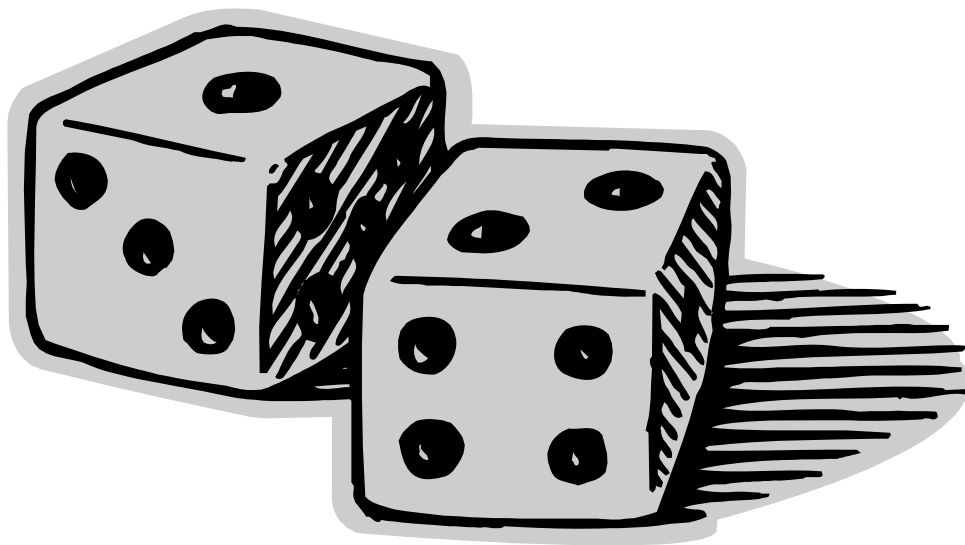# DORCHESTER TOWN COUNCIL

RISK MANAGEMENT PLAN

(Revised March 2012)

1. INTRODUCTION

Risk can be defined as the 'uncertainty of an outcome', whether a positive opportunity or a negative threat to business plans or activities. The effective management of risk is a key issue for the success of any organisation or activity, for in many cases it is only by taking risks that progress is made. The importance is to understand the risks that are inherent in a decision. A structured approach to risk management can achieve this by enabling the decision to be made against a background of better information about the potential outcome of a particular course of action. The Town Council has decided to adopt a structured approach to Risk Management.

2. AUDIENCE

This Policy is intended as the primary guidance to the Council and senior management but it will be made available to all employees.

3. STAKEHOLDERS

It is important to involve stakeholders in the risk management process as this will give access to the widest possible range of views about the potential threats and opportunities affecting the Council and its services. A stakeholder in this context is an organisation or individual who can affect, or is affected by decisions of the Council. Stakeholders will change depending on whether the risk is project-related or more general, but Councillors and senior management will always be involved.

4. AIMS & BENEFITS

The aim of this policy is to develop an awareness of the benefits of risk management within the Council. It also encourages everyone involved to adopt an open and structured approach to risk management. The Council hopes that effective risk management will help to deliver -

- Increased certainty and fewer surprises.

- Better management of threats to cost, time and performance, leading to improved service delivery.

- Better grasping of opportunities to improve our services.

- More effective management of change.

- Better management at all levels through improved decision making.

- Clear ownership and accountability for risk and its management.

- Better value for money for the Council Taxpayer.

- Easier achievement of Key Performance Indicators by enabling effort to be targeted.

5. PROCESS

The overall process for the management of risk is set out at Annex A.

6. OWNERSHIP

The Risk Policy is owned by the Council and implemented through the offices of the Town Clerk.

7. ASSESSMENT OF RISK

Each risk will be assessed in terms of its probability of occurrence and the potential impact on the Council. The following are the criteria by which each risk will be assessed:

Probability of Occurrence:

Category	Probability	Possible Indicators
Almost Certain (4)	>90% [1]	Frequent Occurrence
Likely (3)	>60%	Regular Occurrence
Possible (2)	>10%	Occasional Occurrence
Unlikely (1)	<10%	Has Never Occurred

[1] Any risk assessed as greater than 90% is almost certain to happen and should be addressed as an issue.

Evaluation of Impact:

Impact on Performance	Risk Threat
Major (4)	Financial Impact >£25,000 Fatality / disabling injuries to public or staff / Adverse national media attention / external intervention / total service disruption / extensive legal action against the Council
Serious (3)	Financial Impact >£15,000 Adverse local media attention / extensive public complaints / adverse comments by regulators or auditors / significant service disruption / failure to meet key performance targets / service disruptions / injuries to public or staff / legal action against the Council
Significant (2)	Financial Impact >£5,000 Adverse service user complaints / service disruption / minor injuries and near misses to staff and public
Minor (1)	Financial impact less than £5,000 / isolated complaints / minor service disruption

Priority Ranking:

The ranking of an individual risk is calculated by a simple combination of its probability and impact.

Risk Matrix:

The risk, using the above impact and likelihood ratings, can then be plotted onto the risk matrix and its classification identified:

<p style="text-align:center">Dark Blue = High Risk</p>

<p style="text-align:center">Blue = Medium Risk</p>

<p style="text-align:center">Light Blue = Low Risk</p>

Probability				
4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	2	3	4

Impact

7(a). *ASSESSMENT OF OPPORTUNITY*

Each opportunity will be assessed in terms of its likelihood of occurrence and the potential positive impact on the Council. The following are the criteria by which each opportunity will be assessed:

Likelihood:

Category	Probability	Possible Indicators
Very High (4)	>90%	A clear opportunity is already apparent which can easily be achieved
High (3)	>60%	An opportunity that maybe achievable but which will require further work
Possible (2)	>10%	An opportunity that could happen but would need full investigation and a considerable amount of further work
Unlikely (1)	<10%	Opportunity is unlikely to happen and would require excessive work to achieve

Evaluation of Positive Impact:

Impact on Performance	Risk Threat
Exceptional (4)	Income/Savings >£25,000 Exceptional improvement to service and or environment / extensive positive press coverage
Major (3)	Income/Savings >£15,000 Major improvement to service and or environment / positive press coverage
Moderate (2)	Income/Savings >£5,000 Moderate improvement to service and or environment / some positive press coverage
Minor (1)	Income/Savings less than £5,000 / Minor improvement to service and or environment / minor positive press coverage

Priority Ranking:

The ranking of an opportunity is calculated by a simple combination of its probability and impact.

Opportunity Matrix:

The risk, using the above impact and likelihood ratings, can then be plotted onto the risk matrix and its classification identified:

Red = High Opportunity

Yellow = Medium Opportunity

Green = Low Opportunity

Probability					
4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	2	3	4

Impact

8.   *ROLES AND RESPONSIBILITIES*

Risk management is only considered to be truly embedded when it functions as part of the Councils day to day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process.

To ensure that this level of clarity exists, the Council has established a structure that depicts how Members, Officers and the various Committees, Panels and individuals contribute to the overall risk management process.

Organisational Structure and Summary of Key Roles

Council	• Monitor annual report on risk management activity (via Policy Committee) • Certification of the Council's annual Statement on Internal Control

Policy Committee	• Approve risk management policy and strategy and related documents • Approve content of risk registers and proposed risk mitigation plans and monitor implementation via regular monitoring reports • Monitor annual report on risk management activity
Risk Management Panel	• General oversight of the Councils risk management process • Receiving regular reports to review/scrutinise/challenge current and proposed risk management procedures and processes • Give initial consideration to the annual report on the Councils risk management activity • To recommend a risk management framework, strategy and process • Identify, analyse and prioritise risks • Determine responsibilities and actions to control risks • Monitor progress on managing risks against action plans • Review implementation of the of the risk management framework, strategy and process
Town Clerk	• Report to Members and external stakeholders on the framework, strategy and process • Provide advice and support on risk management matters • Maintain the risk management policy, strategy and framework • Produce an annual report on overall risk management activity • Identifying, analysing and prioritising risks • Determining risk management action plans and delegating responsibility for control • Monitoring progress on the management of risks
Staff and other stakeholders	• Maintaining awareness of risks, their impact and costs and feeding these into the formal risk management process • Controlling risks in their every day work • Monitoring progress in managing job related risks

9.   RISK REGISTERS

The Council will maintain computer based Strategic and Operational Risk Registers which will be developed further so as to link in with the Council's other corporate documents such as the Performance and Policy Plan.

RISK MANAGEMENT PROCESS

RISK IDENTIFICATION

Risks and opportunities may be identified at any stage and should be included in the Risk Register. Nevertheless, in order to capture as many of the risks and opportunities facing an activity or project methods used for identification could include:

- Brainstorming sessions with individuals, committees or panels and various levels of management. It will be important to include as many stakeholders as possible in these sessions.

- Check lists.

- Questionnaires.

- Learning from other projects, councils and auditors.

As risks are identified they will be recorded in the Risk Register. Each risk must be described in terms of the source of the risk, the consequences if it happens and the effect it would have on the Council's activities or project as the case may be.

RISK OWNERSHIP

Once a risk has been identified, it will be given an owner who is the person best able to manage the risk. The owner will be responsible for all aspects of the management of the risk or opportunity.

RISK EVALUATION

Each risk will be evaluated in accordance with the evaluation rules laid down within this Plan. This information will be entered in the Risk Register and will enable prioritisation of the risks within a certain area.

RISK PLANNING

Once each risk has been identified and evaluated actions for dealing with it will be developed. These are known as risk responses and fall into one of four areas:

- Terminate: An action that allows the risk to be avoided.

- Treat: An action that will reduce the impact and/or the probability of a risk.

- Transfer: Is there a stakeholder or another organisation better able to manage the risk?

- Tolerate: Accept the consequences if the risk occurs.

The Risk Register will identify the option selected to deal with each risk together with any actions that might be required.

Once the risk responses have been developed the risk owner must then decide which option to adopt. In reaching decisions as to which response should be used, a cost/benefit comparison should be made. For mitigation activities attracting significant cost (> £5,000) results will need to be recorded. It may be that external help is required to help decide the appropriate course of action, in which case the risk owner should record the date by which a decision must be made and the potential consequences if the decision is not taken by that date.

Following the decision to adopt a particular risk response, the owner must ensure that:

- The secondary risks associated with implementing the risk response are assessed and recorded.

- Where one exists the project plan is updated to include the activities associated with the risk response.

- Entries are made in the fields on the risk register detailing the predicted probability and impact evaluation, once the response activities are completed.

- A fallback/contingency plan is developed to address the consequences of the risk happening despite the response activities.

Risk owners must monitor the progress and success of their chosen response to risk on a regular basis. They should review all their risks and provide an evaluation of probability and impact on a regular basis.

REVIEW

The highest priority risks are to be reviewed by the Risk Management Panel / Policy Committee. Risk monitoring will be regularly reported to the Policy Committee.

The effectiveness of the process will be reviewed by the Risk Management Panel / Policy Committee periodically.