Tamworth Borough Council

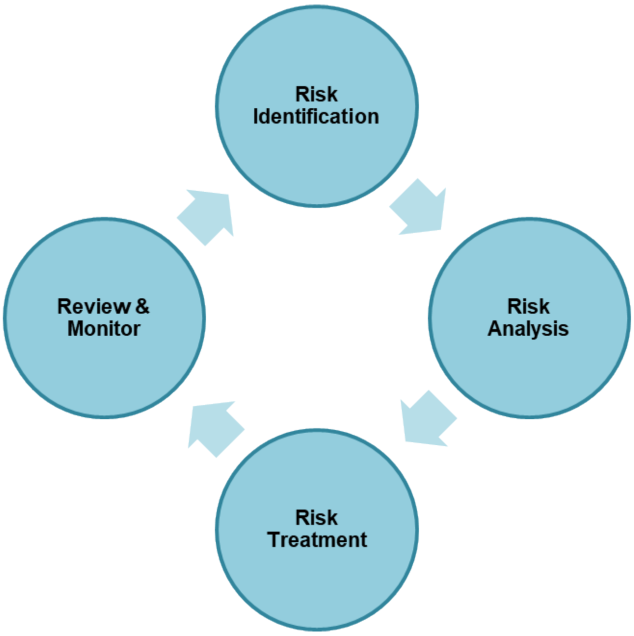
Risk Management 'Policy on a Page'

This document is intended as a quick reference guide for risk owners managing risks. It supports the Council's Risk Management Policy and Strategy that can be found in Appendix 3.

'Risk' is defined as the "effect of uncertainty on objectives" (ISO 31000). An effect is a positive or negative deviation from what is expected, and that risk is often described by an event, a change in circumstances or a consequence. For further support, please contact Emma Dyer Operations Accountant 01827 709 239.

The Risk Management Process

Underpinning each stage of the process is communication and consultation with interested parties and stakeholders.



4 Step Risk Management Process

Step 1 – Risk identification

Risk identification is completed at various levels of the Authority and primarily relates to objectives.

- Delivery of strategic, operational, project or opportunity objectives
- Delivery of a Partnership arrangement
- Regulatory, compliance or contractual arrangements

Consider the following:

- ✓ What could prevent your team from achieving objectives?
- ✓ What could majorly impact the delivery of services?
- ✓ What are the external factors that could impact the Borough Council? (PESTLE/ SWOT)?

It is crucial for risks to be defined and articulated properly at this stage including understanding the key causes and potential consequences of the risk. A concise structured risks description would take the following format:

Failure to X (cause), Y may happen (risk event), resulting in Z (consequences).

Risk		
Risk Description		Potential Effects
Cause	Risk Event	Consequence
Situation or event (real or perceived), that exposes us to a risk/s. LANGUAGE Is, do, has, has not… (present condition)	The event that could occur with a negative (or positive) impact on objectives being achieved LANGUAGE May, might, possibly… (uncertain future)	The negative/ positive impact: How big? How bad/good? How much? Consider worst likely scenario LANGUAGE Would, could… (conditional future)
Risk Owner	Who is monitoring and co-ordinating risk response, and ultimately responsible	

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Likelihood				
	4	8	12	16
	3	6	9	12
	2	4	6	8
	1	2	3	4
	Severity			

Step 2 – Risk Analysis

Once identified, the risk matrix is the main tool for assessing each risk on the **Pentana system**.
Each risk should be analysed for the likelihood it will happen and the impacts if it did happen.

- Consider controls that are already in place and working effectively.
- Likelihood assessment is applied relative to specific timeframes e.g. 'operational' risks will be assessed over a shorter timeframe than 'strategic' risks.
- Impact assessment should be considered against relative objectives i.e. corporate risks against corporate objectives, directorate risks against directorate objective and so on.

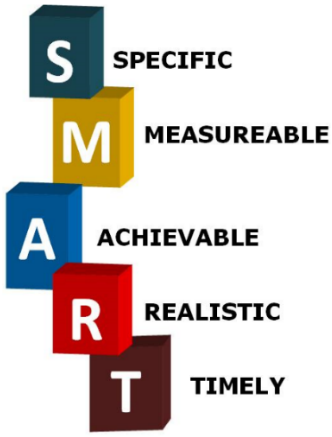
See assessment criteria tools on Pentana for more guidance.

Step 3 – Risk Treatment

The Risk Treatment step is about putting in place appropriate controls or mitigation for each risk. It is about turning the knowledge gained about each risk into appropriate action – to treat or not to treat the risk.

There are four treatment options available if the judgement of the risk is **further treatment of the risk is needed:**

- **Treat:** to take one or more actions that could reduce the potential likelihood or impact or both of a risk occurring or to mitigate the effects of the risk should it manifest.
- **Tolerate**: where the effects are likely to be within the identified risk tolerances, the risk owner can 'tolerate' the risk assuming they have the authority to do so.
- **Transfer**: to move or transfer the effects of a risk to a third party e.g. purchasing insurance, outsourcing, contractual transfers etc.
- **Terminate**: to 'terminate' the action that gives rise to the risk e.g. to stop an activity, close down operation, programme etc



Specific actions agreed to further treat risks should be recorded on the relevant risk register with an appropriate timeframe agreed for implementing them. The **SMART model** supports action(s) implementation.

Step 4 – Review & Monitor

Each directorate or business unit is responsible for updating and maintaining its own risk register.

- Monitoring and review of these risk registers should be done at least quarterly.
- Partnerships and projects should agree their own monitoring cycle – determined by level of risks.
- A Risk Register is the primary tool to administer the risks identified. The Pentana system **must** be used to record all Strategic and Operational, project and partnership risk registers.
- The Corporate Risk Register will be reviewed and updated by the Corporate Management Team on a quarterly basis and then reported to the Audit & Governance Committee.

For further guidance, please refer to the Risk Management Policy & Strategy