

HCC Management of Key Risks Annual Process

SUMMARY OF PROCESS

RISK IDENTIFICATION & ASSESSMENT

Step 1 - Identification of Primary Business/Service Objectives

Identify & list the primary business objectives of your service. Consider your key business /service processes (e.g. contracting, financial systems, ICT) that underpin the delivery of business/service objectives. (See examples of generic risks attached as appendix 1). You may also wish to consider the BVPP promises and the risks in your department achieving them.

Step 2 - Risk Identification

Identify the risks to the key business/service objectives. Ask your self what can go wrong? How can it go wrong? Has it gone wrong before? Try to articulate a risk by using the following phrase (or similar). **"There is a risk of/that.....which may result in"**.

Step 3 - Risk Assessment

Assess the impact of the identified risk (s) on the key business process and the likelihood of the risk occurring. Take into account existing control measures. Ask yourself what would be the impact if it went wrong? How likely is it to go wrong? See table overleaf.

Step 4 - Prioritisation

Prioritise the risks using the traffic light scoring system, based upon the results of the above impact and likelihood assessment and table below.

		Impacts				
		A	B	C	D	E
Likelihood		Extreme	Very High	Medium	Low	Negligible
Almost Certain	1	RED	RED	RED	AMBER	AMBER
Likely	2	RED	RED	RED	AMBER	AMBER
Possible	3	RED	RED	AMBER	AMBER	GREEN
Unlikely	4	RED	AMBER	AMBER	GREEN	GREEN
Rare	5	RED	AMBER	GREEN	GREEN	GREEN

RISK MANAGEMENT

Step 5 - Risk Management – Controls already in place

State the risk control measures in place **already** for each of the highest priority areas (red and amber only). Indicate how effective those controls have been in controlling the risk.

Step 6 – Risk Management – Controls planned for next year (red and amber only)

Where risks have been assessed as red or amber and existing controls are considered not to be fully effective, indicate the measures proposed for next year. Ask yourself - what things can be done to reduce the likelihood of something going wrong? What can be done to reduce the impact if it did?

Step 7 - Identify a Responsible Officer

Identify a responsible officer for the risk control measures

Step 8 - Action Planning

Produce an action plan for implementing the risk control measures.

Step 9 - Monitoring

DMTs will undertake regular monitoring of risk control measures. Progress on risk management measures monitored by Finance Board/SERM Board every six months. Management of Key Risks process will be done annually

Impact Classification

	Service disruption	Financial Loss	Reputation	Failure to provide statutory service/meet legal obligations	People
Extreme A	Total failure of service	Over £5m	National publicity > than 3 days. Resignation of leading member of chief Officer.	Multiple civil or criminal suits. Litigation, claim or fine above £5m	Fatality of one of more clients/staff
Very high B	Serious disruption to service	£500k- £5m	National public or press interest.	Litigation, claim or fine £500k - £5m	Serious injury. Permanent disablement of one of more clients/staff
Medium C	Disruption to service	£50k -£500k	Local public/ press interest	Litigation, claim or fine £50k - £500k	Major injury to individual
Low D	Some minor impact on service	£5k - £50k	Contained within department	Litigation, claim or fine £5k - £50k	Minor injuries to several people
Negligible E	Annoyance but does not disrupt service	< £5k	Contained within unit/section	Litigation, claim or fine less than £5k	Minor injury to an individual

Likelihood Classification

Almost Certain–Expected to occur in most circumstances (> 80%).

Likely - Will probably occur in most circumstances (51% - 80%).

Possible – Fairly likely to occur (21% - 50%).

Unlikely - Could occur at some time (6% - 20%).

Rare - May occur only in exceptional circumstances (0 – 5%).

(Percentages in brackets refer to the chance of something happening)

Prioritisation of Risks

	Those risks requiring immediate management and monitoring
	Those risks requiring management and monitoring but less time critical
	Those risks which do not require a specific management attention

Approaches that can be adopted for the management of risk:

- **Eliminating or avoiding:** Changing or abandoning goals specifically associated with the risk in question, or choosing alternative approaches or processes that make what was a risk no longer relevant.
- **Risk sharing:** Sharing risks in part or full with another stakeholder who could be involved solely to facilitate risk treatment.
- **Reducing the probability:** Changing approach identifying causal links between threat and impact, or causes of threat, and intervening to mitigate occurrence, acting to reduce the threat.
- **Reducing the impact:** Developing contingency plans for responding to the threat if it occurs, even if other steps have been taken to minimise risk.