

Risk Management training to Members on 27 January 2020

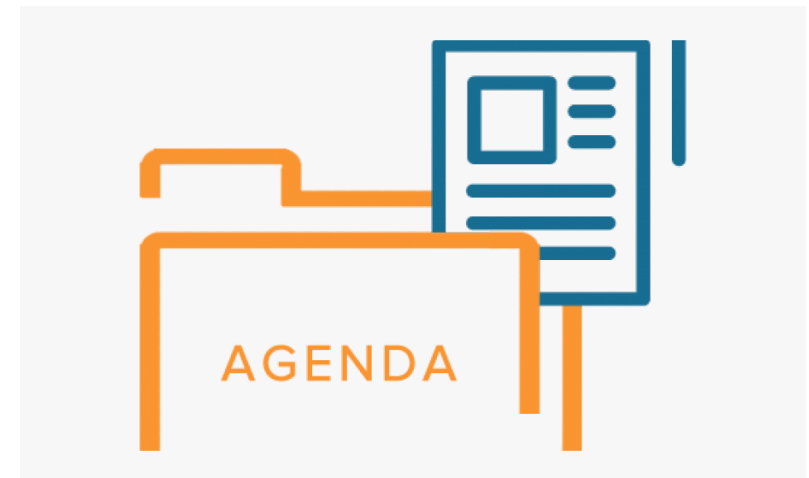
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Agenda

- What is risk management and why we need it
- Risk terminology
- Who is responsible for risk
- What to consider and questions to ask
- Risk register format
- Summary and questions



What is risk management?



- Risk is an uncertain event or set of events which, **should** it occur, will have an effect upon the achievement of objectives.
- Hazard is any **source** of potential damage or harm. However, it is unlikely to do so without a stimulant or behaviour.
- Risk management is the **ongoing process** of identifying threats and the implementation of measures aimed at reducing the likelihood of those threats occurring and minimising the impact if they do. Risk Management is also about looking at opportunities and assessing the risks involved

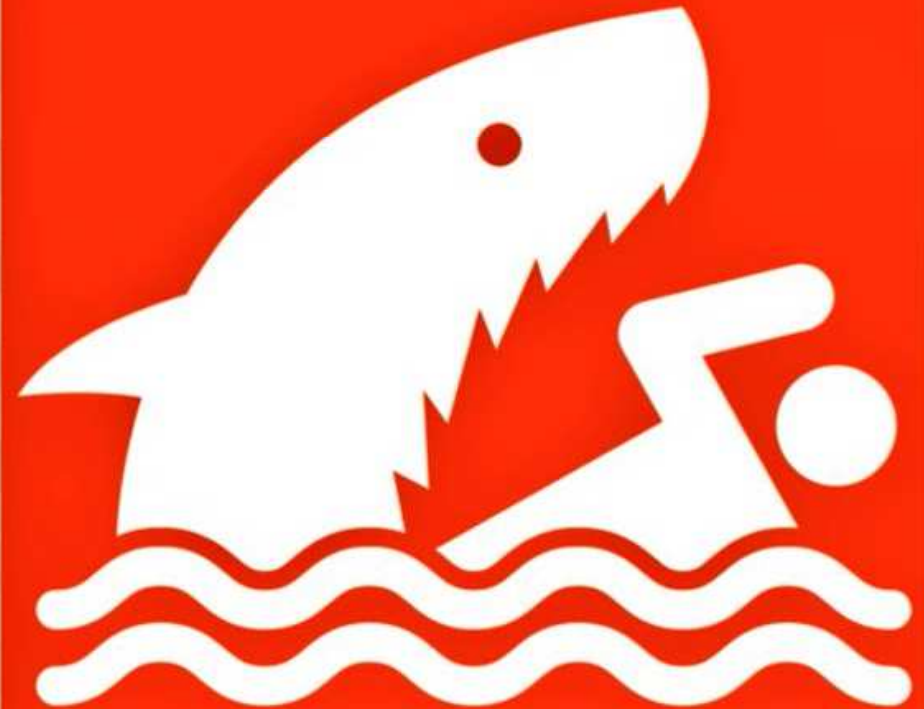
HAZARD

VS

RISK

A **HAZARD** is something that has the potential to harm you

RISK is the likelihood of a hazard causing harm



Why do we need risk management?

- Creation of a more risk focused culture – allows for more informed business planning and delivery
- Structured and standardised approach to understanding and managing risks
- Reduces time and effort spent on firefighting
- Supports innovation
- Reduction in insurance premiums and claim related costs



Risk terminology

- Risk is measured in terms of impact and likelihood.
 - **Gross/inherent risk** – the risk if no controls (or other mitigating factors) are in place
 - **Residual/net risk** – the risk that remains after controls are taken into account
- Risk appetite - the amount and type of risk that the Council is willing to take in order to meet their strategic objectives



Risk treatment (mitigations) – the 4Ts

- **Terminate** - eliminate, withdraw from or not become involved
- **Tolerate** - accept
- **Treat** - optimise or mitigate (control)
- **Transfer** - outsource or insurance



So who's responsible for risk in the Council?

EVERY-ONE



What risks should you be considering?

- Those explicitly linked to the achievement of the Council's objectives/aims/priorities
- Significant projects/changes
- Risks that have crystallized or near misses
- External factors and influences
- Future risks (horizon scanning/PESTLE analysis)



QUESTION – as a group what do you think are the key and emerging risks to EFDC?

Were you right? Compare to those on the corporate risk register

Current

1. Local Plan
2. Strategic sites
3. Welfare Reform
4. Financial resilience
5. Economic Development
6. Data/information
7. Business continuity
8. Housing capital
9. Waste management
10. Cyber security
11. Delays in issuing planning permission
12. Climate emergency
13. Accommodation Project

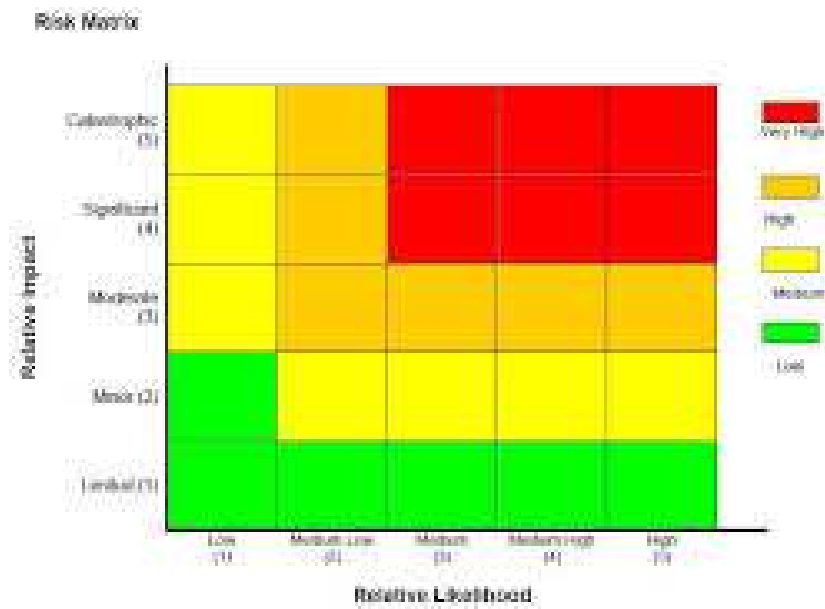
Emerging

- New companies (Qualis)



What the risk register should be telling you

- Key risks to the organisation and how these are being managed
- Movements in risk profile (positive and negative)
- Highlight where you should be concerned



Questions to ask yourself



- Are the risks identified the right ones?
- What is coming along that might need to be factored in?
- Do the risk scores feel about right?
- Is it obvious why the risk score/profile has changed (or conversely not changed)?
- What further information do I need to assure myself the risk is being properly managed?
- Is enough being done to manage the risk?

Operational risk management – what is happening at EFDC



- Officer Risk Management Group – risk champions
- Role of the Leadership Team
- Risk based Internal Audit
- New template – comments welcome
- Risk management strategy – to be updated
- Training and awareness – staff and Members

Final question



- What more needs to be done to ensure risk management is embedded in everything we do?

