Angus Council Risk Summary

What is risk management?	Step 1&2 - Scope & Risk Identification	Risk Prompts	Step 3 – Scoring

What is risk management?

Effective risk management is about identifying what can stop us achieving objectives, and then deciding what to do to reduce the possibility of something going wrong or to reduce the impact. The process is set out below

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        │ 1. Establish the        │
        │    context & scope      │
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        │ 2. Risk identification  │
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        ┌─────────────────────────┐
        │ 3. Risk analysis        │
        └─────────────────────────┘
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        ┌─────────────────────────┐
        │ 4. Risk evaluation      │
        └─────────────────────────┘
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        ┌─────────────────────────┐
        │ 5. Risk treatment       │
        └─────────────────────────┘
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        ┌─────────────────────────┐
        │ 6. Monitoring &         │
        │    Review               │
        └─────────────────────────┘
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(Communication & Consultation)

The template refers to each step in the process

Step 1&2 - Scope & Risk Identification

How
- Discussion with colleagues
- Evaluating external trends or performance information
- Learning lessons from previous activity
- Use prompts (see right)

Ask yourself
1. What objectives or outcomes might not be achieved?
2. How far in the future are you considering risks? E.g. next 12 months, 3 years or 5 years?
3. Could things turn out differently from expected?
4. What risks could have an impact on others: service users, community, 3rd parties?
5. Where have problems occurred in the past?
6. What part(s) of my service can I not afford to fail?
7. Any new initiatives or regulations?

OUTCOME – Define 4 things
THE RISK: The specific event/situation you do not want to happen or the thing that could go wrong

LIKELIHOOD: The chance of it realising within your considered timeframe

IMPACT: What consequences would we see if the risk happened?

EXISTING CONTROLS: The things we are doing now to manage the risk

Risk Prompts

- Reputation
- Political
- Economic
- Service Provision & Customers
- Change & Governance
- Technology & Systems
- Legal or Regulatory
- Health & Safety
- Environmental
- Finance
- Property & Assets
- Partners & 3rd Parties
- Workforce & Organisational Development

Step 3 – Scoring

Outcome - Answer two questions for each risk identified
1. What is the chance of the risk happening?
2. How big an impact could the risk have?

Impact on Outcomes or Objectives:

	1. Very Low	2. Low	3. Low to High	4. High	5 Very High
5. Critical	5	10	15	20	25
4. Major	4	8	12	16	20
3. Significant	3	6	9	12	15
2. Marginal	2	4	6	8	10
1. Negligible	1	2	3	4	5

Likelihood

5 Critical: cost overrun > 10% of annual budget **or** fail to deliver multiple critical objectives **or** national press coverage / dissatisfaction with Council **or** could result in senior officer or member resignation
4 Major: cost overrun > 5% of annual budget **or** fail to deliver a critical objective **or** local press coverage / dissatisfaction with Council **or** failure to deliver a statutory service
3 Significant: cost overrun > 3% of annual budget **or** may fail to deliver a critical objective
2 Marginal: cost overrun > 2% of annual budget **or** local disruption to service(s) but statutory services & strategic objectives still delivered
1 Negligible: cost overrun > 2% **or** some disruption to service(s) but manageable

1 Very Low: risk unlikely to happen 1% – 19%
2 Low: risk probably won't happen 20% – 39%
3 Low to High: risk should happen 40% – 59%
4 High: risk will probably happen 60% – 79%
5 Very High: risk will almost certainly happen 80 – 99%

Angus Council Risk Summary

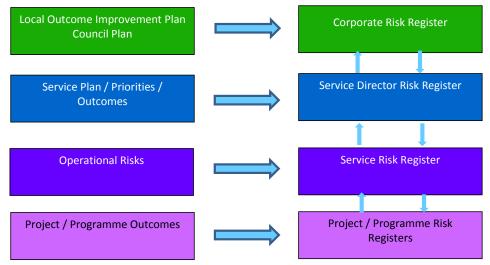| 4 – Evaluation	5 – Treatment	6 – Monitor & Review	Communication

Before deciding how best to Treat the risk, you should evaluate what you know so far.
 	
Ask yourself
1. Are you confident you fully understand the risk, or do you need more information?
2. Are you comfortable with the risk & existing controls as they are?
3. Are you comfortable with accepting the risk as it is scored, or is more action required to reduce the level of risk?
 	
Outcome
For each risk identified there are 3 possible outcomes:
• Further information is needed about the risk
• Further controls / actions are needed
• No further controls are needed, but we will still monitor the risk
	This can be referred to as "risk mitigation" or "action planning". You should focus your time and effort on those risks plotted as **RED** and **AMBER** on the matrix.
	
	Ask yourself
	1. What controls are currently in place?
	2. Are they adequate or can/should more be done?
	3. What can be done to reduce the likelihood of the risk occurring?
	4. What can be done to minimise the impact of the risk?
	
	Outcome
	• Develop **SMART** actions to manage or reduce the risk
	
	   – **S**pecific
	   – **M**easurable
	   – **A**chievable
	   – **R**elevant
	   – **T**imely
	
	• Agree what the risk score should reduce to (target score) once actions have been implemented
		The Council, our environment & our risks can change quickly. Risk controls that are effective now may not always be effective, therefore regular reporting, monitoring and reviewing of risks is important.
		
		Ask yourself
		1. Are controls still effective?
		2. Have agreed actions been implemented?
		3. Do you need to change any of your existing risks?
		4. Have any new risks emerged since the last review?
		5. Can you remove any older risks?
		6. Do you need to escalate/report any risks to the next tier of management?
		7. Do you need to inform anyone else about any of the risks?
		
		Outcome
		• Service Director is informed of any **RED** risks
		• You are confident the information you hold is a fair reflection of the current risks
			Not all risks will be managed entirely within one service or team, and others may have an interest in how we manage our risks. How we communicate, and who we consult, about our risks is important. Some risks will have to be escalated to the next tier of management. The diagram below shows how risks can flow through the organisation.
			
			The strategy requires the **Corporate Risk Register** be maintained by the Corporate Leadership Team & reported to Scrutiny & Audit Committee twice a year.
			
			Service Director Risk Registers are owned & maintained by Service Directors & are the overarching registers for their areas of accountability and responsibility.
			
			Service Risk Registers are owned by the Service Director & / or Service Leader. This may not be necessary for all service areas particularly where a Service Director Risk Register is in place. It is a decision for the service directors / leaders to make.
			
			Project / Programme Risk Registers are owned by lead officer / board, & are time limited to length of project / programme.
			
			The **Risk Monitoring Group** will review all risks & risk management activity to ensure learning and best practice is shared across the Council.