



Risk Management Guide

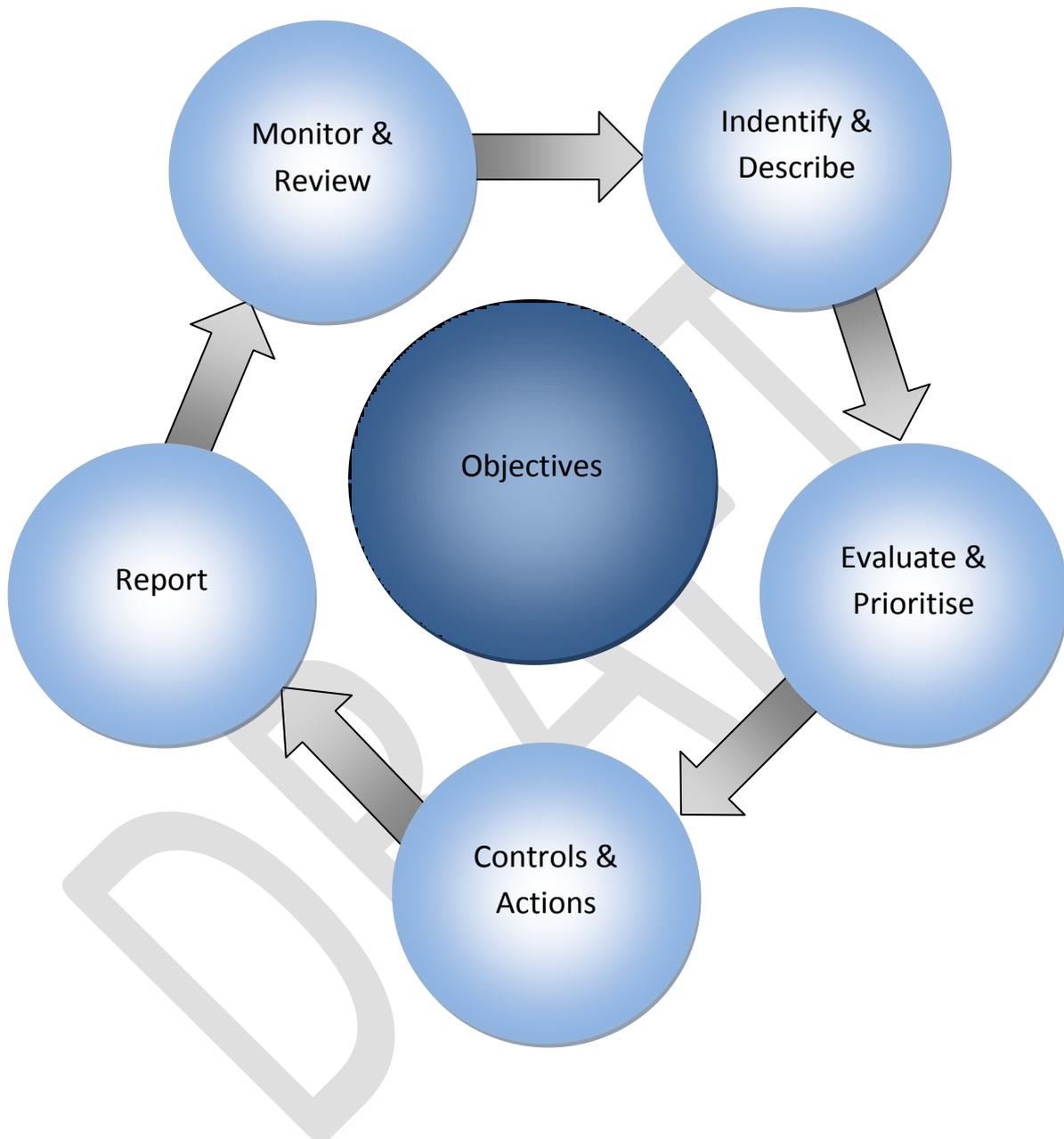
July 2015

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Risk Management Cycle at City of York Council



Your objectives should be at the heart of your Risk Management decisions and should be considered at each stage of the process.

Identify & Describe

When identifying a risk consideration should be given to what could pose a potential threat, or opportunity, to the achievement of the objectives of your department, directorate and/or the council as a whole.

Risks are usually identified in three ways at City of York Council:

1. A risk identification workshop to initiate and/or develop and refresh a risk register
2. Risks are raised or escalated on an ad-hoc basis by any employee
3. Risks are identified at quarterly Directorate Management Team (DMT) meetings

Thinking about your objectives, Appendix A provides some potential areas of risk that you may consider. All risks identified should be documented within the council's corporate risk register Magique.

What information to include when describing a risk:

To ensure that each risk within the risk register is fully captured there is certain mandatory information required; see Appendix B for a template of a risk report from Magique.

The risk description should be clear and understood by anyone reading the risk. Use plain English and do not use acronyms or abbreviations.

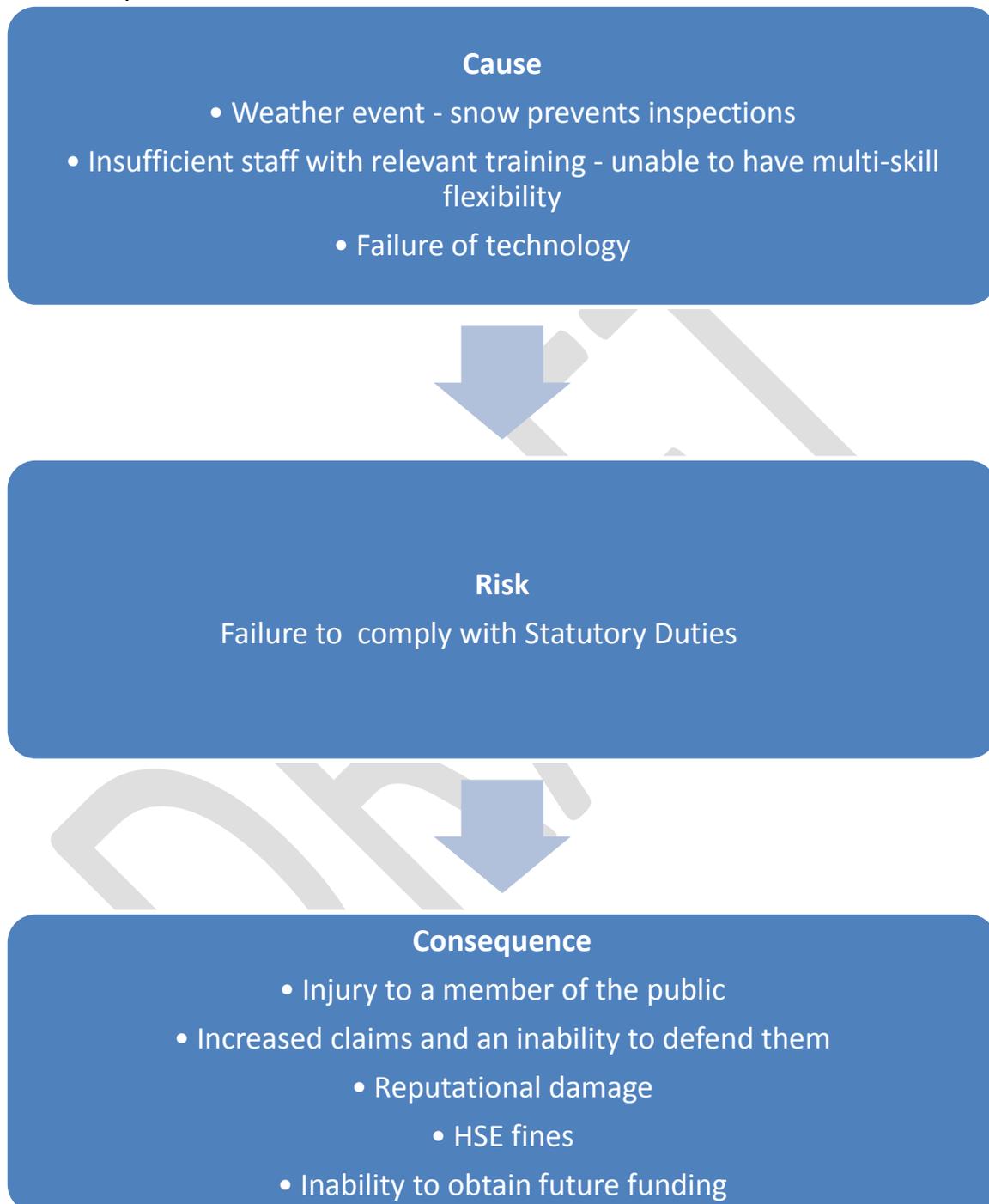
Each risk should be given a clearly defined **Risk Title** that details what the actual risk to your objectives is. An appropriate risk title could include a starting descriptor, such as:

- Reduction of....
- Loss of....
- Disruption to....
- Inability to....
- Increase in....

The **Risk Detail**, or cause, should specify those factors that could, either on their own or in conjunction with other factors, lead to a risk occurring.

Implications, or consequences, are those factors that could occur should a risk transpire, and should relate to the affect on your service and the council.

For example:



Each risk should be assigned a **Risk Owner**, who should understand the risk including the causes and consequences. The sole responsibility for managing the risk may not fall to the risk owner, but it would be his/her role to ensure that the controls and actions are appropriate and being implemented.

Select the most appropriate **Risk Category** from those detailed in Appendix C. There may be some cross-over, however, you should select the one that is most appropriate for the risk.

Evaluate & Prioritise

Risks are scored at two levels, gross and net.

When scoring a risk the **gross** score assumes required controls are in place. For example, minimum staffing levels, statutory requirements etc.

When scoring a risk the **net** score should then take into account any additional measures, such as training, reporting etc. which are currently in place.

The net score is the assessment of the risk at the current level.

Each risk is given a score based on the likelihood of an event occurring and the impact of the event should it occur; Appendix D provides criteria to determine the level of likelihood and impact.

The score you give for both the likelihood and the impact will then determine the overall score of the risk and where the risk sits within the council's risk matrix; Appendix E.

For example, a risk that is given a gross likelihood score of 4, and a gross impact score of 5, will give a gross risk score of 24 within the risk matrix.

When determining the risk score you may find the consequence of the risk has an impact in more than one category, see Appendix D, and that the scores in these categories are not the same. If this is the case you should rate the risk using the highest score.

For example, the Operational impact may score 3, and the Financial impact may score 2, in which case the overall impact score would be 3.

Controls & Actions

Controls are those things that you have in place that reduce the likelihood of an event occurring and/or reduce the impact of an event that occurs.

Any control identified should contribute to reducing the risk score. If it does not affect the scoring then you should not commit resources and funds to the control.

Actions are future activities required that aim to reduce the risk score further if possible.

Controls and actions should always be in proportion to the risk. Dedicating time and funds to a low scoring risk should be avoided to allow resources to be better used elsewhere.

What information to include when describing a control or action:

Control:

Each control should have a **title**, which concisely describes what the control measure is. This information will be shown in any report from the risk register; Appendix B. Further information can be provided within the actual risk register that details how the control will reduce the likelihood or impact, however, this is not shown in most reports.

The risk controls should be effective enough to reduce the gross risk score and be allocated to a specified **Control Owner**, who may not be the same as the risk owner. The control owner is responsible for ensuring that the control measures are relevant and being undertaken.

Action:

Every action requires a **title** that describes the action required. Further information can be provided regarding the action, however, only the title will appear in any report; Appendix B.

All actions should be allocated a specific **Action Owner**, who will be responsible for ensuring that action is completed.

A **priority** should be given to each action, whether it high, medium or low. Finally each action should have a **target date** of when the work should be completed.

Report

A two-way flow of information with the Risk Management Team is important to enable the use of Risk Management as a day-to-day management tool.

Appendix F shows the usual risk reporting mechanism at City of York Council.

The Risk Management Team are able to provide you with a risk report on an ad hoc basis for use at meetings or to review. Just contact a member of the team to arrange this.

All employees should raise any potential risks to their manager to record within the risk register where appropriate.

Monitor & Review

On a quarterly basis each Risk Owner is sent a copy of his/her risks to be reviewed. They should be checked to ensure that the risks are relevant and also that the information contained in the risks is up-to-date.

Particular attention should be paid to any target dates and officer names to ensure that these are still valid.

When an action target date is reached it is important that the action is reviewed and updated, or closed accordingly. As a result of completing an action consideration should also be given as to whether new controls can be added to the risk.

When a risk is not longer applicable, a project ends for example, it is important that the risk is removed from the risk register.

Potential Areas of Risk



Magique Risk Report Template

YORK DETAILED RISK REGISTER - BY BUSINESS UNIT

	Risk Title (event)	Risk Detail (cause)	Implications (consequence)	Risk Category	Risk Owner	Gross Score	Gross Rating	Controls	Net Score	Net Rating	Actions - (Owner Due Date Priority)
<i>Example</i>	<i>Failure to comply with Statutory Duties</i>	<ul style="list-style-type: none"> • <i>Weather event - snow prevents inspections</i> • <i>Insufficient staff with relevant training - unable to have multi-skill flexibility</i> • <i>Failure of technology</i> 	<ul style="list-style-type: none"> • <i>Injury to a member of the public</i> • <i>Increased claims and an inability to defend them</i> • <i>Reputational damage</i> • <i>HSE fines</i> • <i>Inability to obtain future funding</i> 	<i>02 - Legal & Regulatory</i>	<i>Andy Binner</i>	19	<i>H</i>	<ul style="list-style-type: none"> <i>01 - Mobile working solutions</i> <i>02 - Performance management data collected and monitored</i> 	18	<i>H</i>	

Risk Categories

Ref	Category	Detail
1	Governance & Management	Risks arising from the stewardship of the Council including conflicts of interest.
2	Legal & Regulatory	Risks arising from failure to comply with laws and regulations.
3	Health & Safety	Risks arising from or in connection with our work activities that present hazards to people.
4	Financial & Efficiency	Risks affecting the Council's ability to meet its financial commitments and improve efficiency.
5	Competition & Procurement	Risks affecting the competitiveness of the service (cost or quality) and/or its ability to deliver best value.
6	Stakeholder	Risks affecting the council's employees, customers and partners.
7	System & Technology	Risks include changes in pace and scale of customer demands and reliance on ITT.
8	External	Risks arising from changes to the world outside the organisation's control: political, economic, social, technological, legal and environmental.
9	Data Quality	The risk arising out of the use of inaccurate and poor quality data.
10	Reputational	Risks affecting the reputation of the Council

Risk Scoring Criteria

Likelihood Scoring					
Likelihood Score	1	2	3	4	5
Description	Remote	Unlikely	Possible	Probable	Highly Probable
How likely is it to happen?	<ul style="list-style-type: none"> This probably will never happen Exceptional circumstances 	<ul style="list-style-type: none"> It is possible it may happen 	<ul style="list-style-type: none"> Might happen occasionally 	<ul style="list-style-type: none"> Will probably happen 	<ul style="list-style-type: none"> Very likely to happen Possibly occur frequently

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Impact Scoring					
Impact Score	1	2	3	4	5
Description	Insignificant	Minor	Moderate	Major	Catastrophic
Operational	<ul style="list-style-type: none"> • Minor reduction in service • No or minimal effect for customers 	<ul style="list-style-type: none"> • Low effect for a small number of customers 	<ul style="list-style-type: none"> • Moderate effect for multiple customers 	<ul style="list-style-type: none"> • Significant effect for numerous customers 	<ul style="list-style-type: none"> • Unable to provide a service • Very significant effect for a large number of customers
Reputational	<ul style="list-style-type: none"> • No adverse media coverage • No negative recognition from the public 	<ul style="list-style-type: none"> • Low level of adverse media coverage • Small amount of negative public interest 	<ul style="list-style-type: none"> • Moderate amount of adverse media coverage • Moderate amount of negative public interest 	<ul style="list-style-type: none"> • High level of adverse media coverage • Negative impact on public confidence 	<ul style="list-style-type: none"> • National adverse media coverage • Total loss of public confidence
Financial	<ul style="list-style-type: none"> • <2% of budget 	<ul style="list-style-type: none"> • 2-5% of budget 	<ul style="list-style-type: none"> • 5-10% of budget 	<ul style="list-style-type: none"> • 10-25% of budget 	<ul style="list-style-type: none"> • >25% of budget

Risk Scoring Matrix

Impact	Catastrophic	17	22	23	24	25
	Major	12	18	19	20	21
	Moderate	6	13	14	15	16
	Minor	2	8	9	10	11
	Insignificant	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Highly Probable
Likelihood						

Risk Management Reporting at City of York Council

