


Risk Management is an integral & essential part of governance and management. It involves developing an understanding of **uncertainties** that could reduce the likelihood of achieving objectives and planning a response to mitigate the risks should they occur. There are four elements to managing risk:

Risk Identification	Assessment of Risks	Action on Risk	Monitor & Review																																																											
<p><b>Definition of Risk:</b></p> <p>"An uncertainty of outcome whether it is a positive opportunity or a negative threat".</p> <p>Identify all key risks, before placing them in the Risk Register under ‘risk identification’.</p> <p>Include in the description the circumstances which may cause the event to occur and the event</p> <p><b>Consider Threats (&amp; Opportunities) When:</b></p> <p>Setting strategic aims</p> <p>Setting business objectives</p> <p>Early stages of project planning &amp; at key stages</p> <p>Options appraisals</p> <p><b>Categorising the risk can help using PESTLE</b></p> <p>Political / Reputational</p> <p>Economic / Financial</p> <p>Social/Community</p> <p>Technical</p> <p>Legal</p> <p>Environmental</p>	<p><b>Scoring:</b></p> <p>A raw (inherent) risk score is calculated by the product of a likelihood and impact score on a 1 to 6 scale for each without any controls being in place.</p> <p>A net (residual) score is calculated after taking account of controls which reduce likelihood, impact or both.</p> <p>Use the impact and likelihood grids below to score risks</p> <table><tr><td rowspan="6">Impact</td><td>6</td><td>6</td><td>12</td><td>18</td><td>24</td><td>30</td><td>36</td></tr><tr><td>5</td><td>5</td><td>10</td><td>15</td><td>20</td><td>25</td><td>30</td></tr><tr><td>4</td><td>4</td><td>8</td><td>12</td><td>16</td><td>20</td><td>24</td></tr><tr><td>3</td><td>3</td><td>6</td><td>9</td><td>12</td><td>15</td><td>18</td></tr><tr><td>2</td><td>2</td><td>4</td><td>6</td><td>8</td><td>10</td><td>12</td></tr><tr><td>1</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>8</td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td></td></tr><tr><td colspan="8">Likelihood</td></tr></table>	Impact	6	6	12	18	24	30	36	5	5	10	15	20	25	30	4	4	8	12	16	20	24	3	3	6	9	12	15	18	2	2	4	6	8	10	12	1	1	2	3	4	5	8		1	2	3	4	5	6		Likelihood								<p><b>Concentrate on top risks:</b></p> <p>Red risks require immediate action</p> <p>Amber require monitoring</p> <p>Green require no action</p> <p><b>Record and describe the existing control (and the name of the officer responsible for maintaining and monitoring the control) in the space provided in the Risk Register</b></p> <p>Having assessed inherent risks and controls in place to mitigate, concentrate on the remaining highest risks and decide how to mitigate further to an acceptable level either by:</p> <p>TERMINATING / AVOID</p> <p>REDUCE / TREAT (MORE CONTROL)</p> <p>TRANSFER (INSURE OR CONTRACT OUT)</p> <p>ACCEPT / TOLERATE</p> <p><b>Record and describe the actions to be taken and responsible officer</b></p>	<p><b>Risk Registers:</b></p> <p>Review the key risks at DMT meetings on a regular basis. Update the performance score card quarterly with your key risks.</p> <p>Risks which remain red after controls which require action should be reported on your scorecards</p> <div><p><b>MONITOR &amp; REVIEW</b></p><p><b>IDENTIFY RISKS</b></p><p><b>IDENTIFY OBJECTIVES</b></p><p><b>ASSESS RESIDUAL RISK</b></p><ul style="list-style-type: none"><li>- Exposure acceptable?</li><li>- Develop action plans</li></ul><p><b>ACT</b></p><ul style="list-style-type: none"><li>- Tolerate</li><li>- Treat</li><li>- Transfer</li><li>- Terminate</li></ul><p><b>ASSESS INHERENT RISK</b></p><ul style="list-style-type: none"><li>- Potential impact on objectives</li><li>- Likelihood of it materialising</li></ul></div>
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Impact Score	1	2	3	4	5	6
Descriptor	Insignificant	Minor	Moderate	Significant	Serious	Very Serious
Financial	Financial loss up to £50,000	Loss up to £100,000	Loss up to £200,000	Loss up to £300,000	Loss up to £500,000	Loss greater than £500,000
Compliance	No regulatory consequence	Minor breach of duty, legal action unlikely	Moderate breach of duty resulting in possible disciplinary action, legal action possible	Significant breach of duty resulting in disciplinary action, legal action probable	Serious breach of duty resulting in fines/disciplinary action, legal action expected	Major breach of duty resulting in possible imprisonment, legal action almost certain and difficult to defend
Service Delivery	Insignificant disruption on internal business and no loss of customer service	Possible significant disruption to internal business and no loss of customer service Lasting less than 24 hours Affects a single or few services	Disruption to internal business or possible disruption to services to non-vulnerable groups Lasting 1 to 2 days Affects a single directorate	Disruption to internal business or probable disruption to services to non-vulnerable groups Lasting 2 to 3 days Affects more than one directorate	Disruption to services to non-vulnerable groups and possible disruption to services to vulnerable groups Lasting 3 to 5 days Affects most directorates	Prolonged disruption to services to vulnerable groups Lasting more than 5 days Affects the whole Council
Environmental	No or insignificant environmental damage	Minor local environmental contamination with short term effects	Moderate local environmental damage with short term effects	Significant local environmental damage with short to medium term effects	Major local environmental damage with medium term effects	Major local and national environmental damage with long term effects for the local area
Reputational	No reputational damage or adverse publicity	Minor/limited reputational damage or internal adverse publicity	Moderate reputational damage or possible local adverse publicity	Significant reputational damage or probable local adverse publicity	Substantial/widespread reputational damage or possible national adverse publicity	Major/severe reputational damage and national adverse publicity Central Government interest/administration
Personal Safety	No impact on personal safety	Minor injury or discomfort, not requiring first aid	Short-term injury, possibly requiring first aid or limited medical attention	Medium-term injury, requiring first aid or medical attention	Extensive, permanent / long term injury for an individual or several people	Death or life threatening situation for an individual or several people

Likelihood Score	1	2	3	4	5	6
Descriptor	Rare	Unlikely	Possibly	Likely	Probably	Almost Certain
Probability of occurrence in next 12 months	< 5%	5 – 20%	21 – 40%	41 – 60%	61 – 80%	> 80%