

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No: 10

meeting date: 24 AUGUST 2011
 title: REVIEW OF RISKS
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To provide members with an update on all of the Council's risks.

2 BACKGROUND

2.1 The Council's risk management approach is designed to form an integral part of the performance management approach of the Council.

2.2 Risks are scored based on their gross and net likelihood and impact levels (Annex A) with gross being the likelihood and impact level if no controls were in place and net being the level once controls have been considered. Risks are then allocated an overall risk score based on these levels. The scores are assigned using the matrix as shown below:

I M P A C T	HIGH	Amber 6	Red 8	Red 9
	MEDIUM	Green 3	Amber 5	Red 7
	LOW	Green 1	Green 2	Amber 4
		LOW	MEDIUM	HIGH
	LIKELIHOOD			

3 REVIEW OF RISKS

3.1 Responsibility for risks ultimately lies with Heads of Service. However, in some instances the process of reviewing the risks has been delegated to Officers who are involved in the day-to-day provision of the service.

3.2 Risks are reviewed firstly on a Gross Risk basis. The gross impact and likelihood scores are the impact and likelihood levels that the risk would have on the authority if there were **no** controls in place. The levels are scored on a low, medium and high basis.

3.3 After scoring on a Gross Risk basis, risks are then reviewed taking in to consideration all of the controls that are in place to mitigate the risk. This is known as the Net Risk. Again the levels are scored on a low, medium and high basis.

3.4 Risk owners are encouraged to 'close' the risk where their opinion is that a risk has been mitigated, or a specific risk event has passed. Such closed risks remain visible on each risk profile but are highlighted as closed and are not included on the risk registers. It is possible for risk owners to revisit and open closed risks at any time that they feel necessary.

3.5 A review of all risks has been carried out over the last few months, including closed risks. A small number of closed risks have been reviewed and reopened as a consequence.

4 RISK REGISTER

4.1 At the last meeting of this committee it was requested that a full register of all risks be made available for members. A hard copy will be made available for perusal at the meeting and also a copy will be left in the Members' Room. Additionally, the register of risks will be emailed to members of this committee prior to the meeting date.

5 RED RISKS

5.1 At present the Council has no red risks. However, this represents only a snapshot in time and as such the level of risk can fluctuate from day to day.

6 CONCLUSION

6.1 Due to the changing nature of risk it is important that Officers keep a regular review of known risks and look for any evolving new risks.

SENIOR AUDITOR

Criteria for Likelihood and Impact

Annex A

Likelihood

<i>Description</i>	<i>Example Detail</i>
High Red	Has happened in the past year; or is expected to happen in the next year More than 50% probability
Medium Amber	Has happened in the past 2-5 years; or is expected to happen in the next 2-5 years Between 25% to 50% probability
Low Green	Has not happened in the past 5 years or more ; or is not expected to happen in the next 5 years or more Between 1% to 25% probability

Impact

<i>Description</i>	<i>Example Detail</i>
High Red	<ul style="list-style-type: none"> - Death or life threatening - Serious service failure impacts on vulnerable groups - Negative national publicity or widespread adverse local publicity - Serious impact felt across more than one Directorate - Legal action almost certain and difficult to defend - Possible financial impact in excess of £100,000 - Non-compliance with law resulting in imprisonment
Medium Amber	<ul style="list-style-type: none"> - Extensive, permanent/long term injury or long term sick - Service failure impacts on property or non-vulnerable groups - Negative local publicity but not widespread - Expected impact, but manageable within Directorate contingency plans - Legal action expected - Financial impact not manageable within existing Directorate budget and requiring the Possible financial impact between £50,000 and £100,000 - Non-compliance with law resulting in fines
Low Green	<ul style="list-style-type: none"> - Short term sickness absence, first aid or medical treatment required - Some risk to normal service but manageable within contingency arrangements - Little if any scope for impact on vulnerable groups - Negative customer complaints - Possible impact, but manageable locally by Head of Service - Legal action possible but unlikely and defensible - Possible financial impact of less than £50,000 - Non-compliance with regulations/standards or local procedures resulting in disciplinary action