

Risk Management Strategy

8-Jul-15

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Ledbury Town Council

Risk Management Strategy

What is Risk

[The Institute of Risk Management \(IRM\)](#) defines risk as "The combination of the probability of an event and its consequence. Consequences can range from positive to negative." All organisations have objectives at strategic, tactical and operational levels - anything that makes achieving these objectives uncertain is a risk. As our world becomes increasingly volatile and unpredictable, we must cope with greater uncertainty. ~~(Institute of Risk Management). (IRM)~~

Types of Risk

Risks can be financial, operational, legislative and/or human.

Why have a Risk Management Strategy?

We are required to do so

Paragraph 2.104 [of](#) the NALC publication "Governance and Accountability for Local Councils" states that the council generally and members individually are responsible for risk management because risks threaten the achievement of policy objectives"

It makes sense to do so

By taking a proactive, vigilant and open approach to risk management the Council will strengthen its ability to achieve its objectives and enhance the value of services provided. This includes taking a view on risks affecting the wider community.

Process

Identify Risks

~~The F&GP have set up a working party to evaluate the current risk register and its contents with particular emphasis of the gaps identified by the 2015 Internal Audit with regards to the management of contracts and handling of long term consultations.~~

Score Risks

Risks are scored ~~using by multiplying~~ two variables: Probability ([1 is a low probability of occurrence](#)) and Impact ([1 is low impact](#)) together. [The higher the score, the greater the risk that needs to be controlled.](#)

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

Action

Once risks have been identified and scored the Council can act to reduce the likelihood of risk, mitigate the impact or in some cases merely note the risk and take no action

- ❖ Terminate: An action that allows the risk to be avoided.
 - This may include cessation of an activity
- ❖ Treat: An action that will reduce the impact and/or the probability of a risk.
 - This could involve modification of a process
- ❖ Transfer: Is there a stakeholder or another organisation better able to manage the risk?
 - Professional help or insurance could be in place
- ❖ Tolerate: Accept the consequences if the risk occurs.
 - Some risks may be so unlikely or have such a negligible impact that no action is taken

Responsibilities

Although the Council as whole is responsible for the risk management strategy and the maintenance and review of the register, there is a requirement to identify who will carry out the actions identified.

Review

As well as an annual formal review at the annual audit it is the responsibility of all elected members and council staff to maintain awareness of known risks and new risks and to feed these into the formal risk management process. The correct forum for this is the Finance and General Purposes Committee.