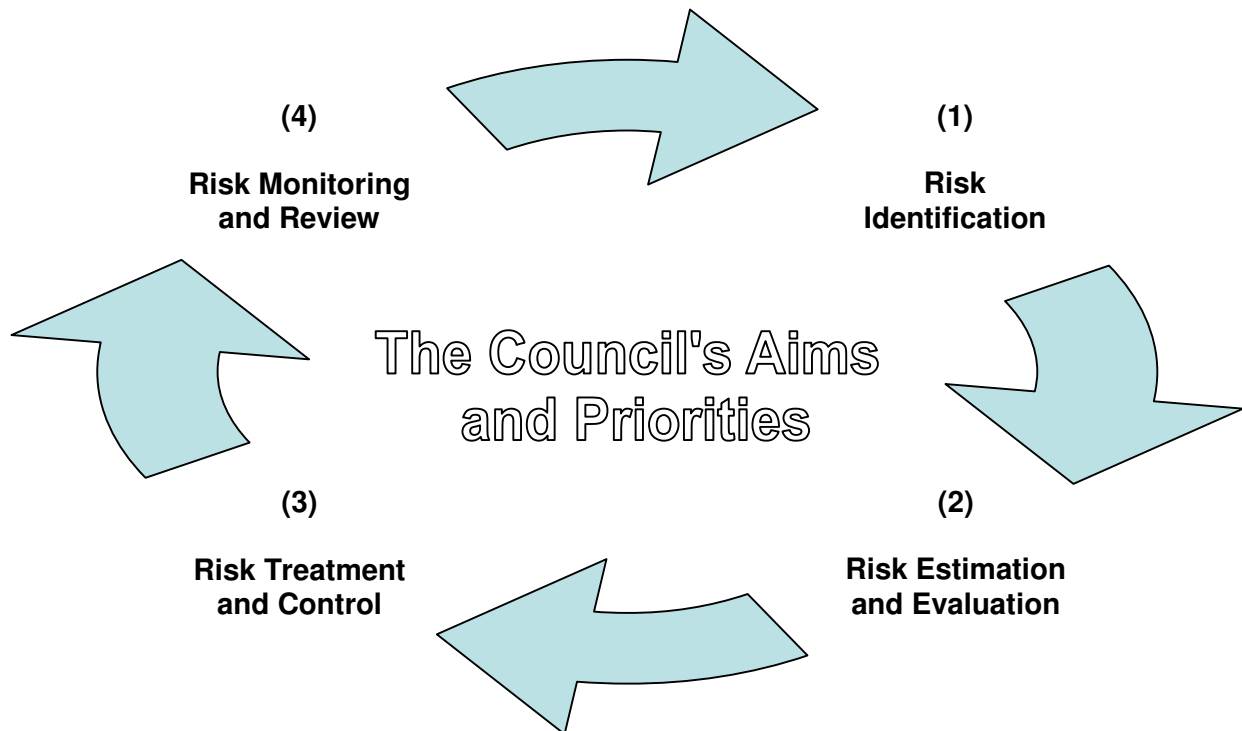


North Wiltshire District Council

4-Step Guide to Risk Assessment



Who is this guidance for?

This simple step by step guidance has been created for all officers that need to perform a risk assessment. A risk assessment template (Excel document) can be found on the Bulletin Board.

Risk Assessments are required for:

- **All business plans / service areas** – risk assessments should be performed for all service areas as part of the business planning process.
- **Committee reports** – relevant risk assessments should be provided with for all reports requiring a decision
- **Partnerships** – risk assessments should be performed before entering into any partnership arrangement.

This guidance is not relevant to Health & Safety Risk Assessments or Project Risk Assessments, guidance for which can be found on the bulletin board.

Advice & Support

Information on the Council's approach to risk management can be found in the Risk Management Strategy on the bulletin board.

If you require any advice or assistance with a risk assessment or any aspect of risk management don't hesitate to contact:

Graham Wilkie (x1614)

Step 1 – Risk Identification

- A risk assessment template (Excel document) can be found on the Bulletin Board. Prompts on how to complete the form are given if you hover the cursor over red triangles each heading. Step 1 refers to the first 3 columns:

No.	Risk to meeting objectives	Impact	Risk Owner(s)
1			

- The method of risk identification will differ depending on the type of assessment. It is important to consider whether all relevant people have been consulted and if all of the main objectives been considered. It is likely that business/service plan risk assessments will be produced by a workshop with team members, while a committee report risk assessment may be produced by the report author in consultation with key personnel.
- **State the risks** – Identify the events that will impact on your objectives. A risk will usually have been identified if it begins with:-

Loss to.....	Ineffective.....	Damage to.....
Failure of.....	Inefficient.....	Development of.....
Lack of.....	Inappropriate.....	Partnership with...
- **What is the Impact?** – State the impact(s) that would occur if the risk were realised. What would happen in a worst-case scenario?
- **Risk Owner** - This is the person responsible if the risk arises. If this is not yourself, you must inform them.
- Although the principles of risk assessment are the same for all types of assessment, the following considerations will be useful:

Business/service plan risk assessments

- The **key** risks to achieving the objectives of the business plan should be identified. This will normally mean around 5 risks will be included in the assessment.
- This assessment should be done as part of the business planning process and will help to inform resourcing decisions.
- Risk assessment workshops with team members are an effective method.

Committee report risk assessments

- Only risks associated with specific recommendations or options within the report should be identified.
- The assessment should provide Members with robust information to assist them in decision making.

Partnership risk assessments

- A risk assessment should be performed prior to entering into any partnership arrangement, including those that require SLAs or contracts and those that do not.
- A number of areas of risk need to be considered, including financial risk, risk to the Council's reputation, resource conflicts, reliance on the partner to deliver your objectives and/or services, and contractor failure during the term.
- Establish whether partners have effective risk management procedures in place.

Step 2 – Risk Estimation and Evaluation

Current Risk Rating		
L	I	R
3	4	12

To get a risk rating (R), each risk is scored from 1 to 4 in terms of likelihood (L) and impact (I) and multiplied together (this is done automatically on the spreadsheet).

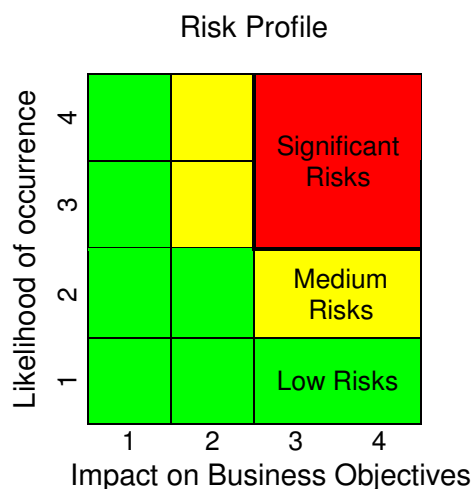
- **Likelihood** – The likelihood of the risk occurring should be scored between 1 (very unlikely) and 4 (very likely).

Score	Factor	Rule of thumb
4	VERY LIKELY	High probability of occurrence Circumstances frequently encountered
3	LIKELY	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered
2	UNLIKELY	Only likely to happen every 3 or more years
1	VERY UNLIKELY	Has happened rarely/never before

- **Impact** – The impact of the risk (if it occurs) on the Council should be scored between 1 (minor) and 4 (major).

Score	Factor	Rule of thumb
4	MAJOR	
3	SERIOUS	
2	MODERATE	
1	MINOR	

- **Significant risks**



The result of the risk estimation and evaluation enables us to score risks and produce a risk profile such as the one shown above. This gives a significance ranking to each risk and provides a tool for prioritising risk control efforts and monitoring.

All high risks (scored 9 –16) are deemed significant and should be managed down to an acceptable level of risk where possible.

Significant risks will be reported to the Audit Committee and Executive on an exception basis.

Step 3 – Risk Treatment and Control

Control Measures (Actions)	Target Date	Control Owner

- **Control measures** – After scoring the risks it can be established if control measures or actions are required to manage the risk to an acceptable level. There are 4 types of control measure:
 - **Tolerate** – In certain cases it is appropriate to accept the risk if control measures are not cost effective or suitable.
 - **Terminate** – Risks can be avoided by not proceeding with an activity. This is not with statutory services.
 - **Transfer** – Involve a third party to bear all or part of the risk*. This can be done by obtaining insurance, contractual transfer, or partnership ventures.
 - **Treat** – Actions can be taken to reduce the likelihood and/or impact of the risk, such as new systems or procedures, training, monitoring etc.
- ***Partnership / third party risks** - It is worth remembering that the Council cannot transfer the risk to its reputation, or service delivery to its partners or contractors. Where a key or statutory service is being supplied by a partner organisation it will, therefore, usually be necessary (as part of the risk control process) to draw up contingency plans in the event of partner failure.
- **Target date** – When will the control measure be implemented
- **Control Owner** – Who is responsible for implementing the control measures? This can be a different person to the risk owner and they should be informed

Step 4 – Risk Monitoring and Review

- **Risk Registers** – All business plan risk assessments get collated into the relevant 4 Business Area Risk Registers. Partnership risk assessments will be held in the Partnerships Risk Register. Committee report risk assessments will be held on these registers if member decisions make them relevant. Any risks that are deemed strategic, those which concern the long term strategic aims and key corporate priorities of the Council, will be held on the Strategic Risk Register.
- **Monthly Update** – Risk owners (usually Team leaders) should review the risk registers (on the Z drive, performance reports) on a monthly basis and provide an updated risk rating in the current risk columns. Any new risks that are relevant should also be added.
- **Monitoring:**
 - Executive will review strategic risks on a quarterly basis.
 - All significant risks and risk management arrangements will be reviewed by the Audit Committee on a quarterly basis.
 - All significant risks will be reviewed by CMB on a monthly basis.