Report to	Audit committee	**Item**
	19 November 2013	5
Report of	Head of internal audit and risk management, LGSS	
Subject	Proposed risk management policy and risk management strategy	

Purpose

To enable members to review the proposed risk management policy and risk management strategy prior to their presentation to cabinet for approval.

Recommendation

To recommend cabinet to approve the council's risk management policy and risk management strategy.

Corporate and service priorities

The report helps to meet the corporate priority Value for money services

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Steve Tinkler, head of internal audit and risk management, LGSS	01604 367055
Steve Dowson, audit manager, LGSS	01603 212575

Background documents

None

Report

Background

1. The council's risk management strategy and corporate risk register are key elements of the corporate plan delivery structure, ensuring that risks to the achievement of the council's corporate and service priorities are identified and effectively managed.

2. The risk management strategy was last updated in December 2011 and is due for review.

3. In June 2013 the corporate leadership team (CLT) decided to adopt the LGSS risk management model, which was based on best practices at Northamptonshire and Cambridgeshire county councils.

4. A small officer team, including some members of CLT, have adapted the LGSS model for use by the city council. This exercise was facilitated by the LGSS risk manager.

5. The LGSS risk management model is in two parts – an overarching risk management policy supported by risk management procedures, which is what is being proposed for the council.

6. The draft policy and strategy were considered by the business management group on 31 October, and a number of changes were made as a result of the discussions. The latest versions are attached at annex 1 and annex 2 for members' review.

Risk management policy

7. The policy contains a definition of risk, the principles and benefits of risk management, and a scoring matrix based on the widely-accepted 5 x 5 grid.

8. The policy also refers to the council's appetite for risk, and cabinet will be recommended to agree a maximum level of residual risk which it is prepared to accept as 15 on the scoring matrix, ie there should be no 'red' risks after mitigating controls have been taken into consideration.

Risk management strategy

9. The strategy is intended to guide officers through the identification, recording, scoring and action planning for the mitigation of risks, and can be used at both corporate and service level.

10. A fundamental change in the new strategy is that risk will now be scored in two stages:

    - at inherent risk level, ie an initial base level which ignores any controls which might already be in place
    - a residual level which will take account of any controls already in place

11. The inherent risk stage is necessary to identify all of the main risks faced and to reinforce a risk owner's responsibility to ensure mitigation is effective in practice.

12. As previously mentioned, the minimum appetite is expressed as not accepting a residual score of 16 or more unless actions are planned to reduce the score to below this level on a timely basis.

13. However, in exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16.

14. Appendix 1 of the strategy details the roles and responsibilities in risk management. This includes the role of audit committee, which is:

- Monitoring adherence to the risk management policy
- Reviewing risk management policy
- Reviewing reports on the council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment
- Raising any concerns on risk management with cabinet

Corporate risk register

15. The council's corporate risks will be thoroughly reviewed by senior managers using the principles in the risk management strategy. In accordance with appendices 2 and 3 of the strategy risks will be categorised, rather than being listed in order of risk score as at present.

16. The new register will show key controls plus residual scores, together with any additional actions managers consider necessary to further manage the risks.

17. The register will then be reported to audit committee prior to its presentation to cabinet.

Conclusion

18. Effective risk management is a key element in delivering the council's corporate plan.

19. The proposed risk management policy and risk management strategy are derived from those adopted by Northamptonshire and Cambridgeshire county councils and are based on best practice.

NORWICH CITY COUNCIL

RISK MANAGEMENT POLICY

Document control

Version	Author	Date	Summary of changes
V0.1d	S Dowson	5/9/13	First draft
V0.2d	S Dowson	10/10/13	Updated following comments from Anton Bull and John Davies
V0.3d	S Dowson	31/10/13	Updated following comments from BMG
V1.0	S Dowson	11/11/13	Final version for committee

Next review date:	

NORWICH CITY COUNCIL

RISK MANAGEMENT POLICY

1. INTRODUCTION BY CHIEF EXECUTIVE

Norwich City Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need.

We are a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

The council defines what it seeks to achieve in the form of corporate priorities and details how it expects to deliver them through the corporate plan, as well as service and team plans.

There are many factors which might prevent the council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the council's code of governance.

This risk management policy is fully supported by members, the chief executive and the corporate leadership team who are accountable for the effective management of risk within the council. On a daily basis all officers of the council have a responsibility to recognise and manage risk in accordance with this policy and the associated risk management strategy. **Risk management is everyone's business.**

The Accounts and Audit Regulations 2011 state:

The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

In Norwich City Council risk management is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing operational activities.

I am committed to the effective management of risk at all levels of this council. This policy, together with the risk management strategy, is an important part of ensuring that effective risk management takes place.

Laura McGillivray
Chief Executive

2. WHAT IS RISK?

The council's definition of risk is:

"Factors, events or circumstances that may prevent or detract from the achievement of the council's corporate priorities and service plan objectives."

3. RISK MANAGEMENT OBJECTIVE

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the council's governance framework.

The council will operate an effective system of risk management which will seek to ensure that risks which might prevent the council achieving its plans are identified and managed on a timely basis in a proportionate manner. In practice this means that the council has taken steps to ensure that risks do not prevent the council achieving its corporate priorities or service plan objectives.

4. RISK MANAGEMENT PRINCIPLES

- The risk management process should be consistent across the council, clear and straightforward and result in timely information that helps informed decision making
- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively
- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment
- The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, ie the concept of proportionality
- Risk management should be embedded in everyday business processes
- Officers of the council should be aware of and operate the council's risk management approach where appropriate
- Members should be aware of the council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with cabinet members being involved in the identification of risk on an annual basis.

5. APPETITE FOR RISK

As an organisation with limited resources it is inappropriate for the council to seek to mitigate all of the risk it faces. The council therefore aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers. However, cabinet has defined the maximum level of residual risk which it is prepared to accept as a maximum

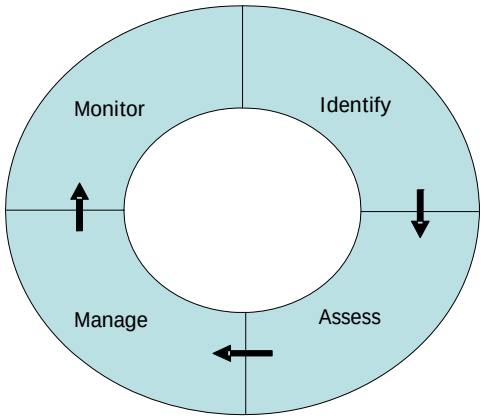
risk score of 15 as per the scoring matrix attached at **appendix 1** (for corporate priority and service plan objective risks). Other areas of risk, such as small projects or health and safety, may have a different risk appetite depending on the circumstances, but only if they do not impact on corporate priorities or service plan objectives.

6. BENEFITS OF RISK MANAGEMENT

- Alerts members and officers to the key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- Leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Provides assurance to members and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.
- Allows the council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

7. RISK MANAGEMENT APPROACH

The risk management approach adopted by the council is based on identifying, assessing, managing and monitoring risks at all levels across the council:



The detailed stages of the council's risk management approach are recorded in the risk management strategy, which provides managers with detailed guidance on the application of the risk management process.

The strategy can be located on the intranet at [*link*]

Additionally individual business processes, such as decision making, project management will provide guidance on the management of risk within those processes.

8. AWARENESS AND DEVELOPMENT

The council recognises that the effectiveness of its risk management approach will be dependent upon the degree of knowledge of the approach and its application by officers and members.

The council is committed to ensuring that all members, officers and partners where appropriate, have sufficient knowledge of the council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered thorough formal training programmes, risk workshops, briefings, and internal communication channels.

9. CONCLUSION

The council will face risks to the achievement of its plans. Compliance with the risk management approach detailed in this policy should ensure that the key risks faced are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

Appendix 1

SCORING MATRIX

VERY HIGH	5	10	15	20	25
HIGH	4	8	12	16	20
MEDIUM	3	6	9	12	15
LOW	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT / LIKELIHOOD	**VERY RARE**	**UNLIKELY**	**POSSIBLE**	**LIKELY**	**VERY LIKELY**

Red: **In excess of the council's risk appetite (15) - action needed to redress, quarterly monitoring**

Amber: **Likely to cause the council some difficulties - quarterly monitoring**

Green: **Monitor as necessary**

NORWICH City Council

Risk Management Strategy

Document control

Version	Author	Date	Summary of changes
V0.1d	S Dowson	5/9/13	First draft
V0.2d	S Dowson	10/10/13	Updated following comments from Anton Bull and John Davies
V0.3d	S Dowson	23/10/13	Updated following CLT 23/10/13. Appendix 5 removed; environment added to impacts
V0.4d	S Dowson	31/10/13	Updated following comments from BMG 31/10/13
V1.0	S Dowson	11/11/13	Final version for committee

Next review date:	

CONTENTS

1 Introduction

Norwich City Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need.

The council is a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result it needs to ensure the way it acts, plans and delivers is carefully thought through both on an individual and a corporate basis.

However there are many factors which might prevent the council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks which might be faced. This approach is a fundamental element of the council's code of governance and is explained in the following extract from council's annual governance statement:

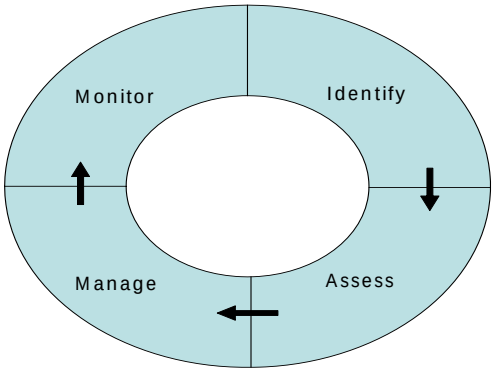
'The system of internal control is a significant part of that [governance] fr*amework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Norwich City Council's policies, aims and objectives, to evaluate the likelihood of these risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically*.'

It is important to recognise that the council is not seeking to 'factor out' all risk, as this would not be a cost effective use of scarce resources, but instead to manage risk in a proportionate manner relative to the severity of the risk. It is also important to remember that risks must be managed, but not avoided to the extent that innovation and opportunities are stifled.

The definition of risk is:

"Factors, events or circumstances that may prevent or detract from the achievement of the council's corporate priorities and service plan objectives".

The risk management approach is based upon the standard management cycle of:



This strategy details the council's risk management approach and the practices required to make it work.

Risk management is a dynamic tool which should be used from the point at which a risk is first identified until such time as it no longer represents a significant risk to the council.

2 Benefits of Risk Management

- Alerts members and officers to the key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- Leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Provides assurance to members and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.
- Allows the council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

3. Risk Management Processes

3.1 Risk Recording

It is important that all stages of the risk management process are recorded to allow risks to be managed effectively on a dynamic basis. A standard risk register template is shown at Appendix 3.

Each stage of the risk management process should be recorded in the register.

3.2 Risk Identification

The identification of risk is the most difficult aspect of risk management as once a risk is identified the structured process of risk management should mean that the risk is fully evaluated and managed appropriately. Officers are therefore encouraged to devote sufficient time to it such that all key risks are recognised and appropriately managed.

Risk identification should include consideration of any risks associated with missed opportunities, e.g. failure to take advantage of external funding opportunities.

Risk is best identified by means of a risk workshop at management team level where each team member is able to identify their perspective of risk without influence from other team members, although the outputs from this process are then subject to full team review to give a consensus on the main risks faced by that team. Other risk identification approaches can also be effective, eg open discussion at team meetings.

Further guidance and support on the risk identification process, including facilitation of workshops, can be obtained from the LGSS head of internal audit or executive heads and heads of service, who act as risk champions.

To assist risk identification, Appendix 2 lists the types of risks which might be faced. However, it should be recognised that this list is simply a guide and is not exhaustive.

Risks should be clearly articulated to ensure there is a clear understanding of the risk. Risk descriptions should be expressed in negative terms and will refer to risks arising either from council actions or from external factors, eg 'The council does not …….'; 'The council fails to …….';.'Failure to ……'; 'Supply chain failure'; 'Industrial action'.

3.3 Trigger and Result

At the point of risk identification the possible triggers of the risk and the likely results if the risk were to occur should be identified to give a good understanding of the dynamics of the risk:

- Trigger naturally leads to the identification of the mitigating actions necessary to either prevent the risk occurring or to recover quickly from the risk should it occur;
- Result assists in understanding the impact of the risk and hence its scoring (see 3.6 below).

3.4 Risk Ownership

The effective management of risk requires that each risk should have a named owner. Ownership should be vested at individual officer level and not team level.

3.5 Escalation of Risk

In the interests of empowerment each risk should be managed at the lowest appropriate level of management. However, if it is considered that a risk identified at one management level cannot be effectively managed at that level, the risk should be escalated up the management chain until it reaches the level at which it can be effectively dealt with.

3.6 Scoring of Risk

In order to assess the impact of risk in a consistent manner a scoring methodology has been adopted which takes account of the two distinct aspects of risk:

- The likelihood of the risk occurring;
- The impact if it does occur.

The scoring methodology is expressed in the corporate 5x5 scoring matrix as attached at Appendix 4. The matrix itself is supported by descriptors, over various elements, for the impact element of the risk. The impact score selected will be the highest score for any of the descriptor elements (N.B. not all may apply).

The risk will be scored in two stages:

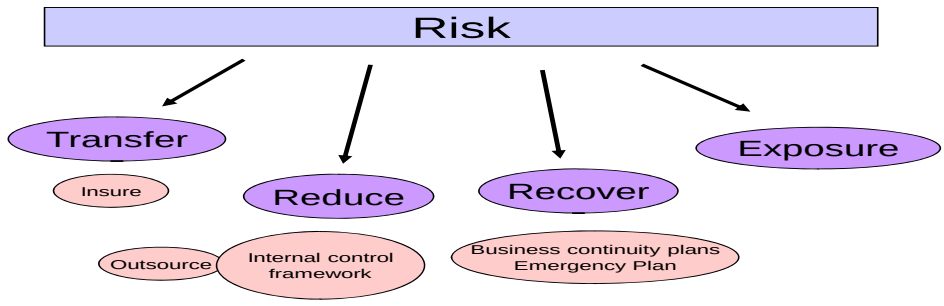
- at inherent risk level, ie an initial base level which ignores any controls which might already be in place;
- a residual level which will take account of any controls already in place.

The inherent risk stage is necessary to identify all of the main risks faced and to reinforce a risk owner's responsibility to ensure mitigation is effective in practice.

3.7 Risk Mitigation

Controls which are known to be operating effectively should be identified**.**

The following diagram and explanations illustrate how risks can be mitigated, under the headings of transfer, reduce and recover. The net effect of these mitigation types is the residual exposure to risk:



- **Transfer –** the cost impact of a risk occurrence through insurance.
- **Reduction –** the checks and balances which are built into our everyday business processes (the main source of risk mitigation). This category of risk mitigation also includes the reduction of net risk through the outsourcing of services.

- **Recovery –** the plans we have in place to recover business critical systems on a timely basis when business disruption occurs. The council's approach to business continuity management is a key aspect of effective risk management.
- **Exposure –** when the above mitigating activities have been applied to the inherent risk the council is left with the level of exposure which it is prepared to accept or has to accept in the circumstances, ie the residual risk.

  However, it is not appropriate for the council to attempt to manage all the risks which it faces – sometimes it is more effective to **terminate** the risk. This may mean ceasing the activity likely to trigger the risk or simply doing something in a different way that eliminates the original risk.

3.8 Action Planning

The residual risk score should be evaluated and an assessment made if this level of risk is appropriate, ie not too high, not too low.
The council has formally agreed a common approach to its appetite for risk. The minimum risk appetite is expressed as not accepting a residual risk score of 16 or more unless actions are planned to reduce the score to below this level on a timely basis. In exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to CLT and cabinet.

Otherwise the appropriate level of residual risk should be based on the experience of the manager responsible for managing the risk. Advice can be sought from risk champions (heads of service) or from the LGSS audit and risk managers.

In determining the mitigation required to manage a risk, regard must be had to the proportionality of the cost of the mitigation to the cost impact if the risk occurs, ie it would make no sense if the cost of the control exceeded the cost of the impact.

If the risk score is deemed to require adjustment, actions should be designed which will move the residual risk score to the desired level. Actions must be assigned to a named owner and an achievable target date for completion set.

3.9 Risk Monitoring

A full review of risk should be undertaken on a quarterly basis at all levels of management, ie CLT, executive heads, service and team, to ascertain:

- If all relevant risks are included;
- If any risks can be closed;
- The progress in implementing agreed actions. It should be noted that action progress will be identified through a RAG rating, with red rated actions requiring written explanation from the action owner.
- If residual risk scores should be re-evaluated to reflect completed actions.

Managers should have regard to potential risks at all times and should use the risk management approach to help them analyse and manage such risks at the point they are identified. Managers should not wait for the next formal quarterly review.

3.10 Risk Reporting

CLT will, on a quarterly basis, review the council's risk profile at corporate and business area levels and will review details of business areas' residual risks in excess of the council's risk appetite (red risks).

An annual risk report detailing key changes to corporate risk, including any changes in residual risk scores, will be presented to cabinet.

On a quarterly basis the audit committee will receive a report on risk management to support the committee in delivering its responsibilities in respect of risk management.

3.11 Annual Assurance

Annual assurance in respect of the development, maintenance and operation of effective control systems in respect of the risks under their control, will be provided by executive heads and heads of service as an assurance source for the annual governance statement.

3.12 Risk Management in other Business Processes

The risk management processes defined in other business processes should be complied with. Other business processes includes:

- **Member decision making**

  It is critical for effective decision making that the decision makers are provided with details of the risks associated with each proposal being considered. The integrated impact assessment attached to the standard cabinet report template requires identification of the risks associated with a proposal.

- **Council and service planning**

  As with member decision making it is critical that senior managers and ultimately members understand the risks associated with the plans being designed by the council at the point of design. Service plans have a risk section and require the service to identify risks and how they will be managed. Service plans are signed off by executive heads and heads of service along with their portfolio holders.

- **Project management**

  Risk (and issue) management is a key element in delivering effective project management methodology. The project risk management approach is included in project management guidance which can be found at: http://intranet/default_view_1.asp?id=3208

- **Contracts, joint ventures and shared services**

  Under its changing pace blueprint (new operating model), the council aims to influence strategy and deliver outcomes for the city through a range of different collaborative relationships, such as joint ventures and shared services, in addition to direct contracts.

  As a result, effective contract and relationship management is of vital importance. A business relationship and contract management framework has been produced which includes guidance on minimising risks. It can be found here [link].

- **Health and safety**

  The council's health and safety policy is also a key component of the council's structure of controls contributing to the management and effective control of risks affecting staff, contractors and the general public.

- **Partnerships**

  The council increasingly delivers its services through partnerships with other public bodies, third sector groups and statutory sector partners.

  There are several aspects to our risk strategy involving risk in key partners

  - Assessing the risks involved prior to entering into a new arrangement as part of the policy decision
  - Ensuring there is an ongoing risk view for key partnerships at any point in time
  - Challenging key partners as to how they manage their key risks

  The council has produced a corporate governance framework and toolkit for working in partnerships and this must be used when joining a new partnership or reviewing an existing one. It can be found here: http://intranet/intranet_docs/work_aids/policies_and_procedures/Partnership%20working/Corporate_governance_framework_and_toolkit.pdf

- **Business continuity**

  The council has a corporate business continuity plan for the effective management of business continuity issues, in order to ensure the continued delivery of services. Both business continuity and the management of major contracts are included in the corporate risk register.

APPENDIX 1

RISK MANAGEMENT: ROLES & RESPONSIBILITIES

Who	Risk Management Role	Frequency
Cabinet	• Ensuring risks are identified and effectively managed across the council • Approving risk management policy and ensuring an annual review is undertaken • Considering risk in its decision making • Receiving reports on significant risk issues • Approving an annual report on risk management activity across the council	As required Annual Continual As required Annual
Audit Committee	• Monitoring adherence to the risk management policy • Reviewing risk management policy • Reviewing reports on the council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment • Raising any concerns on risk management with cabinet	As required Annual Quarterly/ Annual As required
Resources portfolio holder	• Championing the operation of effective risk management at Council	As required
Chief Executive	• Overall responsibility and accountability for leading the delivery of an effective council-wide risk management approach • Ensuring that the corporate risk register and service risk registers are subject to regular review	As required As required
Corporate Leadership Team	• Owning and leading the corporate risk management process • Reviewing corporate risk • Reviewing significant service risks • Receiving urgent risk reports as necessary • Reviewing annual risk management report • Ensuring that risk is given due consideration in all management processes	As required Quarterly Quarterly As required Annual As required
Chief Finance Officer	• Championing and taking overall responsibility for seeking to ensure that effective risk management processes operate throughout the council	As required

Executive Heads and Heads of Service (act as risk champions)	• Reviewing service risk registers on a quarterly basis with portfolio holders • Ensuring that risk is given due consideration in all management processes • Ensuring that risks identified within their service are managed at an appropriate level, including escalation to a corporate level where appropriate • Providing an assurance statement as to how risk is being managed as a contribution to the preparation of the annual governance statement • Working with managers within their service to use the risk management approach in assisting the delivery of outcomes • Driving the development and embedding of effective risk management across their service • Contributing to the development of the council's risk management processes • Reviewing corporate risk	Quarterly As required As required Annually As required As required As required Quarterly
All staff	• Understanding their accountability for individual risks • Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures • Completing any risk management training relevant to the post, including e-learning	Ongoing As required As required
LGSS Audit and Risk Managers	• Providing guidance, advice & support on the council's risk management approach • Coordinating risk management across the council • Facilitating risk workshops • Maintaining the central record of the corporate risk register • Ensuring that the risk management process is operated on a current basis • Performing quality and performance checks on risk management documents as first line assurance • Arranging risk management awareness, support and training for managers, staff and members • Compiling reports as appropriate for the corporate leadership team, cabinet and the audit committee • Planning and delivering internal audit reviews of the internal control environment as second line assurance of the risk management process	As required As required As required As required As required As required As required Annually/ Quarterly Ongoing

RISK MANAGEMENT: RISK IDENTIFICATION

The checklist below is an aid to managers in risk identification. However the checklist cannot be exhaustive and you may identify other areas where you foresee there might be risks or opportunities.

Categorisation enables analysis of risks by type across the council or service areas.

Managers should recognise that the use of the "right" categorisation is not critical, and is simply an aid to assist the identification of risk. The critical factor is that all key risks are identified and then managed effectively.

The first stage of risk identification is making sure that the objectives of the area being assessed are clearly understood in accordance with the council's risk definition:

"Factors, events or circumstances that may prevent or detract from the achievement of the council's corporate priorities and service plan objectives".

A risk may relate to the non-achievement of all or a number of corporate or service priorities or a single corporate or service priority.

Please note that, depending on how a risk is worded, in some instances you may wish to reflect a category detailed below as the cause of a risk rather than a risk in its own right, eg 'Changes in demography' may be a cause of 'Customers are not provided with the services they need'.

Risk category	When thinking about possible risks that could affect the different categories you might like to consider the following areas:
Customer Perspective	**Customers:** • Customers are not provided with the services they need
	Citizens: • Changes in demographic, residential or socio-economic trends, eg an increase in demand for council services from a specific group of citizens • Effects on social wellbeing, eg changes in economic conditions • Environmental issues, eg the effects of climate change, progressing the council's strategic objectives eg the disposal of waste • Changes in planning or transportation policies
	Councillors: • Failure to deliver either central government legislation or local government decisions, eg a smaller more enabling council • Difficult political issues, lack of member support or disapproval • Election changes and new political arrangements

Risk category	When thinking about possible risks that could affect the different categories you might like to consider the following areas:
Finance and Resources	• Ineffective financial planning including budget preparation • Weaknesses in workforce planning • Ineffective budget management • External funding issues including loss or reduction in funding and missed opportunities for additional funding • Inability to manage the council's cash assets, ie treasury management function • Poor management of resources including land, property, equipment etc. and the protection of the council's assets, eg fire and accident prevention
Processes and Systems	**Regulators:** • Non compliance with regulatory expectations • Non compliance with legislative requirements, eg health and safety, equalities, data protection, environmental legislation, employment law etc **Partners/Suppliers:** • Poor partnership agreements/arrangements/relationships • Suppliers/partners are unable to provide effective, efficient and economic support to the council, eg a major contract fails **General** • Weakness in procedures/systems that could lead to breakdown in service • Weakness in procedures/systems that could lead to criminal activity • Failure in the health and safety process • Poor data/information quality
Learning and Growth	• Not having staff with the right skills and experience • Failure to provide appropriate opportunities to develop workforce • Failure of key projects and programmes

Note: Further guidance on risk identification can be obtained from your head of service or executive head, or the audit and risk managers at LGSS

NORWICH City Council

RISK REGISTER

Service/Team

Version Date: DD / MM / YY

Details of Risk						Inherent Risk				Residual Risk			Actions					
Risk No.	Risk Description	Trigger	Result	Owner	Corporate or Service Plan Outcomes	Likelihood	Impact	Score	Key Controls	Likelihood	Impact	Score	Actions	Owner	Target Date	Revised Target Date	Action Status
A	**CUSTOMER PERSPECTIVE**																	
A1																		
B	**FINANCIAL PERSPECTIVE**																	
B1																		
C	**PROCESS PERSPECTIVE**																	
C1																		
D	**LEARNING AND GROWTH**																	
D1																		

THIS DOCUMENT IS FOR ILLUSTRATIVE PURPOSES ONLY. THE ELECTRONIC VERSION CAN BE FOUND AT [link]

RISK SCORING MATRIX

VERY HIGH (V)	5	10	15	20	25
HIGH (H)	4	8	12	16	20
MEDIUM (M)	3	6	9	12	15
LOW (L)	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT / LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

Red scores – in excess of the council's risk appetite (15) – action needed to redress, quarterly monitoring. In exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to CLT and cabinet (see section 3.8).

Amber scores – likely to cause the council some difficulties – quarterly monitoring

Green scores – monitor as necessary

Descriptors to assist in the scoring of risk impact are on the following page

Likelihood scoring is left to the discretion of managers as it is very subjective, but should be based on their experience of the risk

As a guide, the following may be useful:

Very rare - highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will

Unlikely - not expected, but there's a slight possibility it may occur at some time

Possible - the event might occur at some time as there is a history of occasional occurrence at the council

Likely - there is a strong possibility the event will occur as there is a history of frequent occurrence at the council

Very likely - the event is expected to occur in most circumstances as there is a history of regular occurrence at the council

IMPACT DESCRIPTORS

The following descriptors are designed to assist the scoring of the impact of a risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/ or local public enquiry	Major civil litigation setting precedent and/ or national public enquiry	Section 151 or government intervention or criminal charges
Financial	<£25k	<£50k	<£100k	<£500k	>£500k
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
People and Safeguarding	Slight injury or illness	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the council has a responsibility	Death of an employee or individual for whom the council has a responsibility or serious mistreatment or abuse resulting in criminal charges
Reputation	No reputational impact	Minimal negative local media reporting	Significant negative front page reports/ editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to the council's policies and/or sustained negative media reporting in national media
Project	Minimal effect on budget or overrun	Project overruns or over budget	Project overruns or over budget affecting service delivery	Project significantly overruns or over budget	Project failure
Sustainability / Environment	Minimal or no impact on the city's environment or sustainability targets	Minor impact on the city's environment or sustainability targets	Moderate impact on the city's environment or sustainability targets	Serious impact on the city's environment or sustainability targets	Very serious impact on the city's environment or sustainability targets

DIAGRAM OF THE RISK MANAGEMENT PROCESS