



Nottingham
City Council

Business Risk & Opportunity Management

Policy

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Safer, cleaner, ambitious
Nottingham
A city we're all proud of

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Business Risk & Opportunity Management Policy

What is Risk Management?

Risk Management is a system that helps us understand what risks are associated with doing our work with Nottingham City Council. It makes us think about the decisions we take, how we manage our everyday service delivery, our projects and our work with partners.

Risk Management has primarily been concerned with the adverse potential of risk. However, it should be borne in mind that not all risk is bad. Some opportunities can only be unlocked by taking risks. The key to success in these situations is to take risks knowingly and manage them appropriately.

What does risk management cover?

We apply risk management across the full range of business activity applying particular disciplines of risk management as appropriate. The Risk management Policy here and supporting Process Guide and Strategies deal primarily with risks related to the achievement of business objectives. Appendix A provides further details on the other areas of risk management including contacts names.

What is the purpose of risk management?

The following statement best sums up the purpose of Risk Management:

“To ensure that the Council is not risk averse and takes or faces risks knowingly and manages them appropriately.”

What are the benefits of Risk Management?

To manage services effectively we need to identify, understand and manage risks which threaten our ability to deliver our critical or most important business priorities. The application of risk management supports us in:

- Achieving our business priorities and planned financial targets;
- Achieving a high level of citizen satisfaction in our service delivery;
- Maintaining a safe and supportive working environment for colleagues;
- Optimising management and leadership competence;
- Enhancing our reputation;
- Maintaining compliance with legal and regulatory frameworks.

Our Risk Management principles

Our approach to Risk Management is supported by a number of principles:

- Risk Management activity is aligned to business priorities (including those priorities supported by partnerships and projects). It encompasses all strategic and operational risks that may prevent Nottingham achieving its objectives;
 - Risk Management is integrated into our planning process;
 - The Council Risk register comprises separate risk registers and risk strategies corresponding to levels of management accountability and plans;
 - Criteria exist for the escalation and delegation of risks between registers;
- Risk Management engages stakeholder and deals with differing perceptions of risk. It is important to engage individuals and groups who have a stake in the organisational activity being undertaken, to understand their requirements and perceptions of risk.
- Risk Management is a process to improve our understanding of risks and our decision-making, helping the Council anticipate and where possible/appropriate take preventative action rather than dealing with consequences. However, the purpose is not to remove risk entirely, but to manage risks most effectively (risk aware not risk averse);
 - Risk is considered in all formal council reports;
 - Risks are regularly reported to Departmental Management Teams and Corporate Leadership Team to facilitate updating and communication of risks and inform decision making;
- A consistent approach to the identification, assessment, management and escalation of risks throughout the Council;
 - Use of threat assessment matrices to assist in making an assessment of likelihood and impact of risks materialising;
 - The Risk Management Framework, including Policy, Process Guide and supporting Risk Strategies, addition guidance, templates and training support a consistent approach to Risk Management;
 - Corporate Risk Management Group (CRMG) comprises Departmental Risk Champions embedding Risk Management. CRMG is a focal point for developing the Council's approach to Risk Management;
- Risk control and mitigation measures that are effective, proportionate, affordable and flexible;
 - Risk Management Action Plans identify mitigations. An assessment of their effectiveness is made by the risk owner;
 - Mitigations are reflected in corresponding Service Plans;
 - Risks are subject to assurance work proportionate to the importance of the associated business objective and the impact of the risk.

Section 2 – Our Approach to Risk Management

Effective Risk Management

Effective implementation of Risk Management will:

- Ensure colleagues, councillors and partners can face risks knowingly and manage them for the benefit of service users, citizens, tax payers and other stakeholders;
- Ensure risk management plays a central role in the management of its business activities, projects and partnerships, improving the quality of decision making and management;
- Ensure risk management practices are executed within a common framework that provides a consistent approach and channel for escalation of serious risks;
- Avoid risk aversion and ensure that risks and opportunities are taken with understanding and managed to achieve business priorities;
- Ensure partners undertake effective risk management in the interest of the Council's service users, citizens, tax payers and other stakeholders.

Risk Management in planning and decision making

The Risk Management process, practices and the hierarchy of risk registers helps us to manage the risks that the Council and City faces. The Council is committed to using risk information to inform decision making and planning:

- Strategic and operational service planning guidelines require that all service plans include relevant risk information (e.g. from risk registers) within their action plans;
- Departments are required to use information on significant risks, contained in risk registers to inform decisions on budget re-alignments and investments;
- All proposed budget reductions must include a detailed analysis of the risk surrounding the delivery of such reductions as well as the additional risks presented by their successful implementation;
- All efficiency improvements must be accompanied by a detailed analysis, including proposed mitigations, of the risks that threaten the delivery of the savings, whether they are cashable or non-cashable;
- All projects and partnerships must be planned in recognition of the risks that threaten their effective operation and the delivery of their outcomes.

Risk Management in projects

All Projects deliver change and naturally imply a level of risk. Projects often start life as opportunities and opportunity assessment should form the first part of the project proposal. Both opportunities and threats need to be considered when performing project risk management activities.

Project risk management is the process concerned with identifying, assessing, and responding to project risks. It provides a disciplined environment for informed pro active decision making during project selection and definition and improves project performance during design and delivery phases. It is important to include the risk management of outcomes and not just individual project outputs. This ensures that the outcomes expected to arise from a project's deliverables are realised and the completed project leads to enhanced organisational performance and business objectives and the associated benefits are delivered within the agreed scope, quality, time and cost constraints.

It is important that project risk management is applied in a manner proportionate to the project's value, operational/strategic significance and the nature of the identified risk. All projects valued at more that **£250,000** should follow the Project Risk Management policy. The policy should also be applied to projects below £250,000 but in a manner proportionate to the project value and which adds value to project delivery.

- Project Leaders are responsible for ensuring that Project Risk Guidance is followed. Project governance bodies should ensure that projects are risk management according to the Council policy and guidance;
- Whether the Council is leading or participating in a project with partners, project managers/managers should encourage and ensure that effective risk management is part of the project management methodology;
- Risk management must be applied throughout the life cycle of a project, up to and including the post completion phase;
- Project leaders/managers should use the corporate project risk register templates;
- Project reports should include a risk commentary (with the first used as the baseline for subsequent 'exception' reports) which provide information to decision makers that supports their decision making;
- Risk appetites/tolerance for individual projects may vary but must be agreed with the principal project sponsor or governance group. Risk appetites will determine which risks are reported and the frequency of the reports;
- Reporting frequency must be based upon the significance of the project and the nature of the risk(s) and agreed with the project sponsor or governance group;
- All risks should be quantified in financial terms.

More detail is included in the Project Risk Guidance document available on the intranet.

Risk Management in partnerships

The Council's approach to partnership risk management identifies and prioritises the priorities of the partnership so that the most critical are managed proportionately.

Partnership governance bodies should ensure that partnerships (including their constituent projects and/or partnerships) are risk managed according to the Council policy and guidance and ensure that the risk management is proportionate to the complexity and significance of the partnership. Risk management for the partnerships must be designed to work across the appropriate organisational boundaries and accommodate and engage the different stakeholders involved. Large and or complex stakeholder communities can introduce their own risk and need to be explicitly managed.

Where the Council is not the 'leading partner' that 'sets' the management culture, it is the responsibility of Council colleagues in the partnership to ensure that the potentially different risk management approaches work together harmoniously to the benefit of all partners.

The Council's partnership leaders or managers should use the corporate partnership risk register template that is available from the Risk Management intranet site.

Good governance is the foundation of effective partnership risk management. The Council has adopted a corporate governance approach to its 'significant' partnerships. The full details, which include the contribution of risk management, can be found in the Council's Partnership Governance Framework.

Risk Management and Stakeholders.

Stakeholders are both within and external to the Council and can play a wide range of roles. Examples of Stakeholders include management, employees, suppliers, trade unions, citizens and members of the wider community affected by the Council's existence.

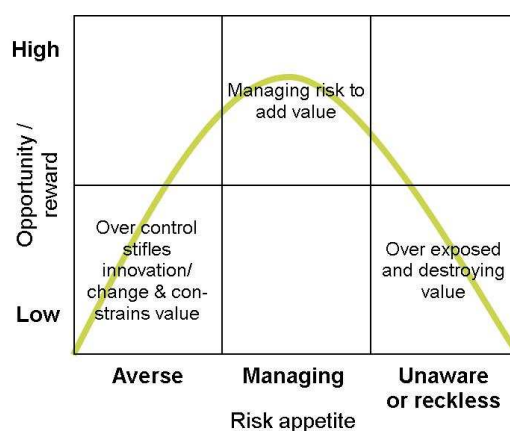
The objectives of differing stakeholders may not always be aligned and perceptions of risk may vary widely. This will influence their contribution in identifying and managing the Council's risks. By facilitating discussions about risk and providing challenge, effective risk management practices will reduce subjectivity and bias caused by different stakeholder perceptions.

In order to engage stakeholders effectively the appropriate level and style of communication must be undertaken in order to identify who the various stakeholders are and understand their requirements and build common understanding. Proactive and timely involvement of stakeholders helps to ensure that the risk identification process is thorough and differences are understood and resolved early on helping the Council to achieve its objectives.

Our risk appetite

Local authorities have typically been described as "risk averse" meaning that they are reluctant to take risks regardless of likelihood and severity of impact. Risk averse organisations display a number of common characteristics which

leave them poorly placed to respond to changes or challenges in their external environment e.g. financial, political, structural, economic, service user demand etc.



We have chosen to describe the Council’s risk appetite as “conservatively ambitious.” This is the optimum point of risk taking/acceptance that maximises reward against appropriate, balanced and sustainable levels of risk.

The varied scope and scale of services for which we are responsible, means that this optimum will not always be the same in absolute terms. For example our approach to childrens social care risk will be more conservative than our approach to our financial investments. We have identified a number of boundaries to help identify acceptable risk taking.

As a Council we will not:

- Operate beyond legal, regulatory and internal policy requirements;
- Knowingly place citizens or colleagues at risk of harm;
- Take financial risks which cannot be met by those accepting the risk;
- Take risks which could significantly jeopardise our ability to deliver our highest priorities;
- Take risks which are disproportionate to their potential benefits/rewards;
- Take risks which could result in long term and significant damage to the reputation of the City or Council.

Guidance on escalation and delegation of risks

Risk threats should be known to the level of management best placed to decide if, and to what degree, mitigations should be initiated. However, we need to ensure there isn’t an excessive flow of information to the higher levels of management which could increase the risk of delayed mitigation. To assist with the consistent assessment of risks tolerance levels and criteria are established in risk management strategies corresponding to levels of management accountability, planning and risk registers.

Risks can also be delegated to a lower risk register although this should only happen if:

- The threat level on a business priority under risk management has fallen significantly and is now of considerable less concern at the higher level in the Council Risk Register. This might happen after a period of sustained risk management at the higher level.
- The higher (management) level does not have the primary delivery responsibility for the business priority being risk managed.

The final decision to escalate is a local management decision that depends upon the nature of the risk and the local and corporate operating/political environments.

A factor which can influence risk escalation is risk appetite. Risk appetite in areas such as child protection is understandably lower than say, economic development where 'only' money is at risk rather than potentially someone's life or well being.

Links between Risk Management and performance management

The Council acknowledges the crucial links between risk and performance management. Risk management is an integral part of the business performance management framework. Performance cannot be reviewed or reported on without an accompanying review and report on the risks in play, whether they are a direct threat to progress or arise from an initiative to achieve new and critical benefits.

Summary of roles and responsibilities

The following provides a brief summary of the roles and responsibilities for key groups and individuals. More detail is available in appendix A and in the individual Risk Strategies.

Councillors:

- To test the effectiveness of the Council's risk management approach;
- Include consideration of risk and the management of risk in decision making.

Corporate Directors/CLT:

- Take ownership of strategic risks and the actions to mitigate them;
- Ensure the Risk Management Framework is implemented consistently within their department and within corporate cross-cutting themes;
- Determine and ensure effective implementation of Department Risk Strategies;
- Incorporate risk in all departmental decision making processes.

Directors, Heads of Service and Managers:

- Ensure that the Risk Management Framework is implemented across their service;

- Ensure that the Strategic Service Plan or Operational Plan is effectively risk managed;
- Ensure the establishment and maintenance of a Risk Register for the service that is regularly reviewed and updated;
- Include risk in decision making.

Individual colleagues:

- Take appropriate steps to reduce risks and inform their line manager of issues you consider are material risks;
- Immediately report incidents, near misses or any other incident considered relevant to the line manager.

Further information is available from the Risk Management intranet site including:

- Risk management How To Guides
- Risk Register Templates
- Risk Management Action Plan Templates
- elearning module
- Library of generic service/business risks

Alternatively contact:

Simon Burton, ext. 63432

simon.burton@nottinghamcity.gov.uk

Risk Management

Roles & responsibilities

Risk Management roles and responsibilities of colleagues, Councillors, committees and management teams:

The Chief Executive

- Ensure there is an agreed Risk Management Framework;
- Ensure that the Risk Management Framework is implemented consistently across the Council via leadership of the Corporate Leadership Team (CLT);
- Ensure that there is sufficient management capacity and expertise across all Council departments;
- Ensure that risks to key objectives at strategic, project, partnership and operational levels are reported regularly to the CLT and appropriate actions taken in response;
- Ensure that risk issues are reported to Councillors with actions being taken.

The Deputy Chief Executive (S151 Officer):

- Ensure the design, production and operation of an effective risk management environment.
- Champion the concept of risk and opportunity management and ensure its proper consideration at CLT, Executive Board and Audit Committee.
- Ensure there is a sound system of financial control;
- Ensure there is an up to date set of Financial Regulations;
- Ensure that budget holders are trained to comply with Financial Regulations;
- Ensure there are adequate insurance arrangements in place and that these are reviewed at least annually;
- Ensure appropriate resources are made available to explore opportunities and manage risk.

Corporate Directors:

- Take ownership of strategic risks and the actions to mitigate them;
- Proactively engage in risk management in their corporate leadership role, including engagement in the quarterly reports to CLT;
- Ensure the Risk Management Framework is implemented consistently within their directorates and within corporate cross-cutting themes;
- Develop implement and maintain a Departmental Risk Strategy;
- Take an active and visible role in the management of risks within their department for their corporate lead responsibilities;
- Ensure that their department has an up to date Risk Register that is regularly reviewed by the departmental management team at least once a quarter;
- Demonstrate how significant risks are being managed.
- Identify a Risk Management lead who is a senior manager at directorate level;
- Provide assurance for the Annual Governance Statement;
- Ensure that health and safety is integrated into the Risk Management activities of the department;
- Incorporate risk in all departmental decision making processes;

Directors:

- Ensure that the Risk Management Framework is implemented across their service;
- Ensure the establishment and maintenance of a Risk Register for their services that is regularly reviewed and updated;
- Develop implement and maintain a Directorate Risk Strategy;
- Provide assurance for the Annual Governance Statement;
- Ensure managers are accountable for their risks;
- Include risk in decision making;
- Ensure the Council's risk management policy is visible, understood and implemented within their directorates;
- Ensure that their Strategic Service Plan (SSP) is effectively risk managed;
- Ensure their colleagues and managers receive the relevant risk management training for their roles;
- Ensure that the management of serious risk is an explicit part of the coverage of Performance Appraisal processes.

Heads of Service / Managers:

- Ensure that the Risk Management Framework is implemented in their service area;
- Develop implement and maintain a Operational Risk Strategy
- Contribute to the identification and management of risks to operational objectives;
- Ensure that the service area has an up to date Risk Register that is regularly reviewed and updated;
- Demonstrate how significant service level risks are being managed;
- Include risk in decision making.
- Ensure the Council's risk management policy is visible, understood and implemented within their service area(s);
- Ensure their teams receive the appropriate risk management training;
- Ensure risk management is considered in team meetings and Performance Appraisals.

Service Team Leader:

- Ensure that the Risk Management Framework is embedded in their team
- Ensure that colleagues receive a briefing on the risk management and health and safety policies at local induction
- Ensure that colleagues attend relevant training
- Ensure that all colleagues are aware of strategic, operational, team and personal objectives and their contributions to achieving those objectives
- Ensure that controls are operating effectively for the risks that they manage
- Ensure that any new risks identified within the team are fed through to the line manager
- Ensure that they contribute to a sound system of internal control by following policy and procedures designed to reduce business risk such as fraud prevention.

Individual colleagues:

- Be familiar with the Risk Management Policy;
- Take general steps in their every day working to reduce risk;
- Inform their line manager / supervisor of issues in their work activities that they consider are material risks or raise these issues at team meetings;
- Immediately report any incidents or near misses or any other incident they feel is relevant to their line manager / supervisor;
- To participate in risk management training.

Head of Internal Audit:

- Develop the Council's annual audit programme in conjunction with the Chief Finance Officer, Chair of the Audit Committee, Corporate Directors and Council managers;
- Co-ordinate the production of the Annual Governance Statement;
- Support risk assessments conducted on the Council Plan and key partnerships and projects;
- Act as a source of advice and good practice to Directorates;

- Actively participate in the work of the Audit Committee.

The Head of Resilience:

- Ensure that the Council complies with the requirements of the Civil Contingencies Act 2004;
- Oversee the work of the Departmental Emergency Planning Liaison Group through its 'Emergency Response and Recovery' and 'Continuity' work-streams;
- Co-ordinate the development of appropriate Continuity Plans at Corporate, Directorate, Division and Service levels;
- Co-ordinate the provision of appropriate Continuity Planning training and validation;
- Have regard to the need for appropriate Continuity Plan implementation during the response to internal and external emergencies;

Director Human Resources and Organisational Transformation:

- Ensure that the Council's approach to risk management is up to date and effectively meets its business needs and those of the citizens' it serves;
- Embed the City Council's risk management strategy and framework;
- Ensure that risk management and performance management are integrated.

Corporate Risk Specialist:

- Be responsible for the robustness and application of the Risk Management Framework (RMF) across the Council;
- Provide quarterly strategic risk reports to CLT, the Audit Committee and Executive Board;
- Provide an annual report on risk management to CLT, Audit Committee and Full Council
- Provide an annual update of the Council's RMF to CLT and Audit Committee
- Ensure that quarterly reports on departmental risk registers are considered at corporate directorate management teams
- Chair the Corporate Risk Management Group;
- Work with the departmental Risk Champions to ensure a consistent approach to service, project and partnership priority risk management across the Council's departments;
- Recommend and implement improvements to the Council's risk management processes;
- Co-ordinate and facilitate the management of the strategic risk register
- Commission and / or deliver the Council's on-going risk management training programme;
- Participate in continuing professional development to ensure that his/her advice reflects emerging good practice and new developments.
- Meet with the Chief Finance Officer each quarter to consider the governance and allied arrangements in respect of risk management.
- Liaise with other Councils on risk management practice, particularly the identification of new and emerging risks to local authority priorities;

- Commission reviews to evaluate risk management practice from internal audit or other specialists.

The Executive Board:

- Receive and review a quarterly report on risks in the strategic risk register and how they are being managed;
- Obtain assurance that the Corporate Leadership Team are taking appropriate action on significant risks to strategic objectives;
- Consider the draft Annual Governance Statement prior to Council.

The Audit Committee:

- To evaluate and ensure the effectiveness of the Council's Risk Management Framework and associated control environment;
- Approve the Council's Risk Management Framework.

Corporate Leadership Team:

- Manage the Strategic Risk Register using the principles of the Council's Business Risk & Opportunity Management Policy;
- Ensure consistent implementation of the Risk Management Framework across Council directorates, partnerships and projects;
- Assess that suitable actions are taken to mitigate different levels of risk;
- Ensure that controls are prioritised and that risk responses are proportionate;
- Review quarterly the Council's Strategic Risk register
- Include risk in decision making process;
- Approve the RMF prior to consideration by the Audit Committee.

Directorate Leadership/Management Teams:

- Receive and review the Departmental Risk Register on a regular basis;
- Obtain assurance that the Directors are taking appropriate action on significant risks to strategic objectives;
- Provide the Corporate Director assurance evidence for the Annual Governance Statement;
- Promote risk management practice in line with the approved Risk Management Framework in the directorates.

Internal Audit:

- Provide an independent and objective opinion to the City Council on its governance, *risk management*, and internal control by evaluating their effectiveness in achieving the Council's objectives;
- Examine, evaluate and report on the Council's risk management arrangements (including commissioned work);
- Develop and agree an annual programme of audit focussed on the significant risks to the Council's objectives in conjunction with the Chief Finance Officer;
- Provide an independent opinion on the Annual Governance Statement;
- Review the composition of the Strategic Risk Register and individual strategic red risks.

- Audit selected risks identified for delegation from the Strategic Risk Register.

Insurance and Risk Management Services:

- Identify insurable risks and determine risk transfer mechanisms in line with the Council's tolerance for risk;
- Handle all claims in their entirety and identify historic and emerging risk trends;
- Provide underwriting advice and support to Directorates on insurance and operations risk matters;
- To establish and maintain Operational Risk Management groups within services areas;
- To be responsible for the identification, assessment and mitigation of Operational Risk Management across the Council;

The Corporate Risk Management Group:

- Share learning, intelligence, experience and good practice across the organisation;
- Analyse and prioritise risks requiring corporate action;
- Advise the Corporate Directors and Directorate Management Teams on significant risk issues and their mitigation;
- Contribute to the quarterly risk report to CLT and Audit Committee and the Annual reports to Audit Committee, Council and Executive Board;
- Championing risk management within the authority.

Risk Management

Related Risk Management Activities

Other related Risk Management activities and their scope and approach.

Insurable Risks:

The Council recognises that the use of insurance to reduce the financial impact of risk is a critical part of its overall approach to reducing its financial risk exposure. This part of its strategy is implemented by its Insurance Team through a range of internal and external functions:

- Advising on the management of insurable risk, for example in identifying actual and potential sources of loss where there is a financial or legal risk and working with managers to devise solutions;
- Advising on risk financing options;
- Arranging and maintaining the Council's insurance;
- Providing a professional claims handling service in relation to claims which arise out of the council's activities;
- Monitoring the performance and service standards of insurers, claims handlers, solicitors and brokers;
- Providing insurance and indemnity advice on projects, partnerships and contracts;
- Ensuring value for money.

Corporate Approaches to Risk Financing

The Council seeks to mitigate the financial impact of extreme events by implementing risk transfer structures involving insurance, reinsurance and capital markets.

Risk Financing through Insurance:

In relation to insurable risk, the Council wishes to:

- Ensure that wherever possible external protection exists in respect of catastrophic exposures;
- Maximise the use of the Insurance Fund (self insure) without exposing the Council to unnecessary risk;
- Protect the insurance fund by transferring smaller risks externally where competitive quotes allow;
- Presenting an improving risk to insurance markets thereby stimulating competition and thereby driving down external premiums;
- Encourage departments to manage risk more effectively by developing a more sophisticated premium apportionment methodology;
- Ensure high quality loss data is captured and used by departments to reduce the cost of insurable risk;
- Ensure the adequacy and integrity of the Insurance fund by employing the following mechanisms;
 - Robust auditing of reserves and payments for claims handled in-house or by external service providers;
 - Realistic reserving philosophy;
 - Monthly fund status reports
 - Annual funding review
 - Annual actuarial assessment of the Insurance Fund

Funding of Retained Non-insurable Risk:

The Council will continue to fund these costs through the relevant corporate or service budgets. In the event of a major incident corporate contingency funds will be called upon. The level of contingencies is subject to annual review by the Chief Finance Officer.

Operational Risk Management:

Whilst operational risk is often referred to as insured risk the identification, assessment and mitigation of operational risk encompasses all the other risk related activities, i.e. health and safety risk, business risk, and business continuity. The strategy for management of operational risk is to:

- Develop Operational Risk Management Groups with service areas to identify, analyse and support service areas with risk mitigation initiatives;
- Provide a forum for consultation between service areas on methods for consistently managing operational risk ;
- Identify and measure existing and emerging operational risk and implement risk reduction and control methods;
- Establish working groups with service areas to implement risk mitigation strategies;
- Cascade awareness and understanding of operational risk management among all colleagues;
- Measure the effectiveness of risk mitigation methods to ensure cost savings, improved efficiency and improved service delivery.

For further information on insurance risk, risk financing through insurance etc, please contact:

Jane O'Leary, Insurance and Risk Manager
0115 87 64158
jane.o'leary@nottinghamcity.gov.uk

Business Continuity Planning:

The Council's approach to Continuity Planning relies on the development of plans at four levels:

- Corporate: provide strategic guidance to CLT and should enable delivery of required response during emergencies;
- Departmental: provide strategic guidance to departments and their nominated Continuity Champions and should enable delivery of required response during emergencies;
- Directorate: provide operational and strategic guidance to Directors and their Continuity Champions to enable restoration of normal operating regime following disruption and to minimise the impact of unplanned interruptions;
- Service Unit: provide operational guidance to Service Team managers to enable restoration of normal operating regimes following disruption.

The development of effective business continuity plans (BCPs) is coordinated by the Council's Resilience Team. Each department has a BCP Champion that works with this team. The Council has formed a formal BCP group which meets regularly to share good practice and co-ordinate inter-dependant BCPs.

Health and Safety Service:

The Council's Health and Safety Team is located within its Resources department and acts as a corporate resource providing a range of technical, advisory, training and other support services to departments and their managers. Departments have their own nominated Health and Safety roles which work in partnership with the corporate team.

The team has a key role in advising and supporting managers on the development of safety management systems, which are required in law. These systems are necessary in large organisations, to manage key risk areas, such as asbestos in buildings, legionella, violence, stress, fire, construction activities and others.

The Team is formally appointed under Regulation 7 of the Management of Health and Safety at Work Regulations 1999 as the 'competent person' operating on behalf of the City council and its departments. The purpose of this role is to assist the Council and its managers to minimise risks to employees and services users arising from their employment and / or service use. As a minimum it assists the Council and managers to fulfil their obligations under British and EU Health and Safety Law.

Some of the main services provided by the team:

- Professional advice on both Criminal and Civil health and safety law and its cost effective implementation in service delivery;
- Carry out employee group and specific risk assessments in conjunction with relevant managers;
- Advise and assist managers in carrying out supplementary risk assessments;
- Carry out premises fire risk assessments;
- Provide occupational hygiene services, e.g. noise surveys, lighting surveys, asbestos sampling;
- Provide general health and safety advice on a wide range of topics;
- Provide specialist or technical advice and services on issues such as management of legionella in water systems, management of asbestos handling and control in buildings and fire precautions in buildings;
- Monitor, assess and, if necessary, investigate accident and incident reports;
- Report to and liaise with the enforcing authority (the Health and Safety Executive);
- Carry out inspections and audits (of premises, equipment, system etc.);
- Compile and analyse accident data and prepare statistical information;
- Develop Corporate and codes of practice and guidance;
- Provide training services – identify needs / assess providers / direct training provision;
- Assist in consultation with Trade Unions through both formal and informal channels;
- Vet contractor' health and safety submissions;
- Provide support to various projects, programmes and policy initiatives.

For further information on business continuity or health and safety, please contact:

Paul Millward, Head of Resilience
0115 87 62980
paul.millward@nottinghamcity.gov.uk

Business Risk & Opportunity Management

Glossary of terms

Term	Description
Assurance	An evaluated and preferably independent opinion, based on evidence gained from review.
Contingency Planning	The process of identifying and planning appropriate responses to be taken when, and if, a risk actually occurs.
Corporate Governance	The ongoing activity maintaining a sound system of internal control by which the directors and officers of an organisation ensure that effective management systems, including financial monitoring and control systems
Countermeasure	An action taken to reduce the likelihood of a risk materializing. Sometimes it is used loosely to include a contingency plan
Early warning indicator (EWI)	A leading indicator for an organisational objective.
Impact	Impact is the result of a particular threat or opportunity actually occurring
Inherent risk	The exposure arising from a risk before any action has been taken to manage it
Issue	A relevant event that has happened, was not planned and requires management action.
Opportunity	An uncertain event with a positive probable impact
Prevailing (or opening) risk	The exposure arising from a risk having taken into account existing mitigations/counter measures
Proximity (risk)	The time factor of risk, i.e. the occurrence of risks will be due at particular times and the severity of impact will vary depending on when they occur
Residual risk	The risk remaining after the risk response has been successfully applied
Risk	An uncertain event or set of events that, should it occur, will have an effect (positive or negative) on the achievement of objectives
Risk appetite	The amount of risk an organisation, or a subset of it, is willing to accept.
Risk capacity	The maximum amount of risk that an organisation can bear.

Glossary of terms *(continued)*

Term	Description
Risk cause	A description of the source of the risk, i.e. the event or situation that gives rise to the risk
Risk event	A description of the area of uncertainty in terms of the threat or opportunity
Risk Management Policy	A high-level statement showing how risk management will be handled throughout the organisation
Risk Management Process Guide	Describes the series of steps and activities to implement risk management
Risk Management Strategy	Describes the goals of applying Risk Management to the specific activity including the process to be adopted, roles responsibilities, risk thresholds, timing of risk management interventions etc.
Risk owner	A role or individual responsible for the management and control of all aspects of individual risks including the implementation of measures taken to manage the risk.
Risk profile	Describes the types of risks faced by an organisation and its exposure to them
Risk Rating (sometimes called score)	A numerical score for a risk that reflects its seriousness: high ratings point to the most serious risks. It is normally equal to the product of a risks impact and likelihood scores.
Risk register (or log)	A record of risks relating to an initiative including status, history.
Risk response (or treatment)	Actions that may be taken to bring the situation to a level where the exposure to risk is acceptable
Risk tolerance	The threshold levels of risk exposure that, with appropriate approvals, can be exceeded, but which when exceeded will trigger some form of response.
Strategic risk	Risk concerned with where the organisation wants to go, how it plans to get there and how it can ensure survival.
Terminate	An informed decision not to become involved in a risk situation (i.e. To choose another path, which does not encounter that risk)
Threat	An uncertain event that could have a negative impact on objectives or benefits
Tolerate	An informed decision to accept the likelihood and the consequences of a particular risk, rather than trying to mitigate it by implementing a countermeasure or contingency plan
Transfer	An informed decision to transfer the risk to another party, who will accept the risk and/or reap the rewards. Insurance transfers risk of financial loss from insured to insurer
Treat	An informed decision to take additional action to further minimise the likelihood or impact of an identified risk.



Nottingham
City Council

Business Risk & Opportunity Management

Process Guide

Version 3.1
August 2012



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Business Risk & Opportunity Management *Process Guide*

Introduction

The following diagram highlights the key stages in Risk Management. These key stages are consistently applied irrespective of what level of planning, business objective/priority we are considering.



Note: The process of monitoring risk behaviour and response implementation is ongoing throughout the life span of the business activity or project.

Define business outcomes/objectives - The first step is identifying the business priorities that are to be risk managed. This ensures that it plays a central role in improving Council performance. It is often helpful to draw on key plans relevant to the service for example, the Council Plan, Operational Service Plan etc. We prioritise the business outcomes/objectives to target our risk management efforts most effectively.

It is also important to ensure that major stakeholders who have an impact on or are affected by the objectives are identified. A stakeholder map is useful to identify who the stakeholders are, what their interests are and the degree of power and influence they may have.

Identify and assign risks threatening priorities - Good risk descriptions are helpful because they assist with the identification of effective risk responses and ensure that resources are correctly targeted.

- The description of the risk should have three elements;
 - The likely source of the risk;
 - The area of uncertainty;
 - Its potential “impact” on the achievement of the associated business priority;
- A risk should be described at the level to which it is going to be managed;
- Finally, each risk should be described at a level of detail where it can be assigned to a *single owner*, with clear responsibility and accountability for addressing the risk.

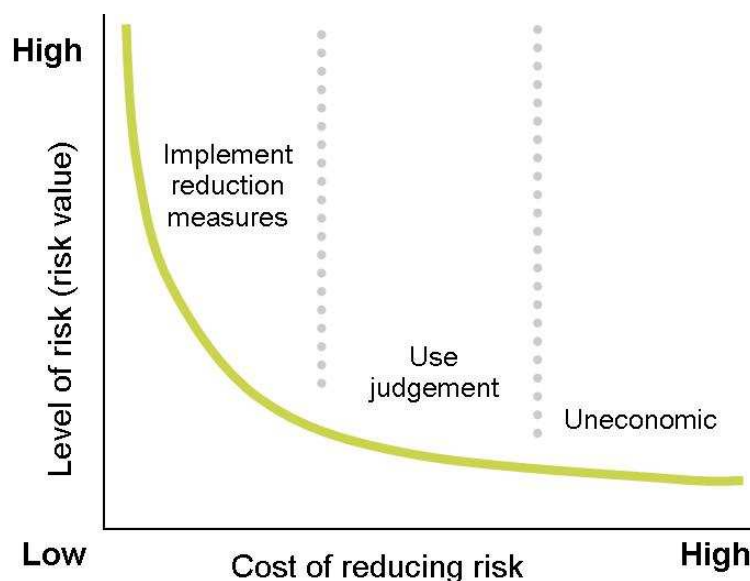
Analyse, evaluate and prioritise risks – To develop and plan an effective risk management response, a thorough understanding of the risk is needed. Risk characteristics are assessed in terms of likelihood and impact. The resultant score helps us establish the seriousness of the risks and prioritise them.

Threat Assessment Matrix

			Impact (I)				
			Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Likelihood (L)	Remote (1)	1	2	3	4	5	
	Unlikely (2)	2	4	6	8	10	
	Possible (3)	3	6	9	12	15	
	Likely (4)	4	8	12	16	20	
	Almost certain (5)	5	10	15	20	25	

With some areas of work it is likely that counter measures and contingency plans have already been identified. These should be reviewed to ensure they reduce the seriousness of identified risks to an acceptable level.

Design & manage risk responses - If existing counter measures and contingency plans are considered insufficient, then new risk responses are required targeting the most serious risks first. However, we need to be careful that the cost of implementing risk responses is proportionate to the risk.



Our response to the risk is largely determined by the seriousness of the risk and our risk appetite or tolerance but can be broadly categorised into four options:

- **Terminate** - Terminate the potential risk in the business as the probability of occurrence is too high and if it occurs, the severity/financial impact will be catastrophic;
- **Transfer** - Transfer the risk or the consequences of the risk to a third party for example using insurance;

- **Treat** – Implement mitigations to reduce the likelihood of the risk or alternatively reduce the impact so the business is not adversely affected;
- **Tolerate** - Accept the risks as the probability and severity of the impacts do not adversely affect the business.

Monitor and update – It is important to monitor risk behaviour and response to ensure that steps taken to reduce risk are implemented and effective. Also there may be new previously unidentified risks which require a response. When undertaking this monitoring effort should be focussed on the most serious risks.

Record and report – It is important that there is a formal record of the status of risks informing the wider understanding of risks across the organisation. Risks and mitigations are recorded in risk registers and supporting Risk Management Action Plans (RMAPs) which are formally reported to Departmental and Corporate Leadership Teams, Audit Committee and Executive Board.

At the heart of the communication is the **Risk Register (RR)** that contains a record of the risk exposure (the risks and their characteristics) of the project and the decisions taken as a result of that knowledge (e.g. implement new mitigations), however, on their own they are not risk management.

Where more detailed tracking of risks and management actions is considered appropriate **Risk Management Action Plans (RMAP)** can be used.

To ensure accessibility to Councillors, colleagues, partners and project stakeholders and project managers are required to use corporate RR and RMAP templates that provide consistent ways of presenting information. Both templates (and versions of them) and are available from the risk management intranet site.

Further information is available from the Risk Management intranet site including:

- Risk management How To Guides
- Risk Register Templates
- Risk Management Action Plan Templates
- elearning module
- Library of generic service/business risks

Alternatively contact:

Simon Burton, ext. 63432
simon.burton@nottinghamcity.gov.uk



Nottingham
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Business Risk & Opportunity Management

Strategic Risk Strategy

Version 3.0
November 2011



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Business Risk & Opportunity Management

Strategic Risk Strategy

Introduction

This Strategic Risk Strategy documents the way in which our risk management policy and risk processes are implemented at the level of the Strategic Risk Register.

The Council's strategic priorities are defined by the Council Plan. It is managed by the Corporate Leadership Team (CLT) with priorities and attendant risks 'owned' by individual Corporate Directors and recorded in the Strategic Risk Register (SRR). The SRR is the highest register in the Council's hierarchy of risk registers and is managed and owned, like this strategy, by CLT.

The following diagram illustrates the levels of management accountabilities and the corresponding hierarchy of plans/priorities, risk registers and risk strategies.



Management of the SRR and escalation and delegation of risks

Risk threats should be known to the level of management best placed to decide if, and to what degree, mitigations should be initiated. However, we need to ensure there isn't an excessive flow of information to the higher levels of management which could increase the risk of delayed mitigation.

Typically risks will be escalated to the SRR from a departmental risk register having been assessed as having exceeded the tolerance level (become red) by reference to the Departmental threat assessment matrix (also used for ongoing assessment of risks once adopted in the SRR see Appendix A).

To assist further in identifying appropriate risks for escalation the following criteria are also be considered.

- The current risk threat assessment is above the tolerance level (red risk)
- The achievement of one of the Council's highest priorities is significantly jeopardised;
- There is significant risk of reputational damage to the City or the Council;
- There is significant risk of adverse financial impact;
- A critical statutory or legal compliance responsibility of the Council is threatened;
- There are serious Citizen wellbeing implications;
- There is the potential for corporate/council wide impact or impact which requires corporate mitigation.

CLT also delegate risks to lower level risk register once:

- The threat level on a business priority under risk management has fallen significantly and is now of considerable less concern at the higher level in the Council Risk Register. This might happen after a period of sustained risk management at the higher level.
- The higher (management) level does not have the primary delivery responsibility for the business priority being risk managed.

These criteria help test the appropriateness of escalating and delegating risks. However, there may be other factors which warrant consideration. CLT has responsibility and ownership of the SRR and adoption or delegation of strategic risks is at their discretion

Reporting

Strategic Risk Register (SRR) Quarterly Updates are prepared by the Corporate Risk Specialist. The purpose of the SRR Quarterly Updates is to:

- Manage the SRR;
- Identifying emerging risks & opportunities;
- Draw attention to increased risks or where there is ineffective risk management action.

The updates draw on RMAPs supplied by Departmental Risk Champions with each having been updated by their respective risk owner and in accordance with the relevant Department Risk Strategy.

The report goes first to **Corporate Leadership Team**. The report includes a summary of the risks, recommendations for changes to the composition of the SRR or individual Strategic Risks with relevant supporting information.

The report also includes as appendices a summary of the Strategic Risk Register and supporting Risk Management Actions Plans (RMAPS). Typically RMAPs are included for new risks, risks which have been re-scoped or significantly changed and risks previously selected by either CLT or Audit Committee for review. However, updated RMAPs for all the strategic risks are uploaded to the CLT shared drive quarterly.

In the Strategic Risk Register Updates, CLT is typically asked to:

- Consider and critically appraise the progress made on reducing the seriousness of the Council's strategic risks;
- Consider and approve proposed changes to Strategic Risks or composition of the SRR;
- Consider and comment on risks previously selected by Audit Committee or CLT for review.



Following CLT, the report is taken to **Audit Committee**. Audit Committee has an important role in providing assurance of the adequacy of the Council's RM Framework and the associated control environment. The report is similar in presentation to CLT but with changes made to risks and the SRR as approved by CLT. Once again RMAPs are included for new risks, risks which have been re-scoped or significantly changed and risks previously selected by Audit Committee for review. Risks selected for review by Audit Committee are represented by respective risk owners who present on their risks and any questions that Audit Committee may have on the risk/management of the risk.

Audit Committee is typically asked to:

- Consider and critically appraise the progress made on reducing the seriousness of the Council's strategic risks;
- Note the results of the review of the SRR by Corporate Leadership Team;
- Consider for more detailed review strategic RMAPs previously selected by Audit Committee for review;
- Select further strategic risks for review in the next SRR Quarterly Update.

After Audit Committee, the SRR Quarterly Update is presented to **Executive Board**. A more concise version of the update is presented which does not include RMAPs.

Executive Board is typically asked to:

- Note and comment on the range of risks contained in the strategic element (SRR) of the Council Risk Register;
- Note specific changes to the SRR.

Horizon scanning

The Corporate Risk Specialist works with Corporate Policy to identify emerging areas and understand them in terms of risk and opportunities. These are explored in SRR Quarterly Updates, but also in reports and briefings prepared by Corporate Policy, in particular the Monthly Policy Digest.

Assurance

The main means for testing assurance of the effectiveness of the RM approach at the level of the Strategic Risk Register is through the work of Audit Committee and Internal Audit.

One of the main purposes of **Audit Committee** is to *“provide assurance of the adequacy of the Risk Management Framework and the associated control environment.”* In this capacity its function is *“reviewing the mechanisms for the assessment and management of risk.”* The ability of Audit Committee to select individual risks for review and to be briefed directly by Risk Owners is a key means of fulfilling its purpose with regard to Risk Management. Audit Committee is annually required to approve the Risk Management Framework i.e. Policy, Process Guide, Strategic and Departmental Risk Strategies.

The Corporate Risk Specialist works closely with **Internal Audit** to improve the understanding of organisational risks and the management of those risks. As part of the Annual Audit Programme, Internal Audit reviews the composition of the SRR and individual strategic red risks to ensure appropriate representation of the risks and to test the effectiveness of management actions.

Key documents

Key documents used in the reporting and management of risks at the strategic level of the Council Risk Register include the Strategic Risk Register, the Strategic Risk Register – Report Summary and Strategic Risk Management Action Plans.

The **Strategic Risk Register** (available on request) is maintained by the Corporate Risk Specialist; however for the purposes of reporting a summary version is used (**Strategic Risk Register – Report Summary**) for the SRR Quarterly Updates which is also maintained by the Corporate Risk Specialist.

Risk Management Action Plans are used to provide a greater level of detail for each strategic risk and also provide a focus for management actions. They are owned by Risk Owners, at this level Corporate Directors and typically prepared, and updated by Risk Leads.

The following table details the headings included in each of the documents:

Heading	SRR	SRR-Rep Summary	RMAP
Risk Description	✓	✓	✓
Description of constituent risks	✗	✗	✓
SR criteria e.g. significant financial, reputational impact etc	✗	✓	✗
Risk Owner	✓	✓	✓
Risk Lead	✓	✓	✓
Previous threat assessments (LxI)	✓	✓	✓*
Current threat assessment (LxI)	✓	✓	✓*
Direction of travel (DoT)	✗	✓	✓*
Target threat assessment (LxI)	✓	✓	✓*
Target date	✓	✓	✓*
Assessment of effectiveness of management actions	✓	✗	✓*
Description of current management actions linked to identified risks	✗	✗	✓
Description of additional management actions linked to identified risks	✗	✗	✓
Person accountable for actions	✗	✗	✓
Additional actions completion date	✗	✗	✓
Actions review date	✗	✗	✓

* included for individual constituent risks

Scales for assessing likelihood and impact and risk tolerance levels

Appendix A provides the scales for assessing Likelihood and Impact at the level of the Strategic Risk Register. Red risks already represented at the level of the Strategic Risk Register clearly cannot be escalated further, however they are clearly identified to CLT and are a priority for treatment to achieve their agreed target threat assessment levels.

Role and responsibilities in relation to the management of the SRR and Strategic Risks

Risk Management roles and responsibilities of colleagues, Councillors, committees and management teams at the level of the Strategic Risk Register:

The Chief Executive:

- Ensure that risks to key objectives at strategic, project, partnership and operational levels are reported regularly to the CLT and appropriate actions taken in response;
- Ensure that risk issues are reported to Councillors with actions being taken.

Corporate Directors:

- Take ownership of strategic risks and the actions to mitigate them.

Head of Internal Audit / Internal Audit:

- Support risk assessments conducted on the Council Plan and key partnerships and projects;
- Develop and agree an annual programme of audit focussed on the significant risks to the Council's objectives in conjunction with the Chief Finance Officer.

Director Human Resources and Organisational Transformation:

- Ensure that the Council's approach to risk management is up to date and effectively meets its business needs and those of the citizens' it serves.

Corporate Risk Specialist:

- Provide quarterly strategic risk reports CLT, the Audit Committee and Executive Board;
- Provide an annual report on risk management to CLT, Audit Committee and Full Council;
- Provide an annual update of the Council's Risk Management Framework (RMF) to CLT and Audit Committee;
- Co-ordinate and facilitate the management of the Strategic Risk Register (SRR);
- Work with Corporate Policy to identify emerging areas of risk and opportunities and ensure that these are explored in the SRR quarterly updates presented to Corporate Leadership Team, Audit Committee and Executive Board.

The Executive Board:

- Receive and review a quarterly report on risks in the strategic risk register and how they are being managed;
- Obtain assurance that the Corporate Leadership Team is taking appropriate action on significant risks to strategic objectives.

The Audit Committee:

- To evaluate and ensure the effectiveness of the Council's risk management framework control environment;
- Approve the Council's Risk Management Framework;
- Note the results of Corporate Leadership Team Strategic Risk Register Review (SRR);
- Select further Strategic risks for review in the next SRR quarterly update.

Corporate Leadership Team:

- Manage the Strategic Risk Register by reference to the Risk Management Framework (RMF);
- Review quarterly the Council's Strategic Risk Register;
- Include risk in decision making process;
- Approve the RMF prior to consideration by the Audit Committee;
- Critically appraise and endorse Departmental Risk Strategies.

The Corporate Risk Management Group:

- Contribute to the quarterly risk report to CLT and Audit Committee and the Annual reports to Audit Committee, Council and Executive Board.

Internal Audit:

- Review the composition of the Strategic Risk Register and individual strategic red risks;
- Audit selected risks identified for delegation from the Strategic Risk Register;
- Ensure the appropriate representation of strategic risks and test the effectiveness of management actions;
- Work with the Corporate Risk Specialist to improve the understanding of organisational risks and the management of risks.

Further information is available from the Risk Management intranet site including:

- Risk management How To Guides;
- Risk Register Templates;
- Risk Management Action Plan Templates;
- elearning module;
- Library of generic service/business risks.

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Risk threat assessment matrix (Likelihood x Impact)

		IMPACT					Description of occurrence
		Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)	
LIKELIHOOD	Remote (1)	1 Tolerate	2 Tolerate	3 Tolerate	4 Tolerate	5 Prioritise for treatment Tolerate	Never heard of occurring. We can't imagine it occurring.
	Unlikely (2)	2 Tolerate	4 Tolerate	6 Prioritise for treatment Tolerate	8 Prioritise for treatment Tolerate	10 Treat Prioritise for treatment	May occur within the sector. We can imagine it happening.
	Possible (3)	3 Tolerate	6 Prioritise for treatment Tolerate	9 Prioritise for treatment Tolerate	12 Transfer Treat Tolerate	15 Terminate Transfer Treat	May occur within the Council. It would be unusual.
	Likely (4)	4 Tolerate	8 Prioritise for treatment Tolerate	12 Transfer Treat Tolerate	16 Transfer Treat Tolerate	20 Terminate Transfer Treat	Occurs in 10 to 100 years. It may happen.
	Almost certain (5)	5 Tolerate	10 Prioritise for treatment Tolerate	15 Terminate Transfer Treat	20 Terminate Transfer Treat	25 Terminate Transfer Treat	Occurs several time per year. It will happen.

Financial	A financial loss or loss of opportunity of less than £50k.	A financial loss or loss of opportunity of between £50k & £250k.	A financial loss or loss of opportunity of between £250k & £1 million.	A financial loss or loss of opportunity of between £1 million & £10 million.	A financial loss or loss of opportunity of greater than £10 million.
Customer / citizen	Rise in complaints regarding service delivery under 5%.	Rise in complaints regarding service delivery of 5-10%.	Rise in complaints regarding service delivery of 10-20%.	Rise in complaints regarding service delivery of 20% - 30%.	Rise in complaints regarding service delivery of 30% or more.
Health & Safety	No injury.	First aid case or slight short term health problem.	Violence or threat or short term health problem.	Serious medium term health problem.	Fatality, disability or serious long term health problem.
Environmental	Localised short term reversible damage to the environment.	Localised medium term reversible damage to environment.	Widespread medium term reversible damage to environment.	Widespread long term damage to the environment.	Widespread irreversible damage to the environment.
Legal / legislation	Sued or fined less than £50k.	Sued or fined between £50k & £250k.	Sued or fined between £250k & £1 million.	Sued or fined between £1 million & £10 million.	Sued or fined for £10 million or greater.
Personnel	Permanent staff turnover exceeds 5% p.a. above norm.	Permanent staff turnover exceeds 5% - 10% p.a. above norm.	Permanent staff turnover exceeds 10% - 20% p.a. above norm.	Permanent staff turnover exceeds 20% - 30% p.a. above norm.	Permanent staff turnover exceeds 30% p.a. above norm.
Buildings/assets	Slight damage to building with no impact on service.	Slight damage to building with minor impact on services.	Damage to building rendering it temporarily unusable.	Damage to building rendering it unusable, but repairable.	Damage to building rendering it unusable & dangerous requiring demolition.
Achievement of highest priorities	No impact on achieving one of the Council's highest priorities.	Little impact on achieving one of the Council's highest priorities.	Noticeable impact on achieving one of the Council's highest priorities.	Partial failure to achieve one of the Council's highest priorities.	Failure to achieve one of the Council's highest priorities.
Partnership engagement	Lack of resource provided from the partner side of a project leads to minor staffing issues.	Lack of resource provided from the partner side of a project leads to project delays.	Lack of resource provided from the partner side of a key project leads to project delays.	Lack of resource provided from the partner side of a major project leads to project delays.	Lack of resource provided from the partner side of a major project leads to termination.
Reputation	No significant comment or media coverage.	Adverse local media coverage for 1 to 7 days.	Adverse local media coverage with moderate change in stakeholder confidence lasting 1 - 3 months.	Adverse national media coverage with significant change in stakeholder confidence lasting more than 3 months.	Adverse national media coverage with dramatic change in stakeholder confidence lasting more than 12 months.
Service delivery	Key front line service unavailable for no more than 1 hour.	Key front line service unavailable for less than 6 hours.	Key front line service unavailable for more than 2 days.	Key front line service unavailable for 1 week.	Key front line service unavailable for more than 1 week.

