

# Derby City Council

## Risk Management Policy on a Page 2018

This document is intended as a quick reference guide for officers when dealing with Risk Management. It supports the Risk Management Policy and the Risk Management Handbook, both available on iDerby.

Derby City Council defines risk as:

***The chance of something happening that may have an impact on objectives***

Derby has a 5 stage process to Risk Management.

### Stage 1 – Risk identification.

Risk identification attempts to identify the Council's exposure to uncertainty. To ensure that key risks are identified the process requires imagination, creativity, ingenuity and wide involvement as well as a methodical framework.

This is the most important step of the process and requires staff to consider the root cause of a risk, ie what is it about this risk which gives us cause for concern. Ask yourself why?

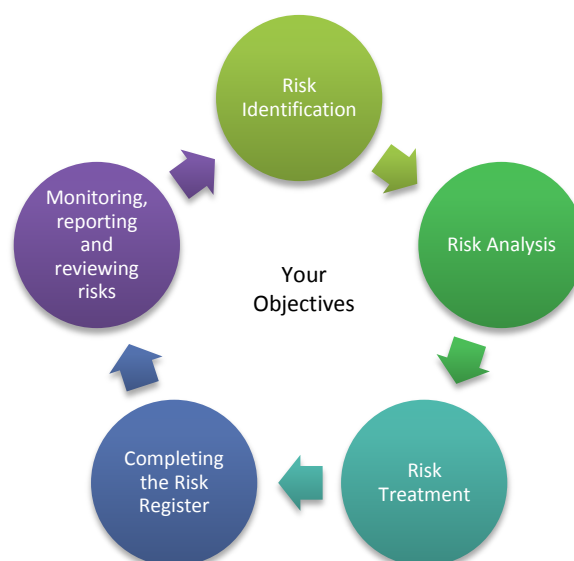
### Stage 2 – Risk Analysis

Prioritising risks against potential impact and likelihood enables management to easily identify risks which require additional resources to bring within agreed tolerances for the council.

For each scenario a risk score will be calculated at two distinct levels and in the order shown below:

**Inherent (Gross) risk** – the likelihood and impact of the risks identified will need to be considered as if no controls exist.

**Residual risk** – the likelihood and impact are re-scored based on an evaluation of the effectiveness of the existing controls or the measures that are put in place.



Impact	Very High				
	High				
	Medium				
	Low				
		Remote	Possible	Probable	Highly probable
		Likelihood			



### Stage 3 – Risk Treatment

Once the risks have been prioritised the next step is to identify how to manage the identified risk. This is vitally important as it is during this stage that improvement actually occurs. Derby City Council have adopted the 4T's methodology for management of risks, these are:

Response	Which means?
<b>Tolerate</b>	Do nothing 'extra' to manage the risk.
<b>Treat</b>	Mitigating the risk by managing either: I. the likelihood II. the impact III. or both
<b>Transfer</b>	Insurance/ outsourcing/ partnerships
<b>Terminate</b>	Stop doing a activity

The most common way to manage a risk is to produce and implement an action plan that identifies the resources required to deliver the improvements, key dates and deadlines and critical success factors/Key Performance Indicators.

### Stage 4 – Completing the Risk Register

The risk register is the tool which facilitates data collection and records the identified risks, their mitigations and associated scoring of impact and likelihood. A standard format for data collection has been designed in DORIS. Departments own their own risk registers; escalations to senior levels in the authority is facilitated and supported by the Risk Management Team.

### Stage 5 – Monitoring, Reporting and Reviewing the Risks

Monitoring of risks and the associated mitigations is to be undertaken by:

- being part of existing performance monitoring;
- focusing on those risks above the tolerance line (score) that, because of their likelihood and impact, make them priorities; and
- Be delegated to one responsible body (risk owner).

### Risk Management Organisational Structure

The risk management process is a continuous one and risks can therefore be reported at any time. However risks will be formally reported as follows:

- The Chief Officer Group (COG) will formulate the Council's strategic risk view on a quarterly basis - this will ensure that there is always an up to date view of the key risks facing the Council and how they are being managed;
- The COG will consider and agree the key strategic risks on a quarterly basis;
- The COG will be supported by a newly formed Corporate Risk Management group, chaired by Strategic Director of Corporate Resources.
- The Audit and Accounts Committee will receive risk reports on a quarterly basis;
- The full Council will receive a report on the Council's key risks on an annual basis;

and



- Heads of Service will revisit their service risks on a quarterly basis. Should any service risks need to be escalated this would be considered by the Strategic Risk Management Group and agreed by the Senior Management Team.

