

# Derby

## Risk Management Handbook

### 2023



#### Version History

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## Introduction

The Council recognises that Risk Management is an integral element of Corporate Governance and a key contributor to ensuring a robust internal control environment. The management of risk is considered good practice within the public sector.

Risk Management can be defined as the culture, process and structure that are directed towards effective management of potential opportunities and threats, which

can impact the achievement of objectives, condition of assets, wellbeing of colleagues or communities or the financial wellbeing of the organisation. Good risk management will allow us to:

- create focus towards our objectives, with an awareness of challenges;
- inform and manage change; managing threats and taking positive action to opportunities;
- give flexibility in responding to issues and risks, within our agreed 'risk appetite';
- support innovation;
- improve transparency and justify decisions;
- inform the budget & Medium-Term Financial Planning processes;
- identify the appropriate level of controls;
- share knowledge on controls and actions; and
- strengthen and protect reputations.

The Council will establish and maintain a systematic framework and process for managing corporate, operational, project and partnership risks, which will be outcome focussed. This will include assessing risks for likelihood and impact, identifying and allocating responsibility for implementing mitigating controls and receiving assurances to ensure the successful management of those risks and that the controls are complied with.

The contents of this handbook formally affirm the Council's strategic commitment to building a risk management culture in which risks and opportunities are identified and managed effectively. The Council recognises that, in pursuing its strategic objectives, measured risk-taking is both acceptable and appropriate; and the 2023 edition of this Handbook sees more guidance on risk appetite.

This Risk Management Handbook includes resources, which have been designed to assist with the risk management process and to encourage a consistent language and approach to managing risk across the whole Council.

The main purpose of this handbook is to:

- ensure a common level of understanding of risk identification assessment and management across the Council
- ensure the process of risk management is developed and managed in a consistent manner
- encourage the embedding of risk management throughout the Council
- promote a culture of risk awareness.

A positive risk culture is one where every person in a business believes that thinking about and managing risk is part of their job

It creates the tone and sets expectations

It modifies behaviour to what is expected

It underpins risk based decision making

Leadership

Information

Accountability

Responsibility

Competence

Communication

All councillors, colleagues, service providers, partners, and stakeholders are expected to play a positive role in ensuring that effective risk management is embedded into the culture and activities of the Council.

We will review both this document and the Risk Management Strategy at least every two years, and any variations will be agreed by the Audit and Governance Committee, who will also be engaged in assurance review activity.

## Risk Management Process

Whilst risk management is a statutory requirement, it is not simply a compliance exercise. It is an indispensable element of good management and corporate governance, which is essentially the way an organisation manages its business, determines strategy and objectives, and goes about achieving its goals.

Risk management will help identify and deal with the key risks facing the Council in the pursuit of its goals, and its implementation is crucial to the Council and essential to its ability to discharge its various functions: as a partner within the Local Strategic Partnership, a deliverer and commissioner of public services, a custodian of public funds and a significant employer.

The Risk Management Process outlined within this Practical Guide should be used as a guide to best practice in managing risks which could impact strategic priorities, operational activities (e.g. delivery of actions identified in team plans) and the delivery of projects or programmes.

Derby City Council has well-established risk management approaches in place for Health, Safety and Welfare and Business Continuity Management and Emergency Planning. Various mechanisms also exist to manage projects and programmes through the Project Management Platform (PMP) and Programme Management Office (PMO). This risk management Practical Guide does not supersede the specific guidance issued in relation to those risk areas but supports it.

Derby City Council's risk management process consists of five stages/steps:



Source - HM Government: *The Orange Book Management of Risk Principles and Concepts 2019*





A step-by-step guide follows to enable you to understand the risk management process.

This document should be read in conjunction with the Council's Risk Management Strategy, available on [iDerby](#). Further advice and assistance on risk management is available from the Assurance Team (Strategy and Performance – [performance@derby.gov.uk](mailto:performance@derby.gov.uk)).

In line with ISO 31000 definition of risk management, Derby City Council defines a risk as:

***“The chance of something happening that may have financial, reputational, legal, regulatory, safety, security, environmental, employee, customer or operational consequences, including impacting the achievement of objectives”***

And risk management as:

***“A planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council.”***

## Stage 1 – Risk identification

Risk identification attempts to find the Council's exposure to uncertainty. To ensure that key risks are identified the process requires imagination, creativity, ingenuity and wide involvement as well as a methodical framework; a process that is best not completed in isolation.

**This is the most important step of the process**, as it enables us to articulate risks associated to the achievement of our objectives, enabling the management of these risks in the subsequent stages.

There are a wide range of methods available that can be used to identify and understand risks. The method that you select will depend upon the type of risk(s) that you are dealing with. In all types of risk identification, it is important that you scan the horizon, considering both internal and external factors that can impact. There are a number of tools available to do this, with SWOT (an analysis of; strengths, weaknesses, opportunities and threats) and PESTLE (political, environmental, social, technological, legal and economic) analysis used most frequently to aid our horizon scanning.

Risks can be identified collaboratively in a number of ways, including:

- business/work planning processes
- a session or workshop with managers and colleagues
- interviews or supervision
- meetings with smaller groups of people including our customers and the people of Derby
- surveys or targeted questions to key groups (i.e. those with protected characteristics)
- partnership boards and working groups
- regional or national activities
- our constituted meetings

### Risk or Issue?

An 'issue' is something that is **already happening**, while a 'risk' is something that has the potential of happening at some point in the future. The simplest way of distinguishing issues from risks is to ask whether the likelihood of the situation occurring is 100% (i.e. certain). If it is certain or if it has already happened/happening, then it is an issue; if not, it is a risk.

Risks can become issues, and, in these cases, the original risk should be reviewed and either re-defined or **closed as a risk**. It should however be noted that in some instances issues can still also be future risks, which can make management more challenging. They should be assessed as an issue and as a risk and defined within the context of each, with support available on how to define and manage both of these from the Assurance Team or your Risk Champion.

Issues like risks can be either a threat or an opportunity; and should be considered in terms of both the positive and negative consequences. An issue needs to be managed through problem solving and/or decision making, to overcome the current obstacle or maximise the benefits. In some instances issues could be transferred or may need to be accepted.

Issues should be documented on an issue log, **not** on a risk register, and managed at the appropriate level for the issue.

An issue log template is included in all Project Management Platform sites or is available from the Assurance Team.

The Corporate Risk Management Group leads on the delivery of the Risk Management Strategy, and this is a key group for identification and analysis of new and existing risks (both threats and opportunities), through quarterly risk monitoring, horizon scanning and reviewing the emerging risk log.

Additionally, existing sources of information could help inform risk identification. Some examples are listed below (this is not an exhaustive list):

- council, directorate, service or team plans
- existing or historical risk registers
- committee reports
- inspection reports or peer review findings
- performance information
- customer insight including complaints
- benchmarking information
- partners' documented or perceived views of risk, for example, their own risk registers
- internal or external research papers or statistical trends
- risks or issues raised by Internal Audit or any other external scrutiny body
- risks identified through budget setting process
- health & safety risk assessments
- business continuity risk assessments and plans
- contracts, procurement activity, analysis of the market and sufficiency for commissioned services
- partnership, programme or project documentation (e.g. business case or project risk register)
- legislation
- the experiences of those running or participating in the risk identification processes.

It is the responsibility of those identifying risks to decide which sources of information they should consult. This may be one or more of the sources listed above, or it could be something else that you think is appropriate. What is vital is that this is a group exercise that

### **Risk Indicators**

Risk indicators are measures, which allow the monitoring of key organisational activities and objectives. Risk indicators can support the early identification of emerging risks, or the escalation of existing risks.

For example, an increase in demand could indicate a change in the level of risk to providing a service or undertaking an activity. The increase in demand should be assessed against the *impact* and *likelihood* thresholds in the risk assessment guidance, and the area's risk appetite and threshold to identify or review a risk and its mitigations.

Risk indicators should be monitored through regular reporting to show trends and identify developments that may need intervention or escalation, for example, budget forecasts and quarterly performance reporting.

### **Emerging risks**

A 'hazard' can be defined as 'unassessed loss of potential'. A risk assesses this potential.

A key part of our risk management framework, emerging risks are risks that are in the early stages of risk identification and analysis, which we are yet to fully defined and captured on a risk register. To ensure that we do not lose this valuable intelligence we have an emerging risk log that can be added to at any time.

The emerging risk log is reviewed by the Corporate Risk Management Group quarterly and managed by the Assurance Team.

considers the views of a range of relevant staff, or members, for the risk assessment. No one person holds all the risks so involving others will ensure the process is as comprehensive as possible.

It is crucial for risks to be defined properly at this stage. Failure to do so can result in confusion about the exact nature of the risk, ineffective risk controls being implemented, or the risk analysis being over or underestimated. Reflecting on historical examples of risk management going wrong can assist in avoiding the same mistakes.

There are a number of tools available that can assist in the early stages of risk identification (i.e. flow charts, root cause analysis and risk bow ties). Each tool available breaks down the 'event' to allow a systematic assessment of the possible risks (both threats and opportunities). More details on these tools are available in Appendix 1.

**At Corporate or Strategic Level**, the approach focuses on identifying strategic risks. The risks identified are:

- those that could significantly impact on the achievement of the Council's aim and strategic priorities (i.e. the [Council Plan](#));
- recorded in the Strategic or Directorate Risk Register; and
- used to inform directorate and department risk identification.



**At Department Level**, the approach focuses on identifying the risks to service objectives (i.e. Business Plans – please speak to your Head of Service for the latest edition). The risks identified are:

- likely to impact multiple services across the department;
- recorded in the Department risk register aligned to the business plan;
- assisting in informing directorate or strategic risk identification and analysis, which may result in risk re-definitions; and
- used to support in the escalation and de-escalation of risks between appropriate levels.

**At Service Level**, the approach focuses on identifying technical or team operational risks to day to day operations. The risks identified are:

- those that could significantly impact on the achievement of the service objectives;
- recorded in each Service's Operational Risk Register; and
- used to inform the departments and/or directorates risk identification, which may result in risk escalation.

**For major programmes and projects**, the approach focuses on identifying the risks that could impact on the successful delivery of the programme and/or project. Risk management must be incorporated at the 'concept stage' of the project and embedded within project management arrangements for the duration of the project. Programme and project risk management responsibilities are outlined in the roles and responsibilities on the [project management platform](#), and project risk assurance is supported by the Programme Management Office gateway processes. The risks identified are:

- those that could significantly impact on the achievement of the project and its objectives;
- recorded in the Project Risk Register; and
- potentially used to inform both strategic and service risk identification.

**For significant partnerships**, the risks to the Council as well as the risks to the partnership itself need to be considered. Risks to the Council from partnerships may include:

- those risks to the achievement of the Council's vision and key objectives (or departmental or service objectives) from being involved in the partnership or the partnership going wrong alongside the value added; and
- recorded in the appropriate risk register (strategic or service).

In partnership, the Council and all of the partners should consider:

- those risks that could significantly impact on the achievement of the partnership and its objectives (positively and negatively);
- those recorded in the partnership risk register (which may or may not be maintained by the Council); and



- council risk assessments.

### Describing the risk

As part of the risk identification process it is important to consider the scenario or event that accompanies the risk. This step is concerned with describing risks in sufficient detail, and then recording the risk in a consistent format, to support effective decision making on the way that the risk is managed. The information that is gathered needs to be analysed in risk scenarios to provide clear, shared understanding and to ensure the root cause of the risk is clarified.

Risk scenarios also illustrate the possible consequences of the risk if it occurs, so that its full impact can be assessed.

A key question to assist risk identification is to ask yourself  
***“What is/would keep me awake at night?”***

The description of the risk should include three elements:

- Risk Title
- Description
  - Situation or event (real or perceived), that exposes us to a risk/statement of fact (the background). (What, Why, Where?)
  - The trigger event - include the event that could or has occurred that results in an impact on the objectives being achieved (How, Why, When?)
- The likely consequences if the risk materialises (The impact, How big? How bad? How much? - Consider the worst likely scenario)

When identifying risk, using the below format can help when defining and describing the risk.



To assist in describing risk here is a list of “do’s” and “don’ts”.

<u>Do</u>	<u>Don't</u>
<ul style="list-style-type: none"> <li>• Think about internal and external influences that might affect strategic priorities, operational activities, reputation, assets and the delivery of the objectives, e.g. customer needs, stakeholder needs, strategy and key performance indicators.</li> <li>• Think about what resources you need to deliver the objectives and whether there is any uncertainty around having these in place.</li> <li>• Think about the background and what is driving the risk so that you can understand what the real risk is.</li> </ul>	<ul style="list-style-type: none"> <li>• Describe the impact of the risk as the risk itself</li> <li>• Describe everyday issues when the outcome is already known.</li> <li>• Define risks with statements, which are simply the converse of the objectives.</li> </ul>

It is also useful to map each risk scenario against one of the relevant corporate objectives. Although in practice this can be difficult as many of the risks will be quite broad and have a relationship to more than one objective, in this case the primary objective should be identified.

As a further guide in Appendix 3, we have included some example areas of potential risk.

## Stage 2 – Risk Analysis

Prioritising risks against potential impact and likelihood enables management to easily identify risks, which require additional resources to bring them within agreed tolerances for the council.

For each scenario a risk score will be calculated at two distinct levels and in the order shown below:

**Inherent (gross) risk** – the likelihood and impact of the risk identified will need to be considered as if **no** controls exist.

**Residual (current) risk** – the likelihood and impact are re-scored based on an evaluation of the effectiveness of the existing controls or the measures that are in place to mitigate.

These risk levels can be considered in the context of either the risk tolerance or target score.

**Risk target score** – the risk score we are aiming to achieve when further action has been taken.

**Risk tolerance score** - the level of risk we will accept once mitigations are in place, which may influence any agreed target scores; in line with our agreed risk appetite boundaries.

A matrix is used to plot the risks (each risk should be given an identifying number which is then plotted into the appropriate square on the matrix) and once completed this risk profile clearly illustrates the priority of each risk.

When assessing the potential impact of a risk and its consequences these should be linked back to the appropriate objective(s). At the strategic level this would be the impact of the risks on the achievement of the vision and key objectives in the Council Plan, whilst in services this would be the achievement of service objectives and priorities in business plans. The challenge for each risk is how much impact it could have on the ability to deliver strategic priorities, operational activities, and objectives.

Likelihood is assessed by asking how likely it is that the trigger event should occur. The combination of both allows the Council to plot the risks on the matrix and set the risks in perspective against each other. Those risks towards the top right-hand corner with higher likelihoods and impacts are usually the most pressing with the priority falling as we move down to the bottom left hand corner; however each risk will be judged individually, and management actions considered in accordance with the Council's appetite to risk.

It is important when scoring the likelihood and impact of risks that a balanced view is taken with contributions from relevant team members and stakeholders. If there is real doubt over where to score a risk or agreement cannot be reached, then it is best to place the risk in the higher category of likelihood and/or impact and escalate it for consideration alongside senior officers.

At the beginning of this stage a timeframe needs to be agreed, and the likelihood and impact should be considered within the relevant timeframe. For example, the likelihood of a risk occurring in the next 12 months could be very different to its likelihood of occurring in the next 3 years. It is suggested that strategic risks are assessed over the medium term – likelihood of the risks occurring in the next 3 years. Service and project risks would be assessed over the short term – likelihood of the risk occurring in the next 12 months.

Having assessed the likelihood and impact of each risk, the risk is plotted on the Risk Matrix, shown below.

Impact	Very High	4	8	12	16
	High	3	6	9	12
	Medium	2	4	6	8
	Low	1	2	3	4
		Remote	Possible	Probable	Highly probable
		Likelihood			

The process of evaluating risks as opportunities is the same as evaluating a risk as a 'threat', and they should also be plotted onto our Risk Matrix:

16	12	8	4	Significant - 4	Impact
12	9	6	3	Moderate - 3	
8	6	4	2	Minor - 2	
4	3	2	1	Insignificant – 1	
4 Highly probable	3 Probable	2 Unlikely	1 Rare		
Likelihood					

Guidelines of each category of likelihood and impact for both risks as threats and opportunities are outlined in Appendix 2.

**Which diving board would you dive from?**

*The identification and assessment of risks and opportunities will depend upon experience, knowledge and skills. Assessments of risk must take into account national and local context, alongside factors that affect both impact and likelihood. Group identification and assessment will aid a balanced view. Different services may have a different interpretation of risk, but this should fit within our organisational risk appetite and where we are willing to take risks.*



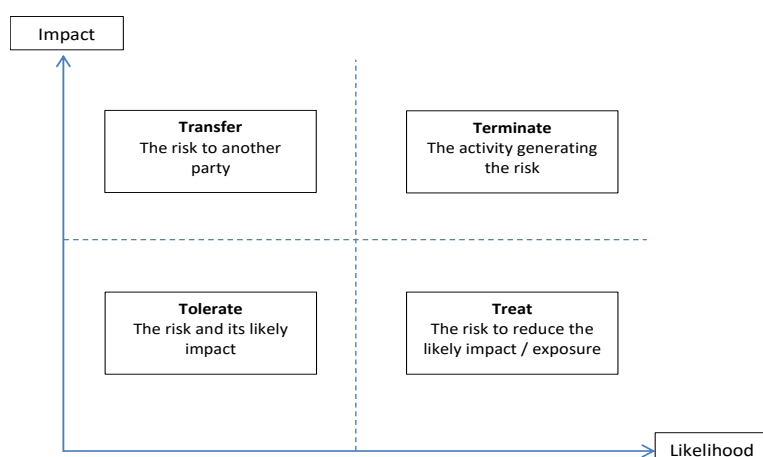
### Stage 3 – Risk Treatment

Once the risks have been prioritised the next step is to identify how to manage the identified risk. This is vitally important as it is during this stage that improvement actually occurs.

Derby City Council have adopted the 4T's methodology for management of risks, these are:

Response	Which means?	Example
<b>Tolerate</b>	Do nothing 'extra' to manage the risk.	<p>There will be some risks where your current control measures in place are sufficient to reduce the likelihood and impact of the risk to a tolerable level and there is no added value in doing more e.g. not cost effective or realistic to try and manage it any further.</p> <p>Alternatively, there are some risks that are outside of your control and the organisation has no influence over them e.g. likelihood of the Government introducing legislation that has a negative impact on the Council.</p> <p>The Council therefore has to accept that these risks exist, will monitor them and take limited action if and when possible.</p>
<b>Treat</b>	Mitigating the risk by managing either: I. the likelihood II. the impact III. or both	<p>This is the most likely form of management for most risks. Developing SMART actions to manage the likelihood of risks occurring, their impact if they were to occur, or both.</p> <p>Often preventative controls are used to mitigate likelihood – to ensure something does not happen e.g., training so that staff do not do something in the wrong way or fire walls to prevent computer virus attack. The impact is often mitigated with contingency e.g., alternative service providers or alternative service arrangements.</p>
<b>Transfer</b>	Insurance/ outsourcing/ partnerships	<p>Insurance, although essential for many types of risk, will not be applicable for most of the risks an organisation may face.</p> <p>Outsourcing or entering into partnerships may allow an organisation to transfer certain risks – however, by entering into such arrangements an organisation will inevitably be faced with new and different risks which it will have to manage.</p>
<b>Terminate</b>	Stop doing an activity	<p>In some instances, a risk could be so serious that there is no other option but to terminate the activity that is generating the risk. In practice this can be difficult for a local authority given the number of statutory functions.</p> <p>However, many authorities have stopped providing a non-statutory service due to the risks surrounding their operation.</p>

The 4T's are shown in figure 2 in diagram form.



The most common way to manage a risk is to produce and implement an action plan that identifies the resources required to deliver the improvements, key dates and deadlines and critical success factors/key performance or risk indicators.

Firm ownership of the risk and an accompanying action plan is vital so that the responsibility is clear, and progress can be monitored.

These plans should not be seen as a separate initiative but should be incorporated into the existing business planning process. The action plan format is part of the information which will be entered onto the Risk Register.

Consideration should also be given here as to the 'Cost-Benefit' of each control weighed against the potential cost/impact of the risk occurring. Note: 'cost/impact' here includes all aspects including financial, resourcing, but also reputational.

It should be noted that due to the complexity of the risk landscape we may need to select more than one management response, particularly in instances where we are seeking to mitigate threats and exploit opportunities.

### Risk opportunities

The approach for assessing and agreeing what action to take with respect to 'risk opportunities' can also be broken down into four categories...

Response	Which means?	Example
<b>Take</b>	Taking new action(s)	Seeking to make the opportunity happen and putting in place measures to ensure that the benefits of the opportunity are maximised and realised.  The decision to 'take' an opportunity is likely to be set out within our strategic vision and aims, requiring capacity to be identified to support it; ensuring that the maximum benefit is realised.
<b>Enhance</b>		Put in place actions to increase the impact or likelihood of the opportunity.  The decision to 'enhance' an opportunity is most likely to be taken at a department and/or service level, where actions can be undertaken through 'business as usual activity' or through the identification of an objective within our business planning cycle.
<b>Share</b>	Acting alongside others	Managing the opportunity through partners or key stakeholders to maximise the chance it will happen and



		<p>increase the benefits.</p> <p>This may be the course of action decided upon in areas of opportunity that impact bigger proportions of the city / our communities and therefore require wider input.</p>
<b>Ignore</b>	Taking no deliberate action(s) to increase the likelihood of the opportunity being realised	<p>A minor opportunity may not require explicit actions.</p> <p>The opportunity, once fully analysed, may not be considered worth the 'costs', so no action is to be taken.</p>

This option is not an alternative to those previous; rather it is an option, which should be considered whenever tolerating, transferring or treating a risk. Risks within the Council's framework are assessed under the 'best case' and 'worst case' scenarios to allow a balanced and informed judgment on how the risk should be managed going forward.

It should also be noted, that when risks are prioritised, it is shown that some risks are over-controlled or over-regulated, and a reduction in controls can result in savings that can be used elsewhere. An assessment of management required should be informed by our agreed organisational risk appetite.

In most cases it is appropriate to identify mitigations to put in place to prevent a risk from occurring, or to identify actions to increase the impact and likelihood of an opportunity. However, when deciding how to manage the risk there should be due consideration given to our agreed level of risk appetite across a number of agreed risk categories.

There is no 'single' risk appetite statement for the Council. Different risks and activities will have different risk levels and 'appetite' associated with them; in the same way we may define risk as either threats or opportunities differently, depending on what area of service they relate to.

There must also be consideration given to the effectiveness of controls, as a more 'relaxed' approach to risk controls in instances where we are tolerating risk can result in weaker outcomes.

***Why is risk appetite important, and what are the benefits?***

- *It sets clear boundaries for risk taking (i.e. not being too risky, or too cautious)*
- *It will focus resources into addressing the most significant risks / opportunities*
- *It will bring focus to higher priority risks and concerns*
- *Ensures that responses to risk(s) are appropriate and proportionate*

***Ultimately it is about making better, more informed decisions...within an environment that you understand and have fully assessed.***

***Risk Appetite is defined as being the organisation's willingness to accept/take risk in pursuit of its business objectives. It also forms part of the overall framework around which decisions are made and is dynamic.***

Further information on risk appetite, including how this varies from risk exposure, alongside our risk appetite statements for key risk themes is set out within Appendix 6.

## Stage 4 – Completing the Risk Register

The risk register is the tool which facilitates data collection and records the identified risks, their mitigations and associated scoring of impact and likelihood. A standard format for data collection has been designed and includes the following areas in the Strategic and Directorate Risk Register. Where there are any variations to the Project Risk Log on the Project Management Platform (PMP), these areas are noted below:

<b>Risk reference</b>	A unique sequential number for each risk
<b>Risk title</b>	Brief reference to the risk
<b>Risk description</b>	Outline of the risk and the events which cause this to materialise
<b>Risk cause</b>	What is the root cause of the identified risk, ask yourself why? Is it training, processes, finances, budget constraints...etc... which are causing the risk to materialise
<b>Consequences – worst case</b>	What will happen in the event of the risk materialising – financial, reputational, sickness, injury. How big? How bad? How much? – consider the worst likely scenario <i>PMP risk log – the ‘best-case and worst-case’ consequences are combined in one field.</i>
<b>Consequences – best case</b>	When analysing the risk are there any opportunities? Consider the same factors as you would when assessing the risk as the threat (i.e. financial, reputational, service delivery, compliance (what is the minimum expectation?), wellbeing etc.).
<b>Threat or Opportunity</b>	What is the risk being treated as, primarily - as a threat or as an opportunity?
<b>Risk Level</b>	The level at which the risk is being managed (Strategic / Directorate / Department / Project / Partnership), <i>The PMP risk log should capture programme and project level risks. If risks require escalation to Directorate or Strategic level this should be noted in the actions field.</i>
<b>Inherent score</b>	Score of risk based on likelihood of occurring and impact prior to <u>any</u> mitigating actions being implemented
<b>Current score</b>	Risk score based on current position, taking into account mitigations already applied. <i>The PMP risk log calls this field ‘mitigated risk score’.</i>
<b>Reason for changes</b>	Provide supporting comments to explain any change or lack of change in the risk likelihood, impact, or both. This is expected to reflect the impact of changes in status of action(s) or control(s), or the impact of any newly established controls. Internal/external influences may also affect the risk score. <i>PMP risk log should capture reason for changes in the comments section.</i>
<b>Controls</b>	Identification of controls or mitigations prioritised based on the impact the actions will have on the scoring and timescales identified. Controls are defined in Derby as ‘actions that are already in place and require maintaining’. If there is something new that needs to happen to reduce the risk or optimise the opportunity, then it should be reflected as an action. Each quarter, risk owners will be asked to confirm controls remain in place

and are still adequate.

**Action**

Further, additional action to be taken to reduce the risk score. These are 'new activities'. Each quarter, risk owners will be asked to assess whether their actions are 'on track', or if there is either 'some slippage' or 'major slippage', both of which could impact on our overall assurances of our risk mitigations.

All actions should have review and completion dates assigned.

**Risk treatment**

Risk owners are asked to select which of the 4T's are being used to manage the risk as a 'threat' and/or, which of the 4-risk opportunity criterion are being employed for the current period. Risk owners will be asked to review their risk treatment every quarter to make sure that it remains up to date, reflecting the dynamic nature of many service areas. One or more treatment measure can apply to risks at the same time, for example 'treat' and 'transfer'.

**Tolerance risk score**

The level of risk that we are willing to accept once mitigations are in place. The tolerance risk score should be considered alongside our agreed risk appetite boundaries.

It should be noted that the tolerance is different to the target score, which is where we aspire to be, not the level at which we accept or have agreed that we may have to tolerate a level of risk.

**Risk owner**

Named individual with responsibility for the risk. This should be managed at the lowest level possible for the nature of the risk.

**Risk updater**

Named individual with responsibility for updating this risk, if this is someone different to the Risk Owner. This risk updater may be the individual responsible for the implementation of the controls and/or actions, with more detailed knowledge on current levels of assurance. Any updates provided will always require the sign off of the Risk Owner.

*PMP risk log does not include this field. If the risk updater is different to the risk owner, please include the named risk updater as part of each control.*

**Commentary**

Free text field to provide updates and story over the life of the risk

The only exceptions to using the corporate risk templates is if the partnership or project risks are being hosted externally by a partner or other organisation, or additional risk management techniques, such as Monte Carlo risk analysis, is required. Approval should be sought at the appropriate risk level for use of non-corporate risk templates. If uncertain, please contact the Assurance Team.

Any risks specific to Derby City Council should still be captured in the corporate templates, and the use of external templates should be minimised.

A guidance for updating our risk registers is available on [iDerby](#). Templates for risks can also be found online or can be requested from [performance@derby.gov.uk](mailto:performance@derby.gov.uk). These documents will always reflect the most recent templates and guidance.

## Stage 5 – Monitoring, Reporting and Reviewing the Risks

Monitoring of risks, opportunities and the associated mitigations is to be undertaken by:

- being part of existing performance monitoring.
- focusing on those risks above agreed tolerances that, because of their likelihood and impact, make them priorities; and
- being delegated to one responsible body (risk owner).

To achieve this, the following monitoring/review processes and frequency must be followed:

### High-level risks

- With a score of 9 or above
- Need to be monitored monthly by the Risk Owners, with updates provided to the Assurance Team as requested/agreed.

### Strategic risks

- Monitored quarterly by the Assurance Team and Corporate Risk Management Group (January, April, July & October) linking into the performance reporting process.
- The strategic risks will be reported to the Corporate Leadership Team and Cabinet on a quarterly basis.

### Directorate risks

- Monitored quarterly by the Assurance Team and Corporate Risk Management Group (January, April, July & October) linking into the performance reporting process.
- Directorate risks will be reported to Directors and by exception, Corporate Leadership Team (CLT) on a quarterly basis.
- All Directorates have a nominated Risk Champion (Assurance Advocate), who are individuals identified within each directorate with responsibility to support risk management processes within their directorate.

### Department level risks

- Operational risk registers will be reviewed quarterly through Senior Management Teams (SMTs) to ensure that registers are kept dynamic and up to date.
- Annual review of risk themes by the Corporate Risk Management Group.
- Bi-annual review of risks (as a minimum) including through the review and refresh of business plans at least annually.
- Any key operational risk which needs to be escalated to a strategic risk register will be considered by CLT within quarterly risk management reporting arrangements.

### Programme and project levels

- Monitoring of project risks is undertaken by individual Programme and Project Boards, supported by the relevant Project Manager.
- Escalation of project risks will be considered by CLT within the quarterly risk management report.
- Monitoring of priority projects quarterly through the Programme Management Office.
- Project risk assurance activities are undertaken by the Assurance Team in line with the Programme Management Office gateway processes; supported by the professional input of members of the Assurance and Development Group and the PMO Board.

### Partnership

- Monitoring is undertaken by individual Partnership Boards, with ownership of the Partnership Register being hosted by the Council.

Any risk where the scores have remained unchanged for 6-months or more, despite mitigations and / or actions being in place should be reviewed to identify if the risk needs to be redefined or the controls revisited. There are tools available in Appendix 4 to assist with reviewing organisational, service and project risks. For strategic and directorate risks, this process will be coordinated through the Assurance Team.

Risk registers should be updated with any relevant commentary and supporting information following these review / reporting milestones.

When risks are either 'closed' or 'de-escalated' from the strategic or directorate risk registers they will still be reported at the quarter end when this decision was taken, to ensure appropriate scrutiny on the impact of mitigations. To aid risk escalation and de-escalation, there is supporting information set out within Appendix 5.

### **Risk assurance**

A key part of the Council's Risk Management Framework is risk assurance. This is the process of reviewing, re-assessing and challenging all aspects of a risk:

- Is the risk or opportunity still relevant?
- Has the wider context for the definition of the risk changed?
- Have there been any changes or movement to the risk or opportunity and/or its mitigations or actions?
- Has anything occurred, which might change the impact and/or likelihood and the risk score?
- Are the mitigations and actions effective, and what has the progress been?
- If the risk or opportunity is increasing, are any further mitigations or actions needed to prevent or enhance its occurrence?
- If the risk or opportunity is decreasing, can any of the mitigations or actions be relaxed?
- Are there any new or emerging risks or opportunities?

Many aspects of risk assurance are undertaken on an on-going basis, as risks are mitigated, with targeted analysis every quarter in line with our reporting cycles. In addition to this, we have identified 'tiers' of further scrutiny and challenge, using the governance for the monitoring of risks set out within our Risk Management Strategy, as part of our cycle of continuous improvement.

When deciding whether to undertake more targeted analysis of a risk, Risk Owners should have re-visited Stages 1 and 2 of our risk management cycle to ensure that the risk is accurate, before a full review of mitigations. There are further tools available in Appendix 4 to support with reviewing organisational, service and project risks.

Type of assurance	What?	When?	Who?
<b>1. Business as usual</b>	On-going analysis of risk and opportunities by risk owners/project managers; including updates as part of quarterly risk monitoring arrangements.	On-going, with quarterly reporting in line with established reporting frameworks.	<ul style="list-style-type: none"> <li>• Risk updaters and owners</li> <li>• SMTs and CLT</li> <li>• Risk Champions/ Assurance Advocates</li> </ul>



Type of assurance	What?	When?	Who?
<b>2. Deep-dive risk reviews</b>	<p>Targeted analysis of specific risks and opportunities from the strategic or directorate risk registers, where one or more of the following criteria are met:</p> <ul style="list-style-type: none"> <li>○ Previously established risk controls have been identified as no longer being in place.</li> <li>○ The current risk/opportunity score is above 9, and there has been no change/progress in controls/actions for 6 months or more; with limited assurance provided through routine monitoring arrangements.</li> <li>○ The risk score exceeds 9, and there has been major slippage in mitigating actions for two or more consecutive quarters.</li> <li>○ The inherent risk score is the same as the current risk score, despite identified mitigations.</li> <li>○ Risk target scores have been set and not achieved within 'specific timescales'.</li> <li>○ There has been a change in the risk score but no change in mitigations.</li> </ul>	<p>To be identified through quarterly reporting.</p> <p>Deep dive risk reviews can also be requested by Risk Owners.</p> <p>Internal Audit will align their audit programme to risk registers to provide further assurance, completing deep dive assessment through formal audits.</p>	<ul style="list-style-type: none"> <li>• Assurance Team</li> <li>• Corporate Risk Management Group</li> <li>• CLT</li> <li>• Internal Audit</li> </ul> <p><i>NB - The outcomes of deep-dive reviews completed on Strategic Risks will be reported as part of our assurance framework.</i></p>
<b>3. Risk surgeries</b>	<p>Targeted analysis of specific risks from the strategic risk register, where mitigations have not been sufficient to reduce the risk score, and this has subsequently resulted in the risk becoming an issue for the Council; to inform learning for future risk assurance activity.</p>	<p>To be identified through assurance monitoring reports.</p>	<ul style="list-style-type: none"> <li>• Audit and Governance Committee with support from the Assurance Team</li> <li>• Cabinet</li> </ul>

To ensure effective and targeted use of capacity, and a focus on our 'highest risks', it is recommended that there are no more than three deep-dive risk assessments and/or risk surgeries supported by the Assurance Team in any quarter/3-month period.

Project risk assurance is supported by the Programme Management Office gateway process.

A proportionate and balanced approach will be taken to review activities, working alongside risk owners. No risk will be the subject of more than one deep-dive risk review within a 12-month period unless agreed by the Corporate Leadership Team.

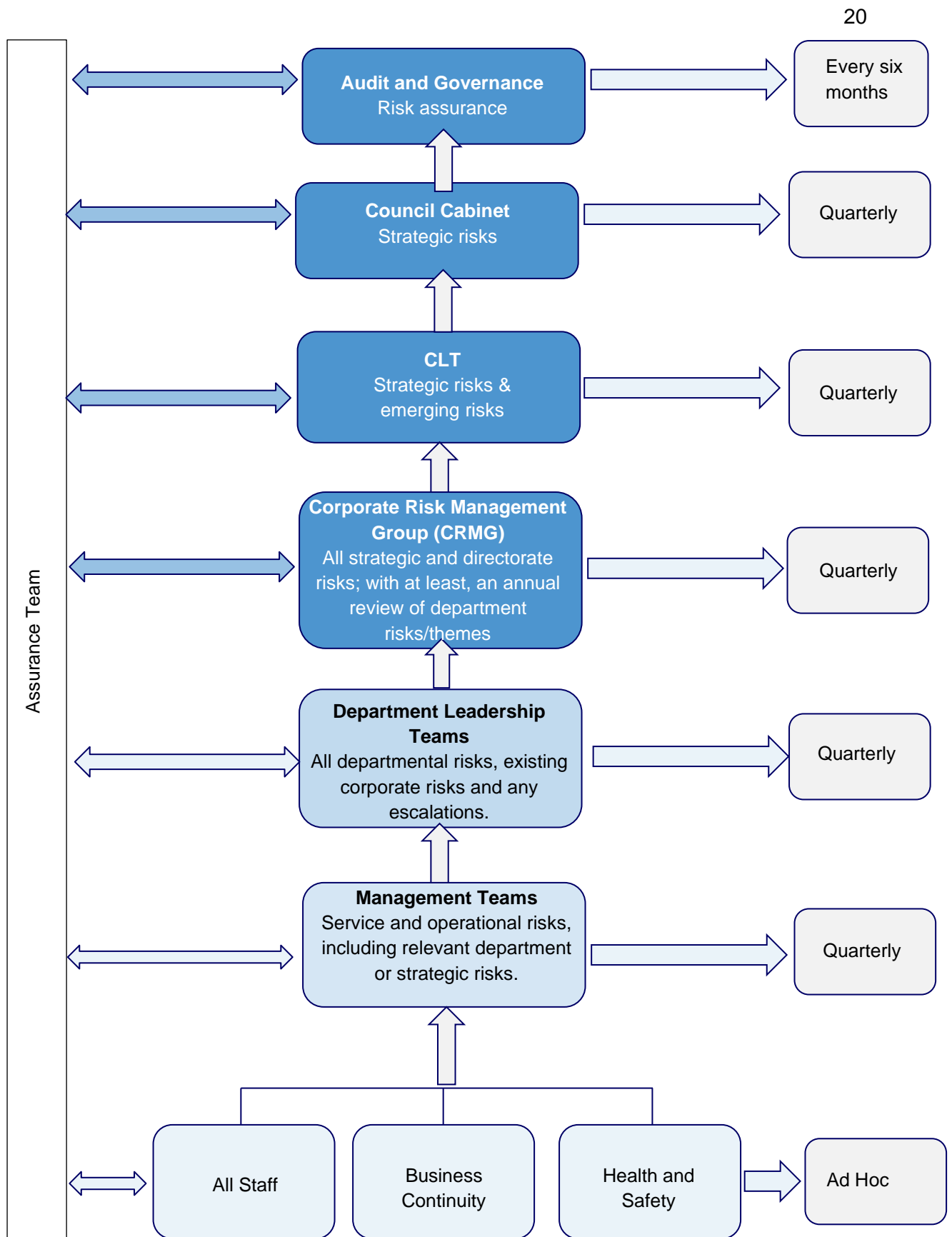
## **Risk Management Organisational Structure**

The risk management process is a continuous one, and risks can therefore be reported at any time. However, risks will be formally reported as follows:

- The Corporate Leadership Team (CLT) will formulate the Council's strategic risk view on a quarterly basis - this will ensure that there is always an up to date view of the key risks facing the Council and how they are being managed;
- The CLT will consider and agree the key strategic risks on a quarterly basis;
- CLT are supported by an established Corporate Risk Management Group, chaired by the Monitoring Officer that meets at least on a quarterly basis;
- Council Cabinet will receive updates on strategic risks on a quarterly basis, as part of performance monitoring reports;
- The Audit and Governance Committee will receive an assurance report on a six-monthly basis;
- The full Council will receive an update on the Council's key risks on an annual basis, as part of the Annual Report;
- Directors and Heads of Service will revisit their service and department risks frequently to ensure that registers are kept dynamic and up to date. Reviews should be held on a quarterly basis, as a minimum. Should any service risks need to be escalated this would be considered by the Corporate Risk Management Group and agreed by the Corporate Leadership Team; and
- All service and department risks will be subject to an annual review (as a minimum) through the review and refresh of business plans.

A summary of the reporting framework is presented on page 21.

All roles and responsibilities pertaining to the Council's Risk Management Framework are set out in the Risk Management Strategy, which is available on [iDerby](#).



*Project risks should be reported through the established project governance, with reporting to the Programme Management Office Board at least once every quarter. More frequent monitoring may take place on priority projects through CLT.*

*Partnership risks are monitored through the Partnership Board, with the partnership register being reviewed at least annually.*

## Risk Management Culture and Training

Successful organisations manage risk effectively. This does not mean that they avoid risk at all costs. They make allowances for the risks they face to achieve what they want; seeking opportunities alongside the management of risks as threats.

The purpose of risk management is to anticipate and manage the significant risks you face that could stop you from achieving what you want to achieve.

In order to support effective risk management in the Council, we have identified risk roles and responsibilities that are set out within our [Risk Management Strategy](#). Key to embedding our risk management culture are the Assurance Team that leads on risk management, our Corporate Risk Management Group and directorate Risk Champions (Assurance Advocates).

### Corporate Risk Management Group

- Chaired by the Monitoring Officer.
- Attended by Risk Champions (Assurance Advocates) for each Directorate, subject matter experts in priority areas and members of the Assurance Team.
- Consider escalated operational risks and recommend actions to mitigate.
- Promote a risk aware culture and embed risk management throughout the Council.
- Review and challenge strategic, directorate, department and operational risks.
- Monitoring and reviewing the strategic risk register.
- Inform the review and refresh of Derby City Council's Risk Management Strategy and Handbook.
- Undertake deep dive reviews of risk to seek assurance on controls/actions.
- Identification and analysis of emerging risks - both threats and opportunities.
- Horizon scan on matters related to; local and national policy, finance, insurance, safeguarding, emergency planning, project management, health and safety, performance and audit, to inform a strategic assessment of current threats and opportunities.
- Agree an annual programme of risk management training to be coordinated by the Assurance Team.
- The Corporate Risk Management Group has overall responsibility for identifying, analysing and scoring strategic and directorate risks; to ensure consistency in the application of the risk management matrix.

### Assurance Team

The Assurance Team are pivotal in the promotion and embedding of risk management by managing a culture change within the Council. They are responsible for managing strategic risks, as well as supporting services in their individual areas of responsibility. Assurance Team key tasks are to:

- Review the Council's approach to risk management and supporting processes and recommend for approval any subsequent changes
- Recommend any appropriate changes to the Risk Management Strategy to councillors
- Support and promote risk management throughout the Council – ensuring that it works effectively
- Actively identify, analyse and profile strategic risks on a quarterly basis
- Determine and prioritise actions on strategic risks, ensuring appropriate allocation to individuals
- Receive escalated directorate, service, department and project risks and consider their inclusion onto the strategic risk register
- Propose the risk scoring matrix of the Council i.e. the definition of high (red)

	<p>risk, medium (amber) risk and low (green) risk</p> <ul style="list-style-type: none"> <li>• Monitor progress of risk arrangement activities as part of existing performance management approaches</li> <li>• Coordinate deep-dive risk assessments and risk surgeries</li> <li>• Coordinate the annual risk management training programme as agreed through the Corporate Risk Management Group, with targeted sessions available, as required</li> <li>• Report quarterly to Cabinet on strategic risks and their management</li> <li>• Issue a six-monthly report to Audit and Governance Committee on risk assurance</li> </ul> <p>Ensure that the Council has robust processes and procedures in place that are consistently applied, for the management of operational risks, including project risks.</p>
<b>Risk Champions (Assurance Advocates)</b>	<ul style="list-style-type: none"> <li>• Individuals identified within each directorate with responsibility to support the risk management process within their directorate.</li> <li>• Act as a point of contact for officers within the directorate to assist in the application of Risk Management by championing best practice, supporting colleagues and assisting in the application of the risk management handbook.</li> <li>• Attend the Corporate Risk Management Group, providing quarterly updates on strategic and operational risks from within their Directorate.</li> <li>• Responsibility for championing a culture of promoting and embedding risk management in Derby City Council.</li> <li>• Identifying areas of non-compliance with the Risk Management Strategy, and escalating areas for assurance support as appropriate.</li> </ul> <p>Supporting the continuous improvement of the risk management processes and framework.</p>

To develop a mature risk culture all of our colleagues and councillors have a key role to play in risk management, to:

- manage risk effectively in their jobs, reporting opportunities and risks to their service managers;
- adhere to Council policies and procedures;
- attend training and development sessions as appropriate; and
- participate in risk assessment and action planning, where appropriate.

Risk management training will be coordinated by the Assurance Team. An annual programme will be agreed through the Corporate Risk Management Group, with targeted sessions available, as required.

Further tools and information on risk management are available on [iDerby](#), including the details of nominated Risk Champions (Assurance Advocates) that can assist in the application of this Handbook.

If, after reading this document, you would like any further information or you would like to request a bespoke training session please contact [performance@derby.gov.uk](mailto:performance@derby.gov.uk)



## Tools for risk identification

### SWOT analysis

SWOT stands for 'Strengths, Weaknesses, Opportunities, and Threats', and so a SWOT Analysis is a technique for assessing these four aspects of your service, which will allow you to think in a balanced way about risks, as threats and opportunities, in the context of your service strengths and areas for improvement.

Find out what's working well, and what's not so good. Ask yourself where you want to go, how you might get there – and what might get in your way.

<b>Strengths</b> <ul style="list-style-type: none"> <li>• What do you do well?</li> <li>• What do others see as your strengths?</li> <li>• What evidence do you have to confirm these?</li> <li>• Are your areas of strength sustainable?</li> <li>• How do you compare to other similar services?</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• What could you improve?</li> <li>• Where does capacity/resources impact on the service?</li> <li>• What are others likely to see as your weaknesses?</li> <li>• How do you compare to other similar services?</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• What opportunities are you open to?</li> <li>• What national and/or local trends could you take advantage of?</li> <li>• How can you turn strengths, weakness or threats to opportunities?</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• What threats could harm services and/or customers?</li> <li>• Are threats within our risk appetite?</li> <li>• What are others doing in response to threats?</li> <li>• What threats do your weaknesses expose you to?</li> </ul>

### PESTLE analysis

PESTLE (Political, Economic, Social, Technological, Legal, Environmental) is a form of strategic analysis that allows us to reflect and plan, by highlighting the factors that may affect our services. A PESTLE is broken down into six categories referencing different types of influence that can or will affect the topic chosen for analysis. It is best completed in small groups and can inform the identification of both risks and opportunities at many different levels.

**Political factors:** Politics, politicians, government — both local and national. Examples:

- National policies
- Local policies / decision making
- Health & Safety

**Economic factors:** services, monetary value, currency, and the economy are affected by economic factors. Examples:

- National policies (i.e. Comprehensive Spending Review)
- National and local funding

- Income and charges
- Demand for costly services

**Social factors:** our communities, residents and their behaviours and needs. Examples:

- Demographics
- Cultural differences
- Ethnicities
- Employment
- Location

**Technological factors:** digital technology. Examples:

- Appliances
- Programs and software
- Websites
- Social media

**Legal factors:** the way in which particular laws influence how we deliver services and what services we deliver. Examples:

- Statutory duties
- Planning regulations
- General Data Protection Regulations
- Freedom of Information and Subject Access requests

**Environmental factors;** physical changes in our 'space' – local, national or worldwide. Examples:

- Green spaces and parks
- Climate change
- Air quality
- Flooding

### Flow chart exercise

Once a service area has been identified for further exploration to identify and analyse risks and opportunities, a risk flow chart exercise can be helpful. All individual steps in a process need to be broken down and assessed individually for risks and opportunities, these can then be assessed 'as one' to determine which risks are within our 'risk appetite' and what areas we feel need mitigation.

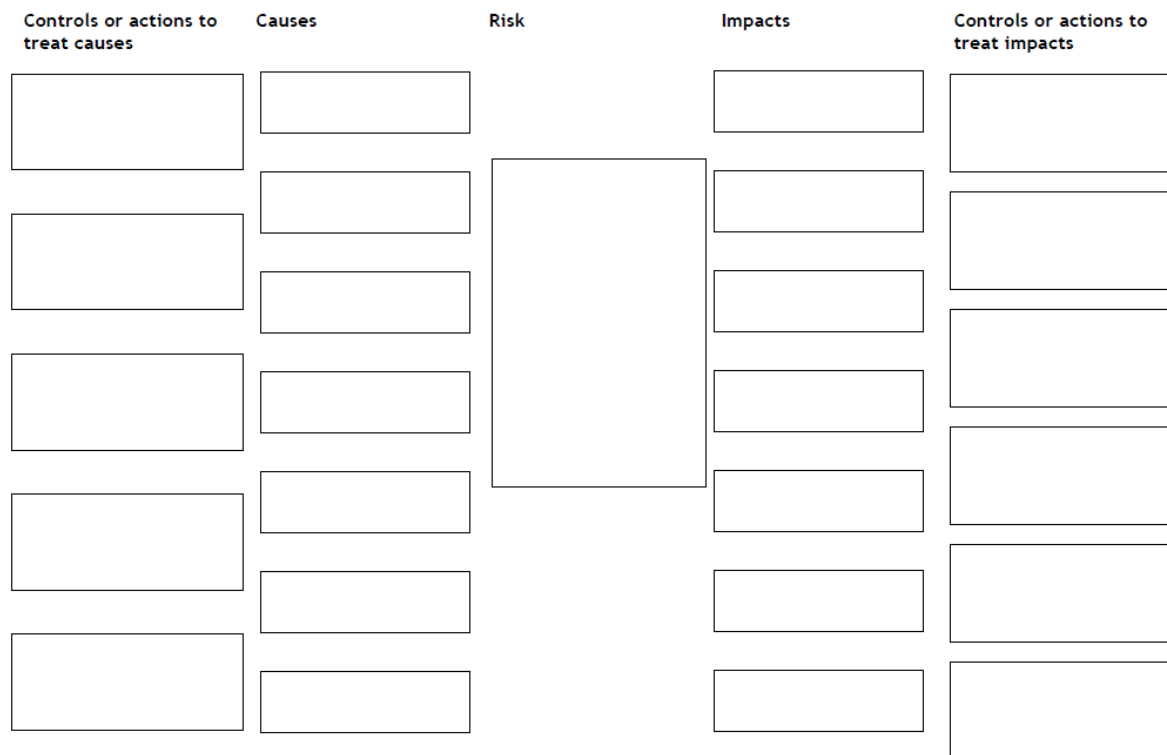
A key question in a flow chart exercise is; ***What might happen to disrupt the successful completion of each component of the flow?***

Traditionally, flow chart analysis is used for identifying operational risks, as it enables the flow to be broken down into manageable component parts. A key benefit of this approach is that it encourages a systematic and detailed focus on each component part of a process, highlighting the critical links between each 'task' and subsequently what the key service risks might be. It is a good exercise to do to engage colleagues in the identification of risk and opportunities, as it encourages participation. It can also be used alongside a LEAN review to improve the efficiency of a process within a service area.

### Risk bow ties

A risk bow tie is a form of risk assessment or tool that can be used to identify both proactive and re-active risks; allowing both to be mitigated.

It is a very visual form of risk identification, as shown below, and allows the relationships between different aspects of risk definition (causes and impacts) and controls to be clearly mapped out, allowing more targeted assurance activity at a later date.



### Risk management matrix and categories

Derby City Council's Risk Management matrix aims to provide a comprehensive framework, system and process to identify, evaluate and manage risks as both threats and opportunities.

Risk – Threats						Risk – Opportunities					
Impact	Very high – 4	4	8	12	16	16	12	8	4	Significant - 4	Impact
	High - 3	3	6	9	12	12	9	6	3	Moderate - 3	
	Medium - 2	2	4	6	8	8	6	4	2	Minor - 2	
	Low – 1	1	2	3	4	4	3	2	1	Insignificant – 1	
		1 Remote	2 Possible	3 Probable	4 Highly probable	4 Highly probable	3 Probable	2 Unlikely	1 Rare		
		Likelihood				Likelihood					

## Derby City Council Risk Matrix – Analysis Criteria

Threats criteria		Opportunities criteria	
Impact	Thresholds and Description	Impact	Thresholds and Description
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £500,000, no media attention	1 – Insignificant	<ul style="list-style-type: none"> <li>• Little or no improvement to service</li> <li>• Little or no improvement to welfare of staff / public</li> <li>• Little or no financial income / efficiency savings (less than £500,000)</li> <li>• Little or no improvement to the environment or assets</li> <li>• Little or no feedback from service users</li> </ul>
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £500,000, adverse local media attention, breaches of local procedures	2- Minor	<ul style="list-style-type: none"> <li>• Minor improvement to service</li> <li>• Minor improvement to welfare of staff / public</li> <li>• Improvement that produces £500,000+ of income / efficiency savings</li> <li>• Minor improvement to the environment or assets</li> <li>• Positive user feedback</li> </ul>
3 – High	Significant threat to council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £1million, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.	3 – Moderate	<ul style="list-style-type: none"> <li>• Moderate improvement to service</li> <li>• Moderate improvement to welfare of staff / public</li> <li>• Improvement that produces £1million of income / efficiency savings</li> <li>• Moderate improvement to the environment or assets</li> <li>• Positive local media contact</li> </ul>
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £5million, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, council unable to work with partner organisation	4 – Significant	<ul style="list-style-type: none"> <li>• Significant improvement to service</li> <li>• Significant improvement to welfare of staff / public</li> <li>• Improvement that produces £5million or more income / efficiency savings</li> <li>• Significant improvement to the environment or assets</li> <li>• Positive local media coverage</li> </ul>



Threats criteria		Opportunities criteria	
Likelihood	Description	Likelihood	Description
1 – Unlikely	May occur only in exceptional circumstances ( <i>e.g. once in 10 years</i> )	1 – Rare	Opportunity has not been fully investigated but considered extremely unlikely to materialise
2 – Possible	Unlikely to occur but could at some time ( <i>e.g. once in 3 years</i> )	2 – Unlikely	Opportunity has not been fully investigated; achievability is unproven / in doubt
3 – Probable ( <i>in 2 years</i> )	Fairly likely to occur at some time or under certain circumstances ( <i>e.g. once in 2 years</i> )	3 – Probable ( <i>in 2 years</i> )	Opportunity may be achievable, but requires significant management, planning and resources.
4 – Highly probable ( <i>in 12 months</i> )	Will probably occur at some time or in most circumstances ( <i>e.g. once in 12 months</i> )	4 – Highly probable ( <i>in 12 months</i> )	Opportunity is achievable with careful management.

## Appendix 3

## Examples of areas of risk

Sources of risk	Risk examples
<b>STRATEGIC</b>	
<b>Infrastructure</b>	Functioning of transport, communications and infrastructure. Impact of storms, floods, pollution.
<b>Legislative and Regulatory</b>	Effects of the change in Central Government policies, UK or EU legislation, local and national changes in manifesto commitments. Exposure to regulators (auditors/inspectors).
<b>Social Factors</b>	Effects of changes in demographic profiles affecting delivery of objectives or service needs. Crime statistics and trends. Numbers of children/vulnerable adults 'at risk'.
<b>Technological</b>	Capacity to deal with (ICT) changes and innovation, product reliability, developments, systems integration etc. Current or proposed technology partners.
<b>Competition and Markets</b>	Cost and quality affecting delivery of service or ability to deliver value for money. Competition for service users (leisure, car parks etc). Success or failure in securing funding. Supply chain reliance.
<b>Stakeholder related factors</b>	Satisfaction of DCC's taxpayers, Central Government, Lead Government Departments, Regulators and other stakeholders.
<b>Environmental</b>	Environmental impact from Council, stakeholder activities (e.g. pollution, energy efficiency, recycling, emissions, contaminated land etc). Traffic problems and congestion.
<b>OPERATIONAL (Internal influences)</b>	
<b>Finance</b>	Associated with accounting and reporting, internal financial delegation and control, e.g. schools finance, managing revenue and capital resources, neighbourhood renewal funding taxation and pensions.
<b>Human Resources</b>	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety.
<b>Contracts and Partnerships</b>	Failure of contractors to deliver services or products to the agreed cost and specification. Procurement, contract and life cycle management, legacy. Partnership arrangements, roles and responsibilities.
<b>Tangible Assets</b>	Safety and maintenance of buildings and physical assets i.e. plant and equipment, ICT equipment and control
<b>Environmental</b>	Pollution, noise, licensing, energy efficiency of day-to-day activities.
<b>Processes</b>	Compliance, assurance, project management, performance management, revenue and benefits systems, parking systems etc.
<b>Professional Judgement and Activities</b>	Risks inherent in professional work, designing buildings, teaching vulnerable children, assessing needs (children and adults).
<b>CORPORATE GOVERNANCE</b>	
<b>Integrity</b>	Fraud and corruption, accountability, transparency, legality of transactions, and transactions and limit of authority.
<b>Leadership</b>	Reputation, authority, democratic changes, trust and branding.
<b>Policy and Strategy</b>	Clarity of policies, communication. Policy Planning and monitoring and managing performance.
<b>Data and information for decision making</b>	Data protection, data reliability and data processing. Control of data and information. Information governance and data breaches.
<b>Risk Management</b>	Incident reporting and investigation, risk analysis or measurement, evaluation and monitoring. Taking advantage of opportunities.

## Appendix 4

## Risk Review tools

### Review of risk scores

A review of risk scores is a useful tool to identify if a risk needs to be redefined or the controls revisited.

Use this template to review any risks where risk scores have remained unchanged for 6 months or more, despite mitigations and/or actions being in place, alongside regular reporting to senior leaders.

<b>Completed by:</b>	
<b>Date of completion:</b>	
<b>Risk definition and reference number</b>	
Level the risk is being managed at – strategic, directorate, department <i>Please highlight if this has changed in the last 6-months</i>	
Can you confirm that despite the mitigations (controls and actions) in place that this risk score has remained the same?	
Do you feel the current mitigations are sufficient to impact the risk score?	
Please provide a brief overview on why mitigations have not successfully resulted in a reduced risk score.	
Do we have appetite for risk in this area?	
Are you happy the risk definition is accurate?	
Under what circumstances do you anticipate a reduced risk score? Is this something you feel we can influence?  <i>Is our risk tolerance accurate and aligned to our risk appetite?</i>	
Would you like any assistance in the review of this risk?	<i>If yes, contact the Assurance Team for assistance (performance@derby.gov.uk)</i>
Risk Register Link	

## Project Risk Reviews

A review of project risks is a useful way to identify if robust risk identification and management is in place, or if further actions are needed. This template can be used to regularly review risks with the project team.

<b>Project / Programme:</b>		
<b>Completed by:</b>		
<b>Date of completion:</b>		
<b>Criteria</b>	<b>Y/N</b>	<b>Comments</b>
Does the project have a risk register?		
Have risks been identified in all key areas of project delivery? (i.e. finance, scope, capacity, aims, success factors, delivery etc.)		
Is the corporate project risk template used?		
Is there a lead officer for all risks identified within the register? (i.e. risk owner)		
Have all risks been assessed and scored using the matrix within the Risk Management Strategy?		
Do all risks have identified controls and actions?		
Is there a lead officer in place for the controls and actions?		
Is there evidence that the risk register is up to date?		
Is there a change log, which is up to date? With a clear audit pathway on where and when decisions were made to change risks?		
Are risk scores reviewed?		
Are risks escalated and de-escalated?		
Is there evidence of regular review of risk levels, controls and actions?		
Are risk opportunities identified within the register?		
Is there evidence of risk sign off? (i.e. via a project board or the SRO)		
Is there any evidence in the register of risks becoming issues? If yes, how are these documented and escalated?		
Is there evidence of gateway decisions changing the risks and or assessments of risk?		
<b>Assessment of risk implications for council and city</b>		
<b>Criteria</b>	<b>Specify</b>	<b>Comments</b>
How many significant risks are associated with the project?		
Is there evidence of sufficient assurance on the controls / actions in place, on the register, to mitigate these risks?		

## Risk escalation and de-escalation (threats and opportunities)

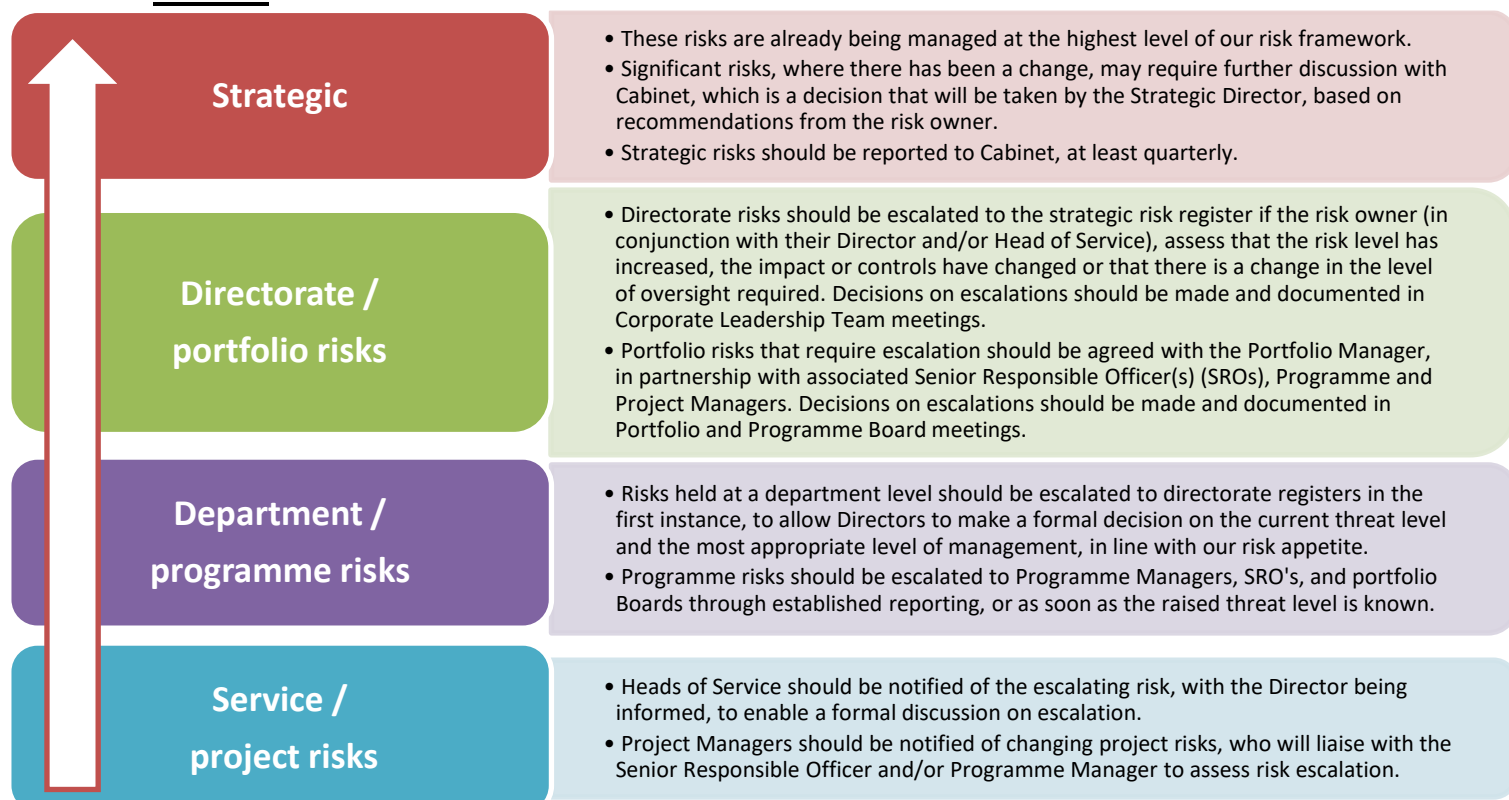
## Appendix 5

The aim of this document is to provide further guidance on risk escalation and de-escalation, with a summary of the processes that you should follow for different levels of risk. All changes in risk levels should be documented on risk registers, with any substantive changes to title, description, cause, rating, or closed controls recorded in the risk register change log, to maintain a clear audit history of when decisions were made, and by who. Changes to risks on SharePoint within the Project Management Platform for projects automatically records a version history, however substantive changes to the risk should be recorded in the comments section against each risk entry.

Reasons for risk escalation and de-escalation may include:

Escalation	De-escalation
<ul style="list-style-type: none"> <li>• If the risk occurred, it would have a <u>significant</u> impact on the Council, most likely within the next 12 months:               <ul style="list-style-type: none"> <li>○ an inability to achieve city and/or council outcomes</li> <li>○ financial impacts – loss of funding or unbudgeted costs</li> <li>○ service failure / failure to meet statutory duties</li> <li>○ legal challenge</li> <li>○ reputational damage</li> <li>○ safeguarding concerns could be realised</li> <li>○ health and safety concerns could be realised.</li> </ul> </li> <li>• The risk impacts on multiple services, across more than one directorate.</li> <li>• The risk requires action from multiple services to assist mitigation.</li> <li>• The risk exceeds the agreed risk tolerance level, and mitigations are not impacting.</li> <li>• The risk level exceeds the delegations / agreed responsibilities of those currently overseeing the risk (i.e. forecasted financial overspend in projects, wider service impacts).</li> <li>• The risk has been transferred by another agency.</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigations have reduced the risk score to within our risk appetite boundaries or tolerance.</li> <li>• The risk no longer exists and can be closed.</li> <li>• The risk has been transferred.</li> <li>• The risk has been re-defined and no longer presents the same threat level to the organisation.</li> <li>• The risk has become an issue and should be re-defined or <u>closed</u>.</li> </ul>

### How to escalate a risk

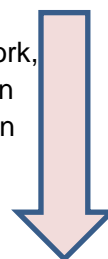


### What to do if a risk is de-escalated?

If a risk needs to be de-escalated it should be moved down to the next appropriate level within our risk framework, for monitoring sustainability of the current threat level. The risk should continue to be monitored and reported on by the risk owner, and if the circumstances change the risk should be re-assessed unless the decision has been made to close the risk.

If you are concerned an escalated risk has not been progressed, please contact [performance@derby.gov.uk](mailto:performance@derby.gov.uk) for support and advice

For further information, including on risk levels, please refer to the Risk Management Handbook or email [performance@derby.gov.uk](mailto:performance@derby.gov.uk)





# DERBY CITY COUNCIL

## RISK APPETITE 2023 – 2025



### What is risk appetite?

Risk appetite is an organisation's willingness to take on risk in key areas before mitigations are assessed in detail, to consider appropriate management of the potential threat / opportunity. There will be instances, where in the pursuit of objectives or in response to opportunities or threats, that leaders will actively seek to take appropriate risks to achieve outcomes for both the city and council.

The purpose of this document is to set out a summary of where leaders will seek to take risk, alongside those areas where colleagues should be more cautious in their appetite to risk. The guidance within this document, should be used as the basis for decisions on how we will work over the next three-years. It is however strongly recommended that in making decisions on risk appetite within specific service areas or in operational decision-making this is done in consultation with local managers and leaders informed by local policies and procedures.



## Risk appetite or risk tolerance?

In the pursuit of the achievement of our outcomes, there will be instances where we are willing to accept a higher level of uncertainty. Colleagues should consider our risk appetite statements presented within this document as a balance between; the potential benefits of risk exposure, and the benefits this may deliver, versus the possible threats this could present to our services or residents.

In setting out our risk appetite it is important to reflect that this is not the same as risk tolerance. Below are some key definitions that will assist in better understanding the difference.

*“Risk appetite is the level of risk that an organisation is **willing to accept while pursuing** its objectives, and **before any action is determined to be necessary** in order to reduce the risk”.* [ISO Guide 73:2009 Risk Management – Vocabulary](#)

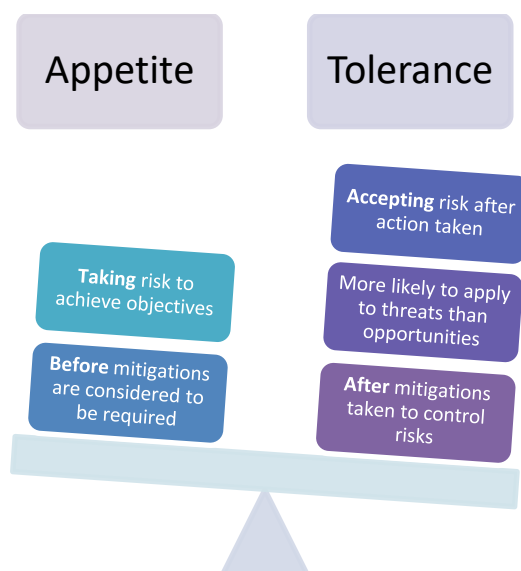
Risk appetite can be influenced by a number of factors...

1. How mature our risk culture is
2. Statutory or legislative boundaries
3. Financial constraints or opportunities
4. Our constitution and decision making arrangements
5. Our performance results
6. How confident we are in our control environment and assurance activities
7. Changes in society that impact our communities and residents

Based on this, risk appetite can change over time, and this document will be reviewed and updated as a minimum in line with our Risk Management Strategy and Handbook.

In contrast to risk appetite, risk tolerance can be defined as: *“an organisation’s or stakeholder’s **readiness to bear the risk after risk treatment** in order to achieve its objectives”.* [ISO Guide 73:2009 Risk Management – Vocabulary.](#)

Below is a summary of the relationship between risk appetite and tolerance:



Presented on pages 3 to 5 is an executive summary of all risk appetite statements, with the supporting information set out on pages 6 to 19.

If after reading this document, you would like more information please contact [performance@derby.gov.uk](mailto:performance@derby.gov.uk)

## Executive summary - background and context to our risk appetite statements

In the development of these risk appetite statements, we sought input from Strategic and Service Directors, Heads of Service and Cabinet Members within the organisation. We asked colleagues to give their view on each risk category within our risk management framework. The gradings were on a five-point scale; from risk aversion to being risk hungry. With this information we have analysed the responses within each risk category, with the information presented within following sections setting out Derby City Council's risk appetite for each category. The content of this document is meant to provide **guidance** when dealing with uncertainty, signposting colleagues to the types of business-as-usual risks they should be considering every day.

The risk appetite of the organisation can be represented visually by the table below, which shows that **overall we have a 'cautious to open attitude'** across all our domains of risk.

Notable exceptions are for 'legislative, financial and environmental' risks, where our appetite is more cautious, compared to 'partnerships, innovation and programme / project' risks, where our appetite for risk is greater; recognising we have to be more open to risk (both threats and opportunities) within these areas to achieve better outcomes for the city with the resources that we have available.





It should be noted that each risk category does not 'sit in isolation' and when making an assessment on Derby's risk appetite, you should assess all the relevant themes to determine the degree to which we seek risk.

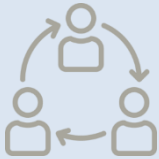





The survey responses that informed the development of each statement are presented at **Appendix A**, with a summary of activities that have informed the development of our statements.




Category	Averse	Minimal	Cautious	Open	Hungry
Financial					
Compliance and Regulatory					
Contract Management and Business Acumen					
Partnership					
Colleague Wellbeing					
Safeguarding					
Innovation					
Technology					
Environmental					
H&S & Physical Security					
Reputation					
Council Assets					
Projects and Programmes					

*NB – the risk appetite boundaries and supporting statements represent **where we want to seek to take risk**, this may not reflect where we are at present, but where we will be working alongside our colleagues to move to. These statements will be reviewed at least annually, as a minimum.*

*“We are open to taking informed risks; there are some areas where we would like to seek to take more risks to achieve better outcomes for Derby, however others require a more cautious approach to maintain our integrity and responsibilities to the city”*

Category	Risk appetite statements
<b>Financial</b> 	<p>The current financial outlook for public sector organisations, alongside the challenges the communities we are here to serve are facing, means that we have to consider all financial risks and impacts cautiously. Any financial decisions taken must be informed by robust evidence. We are determined to maintain service delivery, but this must be undertaken with a mindset of protecting the council's financial sustainability and our priority services.</p> <p>We must protect our financial integrity and have robust governance in place to mitigate against risk within this area.</p>
<b>Compliance and Regulatory</b> 	<p>We recognise that in the pursuit of change and development, that we may need to cautiously and appropriately embrace some additional risks in this area. This could, in part, be due to financial challenges that impact our ability to be fully compliant in some service areas, or because opportunities present themselves that a more open and cautious approach to risk will make a difference to outcomes for Derby.</p> <p>Colleagues should however seek advice from managers and leaders alongside professional experts (i.e. legal services, housing standards, environmental protection, information governance, licensing etc.) when making decisions that expose us to risk in relation to our statutory obligations. We will not accept any risk exposure that breaks the law.</p>
<b>Contract Management and Business Acumen</b> 	<p>The council is open to informed and managed risk in the procurement of, and management, of contracts. This is under circumstances where appropriate due diligence has been followed to make sure any threats to our financial or statutory obligations are minimised. We recognise the opportunities that arise from approaching our contracts in a 'open' way that is seeking to achieve better value for money for the city, and in some instances, this may mean we are willing to take risk.</p>
<b>Partnership</b> 	<p>Partnerships are of significant importance to Derby City Council and by working together with our public sector, business and community partners we are able to make more positive differences for, and with, the city.</p> <p>In order for Derby City Council to embrace any challenges and opportunities in delivery, it will enter into partnerships to support and enable the delivery of key priorities for the city and local services. These arrangements should be supported by appropriate monitoring and reporting arrangements, agreed by service leads, making sure that any risks and opportunities are closely monitored and mitigated, evidencing the significant value added of partnership working.</p>

Category	Risk appetite statements
<b>Colleague Wellbeing</b> 	<p>Derby City Council takes the impact of decisions on our colleagues very seriously. Consideration to colleague wellbeing is undertaken as part of all decisions, with an aspiration of appropriately managing any impacts on our colleagues; however, in pursuit of new objectives, we recognise the potential for disruption and change, which could impact the workforce wellbeing.</p> <p>We seek to cultivate an environment where our leaders and colleagues feel empowered to take accountability for their own wellbeing and are open to the opportunities that this will create for them and the services that they deliver.</p> <p>We will consider people risks as part of change management processes and actively explore options, informed by engagement with our colleagues, seeking to keep disruption to a minimum through collaboration and co-production.</p> <p>We will not accept risks where colleagues do not engage positively with agreed policies and procedures.</p>
<b>Safeguarding</b> 	<p>Derby City Council will do all in its power to ensure that our most vulnerable residents are suitably safeguarded, especially the children and young people that are in the council's care. Staff working in these areas are encouraged to identify and escalate any concerns so individual cases can be managed proactively. We do however cautiously welcome and seek out opportunities to invest in community support and preventative services, limiting the escalation of safeguarding concerns.</p>
<b>Innovation</b> 	<p>Derby City Council has an open attitude towards innovation, it is keen for colleagues to feel empowered to present options and solutions, which aid the on-going delivery of services and the achievement of our ambitions for the city. Options reviews, business cases, gateway reviews and risk assessments are all tools, which we will employ when considering which options to pursue; making sure we continue to balance threats across all risk categories.</p>
<b>Technology</b> 	<p>We are willing to take a cautious approach to technological risk due to the necessity of continuous development and improvement in the area. To take proper care, this investment must be informed by best practices and tempered by a need to maintain cyber security standards, such as not to expose us to undue reputational and financial risk. We are open to emerging and cutting-edge technologies and leverage that will allow us to make the best use of our resources and achieve better outcomes for the city.</p>
<b>Environmental</b> 	<p>We are cautiously open to risk within this area, in taking forward our 'green' commitments to the city. Risks of increasing long-term negative impacts on the environment will however not be tolerated; and we will seek to minimise these threats.</p> <p>We do recognise that some risks, and impacts, are unavoidable and likely to be outside of our direct control; and we may have to tolerate risk exposure within these areas.</p>
<b>H&amp;S &amp; Physical Security</b> 	<p>We would like to take a minimal approach to health and safety and physical security risks, creating work environments that are fit for purpose and free from hazards. However, the council recognises that this isn't possible in all services and as such, in certain areas, some risk must be cautiously taken informed by appropriate risk assessments.</p> <p>The council will seek to avoid unnecessary risk taking which puts its staff, customers and visitors at potential harm or injury; however taking a risk adverse approach to health and safety and physical security is likely to negatively impact on our ability to deliver services in line with need.</p>

Category	Risk appetite statements
<b>Reputation</b> 	<p>Derby City Council is keen to be open to change to meet the needs of the city. With that progression comes possible uncertainty, which in turn may impact on how we are perceived. We are prepared to accept some short term negative perceptions in pursuit of longer term deliverables, improvements and better outcomes for the city.</p>
<b>Council Assets</b> 	<p>We will take a corporate approach to managing Council's assets, which will incorporate a risk based approach to prioritising the maintenance and management of them. We will seek to minimise any physical health and safety risks to our colleagues that may be associated within this risk category but accept that our financial circumstances will impact on our ability to undertake works to reduce identified risks, possibly creating further risks in the ability to deliver services. We will aim to ensure that the maintenance of our buildings is commensurate with the level and type of occupation and to prioritise compliance with health and safety legislation.</p> <p>We are open to considering new ways of working and potential efficiencies from these activities, which may increase the risk as a result of reduced maintenance, but only where the safety of colleagues, customer and visitors is not impacted beyond our agreed tolerances and statutory levels. This will include disposing of assets that we do not consider to be value for money, or where they have been identified as surplus.</p>
<b>Projects and Programmes</b> 	<p>Alongside innovation, we are hungry to consider programmes and projects that will make a difference to Derby. We recognise that we need to maintain caution in the use of our resources, but this must be balanced against meeting the needs of the city.</p> <p>Derby City Council will endeavour to manage programmes and projects against originally agreed timescales, however, it is recognised that there will be a need to flex and adapt as the project lifecycle progresses; informed by robust business cases, assurance activities and gateway reviews.</p> <p>Impacts on delivery and / or timescales will be managed in accordance with existing project governance structures, with the pursuit of improved ways of working something the council is encouraging of.</p>

On pages 6 to 18 there is more detail and context for each risk category, alongside the agreed risk appetite statement.

## Financial risk

These risks arise from the economic environment generally or the financial situation of Derby City Council specifically. Examples could include financial losses due to increased costs, reduced return on investments, or an economic downturn. This risk should be considered alongside the projects and programmes category, which will reflect some aspects of capital funding.

This category applies to both our revenue and capital budgets.

Category	Minimal	Cautious
Financial	We are only prepared to accept minimal financial risks. We will seek safe options with little possibility for financial loss.	We are cautiously prepared to embrace some increased financial commitment and risk where there are clear, identifiable benefits for Derby.

## Results

Responses to the survey identified the average responses falling within the 'cautious' category. Subsequent discussions and feedback from colleagues confirmed that given the current financial context of local authorities that there will be some instances where we have to make informed decisions to achieve financial commitments. However, given the financial challenges facing local government and the communities that they support we are committed to delivering value for money and will subsequently take minimal financial risks to maximise every £1 spent.

The context for this is, in part, the volatile external environment that also influences the economic and financial area. With Brexit and Covid-19 causing severe disruption and higher costs across multiple service delivery areas.



### Derby City Council's Risk Appetite Statement

The current financial outlook for public sector organisations, alongside the challenges the communities we are here to serve are facing, means that we have to consider all financial risks and impacts cautiously. Any financial decisions taken must be informed by robust evidence. We are determined to maintain service delivery, but this must be undertaken with a mindset of protecting the council financial sustainability and our priority services.

We must protect our financial integrity and have robust governance in place to mitigate against risk within this area.



## Compliance and Regulatory risk

These are risks that expose Derby City Council to failures resulting in fraud, legal challenge, internal control failure, regulatory failing, changes in European or national law.

Category	Minimal	Cautious
Compliance and Regulatory	The council is prepared to consider some additional risk in this area providing there is an agreed management plan and regular monitoring to ensure any deterioration in the risk is quickly identified and reported.	The council recognises that the long term benefits from activities may mean a need to embrace risks in this area, providing there is a suitable business case for doing so and that any decisions taken are informed by insight.

## Results

Survey responses proposed adopting a more cautious approach to risk within this area, an average score putting the responses on the boundary line between 'Averse and Minimal'. There were no specific concerns raised about current practices, but it was however recognised that there may need to be informed decisions taken within this area to achieve outcomes for the city, within the resources and capacity that is available. It was also recognised that there were impacts that this risk theme could have on other categories; such as finance and reputation, which would mean any decisions taken on risk within this area should be undertaken with managers and leaders; informed by professional advice.



### Derby City Council's Risk Appetite Statement

We recognise that in the pursuit of change and development, that we may need to cautiously and appropriately embrace some additional risks in this area. This could, in part, be due to financial challenges that impact our ability to be fully compliant in some service areas, or because opportunities present themselves that a more open and cautious approach to risk will make a difference to outcomes for Derby.

Colleagues should however seek advice from managers and leaders alongside professional experts (i.e. legal services, housing standards, environmental protection, information governance, licensing etc.) when making decisions that expose us to risk in relation to our statutory obligations. We will not accept any risk that breaks the law.

## Contract Management and Business Acumen

To fulfil our duties, Derby City Council will enter partnerships with various organisations. These circumstances give rise to potential risks to the council. These include risks associated to the council's commercial agenda, procurement activity and on-going management of contracts against agreed outputs and outcomes through key performance indicators.

Category	Cautious	Open
<b>Contract Management and Business Acumen</b>	The council will embrace a cautious attitude and acceptance of risks with third parties subject to adherence to our agreed contract management processes and principles to ensure the delivery of city and council objectives.	The council is willing to consider increased risks on key strategies and objectives given the complexities of the contract and the potential limit of suitable providers, if contract management responsibilities are clearly defined and carried out for the life of the contract to limit the likelihood of the risks materialising.

## Results

All organisations need to consider the most appropriate delivery models to ensure they meet their objectives fully, and that are within the most viable parameters, such as costs.

As such, leaders indicate a general lean towards a cautious / open approach to contract management, whilst recognising the potential impact should any relationship deteriorate.

It is also reflected that in the commissioning and procurement of services alongside the management of contracts that colleagues should be thinking 'business'; making sure that we seek to make the best use of our resources to achieve our agreed outcomes for the city.



### Derby City Council's Risk Appetite Statement

The council is open to informed and managed risk in the procurement of, and management, of contracts. This is under circumstances where appropriate due diligence has been followed to make sure any threats to our financial or statutory obligations are minimised. We recognise the opportunities that arise from approaching our contracts in a 'open' way that is seeking to achieve better value for money for the city, and in some instances, this may mean we are willing to take risk.

## Partnerships

Aligned to Contract Management and Business Acumen is the category of Partnership. This area focusses on the potential risks associated with the failure of partnerships to deliver shared outcomes, e.g. via co-production or more formal partnership arrangements

Category	Cautious	Open	Hungry
Partnerships	Collaborative working is the best case when working with partner organisations, the council is willing to accept increased risks appropriately, which may limit this possibility if the primary deliverables are achieved.	We are increasingly prepared to accept risks to deliver shared outcomes where the partnership is of strategic importance and / or there is limited providers in the market capable of delivering the complex duties required.	We are actively seeking to engage with third parties who can bring expertise and enhance service provision and development.

## Results

Partnerships are considered by leaders to be of significant importance to the delivery of the council and city ambitions. In an ideal world, risks would be maintained at a minimal level, however there is a pragmatic and realistic approach to ensuring that the council has an appropriate appetite for managing higher risks in these areas; recognising that the rewards can be high for both residents and businesses of Derby.

There is also recognition that we have invested within trusted partnerships, and we have to create a suitable environment to allow these to flourish.



### Derby City Council's Risk Appetite Statement

Partnerships are of significant importance to Derby City Council and by working together with our public sector, business and community partners we are able to make more positive differences for, and with, the city.

In order for Derby City Council to embrace any challenges and opportunities in delivery, it will enter into partnerships to support and enable the delivery of key priorities for the city and local services. These arrangements should be supported by appropriate monitoring and reporting arrangements, agreed by service leads, making sure that any risks and opportunities are closely monitored and mitigated, evidencing the significant value added of partnership working.

## Colleague Wellbeing

This category covers a wide range of potential threats, opportunities and impacts on Derby City Council colleagues. Considerations include but are not limited to; days lost due to sickness; lone working; use of computers; verbal abuse; resilience; recruitment and capacity.

Category	Cautious	Open
Colleague Wellbeing	Risks pertaining to our colleagues are considered cautiously, these could include changes to working practices or processes of service delivery. We will seek to take an informed approach to any change to minimise any impacts on colleagues.	We are keen to embrace areas of change and recognise that change can bring disruption to staff. The council will endeavour to manage these impacts but is prepared to tolerate the impact in its pursuit of improvement and achievement of outcomes for the city.

## Results

Survey responses gave this an average score of 2.4, hovering between a minimal approach and a cautious one; however we recognise the need to adopt and innovate, embracing potential disruption to colleague wellbeing whilst in the pursuit of objectives.

By working together with our teams and managers we can encourage a more open approach to risk, where our leaders and colleagues feel empowered to mitigate threats and maximise opportunities for us to collectively make a difference for Derby.



### Derby City Council's Risk Appetite Statement

Derby City Council takes the impact of decisions on our colleagues very seriously. Consideration to colleague wellbeing is undertaken as part of all decisions, with an aspiration of appropriately managing any impacts on our colleagues; however, in pursuit of new objectives, we recognise the potential for disruption and change, which could impact the workforce wellbeing.

We seek to cultivate an environment where our leaders and colleagues feel empowered to take accountability for their own wellbeing, and are open to the opportunities that this will create for them and the services that they deliver.

We will consider people risks as part of change management processes and actively explore options, informed by engagement with our colleagues, seeking to keep disruption to a minimum through collaboration and co-production.

We will not accept risks where colleagues do not engage positively with agreed policies and procedures.

## Safeguarding

These risks are associated with the failure of Derby City Council to effectively identify and manage safeguarding concerns.

Category	Minimal	Cautious
Safeguarding	The council will make sure that it remains legally compliant, but may not be in a position to implement all optimal mitigating options due to cost and / or capacity. In these instances decisions must be taken by leaders.	Where legal and appropriate we will cautiously embrace risk to minimise emerging safeguarding threats, or to seek opportunities, that aid independence for our adults and children or to reduce the escalation of risk; maximising the use of community support.

## Results

Survey responses in this category were amongst the lowest for future appetite, reflecting that we must continue to support our most vulnerable children, young people and adults; however we recognise that the complexity, costs and possible impacts on individuals of statutory safeguarding processes means we must seek to invest in prevention activities, working with our partners to limit the escalation of risks for both children and adults.

There are also community based opportunities for intervention and support, which we will seek to maximise to maintain independence and reduce the need for statutory safeguarding actions.



### Derby City Council's Risk Appetite Statement

Derby City Council will do all in its power to ensure that our most vulnerable residents are suitably safeguarded, especially the children and young people that are in the council's care. Staff working in these areas are encouraged to identify and escalate any concerns so individual cases can be managed proactively. We do however cautiously welcome and seek out opportunities to invest in community support and preventative services, limiting the escalation of safeguarding concerns.

## Innovation

Derby City Council is keen to recognise the need to be innovative and be bold in its pursuit of aims and objectives. Risks arise from these practices, such as potential impact on costs and / or quality of services, along with our ability to deliver best value.

Category	Open	Hungry
Innovation	Innovation is supported, but only where appropriate business cases and risk assessments to understand benefits and consequences have been completed, and these have provided confidence that we will be successful in achieving these benefits; with oversight through gateway reviews as appropriate.	The council has a desire to consider and review all potential options for alternative delivery or changes in process, which can improve existing service delivery. As part of this pursuit, we recognise the need to embrace increased risk.

## Results

Survey responses to this category placed it as a high cautious. Through discussion it was felt that the council really is keen to adopt an open approach in its pursuit of innovative risks, ensuring options are considered and supported by detailed business cases and risk assessments, which present a balanced view of any threats, opportunities and benefits. Discussions with senior leaders also highlighted the need to be accepting and encouraging of our colleagues to consider and identify opportunities to innovate, hence the need to enable a hunger for innovative risks with all decisions on progressing opportunities to be taken following the review of suitable business cases.



### Derby City Council's Risk Appetite Statement

Derby City Council has an open attitude towards innovation, it is keen for colleagues to feel empowered to present options and solutions, which aid the on-going delivery of services and the achievement of our ambitions for the city. Options reviews, business cases, gateway reviews and risk assessments are all tools, which we will employ when considering which options to pursue; making sure we continue to balance threats across all risk categories.

## Technology

This category focuses on risks associated with the capacity of Derby City Council to deal with the pace / scale of technological change, or our ability to use digital solutions to address changing demands. It may also include the consequence of internal technological failures on Derby City Council's ability to deliver its objectives (including information governance, cyber security, system maintenance, records management etc). This risk category must be considered alongside 'compliance and regulatory' and 'innovation'.

Category	Cautious	Open
Technology	The council will invest in new technology informed by insight, where there is a clear cost - benefit and where we are confident the technology can be deployed successfully, positively impacting service delivery our outcomes.	We want to seek to have the digital solutions in place to support people to deliver services, even if this means exposing ourselves to an increased level of risk.

## Results

Respondents split out their appetite for technological risks as broadly cautious. Discussions at workshops highlighted the above categories as the comfortable options when pursuing technological solutions, this sentiment stems from an acknowledgment that technological investment and innovation with the risk that follows is necessary to continue to provide services of the highest quality. Digital advancements will allow us to be more effective and effective according to latest best practices. However, there is a need for caution to avoid investing in untested technology that will expose the organisation to both financial risk and risk of compromising information technology security.



### Derby City Council's Risk Appetite Statement

We are willing to take a cautious approach to technological risk due to the necessity of continuous development and improvement in the area. To take proper care, this investment must be informed by best practices and tempered by a need to maintain cyber security standards, such as not to expose us to undo reputational and financial risk. We are open to 'emerging and cutting edge' technologies and leverage that will allow us to make the best use of our resources and achieve better outcomes for the city.



## Environmental

Risks under consideration here relate to the environmental consequences of progressing Derby City Council's strategic objects including those relating to pollution, noise, or the energy efficiency of on-going service operations. This may include the loss of green space and environmental disease.

Category	Minimal	Cautious
Environmental	Our preference is for actions to be taken that will reduce our exposure to these types of risk, even if this comes with additional costs.	We are prepared to accept some risk very cautiously, but only in limited circumstances that will enhance the long-term environmental outcomes for the city, based on robust evidence.

## Results

There was a variety of responses regarding the approach to environmental risk, perhaps as a result of diversity of both the category and of the services delivered by Derby City and their proximity to environmental impacts. This reflects the opportunities that we have in taking a leadership role in protecting and enhancing our local environment, alongside recognising the need to take action in areas of threat (i.e., air pollution, waste etc.)



### Derby City Council's Risk Appetite Statement

We are cautiously open to risk within this area, in taking forward our 'green' commitments to the city. Risks of increasing long-term negative impacts on the environment will however not be tolerated; and we will seek to minimise these threats.

We do recognise that some risks, and impacts, are unavoidable and likely to be outside of our direct control; and we may have to tolerate risk exposure within these areas.

## H&S and Physical Security

Risks related to fire, security, accident prevention including those areas of risk that impact on our customers, contractors and visitors. (For example, hazard/risks associated with buildings, vehicles, plant and equipment)

Category	Minimal	Cautious
H&S and Physical Security	Whilst we remain focussed on ensuring safety and security of its staff, customers and visitors, it accepts in rare circumstances exposure to risks of this nature is likely.	All reasonable measures will be considered to manage risk, however in the pursuit of delivering services that meet the needs of the city, we are cautiously open to risks that have been appropriately considered.

## Results

Understandably, this category scored the lowest following the survey responses. Through discussion, it was recognised that some services are naturally inherent to risk and despite risk assessments and training being undertaken, there will always remain a degree of risk. As such, the tolerance boundaries are reflected above.



### Derby City Council's Risk Appetite Statement

We would like to take a minimal approach to health and safety and physical security risks, creating work environments that are fit for purpose and free from hazards. However, the council recognises that this isn't possible in all services and as such, in certain areas, some risk must be cautiously taken informed by appropriate risk assessments.

The council will seek to avoid unnecessary risk taking which puts its staff, customers and visitors at potential harm or injury; however taking a risk adverse approach to health and safety and physical security is likely to negatively impact on our ability to deliver services in line with need.

## Reputation

Reputation risks are associated with Derby City Council's failure to deliver either its own business aims and objectives or local or central government policy that will have an impact on Derby City Council's reputation amongst both internal and external stakeholders, it is also important to consider the impacts a 'poor reputation' has on service delivery and confidence in achievement of commitments.

Category	Minimal	Cautious	Open
Reputation	The council is protective over its reputation. It will proactively engage in communications to aid transparency of decision making, aiming to deliver key objectives which will enhance the perception of the authority.	Where there is a suitable business case and clear benefit for change and long term improvement exists, the council is prepared to drive change and accepts that this may have an impact on the council's reputation amongst its citizens and employees.	Where there are opportunities to enhance the services we provide to achieve outcomes for the city, we are prepared to embrace increased risks to its reputation, in a measured and informed way.

## Results

This category created the widest spread between those keen to protect the council's reputation and those seeking to take risk in the pursuit of objectives recognising this may have unintended consequences of our reputation. We are keen to protect our reputation as an organisation that is ambitious for Derby delivering efficient and effective services that are value for money. There is however a need to create a balanced view and consider this category alongside other areas, particularly innovation and partnerships.



### Derby City Council's Risk Appetite Statement

Derby City Council is keen to be open to change to meet the needs of the city. With that progression comes possible uncertainty, which in turn may impact on how we are perceived. We are prepared to accept some short term negative perceptions in pursuit of longer term deliverables, improvements and better outcomes for the city.

## Council Assets

These are risks associated to the management and maintenance of council assets (these can include physical assets such as property or other assets including fleet vehicles).

Category	Cautious	Open
Council Assets	We recognise the need to ensure the management and maintenance of our assets are adhered to. The council is however prepared to accept some increased risk in pursuit of goals, objectives and financial sustainability; informed by risk assessments and the advice of professionals.	<p>Where there is a clear business case in place that supports changes to maintenance programmes, or future ways of working which will enhance efficiency, the council is open to considering these and the increased risk that they may bring.</p> <p>Where assets are identified as surplus or on-going maintenance is not considered value for money we may seek to appropriately decommission and dispose of these assets.</p>

## Results

The survey responses demonstrated alignment between the groups on this category. The council is cautiously optimistic about risks to the council assets. Future ways of working and use of assets is constantly under review with innovative options being regularly considered. Some aversion was discussed when considering approaches to maintenance and management of existing assets, on a risk-based approach, to ensure the councils assets remain in the best possible condition; within the resources that we have available.



### Derby City Council's Risk Appetite Statement

We will take a corporate approach to managing Council's assets, which will incorporate a risk based approach to prioritising the maintenance and management of them. We will seek to minimise any physical health and safety risks to our colleagues that may be associated within this risk category but accept that our financial circumstances will impact on our ability to undertake works to reduce identified risks, possibly creating further risks in the ability to deliver services. We will aim to ensure that the maintenance of our buildings is commensurate with the level and type of occupation and to prioritise compliance with health and safety legislation.

We are open to considering new ways of working and potential efficiencies from these activities, which may increase the risk as a result of reduced maintenance, but only where the safety of colleagues, customer and visitors is not impacted beyond our agreed tolerances and statutory levels. This will include disposing of assets that we do not consider to be value for money, or where they have been identified as surplus.

## Programme and Project Management

These risks are associated with transformational projects and their delivery against objectives including timescales and costs as well as achievement of project aims.

Category	Cautious	Open	Hungry
<b>Programme and Project Management</b>	We are cautiously prepared to consider potential delays or increased costs to project / programme deliverables within agreed management controls from the officers responsible; within agreed boundaries.	Where there is a clear reason or justification, the council is willing to consider risks, which result in major delays or increased costs to the project / programme delivery.	The council will actively seek to identify opportunities to improve services and transform, and is willing to take informed risks where business cases evidence significant benefits for Derby.

## Results

Programmes and Project Management align naturally to other categories, in particular, innovation. As such, it isn't surprising to see the results from the survey indicate a willingness to consider more risk in this area. The discussions highlighted the varied nature of programmes and projects. Whilst some projects will be strictly controlled, there was a feeling and need to embrace the potential risks, which come with striving to deliver benefits for the city. As a majority, the discussions highlighted the unknowns with programme and project delivery. These unknowns will need increased tolerance for risks associated with projects and their on-going delivery.

It was recognised that we have strengthened our control environment for programme and project delivery through assurance reviews and gateways, which assists in the identification and management of risks pertaining to our programme and project delivery subsequently increasing our appetite boundaries within this area.



### Derby City Council's Risk Appetite Statement

Alongside innovation, we are hungry to consider programmes and projects that will make a difference to Derby. We recognise that we need to maintain caution in the use of our resources, but this must be balanced against meeting the needs of the city.

Derby City Council will endeavour to manage programmes and projects against originally agreed timescales, however, it is recognised that there will be a need to flex and adapt as the project lifecycle progresses; informed by robust business cases, assurance activities and gateway reviews.

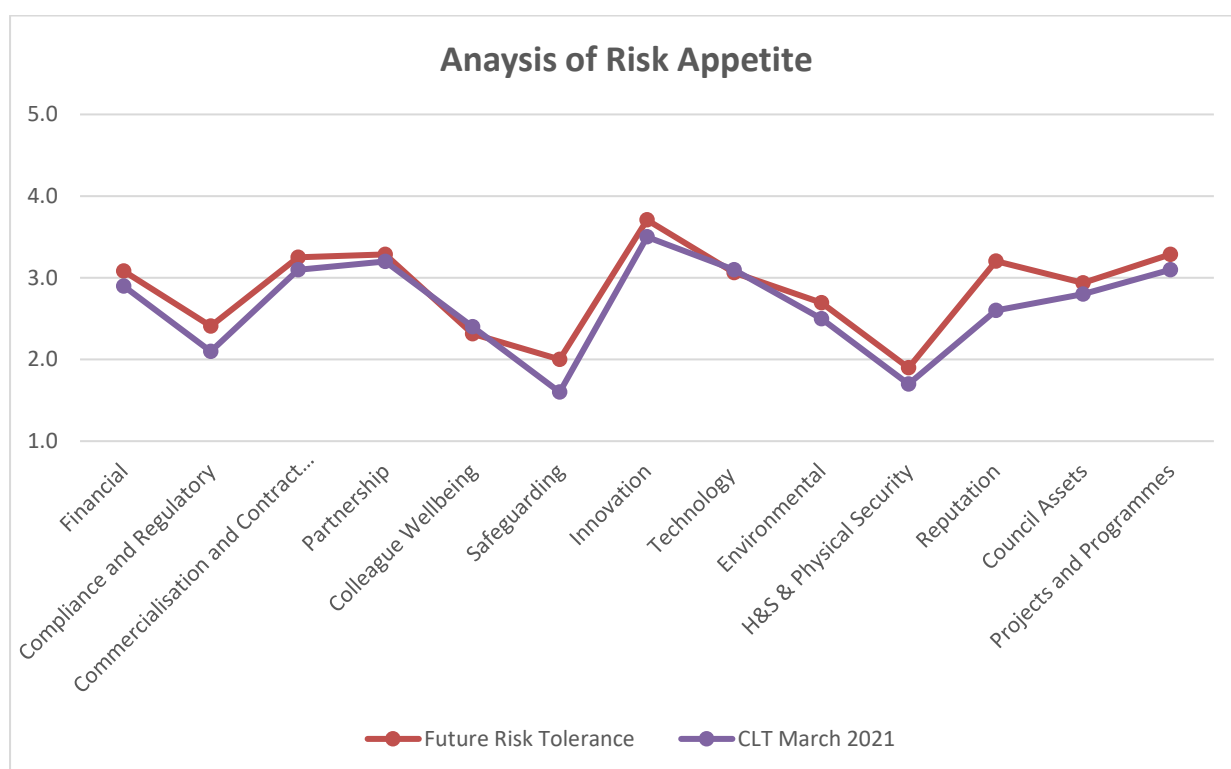
Impacts on delivery and / or timescales will be managed in accordance with existing project governance structures, with the pursuit of improved ways of working something the council is encouraging of.

## Appendix 1

## Source / background information

It should be noted that the risk appetite statements have been co-produced by risk senior leaders and risk leads across services:

- Directors workshops – March 2021 and December 2021
- Heads of Service workshop – December 2021
- Cabinet workshop – January 2022
- Draft statements – April 2022
- Corporate Risk Management Group – multiple meetings between 2021 and 2023
- Review of statements in line (Directors, Heads of Services and Cabinet) with priorities and the MTFP – 2022/23
- Senior Leadership Team – January 2023
- Risk Management workshop – February 2023
- Corporate Leadership Team – March 2023



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**Punjabi**

ਇਹ ਜਾਣਕਾਰੀ ਅਸੀਂ ਤੁਹਾਨੂੰ ਕਿਸੇ ਵੀ ਹੋਰ ਤਰੀਕੇ ਨਾਲ, ਕਿਸੇ ਵੀ ਹੋਰ ਰੂਪ ਜਾਂ ਬੋਲੀ ਵਿੱਚ ਦੇ ਸਕਦੇ ਹਾਂ, ਜਿਹੜੀ ਇਸ ਤੱਕ ਪਹੁੰਚ ਕਰਨ ਵਿੱਚ ਤੁਹਾਡੀ ਸਹਾਇਤਾ ਕਰ ਸਕਦੀ ਹੋਵੇ। ਕਿਰਪਾ ਕਰਕੇ ਸਾਡੇ ਨਾਲ ਇੱਥੇ ਸੰਪਰਕ ਕਰੋ: **01332 640767** ਜਾਂ **[derby.gov.uk/signing-service](http://derby.gov.uk/signing-service)**

**Polish**

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**Urdu**

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