

Bridgend County Borough Council

Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



Risk Management

29 November 2012

What is risk?

There are different definitions of risk

Risk is the chance of something happening that will have an impact on objectives

Risk is the combination of the probability of an event and its consequences

BCBC defines risk as any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

Achieve its corporate objectives

Provide services as planned

Fulfill its statutory duties, including the duty to make arrangements to secure continuous improvement



What is risk management

Risk Management is the identification, measurement and control of occurrences which if they came to fruition would jeopardise the Council's ability to:

Achieve its corporate objectives

Provide services as planned

Fulfill its statutory duties, including the duty to make arrangements to secure continuous improvement

It should:

Be a central part of the organisations strategic management

Be a methodical process

Have the goal of sustained improvement in services

Where did it come from

- The financial scandals of the 1980s and 1990s, Eg Barlow Clowes, Maxwell, BCCI, Barings Bank resulted in reports such as Cadbury (1992), Hempel (1998) and Turnbull (1999).
- The expectation of better governance was extended in to the Public sector. Eg The Audit Commission report “Worth the risk” 2001.
- The agenda was pursued by SOLACE & CIPFA
- 2008 financial crisis
- Local Government (Wales) Measure 2009 – Authorities are under a general duty to make arrangements to secure continuous improvement.

Benefits of Risk Management

Helps the Council deliver the best possible services to citizens.

Protects members of the public from injury and death.

Protects the human assets of the Council.

Protects the financial assets of the Council.

Protects the reputation of the Council.

Improves efficiency and use of resources.

Fewer sudden shocks and unwelcome surprises. Less time “fighting fires”.

We must improve

Progress towards objectives - social, economic, environmental wellbeing

Improving the quality of services

Improving the availability of services

Reducing inequality

Sustainable development

Improving the efficiency of services

Encouraging innovation and change

Risk Management Process

Understand the desired long term outcomes

Understand the improvement objectives

Identify what matters can threaten the achievement of objectives – the risk

Identify the impact of the risk

Score the “inherent” risk

Identify risk mitigation controls

Score risk after controls applied

Allocate responsibility for application of controls

Monitor & review

Long term outcomes

The direction of travel is that.....

- People live in safe, inclusive and sustainable communities.
- Children and young people learn and achieve their full potential.
- People of all ages live healthy and independent lives.
- People have access to employment opportunities and can realise their potential and ambition.
- Local communities and visitors enjoy and benefit from the borough's natural and built environment.
- People in the Borough benefit from a Council that is fair, ambitious, citizen focused and efficient.

Improvement objectives

Improvement objectives will contribute to the long term outcomes

- To build safe and inclusive communities
- To develop and support sustainable and affordable housing solutions for those who are homeless or in need
- To work in collaboration with partners to meet the different needs of all children and young people and provide them with the best start in life
- To help all children and young people achieve higher attainment by improving learning opportunities and making them more accessible
- To improve physical and emotional wellbeing by promoting and supporting active lifestyles, participation and learning

Improvement objectives

- To implement effective integrated health and social care services to support independence, health and wellbeing
- To support and invest in our communities to promote economic growth, physical renewal and sustainability
- To manage and promote our natural and historic environment
- To improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets

The risk

- Typical risk descriptions will have three parts.

An event giving a consequence leading to an impact

Typical phrasing might be

- Loss to...
- Failure of...
- Lack of...
- Partnership with...
- Development of... leads to resulting in

Eg Welfare reform may lead to reduction in benefits payable resulting in increased hardship amongst the most vulnerable citizens in the County Borough

The impact

- The wellbeing of citizens
- The delivery of services
- The resources of the Council
- The reputation of the Council
- Statutory duties

Assessing the likelihood

- 6 – Almost certain – More than a 90% chance
- 5 – Highly likely – 70% to 90% chance
- 4 – More likely than not – 50% to 70% chance
- 3 – Might happen, but probably not – 30% to 50% chance
- 2 – Unlikely to happen – A 10% to 30% chance
- 1 – Very unlikely – Less than a 10% chance

Assessing severity

- 4 Medium term loss of service capability, Adverse UK wide publicity, litigation difficult to defend, financial risk, corporate budget realignment, breaches of law punished by imprisonment
- 3 Short term loss of service, adverse Wales wide publicity, litigation expected, budget adjustment across services areas, breaches of law punished by fines
- 2 Short term disruption to service, adverse local publicity, high potential for complaint, financial implications contained in Directorate, breaches of regulations & standards
- 1 No significant service disruption, unlikely to cause adverse publicity, or complaint or litigation. Financial implications contained in service areas. Breaches of local procedures or standards.

Prioritising Risks

L i k e l i h o o d	6	12	18	24
	5	10	15	20
	4	8	12	16
	3	6	9	12
	2	4	6	8
	1	2	3	4
Severity				



Risk Ownership

- **Red**
These are high impact/high likelihood risks that require active management by senior officers. The risk owner will be a member of and report to Corporate Management Board
- **Amber**
These risks should be closely monitored by the risk owner who will be a Director or Head of Service
- **Green**
These risks will be managed and monitored within the service

Risk mitigation

- Avoid the risk – Stop the activity or do it differently using different systems
- Reduce: Implement procedures and controls to reduce the frequency or the severity; formulate a contingency plan to reduce service interruption
- Retain: Make an informed decision to retain the risk and its consequences
- Transfer: Place indemnity clauses in a contract, insurance cover or outsource the service

Risk improvements should feed into any service improvement plans.

Monitor and review

- Directorates
- Cabinet
- Scrutiny
- Audit Committee

Outcome of top risks (1)

Welfare Reform – Page 1

Improvement of objective: To build safe and inclusive communities.

Implementing a new pay and grading system – Page 1

Improvement objective: To improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets.

Using resource effectively – Page 2

Improvement objective: To improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets.

Outcome of top risks (2)

The impact of persistent economic downturn – Page 3

Improvement objective: To support and invest in our communities to promote economic growth, physical renewal and sustainability.

Supporting vulnerable people – Page 5

Improvement objective: To implement effective integrated health and social care services to support independence, health and wellbeing.

School modernisation – Page 6

Improvement objective: To help all children and young people achieve higher attainment by improving learning opportunities and making them more accessible.

Outcome of top risks (3)

Supporting vulnerable children, young people and their families Page 6

Improvement Objective: To work in collaboration with partners to meet the different needs of all children and young people and provide them with the best start in life.

Educational attainment – Page 7

Improvement objective: To help all children and young people achieve higher attainment by improving learning opportunities and making them more accessible.

Disposing of waste – Page 9

Improvement Objective: To build safe and inclusive communities.

Outcome of top risks (4)

Healthy life styles – Page 9

Improvement objective: To improve physical and emotional wellbeing by promoting and supporting active lifestyles, participation and learning.

Maintaining infrastructure – Page 10

Improvement Objective: To build safe and inclusive communities.

The impact of homelessness – page 11

Improvement objective: To develop and support sustainable and affordable housing solutions for those who are homeless or in need.

Collaboration with partners – Page 12

Improvement objective: To improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets.



Outcome of top risks (5)

Equal pay claims – Page 13

Improvement objectives: To improve the way we work to ensure effective and efficient use of our financial, technological, physical and human assets.