

## TRUSTS AND CHARITIES COMMITTEE - 29 NOVEMBER 2013

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|--|---|----------------------------|
| <b>Title of paper:</b>   | Review of risks and mitigations relevant to the work of Trusts and Charities Committee  |                            |
| <b>Director(s)/ Corporate Director(s):</b>   | Carole Mills, Deputy Chief Executive & Corporate Director for Resources   | <b>Wards affected:</b> All |
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| <b>Other colleagues who have provided input:</b>   | Simon Peters, Team Leader Property Disposals and Development<br>Malcolm Townroe, Head of Legal Services<br>Rachel Onions, Business Development Manager Parks and Open Spaces<br>Simon Parsons, Audit Manager  |                            |
| <b>Relevant Council Plan Strategic Priority:</b> (you must mark X in the relevant boxes below)   |   |                            |
| World Class Nottingham   |   | <b>X</b>                   |
| Work in Nottingham   |   |                            |
| Safer Nottingham   |   |                            |
| Neighbourhood Nottingham   |   | <b>X</b>                   |
| Family Nottingham  |   | <b>X</b>                   |
| Healthy Nottingham   |   |                            |
| Leading Nottingham   |   |                            |
| <b>Summary of issues (including benefits to citizens/service users):</b>   |   |                            |
| This report presents a considered assessment of risks relevant to the work of the Trusts and Charities Committee with the aim of ensuring and also providing assurance that risks are appropriately and proportionately managed in the interests of achieving the Committee's objectives in the interests of the citizens of Nottingham. |   |                            |
| <b>Recommendation(s):</b>  |   |                            |
| <b>1</b>   | To note and comment on the risks and mitigations identified in <b>Appendix 1</b> and <b>2</b> to gain assurance that relevant risks have been identified and are adequately mitigated.  |                            |
| <b>2</b>   | Approve arrangements for the ongoing management and reporting of risks relevant to the Committee.   |                            |

### **1. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 1.1 A review of Trusts and Charities Committee risks started in June 2013. The Charity Commission produced guidance on how and why risks should be identified and managed and a list of generic charities related risks.

An initial exercise was undertaken to review and capture existing management mitigations for each of the Charity Commission's generic risks. The outcome of this is set out at **Appendix 1**. Risks requiring further consideration or not identified by the Charity Commission document were then reviewed at a risk workshop comprising relevant City Council colleagues. The outcome of this is at **Appendix 2**.

- 1.2 Risk Management helps understand the risks associated with achieving objectives and identify effective ways to manage those risks to secure improved outcomes. Risk Management is well established in the Council and supported by a Risk Management Framework (including policy and process guide) endorsed by the Corporate

Leadership Team (CLT) and approved annually by Audit Committee. A summary of the Council's Risk and Opportunity Management approach tailored for T&CC is included at **Appendix 3**. Active Risk Management has many benefits including:

- Targets limited resources to greatest effect;
- Informs and improves decision making;
- Supports innovation, change and improvement.

## 2. **RECOMMENDATIONS**

2.1 Two high (red) risks emerged for which mitigations have been identified and are considered adequate to manage them to an acceptable level. **Appendix 2** provides more detail):

- *R4 - Council's financial position requires significant reduction in the level of subsidy impacting the maintenance and operation of the facilities.* This risk relates to the subsidy of Highfields Leisure Park and Harvey Hadden Stadium facilities and the level of subsidy received from the Council. Loss of subsidy would significantly impact on the ongoing sustainability of the facilities. Other identified mitigations are to:
  - Identify and secure alternative sources of funding
  - Review operations and develop options to minimise the impact of reduced subsidy
- *R5 - Significant number of properties in the portfolio require costly upgrades to meet energy efficiency targets adversely impacting net surpluses available to fund.* This relates to the management of the Bridge Estate and the need to ensure that properties meet energy efficiency targets. Mitigations include:
  - Efficiency target improvement costs considered as part of proposed investments/disposals
  - Identify relevant properties and cost works to develop planned maintenance programme for retained properties

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| <p>The Trusts and Charities Committee is asked to review the risks and mitigations identified in <b>Appendices 1</b> and <b>2</b> to satisfy itself that all relevant significant risks have been identified and the mitigations in place are adequate to manage and maintain them to a level acceptable to the Committee.</p> |
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2.2 The Risk Management Action Plan (RMAP) needs to be regularly maintained and reviewed. The Trusts and Charities Committee has a role in contributing to the identification and assessment of risks and gaining assurance that they are adequately managed on their behalf.

It is recommended that:

- Trusts and Charities Committee adopt a risk management approach consistent with the Council's Risk Management Framework
- The RMAP at **Appendix 2** is maintained on behalf of the Committee by the Senior Finance Manager and is reviewed by the Committee at least annually to gain assurance that relevant risks are identified and effectively managed
- In maintaining the RMAP, the Senior Finance Manager engage such colleagues/experts as necessary to satisfy himself/herself that relevant risks have been identified, are correctly assessed and adequately managed
- Senior Finance Manager brings ad hoc/exception risk reports to the Committee where
  - New high risks are identified
  - There are significant changes to the composition of the RMAP (risks or management actions)
  - Requested by the Committee

### **3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 No other options were considered.

### **4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 There are no direct financial implications arising from this report. Actions to mitigate identified constituent risks are contained within existing Corporate Directorate and Strategic Service Plans and, as appropriate, inform the medium term service and budget planning process.

### **5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 These are dealt with throughout the report.

### **6. EQUALITY IMPACT ASSESSMENT**

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

### **7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

None.

### **8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- Bridge Estate – Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2012

- Harvey Hadden Stadium Trust - Annual Report and Statement of Accounts for the Year Ended 31 March 2012
- Highfields Leisure Park Trust – Annual Report and Statement of Accounts for the Year Ended 31 March 2012
- Trusts and Charities Committee Terms of Reference
- Charity Commission – Charities and Risk Management

### **Appendices**

| <b>Appendix</b> | <b>Description</b>  |
|-----------------|---|
| 1               | Charity Commission generic risks and NCC mitigations              |
| 2               | Risk Management Action Plan - Charities and Trusts Committee      |
| 3               | Summary of the Council's Risk and Opportunity Management approach |

## Charity Commission generic risks and NCC mitigations

| Potential risk   | Potential impact   | Existing NCC mitigations  |
|--|--|---|
| <b>Governance Risks:</b>   |  |   |
| The charity lacks direction, strategy and forward planning                         | <ul style="list-style-type: none"> <li>The charity drifts with no clear objectives, priorities or plans</li> <li>Issues are addressed piecemeal with no strategic reference</li> <li>Needs of beneficiaries not fully addressed</li> <li>Financial management difficulties</li> <li>Loss of reputation</li> </ul>                        | <ul style="list-style-type: none"> <li>Annual report and terms of reference for trusts and charities sets out the key aims, objectives and policies</li> <li>Financial plans and budgets in place and reviewed as part of the annual report by the Trusts and Charities Committee (TCC)</li> <li>Financial and operational performance monitored by NCC and reported to TCC</li> </ul>  |
| Trustee body dominated by one or two individuals, or by connected individuals      | <ul style="list-style-type: none"> <li>Trustee body cannot operate effectively as strategic body</li> <li>Decision made outside of trustee body</li> <li>Conflicts of interest</li> <li>Pursuit of personal agenda</li> <li>Culture of secrecy or deference</li> <li>Arbitrary over-riding control mechanisms</li> </ul>                 | <ul style="list-style-type: none"> <li>The decisions of TCC, the work of officers supporting the TCC and the administration of meetings bound by the Council's Constitution including decision making, declaration of interest, codes of conduct, delegation of authority etc</li> <li>The decisions of TCC, the work of officers supporting the TCC subject to scrutiny. Processes/policies subject to review by Internal Audit and external auditors</li> </ul> |
| Conflicts of interest  | <ul style="list-style-type: none"> <li>Charity unable to pursue its own interests and agenda</li> <li>Decisions may not be based on relevant considerations</li> <li>Impact on reputation</li> <li>Private benefits</li> </ul>   | <ul style="list-style-type: none"> <li>See above</li> </ul>   |
| Activities potentially outside objects, powers or terms of gift (restricted funds) | <ul style="list-style-type: none"> <li>Loss of funds available for beneficiary class</li> <li>Liabilities to repay funders</li> <li>Loss of funder confidence</li> <li>Potential breach of trust and regulatory action</li> <li>Loss of beneficiary confidence</li> <li>Taxation implications (if non-qualifying expenditure)</li> </ul> | <ul style="list-style-type: none"> <li>Decisions subject to financial accounting procedures and Financial Regulations</li> <li>Separation of roles trustees and specialist advisors coupled with activities of the trust being bound by the constitution guards against inappropriate use of powers</li> </ul>  |
| Loss of key staff  | <ul style="list-style-type: none"> <li>Experience or skills lost</li> <li>Operational impact on key projects and priorities</li> <li>Loss of contact base and corporate knowledge</li> </ul>   | <ul style="list-style-type: none"> <li>Documented systems, process and plans</li> <li>Use of notice periods and handover arrangements</li> <li>No single points of failure</li> </ul>   |
| Reporting to trustees (accuracy, timeliness and relevance)                         | <ul style="list-style-type: none"> <li>Inadequate information resulting in poor quality decision making</li> <li>Failure of trustees to fulfil their control functions</li> <li>Trustee body becomes remote and ill informed</li> </ul>  | <ul style="list-style-type: none"> <li>Regular scheduled meetings</li> <li>Relevant information available on request to Committee and Trustees</li> <li>Timetable for reporting performance and financial information</li> <li>Information provided by officers may be subject to internal and external audit</li> <li>Strategic planning, objective setting and budgeting processes in place</li> </ul>  |

| <b>Operational risks</b>                  |  |  |
|---|--|--|
| Suppliers, dependency, bargaining power   | <ul style="list-style-type: none"> <li>• Dependency on key supplier</li> <li>• Lack of supplier to meet key operational objectives</li> <li>• Non competitive pricing/quotes</li> <li>• Insufficient buying power</li> </ul>   | <ul style="list-style-type: none"> <li>• Arrangements consistent with Financial Regulations and commissioning/procurement policies and procedures</li> <li>• Larger contracts subject to competitive tendering</li> <li>• The Council has significant buying power to secure value for money services</li> </ul>   |
| Security of assets                        | <ul style="list-style-type: none"> <li>• Loss or damage</li> <li>• Theft of assets</li> <li>• Infringements of intellectual property rights</li> <li>• Loss of income (CHECK)</li> </ul>   | <ul style="list-style-type: none"> <li>• Asset registers are maintained and assets are inspected to ensure they are secure, maintained and work is properly completed</li> <li>• Facility management undertaken by Property Directorate or outsourced through contract</li> <li>• The Council self insures to £100k (or excess). Claims above this are met by external insurer. Responsibility for insurance may be transferred to tenants; this is checked to ensure sufficiency</li> <li>• Responsibility for insurance can be transferred to tenants. Arrangements are checked to ensure insurance is in place and adequate</li> <li>• Risk surveys and mitigation support (in particularly fire &amp; security)</li> <li>• Monitoring of trends</li> </ul> |
| Health, safety and environment            | <ul style="list-style-type: none"> <li>• Staff injury</li> <li>• Product of service liability</li> <li>• Ability to operate (see Compliance risks)</li> <li>• Injury to beneficiaries/the public</li> <li>• HSE prosecution</li> </ul>   | <ul style="list-style-type: none"> <li>• Dedicated Health and Safety Team in place</li> <li>• Competent officers</li> <li>• Inspection regime</li> <li>• Policy, guidance and training in place</li> <li>• Formal monitoring and reporting procedures in place to ensure compliance with policy, legal duties and regulations</li> </ul>   |
| Disaster recovery and planning            | <ul style="list-style-type: none"> <li>• Computer system failures or loss of data</li> <li>• Destruction of property, equipment, records through fire, flood or similar damage</li> </ul>  | <ul style="list-style-type: none"> <li>• IT recovery plan in place</li> <li>• Data back up procedures &amp; security measures</li> <li>• Insurance arrangements provide cover for DR events and other associated costs.</li> <li>• Business Continuity Plans in place with management arrangements to coordinate a priorities responses/services</li> </ul>  |
| Procedural and systems documentation      | <ul style="list-style-type: none"> <li>• Lack of awareness of procedures and policies</li> <li>• Actions taken without proper authority</li> </ul>   | <ul style="list-style-type: none"> <li>• Policies and procedures documented</li> <li>• Arrangements may be subject to internal and external audit</li> </ul>   |
| Information technology                    | <ul style="list-style-type: none"> <li>• Systems fail to meet operational need</li> <li>• Failure to innovate or update systems</li> <li>• Loss/ corruption of data</li> <li>• Lack of technical support</li> <li>• Breach of data protection law</li> </ul>   | <ul style="list-style-type: none"> <li>• IT service maintained in house to support/maintain key corporate IT systems</li> <li>• IT security policies and procedures in place to secure and protect data and systems</li> <li>• IT disaster recovery resources, plans and procedures in place</li> </ul>  |
| Budgetary control and financial reporting | <ul style="list-style-type: none"> <li>• Budget does not match key objectives and priorities</li> <li>• Decisions made on inaccurate</li> <li>• Financial projections/reporting</li> <li>• Decisions made based on unreliable costing data or income projections</li> <li>• Inability to meet commitments or key objectives</li> <li>• Poor credit control</li> <li>• Poor cash flow and treasury management</li> <li>• Able to function as going concern</li> </ul> | <ul style="list-style-type: none"> <li>• Budgets are linked to business planning and objectives</li> <li>• There is ongoing monitoring and accurate and timely reporting TCC</li> <li>• Recognised costing procedures used to cost product or service delivery</li> <li>• The use of qualified CIPFA accountants ensures expertise available to produce and interpret budgetary and financial reports</li> <li>• Procedures in place to review/action budget/ cash flow variables and monitor and control costs</li> <li>• Reserves/ investments are regularly reviewed</li> </ul>   |

|  |   |  |
|--|---|--|
| Cash flow sensitivities  | <ul style="list-style-type: none"> <li>• Inability to meet commitments</li> <li>• Lack of liquidity to cover variance in costs</li> <li>• Impact on operational activities</li> </ul>   | <ul style="list-style-type: none"> <li>• Maintaining adequate cash flow projections (prudence of assumptions) forms part of banking arrangements</li> <li>• Financial monitor and reporting arrangements in place</li> </ul>   |
| Borrowing  | <ul style="list-style-type: none"> <li>• Interest rate movement</li> <li>• Ability to meet repayment schedule</li> <li>• Security given over assets</li> <li>• Regulatory requirements</li> </ul>   | <ul style="list-style-type: none"> <li>• Financial and treasury advice provided</li> <li>• Future funding streams to service debt appraised against proposals</li> <li>• Borrowing arrangements/ requirements for part of the Council's Financial Regulations</li> </ul>   |
| Inappropriate or loss-making non-charitable trading activities | <ul style="list-style-type: none"> <li>• resources withdrawn from key objectives</li> <li>• resources and energy diverted from profitable fund-raising or core activities</li> <li>• regulatory action, and accountability</li> <li>• reputational risk if publicised</li> </ul>  | <ul style="list-style-type: none"> <li>• Constitution sets out arrangement to ensure there are adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria)</li> <li>• Funding and performance reporting included as part of charity's own financial reporting system</li> </ul>   |
| Investment policies  | <ul style="list-style-type: none"> <li>• Financial loss through inappropriate or speculative investment</li> <li>• Unforeseen severe adverse investment conditions</li> <li>• Financial loss through lack of investment advice, lack of diversity</li> <li>• Cash flow difficulties arising from lack of liquidity</li> </ul> | <ul style="list-style-type: none"> <li>• Investment policy reviewed and agreed</li> <li>• Professional investment advice and management provided by finance colleagues</li> <li>• Diversity, prudence and liquidity criteria considered as part of investments</li> <li>• A suitable reserves policy is in place</li> <li>• There is ongoing financial performance financial monitoring</li> </ul>   |
| Protection of permanent endowment                              | <ul style="list-style-type: none"> <li>• Loss of future income stream or capital values</li> <li>• Buildings unfit for purpose</li> <li>• Income streams inappropriate to meet beneficiary needs</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment policy reviewed and agreed</li> <li>• Professional investment advice and management provided by finance colleagues and external consultants</li> <li>• Diversity, prudence and liquidity criteria considered as part of investments</li> <li>• There is ongoing financial performance financial monitoring</li> <li>• Maintenance and surveyor inspection of buildings is undertaken by colleagues and contractors as part of a framework agreement</li> <li>• The Council self insures to the value of £100,000 (or excess). Claims above this amount are met through a specialising municipal insurer. Responsibility for insurance may be transferred to tenants and this is subject to checks to ensure insurance is in place and of an adequate value.</li> </ul> |
| Fraud or error   | <ul style="list-style-type: none"> <li>• Financial loss</li> <li>• Reputational risk</li> <li>• Loss of staff morale</li> <li>• Regulatory action</li> <li>• Impact on funding</li> </ul>   | <ul style="list-style-type: none"> <li>• Financial control procedures subject to review and audit from internal and external auditors</li> <li>• Duties segregated i.e. authorisation and payment</li> <li>• Financial Regulations and constitution provide authorisation limits</li> <li>• Agreed whistle-blowing anti fraud policy in place</li> </ul>   |

| <b>Environmental or external factors</b>  |   |  |
|---|---|--|
| Relationship with funders   | <ul style="list-style-type: none"> <li>• Deterioration in relationship may impact on funding and support available</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular contact maintained</li> <li>• Regular and complete reporting</li> </ul>   |
| Government policy   | <ul style="list-style-type: none"> <li>• Availability of contract and grant funding</li> <li>• Impact of tax regime on voluntary giving</li> <li>• Impact of general legislation or regulation on activities undertaken</li> <li>• Role of voluntary sector</li> </ul>                        | <ul style="list-style-type: none"> <li>• Legal and regulatory changes are monitored</li> <li>• Professional guidance to /administration of charities and trusts with qualified legal and financial advisors</li> </ul>   |
| <b>Compliance risk (law and regulation)</b>   |   |  |
| Compliance with legislation and regulations appropriate to the activities, size and structure of the clarity  | <ul style="list-style-type: none"> <li>• Fines, penalties or censure from licensing or activity regulators</li> <li>• Loss of licence to undertake particular activity (see operational risks)</li> <li>• Employee or consumer action for negligence</li> <li>• Reputational risks</li> </ul> | <ul style="list-style-type: none"> <li>• Key legal and regulatory requirements understood</li> <li>• Responsibility for key compliance procedures allocated to accountable colleagues</li> <li>• Compliance monitoring and reporting procedures included within Council's Financial Regulations</li> <li>• Compliance reports from regulators/auditors with recommendations considered and action at appropriate levels</li> </ul> |
| Regulatory reporting requirements: Financial and other reporting requirements will be dependent on how the charity is constituted and may also vary according to funding arrangements | <ul style="list-style-type: none"> <li>• Regulatory action</li> <li>• Reputational risks</li> <li>• Impact on funding</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular updates received and reviewed from Charity Commission</li> </ul>  |
| Taxation  | <ul style="list-style-type: none"> <li>• Penalties, interest and 'back duty' assessments</li> <li>• Loss of income e.g. failure to utilise gift aid arrangements</li> <li>• Loss of mandatory or discretionary rate relief</li> <li>• Failure to utilise tax exemptions and relief</li> </ul> | <ul style="list-style-type: none"> <li>• Exemptions and relief available (direct tax and VAT) are understood</li> <li>• Advice provided by tax professional on the management of Tax liability</li> <li>• Budget and financial reporting identifying trading receipts, and tax recoveries implemented</li> </ul>   |
| Professional advice   | <ul style="list-style-type: none"> <li>• Lack of investment strategy or management</li> <li>• Failure to optimise fiscal position</li> <li>• Contract risks</li> <li>• Failure to address compliance risks</li> </ul>   | <ul style="list-style-type: none"> <li>• Ready access to professional advice e.g. legal, financial</li> <li>• Issues actively reported</li> <li>• Advice subject to internal and external audit review</li> </ul>  |





Risk Management Action Plan - Charities and Trusts Committee  
(Including Bridge Estate and Highfields, Harvey Hadden Stadium)  
08/11/2013, 10:13

RISKS TO BE MANAGED

| Risk Ref. | Risk Description (cause, risk & impact)  | Highfield Leisure Park | Harvey Hadden | Bridge estate | Date identified | Identified by | Risk owner | Proximity (date when could impact) | Opening Threat Level e.g. 2x4=8 |   | Latest Threat Level e.g. 2x4=8 |   | DoT (↓ Improving ↔ Stable ↑ Deteriorating) | Target Threat Level e.g. 2x4=8 | Proposed Mgt Action | Risk mitigation effectiveness (Adequate, Yet to secure improvement) | Status (Raised, Open, Closed) |
|-----------|--|------------------------|---------------|---------------|-----------------|---------------|------------|------------------------------------|---------------------------------|---|--------------------------------|---|--|--------------------------------|---------------------|---|-------------------------------|
|           |  |                        |               |               |                 |               |            |                                    | 5                               | 2 | 10                             | 5 |  |                                |                     |   |                               |
| R1        | Reserves policies<br>- Lack of funds or liquidity to respond to new needs or requirements<br>- Inability to meet commitments or planned objectives   | ✓                      | ✓             | ✓             | 18/06/13        | B. Dryden     | B. Dryden  | Now                                | 5                               | 2 | 10                             | 5 | 2  | 10                             | Treat               | Adequate  | Open                          |
| R2        | Leases expire resulting in a temporary loss of income from the Bridge Estate reducing the net surplus which can be made by the Committee to the Council  |                        |               | ✓             | 18/06/13        | S. Peters     | S. Peters  | Now                                | 3                               | 3 | 9                              | 3 | 3  | 9                              | Tolerate            | Adequate  | Open                          |
| R3        | External factors e.g. weather/economic position adversely affects income impacting the viability of the facility   | ✓                      | ✓             |               | 18/06/13        | R. Onions     | E. Curry   | Now                                | 3                               | 3 | 9                              | 3 | 3  | 9                              | Treat               | Adequate  | Open                          |
| R4        | Council's financial position requires significant reduction in the level of subsidy impacting the maintenance and operation of the facilities  | ✓                      | ✓             |               | 18/06/13        | R. Onions     | E. Curry   | 2014/15                            | 4                               | 4 | 16                             | 4 | 4  | 16                             | Treat               | Adequate  | Open                          |
| R5        | Significant number of properties in the portfolio require costly upgrades to meet energy efficiency targets adversely impacting net surpluses available to fund  |                        |               | ✓             | 18/06/13        | S. Peters     | S. Peters  | Now                                | 4                               | 3 | 12                             | 4 | 3  | 12                             | Treat               | Adequate  | Open                          |
| R6        | Committee fails to make best use of the surplus in line with its objectives<br>Trustee body lacks relevant skills poor resulting in decisions making, a failure to achieve objectives, decisions bypassing trustee |                        |               | ✓             | 18/06/13        | B. Dryden     | B. Dryden  | Now                                | 2                               | 4 | 8                              | 2 | 4  | 8                              | Treat               | Adequate  | Open                          |
| R7        | Loss or significant damage to Trent Bridge necessitates sale of assets to cover repair/rebuild costs reducing net surplus generated and available for allocation by the Committee                                  | ✓                      | ✓             |               | 18/06/13        | B. Dryden     | B. Dryden  | Now                                | 2                               | 3 | 6                              | 2 | 3  | 6                              | Treat               | Adequate  | Open                          |
| R8        |  |                        |               | ✓             | 18/06/13        | M. Townroe    | B. Dryden  | Now                                | 1                               | 4 | 4                              | 1 | 4  | 4                              | Tolerate            | Adequate  | Open                          |

Obj.

| Likelihood         | Impact         |           |              |           |                  |
|--------------------|----------------|-----------|--------------|-----------|------------------|
|                    | Negligible (1) | Minor (2) | Moderate (3) | Major (4) | Catastrophic (5) |
| 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               |

O-4 - GREEN  
5-10 AMBER  
10+ RED

**Risk Management Actions Plan - Charities and Trusts Committee**  
(including Bridge Estate and Highfields, Harvey Hadden Stadium)

08/11/2013 10:13



|           |            | 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 |     |
| R1        |            |  |                    | Prepare and agree reserves policy   | BD                            | Mar-14                          | N/A         |     |
| R1        |            |  |                    | Establish financial reserves  | BD                            | Sep-14                          | N/A         |     |
| R1        |            |  |                    | Review reserves policy and levels of reserves   | BD                            | Oct-14                          | N/A         |     |
| R2        |            | Property management function providing professionally qualified advice and guidance<br>- Proactive management of the portfolio<br>- Range of tenancy types/tenants, property diversity to spread the risk<br>- Investment strategy in place<br>Financial and budgetary controls in place | SP                 | Move towards longer leases, to improve income security. Increase liaison with tenants at lease end date to mitigate impact of tenant vacancies. As identified in Asset Management Plan. | SP                            | Mar-15                          | Mar-14      |     |
| R2        |            |  | BD                 |   |                               |                                 | May-14      |     |
| R3        |            | Maximise the income from existing streams/increase capacity (Highfields)   | EC                 |   |                               |                                 | Apr-14      |     |
| R3        |            |  |                    | Currently seeking to secure Lottery funding to enhance facilities, increase usage and income generated (Highfields)   | EC                            |                                 | Jul-14      |     |
| R3        |            | Efforts made to reduce operational costs e.g. outsourcing management of the boats (Highfields)   | EC                 |   |                               |                                 | Oct-14      |     |
| R3        |            |  |                    | Increased use of site for events generating income (Highfields)   | EC                            |                                 | Apr-14      |     |
| R3        |            |  |                    | Review and revise pricing structure, incentives aimed at increasing income (Harvey Hadden)  | EC                            | Nov-13                          | Sep-14      |     |
| R3        |            |  |                    | Review operating costs with a view to finding economies (Harvey Hadden)   | EC                            |                                 | Jan-14      |     |
| R3        |            |  |                    | Bids in place to secure additional funding to enhance facility, increase usage and income generated (Harvey Hadden)   | EC                            | Oct-13                          | Sep-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 |
| R4                          |            | Budget reductions are not currently being considered  | N/A                           |   |                    |                                 | Apr-14      |
| R4                          |            | Seeking to maximise existing income streams to reduce the required level of subsidy   |                               |   | EC                 | Jan-14                          | Sep-14      |
| R4                          |            |   |                               |   | EC                 | Jan-14                          | Sep-14      |
| R4                          |            |   |                               |   | EC                 | Jan-14                          | Sep-14      |
| R5                          |            | Efficiency target improvement costs considered as part of proposed investments  | SP                            |   | SP                 | Mar-15                          | Mar-15      |
| R5                          |            |   |                               |   | SP                 | Mar-15                          | Mar-15      |
| R6                          |            | Net surplus made available to the Council by the Committee aligned to meeting statutory requirements and politically approved priorities              | N/A                           |   | CC                 | Oct-13                          | May-14      |
| R7                          |            | Training available  | BD                            |   | BD                 | Dec-13                          | Mar-14      |
| R7                          |            |   |                               |   | BD                 | Dec-13                          | Mar-14      |
| R8                          |            | Value of portfolio significantly exceeds rebuild costs of the bridge leaving sufficient assets from which to generate income to rebuild the portfolio | BD                            |   | BD                 | Jul-14                          | Sep-14      |



## Summary of the Council's Risk and Opportunity Management approach

### What is the purpose of risk management?

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

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

### What are the benefits of Risk Management?

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

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

### Our Risk Management principles

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

- Risk Management activity is aligned to business priorities and process e.g. planning, with risk registers and criteria for the escalation and delegation of risks;
- Risk Management engages stakeholder who have a stake in the organisational activity being undertaken, to understand their requirements and perceptions of risk.
- Risk Management is a process to improve our understanding of risks and our decision-making, helping the Council anticipate and where possible/appropriate take preventative action rather than dealing with consequences. However, the purpose is not to remove risk entirely, but to manage risks most effectively (risk aware not risk averse);
- Risk control and mitigation measures that are effective, proportionate, affordable and flexible;
  - Risk Management Action Plans establish clear accountability for the management of risks, constituent risks and mitigations (actions to manage risks). An assessment of the effectiveness of mitigations is made by the risk owner;
  - Mitigations are reflected in corresponding Service Plans;
  - Risks are subject to assurance work proportionate to the importance of the associated business objective and the impact of the risk.

## **Our risk appetite**

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 manage them. However, we need to ensure there isn't an excessive flow of information to the higher levels of management which could increase the risk of delayed mitigation. To assist with the consistent assessment of risks tolerance levels and criteria are established. The final decision to escalate is a local management decision that depends upon the nature of the risk and the local and corporate operating/political environments.

## **Summary of roles and responsibilities (specific to T&CC)**

Trusts and Charities Committee:

- Gain assurance that relevant risks have been identified and are being appropriately managed;
- Include consideration of risk and the management of risk in decision making.

Senior Finance Manager:

- Ensure the T&CC RMAP is maintained/up-to-date (in terms of risks and mitigations) and available for review by T&CC on request;
- In maintaining the RMAP, engage such colleagues as necessary to satisfy himself/herself that relevant risks have been identified, are correctly assessed and adequately managed;
- Bring ad hoc/exception risk reports to the Committee where
  - New high risks are identified;
  - There are significant changes to the composition of the RMAP (risks or management actions);
  - Requested by the Committee;
- Bring the RMAP to Trusts & Charities Committee at least annually for review.