Risk Management Framework

Document Control:	Risk Management Framework
Version: 3.1	June 2019
Date Originally Approved by CLT:	15 November 2016
Date First Issued:	15 November 2016
Date Reviewed:	12 November 2019
Next Review Date:	1 April 2023
Document Owner:	Finance Director

Contents Page

Risk Management Policy

Policy Statement

It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.

Risk management is all about understanding, assessing and managing the Council's threats and opportunities. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects these to be appropriately identified, assessed and managed. Through managing risks and opportunities in a structured manner, the Council will be in a stronger position to ensure that we are able to deliver our objectives.

We recognise that it is not always possible to eliminate risk entirely. However, visibility of these areas is essential, and with a robust and strong framework we can place ourselves in the best position to achieve our strategic objectives and ambitions.

Ian Curryer
Chief Executive

Introduction

Risk management is needed to understand the risks associated with delivering Nottingham City Council's services. It makes us think about the decisions we take, and how we manage everyday service delivery, projects and our work with partners.

Risk management is often primarily concerned with the adverse potential of risk. However, 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.

The following statement sums up the purpose of risk management:

"*To ensure that the Council is not unnecessarily risk averse and is enabled to take or face risks knowingly and manage them appropriately.*"

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.

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 principles and good practice

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

- Risk management activity is aligned to business priorities (including those priorities supported by partnerships and projects). It encompasses all strategic, operational and insured risks that may prevent Nottingham City Council achieving its objectives;
  - Risk management is integrated into our planning process;
  - The Council risk register comprises separate risk registers and risk strategies corresponding to levels of management accountability and plans;
  - Criteria exist for the escalation and delegation of risks between registers;
- Risk management engages stakeholders and deals with differing perceptions of risk. It is important to engage individuals and groups who have a stake in the organisational activity being undertaken, to understand their requirements and perceptions of risk.
- Risk management is a process to improve our understanding of risks and our decision-making, helping the Council anticipate and where possible/appropriate take preventative action rather than dealing with consequences. However, the purpose is not to remove risk entirely, but to manage risks most effectively (risk aware not risk averse);
  - Risk is considered in all formal council reports;
  - Risks are regularly reported at Departmental Leadership 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 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, additional guidance, templates and training support a consistent approach to risk management;
  - Corporate Risk Group (CRG) comprises one Director or Head of Service for each department and departmental Risk Champions embedding risk management. CRG 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 mitigations are captured in Risk Registers. An assessment of the their effectiveness is made by the risk owner;
  - Mitigations are reflected in corresponding Service Plans with a regular review of the risks that are a threat/opportunity to the achievement of the KPI's;
  - Risks are subject to assurance work proportionate to the importance of the associated business objective and the impact of the risk.

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 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.

Risk management in partnerships and stakeholder engagement

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

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

Good governance is the foundation of effective partnership risk management. The Council has adopted a corporate governance approach to its 'significant'

partnerships. The full details, which include the contribution of risk management, can be found in the Council's Partnership Governance Framework.

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

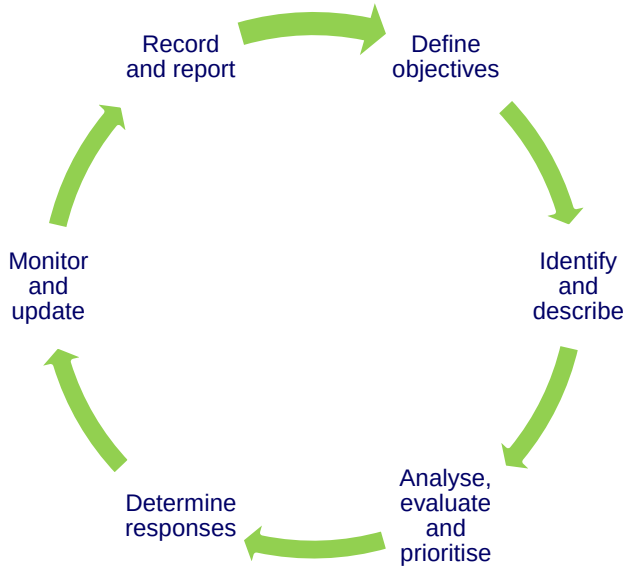
The objectives of differing stakeholders may not be aligned and perceptions of risk may vary significantly. This will influence their contribution in identifying and managing the Councils risks. By facilitating discussions about risk and providing challenge, effective risk management practices will reduce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

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

Process Guide (Toolkit)

Risk Management Process

The following diagram highlights the key stages in Risk Management.



1. Define objectives

The first step is to identify the objectives, outcomes or deliverables. A risk is essentially something that could occur which will have an impact (negative or positive) on those objectives. It is also important to ensure that major stakeholders who have an impact on or are affected by the objectives are identified.

For example:

- Service plan objectives
- Project deliverables
- Corporate objectives and priorities

2. Identify and describe

Risk identification should be done in the context of what could prevent you from delivering your (or the Council's) objectives. Risks should be identified when setting a business plan, in the early stages of project planning, at option appraisals and during service re-design.

- Consider types of risk
- Examine trends and historical information
- Are there any opportunities?

For example (categories of risk to consider):

Financial	• Change of external factors, budget, financial planning and/ or control framework
Citizen/ communities	• Ability to effectively deliver services which meet the changing needs and expectations of customers and citizens
Legislative or Regulatory	• Meeting requirements and/or law changes
Environmental	• Physical environment, e.g. extreme weather events; climate change
Partnerships	• Delivering services in conjunction with potential partners e.g. disagreements; changed priorities; failure of supply chain
Reputational	• How the Council is viewed by both internal and external stakeholders
Health and Safety	• Possibility of injury to citizen and/ or workforce
Workforce	• Staff engagement, retention, capacity and capability
Physical assets	• Physical condition of assets, e.g. buildings, vehicles, plant and equipment
Delivery	• Disruption and delays to project, programmes and/ or services
Opportunity	• Improvement to project, service or other risk area

The **description of the risk** should have three elements:

- The likely source of the risk;
- The possible risk event;
- Its potential "impact" on the achievement of the associated business priority;

- 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;
- Be careful not to describe the Risk Event as the Effect/Impact.

For example:

Risk Event	**Cause**	**Effect/Impact**
There is a risk that	**If/As a result of**	**Which will result in**
We cannot recruit/retain skilled staff	Restructures and cuts	Inability to deliver services (e.g. which might result in breach)

3. Analyse, evaluate and prioritise

Risk characteristics are assessed in terms of likelihood (probability of the risk occurring) and impact (consequences if it did occur). The Council has a Risk Assessment Matrix which sets the values to be attributed to each risk for both of these elements. This is a '5x5' matrix and the assessed scores of impact and probability are multiplied together to determine the overall risk score, to a maximum of 25.

Risk assessment matrix (Likelihood x Impact)

		Impact				
		Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (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
	Highly likely (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. The resultant score helps us establish the seriousness of the risks and prioritise them.

Red	Immediate action, escalate and regular monitoring
Amber	Implement action and monitor
Green	Implement action if relative and tolerate

The risk assessment matrix table below provides guidance to help score the likelihood and impact of a risk occurring. The table is designed as a guide only and all scoring should be at the risk owner's discretion.

The guide is designed to apply at all levels of risk register, risks should be scored at risk register level and if escalated or delegated, rescored to reflect the new risk register level. For example a financial risk captured at directorate level, should be scored based on directorate budget and if escalated to departmental risk register, should be rescored again based on departmental budget level.

Where a risk applies to multiple categories, the risk owner should assess the impact levels across the areas and score based on the most significant area of risk.

Risk assessment matrix (Likelihood x Impact)

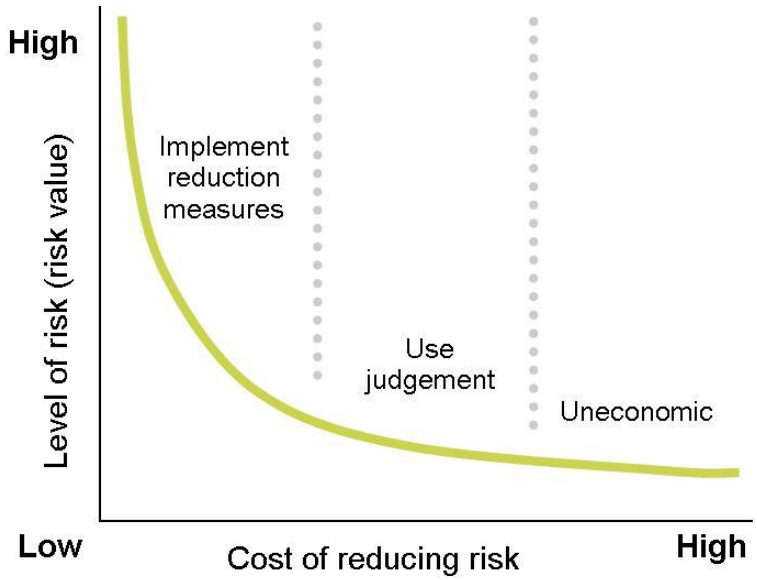
Likelihood	Impact: Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)	Description of occurrence
Remote (1)	1	2	3	4	5	<0.1% chance of occurring within the next 12 months
Unlikely (2)	2	4	6	8	10	<1% chance of occurring within the next 12 months
Possible (3)	3	6	9	12	15	<5% chance of occurring within the next 12 months
Likely (4)	4	8	12	16	20	<10% chance of occurring within the next 12 months
Highly likely (5)	5	10	15	20	25	>10% chance of occurring within the next 12 months

	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Financial					
	A financial loss of <0.1% of relevant budget/ revenue	A financial loss of <0.5% of relevant budget/ revenue	A financial loss of <1% of relevant budget/ revenue	A financial loss of <5% of relevant budget/ revenue	A financial loss of >5% of relevant budget/ revenue
Customer/ citizen					
	No negative impact on citizens	Potential negative impact on small number of citizens	Negative impact on small number of citizens with rise in complaints or potential negative impact on high number of citizens	Negative impact on small number of citizens with rise in complaints and/ or legal challenge or negative impact on high number of citizens with expected rise complaints	Negative impact on high number citizens with rise in complaints and/ or legal challenge
Health and Safety					
	No injury	First aid or short term minor health problem	Violence, short term health problem or multiple short term minor health problems	Serious medium term health problem or multiple short term health problems	Fatality, disability, serious long term health problem or multiple medium term health problems
Environmental					
	No damage to the environment	Localised short term reversible damage to the environment	Localised long term reversible damage to the environment or widespread short term reversible damage to the environment	Localised irreversible damage to the environment or widespread long term reversible damage to the environment	Widespread irreversible damage to the environment
Legal/ legislation					
	No breach or potential for small number of claims	Breach of local guidelines or potential for moderate number of claims	Breach of regulation with potential for fine or claim/ Ombudsman investigations	Breach of regulation with potential for significant fine or claim/ litigation	Breach of regulation with potential for multiple litigations or the Council being put into special measures
Workforce					
	Workforce concerns highlighted to managers	Some levels of low morale and/ or small increases in staff sickness and grievances detected	Low staff morale, increase in staff sickness and/ or grievances reported and/ or short term low staffing levels	Permanent staff turnover <10 % above the norm and/ or long term low staffing levels	Permanent staff turnover >10% above the norm/ and or permanent low staffing levels
Physical assets					
	No damage to asset	Minor damage to asset but still functioning	Moderate damage to key asset rendering it temporarily unusable	Major damage to key asset rendering it unusable but repairable	Major damage to key asset rendering it unusable permanently
Partnership engagement					
	No impact to partnership relationships	Difficulty in aligning strategies with a partner organisation to support a project	Difficulty in aligning strategies with a partner organisation to support collaborative working	Unable to reach an agreement with a partner organisation leading to termination of a project and/ or deterioration of working relationship	Unable to reach an agreement with a key partner organisation leading to non delivery of a key objective and/ or relationship with key partner severely damaged
Reputation					
	No media coverage or change to public perception and stakeholder confidence	Local short term media coverage (1 to 3 days) with little change to public perception and stakeholder confidence	Local long term media coverage (3+ days) with moderate change to public perception and stakeholder confident	National short term media coverage (1 to 3 days) with moderate change to public perception and stakeholder confidence	National long term (3+ days) with significant change to public perception and stakeholder confidence
Service/ project/ programme delivery					
	No impact to delivery of service, project or programme	Errors made in delivery of service, project or programme	Delays to delivery of service, project or programme	Major disruption to delivery of service, project or programme	Unable to deliver of service, project or programme
Opportunity					
	Little or no improvement to project, service, relationships, reputation etc. or financial gain of <0.1% of relevant budget/ revenue	Minor improvement to project, service, relationships, reputation etc. or financial gain of <0.5% of relevant budget/ revenue	Moderate improvement to project, service, relationships, reputation etc. or financial gain of <1% of relevant budget/ revenue	Significant improvement to project, service, relationships, reputation etc. or financial gain of <5% of relevant budget/ revenue	Major improvement to project, service, relationships, reputation etc. or financial gain of >5% of relevant budget/ revenue

Red	Immediate action, escalate and regular monitoring
Amber	Implement action and monitor
Green	Implement action if relative and tolerate

4. Determine responses

If existing counter measures and contingency plans are considered insufficient, then new risk responses are required. 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 activity which gives rise to the potential risk.
- **Transfer:** Transfer the risk or the consequences of the risk to a third party for example using insurance or outsourcing.
- **Treat:** Implement mitigation actions to reduce the likelihood and/or the impact. (Note: it is not always possible to influence both likelihood and impact).
- **Tolerate -** Accept the current risk level as the probability and severity are within a comfortable risk appetite.

5. Monitor and update

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

6. 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 which are formally reported to Departmental and Corporate Leadership Teams and Audit Committee.

Risk registers are used to record the risk exposure (the risks and their characteristics) and the decisions taken as a result of that knowledge (e.g. new mitigations).

Templates for risk registers are available from the risk management intranet site.

Departmental Risk Registers are used to inform the Corporate Risk Register (owned by the Chief Executive) and some departmental risks may be reported on the Corporate Risk Register if agreed by the department's Corporate Director.

Risk Reporting

Guidance on escalation and delegation of risks

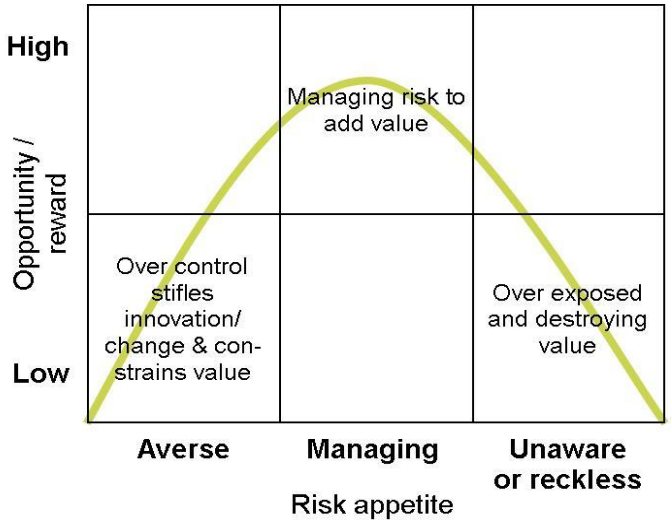
Risk threats and opportunities should be known to the level of management best placed to decide if, and to what degree, mitigations should be initiated. However, we need to ensure there is not an excessive flow of information to the higher levels of management which could increase the risk of delayed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

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

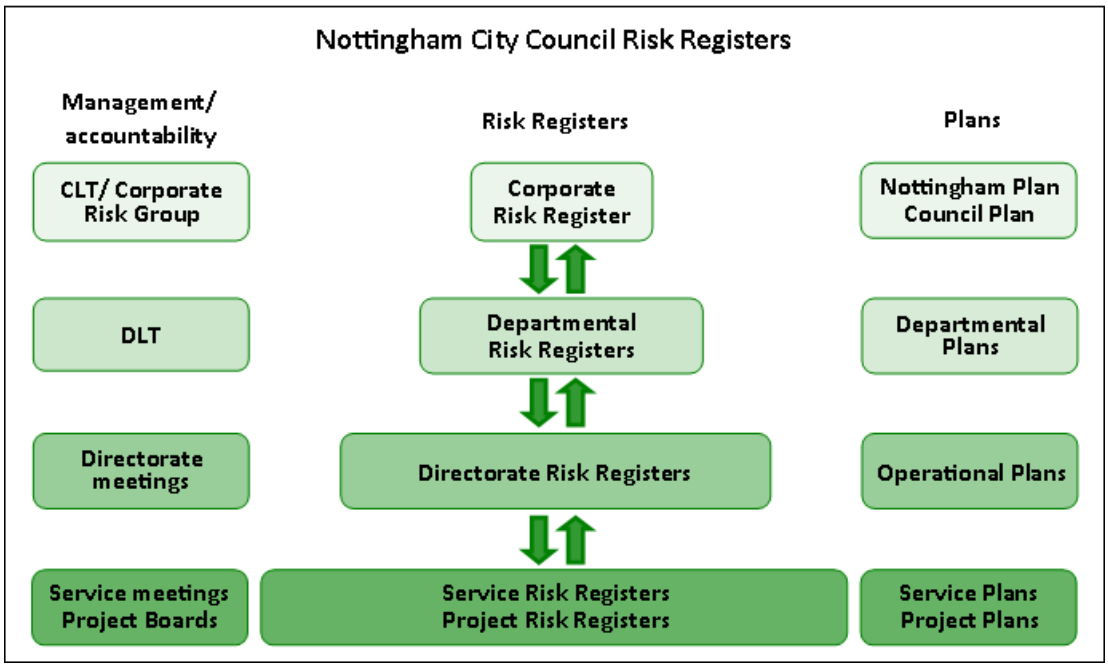
- The threat level on a business priority under risk management has fallen significantly and is now of considerable less concern at the higher level in the Council Risk Register. This might happen after a period of sustained risk management at the higher level.
- The higher (management) level does not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

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

A factor which can influence risk escalation is 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 wellbeing.



Risk Reporting and Escalation Process



Strategy

1st April 2019 to 31st March 2020

1. Support departments with the update of departmental risk registers including providing facilitation of workshops, support with identifying risks that affect delivery of business objectives, support with the measurement of risk and in identifying mitigating actions and provide administration support with the recording process.
2. Attend DLTs as required to provide specialist advice on risk.
3. Provide specialist advice on escalation of departmental risks to the corporate risk register.
4. Establish a Corporate Risk Group to review and manage risks escalated from departmental risk registers on behalf of CLT.
5. Risk management as a six monthly standing agenda item at CLT.
6. Report the Corporate Risk Register to Audit Committee on a six monthly basis.
7. Facilitate risk workshop for Audit Committee
8. Introduce consistent use of template risk register across services and ownership/ oversight/ administration of system.
9. Create Risk management webpage on Finance intranet site to include Risk Management Framework, one-page summary, template register and online training module.

3 to 6 Months

1. Agree risk management approach with Corporate Directors
2. Review framework and update as necessary
3. Launch of risk management intranet page, supporting documents and online training module

6 to 9 Months

1. Risk workshops with DLTs
2. Establish Corporate Risk Group
3. Update strategy

9 to 12 months

1. Assurance mapping exercise for strategic risks
2. Risk management training at Audit Committee
3. Consider implementation of Pentana for risk reporting across Council departments
4. Undertake further benchmarking review with focus on actions and outcomes
5. Risk appetite exercise at Corporate Risk Group
6. Comprehensive review and challenge of corporate risk register (repeat annually)

Reporting Timetable for Corporate Risk Register

2019/20 – To Be Confirmed

Corporate Risk Group	CLT	Audit Committee

Appendix A: Roles and Responsibilities

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

The Chief Executive

- Ensure the design, production and operation of an effective risk management environment
- Ensure there is an agreed Risk Management Framework;
- Incorporate risk management in all strategic business planning and decision making;
- 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 identified and assessed regularly at CLT and appropriate actions taken in response by risk owners;
- Ensure that risk issues are reported to Councillors with actions being taking.

Strategic Director for Finance and Section 151 Officer:

;

- 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 appropriate insurance arrangements in place and that these are reviewed at least annually;
- Ensure appropriate resources and expertise is provided to robustly manage risk and realise opportunities.

Corporate Directors:

- Take ownership of strategic and operational risks and the actions to mitigate them
- Incorporate risk management in all departmental business planning and decision making;
- Proactively engage in risk management in their corporate leadership role, including engagement in the reports to CLT and Audit Committee;
- 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.

Directors:

- Ensure that the Risk Management Framework is implemented across their service;
- Incorporate risk management in all departmental business planning and decision making;
- 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;
- 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/ 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.

All staff:

- Be familiar with the Risk Management Framework;
- Take general steps in their everyday working to reduce risk;
- Manage risk effectively in their job and report opportunities and risks to their service managers;
- Participate in risk assessment and action planning where appropriate;
- Immediately report any incidents or near misses or any other incident they feel is relevant to their line manager / supervisor;
- Adhere to Council policies and procedures;
- 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;
- Ensure the LRF Community Risk Register is prepared annually and the programme of mitigation is undertaken;
- Prepare, train and exercise Council wide Emergency Plans to mitigate the effects of incidents affecting the Council;
- Oversee the work of the Departmental Emergency Planning Liaison Group through its 'Emergency Response and Recovery' and 'Continuity' work-streams;
- Co-ordinate the development of appropriate Continuity Plans at Corporate, Directorate, Division and Service levels;
- Co-ordinate the provision of appropriate Continuity Planning training and validation;
- Have regard to the need for appropriate Continuity Plan implementation during the response to internal and external emergencies.

Risk and Insurance Manager/ Principal Risk Specialist:

- Be responsible for the robustness and application of the Risk Management Framework (RMF) across the Council:
- Co-ordinate the collation of quarterly risk reports for Corporate Risk Group and six monthly reports to CLT and the Audit Committee:
- Provide an annual report on risk management to CLT, Audit Committee and Executive Board;
- Support and provide expertise to the quarterly review of departmental risk registers at DLTs;
- 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;
- Commission and / or deliver the Council's on-going risk management training programme;
- Participate in continuing professional development to ensure that advice reflects emerging good practice and new developments.
- Liaise with other Councils on risk management practice, particularly the identification of new and emerging risks to local authority priorities;
- Be a member of ALARM and actively participate in networking, educational opportunities and sharing of good practice;
- Commission reviews to evaluate risk management practice from internal audit or other specialists.

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 Corporate Risk Register and individual strategic red risks;
- Audit selected risks identified for delegation from the Corporate 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 identification, assessment and facilitate mitigation of Operational Risk management across the Council;
- Deliver the Council's Risk Management Framework.

The Executive Board:

- Receive and review an annual report on risks in the Corporate 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 Full Council.

The Audit Committee:

- To evaluate and ensure the effectiveness of the Council's Risk management programme and associated control environment, assessing individual risks where necessary;
- Approve the Council's Risk Management Framework.

Corporate Leadership Team:

- Own and manage the Corporate Risk Register using the principles of the Council's Risk Management Framework;
- 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;
- Incorporate risk management in all strategic business planning and decision making;

Departmental Leadership Teams:

- 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;
- Incorporate risk management in all strategic business planning and decision making.

The Corporate Risk Group:

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

Appendix B: 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 materialising. Sometimes it is used loosely to include a contingency plan
Early warning indicator (EWI)	A leading indicator for an organisational objective.
Impact	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.
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 and 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.