

NEWCASTLE·UNDER·LYME

BOROUGH COUNCIL

A QUICK GUIDE TO THE COUNCIL'S
RISK MANAGEMENT PROCESS

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|--------------------------|-------------------------------|
| Review date: | 2018 |
| Version: | 9 |
| Reviewed by: | Audit and Standards Committee |
| Next review date: | April 2019 |
| Changes: | See below |

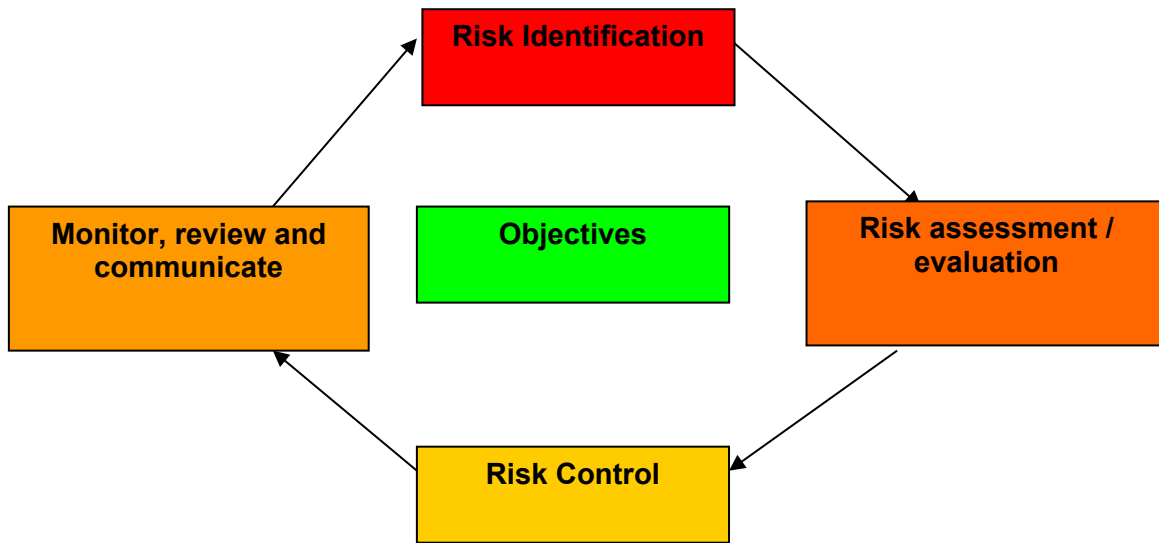
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| Reviewed by: | Audit and Risk Committee |
| Next review date: | April 2018 |
| Changes: | See below |

Changes Made

| | |
|------------|---|
| 22/03/2017 | None |
| 05/02/2018 | Audit & Risk Committee changed to Audit & Standards Committee |

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Objectives

In developing our approach to risk management, a key part at all stages of the process is to identify SMART objectives - in other words the objectives need to be Specific, Measurable, Achievable, Realistic and Time-bound. In other words, they need to be structured in such a way that they can be assessed as to whether they have worked properly or not. This section takes into account all the objectives set out above and provides more information on each.

Risk identification

| | |
|--|---|
| What could go wrong? | Use available documents e.g. Council Plan, Service Plan, appraisals etc to establish what is planned and start to identify what risks could occur as a result of these plans |
| Ensure risks are structured – what are the key elements to each risk? | E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this? |
| What type of risk is it? | Strategic, Operational, Project |
| What category is it? | e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i)) |

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

| | | | | |
|--|--------|------------|------------|------------------|
| L I K E L I H O O D | HIGH | Amber 7 | Amber 8 | RED 9 |
| | MEDIUM | Green 4 | Amber 5 | Amber 6 |
| | LOW | Green 1 | Green 2 | Amber 3 |
| | | Low | Medium | High |
| IMPACT | | | | |

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

The bold line on the matrix is the limit of the council's risk appetite, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii))

Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying possible actions which may reduce either the impact or the likelihood of the risk and will therefore mean that the final rating is contained within the council's risk appetite (the green and amber sections of the table above). In undertaking risk control a number of questions can be asked as part of the risk management process.

| | | | | | | |
|--|----------|------------------------|----------|-------|----------|-----------|
| Who owns the risk? What could/should be done to reduce the impact and/or likelihood of the risk? What else do you need to do to control the risk? (see Appendix B(iii)) | Priority | Review Period (months) | Action | | | |
| | | | Tolerate | Treat | Transfer | Terminate |
| | High | 1 | | √ | √ | √ |
| | Medium | 2 - 6 | √ | √ | √ | √ |
| Low | 9 - 12 | √ | √ | √ | √ | |

Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as a result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?

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- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

| | |
|--------------|--|
| Red | High risk, prompt action, contingency plan, monitor at least monthly |
| Amber | Medium Risk, contingency plan, monitor at least quarterly |
| Green | Low risk, monitor at least half annually |

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RISK ASSESSMENT IMPACT MEASURES AND CLASSIFICATION

| | High (red) | Medium (amber) | Low (green) |
|--------------------|---|---|--|
| Health & Safety | Death, abuse, life threatening OR permanent disability | Serious injury OR long-term absence from work (over 7 days) | Minor injury OR short-term absence from work (less than 7 days) |
| Cost | More than £300k | Between £50-£300k | Between £20-£50k |
| Reputation | National media attention, potential public interest report, third party intervention | Sustained local media attention, Executive Director reporting, Member interest | Short term local media attention, DMT/WMT reporting (depending on the issue) |
| Service Delivery | Serious service failure directly affecting partners, stakeholders (more than 1 month) | Service failure but not directly affecting partners or stakeholders (up to 1 month) | Service disruption (between 1 day to 2 weeks) |
| Project Delivery | Project failure impacting on council's priorities and performance | Project failure impacting on Directorate's performance and priorities | Project delay impacting on service performance and priorities |
| Legal implications | Statutory body, partner or enforcement agency | Member and/or EMT | DMT/WMT (where appropriate) |

ALWAYS TAKE THE WORST CASE SCENARIO AS YOUR IMPACT LEVEL

Likelihood Measures

| | High (red) | Medium (amber) | Low (green) |
|-----------|---|--|--|
| Timescale | Highly likely to occur (90%+ chance) | Likely to happen (50-89% chance) | Possible (1-49% chance) |
| | An incident has occurred in the past year OR is highly likely to occur in the next year | An incident has occurred in the past 2-5 years OR is likely to occur in the next 2-5 years | An incident has occurred in the past 6+ years OR is likely to occur in the next 6+ years |

| | | | | |
|--|--------|------------|------------|------------|
| L I K E L I H O O D | High | 7 Amber | 8 Amber | 9 Red |
| | Medium | 4 Green | 5 Amber | 6 Amber |
| | Low | 1 Green | 2 Green | 3 Amber |
| | | Low | Medium | High |
| IMPACT | | | | |

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RISK MANAGEMENT REVIEWING, REPORTING & COMMUNICATING FRAMEWORK

| Final Risk Rating | Risk Action | Management Action required | Review/Reporting required |
|-------------------------------|--|---|--|
| Red 9 | Treat Terminate Transfer Tolerate | This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening OR permanent disability, wherever possible the activity should cease until the risk is effectively managed. Escalation of issues to go to DMT (via risk champion) CGWG (via strategic risk champion) EMT and Audit & Standards Committee if no resolution found. | The appropriate Executive Director must be made aware immediately and the risk must be escalated to the appropriate group – the Departmental Management Team or Corporate Governance Working Group, where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. If the risk could affect the whole council or, if wider support is required to manage it, the risk must be escalated to the Executive Management Team. Progress to manage this risk must be reviewed by the DMT and risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register. |
| Amber 8 Amber 6 Amber 5 | Transfer Treat Tolerate | Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact. Escalation of issues to go to DMT (via risk champion) CGWG (via strategic risk champion) EMT and Audit & Standards Committee if no resolution found. | The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group. If wider support is required to control this risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register. |
| Amber 7 Amber 3 | Transfer Treat Tolerate | In view of the low likelihood of this risk occurring, this level of risk can be accepted, however management must first consider that all reasonable steps have been taken to reduce this risk in terms of the potential impact. Escalation of issues to go to DMT (via risk champion), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found. | The appropriate Head of Service must be made aware of the final rating of this risk and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to the Corporate Governance Working Group. If wider support is required to control the risk, it must be escalated to the appropriate Executive Director. Progress to manage this risk must be reviewed quarterly by the Head of Service and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register. |
| Green 4 2 1 | Transfer Treat Tolerate | Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact. Escalation of issues to go to DMT (via risk champion), CGWG (via strategic risk champion), EMT and Audit & Standards Committee if no resolution found. | The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Head of Service. If wider support is required to control this risk, it must be escalated to the Departmental Management Team. Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register. |

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ESCALATION PROCESS

