

# Risk and Opportunity Management Strategy

## June 2023

<b>Title:</b>	Risk and Opportunity Management (ROM) Strategy.
<b>Purpose:</b>	Outlines the ROM Strategy for Thurrock Council.
<b>Owner:</b>	Andy Owen, Corporate Risk & Insurance Manager
<b>Approved by:</b>	N/A
<b>Date:</b>	June 2023
<b>Version:</b>	1.11
<b>Status:</b>	Draft
<b>Review Frequency:</b>	Annual
<b>Next Review Date:</b>	June 2024
<b>Consultation:</b>	N/A

<b><u>Title</u></b>	<b><u>Page No.</u></b>
Introduction and Definition of Risk and Opportunity Management	3
Risk and Opportunity Management Strategy	4
Risk and Opportunity Management Policy Statement	4
Risk and Opportunity Management Framework	5
Overview of ROM Across the Council	5
Corporate Risk Team	6
Risk Appetite	6
Risk Maturity	6-7
Intervention and Best Value Inspection	7
Risk and Opportunity Management Improvement Plan	8
Thurrock Risk and Opportunity Management Process	9
- Identification	9-10
- Evaluation, including Risk & Opportunity Matrix	10-11
- Response	11-12
- Review, including Recording and Reporting	12-13
Risk and Opportunity Escalation	14-15
Guidance, Education and Training	16
Integration with Performance, Control & Assurance Frameworks	16
Roles & Responsibilities	16
Annex A - Criteria Guide for Impact and Likelihood	17-18
Annex B – Governance, Roles/Responsibilities and Reporting Structure for ROM	19

## Introduction and Definition of Risk and Opportunity Management (ROM)

Risk and opportunity management describes the planned and systematic approach used to identify and manage the whole range of business risks and opportunities facing an organisation and the achievement of its objectives.

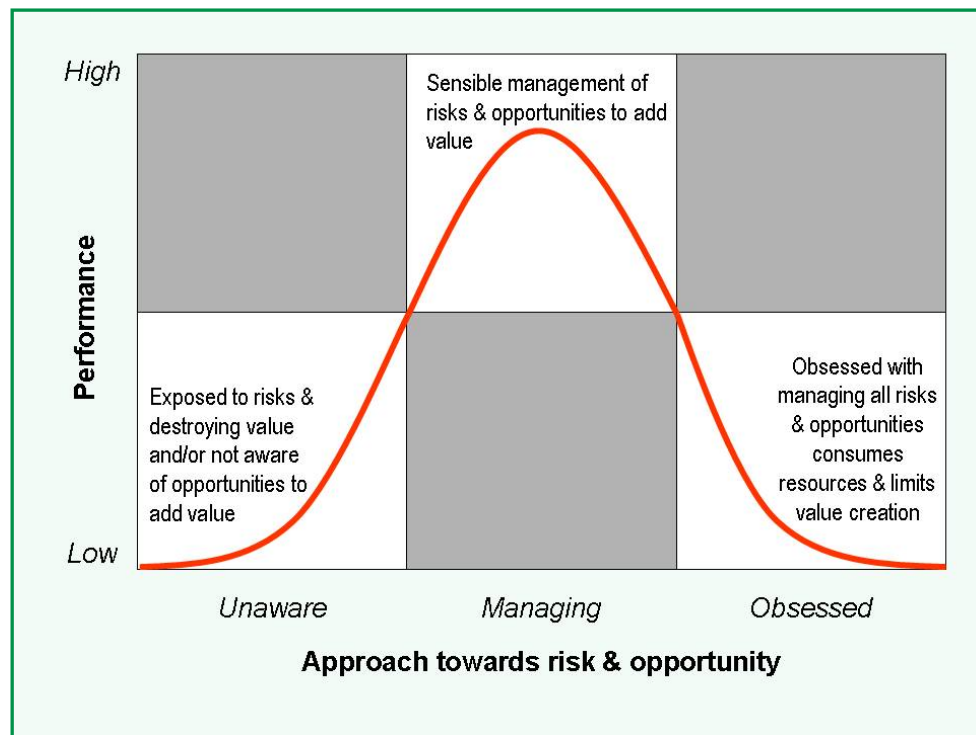
Thurrock Council's definition of Risk and Opportunity Management is:

***“The planned and systematic approach to identify, evaluate and manage the risks to and the opportunities for the achievement of objectives”***

The council's statement compliments the definition of risk and/or the context of risk management outlined in the various standards and guidance produced, including ISO31000 and the Association of Local Authority Risk Managers (ALARM).

The strategy outlines the council's approach and the principles of risk and opportunity management, identifies the people responsible for the management of risk and opportunity and promotes a culture of risk and opportunity management across the council. The strategy is one part of the risk and opportunity management framework.

The Council's approach for risk and opportunity management is designed to ensure that the key risks to and the opportunities for the achievement of objectives are identified and managed. Too little awareness and management of these key issues can impact on performance but an obsessive level of management of all possible risk and opportunity could easily overwhelm the Council.



*Sensible management of risk and opportunity to add value*

Between these two extremes is a balanced area of high performance through the sensible management of risk and opportunity and this is the status the Council aims to achieve through implementation of its risk and opportunity management strategy and framework.

## ROM Strategy

The strategy explains the council's approach and outlines the principles of risk and opportunity management, clarifies the roles and responsibilities for ROM and demonstrates its intention to develop the maturity of risk and opportunity management across the organisation

The aim of the ROM Strategy is to support the delivery of strategic and operational objectives through effective management of risks and opportunities across the council's functions and activities, and the organisation will achieve this by:

- Raising awareness of the need for ROM across the organisation.
- Embedding effective risk and opportunity management into the culture of the council.
- Managing risk & opportunity in accordance with good practice & sound governance principles
- Managing the risks and opportunities facing the organisation and to the achievement of strategic and operational priorities and objectives.
- Integrating the practice of ROM into the council's decision-making, business planning and performance management arrangements to support and inform the processes.
- Proactively anticipating and responding to new/emerging risks and opportunities that may impact on the delivery of objectives (e.g., changing social, economic, political, environmental legislative and technical requirements).
- Minimising the adverse effects and/or likelihood of risks arising and maximising the beneficial effects and/or likelihood of opportunities occurring.

Through a robust and systematic approach to risk and opportunity management, which is embedded throughout the organisation, the council will:

- Enable officers and members to fully understand the event, cause and effects of the risks and opportunities faced by the council, and in turn make more informed decisions on how best to respond to or manage these situations.
- Allow officers to analyse and prioritise risks/opportunities and inform decisions on the management, escalation and communication of the significant items identified.
- Reinforce officers' understanding of risks/opportunities and the assignment of responsibilities for the management of the scenarios.
- Provides senior managers and members with the assurance that risks and opportunities are considered and managed across the organisation, and where necessary the risks and opportunities are escalated for their input and guidance.

## ROM Policy Statement

Thurrock Council its Members and Senior Leadership Team have signed up to the following statement regarding risk and opportunity management:

- Risk and opportunity management behaviours and practices will be embedded into all Council activities, including those with partners.

This strategy sets out the Council's commitment to managing risk and opportunity effectively across the business, and the standards we expect across the organization.

To maximise the effectiveness of our risk and opportunity management arrangements we will ensure:

- There is a commitment from the highest level to the consistent application of the agreed risk and opportunity management approach across the organization.
- We have an environment that will allow the effective management of risk/opportunity to grow and develop; and
- Our people have the skills and knowledge they need to fulfil their risk and opportunity management responsibilities.

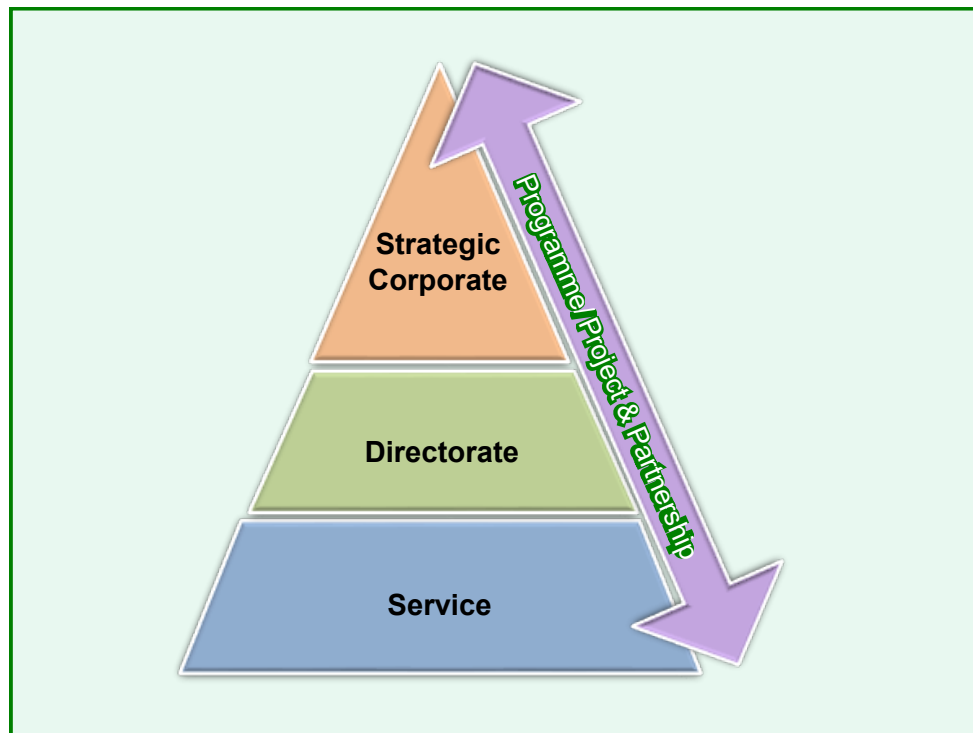
## ROM Framework

The Council are committed to ensuring risk and opportunity management is embedded across the organisation. For risk and opportunity management to be successful, it is important that there is an agreed and flexible approach for the management of business risk and opportunity, adopted through all levels of the organisation. The strategy is one part of the overall framework and key elements include:

- Risk Management Strategy and Policy (including governance and accountabilities)
- Risk Management Methodology
- Risk Management Tools, Guidance and Training Programme to support the methodology.

Our approach is to ensure that the discipline of effectively managing risk and opportunity is integrated throughout the organisation and involves all key stakeholders. The information will be updated in line with the implementation of the strategy to ensure developments are appropriately incorporated in the framework.

## Overview of ROM Across the Council



*Risk and opportunity management levels*

Primarily, members and senior leaders of the organisation will be focussed on the strategic and business critical risks and opportunities that could impact on the achievement of objectives or successful delivery of outcomes.

More detailed business operations risks and opportunities will be the primary concern of directorates, services and functions, where managers will be controlling and monitoring their risks/opportunities. and escalating these to a higher level if they are no longer containable and manageable at a functional level. Programme, project and partnership risks and opportunities can exist at any of the levels and are managed through programme, project and partnership management arrangements.

Frequent management of risk and opportunity takes place across all levels of the organisation and the governance and reporting arrangements for risk and opportunity management are outlined in Annex B, page 19 of this strategy.

## Corporate Risk Team

The Corporate Risk Team is based within the Finance Directorate. The Corporate Risk Team develop and establish the ROM framework for the organisation and ensure it is in line with industry standards and requirements. The Corporate Risk Team provide support for the delivery of the ROM strategy and develop procedures, tools, guidance and training programmes to help embed the practice across the organisation.

## Risk Appetite

Risk appetite is defined as:

***‘The amount and type of risk that an organisation is willing to take in order to meet its objectives.’***

Thurrock Council recognises that risk is inherent in delivering and commissioning services and does not seek to avoid all risk, but instead aims to have a sensible approach to risk, appropriately balancing risk against reward, with risks managed in a proportionate manner.

Local government organisations are facing increasing demand and financial challenges, and this environment subject authorities to potential greater risk, and therefore it is likely that the council will need to accept higher levels of risk to achieve its objectives. This will require an approach that allows flexibility and support for well-informed and considered risk taking, promoting transparency and effective risk management, while maintaining accountability. While risks defined as ‘High’ are to be managed down to a tolerable level wherever possible, it is important that risks across the Authority are not over-controlled.

The Council provides a wide range of functions and services, and as a result it is difficult to establish a single ‘risk appetite’ for the whole organisation. The council recognises that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply. However, examples of risks that would be seen as intolerable are those that could:

- Negatively affect the safety of service users, residents or employees.
- Have a damaging impact on our reputation.
- Lead to breaches of laws and regulations.
- Endanger the future operations of the council.

To further help managers in understanding what risks are acceptable, our appetite for risk is implicitly defined within our standard for determining risk levels (see risk & opportunity matrix on page 11). Risks rated as “High” (12 to 16) will be considered to have exceeded tolerance levels and will be subject to escalation to the next management level for review and appropriate action. The forecast residual rating for a risk is expected to be ‘Medium’ (6 to 9) or ‘Low’ (1 to 4). In the event this is not considered to be realistic in the short to medium term, the evaluation will be discussed as part of the escalation process, and the position regularly monitored and reviewed with the aim of managing the level of risk to a tolerable level.

## Risk Maturity

All organisations as well as the council are embedding the practice of risk management and risk maturity refers to how well-established risk management is as a discipline across the business. The council continues to review our current risk and opportunity management capability to help direct resources to areas that need further development and improvement.

A risk maturity assessment measures an organisation's processes according to good practice. This establishes the organisation's 'risk maturity level' and helps identify areas for improvement. A self-assessment using the ALARM National Performance Model for Risk Management in Public Services was undertaken in March 2023.

The key areas for improvement identified from the assessment include:

- Raise ROM awareness and improve engagement (both staff and members).
- Build capacity/resource for ROM across the council.
- Further embed ROM across the Council at Strategic and Operational levels (i.e., Strategic, Corporate, Directorate, Service, Projects & Partnership).

The council recognises that risk and opportunity management is a journey and aims to continue to improve, embed and integrate the practice of ROM across the authority and achieve this through the delivery of the revised ROM strategy and framework.

To provide independence and objectivity the council are to consider alternative models for the Risk Maturity assessment and plan to introduce a revised approach for the next review.

## Intervention and Best Value Inspection

On 02 September 2022, the Department of Levelling Up, Housing and Communities (DLUHC) announced directions to implement an intervention package at the Council.

The intervention involved the appointment of Commissioners to oversee the council's financial management and to undertake a Best Value Inspection of the governance, audit, risk management and overview & scrutiny functions.

On the 19 December 2022 the Council's Acting Director of Finance & Section 151 Officer issued a report under Section 114 of the Local Government Finance Act 1988, which highlighted the extremely serious nature of the financial situation facing the Council.

On the 23 December 2022, the Acting Chief Executive issued a public response to acknowledge the scale of the financial challenge, the action needed to put the Council on a secure long term financial footing, the levers available to mitigate the gaps and the exceptional financial support required from government to support the budget position.

The Council has engaged with the Commissioners under the inspection process and continues to work with them and DLUHC to address the financial position and deliver the Improvement and Recovery Plan to manage the situation.

The Best Value Inspection report was published 15 June 2023. The key areas for improvement for risk management identified in the report included:

- Improve engagement of leadership and management in risk management
- Review the risk management policy and strategy to incorporate:
  - A comprehensive statement of how risks are managed to ensure that all ROM practices are subject of consideration by management and members.
  - An explanation on how risks are scored and how risks with a particular score are reported.
  - Details of the council's appetite for risk, including how the risk appetite is set.
- Review the approach for the annual risk maturity assessment and evaluation.
- Review risk reporting arrangements to members to ensure up to date risk/opportunity information is presented in an appropriate time frame and format.

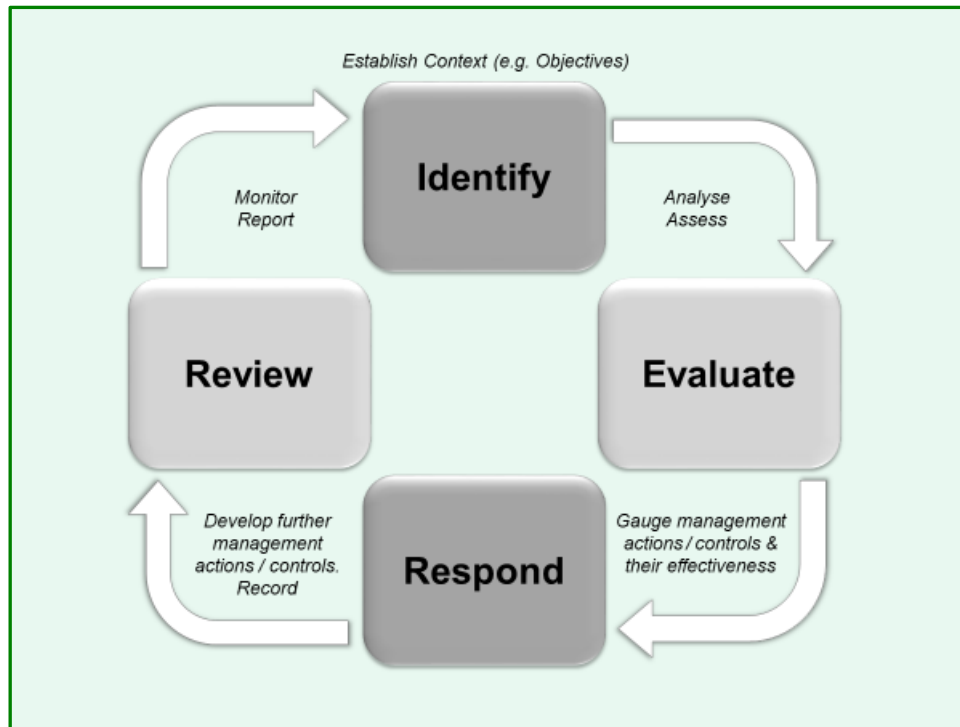
## ROM Improvement Plan

The information from the assessment against the ALARM National Performance Model for Risk Management in Public Services, along with the findings and recommendations for risk management contained in the Commissioner's Best Value Inspection Report has formed the basis for developing the plan for improvement. The key areas for improvement are summarised in the following table:

Area	Summary of Plans over the next 12 months
<b>ROM Strategy and Framework</b>	<p>Review and update strategy and framework to address the improvement elements identified in the BV Inspection report and the self-assessment against good practice.</p> <p>Develop tools, guidance training programme for members and officers to support the delivery of the ROM strategy and framework.</p> <p>To provide independence and objectivity commission alternative model for the next Risk Maturity assessment. Revise strategy to address any improvement opportunities identified from the assessment.</p>
<b>Strategic/Corporate Risk and Opportunity Register and Risk Appetite</b>	<p>Commission consultants to undertake a facilitated workshop with Senior and Directorate leads to engage and discuss ROM, to refresh the Strategic/Corporate Risk &amp; Opportunity Register and to establish risk appetite.</p> <p>Develop a structured mechanism to monitor and report risk appetite exceptions.</p> <p>Develop and establish revised reporting arrangements and approach for the ongoing monitoring and review of the register.</p>
<b>Build ROM Capacity</b>	<p>Build capacity in the Corporate Risk Team through Finance Directorate Restructure and recruit staff to support the delivery and development of the ROM strategy and framework.</p> <p>Establish Directorate/Department ROM Coordinators to build capacity and support the embedding of ROM across the council, including:</p> <ul style="list-style-type: none"> <li>- the delivery of the ROM Strategy and framework</li> <li>- the development/implementation of ROM IT system</li> </ul> <p>Develop/implement tools, guidance and training programme (for officers and members) to build capacity for ROM across the organisation and to support the delivery of the ROM strategy and framework.</p>
<b>ROM IT System</b>	<p>Continue to embed risk and opportunity reporting and plan to move away from Word based R&amp;O registers to technology-based solution.</p> <p>Commission, develop and implement ROM IT system to provide the basis for the recording and reporting of risk and opportunity information at Strategic/Corporate and Directorate/Service levels.</p> <p>Develop training programme to support the rollout of the system.</p>

The ROM improvement plan forms the basis of the project under the Governance & Scrutiny Theme of the Improvement and Recovery Plan. Delivery of the project plan is regularly reviewed and monitored by the Governance & Scrutiny and the Improvement & Recovery Boards through the programme management arrangements for the Improvement and Recovery Plan.





*Risk and opportunity management process*

The risk and opportunity management process adopted at the Council is broadly based on the standards and good practice guidance for Risk Management (e.g., ISO31000, ALARM)

The process is cyclical and applied on a regular basis to help identify and new or emerging risks/opportunities and to embed the practice into the culture of the council. The process begins by establishing the context (e.g., objective, outcome, activity) to enable the risks/opportunities to be identified and evaluated.

An appropriate time for considering new and emerging risk and opportunities is at the business or project planning phase, as risks/opportunities should be identified, which could impact on the achievement of the objectives set out in the plans.

**Identification**

A risk or opportunity is an uncertainty that could have adverse or beneficial effects on the achievement of objectives. The initial stage of risk and opportunity management sets out to identify the exposure to these uncertainties. This requires knowledge of the Council and its services, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including the factors critical to success and the achievement of objectives.

The council is exposed to a wide range of risks/opportunities and it is clear that only those items which have been identified can be managed, therefore the more comprehensive the approach to identification, the better placed the service will be to manage risk and opportunity.

The tables below outline some of the key categories of risk and opportunity facing the Council. The categories are neither prescriptive nor exhaustive but provide a prompt for identifying a broad range of risks/opportunities facing the Council and draws on identification techniques such as PESTLE (Political, Economic, Social, Technical, Legal, Environmental) and operational analyses.

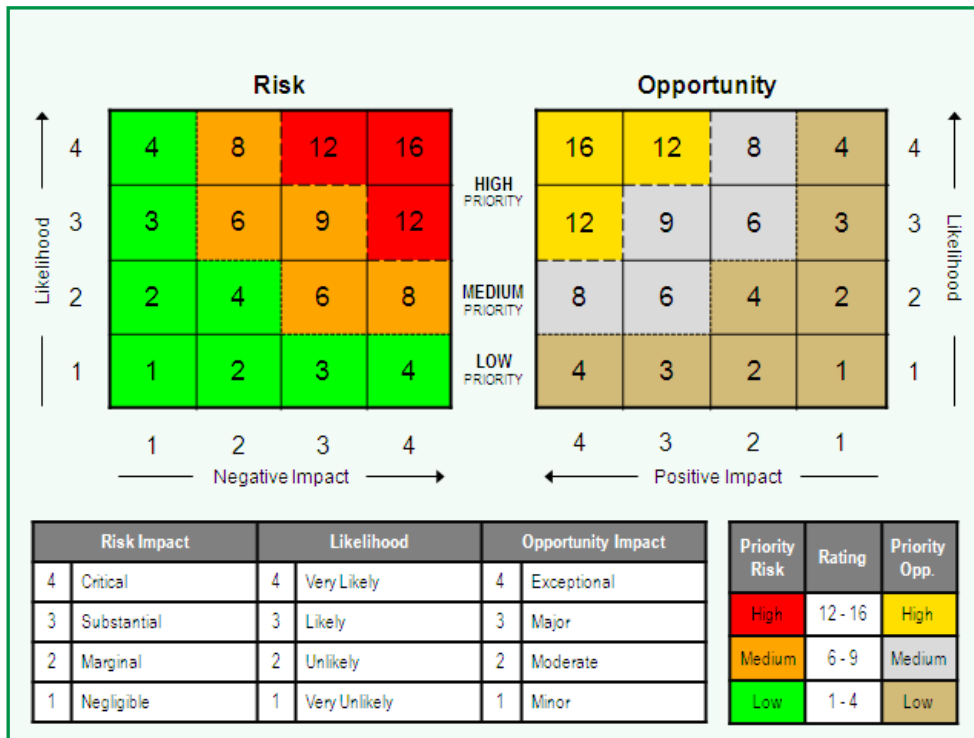
<b>Political</b>	Arising from the political situation - e.g., Effects of change of government policy, national or local political pressures or control, meeting the administration's manifesto commitments
<b>Economic / Financial</b>	Arising from the national, local and organization specific economic and the financial planning and control framework - e.g., Effects of the economic situation on the ability to deliver objectives; Associated with accounting and reporting, internal financial delegation and control
<b>Social</b>	Arising from national and local demographics and social trends - e.g., Effects of changes in demographic, residential and social trends on ability to deliver objectives.
<b>Technological</b>	Arising from technological change and organizational technological situation - e.g., Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands
<b>Legal / Regulatory</b>	Arising from changes to legislation and/or possible breaches of legislation; Current and potential legal changes and the organisation's regulatory information - e.g., Effects of change of UK and regulatory changes; Legal challenges, corporate liabilities, contractual liabilities, and employment disputes. Compliance with the Equality Act & PS Equality Duty.
<b>Environmental</b>	Arising from inherent issues concerned with the physical environment - e.g., Environmental effects of progressing strategic objectives (i.e., climate change, energy efficiency, pollution, recycling, emissions etc.)
<b>Competitive</b>	Arising from the organisation's competitive spirit and the competitiveness of services, etc. - e.g., Affecting the competitiveness (cost & quality) of the service and ability to deliver value for money and general market effectiveness.
<b>Customer / Citizen</b>	Arising from the need to meet current & changing needs or expectations of customers and citizens - e.g., Satisfaction of customers, citizens, and other stakeholders
<b>Managerial / Professional</b>	Arising from the need to be managerially/professionally competent - e.g., Issues inherent in professional work such as assessing vulnerable children/adult welfare, designing structures or recruitment/retention of appropriate staff and workforce development.
<b>Partnership / Contractual</b>	Arising from partnerships and contracts - e.g., Supply chain management, failure of contractors to deliver services or products to the agreed cost & specification. Procurement, contract and relationship management. Partnership arrangements and management.
<b>Physical</b>	Arising from physical hazards or possible gains associated with people, land, buildings, vehicles, plant & equipment - e.g., Health, well-being, safety of people; Security of land and buildings; Safety of plant and equipment.
<b>Other e.g., Reputational</b>	Arising from potential negative publicity which impacts on service user and public confidence in the Council

## Evaluation

Once identified, each risk and opportunity are assessed and evaluated a score for both impact and likelihood, the combined outcome of this provides the rating. To ensure consistency and the ability to compare and report on the various levels of risk/opportunity the council uses a 4x4 risk and opportunity matrix and a common set of criteria to assess the likelihood of the event occurring and the impact if it was to happen. See risk and opportunity matrix on page 11 and the Criterial Guide for Impact and Likelihood under Annex A, pages 17 to 18 for further reference.

Each item identified will initially be evaluated for its inherent (gross) level of risk/opportunity. That is assuming the absence of any controls and/or management actions. Its significance will be judged in relation to its impact and likelihood. The item will then be re-evaluated for its residual (net) level of risk/opportunity using the same factors but taking into account the controls and/or management actions already in place which affect the likelihood and impact.

The 4x4 matrices and the Criteria Guide for Impact and Likelihood are used to evaluate risk and opportunity. The impact of risk is expressed in terms of Critical, Substantial, Marginal and Negligible, and the impact of opportunity is expressed in terms of Exceptional, Major, Moderate and Minor. The likelihood of risk/opportunity is expressed in terms of: Very Likely, Likely, Unlikely and Very Unlikely



Risk and opportunity matrix

The model defines the 'High' priority items that require management focus and for risk include a line of tolerance. Any risk above the tolerance line will be escalated to the next management level for attention (see Risk Appetite page 6 for further reference). Risks with an overall rating of 12 to 16 will be regarded as principal risks and through the escalation arrangements considered by Senior Leadership Team for inclusion in the Strategic/Corporate Risk and Opportunity Register.

In addition, risks with a high impact score of 4 (Critical) with a low likelihood score of 2 (Unlikely) or 1 (Very Unlikely) can be put forward by Director, Directorate Management Team or Senior Leadership Team for inclusion in the Strategic/Corporate Risk and Opportunity Register, as it is recognised that these risks with a 'Critical' impact despite the level of controls/mitigation in place could suddenly become a priority concern and therefore require oversight at the higher level.

## Response

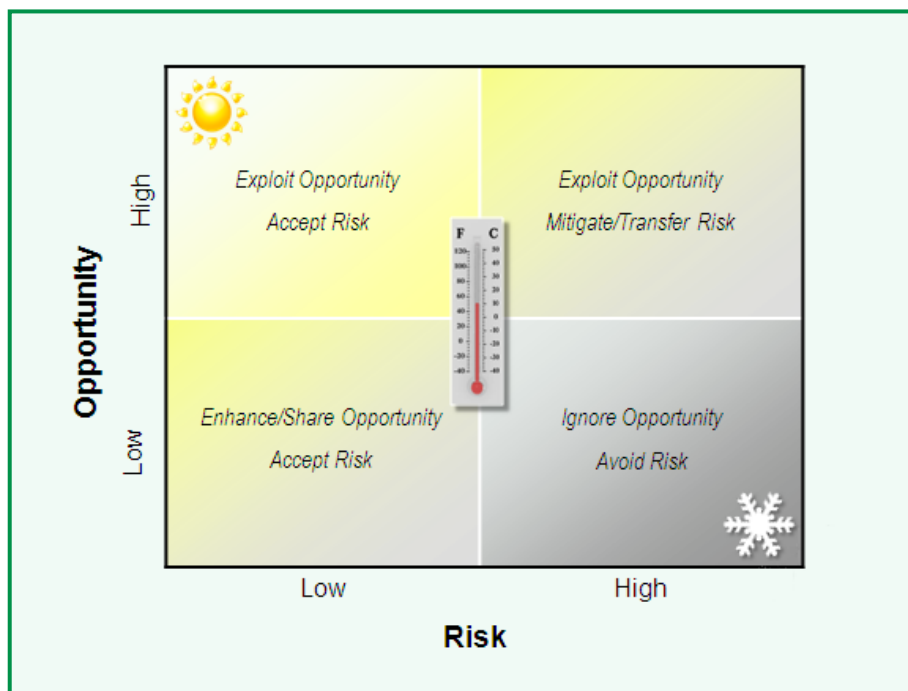
Following identification and evaluation the response strategies for the high, medium and low priority risk/opportunities are determined and the manage response arrangements established to address the items. The management response options include one or more of the following:

Risk Management Response Strategies	Opportunity Management Response Strategies
<p><b>Mitigate</b> - Reducing the size of the risk in order to make it more acceptable by reducing the likelihood and/or impact.</p> <p><b>Accept</b> - Recognizing that some risks must be taken and responding either actively by allocating appropriate contingency arrangements or passively doing nothing except for monitoring the status of the risk.</p> <p><b>Transfer</b> - Identifying another stakeholder better able to manage the risk, to which the responsibility can be passed.</p> <p><b>Avoid</b> - Eliminate the uncertainty by making it impossible for the risk to occur (e.g. discontinue activity), or by executing a different approach to eliminate the risk.</p>	<p><b>Enhance</b> - Seek to increase the likelihood and/or the impact of the opportunity in order to maximize the benefit.</p> <p><b>Ignore</b> - Minor opportunities can be ignored, by adopting a reactive approach without taking any explicit actions.</p> <p><b>Share</b> - Seek a partner/stakeholder able to manage the opportunity, which can maximize the likelihood of it happening and increase the potential benefits.</p> <p><b>Exploit</b> - Seek to make the opportunity definitely happen. Aggressive measures to ensure the benefits from the opportunity are realized.</p>

The items identified and evaluated can be a mix of pure risks and opportunities that are unrelated to any other items, opportunities with related risks and risks with related opportunities.

Once this is established and the links created the management response strategies for each situation can then be determined and prioritized.

Examples are included in the adjacent graphic and the following table:



E.G. Management response strategies - opportunity & risk.

Situation	Examples - Management Response Strategy
<b>High Priority Opportunity (pure opportunity with no related risks)</b>	Check findings to ensure correct. If substantiated exploit the opportunity if possible.
<b>High Priority Risk (pure risk with no related opportunity)</b>	Check findings to ensure correct. If substantiated mitigate or avoid the risk if possible.
<b>High Priority Opportunity matched by Low Priority Risk</b>	Check findings and current controls for risk to ensure correct. If substantiated exploit opportunity if possible.
<b>High Priority Opportunity held back by High Priority Risk</b>	Check findings to ensure correct. If substantiated undertake analysis on what can be done to mitigate/reduce the risk so that the opportunity can be exploited
<b>Low Priority Opportunity matched by Low Priority Risk</b>	Check current controls for risk to ensure correct. If substantiated undertake analysis on what can be done to enhance the opportunity.
<b>Low Priority Opportunity matched by High Priority Risk</b>	The risk is high and the opportunity is low. This suggests that the risk should be avoided by ignoring the opportunity.

In the main action plans are developed to address the risks/opportunities, especially for those rated as high priority or with a high impact score. The plans record the additional actions required to further mitigate and manage the risk/opportunity.

### Review

The council maintains a register of its key strategic/corporate risks and opportunities and operational risk/opportunity registers are captured in business plans. Risk and opportunity registers are a critical tool for capturing, reviewing and reporting risk/opportunity information. The various risk/opportunity registers are currently maintained in Word documents. This is cumbersome and our aim is to move away from the word-based registers to a technology-based solution with the aim of commissioning a system and commencing roll out by the end of 2023/24.

The data within the register is used to inform the business of the risks/opportunities it faces in delivering outcomes and the services of the council. The risk and opportunity management IT system will be administered by the Corporate Risk Team, managed out in the organisation by the directorate risk and opportunity management coordinators and enable users to review and update information as appropriate. The Corporate Risk Team would need to promote self-service by delivering training to the users across the organisation. The system will enhance the approach and provide a more effective solution for the recording, review and reporting of strategic, corporate, directorate and service level risk/opportunity information.

The Council's risk and opportunity profile is segmented into the following areas.

**Strategic/Corporate** – Significant or Strategic risks/opportunities facing the council and the achievement of its objectives and priorities, including any key Corporate (cross cutting) items that are likely to have an impact upon the aims of the organisation.

**Directorate/Service** – Risks and opportunities that are likely to have an impact on directorate and service objectives, priorities and plans.

**Programme/Project & Partnerships** - Risks and opportunities that are likely to have an impact on programme, project or partnership objectives and plans.

Each area refers to a dedicated risk register or set of registers. Once risks/opportunities have been identified, evaluated, prioritised and further management actions established, the details will be recorded in the appropriate risk register. The residual and forecast ratings will be used to measure performance in managing risk/opportunity and the high rated items will be subject to more focus and review by the risk/opportunity owner.

## Recording and Reporting

Regular review and reporting on the status of key strategic/corporate and operational risks/opportunities and the measures of success will show increased accountability for the delivery upon the management actions and demonstrate the Council's commitment to risk/opportunity management

Having complete and current risk/opportunity information available is vital to the Council, as this information drives business performance through the ability to make informed decisions. The table below outlines the types of items the Council will report on the Strategic/Corporate Risk & Opportunity Register:

Type	Description Summary
<b>Strategic Items</b>	Significant strategic risks to and opportunities for the achievement of the Council's priorities and objectives. The monitoring of these items is coordinated by the Corporate Risk Team and reviewed quarterly by Senior Leadership Team (SLT).
<b>Corporate Items</b>	Significant corporate or cross cutting risk to and opportunities for the achievement of the Council's priorities and objectives. These items impact upon more than one important service and link to the aims of the Council. The monitoring of these items is coordinated by the Corporate Risk Team and reviewed quarterly by Senior Leadership Team.
<b>New or Emerging Items</b>	New or emerging risks/opportunities that could potentially impact the achievement of the Council's objectives (e.g., external risks with regard new legislation or regulation). Senior Leadership Team will determine whether new/emerging items warrant inclusion in the register.
<b>Items By Exception</b>	These are items specific to one or more Directorate or Service that are escalated for review and consideration for inclusion in the register by SLT because of one or a number of the following reasons: <ul style="list-style-type: none"> <li>• The risk/opportunity becomes unmanageable at Directorate/Service level and/or need higher level overview and management.</li> <li>• The risk/opportunity will impact multiple Directorates/Services should it materialize or develop.</li> <li>• At the current level the risk rating cannot be controlled/contained.</li> <li>• The risk rating remains high despite the mitigations in place or implemented.</li> <li>• The risk impact rating is 'Critical' with a low likelihood score of 2 (unlikely) or 1 (very unlikely) and despite the management actions in place could materialize and become a priority concern, and therefore require oversight by SLT to consider the position and contingency in place.</li> </ul>

Further details on the reporting and escalation of risk/opportunity are covered in the next section and the table in Annex B outlines the frequency of risk/opportunity reporting requirements under the governance arrangements for risk and opportunity management.

## Risk and Opportunity Escalation

Important to effective risk and opportunity management is the reporting of information to the appropriate management level. To ensure risks/opportunities are effectively managed across all levels of the organization the following escalation arrangements have been established.

**Strategic/Corporate Level** – Risks/opportunities at this level will have the following characteristics:

- Risks and opportunities identified by Senior Leadership Team (SLT) and/or Members that impact directly on the strategic priorities or objectives (Corporate Plan).
- Strategic issues that are likely to have an impact on the medium to long term goals and tend to link to the strategic priorities and objectives (Corporate Plan).
- Corporate or cross cutting issues that are likely to impact upon more than one critical service.
- Risks/opportunities at departmental/service or programme/project/partnership level that if realized would impact on the strategic priorities/objectives (Corporate Plan) and/or need Cabinet management intervention.
- Risks/opportunities with significant financial or reputation impact that require Senior Leadership Team overview and management.

This level sets the tone for effective risk and opportunity management across the whole organisation. The highest level of risk/opportunity is managed at this level. The Corporate Risk Team coordinate regular reviews of strategic/corporate risks and opportunities. Reports on the key business critical risks/opportunities are reviewed by the Senior Leadership Team and Standards & Audit Committee.

**Directorate/Service Level** - Risks and opportunities at this level tend to be identified and managed by the directorate and/or service management teams. Risks/opportunities assigned to this level will have the following characteristics:

- Risks/opportunities identified by departmental or service management teams that are likely to have an impact on short to medium term goals and tend to link to directorate/service level objectives and plans.
- Risks/opportunities identified at project or partnership level that are likely to have an impact on service objectives and need directorate or service management team intervention.

Key risks/opportunities facing directorates/services and the delivery of objectives and plans are identified and managed by the directorates and services. This level is the key lever for escalation of risks and opportunities through to a strategic/corporate level where they are no longer manageable by the directorate/service alone. Regular reviews of risk/opportunity are undertaken by the directorate/service areas as part of the monitoring of performance against the directorate/service plans.

**Programme, Project & Partnership Level** - Risks and opportunities at this level tend to be identified and managed by programme, project & partnership teams, or boards. Risks/opportunities at this level will have the following characteristics:

- Risks/opportunities that impact on individual programme, project, or partnership objectives and which can be managed by the programme, project or partnership board, manager, or team.
- Risks/opportunities that impact on directorate or service objectives and which can be managed by the programme, project or partnership board, manager, or team.

Key risks/opportunities are identified from the initial business case stage in the establishment of a programme/project or partnership and are continually managed and reviewed throughout the lifecycle of the arrangement to ensure objectives are achieved. Where there is a programme/project or partnership risk and opportunity register in place consideration should be made as to the inclusion of an overarching risk/opportunity on the relevant directorate/service level risk/opportunity register. Regular reviews of risk/opportunity are undertaken by appropriate board, manager or team as part of the monitoring and reporting of performance against programme/project or partnership plan.

## **Escalation and De-escalation**

The considerations for when to escalate risk/opportunity up or de-escalate items down, whether it is between programme, project or partnership and directorate/service or directorate/service include:

### **Escalation to higher level:**

- The risk/opportunity becomes unmanageable at the current level and/or need higher level overview and management.
- The risk/opportunity will impact multiple teams/services/directorates/projects should it materialize or develop.
- At the current level the risk rating cannot be controlled/contained.
- The risk rating remains high despite the mitigations in place or implemented.

Further practice that will be applied for when risk/opportunity are escalated up to strategic/corporate or directorate/service level include:

### **Strategic/Corporate Level:**

- The Corporate Risk team should be consulted if a risk/opportunity is to be moved to strategic/corporate level so that they can make the proposal to Senior Leadership Team.
- If Senior Leadership Team agree with the inclusion of the risk/opportunity on the Strategic/Corporate Risk Register, the Corporate Risk Team will include the item in the regular monitoring cycle and coordinate reviews with the risk/opportunity owner and appropriate Director (SLT member).
- Through the regular review process the Corporate Risk Team will ensure that the risk/opportunity owner and appropriate Director (SLT member) are confident that the item should remain on the strategic/corporate risk and opportunity register, and if not facilitate the de-escalation, through Senior Leadership Team to directorate/service level.

### **Directorate/Service Level:**

- If a risk/opportunity is to be considered for escalation up to directorate/service level (e.g., item from project or programme), or down to directorate/service level from the strategic/corporate risk and opportunity register, then consultation between the risk/opportunity owner, the risk co-ordinator and the appropriate Director should be undertaken to discuss the arrangement. This could be discussed at Directorate Management Team meeting, or remotely if appropriate.

### **De-escalation to lower level:**

- The risk/opportunity can be controlled/managed and monitored at a lower level.
- The risk rating has decreased significantly.
- The risk/opportunity will only impact one team/service/directorate/project should it materialize or develop.
- The impact of the risk/opportunity will be limited and therefore controlled/managed and monitored at a lower level.

## Guidance, Education and Training

The Corporate Risk Team is responsible for developing the provision of guidance, education, training and support for risk and opportunity management. The risk and opportunity intranet page, along with the supporting material will be reviewed and updated to support the delivery of the ROM strategy and framework. New ways to engage with officers and members to help with the understanding and embedding of effective risk and opportunity management is under review, with the options for digital learning and development on the agenda. New guidance and training modules are to be developed and rolled out in line with the strategy and improvement plan for risk and opportunity management.

## Integration with Performance , Control & Assurance Frameworks

The links between Performance, Control, Assurance and Risk/Opportunity are recognised by the Council. In general, the performance management framework facilitates the delivery of planned services and the delivery of objectives. Risk and opportunity management and internal control are integral parts of the performance management and support the achievement of objectives through the identification and management of the key risks/opportunities facing the authority.

Auditing of the risk and opportunity management framework is undertaken by Internal Audit in accordance with the audit plan and recommendations arising are fed back through the risk management framework to ensure continued improvement. The information from reviews of the risk and opportunity management framework also informs Internal Audits annual opinion of the robustness of the Council's risk and opportunity management arrangements.

The strategic/ corporate risk and opportunity register along with other key sources of information are reviewed and considered by Internal Audit to inform the development of the Audit Strategy and Audit Plan.

To provide assurances that adequate measures have been taken to manage risk and opportunity it is important that risk and opportunity management is applied across the organisation. To support this risk and opportunity management has been incorporated into the performance management framework and service planning processes and through the application of the risk and opportunity methodology, the key risks and opportunities facing the council and its services are identified and managed.

The Corporate Risk Team continues to work closely with Internal Audit and the Strategy teams to ensure the principles of risk and opportunity management, performance management and internal control remain integrated. It is recognised that to help move the Council forward the organisation needs to establish a revised Performance Management and Assurance Framework and the Strategy, Corporate Risk and Internal Audit teams are to work with a wider group to develop the framework.

## Roles and Responsibilities

Responsibility for risk and opportunity management runs throughout the Council and everyone has a role to play. Risk and opportunity management is only considered to be truly embedded when its functions as part of the Council's day-to-day operations. To enable this to be achieved it is important that clarity exists to determine the various roles and responsibilities of individuals and groups involved throughout the organisation in the risk/opportunity management process and this strategy formalises those responsibilities. The roles and responsibilities for risk and opportunity management are set out in Annex B, page 19.



## Criteria Guide for Impact and Likelihood

Risk		Opportunity	
Negative Impact	Indicator	Positive Impact	Indicator
<b>4 Critical</b>	<ul style="list-style-type: none"> <li>Inability to deliver a number of strategic objectives or a priority.</li> <li>Major loss of service, including several important service areas</li> <li>Major reputation damage - adverse central government response, involving threat of / removal of delegated powers or adverse and persistent national media coverage</li> <li>Loss of Life</li> <li>Major personal privacy infringement - All personal details compromised</li> <li>Huge financial loss/cost - &gt;£1M in a year. Up to 75% of budget.</li> <li>Major disruption or huge impact on ability to achieve project objectives.</li> </ul>	<b>4 Exceptional</b>	<ul style="list-style-type: none"> <li>Exceptional improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objectives/priorities</li> <li>National award or recognition/elevated status by national government</li> <li>Positive national press/media coverage</li> <li>Major improvement to the health, welfare &amp; safety of stakeholders</li> <li>Income/savings of &gt;£500K in a year or exceptional saving of resource (e.g. time and labour)</li> </ul>
<b>3 Substantial</b>	<ul style="list-style-type: none"> <li>Inability to deliver an organisational priority or strategic objective.</li> <li>Major disruption to important service or a number of service areas.</li> <li>Significant reputation damage - adverse publicity in professional/municipal press or adverse local publicity of a major and persistent nature.</li> <li>Major injury.</li> <li>Many individual personal details compromised / revealed</li> <li>Major financial loss/cost - &gt;£500K - &lt;£1M in a year. Up to 50% of budget</li> <li>Significant disruption or impact on ability to achieve project objectives.</li> </ul>	<b>3 Major</b>	<ul style="list-style-type: none"> <li>Major improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Regional recognition for initiative, partnership or arrangement.</li> <li>Positive publicity in professional/municipal press or sustained positive local publicity.</li> <li>Significant improvement to the health, welfare &amp; safety of stakeholders</li> <li>Income and/or savings of &gt;£250K - &lt;£500K or major savings of resource (e.g. time and labour).</li> </ul>
<b>2 Marginal</b>	<ul style="list-style-type: none"> <li>Significant disruption to important service or major disruption to non crucial service.</li> <li>Moderate reputation damage - adverse local publicity / local public awareness</li> <li>Serious injury</li> <li>Some individual personal details compromised / revealed</li> <li>High financial loss/cost – &gt;£100K - &lt;£500K in a year. Up to 25% of budget</li> <li>Moderate disruption or impact on ability to achieve the project objectives.</li> </ul>	<b>2 Moderate</b>	<ul style="list-style-type: none"> <li>Moderate improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Borough or County wide recognition for initiative, partnership or arrangement.</li> <li>Positive local publicity / local public awareness</li> <li>Moderate improvement to the health, welfare &amp; safety of stakeholders.</li> <li>Income and/or savings of &gt;£100K - &lt;£250K or moderate savings of resource (e.g. time and labour).</li> </ul>
<b>1 Negligible</b>	<ul style="list-style-type: none"> <li>Brief disruption to important service or significant disruption to non crucial service.</li> <li>Minimal reputation damage - no external publicity and contained within Council</li> <li>Minor injury or discomfort.</li> <li>Isolated individual personal detail compromised/ revealed</li> <li>Low or medium financial loss/cost &lt;£100K in a year. Up to 10% of budget</li> <li>Minor disruption or impact on ability to achieve the project's objectives.</li> </ul>	<b>1 Minor</b>	<ul style="list-style-type: none"> <li>Minor improvement to service(s) (e.g. quality, level, speed, cost, etc) and/or delivery of strategic objective/priority.</li> <li>Local level recognition for initiative, partnership or arrangement.</li> <li>Minor positive local publicity</li> <li>Minor improvement to the health, welfare &amp; safety of stakeholders.</li> <li>Income and/or savings of &lt;£100K or minor saving of resource (e.g. time and labour)</li> </ul>

Criteria Guide for impact levels

**Risk**

Likelihood	Indicator
<b>4</b> <b>Very Likely</b>	<ul style="list-style-type: none"> <li>More than 75% chance of occurrence</li> <li>Will probably occur at some time or in most circumstances.</li> <li>Circumstances frequently encountered - daily, weekly, monthly and quarterly.</li> </ul>
<b>3</b> <b>Likely</b>	<ul style="list-style-type: none"> <li>Between 40% and 75% chance of occurrence.</li> <li>Fairly likely to occur at some time or in some circumstances.</li> <li>Circumstances occasionally encountered - occurs once every 1 to 2 years.</li> </ul>
<b>2</b> <b>Unlikely</b>	<ul style="list-style-type: none"> <li>Between 10% and 40% chance of occurrence.</li> <li>Fairly unlikely to occur, but could occur at some time.</li> <li>Occurs once every 2 to 3 years</li> </ul>
<b>1</b> <b>Very Unlikely</b>	<ul style="list-style-type: none"> <li>Less than 10% chance of occurrence.</li> <li>May occur only in exceptional circumstances.</li> <li>Has never or very rarely happened before.</li> </ul>

**Opportunity**

Likelihood	Indicator
<b>4</b> <b>Very Likely</b>	<ul style="list-style-type: none"> <li>More than 75% chance of happening.</li> <li>A clear opportunity already apparent, which can easily be achieved with a bit of further work or management.</li> <li>Achievable in under 1 year (12 months)</li> </ul>
<b>3</b> <b>Likely</b>	<ul style="list-style-type: none"> <li>Between 40% and 75% chance of happening.</li> <li>An opportunity that has been identified and/or explored and may be achievable but will require some further work or management.</li> <li>Achievable between 1 to 2 years</li> </ul>
<b>2</b> <b>Unlikely</b>	<ul style="list-style-type: none"> <li>Between 10% and 40% chance of happening</li> <li>Opportunity that is fairly unlikely to happen that will need full investigation and require considerable work or management.</li> <li>Achievable between 2 to 3 years</li> </ul>
<b>1</b> <b>Very Unlikely</b>	<ul style="list-style-type: none"> <li>Less than 10% chance of happening.</li> <li>Opportunity that is very unlikely to happen that will need full investigation and require considerable work or management.</li> <li>Achievable in more than 3 years</li> </ul>

Criteria guide for likelihood levels

Risk					Opportunity							
<i>Very Likely</i>	<b>4</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<i>High Priority</i>	<b>16</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>4</b>	<i>Very Likely</i>
<i>Likely</i>	<b>3</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<i>Medium Priority</i>	<b>12</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>3</b>	<i>Likely</i>
<i>Unlikely</i>	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<i>Low Priority</i>	<b>8</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>	<i>Unlikely</i>
<i>Very Unlikely</i>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<i>Very Unlikely</i>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>		
		<i>Negligible</i>	<i>Marginal</i>	<i>Substantial</i>	<i>Critical</i>		<i>Exceptional</i>	<i>Major</i>	<i>Moderate</i>	<i>Minor</i>		

Priority Risk	Rating	Priority Opp.
High	12 - 16	High
Medium	6 - 9	Medium
Low	1 - 4	Low

Risk & opportunity matrix - priority classifications and ratings

## Risk and Opportunity Management Framework

Who	Key Roles & Responsibilities	Report Type	By Whom	Frequency
Council	<ul style="list-style-type: none"> <li>Monitor and act upon: <ul style="list-style-type: none"> <li>Reports from Cabinet, S&amp;AC, PH for Finance and Head of Paid Service.</li> <li>Reports, recommendations and advice from S&amp;AC</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>e.g. ROM Strategy and Framework report and other relevant reports.</li> </ul>	Cabinet, S&AC, PH for Finance, Head of Paid Service.	Annual or as appropriate
Cabinet	<ul style="list-style-type: none"> <li>Agree the ROM Strategy &amp; Framework and receive reports on them.</li> <li>Hold the political responsibility for ROM within each individual portfolio.</li> <li>Identify a lead Portfolio Holder for ROM</li> </ul>	<ul style="list-style-type: none"> <li>ROM Strategy &amp; Framework and other relevant reports.</li> <li>Receive updates on the Strategic/Corporate R&amp;Os &amp; action plans</li> </ul>	Standards & Audit Committee and Senior Leadership Team	Annual or as appropriate
Standards & Audit Committee (S&AC)	<ul style="list-style-type: none"> <li>Oversee and challenge assurance and the ROM arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Review of ROM Strategy &amp; Framework</li> <li>Receive updates on the Strategic/Corporate R&amp;Os &amp; action plans</li> <li>Receive assurance on effectiveness of ROM</li> </ul>	Director of Finance	<ul style="list-style-type: none"> <li>Annual</li> <li>Quarterly or as required by S&amp;AC</li> <li>Annual</li> </ul>
Councillors	<ul style="list-style-type: none"> <li>Support and promote risk &amp; opportunity management</li> <li>Consider risks/opportunities involved in any key decisions made</li> </ul>	<ul style="list-style-type: none"> <li>Report risks/issues in line with procedures (e.g. service requests, enquiries, etc).</li> </ul>	Councillors	<ul style="list-style-type: none"> <li>As appropriate</li> </ul>
Senior Leadership Team	<ul style="list-style-type: none"> <li>Strategic leadership group for ROM</li> <li>Oversee the ROM Strategy &amp; Framework</li> <li>Responsible for effectiveness of R&amp;O and assurance arrangements and any management or mitigation.</li> <li>Quarterly monitoring of Strategic/Corporate R&amp;Os/associated action plans.</li> </ul>	<ul style="list-style-type: none"> <li>Review of ROM Strategy &amp; Framework.</li> <li>Reviews of Strategic/Corporate R&amp;Os and action plans.</li> <li>Annual Review of ROM</li> </ul>	Director of Finance	<ul style="list-style-type: none"> <li>Annual</li> <li>Quarterly</li> <li>Annual</li> </ul>
Corporate Risk Team	<ul style="list-style-type: none"> <li>Establish the ROM Strategy &amp; Framework</li> <li>Stewardship of the Strategic/Corporate R&amp;O Register</li> <li>Review of ROM</li> <li>Establish Operational ROM, ROM IT System, Guidance &amp; Training</li> <li>Provide consultancy and advice on ROM</li> </ul>	<ul style="list-style-type: none"> <li>Review of ROM Strategy &amp; Framework.</li> <li>Reviews of Strategic/Corporate R&amp;Os and action plans.</li> <li>Annual Review of ROM</li> </ul>	Corporate Risk Team, Corporate Risk & Insurance Manager.	<ul style="list-style-type: none"> <li>Annual</li> <li>Quarterly</li> <li>Annual</li> </ul>
Directors & Assistant Director	<ul style="list-style-type: none"> <li>Monitoring of Strategic/Corporate R&amp;Os for the directorate or Council.</li> <li>Escalation as appropriate of Strategic/Corporate R&amp;Os to SLT</li> <li>Monitoring of high priority R&amp;Os facing the directorate or Council (e.g. directorate, service, programme, project, partnership R&amp;Os)</li> </ul>	<ul style="list-style-type: none"> <li>Reviews of Strategic/Corporate R&amp;Os and action plans to SLT</li> <li>Report to Portfolio Holders on the high priority R&amp;Os facing the Directorate or Council</li> </ul>	Directors & Assistant Directors	Quarterly or as required by Director or PH
Directorate/Department Management Team	<ul style="list-style-type: none"> <li>Identification and monitoring of Strategic/Corporate and other key risks/opportunities facing the directorate/department</li> <li>Escalation as appropriate of S/C R&amp;Os to SLT</li> <li>Appoint coordinator to drive forward ROM for the directorate</li> </ul>	<ul style="list-style-type: none"> <li>Review of R&amp;Os and R&amp;O Registers as a standing agenda item at DMT meetings</li> <li>DMT to receive &amp; approve updates to S/C R&amp;Os and action plans</li> <li>DMT agree escalation of items to the S/C R&amp;O Register (e.g., high priority items)</li> </ul>	Directors, Assistant Directors, Heads of Service	Quarterly or as required by Director or DMT
Directorate ROM Coordinator	<ul style="list-style-type: none"> <li>Support the review and development of ROM Strategy &amp; Framework.</li> <li>Support the review of the Strategic/Corporate R&amp;Os register.</li> <li>Support the Review of ROM</li> <li>Support the development/establishment of Directorate/Service level ROM</li> </ul>	<ul style="list-style-type: none"> <li>Review of ROM Strategy &amp; Framework.</li> <li>Reviews of Strategic/Corporate R&amp;Os and action plans.</li> <li>Annual Review of ROM</li> </ul>	Corporate Risk Team, Corporate Risk & Insurance Manager	<ul style="list-style-type: none"> <li>Annual</li> <li>Quarterly</li> <li>Annual</li> </ul>
Head of Service	<ul style="list-style-type: none"> <li>Identification, management and review of R&amp;Os within their Service or area of responsibility.</li> <li>Monitoring and escalation as appropriate of R&amp;Os to either Director/Assistant Director or relevant DMT</li> </ul>	<ul style="list-style-type: none"> <li>Review of R&amp;Os and R&amp;O Registers as a standing agenda item at Service SMT meetings.</li> <li>Review of Strategic/Corporate R&amp;Os and action plans to DMT</li> </ul>	Heads of Service	Quarterly or as required by Director, Assistant Director or DMT
Programme/Partnership Board & Project Manager	Responsible for the identification, management and monitoring of R&Os within their given areas.	<ul style="list-style-type: none"> <li>Report on the management of R&amp;Os and escalation of high priority R&amp;Os as required or necessary</li> </ul>	Programme Boards, Partnership Boards and Project Managers	Quarterly or as required by Director, AD or DMT
Employee	<ul style="list-style-type: none"> <li>To manage risk effectively in their job and report hazards, risks or opportunities to their Head of Service, Assistant Director or Director.</li> <li>Identify and manage R&amp;Os to the delivery of individual objectives</li> </ul>	<ul style="list-style-type: none"> <li>Report incidents/risks in line with corporate procedures/policies.</li> <li>Report R&amp;Os to the delivery of individual objectives</li> </ul>	All Employees	<ul style="list-style-type: none"> <li>As necessary</li> <li>Regular PDR</li> </ul>