

Raising Risk Management Awareness



Foreword

No matter what our role within the council or the Primary Care Trust, risk management is central to what we do. The aim of this brochure is to raise risk awareness amongst all employees and to provide some practical advice on how to identify and to manage risks.

Managing risk is an essential element of all our jobs. It informs decision making, how we deliver services and how we manage change, such as through "Rising to the Challenge". Effective risk management increases the probability of success in achieving our aims and reduces both the probability of failure and the uncertainty of achieving our aims.

While risk is often regarded as a negative thing, risk management is as much about exploiting potential opportunities as preventing problems. Risk management is, therefore, a dynamic management tool and an aid in our decision making process. This will be even more important following the recent comprehensive spending review, where tough choices need to be made. We must be constantly aware of the risks associated with our decision making as we aim to demonstrate effective and efficient use of resources and ensure the timely delivery of high quality services.

In recent months, much work has been undertaken to improve the effectiveness of how we manage risks and to align PCT and council risk management processes. These new processes are fully supported by both the PCT Board and the council's Cabinet. We now need to raise awareness of the importance of risk management and the new arrangements, so that we can create a strong risk culture where everybody in the council and PCT understands the role they have to play.

This brochure provides a summary of the partnership approach to risk management. It highlights the hierarchy of risk registers and risk escalation criteria, and it also emphasises our approach to an open risk management culture.

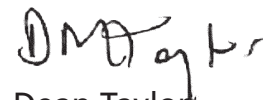
We recognise that risk management is a continuous journey of improvement and encourage all employees to take a few minutes to familiarise themselves with the contents of this brochure. Any views on how we can improve our approach to risk management will be very welcome.



Philip Ashurst
Chair of the PCT Audit and Governance



Councillor Bramer
Cabinet



Dean Taylor
Deputy Chief Executive

Risk management

This document aims to raise awareness and our partnership approach to risk management.

So what is risk management – How does it apply to me?

Risk management is not a new science. In its simplest form it is about asking ourselves the question “What will prevent me from achieving personal/team/directorate/corporate objectives, and what can I do about it?” This question helps us identify and formulate action plans.

Why manage risks?

Failure to manage risk effectively may result in financial losses, disruption to services, threats to public health and safety, bad publicity (harm to our reputation) or claims for compensation, or in extreme cases corporate manslaughter charges.

Risk management encompasses:

- Understanding personal/team/corporate objectives
- Being able to identify, assess and prioritise risks
- Assessing the likelihood and the impact of the risk coming to fruition
- The need to put in place actions to mitigate risks and monitor and review their progress

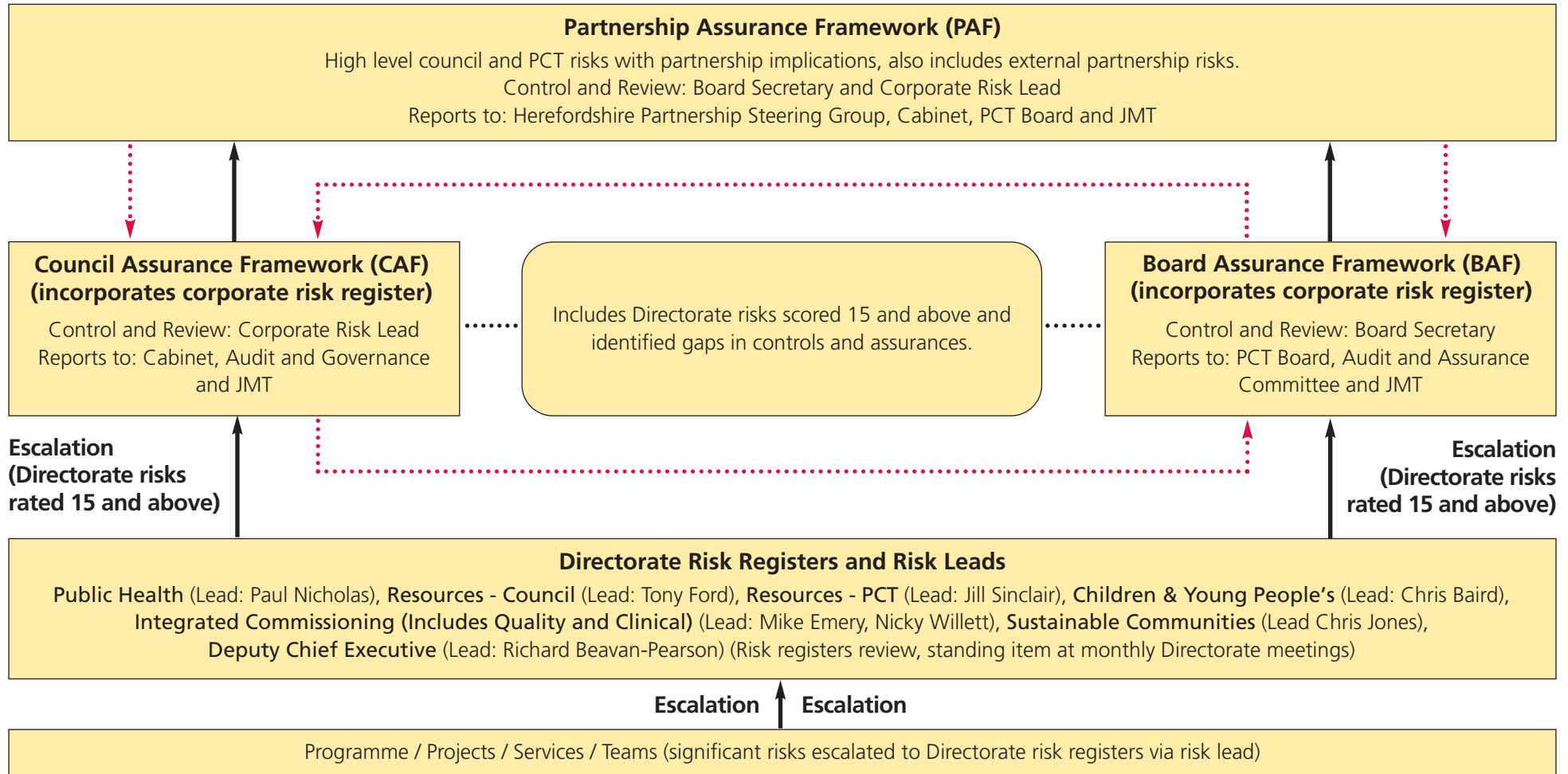
How do we manage risk?

- All staff knowing procedure for reporting risks
- Ensure that risks are recognised and dealt with promptly wherever possible
- Review assurance framework, directorate risk registers on a timely basis
- Ensure that policies and procedures are developed, implemented and properly followed
- Open communications about our risks
- Develop a risk aware culture

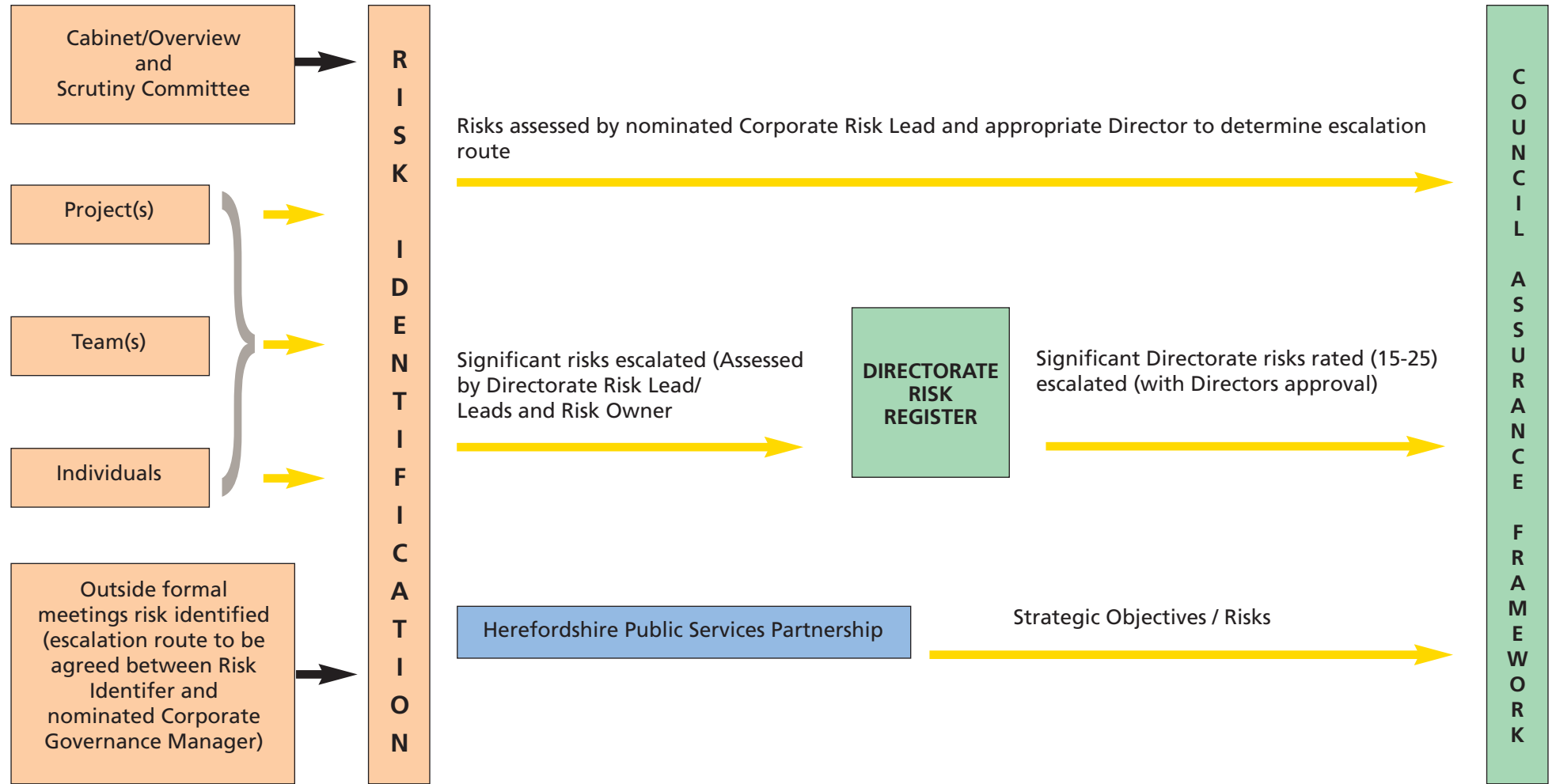
What you need to do:

- Familiarise yourself with:
 - Herefordshire Risk Management and Assurance Policy
http://hcsp/DocumentLibrary/LegalServices/Documents/Risk%20Management/HPS_Risk_Management_and_Assurance_Policy_October_2009.doc
 - Herefordshire Risk Management Guidance
http://hcsp/DocumentLibrary/LegalServices/Documents/Risk%20Management/HPS_Risk_Management_and_Assurance_Guidance_August_2009.doc
 - Risk Leads Guidance (Hyperlink to follow)
 - Risk Register Format (See page 8)
- Identify risks and develop action plans
- Make contact with your nominated risk leads on any aspect of risk management
- Attend internal corporate risk training courses

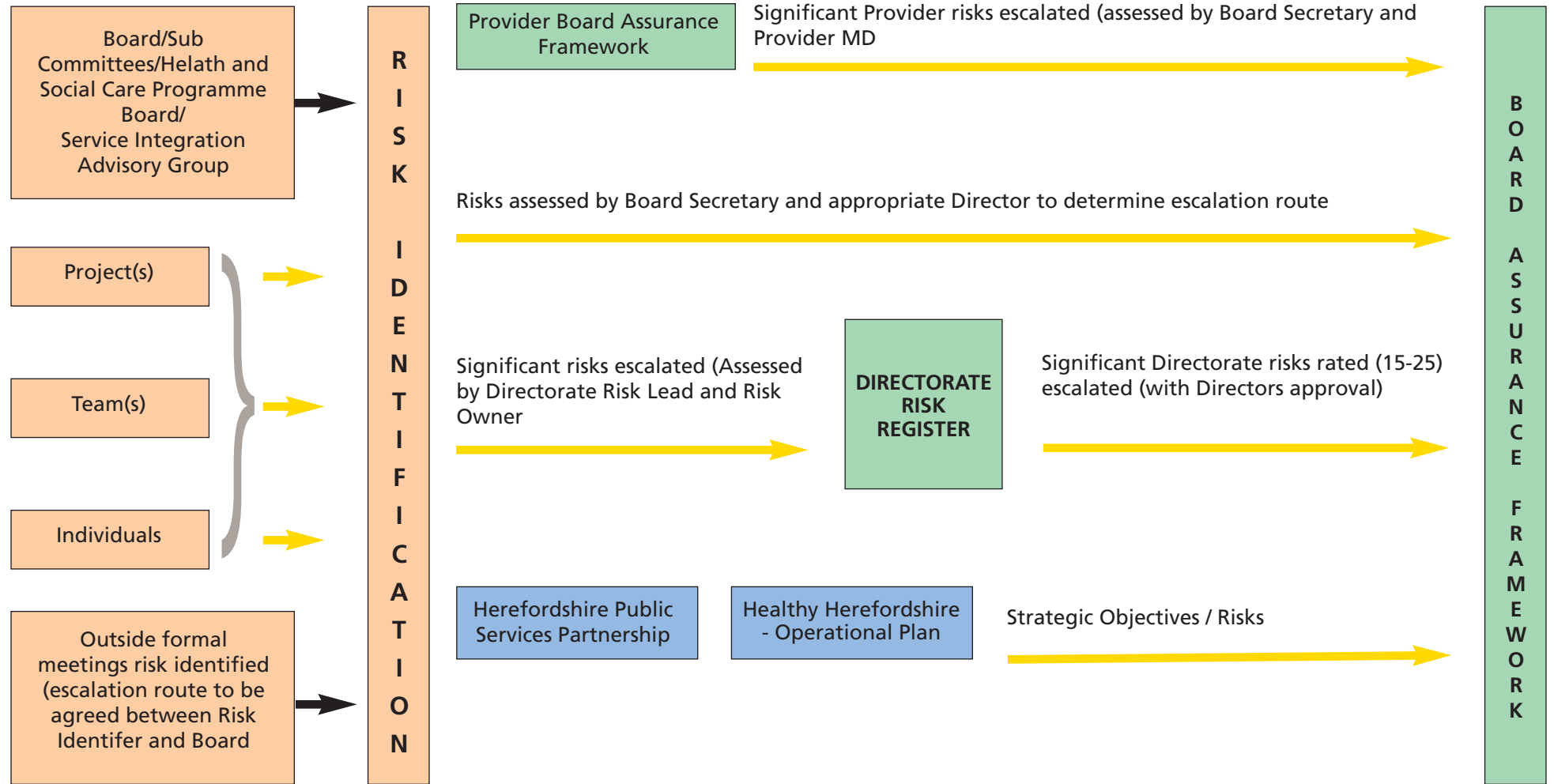
Council & PCT risk register hierarchy



Council Risk Escalation Flowchart



PCT Risk Escalation Flowchart



Council and PCT Risk Scoring Matrix Description and definitions of LIKELIHOOD of RISK occurring and IMPACT:

Description	Descriptor	Level
Cannot believe that this will happen or recur	Rare	1
Do not expect it to happen or recur	Unlikely	2
Might happen or recur occasionally	Possible	3
Will probably happen or recur, but is not a persistent issue	Likely	4
Will undoubtedly happen or recur, probably frequently	Almost certain	5

Description and definitions of IMPACT/SEVERITY of RISK occurring (examples):

Consequence Types	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
People (including patients, staff, carers and visitors)	No injury	Short term harm Will resolve in a month. First aid treatment required	Semi-permanent harm. Should resolve in a year. Medical treatment required	Permanent or long term harm. Jeopardise well being – abuse, neglect assault. Loss of a service	Single or multiple fatalities
Delivery of services/strategic	No impact on ability to operate local services	Could threaten the efficiency or effectiveness of some services, but dealt with Internally	Severe disruption to a service. Non achievement of local delivery plan	Loss of rating indicators/ reduction in score in national performance review	Threatens the viability of the organisation

The risk rating equals LIKELIHOOD (5) x IMPACT/SEVERITY (4) = RATING (20)

Risk Register (extended)

Corporate/Directorate/Services/Project:
Chief Executive/Director/HOS/Project Owner:

*Risk Rating:	
Extreme	15 to 25
High	8 to 12
Moderate	4 to 6
Low	1 to 3

Risk Reference Number	Council PCT Service Programme Project Objective	C - Council P - PCT J - Joint	Risk Description	Risk Rating before Controls			Existing Controls in Place	**Assurances on Controls	Risk Rating after Controls			Positive Assurance Y/N	Gaps in Controls/ Assurance	Corrective Action/Action Plan (incl cost of mitigation)	Key Dates & Timescales	Risk Owner (Name & Title)
				Likelihood (Probability)	Consequence (Severity)	Risk Score			Likelihood (Probability)	Consequence (Severity)	Residual Risk Score					
				0	0	0		0	0	0						
				0	0	0		0	0	0						
				0	0	0		0	0	0						
				0	0	0		0	0	0						
				0	0	0		0	0	0						

*The risk rating matrix (example)

LIKELIHOOD (L)		CONSEQUENCE (C)	RATING (L*C)
5 Certain	X	5 Catastrophic	25 - Extreme
4 Likely	X	4 Major	16 - Extreme
3 Possible	X	3 Moderate	9 - High
2 Unlikely	X	2 Minor	4 - Moderate
1 Rare	X	1 Insignificant	2 - Low

Reviewed by:	
Date reviewed:	

**Review that identified actions are completed - Assurance:	
Internal sources of assistance (example)	External sources of assurance (examples)
Internal audit Key Performance indicators Performance reports Sub-committee reports	External audit Audit Commission Strategic health authority reports/reviews External benchmarking

***Positive - Assurance
Review confirms controls are in place and are operating satisfactory