AUDIT COMMITTEE
29 November 2013

Report of the Deputy Chief Executive & Corporate Director for Resources

Strategic Risk Register (SRR) – Quarter 2 (Q2) 2013/14 Update

1.   REPORT PURPOSE

1.1   This is the Q2 2013/14 (as at 30 Sept 2013) update of the Council's SRR 2013/14 and Annual Review of 2012/13 presenting the progress made in reducing the threat level for each strategic risk from their original position.

1.2   At the 26 July meeting Audit Committee selected for more detailed scrutiny *SR29 – Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities.* With the agreement of the Chair of Audit Committee reporting on this risk has been deferred to the SRR Q3 Update.

2.   RECOMMENDATIONS

Audit Committee is recommended to:

2.1   Consider and critically appraise the progress made on reducing the seriousness of the Council's strategic risks as reflected by their threat levels and Direction of Travel (DoT) for Q2 2013/14 (**Table 1** and **Appendix 1**).

2.2   Note the results of the review of the SRR by CLT.

2.3   Approve the Risk Management Framework included as **Appendix 3**.

2.4   In addition to *SR 29 - Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities,* select one or more strategic risks from **Appendix 1** for specific scrutiny as part of the SRR Q3 2013/14 Update.

3.   REASONS FOR CONSIDERATION

3.1   The Audit Committee's risk management role is to provide assurance on the adequacy of the Council's Risk Management Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This includes ensuring that active risk management is undertaken by relevant managers. This report presents the latest CLT review of the strategic risks faced by the Council.

4.   THREAT LEVEL REDUCTION PROGRESS

4.1   Progress in reducing the seriousness of our strategic risks is assessed by a combination of each risk's overall threat level and DoT.   This rounded assessment gives a clearer picture of progress in reducing the risk threat level and is summarised in **Table 1**.

4.2   Several SRR risks have been assessed by risk owners as improving, stable or at target. **Ten** risks are red, reflecting a range of delivery pressures and challenges the Council has to respond to. Of the **16** strategic risks within the SRR:
  • **Five** strategic risks are at target
  • A further **two** strategic risks show an improved DoT

4.3   **Table 1** shows the strategic risks ranked in order of threat level and DoT (highest to lowest threat level):

SR No.	Strategic Risk Description	Threat Level	DoT (Q1–Q2)
TABLE 1: Risk Threat Level & DoT in rank order at Q2 2013/14			
Red rated strategic risks (10)			
26	Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes	16	⇔
6	Failure to safeguard vulnerable children	15	⇩
8b	Failure to implement and embed effective information management structures, polices, procedures, processes and controls to support the council's immediate and future regulatory, legal, and business requirements **(updated Q1 2013/14)**	12	⇔
11a	Failure to accurately predict and respond to financial pressures supporting the development and delivery of the medium term financial plan **(updated Q1 2013/14)**	12	⇔
12a	Failure to provide the best educational outcome for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City **(updated Q4 2012/13)**	12	⇔
25a	Failure to embed a corporate approach to commissioning, informed by citizen need, which drives delivery of improved services at significantly lower cost **(updated Q4 2012/13)**	12	⇔
28	Failure to ensure a financially sustainable ASC system to respond to significant increases in demand for care while protecting our most vulnerable citizens	12	⇔

TABLE 1: Risk Threat Level & DoT in rank order at Q2 2013/14 *(continued)*			
SR No.	**Strategic Risk Description**	**Threat Level**	**DoT (Q1–Q2)**
29	Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities **(under review)**	**12**	⇔
30	Failure to create an organisational environment that supports delivery of Council priorities **(new risk added Q1 2013/14)**	**12**	⇔
7a/ b	Failure to reduce levels of crime and anti-social behaviour (ASB)	**12**	⇩
Amber rated strategic risks (6)			
3	Failure to mitigate the impact of the economic climate on the Nottingham City and its citizens	**9 At target**	⇔
16a	Failure of partners including the City Council to work effectively together to achieve vision and outcomes in the Nottingham Plan to 2020	**8 At target**	⇔
5a	Failure to safeguard vulnerable adults	**8**	⇩
2a	Of the reputation of the City	**6 At target**	⇔
10	Failure to maintain good standards of governance	**6 At target**	⇔
24	Failure to ensure effective systems are in place to manage health and safety risks	**6 At target**	⇔
Green rated strategic risks - There are no green rated risks at Q2.			

DoT key: ⇩ Reducing Threat Level   ⇔ Stable Threat Level   ⇧ Increasing Threat Level

Appendix 1 identifies individual risk owners**,** detailed risk threat level assessments between January 2013 (Q3 2012/13) and September 2013 (Q2 2013/14) and the projected dates when target threat levels will be achieved.

4.4 <u>Review of new, emerging and existing SRR risks</u>

4.4.1 <u>*SR12a - Failure to provide the best educational outcomes for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City*</u>: It was previously agreed that this risk should be owned by the Chief Executive due to its significance , connectedness to other priorities and strategic risks, the need for a cross-cutting approach and external stakeholder engagement for effective management, with support from the interim Corporate Director for Children and Families. Work during Q2 has focussed on rationalising and prioritising the risks identified through the review begun in Q4 of 2012/13. The overall level of risk has remained consistent at 12, reflecting the threat assessment for three key constituent risks (see **Appendix 2** for further detail):

- *R1 - A high frequency of placement changes for children in care risks poor attainment particularly at secondary level with subsequent high levels of continuing support (12):* A lack of sufficient high quality family foster care, coupled with the high level and complex needs of children in care, can result in a high turnover in care placements which in turn can impact a child's education. Mitigations have been identified including building capacity, improving links and communications with safeguarding and partners, but these are not considered adequate in themselves to bring the level of the risk down substantially and this is acknowledged in the target threat assessment.

- *R2 - The diminishing influence of LA in the changing educational landscape risks a loss of focus on positive outcomes for children and young people and thus alignment with local employment opportunities and the economic needs of the city (16):* Levels of attainment against national standards and Ofsted inspection leave schools vulnerable to unwanted takeover by external multi-academy trusts contributing to greater fragmentation of the education market place. Management of this risk to a lower level requires a coherent approach from city leaders and partners to drive credible local sponsorship of city academies and free schools, which in itself presents some significant challenges. The difficulty in identifying adequate mitigations is reflected in the target threat assessment.

- *R4 - Insufficient intervention capacity/flexibility, the diminishing influence of the LA through academisation increases the risk of schools entering Ofsted category or hitting DFE intervention triggers to the detriment of outcomes for children and young people (12):* The School Improvement Service operates in a commercial market and there are many factors which impact on securing successful commercial outcomes. These include the extent of previous commercial experience, colleagues' attitude to risk, their skills and how internal control systems are used, all of which can either enhance or inhibit the swift effective responses necessary to compete successfully. Mitigations have been identified and implemented. There is the opportunity to make further links with the transformational Commercialism Programme, to benefit from and share good practice and adopt the more commercial and agile ways of working being embraced across the council.

4.5.2   *SR29 - Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities:*

At its 26 July meeting, Audit Committee selected *SR29 - Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities* for review as part of the SRR Q2 Update. Work is well underway to update the strategic risk following successful transition of the Public Health function into the Council. Risks being considered include the costs of commissioned services coupled with service demand and delivery/coordination of services across partners. However, with the agreement of the Chair of Audit Committee, reporting has been deferred to Q3 to enable work to be completed. This will also enable the Director of Public Health to present the RMAP at February's Audit Committee meeting in person.

5.   UPDATE TO THE RISK MANAGEMENT FRAMEWORK

5.1   The Risk Management Framework (RMF) (comprising policy, strategy and process guide) describes the Council's arrangements for identifying, managing, escalating/delegating risks and individual/collective roles and responsibilities in support of those arrangements. A role of Audit Committee is to formally approve the RMF. The RMF was adopted in 2006 and has been updated a number of times since. A number of minor changes have been made with the most significant being the endorsing the use of Covalent (management information system) in supporting Risk Management processes.

5.2   After its successful use to collate/manage Complaints, Comments and Compliments supporting Citizen First, the Council is making increasing use of Covalent as a management tool to support Service/Business Planning and Performance Management. Significant benefits have already been identified from the implementation of Covalent including:

- Wider, immediate and more accessible availability to comprehensive, timely and current information supporting improved decision making;
- Reduction of time/resources required to collate and recycle information releasing resources to undertake more value added work/analysis;
- Information captured once can be used many times by different users/audiences with different frames of reference e.g. thematic, timescales, departmental, service, geographical, performance, risk etc

The Council is committed to extending Covalent's use into risk and opportunity management to provide managers with a tool to assist in the broader management of services and so Quarters 3 and 4 2013/14 are being targeted for transitioning SRR monitoring/reporting to Covalent. The RMF is included for approval by Audit Committee as **Appendix 3**.

6.   FUTURE AUDIT COMMITTEE RISK REVIEWS

6.1   The provision to select strategic risks for review allows Audit Committee to direct attention to areas of risk considered potentially significant to the Committee's operations and remit. The Committee is invited to select two strategic risks from **Appendix 1** for more detailed examination in the SRR Q3 2013/14 Update. Selection might be based on the time elapsed since the risk was last reviewed, changes in the risk's threat level (or DoT) or relevance to current local or national matters of interest or concern.

7.   FINANCIAL IMPLICATIONS

7.1   There are no direct financial implications arising from this report. Actions to mitigate identified constituent risks are contained within the RMAPs. These actions will be positioned within the Council's Corporate Directorate and Strategic Service Plans and, as appropriate, inform the medium term service and budget planning process.

8.   RISK MANAGEMENT ISSUES

8.1   These are dealt with throughout the report.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1   Quarter 2 2013/14 Strategic Risk Management Action Plans

10. PUBLISHED DOCUMENTS REFERED TO IN COMPILING THIS REPORT

10.1   SRR Q1 Update reported to Audit Committee 26 July 2013

APPENDICIES

Appendix	Description
1	Nottingham City Council Strategic Risk Register - Report Summary
2	*SR12a - Failure to provide the best educational outcome for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City* **(RMAP available for review by Audit Committee)**
3	Risk Management Framework **(for approval by Audit Committee)**

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Nottingham City Council Risk Register - Report Summary

Ref.	Risk description	Highest Pri	Corp Mit	Legal	Reputation	H & S	Citizen well-being	Financial	Date threat level & DoT	Q3	Q4	Q1	Q2	DoT	Target Threat Level	Corporate Director (Risk Owner)	Lead Director or Senior Colleague
		SR criteria							**Threat level (seriousness) & DoT**							**Managing Accountability**	
										2012/13		**2013/14**					
SR26	Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes		✓				✓		Date	Jan-13	Mar-13	Jun-13	Oct-13	⬌	Apr-14	C. Mills Deputy Chief Exec. / CD-Res	T. Kirkham Strategic Finance Director
									Threat Level	16 (4x4)	16 (4x4) **R**	16 (4x4)	16 (4x4)		9 (3x3)		
									DoT	Stable	Stable	Stable	Stable				
SR6	Failure to safeguard vulnerable children		✓	✓	✓		✓	✓	Date	Oct-12	March	Jun-13	Oct-13	⬌	Apr-14	C. Brudenell Interim CD-Ch & Fam	H. Blackman Director Safeguarding
									Threat Level	15 (3x5)	15 (3x5)	15 (3x5) **R**	15 (3x5)		10 (2x5)		
									DoT	Improving	Improving	Improving	Stable				
SR8b	Failure to implement and embed effective information management structures, polices, procedures, processes and controls to support the council's immediate and future regulatory, legal, and business requirements **(updated Q1 2013/14)**				✓		✓		Date			Jun-13	Oct-13	⬌	Apr-14	C. Mills Deputy Chief Exec. / CD-Res	M. Gannon Director IT
									Threat Level		Updated risk	12 (3x4) **C**	12 (3x4)		9 (3x3)		
									DoT			N/A	Stable				
SR11a	Failure to accurately predict and respond to financial pressures supporting the development and delivery of the medium term financial plan **(updated Q1 2013/14)**		✓		✓			✓	Date			Jun-13	Oct-13	⬌	??	C. Mills Deputy Chief Exec. / CD-Res	T. Kirkham Strategic Finance Director
									Threat Level		Updated risk	12 (3x4) **C**	12 (3x4)		6 (3x2)		
									DoT			Stable	Stable				
SR12a	Failure to provide the best educational outcome for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City **(updated Q4 2012/13)**	✓	✓		✓				Date	Oct-12	Mar-13	Mar-13	Oct-13	⬌	Apr-15	I. Curryer Chief Exec.	C. Brudenell Interim CD-Ch & Fam
									Threat Level	12 (3x4)	12 (3x4) **R**	12 (3x4)	12 (3x4) **C**		8 (2x4)		
									DoT	Stable	Deteriorating	Stable	Stable				
SR25a	Failure to embed a corporate approach to commissioning, informed by citizen need, which drives delivery of improved services at significantly lower cost **(updated Q4 2012/13)**				✓		✓	✓	Date		Mar-13	Jun-12	Oct-13	⬌	Mar-14	C. Brudenell Interim CD-Ch & Fam	K. Banfield - Commissioning Change Programme Mgr
									Threat Level	Updated risk	12 (3x4) **C**	12 (3x4)	12 (3x4)		9 (3x3)		
									DoT		N/A	Improving	Stable				
SR28	Failure to ensure a financially sustainable adult social care system to respond to significant increases in demand for care while protecting our most vulnerable citizens				✓		✓	✓	Date	Jan-13	Mar-13	Jun-13	Oct-13	⬌	Mar-14	C. Brudenell Interim CD-Ch & Fam	H. Jones Dir for Adult Assessment
									Threat Level	12 (4x3)	12 (4x3)	12 (4x3)	12 (4x3)		6 (2x3)		
									DoT	Improving	Stable	Stable	Stable				
SR29	Failure to establish an effective Public Health function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities **(under review)**				✓		✓	✓	Date	Jan-13	Mar-13	Mar-13	Mar-13	⬌	Apr-13	C. Kenny Dir Public Health	A. Challenger Deputy Dir Public Health
									Threat Level	12 (4x3) **R**	12 (4x3)	12 (4x3)	12 (4x3) **R**		9 (3x3)		
									DoT	Improving	Improving	Stable	Stable				

Ref.	Risk description	Highest Pri	Corp Mit	Legal	Reputation	H & S	Citizen well-being	Financial	Date threat level & DoT	2012/13 Q3	2012/13 Q4	2013/14 Q1	2013/14 Q2	DoT	Target Threat Level	Corporate Director (Risk Owner)	Lead Director or Senior Colleague
SR30	Failure to create an organisational environment that supports delivery of Council priorities **(new risk added Q1 2013/14)**		✓		✓			✓	Date		New risk	Jun-13	Oct-13	⇔	Mar-14	I. Curryer Chief Exec.	R. Henderson Head of Service Change & Improvement
									Threat Level			12 (3x4) **C**	12 (3x4)		9 (3x3)		
									DoT			N/A	Stable				
SR7a/b	Failure to reduce levels of crime and anti-social behaviour (ASB)	✓	✓		✓		✓		Date	Jan-13	Mar-13	Jun-13	Oct-13	⇓	Apr-14	J. Kelly CD-Comm	E. Orrock Comm Safety Exec. Coordinator
									Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)		8 (2x4)		
									DoT	Improving	Improving	Improving	Stable				
SR3	Failure to mitigate the impact of the economic climate on the Nottingham City and its citizens				✓		✓		Date	Jan-13	Mar-13	Jun-13	Oct-13	⇔	Apr-12	D. Bishop CD-Dev	N. Jenkins Head of Economic Development
									Threat Level	9 (3x3)	9 (3x3)	9 (3x3)	9 (3x3)		9 (3x3)		
									DoT	Improving AT TARGET	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET				
SR16a	Failure of partners including the City Council to work effectively together to achieve vision and outcomes in the Nottingham Plan to 2020		✓		✓		✓		Date	Jan-13	Mar-13	Jun-13	Oct-13	⇔	2014	I. Curryer Chief Exec.	C. Richmond Acting Dir Policy Partnerships & Comms
									Threat Level	8 (2x4)	8 (2x4)	8 (2x4)	8 (2x4)		8 (2x4)		
									DoT	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET				
SR5a	Failure to safeguard vulnerable adults		✓	✓	✓		✓	✓	Date	Jan-13	Mar-13	Jun-13	Oct-13	⇓	Oct 2014	C. Brudenell Interim CD-Ch & Fam	H. Jones Dir Comm Inclusion E. Yardley Dir Access & Reablement
									Threat Level	8 (2x4)	8 (2x4)	8 (2x4)	8 (2x4)		6 (2x3)		
									DoT	Improving	Stable	Improving	Improving				
SR2a	Of the reputation of the City		✓		✓			✓	Date	Jan-13	Mar-13	Jun-13	Oct-13	⇔	Oct-12	I. Curryer Chief Exec.	C. Richmond Acting Dir Policy Partnerships & Comms
									Threat Level	6 (2x3)	6 (2x3)	6 (2x3)	6 (2x3)		6 (2x3)		
									DoT	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET				
SR10	Failure to maintain good standards of governance		✓		✓			✓	Date	Jan-13	Jan-13	Jun-13	Sep-13	⇔	Mar-13	C. Mills Deputy Chief Exec. / CD-Res	G. O'Connell Director Legal & Democratic Services
									Threat Level	9 (3x3)	9 (3x3)	6 (2x3)	6 (2x3)		6 (2x3)		
									DoT	Stable	Stable	Improving AT TARGET	Stable AT TARGET				
SR24	Failure to ensure effective systems are in place to manage health and safety risks			✓	✓	✓		✓	Date	Jan-12	Mar-13	Jun-13	Oct-13	⇔	Dec-13	C. Mills Deputy Chief Exec. / CD-Res	P. Millward Head of Service Emergency Planning
									Threat Level	9 (3x3) **R**	9 (3x3)	6 (2x3)	6 (2x3)		6 (2x3)		
									DoT	Stable	Stable	Improving AT TARGET	Stable AT TARGET				

DIRECTION OF TRAVEL (DoT):

Improving (reducing) threat level ⇓   Stable threat level ⇔   Deteriorating (increasing) threat level ⇧

SR12a - Failure to ensure the best educational outcome for children & opportunities for young people to access further education & skills training to contribute to the economic wellbeing of the City.

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This risk is scoped around ensuring that the match and quality of educational outcomes meet the wider economic and community needs of the city. Changes in Government policy regarding inspection of LA school improvement services, changes within the School Access and Improvement Service and the increasing autonomy of schools (particularly academisation) are reflected in the constituent risks. This is a significant risk whose effective management has wide reaching implications for other priorities and risks for the city including crime, health, employment and reputation.

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

Owner:	I. Curryer Chief Executive		Completed by:	N. Lee, Acting Head of School Access & Improvement A. Conquer, Head of Ed. Partnership		Date completed:	Oct 2013	Review date:	Dec 2013

RISK SUMMARY									
Opening (Oct 13)		Previous (N/A)			Current (Oct 2013)			Target (April 11)		
Threat level (LxI=??)		Threat level (LxI=??)		DoT ⇩ Improving ⇔ Stable ⇧ Deteriorating	Threat level (LxI=??)		DoT ⇩ Improving ⇔ Stable ⇧ Deteriorating	Threat level (LxI=??)		Overall risk mitigation effectiveness (Adequate, Yet to secure improvement, Inadequate)
3	4	12	L	I	N/A		3	4	12	⇔	3	4	12	Yet to secure improvement

SR12a - Failure to ensure the best educational outcome for children & opportunities for young people to access further education & skills training to contribute to the economic wellbeing of the City.

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RISKS TO BE MANAGED

Risk Ref.	Risk Description (cause, risk & impact)	Date identified	Identified by	Risk owner	Proximity (date when could impact)	Opening Threat Level e.g. 2x4=8			Previous Threat Level e.g. 2x4=8		Latest					Target Threat Level e.g. 2x4=8			Proposed Mgt Action	Risk mitigation effectiveness (Adequate, Yet to secure improvement,	Status (Raised, Open, Closed)
											Threat Level e.g. 2x4=8			DoT (⇩ Improving ⇔ Stable ⇧ Deteriorating)							
R1	A high frequency of placement changes for children in care risks poor attainment particularly at secondary level with subsequent high levels of continuing support.	01/10/13	AC & NL	AM	Now	5	4	20	L	I	4	3	12	⇩	3	4	12	Treat	Yet to secure improvement	Raised
R2	The diminishing influence of LA in the changing educational landscape risks a loss of focus on positive outcomes for children and young people and thus alignment with local employment opportunities and the economic needs of the city.	01/10/13	AC & NL	AM	Now	4	4	16	L	I	4	4	16	⇔	4	4	16	Treat	Yet to secure improvement	Raised
R3	Absence of a statutory requirement to offer careers advice/guidance risks children not having access to/receiving independent advice to support improved career choices	01/10/13	AC & NL	NJ	Now	3	3	9	L	I	3	3	9	⇔	3	3	9	Treat	Yet to secure improvement	Raised
R4	Insufficient intervention capacity/flexibility, the diminishing influence of the LA through academisation increases the risk of schools entering Ofsted category or hitting DFE intervention triggers to the detriment of outcomes for children and young people	01/10/13	AC & NL	AM	Now	3	4	12	L	I	3	4	12	⇩	2	4	8	Treat	Yet to secure improvement	Raised
R5	Reaction to academisation by existing Governors, diminution of the role of Governors resulting from academisation contributes to a difficulty in recruiting/retaining high quality school governors to provide good leadership and learning settings impacting attainment/learning outcomes	01/10/13	AC & NL	AM	Now	3	3	9	L	I	3	3	9	⇩	2	3	6	Treat	Adequate	Raised
R7	Lack of capacity in existing schools and continuing academisation risks additional school places being determined by commercial interests rather than demand with a shortfall or over-supply of places and a two tier system of education	01/10/13	AC & NL	AM	Now	2	4	8	L	I	2	4	8	⇔	2	4	8	Tolerate	Adequate	Raised
R8	The risks above collectively present a reputational/credibility risk to the service but also the council as a whole	01/10/13	AC & NL	AM	Now	3	3	9	L	I	3	3	9	⇔	3	3	9	Tolerate	Adequate	Raised

SR12a - Failure to ensure the best educational outcome for children & opportunities for young people to access further education & skills training to contribute to the economic wellbeing of the City.

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		EXISTING MANAGEMENT ACTIONS		ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Issue Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Description of additional actions to put in place (mandatory where current risk mitigation effectiveness is "Inadequate")	Person accountable	Date action due to be completed	Review date
A high frequency of placement changes for children in care risks poor attainment particularly at secondary level with subsequent high levels of continuing support.							
1		Existing links between School Access and Improvement Service and Childrens Safeguarding	NL	Strengthen links with safeguarding to widen understanding of the implications placement changes on children and their attainment	NL/PTO	Jul-14	01/07/15
1				Build placement capacity to provide greater flexibility to maintain school placements	PTO	??	01/03/14
1, 2, 4				Agree education policy document "Learning Excellence" with partners (schools, academies, parents, FE) to provide focal point for Nottingham objectives, cooperation and improvement	NL/AC	Dec-13	??
The diminishing influence of LA in the changing educational landscape risks a loss of focus on positive outcomes for children and young people and thus alignment with local employment opportunities and the economic needs of the city.							
2		Ongoing support for school to school partnerships	AC				01/03/14
2		Build relationships with schools and academies	AC	Work to build relationships with likely potential providers/academies who are yet to enter the local market place	AC?	??	03/01/00
2, 4		Growth Plan to galvanise business sector and generate employment opportunities	CH?				01/03/14
2		LA has a monitoring and influencing role in terms of standards in particular secondary education	NL	Atriculate role and build standing with schools, academies, communities	NL	Ongoing	01//07/14
Absence of a statutory requirement to offer careers advice/guidance risks children not having access to/receiving independent advice to support improved career choices							

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Issue Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Description of additional actions to put in place (mandatory where current risk mitigation effectiveness is "Inadequate")	Person accountable	Date action due to be completed	Review date
3		Nottingham & Nottinghamshire Futures contracted to provide independent careers advice	NJ				??
3				Give consideration to undertaking consumer review of careers advice/guidance	NJ	??	??
3		Undertake active contract management and performance management	NJ				01/03/14
3				Cross border skills panel to be developed to complement employement needs of the connurbation	NJ	Jul-14	??
Insufficient intervention capacity/flexibility, the diminishing influence of the LA through academisation increases the risk of schools entering Ofsted category or hitting DFE intervention triggers to the detriment of outcomes for children and young people							
4		Work with colleagues to review and revise internal corporate processes which adversely impact service performance	AC/NL				01/03/14
4				Recruitment of additional intervention resources	NL	Apr-14	01/07/04
4				Build relationship/credibility with DfE Performance Division to propose alternative intervention to academisation for failing schools	NL	Ongoing	01/07/14
Reaction to academisation by existing Governors, diminution of the role of Governors resulting from academisation contributes to a difficulty in recruiting/retaining high quality school governors to provide good leadership and learning settings impacting attainment/learning outcomes							
5		Governor Service in place	AC				01/03/14
5		Offer professional review of governance to upskill Govorners and raise the profile and enhance the standing of the service	AC				01/03/14
5				Develop Governor cohort approach - active recruitment - upskilling of existing Governors, - retention of spepcific Governors opting out of academies for complementary roles	NL/AC	Ongoing	01/03/14

		EXISTING MANAGEMENT ACTIONS			ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Issue Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Description of additional actions to put in place (mandatory where current risk mitigation effectiveness is "Inadequate")	Person accountable	Date action due to be completed	Review date
Lack of capacity in existing schools and continuing academisation risks additional school places being determined by commercial interests rather than demand with a shortfall or over-supply of places and a two tier system of education								
7		Dedicated team in place with relationships with schools and academies	NL	Develop coherent strategy for provision of school places - components / work streams	NL	Jul-14	01/01/15
The risks above collectively present a reputational/credibility risk to the service but also the council as a whole								
8		Communications plan in place to manage incident prepared with Comms and Marketing	AC	When we have secured shared vision for education in the Citythrough the Charter - there is a need to develop a partnership communication strategy/marketing plan.	AC	Jul-14	01/07/15

Business Risk & Opportunity Management

Policy

Version 3.3
October 2013

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 deliver our priorities, manage everyday service delivery, 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 B 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 and good practice

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;
    o Risk Management is integrated into our planning process;
    o The Council Risk register comprises separate risk registers and risk strategies corresponding to levels of management accountability and plans;
    o 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);
    o Risk is considered in all formal council reports;
    o 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;
    o Use of threat assessment matrices to assist in making an assessment of likelihood and impact of risks materialising;
    o The Risk Management Framework, including Policy, Process Guide and supporting Risk Strategies, addition guidance, templates and training support a consistent approach to Risk Management;
    o 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;
    o Risk mitigations are captured in Risk Management Action Plans, Risk Registers or Covalent. An assessment of the their effectiveness is made by the risk owner;
    o Mitigations are reflected in corresponding Service Plans;
    o 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 and programmes

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 / Programme Managers are responsible for ensuring that Project Risk Guidance is followed. Project governance bodies should ensure that projects are risk management according to the RMF and related 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, including post completion phase;
- Project leaders/managers should use the corporate project risk register templates or covalent for recording and monitoring risks and mitigations;
- 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;
- 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.

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.

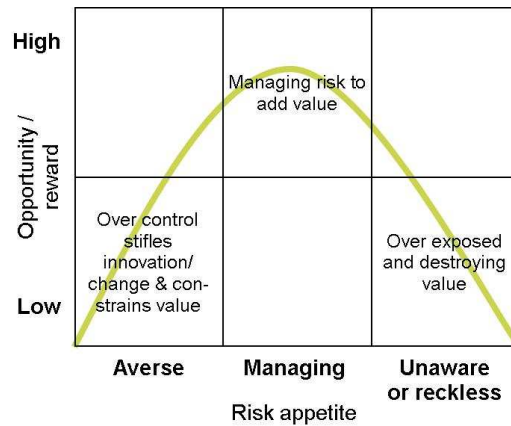**Risk Management and engaging stakeholders.**

Stakeholders may include a wide range of individuals with an interest in the delivery of a priority or the management of its risks for example Councillors, managers, employees, trade unions, suppliers, partners, citizens and members of the wider community affected by the Council's existence.

The objectives of differing stakeholders may not be aligned and perceptions of risk may vary significantly. This will influence their contribution in identifying and managing the Councils 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.

A graph with vertical axis "Opportunity / reward" (Low to High) and horizontal axis "Risk appetite" (Averse, Managing, Unaware or reckless). A curve peaks at "Managing risk to add value". Left box: "Over control stifles innovation/ change & con-strains value". Right box: "Over exposed and destroying value".

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 shall be established in risk management strategies corresponding to levels of management accountability, planning and risk registers.

Risks can also be delegated to lower risk registers 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 environment.

A factor which can influence risk escalation is <u>risk appetite</u>. 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 effect 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;
- Ensures the LRF Community Risk Register is prepared annually and the programme of mitigation is undertaken;
- Prepares, trains and exercises Council wide Emergency Plans to mitigate th effects of incidents affecting the council;
- 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;
- 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;
- Departmental: provide strategic guidance to departments and their nominated Continuity Champions and should enable delivery of required response during emergencies;
- 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. A new computerised BC system is being devised to simplify the writing and maintenance of BC plans.

Corporate Safety Advice Service:
The Council's Corporate Safety Advice 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. Some 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. At 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;
- Advise managers in carrying out supplementary risk assessments;
- 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 and provide direct training provision;
- Assist in consultation with Trade Unions through both formal and informal channels;
- 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.

Business Risk & Opportunity Management

Process Guide

Process Guide

Version 3.2
October 2013

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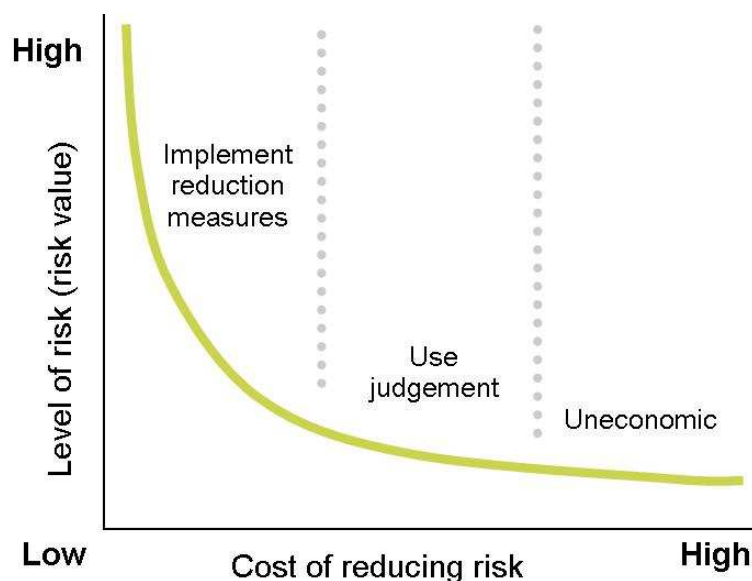
Our response to the risk is largely determined by the seriousness of the risk and our risk appetite or tolerance but can be broadly categorised into four options:

- **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.

Risk Registers (RR) are used to record of the risk exposure (the risks and their characteristics) and the decisions taken as a result of that knowledge (e.g. new mitigations). Where more detailed tracking of risks and management actions is necessary, **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. Templates for the RRs and RMAPs are available from the risk management intranet site.

Covalent can also be used to record risk related information and present as "dashboards" or reports similar in content to RR and RMAPs. However, RR, RMAPs are only tools, they are not in themselves Risk Management. Their value is in how they contribute to improved decision making.

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:

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Business Risk & Opportunity Management

Strategic Risk Strategy

Version 3.1
October 2013

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

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.

Council Risk Register

Management/accountability	Hierarchy of risk registers	Hierarchy of plans/priorities
CLT Audit Comm. Executive Board	Strategic Risk Register	Nottingham Plan
One Nottingham CLT Audit Comm.	LAA/LEP Risk Register	Council Plan, MTFP & Capital Strategy
Departmental Leadership Teams	Corporate Dir Risk Register CEG/Res/Dev/Com/Ch & Fam	Corporate Directorate Plans
	Strategic Service Risk Registers	Strategic Service Plans
Operational Management Teams	Operational Risk Registers	Operational Plans
Project Boards and Teams	Project Risk Registers	Project Plans

Council Risk Register

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					
		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.

Description of occurrence

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.

Nottingham City Council