

AN INTRODUCTION TO CORPORATE RISK MANAGEMENT

AIMS OF THIS EVENING



- Explain some key concepts in risk management
- Introduce the Risk Management Policy and Strategy
- Provide an overview of the Corporate Risk Management procedures.

WHY DO WE NEED RISK MANAGEMENT?



- By recognising and acknowledging risk we can be better prepared to deal with it.
- Effective risk management helps the Council to achieve its corporate objectives.
- Enable focussing of resources towards the greatest risks
- Support accountability

KEY CONCEPTS



- Risk the possibility of an event occurring that will have an impact on the achievement of the objectives. Risk is measured in terms of impact and likelihood
- Risk Management the process by which risks are identified, evaluated and controlled.
- Risk appetite the level of risk that the organisation is willing to accept.

KEY CONCEPTS



- Impact If the event happens, what effect will it have?
- Likelihood how likely is the event to happen?
- "Generic" and "Specific" risks
- Beware of confusing "risks" and "issues"



RISK MANAGEMENT POLICY & STRATEGY



- Risk Management Policy and Strategy updated February 2016 (Previously combined in one document)
- New Policy states the Council's commitment to managing risk in a positive manner specifies the aims and objectives
- New Strategy sets out how the Policy will be achieved risk evaluation factors and roles and responsibilities.

ROLES AND RESPONSIBILITIES MEMBERS



- All Members have a duty to consider risk
- Audit and Risk Committee receive monitoring reports twice a year
- Reports to Cabinet include a risk assessment

ROLES AND RESPONSIBILITIES MANAGEMENT TEAM



- All staff have a duty to consider risk
- Overall responsibility for ensuring that the Council manages risk effectively
- Chief Executive is the nominated person
- Receive half yearly updates on the Risk Register

ROLES AND RESPONSIBILITIES SERVICE MANAGERS



- Raise awareness within their own service area
- Identify and monitor risk in operational areas

ROLES AND RESPONSIBILITIES INTERNAL AUDIT



- Management of the Risk Register
- Internal Audit plans and review work considers significant and material risks that have been identified

ROLES AND RESPONSIBILITIES AUDIT and RISK COMMITTEE



- Receive Risk Management reports half yearly (Also available on In-Site)
- Challenge completeness of coverage and reasonableness of assessment



RISK MANAGEMENT PROCESS

REVIEW PROCESS



- Half yearly meetings with Executive Directors
- To review and update existing risks and consider any new risks to add
- Update Risk Register
- Significant new matters can be dealt with on an ad-hoc basis

LIKELIHOOD



Likelihood is identified and scored using the definitions contained in the Strategy.

- 1 Rare
- 2 Unlikely
- 3 Possible
- 4 Likely
- 5 Almost Certain

IMPACT



Impact is identified and scored using the definitions contained in the Strategy.

- 1 Insignificant
- 2 Minor
- 3 Moderate
- 4 Loss of service for 2 7 days (Major)
- 5 Loss of service for more than 7 days (Extreme)

RISK CATEGORY



- Risk score is calculated by multiplying the scores for Likelihood and Impact
- Score then defines the Risk Category
- Determines how the risk will be managed

RISK CATEGORY



Risk Category	How the Risk should be managed
Very High (15-25)	Immediate action required. Senior Management must be involved.
High (10-12)	Senior Management attention needed and management responsibility specified.
Medium (5-9)	Manage by specific monitoring or response procedures.
Low (1-4)	Manage by routine procedures. Unlikely to need specific application of resources.

RISK MATRIX



5 Almost certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red)	(25) (Red)
4 Likely	(4)	(8) (Green)	(12) (Orange)	(16)(Red)	(20) (Red)
3 Possible	(3)	(6) (Green)	(9) (Green)	(12) (Orange)	(15) (Red)
2 Unlikely	(2)	(4)	(6) (Green)	(8) (Green)	(10) (Orange)
1 Rare	(1)	(2)	(3)	(4)	(5) (Green)
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme

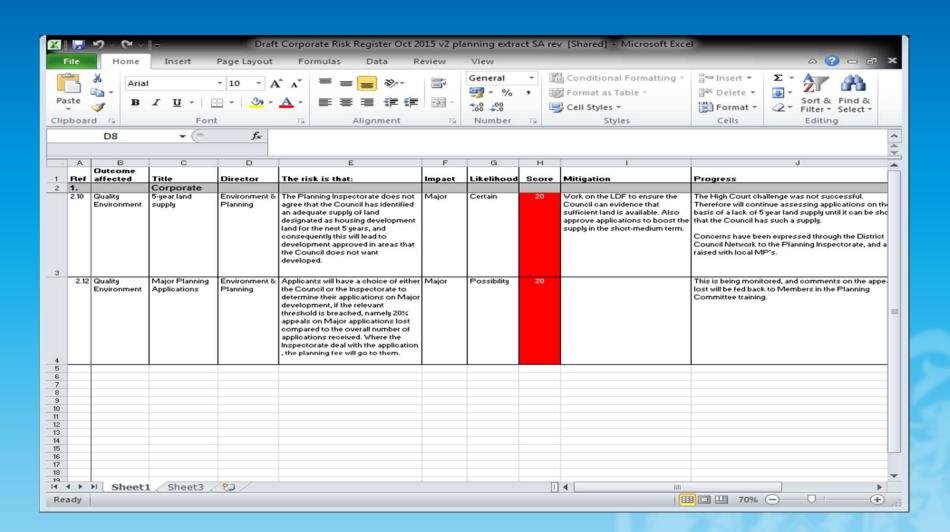
REPORT FORMAT



- To concentrate effort on the areas of main concern:
 - 'Very High' risks reported in detail.
 - 'High' risks are only listed for information
- Summary of changes since the last report
- Complete report available on In-Site

REPORT FORMAT







Any questions?

