



London Borough of Tower Hamlets

RISK MANAGEMENT STRATEGY 2020 - 2025

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Version history

This strategy builds on and replaces earlier versions of the risk management strategy and is intended to be a high level document that provides a framework to support the Council's statutory responsibility for managing risk. It also allows the Council to further strengthen and improve its approach to risk management enhancing its ability to deliver its corporate aims and objectives successfully.

The risk management strategy sets out key objectives across a five year rolling period but will be reviewed annually to ensure it remains fit for purpose.

Review Process

Risk management policy statement is mandatory and subject to approval by the Audit Committee on behalf of the Council. It will be reviewed annually by the Policy Owner to check efficient and effective operation and any recommendations for change will be reported to the Corporate Leadership Team and Mayors Advisory Board prior to agreement of revisions by the Audit Committee.

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Risk Management Policy Statement

Introduction

The London Borough of Tower Hamlets (LBTH) is responsible for ensuring that its business is conducted in accordance with the law and proper standards of governance, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively, and that arrangements are made to secure continuous improvement in the way its functions are operated.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Well managed risk taking should be recognised by all managers and staff within the Council as being fundamentally important to effective service delivery, maximising opportunities for innovation in service development and adapting to change. It underpins the Council's TOWER values.

Only by active management of risks will the Council be able to meet its corporate aims and outcomes which in turn will enhance the value of services provided to the community.

LBTH aims to be an exemplar of good practice and continue to meet its statutory responsibility to have in place satisfactory arrangements for managing risks, as laid out under regulation 4 of the Accounts and Audit Regulations 2015:

“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”

The effective management of risk is at the heart of the Council’s approach to delivering cost effective and valued services to the public as well as being an important element within the corporate governance of the organisation.

Consequently, all staff and managers must understand the importance of well thought through and managed risks in decision making and adopt an approach that will help identify, assess, manage and review progress.

The Policy Statement

The London Borough of Tower Hamlets accepts its legal responsibility to manage its risks effectively in a structured manner and has adopted a proactive approach (balancing opportunity and threat risks) to achieve its objectives and enhance the value of services to the community.

The aim is to increase the likelihood of delivering corporate objectives by supporting innovation, encouraging creativity, minimising threats and providing an environment that risk management is seen as adding value to service delivery.

This policy applies to all departments in the Council.

Policy Objectives

Ensure that risk management effectively supports **corporate governance** arrangements in the Council.

Maintain and Improve **leadership** and **collaboration** of risk management activity across the Council.

Integrate risk management into the **culture** of the Council as well as into its key management processes, programmes, projects, performance and financial management.

Ensure that the **risk management process** for identifying, evaluating, controlling, reviewing, reporting and communicating risks across the Council is in line with **Best Practice**, consistently applied, understood and owned by all staff.

Ensure that the Corporate leadership team, Directorate leadership teams, Audit Committee, Mayors Advisory Board, external regulators and other stakeholders obtain necessary **assurance** that the Council is managing and mitigating its risks effectively.

Continuously improve risk management through learning and experience and actively **communicate** LBTH risk management approach to all employees and stakeholders.

These key objectives will be achieved by:

- Ensuring that the Council's risk management strategy (which includes clear roles and responsibilities) is in line with current standards and best practice guidance.

- Demonstrating effective management; reporting and challenge of risks at both officer and Member levels which will provide assurance to external regulators and the public at large, including other stakeholders that the council is managing and mitigating its risks and in line with good corporate governance practice.
- Complying with all relevant statutory requirements.
- Providing opportunities for shared learning and training on risk management across the Council.
- Embedding, supporting and promoting effective risk management.

Appetite for risk

The Council will minimise unnecessary risk and manage residual risk to a level commensurate with its status as a public body to ensure that:

- The risks have been properly identified and assessed.
- The risks will be appropriately managed, including the taking of appropriate actions and the regular review of risks.

The Council will also positively decide to take risks in pursuit of its strategic aims where it has sufficient assurances that the potential benefits justify the level of risk to be taken.

Roles and Responsibilities

Management and staff should be familiar with, and competent in, the application of the Council's risk management policy, and are accountable for the delivery of that policy within their areas of responsibility. A full set of roles and responsibilities is set out in the Risk Management Strategy.

Review

This policy will be reviewed and where appropriate updated on an annual basis.

Approved:

.....
Will Tuckley
Chief Executive

.....
John Biggs
Executive Mayor

Risk Management Strategy

The aim of this risk management strategy is to set out a formal and structured approach to identifying, assessing, managing and reporting risk within the Council (known as the risk management framework). It should be used in conjunction with the Risk Management Policy Statement as well as the risk management guidance for managers.

Sections below include:

- A description of the components of the risk management framework.
- The levels of risks identified by the Council and reporting arrangements.
- Criteria for escalating risks from one organisational level to another and applying the Council's risk appetite to risks.
- A summary of the roles and responsibilities for those groups and officers involved in the risk management framework.

By adhering to this strategy, the Council will be better placed to meet its objectives in an efficient, effective and timely manner.

Every risk linked to a business objective and this strategy will help enforce a proactive stance to managing these risks, ensuring that less time is spent reacting to situations and more time is spent taking advantage of opportunities.

The risk management framework is an integral part of the Council's overall corporate governance arrangements as well as supporting the delivery of the corporate plan.

Some benefits of successfully implementing this strategy are listed below:

- Ensuring our ability to satisfy statutory requirements
- Protecting and enhancing the Council's reputation
- Improve organisational resilience
- Increase the likelihood of achieving its goals and delivering outcomes
- Improve the identification of opportunities and threats
- Improve governance, stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Effectively allocate and use resources for risk mitigation

The risk management framework

The framework consists of the following components:

Risk Management Policy Statement	Statement of intent on how LBTH will approach risk. Appetite for risk included.
Risk Management Strategy	Defines the activities and responsibilities for managing risk and reporting arrangements.
Risk Management Guidance	Guidance for staff on to fulfil strategy.
Corporate risk register	Register which records all corporate risks and who is responsible for managing them.
Directorate risk registers	Register which records all directorate risks and who is responsible for managing them.
Divisional risk registers	Register which records all divisional risks and who is responsible for managing them.
Service/team risk registers	Register which records all service/team risks and who is responsible for managing them.
Programme/Project risk registers	Register which records all programme/project risks and who is responsible for managing them.

Levels of organisational risk

To ensure that risk is managed at the appropriate level, the following levels of risk have been identified.

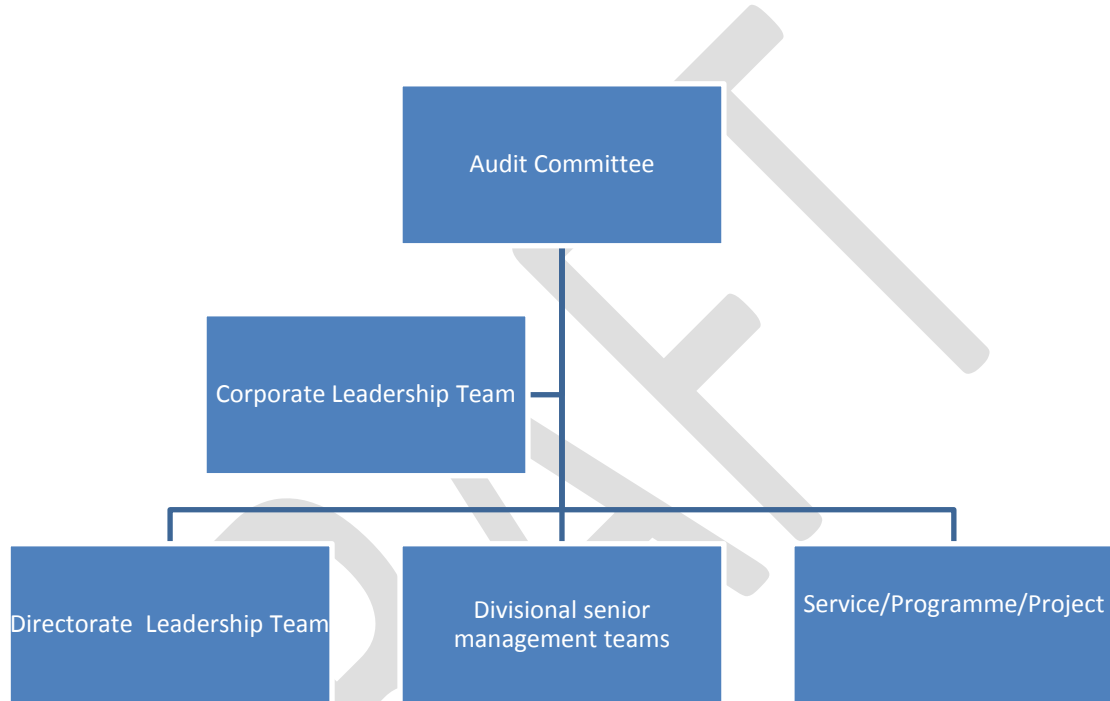
Corporate	If they occurred, would have a significant impact on the council as a whole (or significant part of) and/or the successful delivery of its corporate outcomes and its ability to exercise its functions.
Directorate	If they occurred, would seriously inhibit the achievement of the aims and objectives of the directorate. They differ from corporate risks in that they usually only impact on one directorate, rather than cutting across several directorates.
Divisional	If they occurred would usually lead to failure to achieve divisional objectives.
Service	If they occurred would usually concern failure to achieve service objectives. Service risks are those concerned with maintaining an appropriate level business service to existing and new service users.
Team	Those risks concerned with team related objectives. These will be lower order risks, often those regarded as business as usual.
Programme/Project	Their impact is limited to the programme/project's outcomes, budget or timescales.

Review and reporting of risk registers

This section outlines the reporting arrangements for these levels of risks.

The diagram below illustrates the reporting lines from service/team level to directorate and corporate levels. Also outlined is a criterion which provides guidance on escalating and de-escalating risk from one level to another.

The reporting process is quarterly with a hierarchy of reporting lines from departments to Committee.



Corporate Risks	All corporate risks must be owned by a corporate or divisional director and as such should be reviewed and updated, together with their directorate risks on a monthly basis. They should be reviewed by the corporate leadership team quarterly and reported quarterly to the Audit Committee.
Directorate risks	Directorate risk registers must be reviewed on at least a quarterly basis at their respective directorate leadership team meeting (DLT). Corporate Directors and their DLT's are responsible for approving recommendations for a directorate risk to be considered as a corporate risk.
Divisional risks	Divisional level risks registers must be reviewed at least quarterly by divisional directors and their leadership teams. Risks may be recommended for escalation to the directorate leadership team to consider for inclusion in directorate risk registers.

Service risks	Service level risks registers must be reviewed at least quarterly by service managers and team managers and their leadership teams. Risks may be recommended for escalation to the divisional leadership team to consider for inclusion in divisional risk registers.
Programme/Project risks	Programme/Project related risks are identified from the outset during the initial risk assessment. Further risk assessments should be undertaken at the beginning of every new stage of the project. Regular monitoring of progress in managing these risks as well as horizon scanning should take place and should be escalated to divisional, directorate or corporate level following review if applicable.

Escalation criteria

Risks may be escalated or de-escalated from one level of the organisation to another (e.g. from directorate to corporate level). Factors to be taken into consideration when escalation/de-escalation should occur.

A risk may be moved to a higher level in the organisation (escalation) for the following reasons:

- The risk becomes unmanageable at current level
- The risk is outside of the appetite boundaries (see risk appetite below)
- The risk remains very high (severe) even after control measures have been fully implemented
- The risk impacts on more than one directorate/service area
- The risk is directly related to an organisational objective

De-escalation

A risk may be moved to a lower level in the organisation (de-escalation) for the following reasons:

- The risk can be controlled and managed at a lower level
- The risk rating has decreased significantly or is not considered to be critical to the achievement of a corporate/directorate objective
- The risk is below appetite boundaries (see risk appetite below)
- The risk will only affect one directorate/project or programme/service area and is better controlled locally

Note: Escalation/de-escalation of a risk is not automatic and will depend upon the judgement of senior leadership or senior leadership groups as to whether

this should take place. There may be reasons why it should remain at a particular level e.g. it is the level best placed to manage it.

Risk appetite

The Council, in its Risk Management Policy, outlined in broad terms its approach to taking risks (i.e. Risk appetite) in that it will seek to minimise taking any unnecessary risks or reduce risks to an acceptable level to a public body. It will also seek to take risks to achieve its strategic/corporate objectives, but these will be well considered before such risks are taken.

Risk appetite is defined as **“the amount of risk an organisation is willing to accept”** so by articulating how much and type of risks which are acceptable it provides a basis for making judgements on the balance of the benefits and taking of the risk.

The Council has set risk appetite levels for six categories of risk and they must be applied to all risks. It varies according to the risk for example the Council would accept a greater amount of risk for areas of innovation than in those relating to compliance and regulatory activities.

Risk Category Identification

Risk appetite categories	
Finance	Risks which focus on areas where financial features play an important part such as budget control and revenue generation.
Compliance/Regulatory	Risks relating to ensuring regulations, laws and guidelines that govern the business of the Council.
Contracts & Partnerships	Risks relating to the various contracts held within the organisation and the service which our customers receive. Also risks associated with working with private or public sector organisations to achieve common goals and objectives.
Safety & Safeguarding	Risks relating to provision of services to vulnerable adults and children provided by the Council. This would also include wellbeing and safety of residents.
Reputation	Risks involving, amongst others, the safekeeping and protection of all important data held within the organisation and the conduct of members & staff.
Innovation	Risks which focus on long term goals and plans.

Risk Appetite Matrix and Risk Appetite Thresholds

Consider the risk score against the risk appetite threshold for its category. The threshold is represented by the vertical black lines in the matrix below. For example, innovation risks have a risk appetite threshold of 20 to 25, and safety & safeguarding have a threshold of 5 to 9. This means the council will take higher risks to ensure innovation, but will be less tolerant to risks concerning safety and safeguarding of its staff and citizens.

	AVOID Risk Score 1-4	MINIMAL Risk Score 5-9	CAUTIOUS Risk Score 10-12	OPEN Risk Score 15-16	SEEK Risk Score 20-25	
Finance						
Compliance / Regulatory						
Contracts & Partnerships						
Safety & Safeguarding						
Reputation						
Innovation						
Risk Appetite Level	Risk Appetite Description					
Avoid	Avoidance of risk and uncertainty is a key objective. Exceptional circumstances are required for any acceptance of risk.					
Minimal	Preference for the ultra-safe options that have a low degree of risk and only have a potential for limited benefits.					
Cautious	Preference for the safe options that have moderate degree of risk and may only have limited potential benefits.					
Open	Willing to consider all options and choose the one that is most likely to result in successful delivery. Risk will be minimised while also providing an acceptable level of business benefit.					
Seek	Eager to realise benefits and to choose options to achieve this despite the higher risk					

Effectiveness of the risk management framework

The council will periodically review the effectiveness of its risk management framework through an external benchmarking exercise or review, internal audit review or self-assessment. The Policy and strategy will be reviewed annually.

Groups, roles and responsibilities

It is essential that all staff within Tower Hamlets understand the role they play in the effective management of risk. The following are sets of roles and responsibilities of officers and groups within the risk management framework.

Groups

The role of the risk management team is primarily that of an advisory, support and critical friend function and to support this, the following review groups are in place.

Reviewing Group	Responsibilities
Cabinet and Elected members	<p>Own the Council's risk management policy.</p> <p>Contribute to defining the overall risk appetite for the organisation.</p> <p>Discuss new and existing significant risks with the relevant Corporate Director.</p>
Audit Committee	<p>Monitors the effective development and operation of risk management and governance in the Council.</p> <p>Oversees and approves the Council's risk management policy and strategy.</p> <p>Receives periodic updates on threats and opportunities which impact on the Council's objectives / outcomes.</p> <p>Contributes to defining the overall risk appetite for the organisation.</p> <p>Members consider any risks they wish to be passed to the Overview and Scrutiny Committee for further scrutiny.</p>
Overview and Scrutiny Committee	<p>Provides scrutiny for any risks escalated from Audit Committee.</p>

Reviewing Group	Responsibilities
Corporate Leadership Team	<p>Ensures that escalation processes are in place for designated parts of the Council for risk reviews.</p> <p>Ensures participation in the delivery of risk management within the organisation.</p> <p>Owns individual corporate risks (as delegated by the Chief Executive), and approves corporate risks as escalated from directorate management teams</p> <p>Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding the risk management framework.</p> <p>Overall accountability for risk management across the Council including ensuring the corporate risk register is a live and up to date record of the current risk exposure.</p> <p>Contributes to defining the risk appetite.</p> <p>Regularly discuss and review the corporate risk register and associated risk reports.</p> <p>Ensures all directorates nominate a Risk Champion and Deputy.</p>
Corporate Health and Safety Committee	<p>Monitors and reviews high level Health and Safety risks and issues, escalating to the Corporate Management Team as appropriate.</p> <p>Ensures that Health and Safety risks are managed effectively within directorate and service areas.</p> <p>Provides risk management recommendations.</p> <p>Provides a forum for the discussion of risks and issues raised by risk registers, environmental conditions, and internal and external audits.</p>

<p>Directorate Leadership Teams</p>	<p>Ensures directorate and services are identifying and managing corporate, strategic, operational, project and partnership risks effectively.</p> <p>Reviews and challenges risk registers for their directorate and service's on a quarterly basis.</p> <p>Makes recommendations on risks/issues to escalate to Corporate Management Team.</p> <p>Take ownership for risks within their function and ensure risk registers are regularly discussed, reviewed, updated and escalated as appropriate.</p> <p>Sets priorities for dealing with unacceptable risks and to reduce risks.</p> <p>Ensures that risk management roles and responsibilities are included within appropriate targets.</p> <p>Ensure adherence with the risk management policy and strategy.</p> <p>Champion the benefits of effective risk management.</p>
<p>Reviewing Group</p>	<p>Responsibilities</p>
<p>Internal Audit</p>	<p>Reviews the Risk Management Policy and Strategy.</p> <p>Supports and reviews the risk management process.</p> <p>Focuses internal audit work on significant risks.</p> <p>Provides the risk team with updates on risks identified from audits.</p> <p>Provides assurance on risk management across the Council, based upon reviews through audit risk assessments.</p>

<p>Programme, project, strategic and operational boards and senior responsible owners</p>	<p>Participates (as appropriate) in the identification, assessment, planning and management of threats and opportunities.</p> <p>Understands the Risk management Policy and Strategy and their accountabilities.</p> <p>Implements the risk management processes within their areas of responsibility.</p> <p>Escalates programme, project, strategic and operational risks as appropriate.</p> <p>Records and lessons learnt actions are put in place to reduce or eliminate risks before new projects are implemented.</p> <p>Ensures risk management is at the heart of decision making and key information is delivered through management groups.</p>
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Roles

To help clarify an individual's responsibility for managing risks within their role, a set of risk management competencies has been developed and is available for inclusion within individual 1-2-'s and personal development reviews.

Roles	Responsibilities
<p>Risk Champions Group</p>	<p>Promoting, steering and monitoring risk management for the Council.</p> <p>Set the tone for risk management in their directorates, promote the benefits of effective risk management and lead in embedding the risk management framework.</p> <p>Regularly discuss and review the corporate risk register and associated risk reports.</p> <p>Revision and scrutiny of all corporate and directorate red risks on a quarterly basis or more regularly if required.</p> <p>To review any risks, on recommendation by senior officers to be added to the corporate risk register and make a recommendation to CLT for</p>

	<p>inclusion/non-inclusion.</p> <p>To receive suggestions made by the Audit Committee on areas of corporate risk that need further consideration.</p> <p>To keep under review the outcome of the Audit Committee risk oversight/challenge sessions and consider wider corporate lessons learnt.</p>
<p>Risk Manager (& risk management team)</p>	<p>Facilitates the Risk Management Policy implementation</p> <p>Develops plans to improve the management of risk.</p> <p>Develops risk management guidance and training and supports risk and control owners in delivering their role.</p> <p>Ensures appropriate staff and Members are adequately trained in risk management.</p> <p>Carries out ongoing management of risk process reviews, benchmarking scrutiny and challenge.</p>
<p>Divisional Directors /Service managers</p>	<p>Participates (as appropriate) in the identification, assessment, planning and management of threats and opportunities</p> <p>Understands the Risk management Policy and Strategy and their accountabilities.</p> <p>Maintenance of the risk registers in their area of responsibility, ensuring that all risks are added to the Council's risk register.</p> <p>Escalating risks of a corporate nature to the attention of their DLT.</p> <p>Undertakes risk assessments for their service in relation to service / business planning and budget setting process.</p> <p>Identifies partnership and contractual</p>

	<p>arrangements where there are shared risks, ensuring these are recorded and properly managed.</p> <p>Reviews risks and risk assessments on a regular basis and discusses the management of risks with relevant team members.</p>
Risk/control measure owners	<p>Ensures effective action is taken to manage risk.</p> <p>Ensures the integrity of information recorded on the risk register.</p> <p>Oversees control measures and reviews proposed mitigating actions. Monitors progress against mitigating actions.</p> <p>Reports to their management teams on significant changes in risks.</p>
All council employees	<p>Aware of the Risk Management Policy and Strategy.</p> <p>Understands their responsibilities in managing risk.</p> <p>Participate (as appropriate) in the identification, assessment and control of threats and opportunities.</p> <p>Immediately reports to their manager any incident, accident, 'near misses' or any other concerns that they may have with regards to risks.</p>

Risk Management Process Guide

The guide outlines the risk management process adopted and used by the Council. It will be useful for all staff to gain an understanding of the Council's risk management process and for managers it should help them to create some time and space to anticipate, plan effectively, act proactively and deliver on their objectives and report progress in managing risks to higher levels of management.

It outlines the definitions of risk and risk management as well as explaining the five key steps in the cyclical risk management process, the tools that may be helpful in each step, includes the bitesize guide to risk management.

Essentially risk management is the process by which risks are identified, evaluated, controlled and monitored at regular intervals. It is about managing resources wisely, evaluating courses of action to support decision-making, protecting clients from harm, safeguarding assets and the environment and protecting the organisations public image.

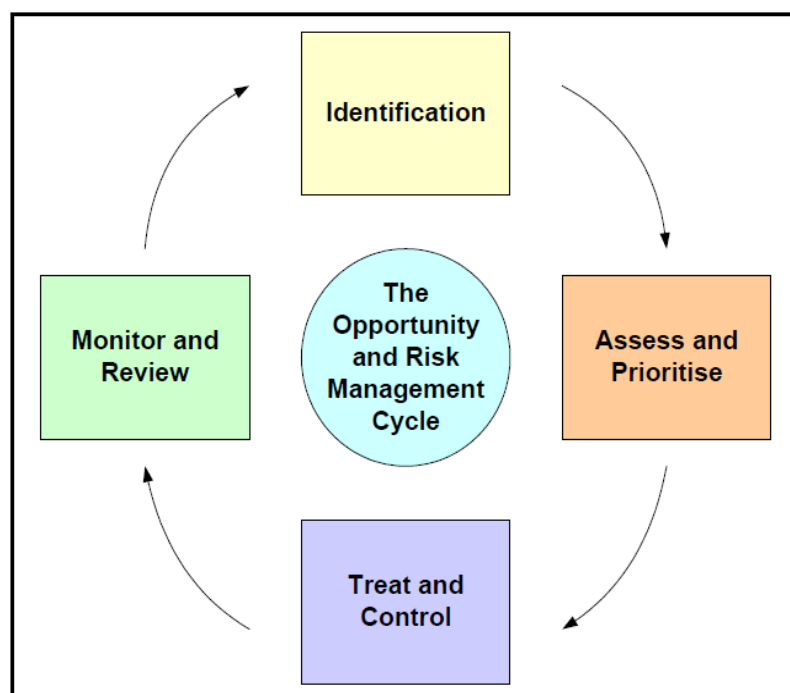
Risk Management is also a business planning tool designed to provide a methodical way for addressing risk. It is about:

- Identifying the objectives and what can go wrong.
- Acting to avoid it going wrong or to minimise the impact if it does.
- Realising opportunities and to reducing threats.

The Risk Management Cycle

The risk management process is broken down into five steps illustrated below:

Figure 1 – Risk Management Cycle



The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk.

The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome you are assessing.

Step 1: Clarify Objectives

It is difficult to think about risks in isolation, there is usually a balancing of risks to be done in everything we do so the first step is to be clear about the objectives and key deliverables of the project or service in mind before attempting to identify the risks. This part of the process requires information about the (planned) activity.

This will include an understanding of:

- The corporate/directorate/project objectives
- The scope of the activity
- The assumptions that have been made
- The list of Stakeholders; and
- How the activity sits within the corporate/directorate/project structure.

This includes:

- Making sure that everyone is clear about the relationship between the service and its wider environment
- Identifying internal and external stakeholders
- Understanding the council and its capabilities, as well as its objectives and strategies that are in place to achieve them.

Step 2: Identify and Analyse Risks

The aim of this step is to identify the risks to the (planned) activity that may affect the achievement of the objective(s), which can either be positive or negative. Wide Consultation is required from all levels of management and staff.

Questions to Ask	What will stop us achieving the objective? (Threat) What could help us achieve the objective? (Opportunity)
Actions	Consider: <ul style="list-style-type: none">- Lessons learned- Who the stakeholders are- The activity itself

	<ul style="list-style-type: none"> - Who should own the risk Tools: <ul style="list-style-type: none"> - Brainstorming - SWOT analysis - PESTLE analysis (Political, Economic, Social, Technological, Legislative, Environmental) - Horizon Scanning - Stakeholder Analysis - Cause and effect diagrams - Risk Bow Tie
Output	Risk(s) Identified Risk Owner(s) Identified

Risk Ownership

Having identified and defined the risks, it is essential that someone 'owns' them (the risk owner). This is not the same as being responsible to carry out the tasks or actions for the risk (i.e. the control owner). This is a critical part of the step as without a named individual it is unlikely that the risk will be managed.

It is important that the risk owner, where possible, be:

- A person who has the ability to influence the outcome of the event, one way or another.
- A person who can be accountable for the delivery in the area where the risk would have an effect.
- A person who can take charge and lead nominated control owners.

From a directorate viewpoint, the risk owner should be a member of a management team, and have knowledge and influence on the areas of work required to respond to this risk. For example, if the risk is "overspend of budgets in Finance and Procurement", the risk should be owned by the Divisional Director for Finance and Procurement who has responsibility for managing the Finance and Procurement budget.

Note: The individuals selected would be accountable for managing the risk which affect the objectives, whether explicitly named or not. "Ownership" of the risk within the context of risk management simply formalises their responsibilities. Responsibility for managing risks should be included within the individual's performance targets where they are identified as a risk or control owner.

Step 3: Assess and Prioritise the Risks.

Every Risk should be assessed to help determine how much attention is given to the particular event. This is done by ranking the risks with a set of scores determined by their individual likelihood and impact rating.

Questions to Ask	How likely is it to happen? What impact would it have if it happened?
Actions	Score Risks on the 5x5 matrix <ol style="list-style-type: none">1. Current – how likely/severe the risk without doing anything2. Target – the desired score
Output	Current risk score Target risk score

Step 4: Mitigation and planning responses

Without this step, risk management would be no more than a bureaucratic process. Addressing risk involves taking practical steps to respond to and manage risks.

When agreeing actions to control risk, consideration is required on whether the actions themselves introduce new risks.

Questions to Ask	What can we do about it? Who will be involved?
Actions	Options to respond to a threat: Tolerate – monitor to ensure the impact/likelihood do not change. Treat – carry out controls to reduce the likelihood/impact. Transfer – by insuring or passing the risk to a third party. Terminate – stop doing the activity associated with the risk. Options to respond to an opportunity: Ignore – if the cost of seizing the opportunity outweighs the benefits. Exploit – e.g. changing an activity's scope, supplier or specification to achieve a beneficial

	outcome without changing the objectives or specification. Share – pain/gain formula where both parties share the gain (with pre-agreed limits) if the cost is less or share the pain if cost exceeds.
Output	Control Measure(s) Control Owner(s)

Step 5: Monitor and Review

Once the risks have been identified and appropriate controls and responses are put in place to manage them, it is essential to routinely monitor their status. Risks change, due to many factors, and it is essential that they are periodically reviewed to capture any new events which may affect the delivery of our objectives.

Questions to Ask	How do we record the risk? How do we know if the Risk has changed?
Actions	Enter information into a risk register. Risk Management Information System (JCADCORE) Regularly review.
Output	Risk Register regular reviews (see table below for guidance on suggested risk review periods)

As a guide, risks should be reviewed in management meetings using the following criteria:

Figure 2: Recommended risk review frequencies

	Standard Review	Programmes, projects and partnerships
Red	Monthly	Monthly
Amber	1-3 months	Monthly
Yellow	3 months	Monthly
Green	6 months	Quarterly

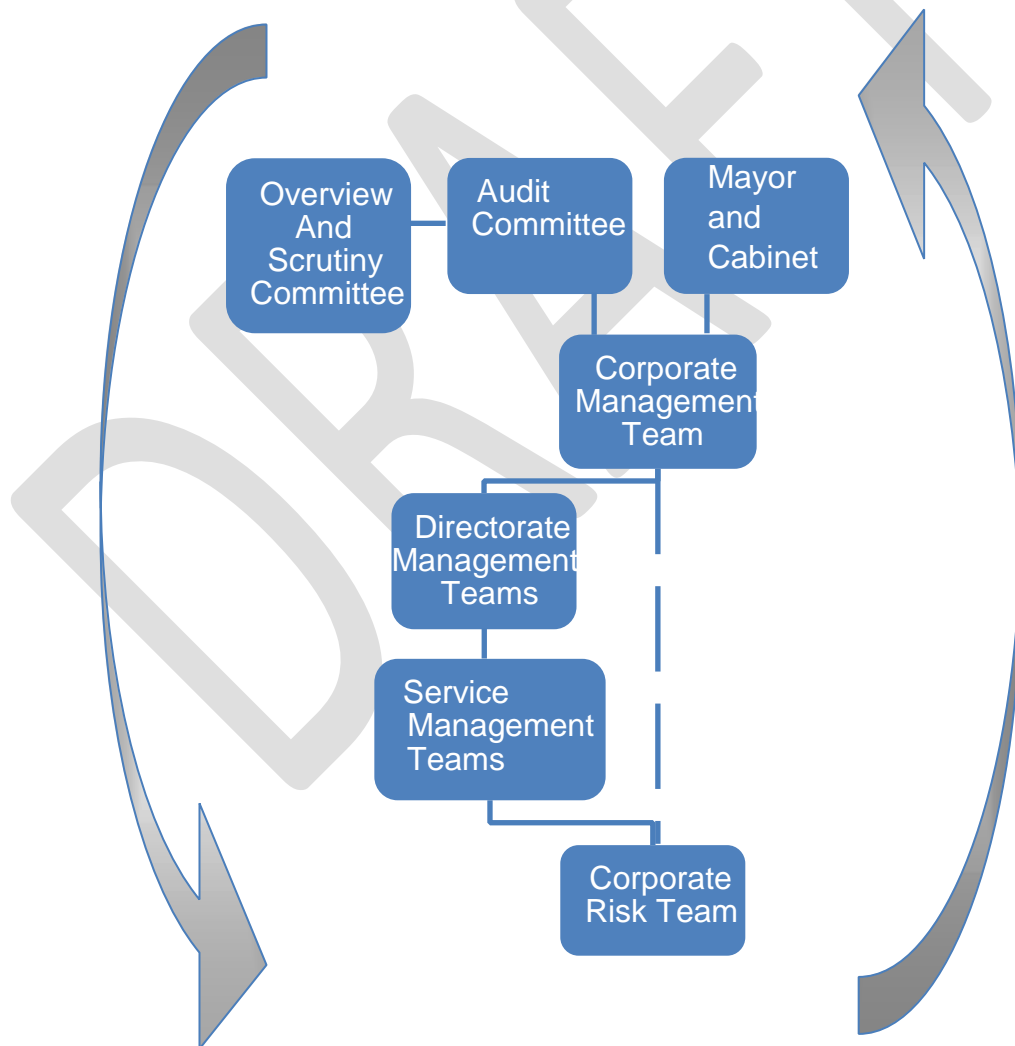
Note: at least annually, each risk register should be reviewed in its entirety.

Risk Reporting Framework

It is essential that risk management is used as a tool to assist good management and to provide assurances to relevant officers that adequate measures have been taken to manage risk.

To support this, risk management has been integrated into the corporate, strategic and operational business planning process. By using the risk methodology, key risks facing the council or a particular service will be identified. This helps to ensure that the risks the council faces in the delivery of the strategic plan are identified and managed.

As set out in its formal terms of reference, the Audit Committee is responsible for monitoring the Authority's Risk Management arrangements and seeking assurance that action is being taken on risk related issues identified by auditors and inspectorates.



Bitesize Guide to the Risk management Process

Bitesize Guide to Risk Management

1. Determine your objectives

For corporate risks, the strategic plan outcomes are a good place to start. For project risks, use the project objectives as a base.

What	2. Identify	3. Prioritise the risk(s)	4. Mitigation & Action Planning	5. Monitor and Review																																																								
Ask	<p>What will stop us achieving the objective? (Threat)</p> <p>What could help us achieve the objective? (Opportunity)</p>	<p>How likely is it to happen?</p> <p>What impact would it have if it happened?</p>	<p>What can we do about it?</p> <p>Who will be involved?</p>	<p>How do we record the risk?</p> <p>How do we know if the risk has changed?</p>																																																								
Do	<p>Information:</p> <ul style="list-style-type: none"> - Lessons learned - Stakeholders - The activity itself <p>Tools:</p> <ul style="list-style-type: none"> - Brainstorming - SWOT analysis - PESTLE analysis - Horizon scanning - Stakeholder analysis - Bow-Ties (cause and effect diagrams) 	<p>Score risks twice on the 5x5 matrix below</p> <p>1. Current – how likely/severe the risk is without doing anything</p> <p>2. Target - the desired score</p> <table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <tr> <td style="background-color: #D9EAD3;">Likelihood</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="background-color: #D9EAD3;">Almost certain</td> <td style="background-color: #56B489;">5</td> <td style="background-color: #FFD700;">5</td> <td style="background-color: #FFC000;">10</td> <td style="background-color: #FF4500;">15</td> <td style="background-color: #FF0000;">20</td> <td style="background-color: #FF0000;">25</td> </tr> <tr> <td style="background-color: #D9EAD3;">Likely</td> <td style="background-color: #56B489;">4</td> <td style="background-color: #92D050;">4</td> <td style="background-color: #FFC000;">8</td> <td style="background-color: #FF4500;">12</td> <td style="background-color: #FF0000;">16</td> <td style="background-color: #FF0000;">20</td> </tr> <tr> <td style="background-color: #D9EAD3;">Possible</td> <td style="background-color: #56B489;">3</td> <td style="background-color: #92D050;">3</td> <td style="background-color: #FFC000;">6</td> <td style="background-color: #FF4500;">9</td> <td style="background-color: #FF0000;">12</td> <td style="background-color: #FF0000;">15</td> </tr> <tr> <td style="background-color: #D9EAD3;">Unlikely</td> <td style="background-color: #56B489;">2</td> <td style="background-color: #92D050;">2</td> <td style="background-color: #FFC000;">4</td> <td style="background-color: #FF4500;">6</td> <td style="background-color: #FF0000;">8</td> <td style="background-color: #FF0000;">10</td> </tr> <tr> <td style="background-color: #D9EAD3;">Rare</td> <td style="background-color: #56B489;">1</td> <td style="background-color: #92D050;">1</td> <td style="background-color: #FFC000;">2</td> <td style="background-color: #FF4500;">3</td> <td style="background-color: #FF0000;">4</td> <td style="background-color: #FF0000;">5</td> </tr> <tr> <td></td> <td style="background-color: #56B489;">1</td> <td style="background-color: #92D050;">2</td> <td style="background-color: #FFC000;">3</td> <td style="background-color: #FF4500;">4</td> <td style="background-color: #FF0000;">5</td> <td></td> </tr> <tr> <td></td> <td style="background-color: #56B489;">Negligible</td> <td style="background-color: #92D050;">Low</td> <td style="background-color: #FFC000;">Medium</td> <td style="background-color: #FF4500;">High</td> <td style="background-color: #FF0000;">V High</td> <td></td> </tr> </table>	Likelihood							Almost certain	5	5	10	15	20	25	Likely	4	4	8	12	16	20	Possible	3	3	6	9	12	15	Unlikely	2	2	4	6	8	10	Rare	1	1	2	3	4	5		1	2	3	4	5			Negligible	Low	Medium	High	V High		<p>Options to respond to a risk:</p> <p>Tolerate – monitor to ensure the impact/likelihood do not change.</p> <p>Treat- carry out controls to reduce the likelihood/impact.</p> <p>Transfer – by insuring or passing the risk to a third party.</p> <p>Terminate – stop doing the activity associated with the risk.</p>	<p>Enter information into a risk register.</p> <p>For corporate or high risks, enter into the risk software JCAD Risk.</p> <p>Regularly review.</p>
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Output	<p>Risk identified</p> <p>Risk owner</p>	<p>Current risk score</p> <p>Target risk score</p>	<p>Control Measure(s)</p> <p>Control owner(s)</p>	<p>Risk register</p> <p>Regular reviews</p>																																																								
Help	<p>For help and advice, contact the Risk Management Team:</p> <p>Phone: 020 7364 4051</p>																																																											