guidance document).

In order to evaluate risks, you need to consider the following:

CURRENT RISK SCORE – the current risk score, which will include a partial/ complete assessment of the effectiveness of the existing mitigating controls.

TARGET RISK SCORE – the risk score which should be the objective of the Government's existing controls together with what mitigating actions you have to yet implement (taking account of the ELT risk appetite)

Risks are scored using a risk scoring matrix which has been adopted by many organisations across the world, with the risk scores taking account of the impact and likelihood of a risk occurring. The scoring of a risk is a 3-step method:

STEP 1 – evaluating the consequences or impact of a risk occurring. The impact (consequence) score has five descriptors:

1	**Negligible**
2	**Minor**
3	**Moderate**
4	**Major**
5	**Catastrophic**

IMPACT DESCRIPTION
See Table 5 in the main Strategy for further guidance of these categories. Guidance on the level of impact is found in the ERM system's risk assessment template. Financial/Economic Service delivery /Business continuity Workplace / Health and Safety Legislative Compliance/Regulatory People/ organisational Environmental / Social

STEP2 – evaluating the likelihood (how often) a risk may occur once plans and controls to mitigate (reduce/remove) have been put in place. The table below gives the descriptions of the likelihood of a risk occurring.

SCORE	LIKELIHOOD DESCRIPTOR	LIKELIHOOD DESCRIPTION
1	**RARE (Less than 5%)**	**Will only occur in exceptional circumstances probably never happen.**
2	**UNLIKELY (5% TO 20%)**	**May occur at some time but not likely to occur in the foreseeable future**
3	**PROBABLE (21% TO 50%)**	**May occur at sometime within the foreseeable future and recur occasionally.**
4	**LIKELY (51% TO 80%)**	**Will probably occur in most circumstances but not a persistent issue.**

5	**ALMOST CERTAIN (81% TO 100%)**	**Expected to occur in most circumstances. Possibly frequently.**

STEP 3 - to **calculate the *risk score*** you then multiply the following scores:

impact score x likelihood score = risk score

Impact **Likelihood**	**Negligible (1)**	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Probable (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5

Those risks which normally score between **15 and 25** should be considered by your Senior Leadership Team as part of a regular review of your Department's risks. If the consensus is that these require escalation to the Corporate Risk Register, then that decision should be made by your SLT in liaison with your Minister. Risks which may have a high impact score, but lower likelihood score may also need to be considered to be escalated in the same way by your SLT and Minister if they represent a material risk to the strategic aims and objectives of wider Government.

Target risk score

In the same way you should also calculate the target risk impact and likelihood based on the implementation of any actions you have identified which need to be implemented to continue to drive the risk within its defined risk appetite.

APPENDIX B - RISK APPETITE STATEMENT

The Government accepts a **MODERATE** level of risk appetite in the pursuit of investments in order to remain efficient and takes considered financial risks in terms of positively influencing their impact on organisational and societal issues.

The Government of Jersey recognises that its long-term sustainability depends upon the delivery of its strategic objectives and its relationships with services users, staff and islanders and its strategic partners. As such the Government regards any activity that will seriously threaten its reputation as a high-quality service provider either through adverse publicity or loss of status as unacceptable and has a **VERY LOW** risk appetite to risks that materially provide a negative impact on the quality of its services.

The Government has MODERATE-**HIGH** appetite in pursuing innovation and challenging current working practices. The Government is willing to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

The government is committed to creating a safe working and living environment all islanders and has a **VERY LOW** appetite for risk that compromises the health and safety of staff or residents of the Island. Where it comes to the environment and sustainability challenges, the Government has a **LOW-risk** appetite for risks that could impact the island as a great place to live work and grow including in its ability to respond to potential adverse climatic effects.

Additionally, it has a **LOW** appetite for any breaches in statue or any deviation from its standards and legislative responsibilities.

Type of Risk	Risk Appetite
Financial/Economic	The Government has a **LOW-MODERATE** appetite for financial risk in respect of meeting its financial duties set out within Government plan. Higher levels of borrowing leads to the potential for greater risks being taken financially in order to make improvements, modernising government and keeping up with global expectations. However, those risks are well understood and mitigated wherever possible. The Government has a **MODERATE--**appetite for risk to support investments for return and minimise the possibility of financial loss by managing associated risks to a tolerable level.
Service Delivery	The Government has a **LOW** appetite for risk that may compromise the delivery of quality and sustainable outcomes for service users and partners. The Government has a VERY **LOW** appetite for risk for actions and decisions that whilst taken in the interest of ensuring quality and sustainability of services may affect the reputation of the organisation.
Workplace Health and Safety	The Government has a **VERY LOW** appetite for risk that compromises the health and safety of staff or residents of the Island

WORKPLACE HEALTH AND SAFETY	
Legislative/ Compliance LEGISLATIVE COMPLIANCE	There is a **LOW** appetite for risk, which may compromise the Government's compliance with its statutory duties and regulatory requirements.
People—Organisational PEOPLE ORGANISATIONAL	The Government of Jersey has a **LOW** appetite for risk that may compromise the delivery of outcomes, and /or the quality of services provided. When it comes to recruitment and talent management, the Government will not tolerate the compromise of quality of service, care or safety of staff and customers. The Government has a **HIGH** appetite for risk surrounding innovation that does not compromise the well-being or safety of its people and islanders where there are sufficient controls and good governance in place.
Social / Environment SOCIAL ENVIRONMENTAL	The Government of Jersey has a **LOW** appetite for risk that impacts adversely the future sustainability of the Island as a great place to live, work and grow including its ability to plan for future challenges of population growth and resource constraint. This has still been assessed as low but at the threshold of our tolerance as the island tries to balance social issues against pressures following BREXIT and due to the pandemic. The Government of Jersey has a **LOW** appetite for risk that results in the ability of the Island to respond to the actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc, arising out of the activities of the Government or Islanders.