Risk Management Policy & Strategy

Norwich City Council – September 2025

Foreword by Chief Executive

This risk management policy is fully supported by myself and other members of the corporate leadership team who are accountable for the effective management of risk within the council. Our Councillors have also shown during my time with the authority that they understand the importance of effective risk identification and mitigation and have been supportive of steps we've taken as a council to improve our approach.

All officers of the council have a responsibility to recognise and manage risk in accordance with this policy and the associated risk management strategy. **Risk management is everyone's business.**

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

I am committed to the effective management of risk at all levels of this council. This policy is an important part of ensuring that effective risk management takes place. It's important that we remain agile in our approach and treat effective risk management as an ongoing process of improvement – learn for both successes and mistakes.

Louise Rawsthorne
Chief Executive

Introduction

This document sets out the Council's policy and strategy in relation to risk management. It is intended to provide a framework for the management of risk and explain how the Council will ensure that it is managing risk effectively to increase the likelihood that business objectives will be achieved. It aims to:

- increase overall awareness of risk throughout the council and to enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas.
- define roles and responsibilities to help ensure that risk management is understood and embedded across the council
- provide advice on the process to be followed for managing risks.

The Accounts and Audit Regulations 2015 state:

A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

Norwich City Council seeks to ensure that services, whether delivered directly or outsourced, are of high quality, provide value for money and meet the needs of the community. The council is a complex organisation that works in partnership with a wide variety of other organisations from the public, private and third sectors. As a result, it needs to ensure the way it acts, plans and delivers is carefully considered.

There are, however, many factors which might prevent the council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing key risks. This approach is a fundamental element of the council's Code of Corporate Governance which commits the council to the following:

- *Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making*
- *Implementing robust and integrated risk management arrangements and ensuring that they are working effectively*
- *Ensuring that responsibilities for managing individual risks are clearly allocated*
- *Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook*

It is important to recognise that the council is not seeking to 'factor out' all risk, which would not be a cost-effective use of scarce resources, but instead to manage risks in a way that is proportionate to the severity of the risk. It is important that management of risk should not stifle innovation and opportunities.

What is risk?

1. The council follows the definition of risk provided by the International Organisations for Standardisation in its global risk management standard, ISO 31000: **"risk is the impact of uncertainty on objectives".**

2. Public sector organisations like the council operate in environments filled with uncertainty, making future events and their potential consequences unpredictable. Risk represents a deviation from the expected outcome, due to this uncertainty. This deviation may be negative, resulting in loss or harm to the council, its staff, or the wider local community. However, in some circumstances it may be positive for the organisation.

What is risk management?

3. ISO define risk management as, *"co-ordinated activities to direct and control an organisation with regard to risk".* In practice, risk management is the process by which risks are identified, evaluated and controlled within the council's risk appetite. It is a key element of the council's governance framework.

4. The council will operate an effective system of risk management which will seek to ensure that risks which might prevent the council achieving its plans are identified and managed in a timely, proportionate way. This means that the council will take steps to reduce the likelihood of risks materialising, and / or to reduce their impact if they do.

Risk management principles

5. The policy establishes the following risk management principles:

   - The risk management process should be clear and straightforward and should be applied consistently by directors and other officers.
   - Risk management processes should be dynamic, flexible and responsive to changes in the council's operating environment.
   - Risk management should operate within a culture of transparency and openness where colleagues are encouraged to identify and discuss risks in their area of work.
   - Risks should usually be managed at the lowest level of the organisation that is practical but should be escalated to higher levels of management where necessary to manage and oversee them effectively – for example where there is a high risk that has implications for the whole organisation.
   - The response to risk should be proportionate, i.e. mindful of the level of risk and the balance between the costs of reducing the risk and the benefits of doing so.
   - Risks should be managed in line with the council's agreed risk appetite.

Benefits of risk management

6. According to ISO 31000, *"effective risk management enables an organisation to achieve its objectives by continually assessing risks to reduce surprises and*

improve performance". It also provides stakeholders with continuous, consistent and reliable information which shows whether objectives are being met, or risks are materialising.

7. Additional benefits of the risk management process include:
   - More efficient use of scare resources
   - Improved ability to recognise opportunities and threats promptly, and to influence outcomes of events
   - Reduced likelihood and impact of loss, damage or harm to the council and people who use its services
   - Better informed decision making, based on an accurate assessment of risks and benefits of different courses of action
   - Providing greater confidence to agencies which inspect and regulate the council, and reducing the costs of compliance and auditing
   - Better management of human and cultural factors in the organisation, including promotion of an open and transparent culture.

Appetite for risk

8. With limited resources it is inappropriate for the council to seek to mitigate all of the risk it faces. The council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and knowledge of its senior managers.

9. Risk appetite is the decision about the level of risk that an organisation is prepared to accept, after balancing the potential opportunities and threats a situation presents. It weighs the potential benefits of innovation against the risks that change inevitably brings. Having a clearly defined risk appetite allows the council to pursue change, innovation and growth while safeguarding against excessive risk exposure and irresponsible risk-taking.

10. The council has defined its risk appetite for five main categories of risk: service quality, financial, regulatory, reputational and workforce related. The risk appetite is summarised in **Appendix 4** of this document.

11. Risk appetite can change over time. It should be assessed every 3 to 5 years or in line with significant political / economic events that may change the council's perspective on toleration for risk.

12. Risks should not normally be accepted if they fall outside the council's agreed risk appetite. However, in certain circumstances the organisation may be willing to accept risks outside its normal risk appetite. Examples of reasons for doing so include:

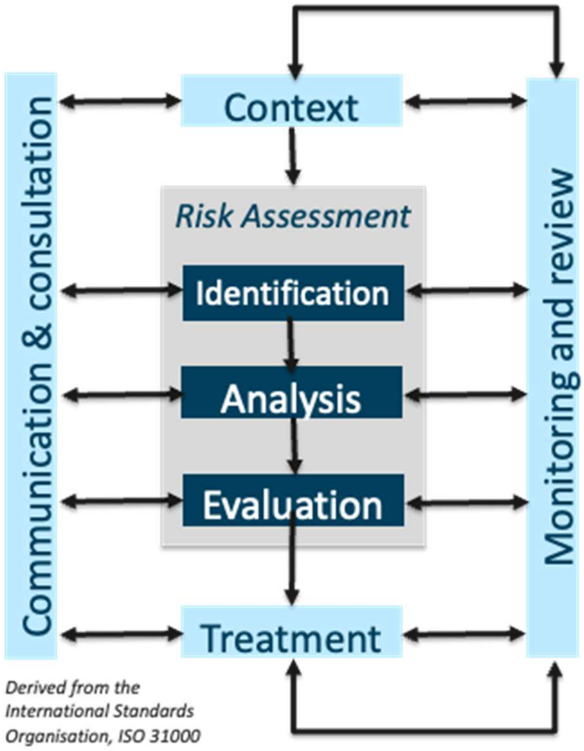
    - There is the potential for an exceptional reward / benefit to the council
    - The risks are considered too costly, or impractical, to control given other priorities
    - There is only a short period of exposure to the risks
    - They are considered essential to the achievement of aims and objectives

13. If such risks are to be accepted, it is essential that they are clearly documented and explained, for example in business cases, or reports to cabinet or committees.

Likewise, the decision to accept a risk outside of the normal risk appetite should be recorded, for example in the minutes of a meeting or on the risk register itself.

Overview of risk management approach

14. The risk management approach adopted by the council is based on identifying, assessing, managing and monitoring risks at all levels across its activities. This approach is based upon the standard management cycle shown in the diagram below. The detailed stages of the council's risk management approach are described in **Appendix 2**.



15. All employees should systematically and promptly report to their manager any perceived new risks or failures of existing control measures for consideration. **Appendix 1** sets out the roles and responsibilities of employees and specific post holders in the risk management process.

16. All risks should be assessed in terms of their impact and likelihood, and given a risk score, using the matrix within **Appendix 3** as a guide to ensure consistency. Risks should be given a current (residual) score which takes into account any control measures that are in place at present. They should also be given a target score, which is the level to which the organisation aspires to reduce the risk. This will not usually be zero, as it is often impractical to eliminate risk entirely, but it should be within the council's risk appetite.

17. Once the risk has been identified, it is usually necessary to produce an action plan to reduce it to the target risk score. The risk should then be added to the risk register of the directorate / department in which it arose. Actions should be allocated to individual post holders, with clear deadlines for completion. However, in some circumstances, the risk may be tolerated (for example, if it is within the

council's risk appetite) or transferred to another organisation or company, for example by taking out an insurance policy or outsourcing a service.

18. As risk management relates to uncertain future events, there is always a degree of subjectivity in assessing risks and determining what should be done about them. Therefore, it is important to consult with other staff who are affected by the risk, including colleagues from other departments or directorates, when completing risk assessments.

19. Risk registers should be reviewed and updated regularly to record the progress made in managing them, and any changes in the risk score. The level of risk may change because of factors which are internal to the council, or external, such as the economic climate, changes to legislation, etc.

Risk escalation

20. Risks are usually recorded in the risk registers of the directorate in which they arose, but the most significant risks facing the council are recorded in a Corporate Risk Register (CRR). As a general rule, any risk with a current (residual) score of 15 or higher is included in the CRR. The CRR is monitored more closely at a higher level of the organisation, than the directorate risk registers.

21. Some risks with a score below 15 may also be added to the CRR if they impact on more than one directorate / department. Risks may also be added to the CRR if the directorate / department where they arose is not able to manage them within their authority and budgets, and requires assistance from the Executive Leadership Team to mitigate them.

22. All new risks should be checked and agreed by the Executive Director of the directorate / department where they arose, before being added to the directorate's risk register. They should also be reviewed by the Risk and Insurance Manager to confirm that the risk score is reasonable. Following this review, risks with a current (residual) score of 15 or higher will be added to the CRR. The decision to escalate a risk scored less than 15 to the CRR should be made by the Assurance Group.

23. Risks may be de-escalated from the CRR to directorate risk registers if there has been substantial progress with mitigating the risk and the risk score has reduced. The decision to de-escalate risks should be made by the Assurance Group. Risks may be closed and removed from risk registers entirely if they are no longer relevant.

Awareness and development

24. The council recognises that the effectiveness of its risk management approach depends upon it being understood and applied by directors and officers.

25. The council is committed to ensuring that all directors, officers, and partners where appropriate, have sufficient knowledge of the council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels. More information can be obtained by contacting the Risk and Insurance Manager.

Conclusion

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

Appendix 1

Summary of roles & responsibilities in the risk management process

Who	Risk Management Role
Cabinet	• Approving the risk management policy including the risk appetite • Ensuring periodic review of the policy is undertaken • Considering risk in its decision making • Receiving reports on significant risk issues
Audit Committee	• Monitoring adherence to the risk management policy • Reviewing risk management policy • Reviewing reports on the council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment • Sharing any concerns regarding risk management with Cabinet
Assurance Group	• Discussing new and emerging risks within the council • Agreeing escalation of significant risks to the corporate risk register, and de-escalation of risks which have been substantially mitigated • Monitoring the progress of actions required to mitigate risks within the corporate risk register and holding colleagues to account • Monitoring how effectively each directorate is managing risks through 'deep dives' into directorate risk registers • Considering whether risk registers accurately reflect the profile of foreseeable risks facing the council • Deciding to close any risks on the corporate risk register which no longer represent a risk to the council
Chief Executive	• Overall responsibility and accountability for leading the delivery of an effective council-wide risk management approach

Who	Risk Management Role
Executive Directors	• Ensuring that risk is factored into all management processes • Ensuring that proposals, business cases, and reports to full council, cabinet and committees are explicit about the expected risks and benefits associated with decisions • Reviewing risk registers for their directorates on a quarterly basis with heads of service • Reviewing new and emerging risks in their areas and approving their inclusion in directorate risk registers • Ensuring that risks identified within their area are managed at the right level, including escalation where appropriate • Driving the development and embedding of effective risk management across their area • Sharing information about emerging risks with other senior colleagues whose services may be impacted by them • Deciding to close any risks on their directorates' risk registers which no longer represent a risk to the council
Chief Financial Officer (Section 151 Officer)	• Ensuring that the council's medium financial plan takes account of the risks identified • Ensuring that there are sufficient, appropriate reserves to meet the council's risks • Ensuring the council's accounts accurately portray the Council's risks, with particular regard to provisions and contingent liabilities
Heads of Service and other managers	• Identifying and assessing risks in their areas of responsibility • Managing risks in their areas on a day-to-day basis, for example by ensuring that action plans are completed • Updating risk register entries for risks which they are responsible for • Escalating risks which they are unable to manage themselves • Communicating the importance of risk awareness and management to their teams and leading by example
Monitoring Officer	• Ensuring that the council's legal and regulatory risks are identified and managed appropriately

Who	Risk Management Role
Risk and Insurance Manager	• Providing guidance, advice & support on the council's risk management approach • Coordinating risk management across the council • Maintaining the central record of the corporate risk register • Arranging risk management awareness, support and training for managers, staff and members • Performing quality and performance checks on risk management documents • Compiling reports as appropriate for the Executive Leadership Team, Assurance Group, Cabinet and the Audit Committee
Head of Internal Audit	• Planning and delivering internal audit reviews which provide independent assurance over the risk management process and system of internal control • Developing a risk-based internal audit plan with input from executive directors and the Audit Committee
All employees (including temporary staff and contractors)	• Understanding their accountability for individual risks in their area of work • Completing any risk mitigation actions which have been allocated to them • Complying with the requirements of corporate policies which address specific types of risk, such as health and safety • Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures • Completing any risk management training relevant to their post

Appendix 2

Risk Management Processes

Risk Identification

2.1 The identification of risk is sometimes the most difficult aspect of risk management, as not all risks are obvious. Officers are therefore encouraged to devote sufficient time and thought to identifying risks in the services they are responsible for.

2.2 A good way to start identifying risks is to think of external and internal factors affecting the organisation and what impact they may have. It is also helpful to think about events that have already happened, but which could recur or continue to have an impact into the future (reactive risk identification). We should also 'scan the horizon' by looking at likely future developments (proactive risk identification). This approach is illustrated in the diagram below which shows some possible sources of risk:

2.3 It is also useful to distinguish between strategic and operational risks. **Strategic risks** concern the long-term strategic objectives of the council. They can be affected by such areas as capital availability, political, legal and regulatory changes, and reputation. They are normally identified at executive level ('top down'). **Operational risks** concern the day-to-day issues that the council faces as in its work. The majority of risks identified will fall into this category. These risks are normally identified at service level ('bottom up'). They can become strategic risks if they are serious enough to imperil delivery of the council's strategy.

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

2.5 Risk is best identified by means of a risk workshop at management team level where each team member is able to share their perspective on risk, although the outputs from this process are then subject to full team review to reach a consensus on the main risks faced by that team. Other risk identification approaches can also be effective, e.g. open discussion at team meetings.

2.6 Risks should be clearly articulated to ensure there is a clear understanding of the risk in terms of cause, event and effect. The best way to describe a risk is in a single sentence, with three sections (if… then…. resulting in….). An example is given below:
If… *we fail to offer colleagues opportunities for training and career development*
Then… *we will have difficulties recruiting and retaining staff*
Resulting in… *staff shortages, low morale and diminished service quality*

2.7 It is important to ensure that what is being identified is actually a risk (an uncertain future event which could prevent the council from achieving its objectives) and not simply an issue (an existing unplanned and unsatisfactory situation) or an incident (an adverse event that has already happened and caused harm or damage).

Scoring of Risk

2.8 In order to estimate the severity of risks in a consistent and objective way there is a standard scoring methodology, taking account of the two distinct aspects of risk:

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

2.9 The scoring methodology is expressed in the 5x5 scoring matrix as attached at Appendix 3. The matrix is accompanied by descriptors for the impact element for different categories of risk. Some risks may fall into more than one category, in which case the impact score selected will be the highest score for any of the descriptor elements (N.B. not all may apply to each risk).

2.10 The risk will be scored in two stages:

Current (residual) risk level: The risk assessment taking into consideration the effectiveness of any existing control measures that are already in place

Target risk level: If the risk requires mitigation, actions will be identified that reduce the likelihood or impact of the risk. A target risk assessment should evaluate what the risk exposure would be once all of the actions have been completed. The target score should not exceed the council's risk appetite; if it does, further actions will usually be needed beyond those already planned.

Choosing how to manage a risk

2.11 Controls are measures which either prevent a risk from materialising or reduce its impact if it does. When assessing a risk, it is necessary to identify the existing controls and consider whether they are sufficient.

2.12 There are four broad approaches to managing risks, and which is most appropriate will depend on the nature of the risk. These are:

Treat	Implement an action plan which will put in place additional controls to reduce the impact and / or likelihood of the risk – the most common approach in public services
Tolerate	Accept the risk because it is already within the level that the organisation is prepared to tolerate, or because the cost of taking action would be disproportionate.
Transfer	Transfer the risk to another organisation, usually in return for payment, e.g. by taking out an insurance policy. It is not usually possible to transfer the risk in its entirety, for example there is usually an excess on an insurance policy, meaning that the policy holder retains some risk.
Terminate	Cease the activity which gives rise to the risk, e.g. by shutting down a service or stopping a particular type of work – this is often not possible in local government as we have statutory duties to provide essential services.

Action Planning

2.13 Once the current (residual) risk score has been calculated, it should be compared against the council's appetite for that type of risk. If the current risk exceeds the risk appetite, it should usually be managed, for example by reducing the risk, trying to eliminate it entirely or transferring it to another organisation.

2.14 In determining the mitigation required to manage a risk, regard must be had to the proportionality of the cost of the mitigation to the impact if the risk occurs, i.e. it would make no sense if the cost of the control exceeded the costs (non-financial as well as financial) of the risk materialising.

2.15 It is also important to consider any risks associated with the proposed mitigation measures. For example, if a service uses paper-based records there are significant risks that they could be mislaid, accessed inappropriately or permanently destroyed by fire or flood. These risks should be eliminated by introducing an electronic records system with access controls and an audit trail. However, there are also risks associated with electronic databases, such as system outages or software becoming outdated, and these risks would need to be identified and managed too.

2.16 To mitigate a risk, a robust and practical action plan is essential. The action plan should be SMART – specific, measurable, achievable relevant, and time-limited.
Specific: it is clear what will be done, e.g. rather than saying “raise awareness”, make clear how this will happen, by producing newsletters and posters, delivering training to staff, etc.
Measurable: it will be clear when the action has been completed and whether it has had the desired effect.
Achievable: the actions are practical and realistic, and do not set individuals or teams up to fail by committing to something that they cannot deliver.
Relevant: the actions directly address the risk and will make a difference if implemented.
Time-limited: there is a deadline for each action.

2.17 All actions should be assigned to a named owner who will be accountable for completing them and recording when they have done so.

2.18 Actions (measures which we plan to take in order to mitigate a risk) should be distinguished from controls (measures which we are already taking). However, once an action has been completed, it becomes a control.

Risk Recording

2.19 All stages of the risk management process should be recorded so that the current status of each risk is clear. The principal way that this is done is through risk registers.

2.20 Risk registers may be stand-alone documents which are produced manually, or be generated automatically from an electronic system, but should always include the following information for each risk:

- Risk description
- Corporate objectives impacted by the risk
- Date that the risk was first identified
- Risk owner *(usually a director or senior manager)*
- Risk trajectory *(whether the score is increased / decreased / unchanged)*
- Existing control measures in place to manage the risk
- Deadline and person responsible for any actions that are required
- Background to the risk
- Directorate/ department where the risk originated
- Date that the risk was last updated
- Risk score *(impact x likelihood, current and target scores)*
- Risk triggers *(what might cause the risk to materialise)*
- Additional actions needed to mitigate the risk further

Risk Ownership

2.21 The effective management of risk requires that each risk should have a named owner (post title). Ownership should be vested at individual post level and not team level.

Risk escalation

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

2.23 Risks should be de-escalated, either when they can be managed at a lower level without regard to senior management, when the residual risk is regarded to be too low to be a matter of concern at the level at which it is currently recorded.

2.24 The Assurance Group will decide when risks need to be escalated to the Corporate Risk Register, or de-escalated down to directorate / departmental risk registers.

2.25 Risks may also be closed if they are no longer relevant to the council, for example because they relate to a service that is no longer provided. A decision to close a risk on the Corporate Risk Register must be taken by the Assurance Group, while executive directors can decide to close risks on directorate / departmental risk registers within their own area of responsibility.

Financial Risk Management

2.26 Transferring risks to third parties is only one of the routes to managing the financial consequences of the risks attached to decisions and situations faced by the Council. The Medium-Term Financial Plan is likely to include greater contingencies to reflect risks attached to savings or uncertainties related to demographic or inflationary pressures. Equally, the Section 151 Officer may decide to create smoothing reserves to reduce the risk on the revenue budget.

2.27 Moreover, the Council will operate with due regard to CIPFA's Financial Management Code to ensure the Council's Medium Term Financial Strategy manages its financial risks appropriately and has adequate governance, capability and capability to identify, assess and its risks in a timely manner.

2.28 Overall, the greater the level of financial risk, the more savings that will be required to grow the reserves to protect the Council's resilience in order to maintain core services.

Risk Monitoring

2.29 A full review of risk should be undertaken on a quarterly basis at all levels of management, i.e. Assurance Group, directorate and team, to ascertain:

- If all relevant risks are included in the risk register;
- If any risks can be closed;

- the progress in implementing agreed actions;
- If residual risk scores should be re-evaluated, e.g. to reflect completed actions.

2.30 Managers should be aware of potential risks at all times and should analyse and start to manage such risks at the point they are identified. Managers should not wait until the next quarterly review to update the risk register if they have identified a new risk, or if they believe that the severity of an existing risk has changed.

2.31 Risk Monitoring should also incorporate the financial considerations (provisions, reserves (& related contingent liabilities) so that there is widespread understanding of the relationship between the risks and their financial impact.

Risk Reporting

2.32 The Assurance Group will, on a quarterly basis, review the council's risk profile, including new and emerging risks, and details of services' residual risks in excess of the council's risk appetite.

2.33 The following metrics should be calculated every three months to track how effectively risk is being managed:

- Risk profile– *risks analysed by score and by category, e.g. financial, quality, environmental*
- New risks added during past quarter
- Risks changing score, including risks to be escalated or de-escalated
- Risks awaiting approval before addition to the risk register
- Risks closed during the past quarter
- Risks overdue for review
- Risks which have gone for more than 12 months without reaching their target score
- Number of staff trained in risk management

2.34 The Corporate Risk Register will be reported to Cabinet on a quarterly basis as part of the Combined Performance Report.

2.35 Directorate / departmental risk registers will be maintained in the directorates and discussed at management meetings within those directorates / departments. The Assurance Group will complete a 'deep dive' into each directorate's risk registers at least once a year.

2.36 In addition to its inclusion in the quarterly performance monitoring reports, a risk management report will be provided to the Audit Committee twice yearly so that the committee can fulfil its oversight function.

2.37 Reports provided to Cabinet and the Audit Committee should highlight exceptions, including new risks, risks which have been closed, risks which have significantly increased or decreased, and risks which have failed to reach their target score for a prolonged period. They should also provide context and explanations for any significant movement in corporate risks.

2.38 Provisions and contingent liabilities in the Statement of Accounts are two of the main mechanisms by which the Council reports its risks, as the Council needs to ensure its Accounts represent a true and fair picture to its readers (taxpayers, the government, suppliers, customers and other interested parties).

Risk Management in other Business Processes

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

- **Decision making**

  It is critical for effective decision making that the decision makers, whether they are officers or councillors, are provided with details of the risks associated with each proposal being considered.

- **Service planning**

  As with SLT decision making it is critical that senior managers and ultimately directors understand the risks associated with the plans being designed by the council at the point of design.

  - Service plans should have a risk section and require the service to identify risks and how they will be managed.
  - Presentations to SLT on budget proposals should highlight key risk issues.

- **Project management**

  Risk (and issue) management is a key element in delivering an effective project management methodology.

- **Contracts and collaborative relationships**

  Effective contract and relationship management is of vital importance.

- **Business continuity planning**

  It is important for the council to establish business continuity management arrangements to ensure that it can continue to deliver business critical services if business disruption occurs.

- **Clear policy guidance including but not limited to:**

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

  Anti money laundering policy & **Anti-fraud and corruption policy** which provide guidance on officer responsibility regarding money laundering, fraud and corruption as well as the importance of reporting it.

  Financial Regulations, Financial Procedures & various other statutory and non-statutory financial policies give structure to decision-making and define processes, protecting the Council and the individual from inappropriate action. They also require individuals to assess the level of risk and the appropriateness of that to the decision undertaken.

Appendix 3

Scoring matrix

Impact							
	Very High	5	**5**	**10**	**15**	**20**	**25**
	High	4	**4**	**8**	**12**	**16**	**20**
	Medium	3	**3**	**6**	**9**	**12**	**15**
	Low	2	**2**	**4**	**6**	**8**	**10**
	Negligible	1	**1**	**2**	**3**	**4**	**5**
			1	2	3	4	5
			Highly Unlikely	Unlikely	Possible	Likely	Probable
			Likelihood				

Colour	Score	Detail
Red	15 +	Risks scored here represent a severe threat to the delivery of the Council's objectives and service delivery. Risks scored at this level should be treated as a priority and actions identified to address the risk. Such risks should be escalated through the management reporting line to the Assurance Group. Reporting on progress will be required quarterly to Assurance Group and Cabinet, and twice yearly to Audit Committee.
Amber	6 to 12	Risks scored here represent a moderate threat to the delivery of the Council's objectives and service delivery. They are recorded in directorate / departmental risk registers and should be reviewed at least quarterly by the directorate's management team. The Assurance Group will perform a 'deep dive' into each directorate's risk register at least once per year. Risks in the amber range may be escalated to the Corporate Risk Register by the Assurance Group, if they have organisation-wide implications and cannot be managed by the service alone. These will be monitored quarterly by Assurance Group and reported to through to Cabinet and Audit Committee.

Colour	Score	Detail
Green	1 to 5	Risks here represent a minor threat to the delivery of the Council's objectives and service delivery and are within the risk appetite. Review is required to ensure risk score has not increased, however these risks can be managed at operational / service level.

Impact guidance

The following table provides examples for the scoring of the impact of a risk:

	Negligible 1	Low 2	Medium 3	High 4	Very High 5
Corporate Priorities	Insignificant disruption to corporate priorities	Minor disruption to corporate priorities, e.g. failure to achieve a KPI for up to three months	Moderate direct effect on corporate priorities, e.g. some targets or KPIs not met for up to six months	Major disruption to corporate priorities, e.g. consistent failure to achieve targets or KPIs for up to a year	Critical long-term disruption to corporate priorities, e.g. lasting for more than one year
Environment	Negligible environmental damage with no impact on the community and which requires no action by the council	Minor environmental damage which may have an impact on the community but can be repaired by nature and which requires no action from the council	Moderate environmental damage which should not have a lasting impact but requires corrective action by the council	Serious environmental damage, such as discharge of pollutants, which causes concern to the community and requires significant remedial action, possibly involving other agencies	Serious environmental damage which has a long-lasting or permanent impact on the natural environment
Financial	<£50k financial loss to the council	<£250k financial loss	<£500k financial loss	<£1million financial loss	>£10 million financial loss
Legal	Minimal probability of legal action against the council	In-house advice sought regarding potential legal implications of a decision or event	Advice of external legal team required to assess potential legal risks and course of action	Significant potential for criminal prosecution or civil litigation	Criminal prosecution is anticipated, or civil litigation for which an adverse outcome is likely
People and Safeguarding	Slight injury or illness not requiring any medical treatment	Minor injuries affecting an individual	Minor injuries affecting more than one employee, or individual for whom the council has a responsibility	Serious injury of an employee, e.g. requiring hospitalisation; or mistreatment and abuse of an individual for whom the council has a responsibility	Death or life-changing injury of an employee or individual for whom the council has a responsibility; or serious mistreatment / abuse of an individual for whom the council has responsibility resulting in criminal charges

	Negligible 1	Low 2	Medium 3	High 4	Very High 5
Project Management	Minor delays or budget overspends which can be rectified within the current project stage; no threat to delivery of the project on time and to budget or to achievement of the project's desired outcomes	Minor delays or overspends affecting more than one stage or workstream in the project, but which combined do not threaten the overall delivery of the project or achievement of its desired outcomes	Slippage causing significant overspends or delay in achieving project milestones, but which does not threaten the overall delivery of the project and achievement of its desired outcomes	Slippage causing significant overspends or delay in achieving key project milestones; and threatening the overall delivery of the project, and achievement of one or more of the project outcomes.	Project failure resulting in delays of over one year, financial pressures for the council as a whole, or cancellation of the entire project
Regulatory	Minimal likelihood of any action by a regulatory agency other than routine enquiries	Increased frequency of enquiries and communication from regulatory agency	Concerns about quality or governance trigger a regulatory inspection of council services	Critical findings published by a regulatory agency following an inspection or assessment; failure to act on previous regulatory recommendations	Prosecution or enforcement action initiated by a regulatory agency; government intervention into management of the council
Reputation	Isolated critical comments in local press or social media	Short-term and limited loss of confidence among the public or partner organisations relating only to an individual service	Significant public or partner interest with limited potential to damage perceptions of the council as a whole; dissatisfaction reported through complaints process; some local media or social media interest	Serious potential to damage the council's reputation and the willingness of partner organisations to work with the council; dissatisfaction frequently reported through complaints process or to elected members and MPs; frequent adverse commentary in local press and social media	Serious long-term damage to the council's reputation or relationships with partner organisations; intense adverse coverage from local and national media; viral social media content targeting the council
Service provision	Minimal impact on services which is unlikely to be noticed by service users or the general public	Very limited impact on service provision that can be managed within normal working arrangements	Noticeable impact on service provision, which may require additional resource to put right but is manageable in a reasonable time frame.	Severe effect on service provision which may require substantial extra resources to put right, but does not require a change in strategy or service delivery model	Extremely severe disruption affecting multiple and / or critical services, with a prolonged impact. Resolution of the problem may require fundamental change to the service and major expenditure. Likely to result in close external scrutiny or regulatory action.

Financial Impact

The financial impact refers to the total impact but where the impact is annual, please consider it to refer to the financial effect over the life of the Medium Term Financial Plan, which is 5 years.

Likelihood Guidance

While a percentage is given, it is worth noting that a percentage estimation is an individual's interpretation of the likelihood of such an event or situation taking place. Ultimately, it is still a qualitative judgement call as to the level of likelihood that the risk materialises.

The table below provides explanations for the scoring of likelihood.

	Percentage	Qualitative Description
Highly Unlikely 1	< 1% (one in a hundred)	Less than a one in a hundred-year event. Only if the event is even close to 1% and the risk have a major impact would one consider providing for such risk.
Unlikely 2	1 to <10% (one in a hundred to one in ten)	It is unlikely but you should be aware of the risk. If measures exist to mitigate it and it is cost effective, you will need to do something about it. However, risk may well be tolerated at this level.
Possible 3	10 to <25% (one in ten to one in four)	It is something you will be actively monitoring, and you will have at the very least considered options how to respond to such an event or how to transfer the risk in relation to such an event.
Likely 4	25% to <50% (one in four to one in two)	This item is not only likely to happen but you should have, or be preparing, a strategy to tackle such an outcome.
Probable 5	50% + (more than a one in two)	It is more likely to happen than not. You need to prepare for such an event.

Appendix 4

Risk Appetite Statement

Our approach to risk

Risk is ever-present for local authorities delivering essential public services, especially so during times of major change. Risks affecting the council need to be identified, assessed and controlled in the interests of people who use our services, our workforce, and the whole community in Norwich. Furthermore, elected members need to be assured that the measures in place to control these risks are working in practice.

At the same time, we are ambitious for our city. These ambitions are outlined in our community-led plan for 2024-29, We Are Norwich, which is based around five main themes: an open and modern council; a prosperous Norwich; a fairer Norwich; a climate-responsive Norwich; and a future-proof Norwich. Fulfilling some of the objectives of this plan will require investment, use of new technology, or new ways of working. We are also determined to pursue the option of a unitary Greater Norwich council through local government reorganisation.

As a council, we are risk-aware rather than risk-averse. We are willing to take risks in pursuit of opportunities that will benefit local people, providing that we have a good understanding of the risks and their implications, and we have systems in place to monitor and control them. We are clear about the level of risk that we are willing to accept, and we monitor and manage our risks to ensure that they do not exceed this level.

Our risk appetite

Risk appetite is defined as a decision about the level of risk that an organisation is prepared to accept, after balancing the potential opportunities and threats a situation presents. It takes into account the potential benefits of innovation and the threats that change inevitably brings. We have described our appetite for each of the five main types of risk facing public sector organisations: quality of service; financial; regulatory; workforce; and reputational / relationship risks.

Quality of service

We are **open** in our approach to risk. This means that we support innovation in service delivery, and we are prepared to accept the possibility of a short-term impact on quality outcomes in pursuit of longer-term improvements. However, this excludes risks which would adversely affect the safety and wellbeing of people who use our services and our staff, or the integrity of the democratic process, for which our appetite would be **minimal.**

Financial

In managing our resources, we are **open** to risk. This means that we are willing to accept some financial risks in order to provide high quality and modern services and to promote regeneration and economic development. We mitigate these risks by adhering to a robust framework of financial controls. We are committed to achieving value for money but recognise that the most economical option is not always the most efficient or effective.

Regulatory

As a responsible public sector organisation, we aim for full compliance with all relevant legislation and regulations. Several important areas of our work are subject to external inspection and regulation, including social housing, and health and safety. We have a **minimal** appetite for regulatory risk. This means that we will avoid any decisions that may result in heightened regulatory challenge unless essential.

People (Workforce)

We take a **risk aware** approach. This means that we are willing to take some risks which may have implications for the workforce, in order to provide the best services for local people and meet our legal and financial obligations. We manage these risks through adherence to our human resources policies and processes. We recognise that organisational change and new working practices can be disruptive in the short-term, but can benefit staff in the longer term, for example by creating new opportunities and developing skills and experience.

Reputation and Relationships

We are willing to **risk aware** in pursuing what is best for our city. By this, we mean that we are prepared to take important, far-reaching decisions which may attract external scrutiny or opposition. To manage this risk, we will engage in open, constructive dialogue with stakeholders both inside local government and outside, and we will clearly explain the benefits of what we propose.

The risk appetite is also summarised in the table below:

Risk category	Description	Risk appetite	Maximum target score for this type of risk
Quality of service	Risks affecting the performance and standard of services as measured by key performance indicators and feedback from people who use them	**Open** (most risks) **Minimal** (risks affecting the safety and wellbeing of service users or the integrity of the electoral process)	9 4
Financial	Risks affecting the council's ability to achieve its budget in the financial year or its long-term financial viability	**Open**	9
Regulatory	Risks affecting compliance with laws, regulations and professional standards; risks involving litigation or prosecution	**Minimal**	4

Risk category	Description	Risk appetite	Maximum target score for this type of risk
People (workforce)	Risks involving restructuring, recruitment and retention, training and development, working practices and staff engagement	**Aware**	12
Reputation / relationships	Risks affecting public perception of the council and its policies; risks affecting its relationships with partner organisations in the public, private and third sectors	**Aware**	12

Document control

Version	Author	Date	Summary of changes
V1.0	G Jones	3/2021	Merge of policy & strategy & removal of LGSS references and old templates
V1.1	H Simpson	06/2021	Introduction wording & foreword
V1.2	H Simpson	09/2021	Inclusion of feedback from IA manager including: Clarification on residual and target risk Risk appetite
V1.3	G Robinson	09/2023	Adjustments in relation to Internal Audit service structure (joined Shared Service via S. 113 agreement) Treatment of risk and provisions Explanation of likelihood Commentary on risk escalation / de-escalation
V2.0	J Roberts	04/2025	Adopted ISO 31000 definition of risk and risk management Updated references to Code of Corporate Governance (2022 edition) Drafted and added risk appetite statement Adjusted threshold for ‘red’ risks from 16 to 15 Introduced role of Assurance Group in risk review Introduced new post of Risk and Insurance Manager, within roles and responsibilities Additional guidance re: risk description, scoring and action planning Creation of key performance indicators for risk management process Various minor changes to text for clarity and changes to the order of sections within the document

Next review date:	September 2028