

## Risk Management Strategy 2020/21

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives.

The effective management and mitigation of risk is a key issue for the success of any organisation or activity and it is important to understand the risks inherent in any decision. A structured approach to risk management can achieve this by enabling the decision to be made within a framework of better information about the potential outcome of a particular course of action. The Town Council has adopted a structured approach to risk management.

This strategy is intended as guidance to the Council and its management team and will be made available to all staff.

### Aims and benefits

The aim of this strategy is to develop an awareness of the benefits of risk management within the Council. It also encourages everyone involved to adopt an open and structured approach to risk management. The Council intends that effective risk management will help to deliver -

- Increased certainty and fewer surprises.
- Better management of threats to cost, time and performance.
- Better grasping of opportunities to improve services.
- More effective management of change.
- Better management at all levels through improved decision making.
- Clear ownership and accountability for risk and its management.
- Better value for money for the council taxpayer.

### Process

The overall process for the management of risk is set out at **Appendix 1**.

### Ownership

The Risk Strategy is owned by the Council and implemented through the offices of the Town Clerk.

### Assessment of risk

Each risk will be assessed in terms of its probability of occurrence and the potential impact on the Council. The following are the criteria by which each risk will be assessed:

#### Probability of Occurrence:

Category	Probability	Possible Indicators
Almost Certain (4)	>90% <sup>1</sup>	Frequent occurrence
Likely (3)	>60%	Regular occurrence
Possible (2)	>10%	Occasional occurrence
Unlikely (1)	<10%	Has never occurred

<sup>1</sup>Any risk assessed as greater than 90% is almost certain to happen and should be addressed

Evaluation of Impact:

<b>Impact on Performance</b>	<b>Risk Threat</b>
Major (4)	Financial Impact >£25,000 Fatality / disabling injuries to public or staff / Adverse national media attention / external intervention / total service disruption / extensive legal action against the Council
Serious (3)	Financial Impact >£15,000 Adverse local media attention / extensive public complaints / adverse comments by regulators or auditors / significant service disruption / failure to deliver projects or targets / service disruptions / injuries to public or staff / legal action against the Council
Significant (2)	Financial Impact >£5,000 Adverse service user complaints / service disruption / minor injuries and near misses to staff and public
Minor (1)	Financial impact less than £5,000 / isolated complaints / minor service disruption

Priority Ranking:

The ranking of an individual risk is calculated by multiplying its probability by its impact.

Risk Matrix:

The risk, using the above impact and likelihood ratings, can then be plotted onto the risk matrix and its classification identified:

	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
<b>Probability</b>					
	1	2	3	4	
					<b>Impact</b>

Red = High Risk, Yellow = Medium Risk, Green = Low Risk

## Roles and responsibilities

Risk management is only considered to be truly embedded when it functions as part of the Council's day to day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process.

To ensure that this level of clarity exists, the Council has established a structure that shows how Members, Officers, Committees, Working Parties and individuals contribute to the overall risk management process.

### Organisational Structure and Summary of Key Roles

<b>Council</b>	<ul style="list-style-type: none"><li>• Monitor risk management activity (via Strategy and Resources Committee)</li><li>• Adopts the Annual Risk Management Strategy</li><li>• Certification of the Council's Annual Statement on Internal Control</li></ul>
<b>Strategy and Resources Committee</b>	<ul style="list-style-type: none"><li>• Considers risk management policy and strategy and related documents and recommends adoption of the strategy to Full Council</li><li>• Approve content of risk registers and proposed risk mitigation plans and monitor implementation from reports from the Risk Management Working Party</li></ul>
<b>Risk Management Working Party</b>	<ul style="list-style-type: none"><li>• General oversight of the Council's risk management process</li><li>• Receive regular reports to review/scrutinise/challenge current and proposed risk management procedures and processes</li><li>• To recommend any amendments to the risk management framework, strategy and process</li><li>• Identify, analyse and prioritise risks</li><li>• Determine responsibilities and actions to control risks</li><li>• Monitor progress on managing risks against action plans/projects</li><li>• Review implementation of the risk management framework, strategy and process</li></ul>
<b>Town Clerk</b>	<ul style="list-style-type: none"><li>• Report to Members on the framework, strategy and process</li><li>• Provide advice and support on risk management matters</li><li>• Maintain the risk management policy, strategy and framework through review with management team (at regular team meetings and individually)</li><li>• Identify, analyse and prioritise risks</li><li>• Determine risk management action plans and delegate responsibility for control</li><li>• Monitor progress on the management of risks</li></ul>
<b>Staff and other stakeholders</b>	<ul style="list-style-type: none"><li>• Maintain awareness of risks, their impact and costs and feed these into the formal risk management process</li><li>• Control risks in their every day work</li><li>• Monitor progress in managing job related risks</li></ul>

## Risk registers

The Council will maintain computer based Strategic and Operational Risk Registers.

**RISK MANAGEMENT PROCESS****Identifying risks**

Risks and opportunities may be identified at any stage and should be included in the Risk Register. In order to capture as many of the risks and opportunities facing an activity or project methods used for identification could include:

- Reviews initiated by individuals, committees or panels and managers.
- Checklists.
- Questionnaires.
- Learning from other projects, councils and auditors.

As risks are identified they will be recorded in the Risk Register. Each risk must be described in terms of the source of the risk, the consequences if it happens and the effect it would have on the Council's activities or project as the case may be.

**Risk ownership**

Once a risk has been identified, it will be given an owner who is the person best able to manage the risk. The owner will be responsible for all aspects relating to the management of the risk or opportunity.

**Risk evaluation**

Each risk will be evaluated in accordance with the evaluation process set out in this strategy. This information will be entered in the Risk Register and will enable prioritisation of the risks within a certain area.

**Risk planning**

Once each risk has been identified and evaluated actions for dealing with it will be developed. These are known as risk responses and fall into one of four areas:

Terminate:	An action that allows the risk to be avoided.
Treat/Monitor:	An action that will reduce the impact and/or the probability of a risk.
Transfer:	Is there a stakeholder or another organisation better able to manage the risk?
Bear/Tolerate:	Accept the consequences if the risk occurs.

The Risk Register will identify the option selected to deal with each risk together with any actions that might be required.

Once the risk responses have been developed the risk owner must then decide which option to adopt. In reaching decisions as to which response should be used, a cost/benefit comparison should be made. For mitigation activities attracting significant cost (> £5,000) results will need to be recorded. It may be that external help is required to help decide the appropriate course of action, in which case the risk owner should record the date by which a decision must be made and the potential consequences if the decision is not taken by that date.

Following the decision to adopt a particular risk response, the owner must ensure that:

- The secondary risks associated with implementing the risk response are assessed and recorded.
- Where one exists the project plan is updated to include the activities associated with the risk response.
- Entries are made in the fields on the risk register detailing the predicted probability and impact evaluation, once the response activities are completed.
- A fallback/contingency plan is developed to address the consequences of the risk happening despite the response activities.

Risk owners must monitor the progress and success of their chosen response to risk on a regular basis. They should review all their risks and provide an evaluation of probability and impact on a regular basis.

### **Review**

The highest priority risks are to be reviewed by the Risk Management Working Party. Risk monitoring will be reported to the Strategy and Resources Committee at the next meeting following the monitoring process.

The effectiveness of the process will be reviewed in April every year by the Risk Management Working Party and the Strategy and Resources Committee.