Wokingham Town Council

Risk Management Strategy

Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives.

The effective management and mitigation of risk is a key issue for the success of any organisation or activity and it is important to understand the risks inherent in any decision. A structured approach to risk management can achieve this by enabling the decision to be made within a framework of better information about the potential outcome of a particular course of action. The Town Council has adopted a structured approach to risk management.

This strategy is intended as guidance to the Council and will be made available to all staff and Councillors.

Aims and benefits
The aim of this strategy 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 intends that effective risk management will help to deliver:

- Increased certainty and fewer surprises.
- Better management of threats to cost, time and performance.
- Better grasping of opportunities to improve 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.

Process
The overall process for the management of risk is set out at Appendix 1.

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

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:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability</th>
<th>Possible Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain (4)</td>
<td>&gt;90%(^1)</td>
<td>Frequent occurrence</td>
</tr>
<tr>
<td>Likely (3)</td>
<td>&gt;60%</td>
<td>Regular occurrence</td>
</tr>
<tr>
<td>Possible (2)</td>
<td>&gt;10%</td>
<td>Occasional occurrence</td>
</tr>
</tbody>
</table>

\(^1\) Percentage greater than 90%
Unlikely (1)  |  <10%  |  Has never occurred

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

**Evaluation of Impact:**

<table>
<thead>
<tr>
<th>Impact on Performance</th>
<th>Risk Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major (4)</td>
<td>• Financial impact &gt;3% of expenditure budget</td>
</tr>
<tr>
<td></td>
<td>• Fatality / disabling injuries to public or staff / Adverse national media attention / external intervention / total service disruption / extensive legal action against the Council</td>
</tr>
<tr>
<td>Serious (3)</td>
<td>• Financial impact &gt;£1.5% of expenditure budget</td>
</tr>
<tr>
<td></td>
<td>• Adverse local media attention / extensive public complaints / adverse comments by regulators or auditors / significant service disruption / failure to deliver projects or targets / service disruptions / injuries to public or staff / legal action against the Council</td>
</tr>
<tr>
<td>Significant (2)</td>
<td>• Financial impact &gt;£0.5% of expenditure budget</td>
</tr>
<tr>
<td></td>
<td>• Adverse service user complaints / service disruption / minor injuries and near misses to staff and public</td>
</tr>
<tr>
<td>Minor (1)</td>
<td>• Financial impact less than 0.5% of expenditure budget / isolated complaints / minor service disruption</td>
</tr>
</tbody>
</table>

**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:
Roles and responsibilities
Risk management is only considered to be truly embedded when it functions as part of the Council’s 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 procedure as to how Members, Officers, Committees, and individuals contribute to the overall risk management process.

| Council                                      | • Monitor risk management activity (via Finance & Personnel Committee)  
|                                             | • Certification of the Council’s Annual Return                      |
| Finance & Personnel Committee               | • General oversight of the Council’s risk management process    
|                                             | • Annually approve risk management policy and strategy related documents |
|                                             | • Approve content of risk registers and proposed risk mitigation plans and monitor implementation. |
|                                             | • Significant changes to risks to be reported by exception          |
|                                             | • Review implementation of the of the risk management framework, strategy and process |
| Other Committee                             | • Receive regular reports to review/scrutinise/challenge current and proposed risk management procedures and processes |
|                                             | • To recommend to F&P any amendments to the risk management framework, strategy and process |
|                                             | • Identify any new risks                                           |
|                                             | • Determine responsibilities and actions to control risks            |
|                                             | • Monitor progress on managing risks against action plans/projects   |
| Town Clerk | • Report to Members on the framework, strategy and process  
  • Provide advice and support on risk management matters  
  • Maintain the risk management policy, strategy and framework through review with officers (at team meetings and individually)  
  • Identify, analyse and prioritise risks  
  • Determine risk management action plans and delegate responsibility for control  
  • Monitor progress on the management of risks |
| --- | --- |
| Staff and other stakeholders | • Maintain awareness of risks, their impact and costs and feed these into the formal risk management process  
  • Control risks in their every day work  
  • Monitor progress in managing job related risks |

**Risk registers**
The Council will maintain computer based Strategic and Operational Risk Registers.
RISK MANAGEMENT PROCESS

Identifying risks
Risks and opportunities may be identified at any stage and should be included in the Risk Register. 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.
- Checklists.
- 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 process set out in this strategy. 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:

<table>
<thead>
<tr>
<th>Termine:</th>
<th>An action that allows the risk to be avoided.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treat:</td>
<td>An action that will reduce the impact and/or the probability of a risk.</td>
</tr>
<tr>
<td>Transfer:</td>
<td>Is there a stakeholder or another organisation better able to manage the risk?</td>
</tr>
<tr>
<td>Tolerate:</td>
<td>Accept the consequences if the risk occurs.</td>
</tr>
</tbody>
</table>

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 overall responsibility for the risk register is owned by Finance & Personnel, which will also actively monitor the highest priority risks.

Other Committees will monitor relevant risks associated with their activity. The effectiveness of the risk management policy and process will be reviewed by the Town Clerk and the Finance & Personnel Committee periodically.