APPENDIX 1

The completion of risk registers

1. Identification of risks

1.1 Risk registers should allow Theme Boards and the PMG to identify and manage those risks which are the most important in making sure that the HSP delivers its required outcomes effectively.

1.2 The first stage of the process is to identify the risks (including opportunities) facing the Theme Board and PMG. In line with the CIPFA/SOLACE guidance, the Haringey Strategic Partnership's risk management framework is linked to its targets. These targets are the 35 identified within the LAA, excluding local indicators and statutory performance measures which will be monitored elsewhere.

1.3 The HSP has a corporate risk register, managed by the PMG, which identifies the most significant risks facing it. Each Theme Board has its own risk register which identifies the key high level targets agreed within the LAA.

2. Assessment of risks

2.1 When all the relevant risks have been identified, a scoring system is used to determine which are the key risks to the Theme Board and PMG/HSP. Risks are scored using two factors:

- ***Likelihood.*** An assessment is made of how likely the risk is to occur in practice; and
- ***Impact.*** An assessment is made on if the risk did occur, what would be the impact on the Theme Board or PMG/HSP.

2.2 Theme Board members decide on the likelihood and impact of each of the risks identified for their Theme Board, as they are in the best position to be able to assess the likelihood and impact of each of the risks.

2.3 In order to ensure a consistent approach across the HSP, specific criteria have been agreed for the likelihood and impact scores. The Impact and Likelihood Scales are attached at Appendix A1, which also provides further detail on when the relevant Risk and Control owners should take action, or further action, to manage risks effectively and consistently.

2.4 The impact and likelihood of individual risks may change over time, therefore it is important to review the assessments which have been made on a regular basis.

3. Risk before and after controls

3.1 Each risk is assessed for impact and likelihood before considering what controls are in place to manage it. The resulting score is called the 'Inherent Risk Score'. Theme Board members will then identify what controls are already in place to manage each of the risks and then assess how effective they think the identified controls are (also known as risk management or mitigation strategies). After this has been done, the risk score is generally reduced and the resultant figure is the 'Residual Risk Score'.

3.2 The control in place should either reduce the likelihood that a risk will occur, or the impact if it were it to occur. If the score after controls, the residual risk, is still at an unacceptably high level, additional actions may be required in order to reduce the risk level further.

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3.3The HSP's objective is to make sure that the most cost-effective controls are in place for each risk, and that Risk and Control Owners have considered the cost against the benefit of the control. This may mean that certain risks have a high residual score because the cost of reducing the risk may be higher than the potential cost, if the risk actually happens.

3.4The completed risk registers therefore contain the following:

- service delivery objectives/outcomes;
- key risks and which officer is responsible for managing those risks;
- inherent risk scores;
- controls in place to manage the risks, and who is responsible for those controls;
- residual risk scores; and
- any further actions required, and who is responsible.

4. Assurances on the effectiveness of key controls

4.1 The HSP wants to ensure that the controls which Control Owners say are in place to manage the key risks, are both in place and working effectively. Haringey Council's internal audit service will include resources in their annual programme of work to test the key controls specified within the risk registers, based on the level of risk involved.

5. Monitoring of risks

5.1Setting up the risk registers is only one part of the risk management process. In order to achieve real benefits from implementing risk management, it is important that the risk registers are reviewed and kept up to date on a regular basis.

5.2The PMG will review and update the corporate risk register on a regular basis. The update may take the form of new risks, changes to or additional controls, and changes to risk scores. Key triggers for significant changes to risk registers will be new or changing regulations, implementation of new projects or LAA targets, high staff turnover, changes in the external environment, and Internal Audit reviews.

5.3Using the framework, a consistent methodology for measuring and scoring risks is applied throughout the Council. What is an acceptable level of risk for the Council, and what managers need to do to deal appropriately with risks at various levels, is detailed at Appendix A1.

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Appendix A1

Impact and Likelihood Scales

To be used as a guide in assessing risk ratings:

Descriptor	Impact Guide	Likelihood Guide
LOW	No or limited impact. Financial loss up to £10,000, or no impact outside single objective or no adverse publicity	Up to 10% likely to occur in next 12 months
MEDIUM	Financial loss up to £300,000, or impact on many other processes, or local adverse publicity, or regulatory sanctions (such as intervention, public interest reports)	Up to 40% likely to occur in next 12 months
HIGH	Financial loss up to £1 million, or major impact at strategic level, or closure/transfer of business	Up to 90% likely to occur in next 12 months

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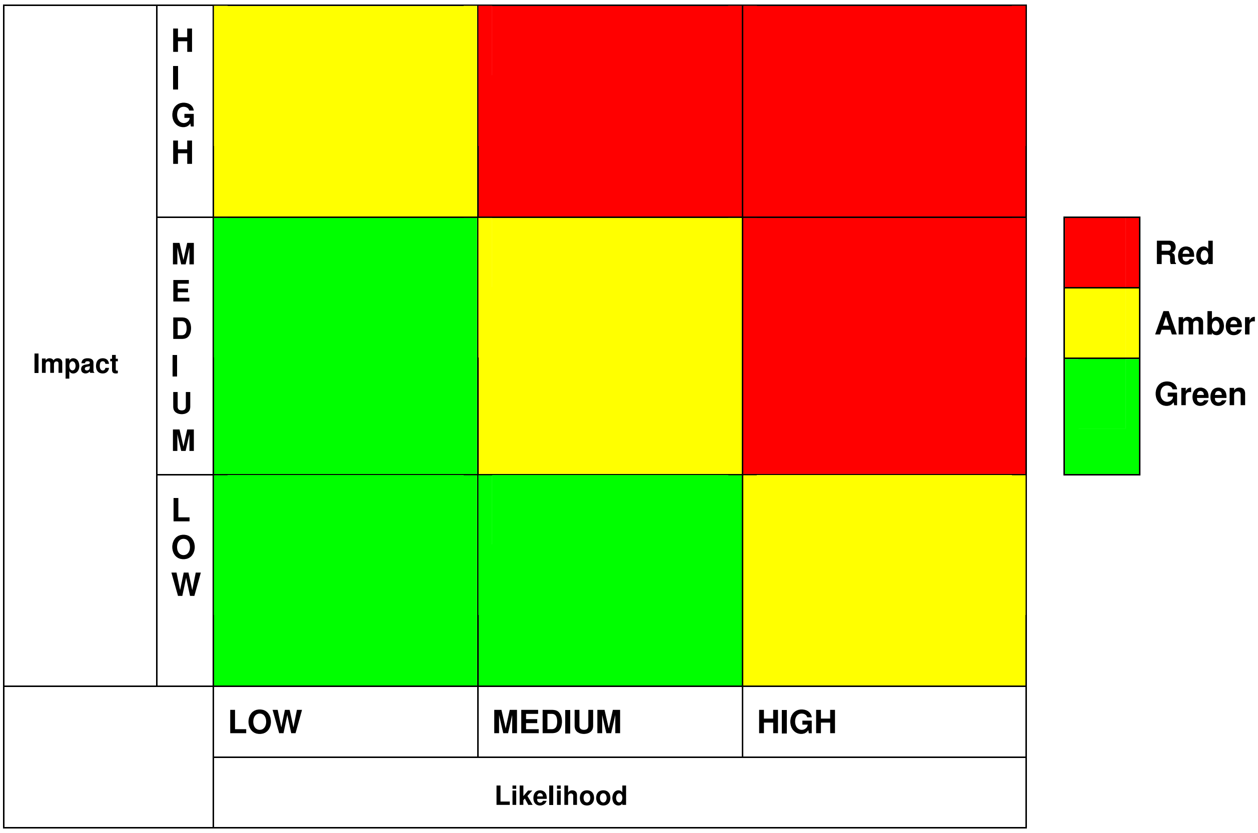
Measuring what is an acceptable risk



Risk Rating	Value	Action required
Low/Low	Up to £10k	**Acceptable level of risk.** No further action is required to reduce risks, but risk and control owners should ensure that the relevant controls are operating effectively. N.B. Risk and control owners should review the controls for low risk areas carefully, to ensure there are not too many controls in place.
Low/ Medium	£10k - £300k	**Implementation of additional controls is required.** The costs and benefits of additional controls should be considered. The relevant Theme Board may then agree that no further action should be taken. This decision must be recorded on the risk register.
Medium/ High	£300k – £1m	**Implementation of additional controls is required.** If the impact of the risk is considered significant and/or the likelihood of the risk happening is thought to be high, the Theme Board must review them and agree the approach to manage them. If the Theme Board does not want to introduce any more controls, they must seek approval from the PMG. Any agreement from the PMG must be minuted and recorded on the risk register.