



Risk Management Awareness

CBC on-line learning

I wonder...

- What is a risk?
- Do we record risks?
- Do we have a policy and process?
- Why do we bother about risk management?
- Who identifies risks?
- Who decides how to manage them?
- Who monitors them?
- What do I have to know and do?

The objective of this module is to give you the answers to these questions.

The outcome is that you will know what *you* need to do about risks and their management.

What is a risk?

An uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives, within the lifetime of the objective.

What is risk management?

The activities required to identify and control exposure to uncertainty which may impact on the achievement of objectives.

What's CBC's approach to risks?

The council is not risk averse, we believe that risks should be identified and then managed. This means weighing up each risk and taking appropriate action to minimise the impact on our objectives.

Risk management policy

As you might have guessed we do have a policy that governs how we identify and deal with risks at the council.

This module will outline the main points of the policy, but you can read the whole thing [here](#).

Why bother managing risks?

Risk management is sound business practise.

Risk management helps us:

- * deliver our objectives and outcomes
- * deliver improvements to services
- * maintain a safe and healthy environment for the public and our employees
- * avoid costly mistakes and insurance claims

Managing risks impacts all of us!

It applies to CBC's stated objectives at all levels: corporate; divisional; service team; project; programme; and individual

So, what has all this got to do with me?

Managing risks supports us in achieving our aims and ambitions.

At your appraisal, each one of the actions you agree with your manager is linked to one of our corporate aims and ambitions.

What should I do?

If you spot a risk that may prevent you achieving one of your actions, bring it to the attention of your line manager, or project manager.

The risk can be assessed and recorded appropriately as it may impact the delivery of your service plan and ultimately the corporate and community strategies.

In a nutshell, employees are responsible for

Executive Director	<ul style="list-style-type: none"> Promoting the desired culture essential for effective risk management within the council and strategic partners Assessing and managing corporate risks, including shared services and partnerships
Director	<ul style="list-style-type: none"> Assessing and managing corporate and service risks, including shared services and partnerships Maintaining divisional risk register Reviewing register quarterly, as a minimum
Service manager	<ul style="list-style-type: none"> Documenting risks to achieving team actions in the service risk register Reviewing risks at management meeting
Employee	<ul style="list-style-type: none"> Reporting risks to the delivery of your personal actions to your service manager
Project & programme manager	<ul style="list-style-type: none"> Assessing project/programme risks Documenting risks in project's/programme's risk register
Committee report author	<ul style="list-style-type: none"> Including a risk assessment where decisions are required
Corporate governance group	<ul style="list-style-type: none"> Reviewing the risk management policy Reviewing the corporate risk register template and reporting procedure

In a nutshell, Members are responsible for.....

Cabinet and council	<ul style="list-style-type: none"> considering any risks associated with the decisions they are asked to make
Cabinet	<ul style="list-style-type: none"> approving the risk management policy considering risk when setting policy monitoring the risk management process within their respective portfolios
Audit committee	<ul style="list-style-type: none"> endorsing the corporate risk management policy monitoring appropriate management of risks, via internal audit
Economy and business improvement overview and scrutiny committee	<ul style="list-style-type: none"> monitoring corporate risk register, quarterly
Elected Members	<ul style="list-style-type: none"> promoting the desired culture essential for effective risk management

How we identify risks?

We operate in a world of change where both internal and external events can pose threats to the achievement of our objectives.

Here are some examples:

Internal sources of risk

- Sufficient finances
- Sufficient skilled, motivated employees
- Appropriate premises
- Technology
- Procurement
- Legal/contractual
- Partners
- Changing priorities
- Accurate information

External sources of risk

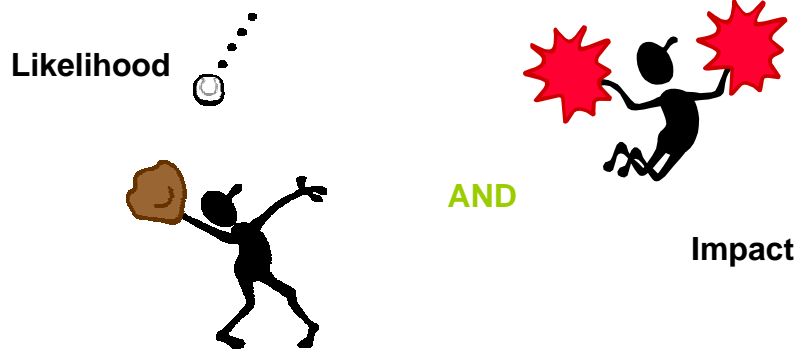
- Political change
- Economic change
- Social change
- Environmental change
- Government restructuring
- Customer needs
- Reviews and assessments
- Partnerships, shared services, outsourced services

To identify risks we must:

- consider these sources, forward think and anticipate changes
- assess the likelihood of the change occurring
- assess the potential impact on our objectives

How do we assess risks?

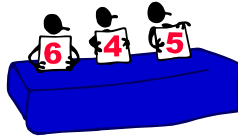
Well, we have two criteria for assessing risks, these are:



The two criteria are scored, using CBC's risk scorecard.

Risk scorecard

Take a look at the scorecard



The table gives the guidelines scoring both **Likelihood** and **Impact**.

It provides a framework to allow risks to be defined in a consistent way.

Likelihood and **Impact** scores are multiplied together to obtain the total risk score.

Likelihood is scored on a scale from 1 to 6 - where 1 is almost impossible and 6 is very high.



Impact is scored on a scale from 1 to 5 - where 1 is negligible and 5 is critical.

Risk register

A risk register captures the original risk, it's score and the actions proposed to control the risk.

Once the actions have been implemented the risk is rescored and the risk owner records how any residual risk will be controlled.

CBC risk registers

We have:

- corporate risk register
- service or divisional risk registers
- project and programme risk registers

Take a look at our risk register template.

Tolerance

The risk score indicates its tolerance level, which in turn shows how the risk should be managed.

Code	Risk score	Risk Management view
Red	25 - 30	Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan
Red	16 - 24	Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration
Amber	7 - 15	Seek to improve the risk score in the short/medium term or develop a contingency plan
Green	1 - 6	Tolerate and monitor within the division

Responsibility

Each risk has an 'owner'.

It is the risk owner's job to record, action and monitor the risk.

What to do about risks - control

CBC has four options for risk control

- Reduce the risk
 - action that aims to decrease the impact, likelihood, or both
- Accept the risk
 - limited or no action, nothing worth while can be done
- Transfer the risk to a third party
 - action and evaluate the residual risk
- Close the risk
 - there is no longer a potential impact
 - the risk has happened and any residual risk should be treated as a new risk

The risk owner and/or senior officer must identify what action to take in relation to the risk.

The risk, its score, tolerance and control action is entered into a risk register.

So when do we talk about risks

- 1-2-1s
- Team meetings
- Management team meetings
- Project progress meetings
- Programme board meetings
- Senior leadership team meetings
- Executive board meetings

So do I need to talk about risks?

Now, what do you know about risk management?

This last section is a question and answer session designed to evaluate your understanding of this topic.

The pass mark is 90%.

If you achieve this you can complete this module and print a certificate, if not you will be directed to review the module again.

When answering the questions that follow, please select all answers that apply

Questions

Please read the following questions and select one or more answers to review your understanding of risk management.

1. **What is a risk?**
 1. Any issue
 2. Something which may effect the achievement of an action and/or objective
 3. Anything that fits with 'resources, time, quality or outcome'
2. **What is risk management?**
 1. Activity we don't need to do at CBC
 2. Activities to identify and control exposure to uncertainty which may impact on the achievement of objectives
 3. Activities to avoid the achievement of objectives
3. **Why is risk management important?**
 1. It helps deliver our objectives and outcomes
 2. it helps improve our services
 3. It helps maintain a safe and healthy environment for the public and our employees
 4. It helps avoid difficult decisions
 5. It helps avoid costly mistakes and insurance claims
4. **Poor risk management can lead to**
 1. Bad press, complaints and poor reputation
 2. Poor value for money, high costs, wasted time and resources
 3. Reduced quality of service delivery
5. **Who identifies risks?**
 1. Any employee
 2. Only Executive board
 3. Only Service managers
6. **We record risks at CBC in...**
 1. Our heads
 2. Risk registers
 3. The risk management policy

Questions

Please read the following questions and select one or more answers to review your understanding of risk management.

5. **Where can you find the Risk Management Policy?**
 - a) S Drive
 - b) T Drive
 - c) Corporate Risk page of the Intranet
6. **A risk is scored using a single criteria**
 1. True
 2. False
7. **What criteria are used for scoring risks**
 1. Financial cost
 2. Impact
 3. Number of people effected
 4. Likelihood
8. **Who is responsible for reviewing risks?**
 - a) Managers
 - b) Risk owner and manager
 - c) Members
9. **CBC has a number of risk registers, please tick them**
 1. corporate risk register
 2. SLT risk register
 3. service risk registers
 4. project and programme risk registers
 5. CBC risk register
10. **How many options do we have for controlling risks?**
 1. One
 2. Six
 3. Four
 4. As many as we want