

RISK MANAGEMENT STRATEGY STATEMENT

Three Rivers District Council Risk Management Process

RISK IDENTIFICATION & ASSESSMENT

Step One – Risk Identification

Risks will be categorised as either 'strategic' or 'operational' and will be identified from one of four sources:

1. The Council's *Strategic Plan* will be updated at least annually. The objectives and strategic risks associated with the *Strategic Plan*, agreed by the Executive Committee, will be included in the most appropriate *Service Plan*.
2. Reports to members should identify risks arising from policy changes (see Annex 1 below). These should be included in the most appropriate *Service Plan*. The Executive Committee will confirm whether the risks so identified are 'strategic' or 'operational' for the purposes of further reporting.
3. Project Initiation Documents will identify risks associated with projects (see Annex 2 below). If the Management Board consider these risks to be 'strategic risks' they will be referred to the Executive Committee to confirm their status for the purposes of further reporting. Risks associated with projects will be included in the most appropriate *Service Plan*.
4. Service Heads will include other 'operational risks' within their *Service Plan*, for each service plan, they will consider the targets set (e.g. performance indicators) and the processes (e.g. systems) that underpin the delivery of the key objectives. They will identify the barriers that might prevent the key objectives being achieved, Asking "What can go wrong?" "How can it go wrong?" "Has it gone wrong before?" They will try to articulate a risk by using the phrase "There is a risk of/that....which may result in...."

All risks will be recorded in the Risk Register of the most appropriate *Service Plan* (see Annex 3 below) and a 'Risk Assessment and Treatment Plan' pro-forma completed and included in that plan (see Annex 4 below).

Step Two – Risk Assessment

An assessment of the **impact** and **likelihood** of the risks occurring, taking into account any existing control measures will be made. For new risks arising, the initial assessment should also make note of the risk rating **without** any control measures in place. This will enable risk owners to make an assessment of the effectiveness of controls in place.

For assessing the **impact**, the following table will be used:-

Impact Classification	Service Disruption	Financial Loss	Reputation	Failure to provide statutory service/meet legal obligations	People
V Catastrophic	Total failure of service	>£1m	National Publicity. Resignation of leading member or chief officer	Litigation, claim or fine >£500k	Fatality of one or more clients/staff
IV Critical	Serious disruption to service	£500k - £1m	Local media criticism	Litigation, claim or fine £250k - £500k	Serious injury, permanent disablement of one or more clients/staff
III Significant	Disruption to service	£100k - £500k	Local public interest and complaints	Litigation, claim or fine £100k - £250k	Major injury to individual
II Marginal	Some minor impact on service	£10k - £100k	Contained within service	Litigation, claim or fine £10k - £100k	Minor injuries to several people
I Negligible	Annoyance but does not disrupt service	<£10k	Contained within section	Litigation, claim or fine <£10k	Minor injury to an individual

For assessing the **likelihood**, use the following table:-

A = ≥98%	Expected to occur in most circumstances
B = 75% - 97%	Will probably occur in most circumstances
C = 50% - 74%	Fairly likely to occur
D = 25% - 49%	Might occur from time to time
E = 3% - 24%	Could occur occasionally
F = ≤2%	May occur only in exceptional circumstances

Percentages refer to the chance of something happening

Step Three – Prioritisation

Prioritise the risks. Based on the **impact** and **likelihood** assessments made at Step Three. Plot each risk on the table below. One table per *service plan*. The Council has determined its aversion to risk. It is prepared to tolerate risks where combinations of impact and likelihood are lower and fall in to the shaded area in the table below. The remaining (higher scoring) risks require management and monitoring.

Likelihood	A					
	B					
	C					
	D					
	E					
	F					
		I	II	III	IV	V
		Impact				

Impact
 V = Catastrophic
 IV = Critical
 III = Significant
 II = Marginal
 I = Negligible

Likelihood
 A = ≥98%
 B = 75% - 97%
 C = 50% - 74%
 D = 25% - 49%
 E = 3% - 24%
 F = ≤2%

Step Four – Risk Treatment – Responsibility

Where a risk requires treatment and monitoring, a 'Risk Assessment and Treatment Plan' pro-forma will be completed and included in the most appropriate *Service Plan* (see Annex 4 below). It will be the service head responsible for delivering a service plan that will have the responsibility for monitoring the risks in that plan. For each risk within a service plan, an officer will be identified as being responsible for the action required in respect of the risk control measures.

In order to avoid duplication, however, we will at Step Five, via the Officers' Risk Management Group (RMG), list those common risks that occur in service plans more than once and determine whether they can be best managed co-operatively (e.g. business continuity). We will identify one officer to manage each common risk; control measures for the treatment of common risks need to be agreed by all services affected by the risk.

Step Five – Risk Treatment – Controls already in place

The risk treatment plan will state the risk control measures in place *already* and indicate how adequate those controls have been. This will require evidence (e.g. if the control is a monitoring report with resulting actions then the adequacy will be measured by the frequency of the monitoring reports and whether the actions have been implemented).

Step Six – Risk Treatment – Further action/controls required

Where risks have been assessed as requiring treatment and existing controls are inadequate or controls are not yet in place (newly identified risks), the plan will indicate the measures proposed to lower the score, asking the question, "What can be done to reduce the likelihood of something going wrong or what could be done to reduce the impact if something does go wrong?". Additional costs and/or resources required to implement further action/controls are identified.

Step Seven – Action Planning

The following approaches can be adopted for the treatment of risk:-

- Eliminate or Avoid Risk – change or abandon the goals associated with the risk or choose alternative approaches or processes that make what was a risk no longer relevant
- Share the Risk – share the risk with another stakeholder
- Reduce the Likelihood – Change approach so that link between the cause of a threat and its impact is broken. Intervene to mitigate occurrence, acting to reduce threat.
- Reduce the impact – Develop contingency plans if threat occurs.

Produce an action plan for implementing the risk control measures. Members have been keen that risks have a timescale associated with them. The Risk Register will indicate key dates (milestones) and review dates in order to take this into account.

Step Eight – Monitoring

Service heads should follow the steps above for new risks that arise during the year and remove out of date risks. Departmental Management Teams / Section Heads' Meetings should monitor the risk control measures as part of their regular monitoring of service plans. The Officers' Risk Management Group (RMG) should advise the Management Board of progress every six months and assist the Director of Corporate Resources and Governance to prepare the annual Statement on Internal Control.

COMMITTEE REPORT TEMPLATE – RISK MANAGEMENT IMPLICATIONS**13 Risk Management and Health & Safety Implications**

In some exceptional cases (e.g. a recommendation “to note the report”) there are no risks associated with the decision members are being asked to make, in which case enter ‘none specific’ and delete the remainder of paragraph 13.

13.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council’s duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

13.2 The subject of this report is covered by the xxxxxxxxxxxxxxxx service plan(s). Any risks resulting from this report will be included in the risk register and, if necessary, managed within this/these plan(s).

13.3 There are no risks to the Council in agreeing the recommendation(s)

or

The following table gives the risks if the recommendation(s) are agreed, together with a scored assessment of their impact and likelihood:

	Description of Risk	Impact	Likelihood
1			

13.4 There are no risks to the Council in rejecting the recommendation(s)

or

The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

	Description of Risk	Impact	Likelihood
1			

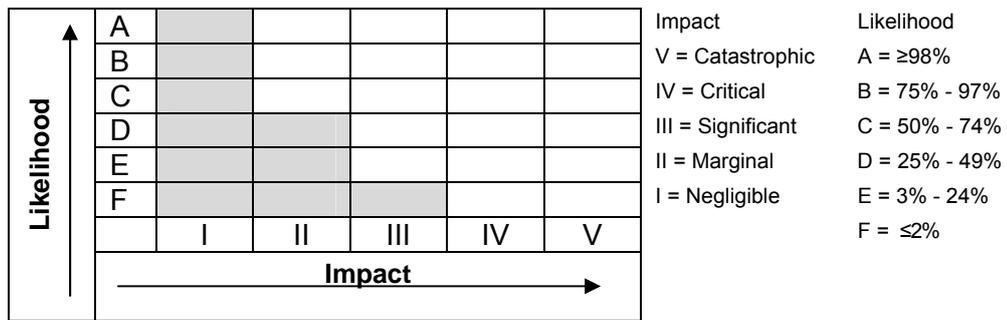
13.5 Of the risks detailed above none are already managed within a service plan.

or

Of the risks above the following are already included in service plans:

	Description of Risk	Service Plan
No		

13.6 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.



13.7 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan, and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

or

In the officers' opinion, of the new risks above, were they to come about, the following would seriously prejudice the achievement of the Strategic Plan, and are therefore strategic risks. The remainder are therefore operational risks. Progresses against the treatment plans for strategic risks are reported to the Executive Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

Description of Risk		Service Plan
No		

(Note: You will need to complete further documentation to make sure that risk is managed as part of your Service Plan. The documentation is part of the Risk Management Strategy and can be found in the shared folder:

Grp Share on File and Print Server 1 / Risk Management / Risk Management Strategy – Current

In writing this report:-

For each risk above the author should complete the 'Risk Assessment and Treatment Plan' (Annex 4 to the Strategy) and enter the assessment of impact and likelihood at paragraphs 13.3 and 13.4 above.

After members have taken their policy decision:-

If the decision taken by members and the assessment classification means that a treatment plan is not required, then:-

a) The risk should be entered in the 'Risk Register' (Annex 3 to the Strategy) of the appropriate service plan (include a reference to the decision if possible e.g. a minute number), and,

b) The 'Risk Assessment and Treatment Plan' from Annex 4 does not need to be included in the service plan

If the decision taken and the assessment classification means that a treatment plan is required then in addition to a) and b) above:-

c) Complete a 'Risk Assessment and Treatment Plan' (Annex 4 to the Strategy) and include its contents in the service plan. Remember to include milestones and review dates and to use them!)

PROJECT INITIATION DOCUMENT – RISK ASSESSMENT

14. Risk Assessment

14.1 The Council has agreed its risk management strategy which can be found on the website at:
<http://www.threerivers.gov.uk/Default.aspx/Web/CouncilPoliciesPlans>

or in the shared folder:

Grp Share on File and Print Server 1 / Risk Management / Risk Management Strategy – Current

The risk management implications of this project initiation document are detailed below.

14.2 This project is included in Section 3 of the XXXXXXXXXXXXXXXX service plan. Any risks resulting from the project will be included in the risk register and, if necessary, managed within this service plan.

14.3 The following table gives the risks that might prevent the delivery of this project, together with their impact and likelihood.

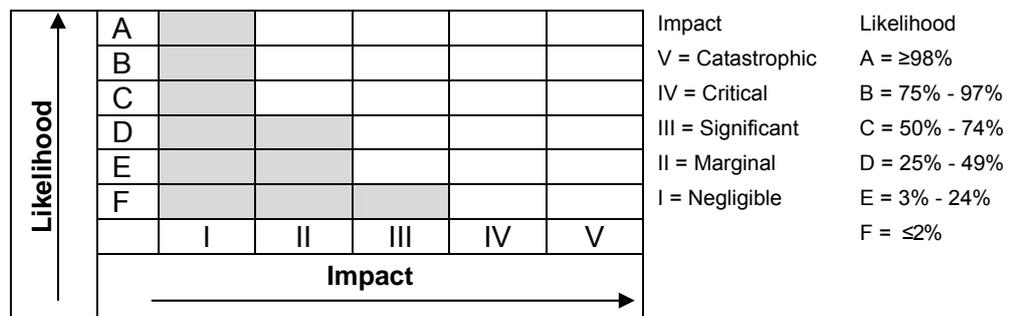
	Description of Risk	Impact	Likelihood
1			

14.4 Of the risks detailed above none are already managed within a service plan.
 or

Of the risks above the following are already included in service plans:

	Description of Risk	Impact	Likelihood
1			

14.5 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.



14.6 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan, and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

or

In the officers' opinion, of the new risks above, were they to come about, the following would seriously prejudice the achievement of the Strategic Plan, and are therefore strategic risks. The remainder are therefore operational risks. Progress against the treatment plans for strategic risks are reported to the Executive Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

Description of Risk		Service Plan
No		

Note: Follow these instructions and then delete them.

You will need to complete further documentation to make sure that risk is managed as part of your Service Plan. The documentation is part of the Risk Management Strategy and can be found in the shared folder:

Grp Share on File and Print Server 1 / Risk Management / Risk Management Strategy – Current

In writing this project initiation document:-

For each risk above the author should complete the 'Risk Identification and Assessment Form' (Annex 4 below) and enter the assessment of impact and likelihood at paragraphs 14.3 and 14.4 above.

If the assessment of impact and likelihood means that a treatment plan is not required, then:-

a) The risk should be entered in the risk register (Annex 3) of the appropriate service plan (include a reference to the PID if possible), and,

b) The 'Risk Assessment and Treatment Plan' (Annex 4 below) does not need to be included in the service plan.

If the assessment means that a treatment plan is required then in addition to a) and b) above:-

c) Complete a 'Risk Assessment and Treatment Plan' (Annex 4 below) and include its contents in the service plan. Remember to include milestones and review dates and to use them!

RISK REGISTER TEMPLATE

Instructions for completion of the risk registers for your service planning.

- 1) When filling in the Risk Register Template please read the directions in *red italics*. Then delete and replace with relevant information.
- 2) When inserting the Risk Register into the Service Plan please *delete these instructions*.
- 3) When saving as an individual document please use the “footer” to display the author, page and date option from the auto text button.

Service Plan: <i>insert Service Plan name and relevant dates e.g. Sustainability 20xx-20xx</i>							
Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
	<i>Brief Description – Title of Risk</i>	<i>See Impact Table</i>	<i>See Impact Table</i>	<i>See Likelihood Table</i>	<i>Use this box to describe how the score has been derived</i>		
		Service Disruption				Requires Treatment	Yes/No
		Financial Loss				Last Review Date	dd/mm/yy
		Reputation				Next Milestone Date	dd/mm/yy
		Legal Implications				Next Review Date	dd/mm/yy
		People				Date Closed	dd/mm/yy

Likelihood	A					
	B					
	C					
	D					
	E					
	F					
		I	II	III	IV	V
		Impact				

Impact
 V = Catastrophic
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 E = 3% - 24%
 F = ≤2%

Enter Risk number in the profiling grid (left) against the highest impact classification for the risk and the appropriate likelihood classification taken from the table above.

RISK ASSESSMENT AND TREATMENT PLAN

Risk Ref:	Enter Risk Register Ref	Risk Title:	Enter description of risk from Risk Register		
Responsibility	Who is managing the risk?		Enter name of officer managing the risk		
Consequence	What can go wrong? How can it go wrong? Has it gone wrong before?		Insert the answers to the questions		
Cause / Trigger	What happens to bring the risk into being?		Insert specific things that must occur for this risk to be realised		
Existing Control	What controls exist now to minimise the risk?		Describe the controls that currently exist		
Adequacy of Control	What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?		Evidence is required – not just a statement that the controls are working.	Impact	Likelihood
				See Impact Table	See Likelihood Table
Further Action / Controls Required	What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?		Enter the additional / replacement control procedures you are proposing to implement		
Cost / Resources	Are there cost / resource implications in achieving the further action above?		Describe the resources required here		£ Enter cost here
Current Status	What is the current position on introducing additional controls? What is the current Risk Rating		Enter here the 'status' of the risk, i.e. how it has changed over time, when the further controls are expected to take effect etc.	Impact	Likelihood
				See Impact Table	See Likelihood Table
Critical Success Factor	How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?		Insert the answers to the questions. Will the impact and likelihood mean the risk can be tolerated / closed?	Impact	Likelihood
				See Impact Table	See Likelihood Table