

NOTTINGHAM CITY HOMES

REPORT OF THE DIRECTOR OF FINANCE, ICT & GOVERNANCE

THE BOARD
15 MAY 2008

RISK MANAGEMENT FRAMEWORK

1 SUMMARY

- 1.1 This report is to present to the Board the Company's Risk Management Framework for Approval and formal adoption. It includes a list of proposed risk registers to be maintained, a risk register template and a draft corporate risk register.

2 RECOMMENDATIONS

- 2.1 To approve the Nottingham City Homes Risk Management Framework, subject to adopting a standard style, format and layout for all of the Company's strategies.

3 INTRODUCTION AND BACKGROUND

- 3.1 The Company has not had a formal Risk Management Framework in place, but has been working in line with a draft document.
- 3.2 Weaknesses in our risk management policies and procedures have been identified by the Executive Management Team and were highlighted more formally through an internal audit report, received by the Audit Committee in March 2008.
- 3.3 The Risk Management Framework deals with previously identified weaknesses, includes best practice and incorporates the recommendations from the audit report. The document is attached to this report as Annex 1.

4 MAIN FEATURES

- 4.1 The purpose of the Risk Management Framework is to establish a consistent basis for identifying, measuring, controlling, monitoring, managing and reporting the Company's strategic, operational and project/partnership risks.
- 4.2 The Framework, therefore -
- Is based on NCH's corporate objectives, which are supported by the service area objectives;
 - Identifies the risks which may prevent NCH achieving its objectives and targets;
 - Identifies and assesses what NCH is doing to manage the risks it has identified;

- Identifies what systems are in place to record and monitor the management and assurance processes;
- Reviews what actions have been taken to address any gaps; and
- Identifies what systems are in place to report on risks and risk management.

4.3 There are three main elements to the Framework –

- Risk Strategy, setting out why risk management is important to the Company;
- Risk Management Policy, detailing the risk management systems for the Company;
- Priority Action Plan, which identifies the priorities for risk management activities in the forthcoming year.

4.4 Risk registers are used to compile identified risks across the business. Annex 2 sets out the risk registers that will be used and which are currently being developed. These comprise service area risks, directorate risks and corporate risks.

4.5 All risk registers require a full description of the identified risk, the potential impact and rating, the likelihood factors and rating, a risk score, the named risk owner and the additional controls and countermeasures that will be put in place. The standard template is attached as Annex 3 to this report.

4.6 A series of workshops will be held with staff to provide the necessary training in relation to risk issues and to embed risk management within the Company. Directors, Audit Committee and Board, through their designated roles in the risk process and through the reporting mechanisms will evidence that the appropriate standard of risk management is undertaken within the Company during the forthcoming months.

4.7 A corporate risk register is currently being developed and although not finalised, the draft is attached to the report as Annex 4 for the Board to see the nature of those risk and the mitigations.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

5.1 A robust approach to managing risk is essential to support NCH objectives of providing good quality, affordable and well managed housing that will achieve at least a 2 star rating.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

6.1 Early identification of service and business risks helps to improve the way in which resources are managed, helping to minimise unforeseen demands on the Company's limited financial resources.

7 EQUALITY & DIVERSITY IMPLICATIONS

7.1 Improving the way that the Company manages risk embraces the effective

management of equality and diversity implications of action taken across all service areas.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 Draft Risk Management strategy
Internal Audit Report, January 2008

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