

CORPORATE RISK REGISTER

Financial Year:	2008/09
Directorate:	ALL
Executive Director:	CHIEF EXECUTIVE
Service Area:	ALL
Relevant Service Area SIP (If applicable):	ALL
Corporate Risk Officer (Company Secretary)*:	ALISON MAPP

	QR1	QR2	QR3	QR4
Date of Update and Review:	-	03 September 2008	1st December 2008	
Corporate Risk Officer Signature:	-	Alison Mapp	Alison Mapp	
Audit Committee Review and Approval:	-	15 September 2008		
Board Committee Review and Approval:	15 May 2008	18 September 2008	NOT REQUIRED	NOT REQUIRED

* - see Guidance worksheet item **xviii)** for definitions

RISK REGISTER

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	Inherent / Prevailing Ratings			Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residuals		
					LIKELIHOOD Rating	IMPACT Rating	RISK Score			Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
Objective: To value the diversity of our customers and ensure our services are accessible to all.												
C1	Inability to sustain communities.	Tenancies are not maintained for any length of time. Loss of demand for properties leading to an increase in the number of Void properties. Increase in Void properties and a deterioration in the state of repair of Voids leading to increased maintenance costs. Instability in community leading to other social issues such as Anti-Social Behaviour (ASB). Decrease in housing stock due to the loss of properties sold through the 'Right to Buy' (RTB) scheme leading to a reduction in the Management Fee.	Ability to manage reputational issues associated with certain City areas. Progress in decommissioning and demolishing unpopular housing stock. Adequacy of management solutions and specified approaches. Ability to improve allocations and ensure future financial viability of tenants. Fluctuations in the state of the economy and the related housing market. Level of tenant applications to purchase property through the RTB scheme. Effect of the 'Credit Crunch' and economic conditions on new and existing customer's ability to pay rent and maintain tenancies.	Director of Housing Operations	2	4	8	Development of streamlined systems and processes for managing every stage of the lettings process. Establishment of the Company's new lettable standard and regular inspection programme. Establishment of a clear plan for long term (permanent) voids which takes account of the City Council's transformation agenda and Sheltered Housing Strategy. Development of the Company's Estate Standard and Estates Working Protocol in conjunction with partner agencies. Review of caretaking services to ensure comprehensive service delivery across all communal areas. Implementation of the changes identified from the review of Choice Based Lettings service and District Audit Investigation. Implementation of the Company ASB action plan, including ca	01 November 2008	2	3	6
Objective: To involve, listen and be accountable to our customers.												
C2	Failure to meet an acceptable level of customer satisfaction.	Low customer satisfaction leading to increased workload of the Company's complaints team. Bad publicity and reduced ability to deliver positive messages and demonstrate achievements. Decrease in level and quality of tenant and leaseholder participation. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Ability to implement Delivery Plan and deliver service improvements to generate an increase in satisfaction. Establishment of robust and effective performance monitoring systems. Extent of processes and procedures for involving and consulting tenants and leaseholders. Sensitivity of issues may result in stakeholders trying to gain political advantage from 'stories' and previous experience suggests that information may be leaked.	Director of Housing Operations	3	3	9	Development of Customer Care and Accommodation Strategies, including plans to improve the contact centre and introduce a property shop and repairs freephone service. Comprehensive review of the Company website Implementation of the Company's 'Lets make the difference' culture change programme. Development of a Community Cohesion Strategy, combined equality scheme and a rolling programme of equality impact assessments. Development of an annual plan for customer surveys and a Youth Forum. Implementation of a revised 3 Cs policy supported by specialist Customer Relations Team. Expansion of the collection, ownership and use of customer satisfaction information in relation to the Decent Homes progr	31 March 2009	2	3	6

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	LIKELIHOOD Rating	IMPACT Rating	RISK Score	Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
C3	Insufficient engagement and involvement of tenants and leaseholders in service development.	Inability to design, provide and manage services in line with the requirements of stakeholders. Low customer satisfaction leading to increased workload of the Company's complaints team. Bad publicity and reduced ability to deliver positive messages and demonstrate achievements. Decrease in level and quality of tenant and leaseholder participation. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Scope and number of tenants and tenant groups engaged during service development. Ability to communicate effectively with tenants and leaseholders and encourage membership, attendance and participation in related panels, committees and forums. Ability to engage tenants in the scrutiny and inspection of the Company and mystery shopping initiatives. Effectiveness of Area Panels and Committees. Level of distribution of regular and timely tenant involvement information including publications, newsletters, website developments, policies and other literature.	Director of Housing Operations	3	3	9	Implementation of revised Service Charters which are regularly reviewed and monitored by customers and include clear commitments and targets for all services. Development of annual customer surveys' plan. Revised 3 Cs policy and specialist Customer Relations Team. Embedding of resident involvement in relation to the Decent Homes programme. Introduction of performance reporting as an agenda item across the range of Tenant Forums. Monthly feedback from the team of tenant inspectors, telephone surveys and other consumer research methods and integration of feedback with the performance framework. Development and introduction of a new set of Company values in consultation with employees, tenants and leaseholders.	In Place	2	3	6
Objective: To achieve excellent housing services (and 2 stars in November 2008).												
C4	Inability to manage resources, embed a service improvement culture and implement service improvements required to achieve at least 2 star ALMO status.	Failure to manage expenditure within existing budgets and deliver service improvements without additional investment. Inability to document, evidence and demonstrate progress made in addressing weaknesses highlighted in past Audit Commission Inspections. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Level of implementation of improvement plans and performance monitoring throughout the organisation. Ability to define roles and allocate responsibility for service improvement across the Company. Ability to manage the understanding of managers and resolve cultural issues around staff performance. Ability to challenge all levels of the organisation. Degree of effective project management and ability to accurately allocate resources. Ability to manage the organisation in an effective and efficient way to ensure that past weaknesses are addressed, and improvements made, across the Company. Clarity of performance information and performance indicators.	Director of Strategy & Partnerships	3	5	15	Establishment and development of the service improvement programme and the associated plans (SIPs) across the key service areas, PMF and PMF key principles. Development of the 10 year Strategy, Estate Standard and Estates Working Protocol in conjunction with partners. Establishment of the Company's new lettable standard and regular inspection programme. Establishment of a clear plan for long term (permanent) voids which takes account of the City Council's transformation agenda and Sheltered Housing Strategy. Expansion of caretaking services to ensure comprehensive service delivery across all communal areas. Migration from a technology-led ICT Strategy to an Information Systems (IS Strategy) approach. Positive initial feedback from November Audit Commission Inspection.	23 December 2008	2	3	6
C5	Aversion to change within the organisation and failure to manage change and establish a high quality motivated workforce.	Changes are not embedded in the Company's culture - notably those designed to improve service delivery i.e. cultural inertia. Poor quality staff who are not performance managed. De-motivated staff and high levels of staff turnover - notably in key areas. Increased costs relating to recruitment and retention. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Level of adequately skilled management throughout the organisation. Level of implementation of improvement plans and performance monitoring throughout the organisation. Ability to overcome cultural issues around staff performance and the understanding of some managers. Level of leadership, trust and delegation within the organisation. Ability to establish and implement a clear and effective Accommodation Strategy. Level of staff turnover and ability to attract and recruit high calibre candidates, with the required skills and experience, at all levels.	Chief Executive and Director of Organisational Development	3	3	9	Establishment of the new Company structure and the 'Top 40 Managers' management team and IMDP. Development of a new set of Company values in consultation with employees, tenants and leaseholders. Expansion of partnership arrangements with managers by Human Resources (HR) to support performance improvements using existing policies and procedures and associated training. Implementation of a key HR policies and procedures review programme and re-launch of the employee appraisal scheme. Annual Employee Survey 'You said, We did' and introduction of Employee Benefits Scheme. Trial options for 3rd party management of sickness absence. Achievement of full Investment In People (IIP) and TSA Code	31 March 2009	2	2	4
Objective: To achieve and maintain decent homes.												

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	LIKELIHOOD Rating	IMPACT Rating	RISK Score	Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
C6	Inability to mobilise and maintain the Property Services technical repairs team in line with the parameters and requirements of the tender bid.	Schedule of Rates is unrealistic and the cost of completing jobs regularly exceeds the respective income recovered from the City Council. Property Services budgets are inaccurate and put significant pressure on the Company's ability to manage expenditure within existing budgets. Rationalisation to a single repairs contractor reduces the Company's ability to complete timetabled works within agreed timescales.	Ability to work to tender specification and within agreed budgets. Ability to deliver repairs work in line with schedule of rates. Ability to introduce cross-team working and managing resources more efficiently. Ability to work effectively with reduced number of contractors and achieve savings targets.	Director of Property Services	2	5	10	Development of a mobilisation plan which states short, medium and long term actions for the delivery of commitments which were made within the Method Statements. Development of a Contract Monitoring / reporting / scrutiny framework which enables all workstreams contained within the Contract to be effectively Managed and monitored on a monthly basis. A system of work in progress performance reporting mechanisms to be developed which gives "early warning " of dips in performance.	31 March 2009	2	4	8
C7	Failure to produce and implement a credible long term plan, agreed in consultation with tenants, to deliver the Decent Homes programme.	Failure to deliver the Decent Homes programme by 2012 and meet customer expectations. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection. Inability to access borrowing markets and fund additional programme works.	Level of adequately skilled management throughout the Property Services Directorate - notably the need to recruit and/or appoint a permanent Director. Ability to effectively project manage the implementation of the long term plan as well as the key actions required and the related outcomes. Ability to produce quality stock condition survey information.	Director of Property Services	2	4	8	Production of the Company's City Council endorsed Asset Management Strategy and 5 year Decent Homes investment plan. Successful Property Services repairs and maintenance contract tender bid. Review of Company procurement arrangements for Decent Homes works. Development of the workforce and systems, including multi-skilling, the introduction of hand held technology and improving stock condition information. Delivery of Decent Homes efficiency and VFM savings in service delivery and the investment programme. Expansion of the collection, ownership and use of customer satisfaction information as well as embedding resident involvement. Review of the responsive repairs' policy and service standard	31 March 2009	2	3	6
Objective: To be a key partner in transforming and managing Nottingham's neighbourhoods.												
C8	Failure to work in partnership and/or deterioration in the relationship with Nottingham City Council (NCC).	Lack of trust between the Company and the City Council. Difficulties in collaborative working and level of disagreements and disputes. Failure to establish accurate and detailed Service Level Agreements (SLA) for all shared services.	Management of historically poor relations between the two partners - notably in key management areas. Ability to deliver reports and other information to the City Council and the associated partnership Committees/Teams within agreed timescales. Ability to ensure that relevant City Council officers are accountable for cooperative working.	Director of Strategy & Partnerships	3	3	9	Establishment of a Partnership Board (PB) with the City Council to encourage and facilitate strategic discussions and oversee the Management Agreement. Establishment of a set of joint governance and operational meetings to support the PB, including Performance & Liaison and Operational & Strategic Finance meetings. Partnership working with the City Council on their local housing company initiative. Agreement of annual performance indicators and profiled targets with the City Council, taking account of the Council's priorities and relevant strategies. Introduction of the new Joint Working Debt Protocol with local advice providers and NCC to coordinate assistance provided to tenants in debt.	In Place	2	2	4
Objective: To respond to the needs of the most vulnerable and socially excluded.												

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	LIKELIHOOD Rating	IMPACT Rating	RISK Score	Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
C9	Failure to identify the Company's most vulnerable, socially excluded and marginalised customers.	NCH's most vulnerable customers may not be able to access housing services & social housing leading to social exclusion. Minimal engagement from vulnerable/socially excluded customers about how they view services. Tenant participation not tailored to meet the needs of the individual. The views of local groups may not be gathered and service improvement and access may not be informed. There may be a lack of local accountability. Services and priorities may not be aligned to the needs and preferences of customers.	Level of recruitment of Specialist Officers in the Tenant Involvement Team - assigned responsibility to engage with vulnerable and marginalised groups. Level of promotion of Company and service information, including Tenant Participation events, in other languages and formats. Level of skills and confidence of vulnerable/socially excluded customers to be able to be involved in Tenant participation and associated media. Level of engagement designed to develop services to cater for wider NCH population. Ability of the Company to consult and liaise with tenants and leaseholders who are vulnerable or socially excluded. Level of participation by tenant and	Director of Housing Operations	4	5	20	Further consultation groups/forums to be established and increased membership to be sought through the monthly newsletter and Company website. Wider tenant engagement and partnership working to be developed. Links developed with city wide young people's communication and involvement mechanisms. Joint working, community development and empowerment will result in more effective links being established with the community, NCC and third sector. Increase under represented membership of tenants and leaseholders groups by identifying vulnerable or socially excluded customers through better customer profiling.	In Place	5	2	10
Objective: To be an excellent, efficient organisation which has high quality leadership and management, and delivers value for money.												
C10	Inadequate quality of management skills within the senior and middle management teams to drive performance improvement within key areas of the organisation.	Failure to manage the organisation in an effective and efficient way and ensure that past weaknesses are addressed, and improvements made, across the Company. Failure to manage expenditure within existing budgets due to over-reliance on the use of consultancy and temporary staff. Inability to retain high calibre employees and the loss of key employee resources to rival organisations. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Level of adequately skilled management throughout the organisation. Level of implementation of improvement plans and performance monitoring throughout the organisation. Ability to overcome cultural issues around staff performance and the understanding of some managers. Level of leadership, trust and delegation within the organisation. Level of staff turnover and ability to attract and recruit high calibre candidates, with the required skills and experience, at all levels.	Chief Executive	2	3	6	Establishment of the new Company structure to develop more specialist services Strengthening of the leadership of the Company at a senior management level through the appointment of Housing Operations, Finance ICT & Governance and Strategy & Partnership Directors as well as Assistant Directors and 'Heads of' roles across the Company. Establishment of the 'Top 40 Managers' management team and bi-monthly Manager Conferences.	31 March 2009	1	3	3
C11	Failure to achieve efficiency and staff vacancy savings or control costs in order to address housing subsidy and/or funding reductions and achieve a financial breakeven position.	The Company will not be able to fund the level of committed expenditure. The Company may be required to cut services and/or achieve a higher level of budget savings in future years. Annual profits cannot be used by the Company to re-invest in resources or service delivery and must be repaid to the City Council.	Ability to identify cost pressures, produce accurate zero based budgets and negotiate required level of Management Fee with the City Council. Level of ownership and degree of robust monitoring of vacancy factors by Executive Directors. Future levels of Government Housing subsidy and the ability of the Company to identify and realise efficiency savings Ability to renegotiate City Council SLAs and reconfigure services to achieve budget savings.	Director of Finance, ICT & Governance	3	4	12	Preparation and adoption of the Medium Term Financial Plan taking account of the need to achieve efficiency savings in line with the principles set out in the Comprehensive Spending Review. Establishment of clear accountability for all budgets and savings designated to budget managers. Monthly and quarterly monitoring of progress against the budget by the Executive Management Team (EMT) and the Performance and Regulatory Committee respectively. Reduction of £0.9 million in the Company Management Fee to drive the achievement of VFM through the identification of efficiency savings.	31 March 2009	3	4	12

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	LIKELIHOOD Rating	IMPACT Rating	RISK Score	Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
C12	Culture of non payment of rent by tenants leading to high volumes and significant levels of debt carried forward.	Increase in HRA bad debt provision and related Fund write-offs. Deterioration in the HRA Fund balance. Reduction in Company Management Fee leading to a reduction in services or service delivery.	Failure to hold non-payers accountable creates a culture of non-payment amongst existing and future tenants. Ability to maintain effective rent recovery procedures. Reliance on temporary and agency staff within the service area. Level of new rent recovery initiatives and budget provision to fund the implementation of such initiatives. Effect of the 'Credit Crunch' and economic conditions on new and existing customer's ability to pay rent and maintain tenancies.	Director of Housing Operations	4	2	8	Reorganisation of the rent collection service under a single specialist structure. Development of an Income Management Strategy and Payment Methods Strategy to maximise income collection. Implementation of revised policies and procedures to maximise Company collection rate and improve joint working with the City Council Benefit section. Reduction in the bad debt provision in the Company budget to provide more funds to spend on direct services. Creation of 3 additional Financial Inclusion Officers to assist new tenants in preventing rent arrears, maximising benefits and budgeting. Introduction of the new Joint Working Debt Protocol with local advice providers and NCC to coordinate assistance provided to tenants in debt. Introduction of the 'free prize draw' incentive for tenants who p	01 November 2008	3	2	6
C13	Absence of a Value For Money culture or track record of evidencing achievement of VFM within the organisation.	Failure to achieve efficiency savings and/or control expenditure within existing budgets. Inability to deliver improvements to service delivery within existing budgets. Failure to achieve 2 stars in the November 2008 Audit Commission Inspection.	Ability to produce and implement a robust and achievable VFM Strategy. Ability to produce and implement a robust and achievable Procurement Strategy. Ability to renegotiate existing SLAs, market test and/or benchmark services and realise savings.	Chief Executive and Director of Finance, ICT & Governance	3	4	12	Production and implementation of a new VFM strategy. Implementation of the new Procurement Strategy across the Company. Successful Property Services repairs and maintenance contract tender bid. Delivery of Decent Homes efficiency and VFM savings in service delivery and the investment programme. Reduction in the NCC Management Fee of £0.9 million to drive the achievement of VFM through targeted efficiency savings. Appointment of a new Absence Management Officer to review and strengthen arrangements, notably around sickness management. Establishment of the VFME Group with revised ToR.	30 September 2008	2	4	8
Off-Plan Objectives - Other duties, responsibilities & challenges.												
C14	Customer Focus Strategy & supporting Accommodation Strategy fail to facilitate anticipated improvements to service delivery.	Changes cause disruptions to service delivery and to customers and other stakeholders. Decrease in customer satisfaction. Inability to deliver improvements to service delivery within existing budgets and cost pressures associated with any 'interim' accommodation requirements. Failure to deliver future year savings included in the Medium Term Financial Plan (MTFP).	Ability to reduce cash collection sites without impacting on service provision. Ability to consolidate frontline and support services into the Hounds Gate office in the short term. Ability to consolidate Harvey Road Depot and Hounds Gate offices and relocate to new site. Ability to provide continued service delivery during the different stages of accommodation strategy implementation.	Chief Executive	2	3	6	Initial study undertaken by specialist external property specialists DTZ. Accommodation Strategy formulated based on external market assessment. Director of Housing Operations assigned responsibility to lead on the implementation of the adopted Customer Focus Strategy and Accommodation Strategy. Project Manager assigned to March 2009 to deliver Strategies.	31 March 2009	1	3	3
C15	Failure to secure positive outcomes in key Employee Tribunal cases.	Changes in working practices which may result in reduced customer services. Failure to achieve VFM due to rising employee costs without respective increase in service delivery. Cost pressures on employee cost budgets which cause the Company to overspend incur a deficit outturn position.	Level of legal expertise and budget provision to fund litigation associated with ET cases. Relevance of employee tribunals on other current and ex-NCH employees. Ability to harmonise employee contracts and remuneration - notably overtime and bonus schemes of repairs staff. Ability to establish fit for purpose policies and procedures across the Company's service areas. Change in relevant legislation i.e. single status.	Director of Organisational Development	5	4	20	External legal expertise used to fight litigation cases. Impact of lost cases on ET claims against the Company by current and ex-NCH employees monitored closely by the Head of HR. Establishment, and appointment to, Company Secretary post (Employment Law Solicitor). Budget provision included in 2007/08 accounts to fund the cost of commitments resulting from ET cases. Commitment to implementation and monitoring of effect of 'Single Status'. Employment Law Training for Managers.	31 March 2009	4	3	12

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	LIKELIHOOD Rating	IMPACT Rating	RISK Score	Additional Controls / Mitigations / Countermeasure Actions	In Operation Target Date	Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
C16	Failure to safeguard assets, data or information in the event of a disaster or other occurrence outside the organisation's control.	The Company cannot continue to function and provide services to customers for which it is funded. Valuable customer data or confidential information may be lost. The Company may breach of the Data Protection Act. Temporary or medium term cessation of services to customers.	Level of IT support and contingency arrangements in the event of electronic data and information loss. Level and adequacy of disaster recovery plans. Degree to which NCH buildings, IT systems and infrastructure are susceptible to natural disasters or freak occurrences.	Chief Executive	2	5	10	Business Continuity planning - Nottingham On Call plan fully in place. Reliance on NCC for BC/DR support and reliance on shared services - refer to NCC corporate business continuity plan. Emergency planning [i.e. immediate management of emergencies] is now delegated to the Head of Health and Safety. The preparation and implementation of emergency plans is included in the company health and safety strategy 2008-2011 - this process will now include the BCM plan	01 June 2010	2	3	6
C17	Failure to meet current Company Health and Safety requirements.	Employees and/or customers put at risk. Serious injury or loss of life of employee(s) and/or customers. Company and/or individual fines - notably Corporate Manslaughter. Damage to Company reputation. Litigation from employee(s) and/or third parties.	Adequacy of risk management procedures. Level of training and risk assessments. Adequacy of policies and procedures. Level of certification/attainment of Health and Safety standards and internal H&S controls. Ability to safeguard against the impact of Corporate Manslaughter legislation.	Director of Organisational Development and Company Secretary	3	4	12	Implementation of health and safety strategy 2008-2011, including: - review of health and safety policy and safe systems of work. - actions to reduce fire safety risks. - implementation of any necessary changes to systems and monitoring of compliance to ensure H&S standards are achieved. - review of Health and Safety Committee remit. - health and safety training strategy.	31 December 2011	2	3	6

Risk Matrix

			Impact Rating				
			None 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood Rating	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

RISK SCORES	CATEGORY	MONITORED BY	FREQUENCY
1 to 4	Low (Green)	Service Area Mgrs / RR Owners & RM Panel	Both Quarterly
5 to 11	Medium (Amber)	As above and Audit Committee & Exec Directors.	Bi-annually & Annually
12 to 25	High (Red)	As above and Audit Committee & Board.	Quarterly & Annually

Numbers in the boxes are the "Risk Scores" which are equal to the product of the Impact and Likelihood "Risk Ratings".

Likelihood

HOW TO MEASURE LIKELIHOOD (Vertical Axis)		
LIKELIHOOD RATING	DESCRIPTION	CRITERIA
1. REMOTE	Virtually Impossible	0 to 5% chance
2. UNLIKELY	Low but not impossible	6-20% chance
3. POSSIBLE	Fairly likely to occur	21-50% chance
4. LIKELY	More likely to occur than not	51-80% chance
5. ALMOST CERTAIN	Almost certain to occur	81% chance

Impact

HOW TO MEASURE IMPACT (Horizontal Axis)		
IMPACT RATING	COST IMPACT	SCHEDULE IMPACT
1. NONE	Negligible effect on projected cost (0-3%)	Negligible effect on projected schedule (<3%)
2. MINOR	Small increase (4-10%)	Small schedule slip (3-10%)
3. MODERATE	Significant increase (11-30%)	Significant slip (11-30%)
4. MAJOR	Large increase (31-75%)	Large delay (31-50%)
5. CATASTROPHIC	Major increase (>75%)	Major delay (>50%)

Risk Register Construction Steps

- 1) Risk registers should be completed, reviewed and updated as per the requirements of Company's Risk Management Framework.
- 2) Register Owners/Responsible Officers should identify the individual risks associated with each corporate plan objective specified on the "Risk Register" worksheet.
- 3) Owners/Responsible Officers should identify any additional risks associated with their risk area under "Other duties, responsibilities & concerns" at the bottom of the "Risk Register" worksheet.
- 4) Where the risk register is aligned with a Service Improvement Plan (SIP) (see Summary worksheet) the SIP should be reviewed alongside the register to ensure that all risks associated with achieving SIP objectives are identified and included as necessary.
- 5) Value for Money, the Reputation of the Company & Financial Cost should be considered by all Owners/Responsible Officers in relation to the risks in their areas.
- 6) Owners/Responsible Officers should provide each risk with an impact and likelihood rating according to the "rules" set out on the "Risk Matrix" worksheet. The "Inherent/Prevailing Risk Score" will be calculated automatically. This is the initial score before Counter Measures or Controls in place to manage the Risk have been considered and is sometimes called the "natural" risk rank. Risks that have rank score of 12,15,16,20 or 25 are serious risks with **HIGH** Risk Scores that require a bespoke management response.
- 7) Owners/Responsible Officers should identify existing Counter Measures for each risk and assess whether they are adequate.
- 8) Owners/Responsible Officers should identify and develop Additional Controls / Mitigations / Countermeasure Actions or a Management Plan if the existing Counter Measures are considered to be insufficient to manage risk down to an acceptable level.
- 9) The key existing Counter Measures and any new action(s) identified during step **8**) should be summarised in the related column of the "Risk Register" worksheet, together with specific "In Operation Target Dates".
- 10) Owners/Responsible Officers should then re-rank each risk with a "Residual" impact & likelihood rating according to the "rules" on the "Risk Matrix" worksheet.. The final "Residual Risk Score" will be calculated automatically.
- 11) Directorate Risk Registers should only include risks with **HIGH** and **MEDIUM** Risk Scores.

Risk Register Validation (actions required of the RRRO, RRO and Company Secretary)

- a) The Risk Register review process should include the testing of a selection of controls to ensure they are in place and working effectively.
- b) The Risk Register should be reviewed against all relevant Internal Audit reports to highlight any controls which have been identified as not in place or not working.
- c) Risk Registers should be reviewed & updated as per the requirements of the Risk Management Framework & evidenced as such through completion of the 'Summary' worksheet.

Definitions (for further definitions see the Company's Risk Management Framework - Appendix A)

- i) **Risk:** combination of the **probability** of an **event** & its **consequence**. The term **risk** is generally used only when there is at least the possibility of negative consequences. In some situations, risk arises from the possibility of deviation from expected outcomes or **events**.
- ii) **Consequence:** outcome of an **event**. There may be more than one consequence from an event. Consequences can range from positive to negative and can be expressed qualitatively and quantitatively.
- iii) **Probability:** extent to which an **event** is likely to occur. Degrees of belief about probability can be chosen as ranks, such as rare/unlikely/moderate/likely/almost certain.
- iv) **Event:** occurrence of a particular set of circumstances. The event can be certain or uncertain, with a single occurrence or a series of occurrences. The probability associated with the event can be estimated for a given period of time.
- v) **Risk management:** the process of controlling **risks** to ensure that they are reduced to an acceptable level.
- vi) **Likelihood** – an assessment is made of how likely the risk is to occur in practice.
- vii) **Impact** – an assessment is made on if the risk did occur, what would be the impact on the Company.
- viii) **Risk control:** actions implementing **risk management** decisions. Risk control may involve monitoring, re-evaluation and compliance with decisions.
- ix) **Risk response:** actions taken to mitigate a **risk**.
- x) **Risk reduction (mitigation):** actions taken to lessen the **probability**, negative **consequences** or both, associated with a **risk**, through specific controls.
- xi) **Risk treatment:** process of selection and implementation of measures to modify **risk**. Risk treatment measures can include avoiding, optimising, transferring or retaining **risk**.
- xii) **Inherent (gross) risk:** the **exposure** arising from a **risk** before any action has been taken to manage it. Recurrent **risks** that arise through an organisations

existence in an environment i.e. not necessarily through its actions or choices, are often referred to as inherent risks.

- xiii) **Residual risk:** the **exposure** arising from a specific **risk** after action has been taken to manage it (making the assumption that the action has been effective) i.e. **risk** remaining after **risk** treatment. Residual risk should be lower than the **inherent risk**.
- xiv) **Risk rating:** derived from the scoring mechanism and designed to allow the organisation to prioritise its **risk management** activities.
- xv) **Risk score:** each risk is assessed for **impact** and **likelihood** before considering what **controls** are in place to manage it. The resulting score is called the risk score and is derived from the factor of the individual **likelihood** and **impact** risk ratings.
- xvi) **Risk matrix:** the mechanism used to display the **risk scores** produced as a result of the various **risk ratings**.
- xvii) **In operation target date:** the target date by which all 'Additional Controls, Mitigations and Countermeasure Actions', adopted to address specific **risks**, have been established and implemented.
- xviii) **RR Owners/Responsible Officers:** 'Owners' are responsible for Service Area Risk Registers & 'Responsible Officers' for Directorate or the Corporate Register.