

**APPENDIX B**

<b>RISK REGISTER</b>
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Financial Year:	2009/10
Directorate:	
Executive Director:	
Service Area / Directorate Risk Register:	
Relevant SIPs:	
Risk Register Owner / Responsible Officer*:	

	QR1**	QR2	QR3**	QR4
Date of Update and Review:				
RRO/RRRO Signature:				
Date of Review and Approval:				
Executive Director Signature***:				

**KEY: -**

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

\*\* - only required for Service Area Risk Registers.

\*\*\* - only required for Directorate Risk Registers (bi-annually).

**Risk Register Colour Key:-**

	= Corporate
	= Directorate
	= Service Area
	= Project/Partnership

**RISK REGISTER**

Risk Number	Description of Risk	Description of Potential IMPACT (with estimated costs if possible)	Description of LIKELIHOOD Factors	Risk Owner	Date Risk Raised	Inherent / Prevailing Risk			Countermeasures & Additional Controls / Mitigations / Actions (including SIP references where relevant)	Action Owner	In Operation Target Date	Residual Risk		
						LIKELIHOOD Rating	IMPACT Rating	RISK Score				Residual LIKELIHOOD Rating	Residual IMPACT Rating	Residual RISK Score
	<b>Objective: Deliver excellent customer focused services.</b>													
1								0						0
2								0						0
	<b>Objective: Engage customers in influencing the shape and quality of housing services that we provide.</b>													
3								0						0
4								0						0
	<b>Objective: Be a key partner in the delivery of safe and sustainable</b>													
5								0						0
6								0						0
	<b>Objective: Be a key partner in the transformation of Nottingham's neighbourhoods.</b>													
7								0						0
8								0						0
	<b>Objective: Be an excellent organisation.</b>													
9								0						0
10								0						0
	<b>Off-Plan Objectives - Other duties, responsibilities &amp; challenges.</b>													
11								0						0

## 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%)

**ACTIONS REQUIRED AFTER ASSESSING INHERENT RISK**

INHERENT RISK SCORES	CONCLUSION AND ACTION REQUIRED	RESIDUAL RISK SCORES	MONITORED BY (Timeliness)
<b>1 to 4</b>	<p><u>Acceptable level of risk.</u> No further action(s) required to reduce risk, but Service Area Managers / RROs shall ensure that the relevant controls are operating effectively. Existing controls for low risk areas shall be carefully reviewed to ensure that there are not too many controls in place i.e. lack of efficient use of resources.</p>	<b>1 to 4</b>	SERVICE AREA MANAGERS / RROs (Quarterly)
<b>5 to 11</b>	<p><u>Implementation of additional controls may be required.</u> The costs and benefits associated with implementing additional systems, controls, processes and procedures designed to mitigate individual risks shall be considered and implemented as deemed required. The relevant Service Area Manager/RRO may agree that no further action(s) should be taken, but this decision must be recorded on the risk register.</p>	<b>5 to 11</b>	
<b>12 to 25</b>	<p><u>Implementation of additional controls is required.</u> Service Area Managers/RROs (and their teams) should identify, discuss, establish and implement additional systems, controls, processes and procedures designed to mitigate individual risks.  If Service Area Managers/RROs do not want to introduce additional controls or other measures to mitigate high level risks, they must seek approval from the Board. Any such agreement from should be recorded on the risk register.</p>	<b>1 to 4</b>	DIRECTORS* ( 6 Monthly Basis) & THE RISK MANAGEMENT PANEL (Bi-Monthly Basis)
		<b>5 to 11</b>	
		<b>12 to 25</b>	

\* - Directors are ultimately responsible for deciding which risks are included on their Directorate Risk Registers and explaining any such omissions from SARRs.

### Risk Register Construction Steps (for more detailed guidance see the Risk Management Cycle - Appendix 6 of the RMF)

- 1) Risk registers should be completed, reviewed and updated as per the requirements of Company's Risk Management Framework (available on the Company's internet site - see link at the bottom of the following page):  
[http://www.nottinghamcityhomes.org.uk/customer\\_care/more\\_strategies.aspx](http://www.nottinghamcityhomes.org.uk/customer_care/more_strategies.aspx)
- 2) Risk Register Owners (RROs)/Responsible Officers (RRROs) should identify the individual risks associated with each corporate plan objective specified on the
- 3) "Risk Register" worksheet RROs/RRROs should identify any additional risks associated with their risk area under "Other duties, responsibilities & concerns" at the bottom of the "Risk Register" worksheet.
- 4) Each risk should be assigned a 'Risk Owner' (defined below) and a date when the risk was raised.
- 5) 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 and cross referenced.
- 6) Value for Money, the Reputation of the Company & Financial Cost should be considered by all RROs/RRROs in relation to the risks in their areas.
- 7) RROs/RRROs 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 scores of 12,15,16,20 or 25 are serious risks with **HIGH** Risk Scores that require a bespoke management response.
- 8) RROs/RRROs should identify existing counter measures for each risk and assess whether they are adequate.
- 9) RROs/RRROs should identify additional actions to be taken (e.g. Controls / Mitigations / Countermeasure Actions or a Management Plan) if the existing counter measures are considered to be insufficient to manage each risk down to an acceptable level.
- 10) Each action identified as required to control risk should be assigned an 'Action Owner' (defined below). There will often be more than one Action Owner for each risk and Action Owners may be the peer of, or more senior to, the Risk Owner.
- 11) The key existing Counter Measures (step 7) 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".
- 12) RROs/RRROs 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.
- 13) 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) Risk Registers should be reviewed & updated as per the requirements of the Risk Management Framework & evidenced as such through completion of the 'Summary' worksheet.
- b) Registers should be reviewed against all relevant Internal Audit reports to highlight any controls identified by IA as not being in place or not working effectively.
- c) The Risk Register review process should include the testing of a selection of counter measures/controls to ensure they are in place and working effectively.
- d) Evaluation Forms (included as Appendix D in the Risk Management Framework) should be used by Executive Directors, RRROs and RROs to evaluate the content of their risk registers against the Company's Risk Management Framework.

### 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) **Risk Register Owners (RROs)**: responsible for reviewing, updating and managing (primarily) Service Area Risk Registers, (but also) the Corporate Register and project or programme risk registers.
- xix) **Risk Register Responsible Officers (RRROs)**: responsible for reviewing, updating and managing Directorate Risk Registers.
- xx) **Risk Owners**: responsible for individual risks assigned.
- xxi) **Action Owners**: responsible for taking the actions needed to control the risk, as authorised by the Risk Owner.