

# Tamworth Borough Council

## Elected Members Risk Management Training

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Tamworth  
Borough Council

ZURICH  
Resilience Solutions



# The Objectives

1. Understand the importance and relevance of Risk Management in achieving the Tamworth Borough Council's goals.

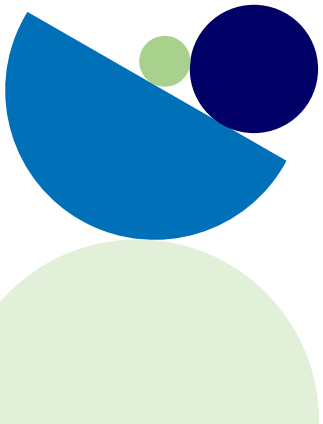
1.

2. Gain a high-level overview of Risk Management principles and the Risk Management Process at Tamworth Borough Council

2.

3. Improve your confidence as an Elected Member to check and challenge risks presented by the Council

3.





What does Risk Management mean to you?

# Responsibilities for Elected Members

To ensure that risks are identified, assessed, managed and monitored effectively to safeguard Tamworth Borough Council's Strategic objectives and services. Primary responsibilities include:

## Strategic oversight and leadership

### Policy approval

reviewing the risk management policy and framework ensuring it aligns with overall strategic objectives.

## Monitoring and Reporting

### Performance Monitoring

Ensuring that risk management is a standing agenda item in relevant council and committee meetings, facilitating regular updates and discussions.

## Scrutiny and Assurance

### Reviewing Risk Registers

Regularly reviewing the corporate risk register to understand key risks facing the Council and measures in place to mitigate them.

## Audit and Governance Committee

Overseeing risk management including reviewing the risk framework, receiving regular risk reports and updates.

Tamworth Borough Council exists to achieve its vision, aims and objectives

The purpose of Risk Management is to manage the barriers to achieving these objectives.

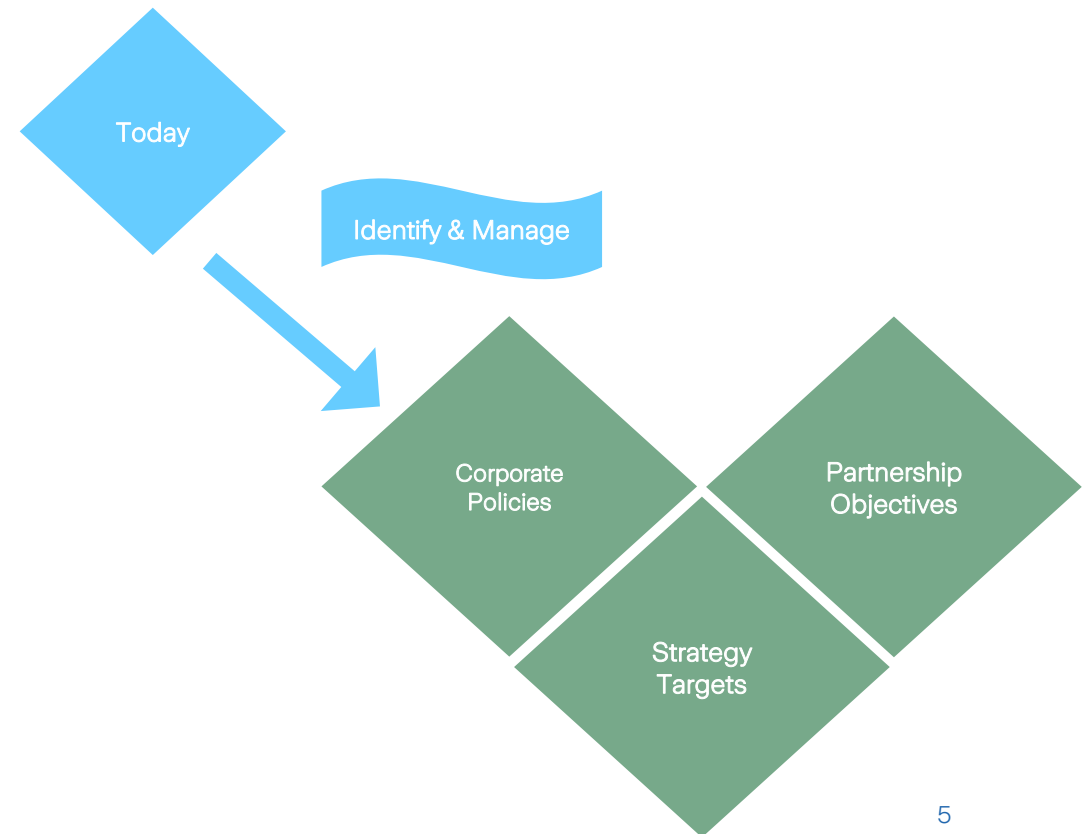
As unprecedented change continues, risk management has **NEVER** been more important.

01.

02.

03.

## The Purpose of Risk Management





## RISK

‘The effect of uncertainty on objectives, often described by an event or a change in circumstance’



## RISK MANGEMENT

‘Coordinated activities to direct and control an organisation with regard to risk’



## ENTERPRISE RISK MANAGEMENT

‘A holistic and integrated approach to risk management that considers all risk’



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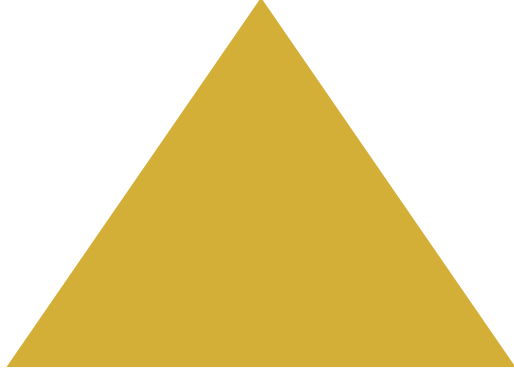


# Benefits of Risk Management

## Reactive



## Proactive



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# Benefits of Risk Management

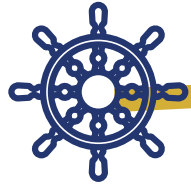
## Reactive



## Proactive



# Risks VS Issues



VS



## Issue

An issue is an unplanned event that's already happened and requires action to manage it.

E.g.: Damp & Mould in Social Housing

## Risk

A Risk is something uncertain. It might happen it also might not happen A risk matters because, if it happens, it will influence objectives.

E.g.: Finances, Budget Planning & Section 114's

# Different Types of Risk

High level risks related specifically to the achievement of the organisation's corporate objectives.

Risks associated with future business plans and strategies, including plans for entering new business lines.

Strategic

Service based risks that may prevent individual business unit aims and objectives being met (and therefore impact attainment of corporate objectives)

Risks associated with inadequate or failed internal processes, people, systems or external events.

Service

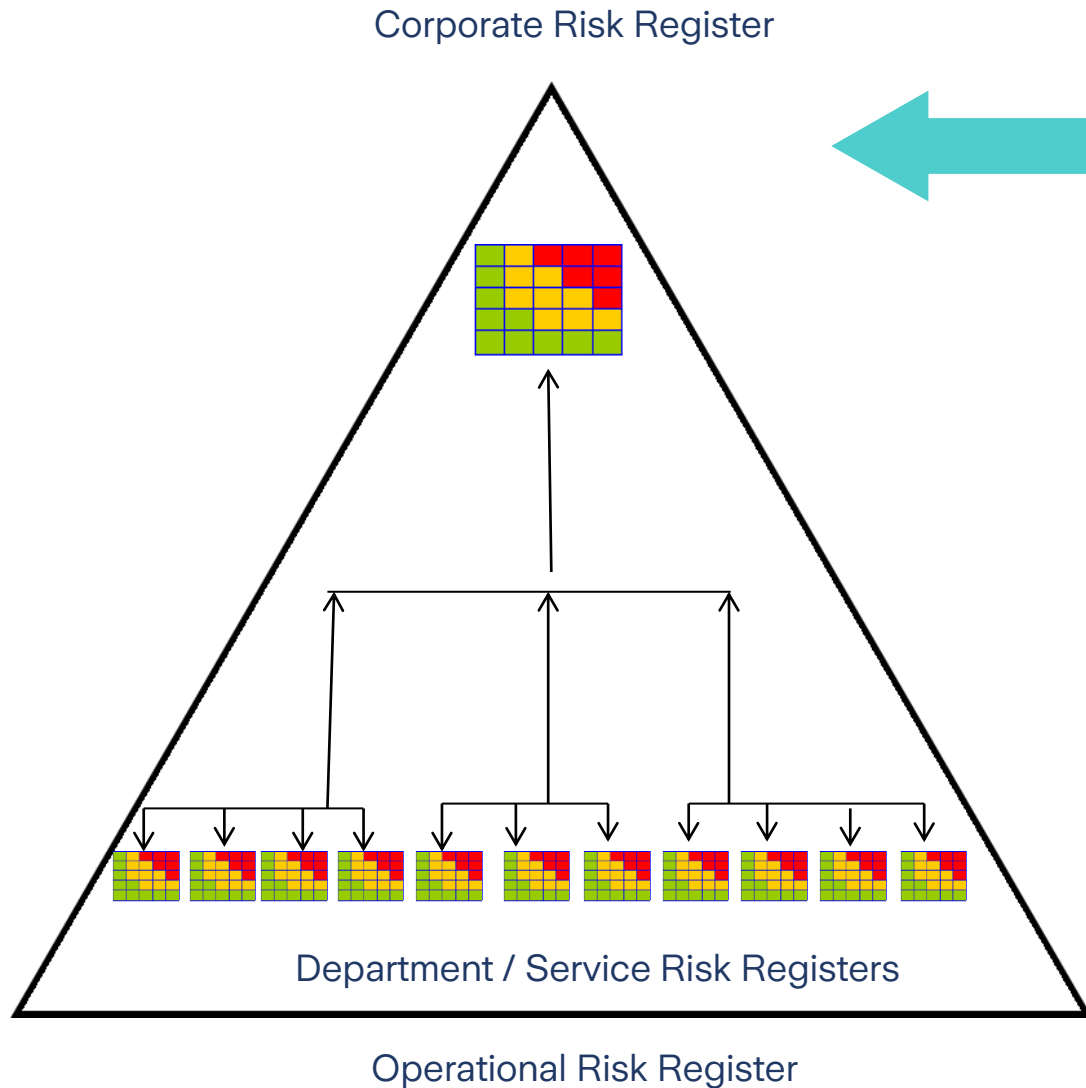
For a comprehensive strategic risk register we need to consider both types – if a service issues pose a big enough risk to the organisation, they have a place on the corporate risk register

Key Message

# The Risk Management Structure

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Escalate if required

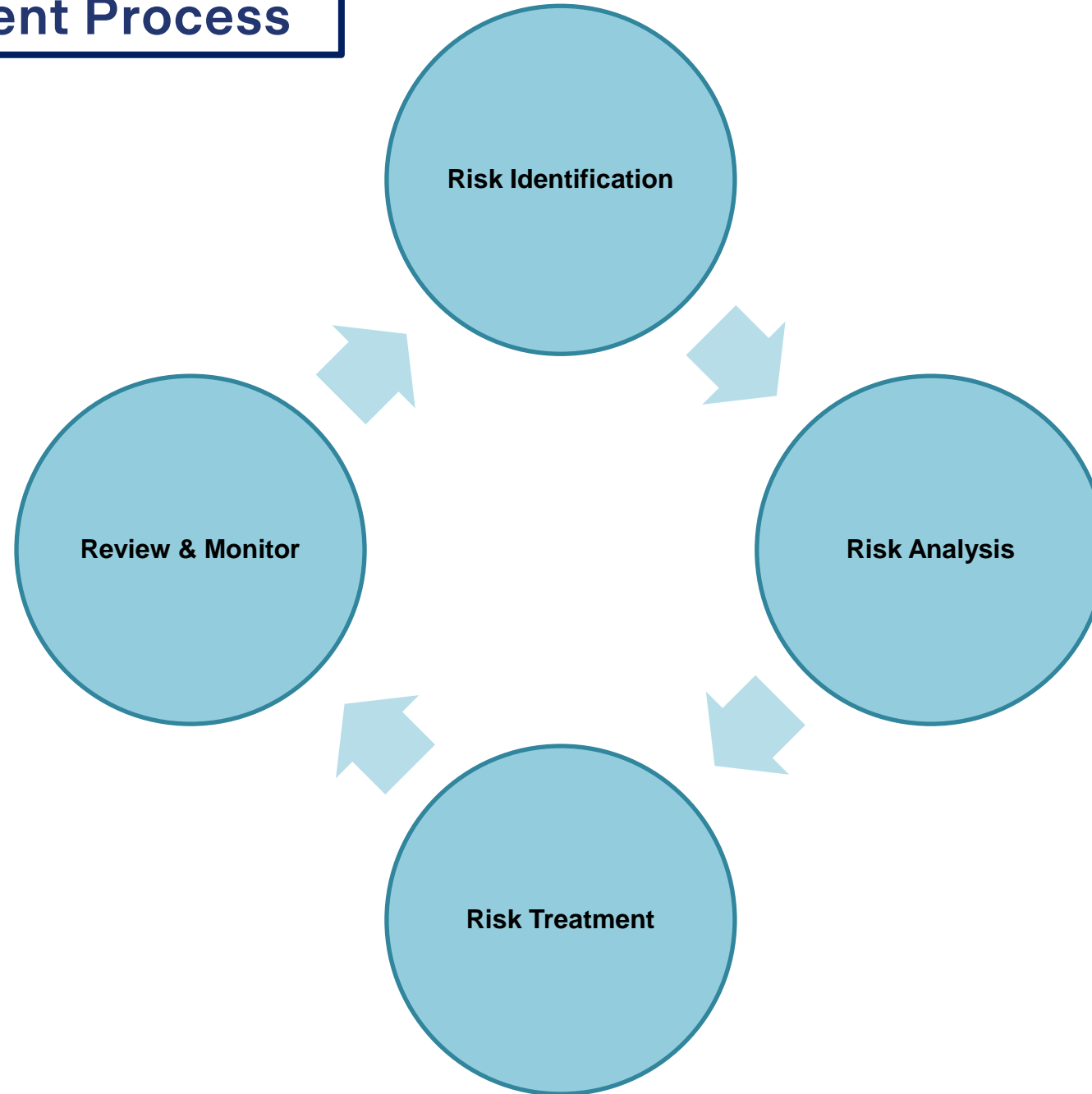
Management co-ordination



Members can influence:

- ✓ Strategic Direction
- ✓ Tone at the top
- ✓ Long term strategy
- ✓ Strategic decisions

# Risk Management Process



# Risk Identification

## Risk Identification



### Risk Identification

What are the challenges and barriers which are going to stop us from achieving our end goal?

- Have all the risks been considered?
- What time frame has been used to assess future risk?
- Who has been involved in the risk identification stage?
- Are the risks issues or threats?

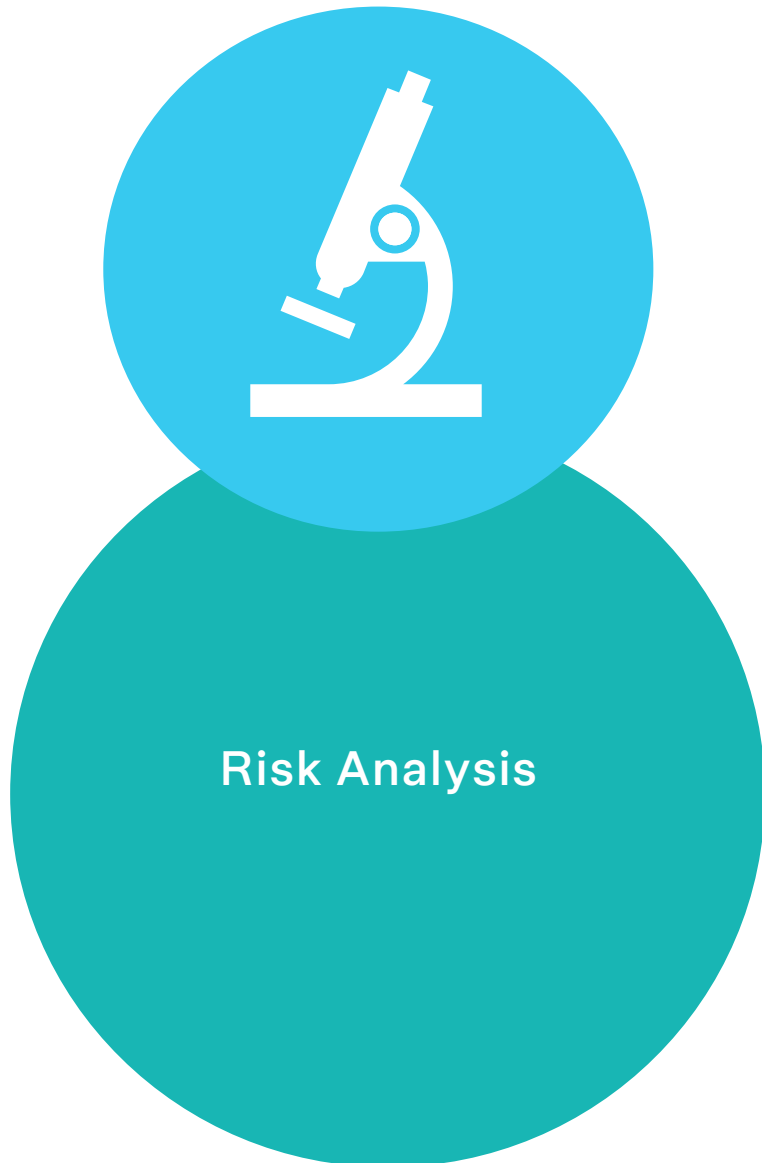




# Risk Identification – Understanding the risk

Risk Register – Analyse		
Risk Description		Potential Effect
Cause	Event	Consequence
<p>Situation or event – exposes us to a risk/s</p> <p>How and Why?</p>	<p>Include the event that could or has occurred that results in a negative impact on the objectives being achieved</p> <p>What and Where?</p>	<p>The negative impact</p> <p>How big?</p> <p>How bad?</p> <p>How much?</p> <p>Consider worst likely scenario</p> <p>How big, How Bad?</p>





## Risk Evaluation

### What are the priority areas of focus?

- What is the likelihood and impact of the risk occurring?
- Are we comfortable with the risk score? Does it reflect the current risk?
- Who has been involved in the risk identification stage?



Risks are measured on two distinct scales which provide an overall score...

The **Likelihood** of frequency of the risk occurring; and



The **Severity** of that risk occurring

Scores are multiplied together to give a risk rating. We assess both the Inherent and Residual Risk Score.

Likelihood

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

Severity

# Inherent Risk Score

The Risk as it was first identified

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In its true form without any controls or mitigations

Business as usual

# Residual Risk Score

The risk after specific controls have been implemented

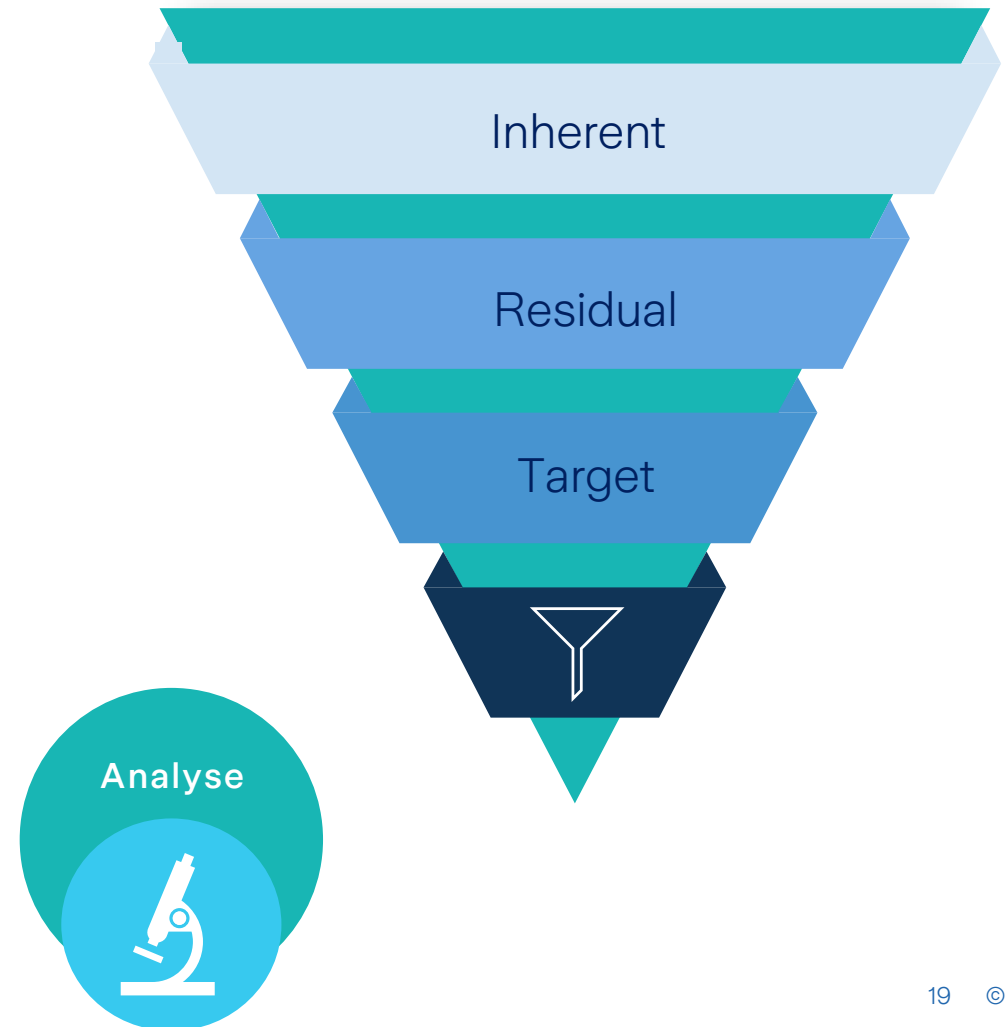
Risk should have a reduced impact and likelihood score

# Target Risk Score

Aspirational target score within reasonable boundaries

As low as possible, aligned with Council's Risk Appetite

## Risk Scoring





## Members Checklist – Risk Analysis



The Risk Assessment is done to reflect a snapshot in time. The role of a member is to understand if that assessment is fair judgement and to understand if anything further is required to manage the risk more effectively.



The Risk Scores should correspond to the controls which are in place to manage the risk



The risk analysis should be a reflection of collective analysis not just one person's view



Measurements should and can change as progress is made towards managing the risk

# Risk Treatment

Risk Treatment



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Risk Response

Is the method of managing the risk the right one?

- Can we accept the risk?
- Does the risk impact the strategic goals of the Council?
- Is the risk too big to manage individually?

# Risk Controls – The 4 T’s




TREAT

Treat the risk to reduce the likely impact and exposure. E.g. installing firewalls and encryptions to reduce the risk to an acceptable level.

Tolerate the risk and its likely impact, used for statutory services and low impact and low likelihood risks.

TOLERATE




TRANSFER

Transfer the risk to another party. Purchasing comprehensive car insurance to cover the financial risk associated with accidents.

Terminate the activity giving rise to the risk. Terminating a construction project if initial surveys deem it unsafe. Not widely applicable for statutory services.

TERMINATE



# Risk Review & Monitor

Review and Monitor



## Risk Monitor

- Manage by exception
- Risk reporting not assurance reporting
- Are controls effective?
- What additional lens can you add onto the risk review and cycle



## Key Questions to Consider

Have existing risks changed in any way?

Has the likelihood or impact score changed since the last review?

Have further actions, if they were needed, been implemented?

Are the controls in place to manage the risk effective and still working adequately? What assurance is available to support this judgement?

Are the controls in place appropriate to the level of risk?

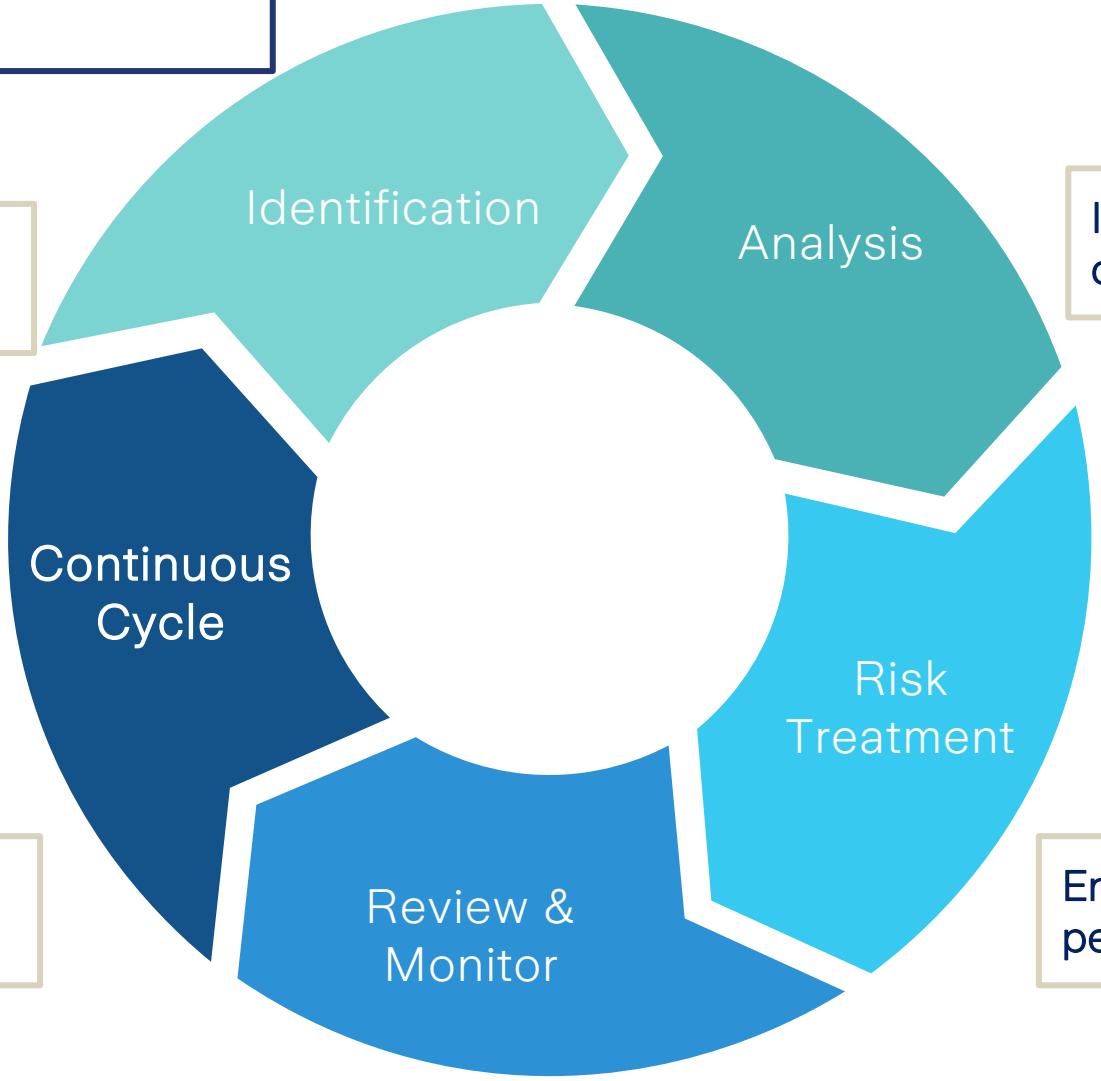
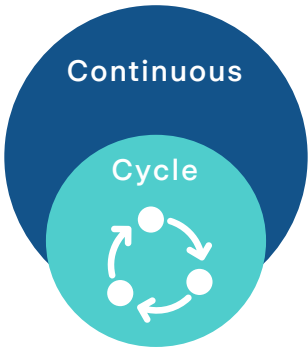
Is the response overly cautious or is more attention needed?

Have all interested parties or stakeholders been consulted on the risk or communicated with in an appropriate way?

Are there any new or emerging risks not captured in the risk register?



Continue the cycle and reap the benefits of **effective Risk Management**



Align resources to objectives

Informed and effective decision making

Better services and outcomes

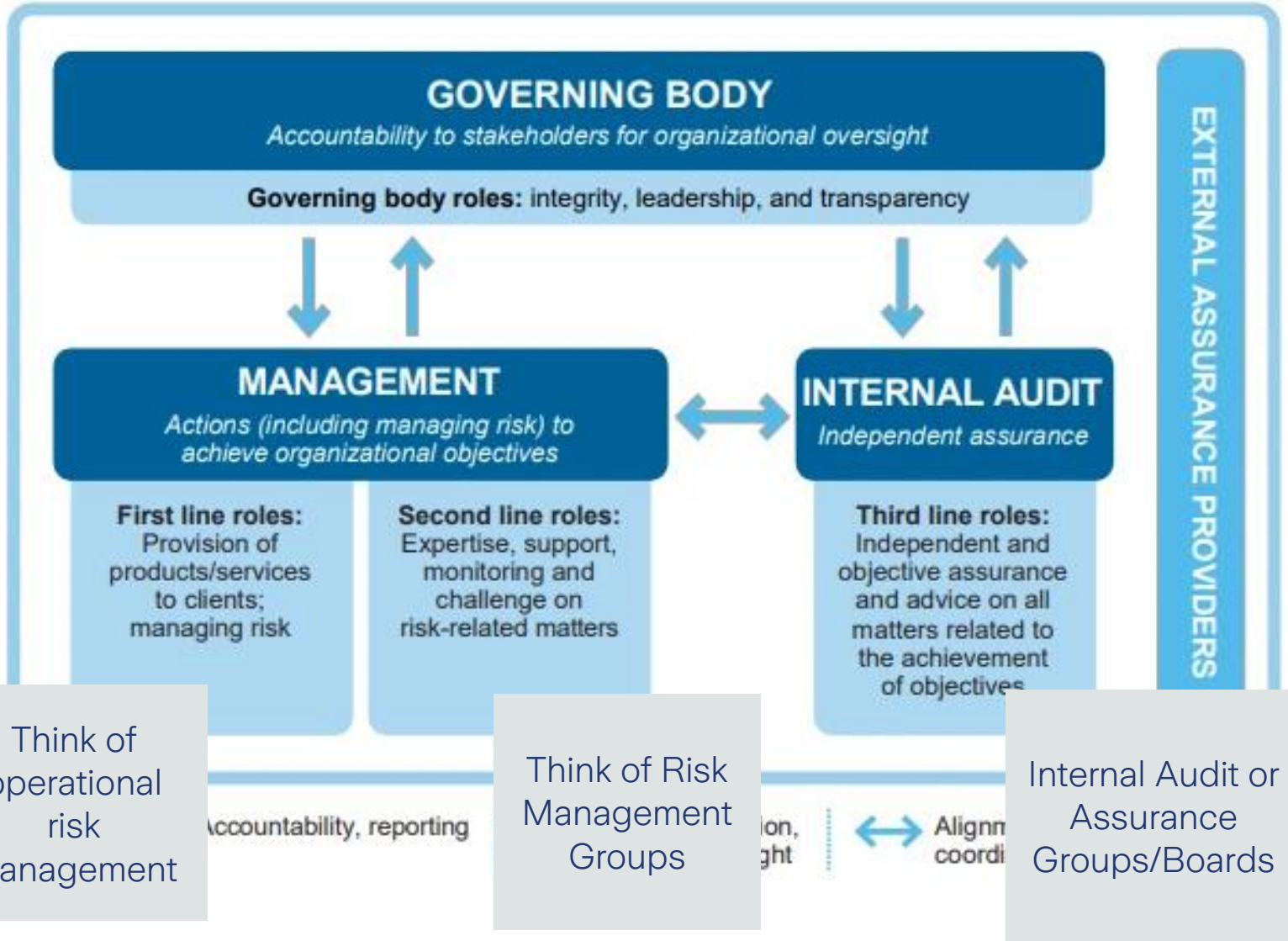
Build future resilience

Maximise on opportunities

Enhance your corporate performance

# 3 Lines of Defense Model

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! As members you need to understand each line of defense and how controls are working to reduce the risk, if you have effective controls across each line of defense, you can have reassurance that risk is being managed effectively.

# Challenges to maintaining an effective framework


Avoid turning it into a complicated lengthy process

Focus on the right risks – strategic vs operational

Ensure there is alignment with strategy, business activities and decision-making processes

Risks should always be dynamic and changing – how can you as an elected member support this process?





What will you do differently or take away from this session?

# Tamworth Borough Council

Thank you!

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Elected Members  
Risk Management Training

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