

Report of the Deputy Chief Executive and Corporate Director for Resources

STRATEGIC RISK REGISTER (SRR) Q2 2011/12 UPDATE & UPDATE TO THE
RISK MANAGEMENT FRAMEWORK

1. REPORT PURPOSE

- 1.1 This is the Q2 2011/12 (as at October) update of the Council's SRR presenting the progress made in reducing the threat level for each strategic risk from their original position.
- 1.2 At its 23 September meeting Audit Committee selected two risks for more detailed scrutiny, *SR6 – Safeguarding vulnerable children* and *SR27 - Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements*. Risk owners will be at the meeting to provide more information and respond to questions.
- 1.3 Included for consideration and approval by Audit Committee is the updated Risk Management Framework (RMF) endorsed by Corporate Leadership Team (CLT) at its 22 November meeting.

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 2011/12 (Table 1 page 2 and **Appendix 1** page 9).
- 2.2 Note the results of the review of the SRR by CLT.
- 2.3 Consider the strategic *SR6 – Safeguarding vulnerable children* (RMAP included as **Appendix 2** page 11) and *SR27 - Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements* (RMAP included as **Appendix 3** page 15).
- 2.5 Consider and approve the updated RMF (details of the update included in section 5 page 6 and the updated RMF included as **Appendix 4** page 23).
- 2.5 Select up to two strategic risks from **Appendix 1** (on page 9) for specific scrutiny for the SRR Q3 2011/12 update.

3. REASONS FOR CONSIDERATION

3.1 The Audit Committee's key 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. Part of this responsibility is to ensure 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 its Direction of Travel (DoT). This rounded assessment gives a clearer picture of progress in reducing the risk threat level. Table 1 (below) lists the 19 risks in the SRR and presents for each the most recent change to the DoT and the overall threat level.

4.2 Overall progress continues in reducing the threat levels of the strategic risks we face, with several risks in the SRR assessed by risk owners as improving, stable or at target. However, a number of risks are red rated with one showing a deteriorating position reflecting range of delivery pressures and challenges the Council has to respond to.

4.3 For the 19 strategic risks within the SRR:

- Three strategic risks are now at target;
- *SR25 - Failure to deliver improved outcomes through the Commissioning Framework* has shown a significant reduction in threat level, while a further two risks show an improved DoT;
- However, *SR11 - Failure to address medium term financial pressures in a sustainable way*, shows a deteriorating DoT since Q2.

4.4 **Table 1** shows the 19 strategic risks ranked in order of threat level and DoT (highest to lowest threat level):

TABLE 1: Risk Threat Level & DoT in rank order at Q2 2011/12			
SR No.	Strategic Risk Description	Threat Level	DoT (Q1-Q2)
Red rated strategic risks			
19	Failure to deliver Council Plan priorities	16	↔
26	Failure to support Nottingham citizens and communities to cope with welfare reforms	16	↔
6	Failure to safeguard vulnerable children	15	↓
11	Failure to address medium term financial pressures in a sustainable way	12	↑

TABLE 1: Risk Threat Level & DoT in rank order at Q2 2011/12 (continued)			
SR No.	Strategic Risk Description	Threat Level	DoT (Q1–Q2)
Red rated strategic risks			
1	Failure to implement harmonised pay, grade & terms & conditions	12	↔
3	Failure to mitigate the impact of the economic climate on the Nottingham City and its citizens	12	↔
8a	Failure to implement and embed effective information management structures, policies, procedures, processes	12	↔
10	Failure to maintain good standards of governance	12	↔
12a	Failure to provide the best educational outcome for children and young people	12	↔
14	Failure to deliver culture change	12	↔
16a	Failure of partners including the City Council to work effectively together	12	↔
22	Failure to achieve national policy requirement and targets for Putting People First	12	↔
27	Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements	12	↓
Amber rated strategic risks			
2	Of the reputation of the City	9	↔
4	Inadequate arrangements in place to respond to civil emergencies and / or catastrophic service delivery failure	9 At target	↔
24	Failure to ensure effective systems are in place to manage health and safety risks	9	↔
5a	Failure to safeguard vulnerable adults	8 At target	↔
7	Failure of NCC's contribution to reduce crime and the fear of crime	8 At target	↔
25	Failure to deliver improved outcomes through the Commissioning Framework	12 to 8	↓
Green rated strategic risks – There are no green rated risks at Q4.			

DoT key: ↓ - Reducing threat level; ↔ - Stable threat level; ↑ - Increasing threat level.

Appendix 1 identifies individual risk owners, detailed risk threat level assessments between January 2011 (Q3 2010/11) and October 2011 (Q2 2011/12) and the projected dates when target threat levels will be achieved.

4.5 Review of new, emerging and existing SRR risks

SR1 - Failure to implement harmonised pay, grade & terms & conditions: Single Status phase 3 proposals relating to schools staff were due to be ratified at the Council's Appointments and Conditions of Service Committee (ACOS) on the 8 November. ACOS did not consider the proposals because they asked for further work to be undertaken. There remain some particular equal pay challenges around some of the school based terms and conditions (most notably relating to teaching assistants). The Single Status Team is now developing alternative proposals. Timescales for phase 3 implementation have yet to be determined, but additional work in developing and agreeing proposals and the requirement for further consultation on revised proposals may mean that the previously reported implementation date of January 2013 is missed. Despite these developments, the assessment of the risk remains stable at 12.

SR7 - Failure of NCC's contribution to reduce crime and the fear of crime entered the SRR in December 2008 at 12, but has now been at 8 for seven consecutive quarters. In response to revised Council Plan priorities, new manifesto commitments and the emerging crime and disorder issues from the disturbances in the summer, the Corporate Director for Communities has identified this strategic risk for review which will also consider development of a joined up approach to the management and monitoring of risks and management responses going forward. This approach is intended to revise and refocus the strategic risk, but also strengthen the collective buy-in to the management of this risk from across the departments as a cross-cutting strategic risk. The updated RMAP will be available for review as part of the SRR Q3 Update.

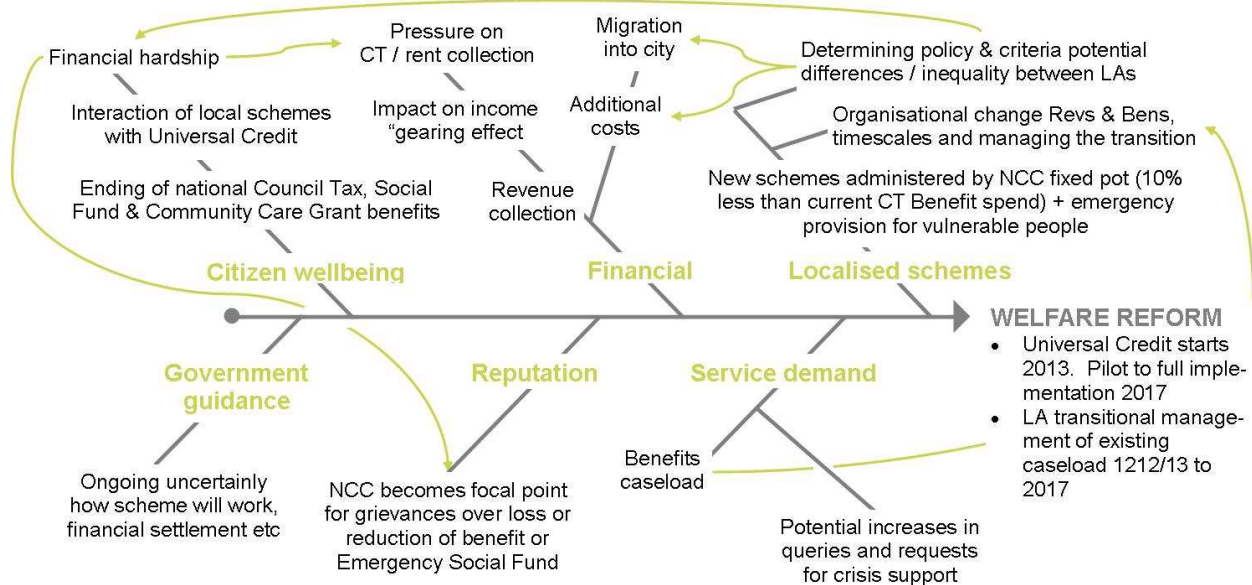
SR11 - Failure to address medium term financial pressures in a sustainable way shows a deteriorating position from Q1. Economic indicators continue to show volatility and the need for the Government to maintain austerity measures requiring a continuing decline in General Grant levels for the short and medium term. Service demands are anticipated to increase in the medium term with adult social care and child care being areas of ongoing concern. Inflationary pressures in the economy continue to outstrip Government forecasts leading to additional costs of service delivery. To deliver a balanced Medium Term Financial Plan, the Council will need to reduce net expenditure beyond what had previously been forecast.

SR25 - Failure to deliver improved outcomes through the implementation and embedding of the Commissioning Framework within the directorate, the council and with partners: The overall threat level for this risk is now amber having reduced over several quarters as a result of the progress made in delivering key elements of the Commissioning Change Programme (CCP). These include a formally agreed review programme and commissioning pathway. Most recently successful delivery of an accelerated year 1 review programme has helped test, embed and gain ownership (including executive councillors) of the commissioning approach, framework and pathway ahead of the original schedule. It has also helped identify a range of significant improvements and cost efficiency opportunities. Work remains to develop a longer-term programme of reviews and to embed the commissioning pathway more widely. These and other actions will be delivered as part of the next phase of the CCP.

SR26 - Failure to support Nottingham citizens and communities to cope with welfare reforms: At its 23 August meeting CLT asked that this strategic risk be reviewed to better understand the risks and the management of them. Work has begun on updating the RMAP based on further Government guidance. The completed RMAP will be presented as part of the SRR Q3 Update. The following outlines areas of risk and uncertainty being considered as part of the review of this strategic risk. The Welfare Reform risk looks at Government proposals to remove Council Tax, Housing Benefit and Community Care Grants and Crisis Loans from the national welfare benefits system and the requirement for Local Authorities to develop local approaches responsive to local need. These changes include transfer of funds to the Council (amount for Council Tax already known to be 10% less than the current Council Tax provision) requiring a move from what are currently demand led schemes to a cash limited pot.

Decisions will need to be made on whether local schemes operate within the value of transferred funds, or at a subsidised level. Establishing the criteria for qualifying for benefits will be critical in meeting the financial strategy. Local criteria for receipt of benefits will directly impact on citizens currently receiving these existing national benefits. The extent is difficult to determine at this time, however, the government's intention to ensure pensioners are unaffected or insulated from the changes in relation to Council Tax means that any shortfall in transferred funds will disproportionately affect the remainder of Council Tax payers potentially contributing to financial hardship. It is anticipated that this could also place greater pressure on Council Tax and Rent collection rates.

The Revenue and Benefit service will be significantly impacted upon by the proposed changes. Universal Credit and transitional arrangements will see a reduction in benefit caseload over a three year period which will probably be accompanied by a reduction in the level of Administration Grant. The service will also be impacted upon by how the Council chooses to deliver a local Council Tax scheme. In addition, the Department for Work Pensions is still developing ideas around role of LAs in delivering face to face support for individuals who cannot access benefits on line. The following diagram provides an overview of the areas of risk and uncertainty and how they relate to one another.



SR27 - Failure of Workplace Parking Levy (WPL) to raise sufficient income to meet NET Phase Two funding requirements: This risk entered the SRR at Q1 2011/12 focussed on the ability of WPL to raise revenue (on average £12.5m p.a. over the 25 year life span of the PFI) to meet the Council's contribution to the NET Phase Two, HUB and Link Buses projects. Since Q1 reporting the scheme has come into force. As of the 10 November 2011, 44,000 WPL places have been licensed of which 27,600 are chargeable. Charging commences in April 2012. The WPL team is now prioritising the following key work streams:

- Targeting employers who have not obtained a licence;
- Compliance activities to ensure employers are licensed correctly;
- Verification of employers eligibility for discounts;
- Identifying associated employers.

With encouraging numbers of employers (especially medium to large) having already complied with the scheme, several constituent risks have improving threat levels. However, there is still a risk that employers may reduce the number of places they provide prior to the introduction of charging and therefore the risk SR27 remains assessed as 12, but with an improving DoT.

5. Update to the Risk Management Framework

5.1 The Risk Management Framework (RMF) describes the authority's arrangements for identifying, managing, escalating/delegating risks and individual/collective roles and responsibilities in support of those arrangements. The Risk Management Framework was adopted in 2006 and has been updated a number of times since. In this latest update the contents of RMF have been divided between three separate documents:

- Business Risk & Opportunity Management **Policy**, including
 - What is risk management
 - Benefits
 - Council risk appetite
 - Guidance on escalation and delegation of risks
 - Roles and responsibilities
- Business Risk & Opportunity Management **Process Guide**
- Business Risk & Opportunity Management **Strategic Risk Strategy**, including
 - Management of the SRR
 - Escalation delegation of strategic risks
 - Reporting arrangements, horizon scanning
 - Assurance
 - Scales for assessing likelihood and impact and tolerance thresholds

5.3 The **Strategic Risk Strategy** provides practical guidance on the management of the Strategic Risk Register and the risks within it including escalation/delegation of risks, reporting arrangements, responsibilities etc. It is proposed that this approach be extended to the production of other risk registers (departmental, directorate, programme, project, partnership etc) that practically sets out the arrangements for the management of each register and the risks within them.

- 5.4 For example, in the case of departmental risk registers, Corporate Directors will agree a strategy for the management of their departmental risks which addresses such things as reporting arrangements, accountabilities, how and when risks will be reviewed and updated. Risk Strategies, as they are developed, will become part of the RMF.
- 5.5 This maintains a rigorous approach of Risk and Opportunity Management while enabling flexibility in how risks are managed reflecting departmental priorities, ways of working and activities etc, while complying the requirements of the Business Risk & Opportunity **Policy** and higher level strategies, in this case the **Strategic Risk Strategy**. The proposed updated Risk Management Framework is included as **Appendix 4** page 23.

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 Audit Committee is invited to select two strategic risks from **Appendix 1** (page 9) for more detailed examination in the SRR Q3 2011/12 Update.

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 The following background papers were referred to in preparing this report:
- Quarter 2 2011/12 strategic Risk Management Action Plans.

10. PUBLISHED DOCUMENTS REFERED TO IN COMPILING THIS REPORT

- 10.1 The following reports were referred to in preparing this report:
- SRR Q1 Update reported to Audit Committee 23 September 2011.

APPENDICES

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Nottingham City Council Risk Register - Report Summary

Ref.	Risk description	SR criteria							Estimated Threat Level / Seriousness / DoT				DoT	Target Threat Level	Managing Accountability		
		Highest Pri	Corp Mit	Legal	Reputation	H & S	Citizen well-being	Financial	Date threat level & DoT	2010/11		2011/12			Corp. Director (Risk Owner)	Lead Director or Senior Colleague	
										Q3	Q4	Q1					Q2
SR19	Failure to deliver Council Plan priorities				✓				Date	Jan-11	May-11	Jul-11	Nov-11	↔	Sep-11	C. Mills-Evans DCEX/CDR	A. Probert Director HR & Transformation
		Threat Level	16 (4x4)	16 (4x4)	16 (4x4)	16 (4x4)	9 (3x3)										
		DoT	Stable	Stable	Improving	Stable											
SR26	Failure to support Nottingham citizens and communities to cope with welfare reforms results in increased economic hardship and long term risks to the economy		✓				✓		Date	Jan-11	May-11	Jul-11	Jul-11	↔	Apr-14	J. Todd Chief Exec.	P. Wakefield Director Strategic Partnerships
		Threat Level	16 (4x4)	16 (4x4)	16 (4x4)	16 (4x4)	9 (3x3)										
		DoT	Stable	Stable	Stable	Stable											
SR6	Failure to safeguard vulnerable children		✓	✓	✓		✓	✓	Date	Jan-11	Apr-11	Jul-11	Oct-11	↓	Oct-12	I. Curryer CD-Ch & Fam	S. Gautam Director Specialist Services
		Threat Level	10 (2x5)	15 (3x5)	15 (3x5)	15 (3x5)	10 (2x5)										
		DoT	Improving AT TARGET	Deteriorating	Improving	Improving											
SR11	Failure to address medium term financial pressures in a sustainable way		✓		✓			✓	Date	Jan-11	May-11	May-11	Oct-11	↑	Mar-11	C. Mills-Evans DCEX/CDR	T. Kirkham Strategic Finance
		Threat Level	16 (4x4)	12 (3x4)	12 (3x4)	12 (3x4)	6 (3x2)										
		DoT	Deteriorating	Improving	Improving	Deteriorating											
SR1	Failure to implement harmonised pay, grade & terms & conditions, that are fair to all colleagues & Equal Pay legislation compliant		✓	✓	✓			✓	Date	Jan-11	May-11	Jul-11	Oct-11	↔	Sep-11	C. Mills-Evans DCEX/CDR	A. Probert Director HR & Transformation
		Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)	6 (2x3)										
		DoT	Stable	Stable	Stable	Stable											
SR3	Failure to mitigate the impact of the economic climate on the Nottingham City and its citizens				✓			✓	Date	Jan-11	May-11	Jul-11	Oct-11	↔	Apr-11	D. Bishop CD-Dev	J. Yarham Dir Economic Innovation & Employment
		Threat Level	12 (4x3)	12 (4x3)	12 (4x3)	12 (4x3)	9 (3x3)										
		DoT	Stable	Stable	Stable	Stable											
SR8a	Failure to implement and embed effective information management structures, policies, procedures, processes		✓	✓	✓			✓	Date	Jan-11	Jun-11	Jul-11	Oct	↔	Jun-14	C. Mills-Evans DCEX/CDR	M. Gannon Director IT
		Threat Level	Updated risk	12 (3x4)	12 (3x4)	12 (3x4)	9 (3x3)										
		DoT		N/A	Deteriorating	Stable											
SR10	Failure to maintain good standards of governance		✓		✓			✓	Date	Jan-11	Mar-11	Mar-11	Mar-11	↔	Jul-11	C. Mills-Evans DCEX/CDR	G. O'Connell Director Legal & Democratic Services
		Threat Level	12 (4x3)	12 (4x3)	12 (4x3)	12 (4x3)	6 (2x3)										
		DoT	Stable	Stable	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	✓	✓		✓				Date	Jan-11	Apr-11	Jul-11	Oct-11	↔	Nov-11	I. Curryer CD-Ch & Fam	G. Ellis Director Schools & Learning
		Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)	8 (2x4)										
		DoT		Stable	Stable	Stable											

Ref.	Risk description	SR criteria							Estimated Threat Level / Seriousness / DoT				DoT	Target Threat Level	Managing Accountability		
		Highest Pri	Corp Mit	Legal	Reputation	H & S	Citizen well-being	Financial	Date threat level & DoT	2010/11		2011/12			Corp. Director (Risk Owner)	Lead Director or Senior Colleague	
										Q3	Q4	Q1					Q2
SR14	Failure to deliver culture change		✓						Date	Jan-11	May-11	May-11	Nov-11	↔	Apr-11	C. Mills-Evans DCEX/CDR	A. Probert Director HR & Transformation
								Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)	8 (2x4)				
								DoT	Stable	Stable	Stable	Stable					
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-11	Apr-11	Aug-11	Oct-11	↔	2014	J. Todd Chief Exec.	P. Wakefield Director Strategic Partnerships
								Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)	8 (2x4)				
								DoT	Deteriorating	Deteriorating	Stable	Stable					
SR22	Failure to achieve national policy requirement and targets for Putting People First			✓	✓		✓	✓	Date	Jan-11	Apr-11	Apr-11	Apr-11	↔	Mar-11	I. Curryer CD-Ch & Fam	H. Jones Director Comm Inclusion
								Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	12 (3x4)	9 (3x3)				
								DoT	Deteriorating	Improving	Improving	Stable					
SR27	Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements (entered SRR August 2011/12)							✓	Date			May-11	Oct-11	↓	Apr-12	D. Bishop CD-Dev	P. Armstrong Director NET
								Threat Level		New risk	12 (3x4)	12 (3x4)	6 (2x3)				
								DoT		New	New	Stable					
SR2	Of the reputation of the City		✓		✓			✓	Date	Jan-11	Apr-11	Jul-11	Oct-11	↔	Mar-11	J. Todd Chief Exec.	S. Barker Director Comms & Mktng
								Threat Level	9 (3x3)	9 (3x3)	9 (3x3)	9 (3x3)	8 (2x4)				
								DoT	Stable	Stable	Stable	Stable					
SR4	Inadequate arrangements in place to respond to civil emergencies and / or catastrophic service delivery failure			✓	✓	✓	✓	✓	Date	Jan-11	May-11	Jul-11	Nov-11	↔	Jan-12	C. Mills-Evans DCEX/CDR	P. Millward Head of Service Emergency Planning
								Threat Level	9 (3x3)	9 (3x3)	9 (3x3)	9 (3x3)	9 (3x3)				
								DoT	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET	Stable AT TARGET					
SR24	Failure to ensure effective systems are in place to manage health and safety risks (entered to the register May 2010)			✓	✓	✓		✓	Date	Jan-11	May-11	Jul-11	Nov-11	↔	Jul-12	C. Mills-Evans DCEX/CDR	P. Millward Head of Service Emergency Planning
								Threat Level	9 (3x3)	9 (3x3)	9 (3x3)	9 (3x3)	6 (2x3)				
								DoT	Stable	Stable	Stable	Stable					
SR5a	Failure to safeguard vulnerable adults		✓	✓	✓		✓	✓	Date	Jan-11	Apr-11	Jul-11	Oct-11	↔	Apr-11	I. Curryer CD-Ch & Fam	H. Jones Dir Comm Inclusion E. Yardley Dir Access & Reablement
								Threat Level	12 (3x4)	8 (2x4)	8 (2x4)	8 (2x4)	8 (2x4)				
								DoT	Stable	Improving AT TARGET	Improving AT TARGET	Stable AT TARGET					
SR7	Failure of NCC's contribution to reduce crime and the fear of crime	✓	✓		✓		✓		Date	Jan-11	Apr-11	Apr-11	Oct-11	↔	Apr-11	J. Kelly CD-Comm	E. Orrock Comm Safety Exec. Coordinator
								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					
SR25	Failure to deliver improved outcomes through the implementation and embedding of the Commissioning Framework within the directorate, the council and with partners							✓	Date	Jan-11	Apr-11	Jul-11	Oct-11	↓	Apr-12	I. Curryer CD-Ch & Fam	C. Brudenell Director Quality & Commissioning
								Threat Level	12 (3x4)	12 (3x4)	12 (3x4)	8 (2x4)	6 (2x3)				
								DoT	Improving	Improving	Improving	Improving					

DIRECTION OF TRAVEL (DoT):

Reducing threat level



Stable threat level

Increasing threat level



SR6- Failure to safeguard vulnerable children

Section 11 of the Children Act 2004 places a statutory duty on key people and bodies to make arrangements to safeguard and promote the welfare of children.

		Impact				
		Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	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:	Ian Curryer (Satinder Gautam)	Completed by:	Satinder Gautam David Thompson	Date Completed:	October 2011	Next Review Date:	December 2011	
Risk Summary								
Opening (Apr 08)	Previous (Q1 2011/12-July 11)	Latest (Q2 2011/12-Oct 11)		Target (Oct 12)	Overall risk mitigation effectiveness (Adequate, Yet to secure improvement, Inadequate)			
Threat level	Threat level (LxI)	DoT (↔↓↑)	Threat level e.g. (LxI)	DoT (↔↓↑)				Threat level (LxI)
3x5=15	3x5=15	↓	3x5=15	↓				2x5=10

CONSTITUENT RISKS TO BE RISK MANAGED							
Risk Ref:	Constituent Risk Description	Opening Threat Level	Previous Threat Level	Latest Threat Level	Direction of Travel (DoT) (Stable ↔ Improving ↓ Deteriorating ↑)	Target Threat Level	
1	Shortage of Qualified Social Workers to deliver safeguarding practice impacted by internal (Single Status fallout) and external (market, increased demand) factors.	3x4=12	2x4=8	2x4=8	↔	2x4=8	
2	Lack of effective performance management information, impacting on the ability to target and improve safeguarding services.	3x4=12	1x4=4	1x4=4	↓	1x4=4	
3	Inadequate supervision of front line practitioners leading to children being at risk of significant harm.	3x4=12	3x3=9	3x3=9	↓	2x3=6	
4	Employing people who could pose a threat to the safety of children.	3x5=15	1x4=4	1x4=4	↓	1x4=4	
5	Lack of continuity of management to deliver consistent safeguarding services.	3x3=9	2x3=6	2x2=4	↔	2x2=4	
6	Safeguarding Board processes for setting performance framework and accountability for partners not fully effective.	2x4=8	2x4=8	2x4=8	↔	2x4=8	

7	Council staff unable to appropriately recognise risks and take appropriate action to safeguard children.	2x4=8	2x4=8	2x4=8	↔	1x4=4
8	Lack of robust recording management information system to support safeguarding practice.	4x4=16	4x4=16	4x3=12	↔	1x3=3
9	Compromisation of the security of sensitive/confidential details/data.	2x3=6	2x3=6	2x3=6	↔	2x3=6
10 Q2 2011-12	If demand increases and capacity to deliver services are reduced, safeguarding services including those for children in need of protection may be compromised.	3x4=12		3x4=12	↓	2x4=8
11	CAFs not being completed promptly, as soon as needs are emerging, resulting in a deterioration of circumstances and an increasing number of children being referred for social care intervention inappropriately creating an increase demand on social care services.	3x4=12	3x4=12	3x4=12	↓	2x4=8

	EXISTING MANAGEMENT ACTIONS			ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	Description of additional actions to be put in place (mandatory where current risk mitigation effectiveness is anything other than "adequate")	Person accountable	Date action due to be completed	Review date
1, 5	Recruitment and Retention Strategy for Qualified Social Workers in Neighbourhood Fieldwork including 28 identified actions with Lead Officer identified for each. Stay Safe Board to adopt strategy and to monitor delivery on a monthly basis.	SG	Adequate				Monthly
2, 3, 5	Workload Management scheme for Neighbourhood Field Work-Improvement & Insight team to improve suite of performance information e.g. disaggregation of data to area level to enable better targeting of resource and activities. Performance issues addressed at Heads of Service meeting on a monthly basis. Weekly performance statistics sent to all Team Managers and Head of Service.	SG / HoS	Adequate				Monthly
3	Monthly auditing process for all Team Managers & Service Managers regarding supervision process.	SG / HB	Adequate				Monthly

	Revised supervision policy in place.						
4	Work with HR partner to ensure adequate arrangements are in place for new procedures including checks on existing staff. HR to ensure database is in place to identify all staff who are CRB cleared and have General Social Care Council (GSCC) registration in place. All supervision files to hold details of staff CRB clearance and GSCC registration.	IC	Adequate				Awaiting review of Vetting and Barring Scheme
6	Quarterly review Portfolio holder, DCS and Chair of Safeguarding Board. Safeguarding Board restructured. New constitution in place. NCSCB Performance Manager in post.	IC	Adequate				Quarterly
7	Requirement for each director to monitor adequacy of staff training (putting in place Section 11 self assessment to identify any gaps.) Directors to report on progress to train all relevant staff in safeguarding awareness.	IC	Adequate				Ongoing
	Safeguarding across the Generations basic Awareness training programme for all colleagues. Further courses available Sep-Nov 2011.	Signy Johnson	Adequate				November 2011
8	Service Manager attends monthly ICT Strategy Board to raise ongoing concerns. Review of the IT systems that support social work practice.	SG / ICT Strategy Board	Inadequate	Review of electronic systems is underway.	SBr		Dec 2011
	Dedicated IT Service Partner appointed working with IT and Social Workers. Terms of reference and attendance of IT Strategy Board signed off at CFLT. New problem resolution process in place.	SG / MK	Adequate				Monthly
	Manual recording back-up system in place if Care First System goes down.	SG	Adequate				Monthly

	SG informed if the duration is longer than a day.						
9	IT Policies including the reporting of information security incidents, disposal of redundant equipment through Secure IT. Guardian Edge installed on laptops. SG informed of all security breaches and action taken.	SG	Adequate				Following any incident
10	Review of all Service Areas to identify efficient practices and reduce the impact of the budget cuts. Saving proposals to be taken to IC. Firm budget action plans identified and in place. Children in Care team in the process of being created to manage children in care cases.	SG (IC)	Yet to Secure Improvement		SG		Dec 2011
	Identified Groups where CAFs should be completed. Communications sent out by Cllr. Mellen to partnerships outlining circumstances where children should have a CAF. Targets to be set which have been staged.	TO	Adequate				July 2012
11	CAF Performance Management framework developed for council colleagues	TO	Yet to Secure Improvement	Embed CAF process within Council and non-council services using Health and Wellbeing Board.			July 2012
	Family Support Strategy and Pathway developed and published on Nottingham Children's Partnership website. Working group to be formed managing the implementation of the strategy and pathway.	TO	Yet to Secure Improvement				November 2011

SR-27 - Failure of Workplace Parking Levy to raise sufficient income to meet NET Phase Two funding requirements.

The Workplace Parking Levy (WPL) was introduced from October 2011 with charging commencing in April 2012. All workplaces are required to have a licence, with those that provide 10 or more employee parking spaces paying the levy. Customer parking is not included in the levy. The purpose of WPL is to raise revenue as part of NCC's contribution to the NET Phase Two, HUB and Link Buses projects with the purpose of encouraging commuters to move sustainable transport modes and developing and supporting improved public transport infrastructure.

The success or failure of WPL to raise the expected revenue will have an impact on:

- The scope and continuation of the public transport projects - NET Phase Two, Hub and Link Buses;
- NCC's medium to long term finances which may be called upon to fulfill any shortfall;
- The reputation of NCC in terms of its delivery of significant infrastructure projects and its relations with residents, employers and employees;
- NCC's ability to realise its long term and wider economic, environmental and transport objectives.

Links with the Strategic Risks: SR-2 "Poor reputation of the city" and SR-11 "Failure to address medium term financial pressures in a sustainable way".

		Impact				
		Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	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:	D. Bishop CD-Dev					Completed by:	P. Armstrong Director NET / J. Gooding					Date completed:	Oct 2011	Review date:	Jan 2011
RISK SUMMARY															
Opening (Q1 11/12)			Previous (Q1 2011/12)				Current (Q2 2011/12)				Target (Q1 2012/13)			Overall risk mitigation effectiveness (Adequate, Yet to secure improvement, Inadequate)	
Threat level (Lxl=??)			Threat level (Lxl=??)			Threat level (Lxl=??)			Threat level (Lxl=??)			Threat level (Lxl=??)			
3	4	12	3	4	12		3	4	12	↓	2	3	6	Adequate	

CONSTITUENT RISKS TO BE MANAGED

Risk Ref.	Constituent Risk Description	Opening Threat Level e.g. 2x4=8			Previous Threat Level e.g. 2x4=8			Latest Threat Level e.g. 2x4=8			DoT ↓ Improving ↔ Stable ↑ Deteriorating	Target Threat Level e.g. 2x4=8		
1	Employers do not understand their obligations to comply with the WPL scheme resulting in significant levels of non-compliance, increased enforcement activities and reduced WPL revenue (QOb2R2)	3	4	12	3	4	12	2	4	8	↓	2	3	6
2	Widespread and persistent displaced parking resulting in a negative perception of the WPL scheme, increased cost in traffic management resources and reduced WPL revenue (QOb5R1).	3	4	12	3	4	12	3	4	12	↔	2	3	6
3	Administration burden for employers is too high resulting in significant levels of non-compliance, increased enforcement activities, negative perception of the WPL scheme and reduced WPL revenue (BOb2R3 and see QOb2R6)	3	4	12	3	4	12	2	4	8	↓	2	3	6
4	Fail to recruit all resources resulting in the need to reduce the scope of compliance and enforcement activities (QOb6R1)	3	4	12	2	4	8	2	2	4	↔	2	2	4
5	Less liable workplace parking places than originally estimated resulting in reduced WPL revenue and reduction of business support and planned public transport improvements (BOb1R1)	3	3	9	3	3	9	3	3	9	↔	2	2	4
6	Failure of businesses to understand benefits of WPL results in premise relocation outside of the city.	3	3	9	3	3	9	3	3	9	↔	3	3	9
7	Failure of IT or administrative processes results in reduced WPL revenue collection.	2	2	4	2	2	4	2	2	4	↔	2	2	4

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
1&6	The WPL communications campaign commenced on the 16th May and all employers have been mailed either the employer handbook or small employers leaflet and the WPL team will continue to disseminate the positive messages of the business benefits of reduced congestion and improved accessibility of the WPL package of investments.	JG	Adequate				
1&6	Media activity is ongoing and a further mailshot is planned in October to target those employers who haven't obtained a licence to advise employers that they are legally obliged to licence all workplace parking places and inform them that the WPL team will be visiting their premises shortly to undertake compliance activities.	JG	Adequate				
1&6	Employer workshops to communicate the benefits of the WPL scheme and guide them through the licensing process have been held with the top 6 employers pre the communications campaign and further workshops have been held with over 60 head teachers, 40 school governors and 165 of the medium/larger employers as part of the communications campaign.	JG	Adequate				

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
1	The campaign to advise employers to obtain a WPL licence ended on the 30th September. Currently 2,602 employers hold a WPL licence (17/10/11). The communications are now focussing on targeting those employers who haven't licensed and making them aware of their legal obligations to licence all workplace parking places. The WPL team is also contacting and undertaking site visits to these employers to encourage them to comply with the scheme.	JG	Adequate				
1&6	The WPL project team is continuing to meet with employers on a one to one basis to discuss site specific issues related to licensing and compliance and enforcement and disseminate the positive messages of the business benefits of reduced congestion and improved accessibility of the WPL package of investments. Meetings have been held with a number of the larger employers including Boots, Nottingham University, Trent University, NCN, EoN, Experian, Imperial Tobacco, NHS.	JG	Adequate				
2	Scoping studies have been produced for 6 of the 9 wards and tightening up works and consultation has commenced within some of these wards as part of the preparation for the implementation of the scheme.	SH	Yet to secure improvement				

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
2	A £200k budget is available for the first 3 years of the scheme to fund traffic management initiatives. Staff resources has been identified in June 2010 to provide technical resource.	SH	Yet to secure improvement				
3	The registration system has undergone extensive field testing with a range of stakeholders and the top 6 employers. Employers who have 10 or less liable places (approx 85% liable employers) will take approx 10min to complete for an average employer. In future years the administrative burden for employers will be reduced due to a renewal only requiring confirmation that the licence details are still valid and will only have to amend the licence if their parking requirements have changed. 2,602 employers have obtained a WPL licences (17/10/11).	JG	Adequate				
3	Feedback questionnaires are being emailed to those employers who have received licenses to identify any areas for improving the registration process.	JG	Adequate				
4	Two senior officers are now fully trained to enable them to engage with employers.	JG	Adequate				

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
4	4 WPL officers started in post in September and are undergoing a training programme and they have started engaging with employers to establish working relationships with them and ensure they are licensed correctly.	JG	Adequate				
4	An internal applicant has been appointed to the post of administrative officer to support the WPL team, planned to be in post by November.	JG	Adequate				
5	The Off Street Parking Audit 6 (OSPA6) results showed a small increase in the number of WPL liable spaces (1528) since the previous survey OSPA5 (2005). Several of the larger employers had reduced their parking during this period but this was offset by the number of new employers being added to the results (NG2 etc). This brings confidence that the number of liable spaces is remaining fairly stable and therefore the risk of there being a significantly less liable spaces than forecast is reduced. However, active parking management by larger employers could result in a reduction in eligible spaces against the anticipated model (16% contingency included in the financial model).	JG	Adequate				

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
5	Analysis of employers registration data against OSPA is being undertaken to assess the variation between the surveyed and licensed WPL places. Employers with significant variations to OSPA are being prioritised by the WPL team for site visits to verify their licence applications. Site surveys are being undertaken to identify employers who have not licensed and these are being visited by the WPL team and notified of their non compliance. Desktop analysis and one to one meetings with employers are being undertaken to identify associated employers and verify discount eligibility to ensure that employers are licensed correctly before charging commences.	JG	Adequate				
6	Ensure that robust communications strategies are in place for both WPL and NET	IR	Yet to secure improvement				
7	The WPL IT system and processes have undergone extensive scenario testing with both internal and external stakeholders to ensure they are robust and fit for purpose.	JG	Adequate				

EXISTING MANAGEMENT ACTIONS				ADDITIONAL MANAGEMENT ACTIONS			ALL
Risk Ref.	Description of actions already in place to mitigate the identified risks	Person accountable	Adequacy of those actions (Adequate, Yet to secure improvement, Inadequate)	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
7	The WPL system is planned to be backed up on the disaster recovery system at Woodthorpe Grange so failure of the IT suite at Loxley would enable services to be switched to the alternative site to ensure continued provision of the WPL IT system.	JG	Yet to secure improvement			Q3 2011/12	Q3 2011/12
7	The IT infrastructure hosting the WPL system is deployed on virtual servers, meaning should the need arise to increase capacity, then additional resources can be granted to the virtual servers in a matter of minutes whilst the servers are still operating.	JG	Adequate				



Business Risk & Opportunity Management

Policy

Version 3.0
November 2011



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

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Business Risk & Opportunity Management Policy

What is Risk Management?

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

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

What does risk management cover?

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

What is the purpose of risk management?

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

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

What are the benefits of Risk Management?

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

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

Our Risk Management principles

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

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

Section 2 – Our Approach to Risk Management

Effective Risk Management

Effective implementation of Risk Management will:

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

Risk Management in planning and decision making

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

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

Risk Management in projects

Project delivery risk is concerned with managing the risks threatening the cost, schedule and quality objectives of the project. Project outcome risk management is concerned with ensuring that the outcomes expected to arise from a project's deliverables are realised.

Such outcomes could be external such as a quality of life improvement from an infrastructure project or cashable savings from a technology dependant new way of working.

Controlling risks in projects is critical to delivering a successful project and outcome. All projects valued at more that **£250,000** should follow the Project Risk Management policy set out below.

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

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. 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. More detail is included in the Risk Management in Projects Policy and 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.

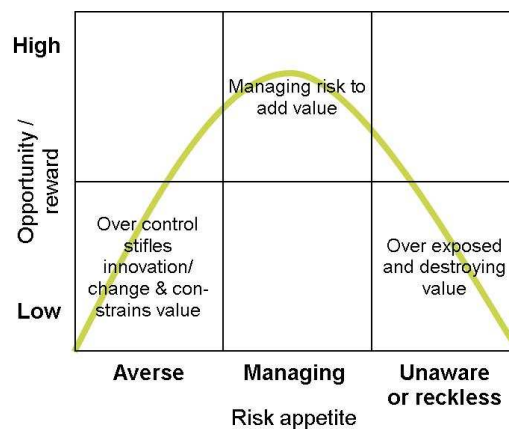
Where the Council is not the ‘leading partner’ that ‘sets’ the management culture, it is the responsibility of Council colleagues in the partnership to ensure that the potentially different risk management approaches work together harmoniously to the benefit of all partners.

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

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

Our risk appetite

Local authorities have typically been described as “risk averse” meaning that they are reluctant to take risks regardless of likelihood and severity of impact. Risk averse organisations display a number of common characteristics which leave them poorly placed to respond to changes or challenges in their external environment e.g. financial, political, structural, economic, service user demand etc.



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

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

As a Council we will not:

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

Guidance on escalation and delegation of risks

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

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

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

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

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

Links between Risk Management and performance management

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

Summary of roles and responsibilities

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

Councillors:

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

Corporate Directors/CLT:

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

Directors, Heads of Service and Managers:

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

Individual colleagues:

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

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

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

Alternatively contact:

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

Risk Management

Roles & responsibilities

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

The Chief Executive

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

The Deputy Chief Executive (S151 Officer):

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

Corporate Directors:

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

Directors:

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

Heads of Service / Managers:

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

Service Team Leader:

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

Individual colleagues:

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

Head of Internal Audit:

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

- Actively participate in the work of the Audit Committee.

The Head of Resilience:

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

Director Human Resources and Organisational Transformation:

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

Corporate Risk Specialist:

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

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

The Executive Board:

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

The Audit Committee:

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

Corporate Leadership Team:

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

Directorate Leadership/Management Teams:

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

Internal Audit:

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

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

Insurance and Risk Management Services:

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

The Corporate Risk Management Group:

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

Risk Management

Related Risk Management Activities

Other related Risk Management activities and their scope and approach.

Insurable Risks:

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

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

Corporate Approaches to Risk Financing

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

Risk Financing through Insurance:

In relation to insurable risk, the Council wishes to:

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

Funding of Retained Non-insurable Risk:

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

Operational Risk Management:

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

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

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

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

Business Continuity Planning:

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

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

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

Health and Safety Service:

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

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

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

Some of the main services provided by the team:

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

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

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

Business Risk & Opportunity Management

Glossary of terms

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

Glossary of terms *(continued)*

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



Business Risk & Opportunity Management

Process Guide

Version 3.0
November 2011



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Business Risk & Opportunity Management

Process Guide

Introduction

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



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

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

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

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

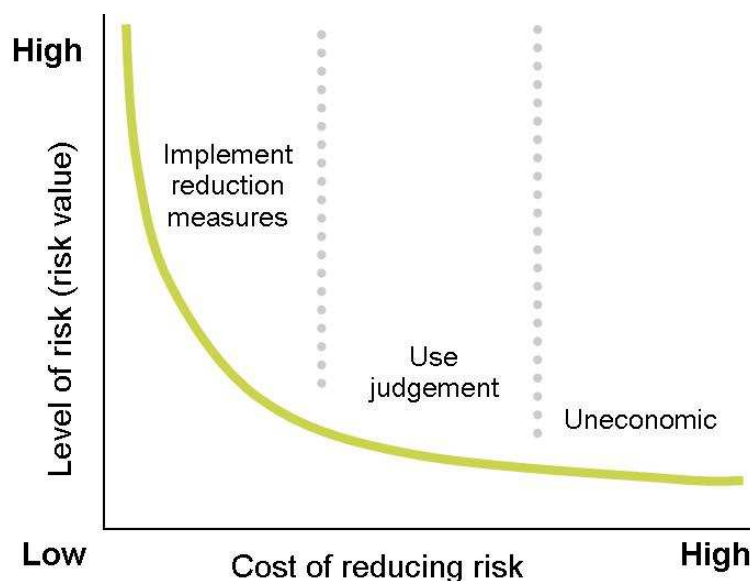
Analyse, evaluate and prioritise risks – To develop and plan an effective risk management response, a thorough understanding of the risk is needed. Risk characteristics are assessed in terms of likelihood and impact. The resultant score helps us establish the seriousness of the risks and prioritise them.

Threat Assessment Matrix

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

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

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



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

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

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

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

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

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

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

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

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

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

Alternatively contact:

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



Business Risk & Opportunity Management

Strategic Risk Strategy

Version 3.0
November 2011



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Business Risk & Opportunity Management

Strategic Risk Strategy

Introduction

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

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

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



Management of the SRR and escalation and delegation of risks

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

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

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

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

CLT also delegate risks to lower level risk register once:

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

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

Reporting

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

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

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

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

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

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

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



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

Audit Committee is typically asked to:

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

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

Executive Board is typically asked to:

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

Horizon scanning

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

Assurance

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

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

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

Key documents

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

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

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

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

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

* included for individual constituent risks

Scales for assessing likelihood and impact and risk tolerance levels

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

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

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

The Chief Executive:

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

Corporate Directors:

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

Head of Internal Audit / Internal Audit:

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

Director Human Resources and Organisational Transformation:

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

Corporate Risk Specialist:

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

The Executive Board:

- Receive and review a quarterly report on risks in the strategic risk register and how they are being managed;
- Obtain assurance that the Corporate Leadership Team are 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.

Alternatively contact:

Simon Burton, ext. 63432

simon.burton@nottinghamcity.gov.uk

Risk threat assessment matrix (Likelihood x Impact)

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

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

