

# CYNGOR SIR CEREDIGION COUNTY COUNCIL

<b><u>Report to:</u></b>	<b>Governance and Audit Committee</b>
<b><u>Date of meeting:</u></b>	<b>24 January 2024</b>
<b><u>Title:</u></b>	<b>Draft Corporate Risk Management Policy, Strategy and Framework</b>
<b><u>Purpose of the report:</u></b>	<b>To present the amended Risk Management Policy, Strategy and Framework and to inform the Committee of the process and next steps.</b>
<b><u>Cabinet Portfolio and Cabinet Member:</u></b>	<b>Councillor Bryan Davies - Leader and Cabinet Member for Democratic Services, Policy, Performance and People and Organisation.</b>

## **Background**

The Council's Risk Management Policy, Strategy and Framework are reviewed every three years to ensure they remain up to date and fit for purpose. The updated documents were considered by Leadership Group and resulted in a number of further updates to the Draft Risk Management Policy, Strategy and Framework.

Consultation was conducted with key stakeholders including members of the Governance and Audit Committee and Zurich Insurance between June and August 2023. A consultation letter was sent to all members of the Governance and Audit Committee on the 30th of June, inviting written comments by the 25 August. A detailed and useful response was received from the Deputy Chair of Governance and Audit Committee and a response from Zurich Insurance was also received.

Appendix 1 provides responses to the specific comments received on the draft documents and the actions taken as a result. Appendix 2 and 3 provide the latest drafts of the Risk Management Policy, Strategy and Framework.

## **Current Situation**

The Risk Management Policy, Strategy and Framework has been updated to reflect the findings of the review and the feedback from the consultation exercise. The main updates are listed below:

- Strengthening the monitoring of service risks – service risks scoring 15 or above will be assessed quarterly by Leadership Group for escalation to the Corporate Risk Register and vice versa.
- Service risks will be added to the Teifi Performance Management System so that they can be updated and managed through the system.
- Clarified that the threshold for risks to be considered by Leadership Group to be escalated / de-escalated is 15.
- Clarified that Leadership Group are responsible for deciding if risks should be escalated or de-escalated.

- Clarified the role of Internal Audit in the Policy and Framework, which is to assess and evaluate the effectiveness of actions in place to mitigate risk and provide objective assurance that risks are being managed appropriately. Additionally, Internal Audit will also provide objective assurance to Leadership Group, Governance & Audit Committee and Council on the robustness and effectiveness of the risk management procedures by including periodic reviews of the Corporate Risk Register, Service Risk Register and Corporate Risk Management procedures.
- Clarify that “target risk” scores should be provided to accompany the mitigating actions for risk, i.e. what score should the risk be reduced to by delivering the mitigating actions identified.

### **Next Steps**

Following the review and the consultation, and presentation of the amended Policy, Strategy and Framework to Governance and Audit Committee, the documents will be taken through the Democratic process for decision. Any further feedback from Governance and Audit Committee on the Risk Management Policy, Strategy and Framework at that stage will be included in subsequent reports.

### **Recommendation(s):**

1. To note the draft Risk Management Policy, Strategy and Framework.
2. To note current progress and the next steps

### **Reasons for recommendation:**

To ensure the Risk Management Policy, Strategy and Framework are up to date and fit for purpose.

### **Appendices:**

Appendix 1: Response to the Consultation Feedback on the Risk Management Policy, Strategy and Framework

Appendix 2: Updated Risk Management Policy and Strategy

Appendix 3: Updated Risk Management Framework

### **Contact Name:**

Alun Williams

### **Designation:**

Corporate Lead Officer Policy, Performance and Public Protection

### **Date of Report:**

29 December 2023

### **Acronyms:**

# Appendix 1: Response to the Consultation Feedback on the Risk Management Policy Strategy and Framework

## Risk Management Policy, Strategy and Framework

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
Zurich Insurance	Pages 1-14 Risk Management Policy and Strategy Pages 1-22 Risk Management Framework	<ul style="list-style-type: none"> <li>Whole document</li> </ul>	Overall, Ceredigion's risk management documents demonstrate a well-informed understanding of risk management in a clear and accessible manner that aligns with best practice information.	Noted	No amendments have been made based on this comment.

## Risk Management Policy and Strategy

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
Zurich Insurance	Pages 1-14 Risk Management Policy and Strategy	<ul style="list-style-type: none"> <li>Whole document</li> </ul>	Often, risk management policies are long and complex documents that are unused and outdated. Ceredigion's updated Risk Policy manages to capture enough detail to sufficiently convey the organisation's approach to risk whilst being succinct and user friendly, which is refreshing to see.	Noted	No amendments have been made based on this comment.

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
			<p>Specific areas of strength are:</p> <ul style="list-style-type: none"> <li>• The emphasis of the role in risk management supporting the organisation to achieve its objectives.</li> <li>• The inclusion of the actions being taken to achieve the risk management strategy objectives.</li> <li>• The separation between the Policy Statement and the Strategy, which organisations commonly merge together despite a Policy and Strategy having two distinct purposes.</li> <li>• The clarity of the roles and responsibilities.</li> <li>• The use of up-to-date context information in the policy setting out the long term emerging risks the organisation will face, thus making the document relevant and setting the scene of the Risk Management Framework.</li> </ul>		

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
Zurich Insurance	Page 4 - Risk Objectives	<p>The objectives of this Strategy are to:</p> <ul style="list-style-type: none"> <li>• Embed and integrate risk management into the culture of the Council.</li> <li>• Assign roles, responsibilities and accountability for risk management activities within the Council. The “Three Lines of Defence Model” is incorporated into Internal Audit’s assurance mapping to obtain assurances from management, internal audit and external sources of assurance e.g. regulators &amp; inspectorates.</li> <li>• Raise the awareness of the need for risk management by all those connected with the Council’s delivery of services.</li> <li>• Prevent injury, damage and losses to reduce the cost of risk.</li> <li>• Enhance the realisation of opportunities and resulting benefits.</li> <li>• Ensure consistency throughout the Council in the management of risk.</li> </ul>	<p>The following recommendations are not improvement actions, but are future development areas that the organisation could explore as the risk maturity of Ceredigion grows and the Strategy and Framework are implemented and embedded:</p> <ul style="list-style-type: none"> <li>• <b>Risk Objectives:</b> It must be recognised that there is significant merit in the inclusion of specific risk management objectives and actions being outlined in the strategy element of the Risk Management Policy and Strategy document. Importantly, it sets out how the organisation intends to embed best practice. To further advance this approach, adding in a specific action plan (with deadlines and priority areas) or a plan on a page will support the team to track and monitor risk maturity progress over time. Being more</li> </ul>	Accept	We note the recommendations for further improvement and we will develop a separate action plan on the risk management objectives.

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
			explicit about the actions will also support with progress reporting into the leadership team and relevant committees and enable the team to develop an updated strategy in the three year cycle.		
GAC Vice Chair	Page 4 – Risk Management Policy Statement	The Council has established an effective Risk Management Strategy that is becoming embedded into the culture of the organisation and contributes to the achievement of the Corporate Strategy and in particular its organisational effectiveness.	'... is becoming embedded'? what actions are being taken to embed properly? How can we be confident that these actions are appropriate?	Accepted	This is clarified in amended para 2.2.
GAC Vice Chair	Page 4 – Risk Management Policy Statement	The Council identifies, analyses, manages and applies cost-effective control of the risks it faces in order to: <ol style="list-style-type: none"> <li>1. Ensure that statutory obligations and policy objectives are met.</li> <li>2. Ensure the Council achieves its Corporate Well-being Objectives and the National Well-being Objectives through improved service delivery.</li> </ol>	These are all rather 'obvious' statements but how would you, for example, demonstrate that CCC has a learning culture and that lessons have been learnt from previous risk management issues/ failures and that this has informed this updated strategy?	Partially accepted	Having reconsidered this paragraph, we feel that the obvious statements are needed in the Policy. These set out the controls in place and help to make the policy readable and relevant for managers and staff.  However, the Council does have a culture that encourages learning and is not to be afraid to change where required. Part of this culture is to learn from previous opportunities or threats. Where necessary policies and systems are revised where risks are uncontrolled, such as through the creation of new templates and guidance documents for staff, and introducing new monitoring and advisory structures to strengthen processes and reduce risk. The Corporate Project Management Group is an example of this learning. It was set up to manage risks following the

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
		<p>3. Ensure the successful delivery of major and innovative projects.</p> <p>4. Establish and maintain effective ways of working in partnership.</p> <p>5. Preserve and promote the reputation of the Council.</p> <p>6. Improve decision-making, planning, prioritisation and optimise operational efficiency.</p> <p>7. Safeguard its elected Members, employees, service users, pupils and all other stakeholders to whom the Council has a duty of care.</p> <p>8. Learn from previous opportunities or threats successes and failures to inform future management of risks.</p>			<p>lessons learnt from an uncontrolled project where there were concerns regarding its governance and communications. This learning has been used in the updating of the Risk Management Policy, Strategy and Framework.</p>
GAC Vice Chair	Page 4 – Risk Management Policy Statement	<p>The appraisal and management of risk is applied to all Ceredigion County Council processes and in particular forms part of our:</p> <ul style="list-style-type: none"> <li>• Policy making, audit and review</li> <li>• Health &amp; Safety policy and strategy</li> <li>• Financial planning and control</li> </ul>	<p>Which risk management methodology is applied to projects/ change management? How does this interface with the operational and strategic risk assessments and how are project risks escalated?</p>	Noted	<p>Project risks are considered by the Corporate Project Management Panel, and if there is a concern the Panel will suggest that a further report is needed for Leadership Group or other management group. The Panel quality assure the risks identified and assist the project manager/officer in identifying any additional risks where necessary.</p> <p>The Corporate Project Management Panel template is designed to help manage the risks around the whole project <i>before</i> the Council enters into the project. Project risks are managed using the same methodology as set</p>

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
		<ul style="list-style-type: none"> <li>• Strategic planning and objective setting</li> <li>• Business and service planning and delivery,</li> <li>• Reporting and decision making processes</li> <li>• Performance management</li> <li>• Project and Change management processes</li> </ul>			out in the Policy and Framework, although they are managed separately unless they become a major strategy. The Corporate Project Management Panel is made up of senior officers with expertise including Legal, Finance, Procurement, HR, Internal Audit, Policy and Digital, who quality assure the risk submission.
GAC Vice Chair	Page 5 – Risk Management Policy Statement	The Chief Executive has overall responsibility for securing adherence to the Council’s policy on Risk Management	How does he discharge this responsibility? What MI does he rely on? Is he comfortable with current levels of adherence and please share what MI is used to monitor adherence?	Noted	The Chief Executive discharges this responsibility through chairing Leadership Group where the Corporate Risk Register is a standing item. All Corporate Risk Registers submitted to Governance and Audit Committee are approved by the Chief Executive and by Leadership Group. Regarding being comfortable with levels of adherence, this level of information would not be expected to be included in a policy document. The Chief Executive uses the management information that is included in the Corporate Risk Register, that is submitted to the Quarterly Performance Board, as well as other sources such as internal audit and external regulators reports.
GAC Vice Chair	Page – 6 Objectives	Assignment of roles, responsibilities and accountability for risk management activities within the Council	I don't think this objective sits well in a strategy... it may be best to re-articulate around how you apply the 3 lines of assurance model as a basis for apportioning responsibility, assuming you do of course- if you don't, why don't you?	Accepted	Clarified in amended para 3.2.



Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
GAC Vice Chair	Page – 6 Objectives	<p>These objectives will be achieved by the following actions</p> <ul style="list-style-type: none"> <li>• Incorporating risk management considerations into all levels of business planning;</li> <li>• Incorporating risk management considerations into all levels of programme, project and partnership arrangements.</li> <li>• Skills training and development for all elected Members, managers and staff, in the effective management of risk;</li> <li>• Regular monitoring and reporting of risk to identify trends and likely direction of risks for Members and Senior Managers to be aware of when making decisions.</li> <li>• The Risk Management Framework will be available to all elected Members, staff, the public and other stakeholders on the Councils intranet and internet and will be</li> </ul>	<p>I do think that for each strategic strand that you do have more specific/tailored actions as otherwise how can we be confident that these strategic ambitions will be achieved.</p>	Partially accepted	<p>We have made some amendments to para 3.3 but overall we don't think they need to be more specific.</p>

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		<p>communicated via management channels.</p> <ul style="list-style-type: none"> <li>• All Members will receive training on risk so that they can consider the implications of risk in their work for the Council.</li> <li>• Leadership Group and Senior Managers will receive risk management training with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide.</li> <li>• All managers and other identified officers will receive risk management and risk assessment training as required.</li> </ul>			
GAC Vice Chair	Page 8 – Resourcing Risk Management	The designated Corporate Lead Officer for Risk at Leadership Group Level is the Corporate Lead Officer Policy, Performance & Public Protection.	This is an important element. So precisely what is your responsibility? How do you effectively challenge other officers on the adequacy of risk management? The whole document is silent on effective management challenge of risks - this is an essential component given that your whole risk	Partially accepted	The paragraph has been misunderstood. The Corporate Lead Officer undertakes a great deal of challenge with colleagues around scoring, setting mitigating actions and whether actions have been delivered. Please refer to paragraph 3.15 in the Resourcing Risk Management section. It should be noted that the Corporate Lead Officer cannot be an expert in every area of risk for the Council, but officers are challenged on their risks. The individual Corporate Lead Officers are the experts in their field. Challenge takes place at Leadership Group where risks are presented for escalation/de-escalation. Paras 1.35 to 1.40 of the Framework provide further information on this process.

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			approach is essentially based on risk self-assessment which has inherent limitations.		
GAC Vice Chair	Page 9 – Internal Audit	The Council’s Internal Audit service will provide objective assurance to Leadership Group, Governance & Audit Committee and Council on the robustness and effectiveness of the risk management procedures. Internal Audit will periodically review the Corporate Risk Register and evaluate the Corporate Risk Management procedures including the reporting of risks.	Yes but I would expect you/ the CEO to this as well... we should not wholly rely on the 3rd line	Accept	The CEO, Corporate Directors and the CLO also provide assurance on the robustness of risk management as outlined in earlier paras 3.12 to 3.16, and also in Appendix 1. These paras have been amended to more clearly explain this. This particular section specifically details the role of Internal Audit.
	Page 9 – Internal Audit	The Annual Internal Audit Plan is risk-based and is aligned to the Corporate Risk Register to ensure resources are prioritised according to risk. Internal Audit will periodically evaluate the management of key risks included in Risk Registers. All red risks within the Corporate Risk Register will be included in the Internal Audit plan of work over a rolling two-year period and periodic reviews of Service Risk Registers will also be included in the Internal Audit plan.	We shouldn’t be this definitive. IA may choose to do this if they have confidence in the risk process and this is a priority.	Not accepted	Lengthy discussions have been had with Leadership Group and the appropriate Corporate Lead Officers/service on this. It was agreed that the involvement of Internal Audit was needed and would strengthen the risk management process and provide additional assurance.
GAC Vice Chair	Page 9 – Internal Audit	Checks will be undertaken by Internal Audit to ensure agreed	Yet again we are missing the 1st and 2nd line	Not accepted	This section is specifically about Internal Audit and only refers to their involvement in risk management. First and

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		actions are implemented by management.	responsibilities. Management should be assuring themselves that actions have been implemented. IA are a backcheck.		Second line responsibilities are referenced in paragraphs 3.2 of the Policy and 1.8 of the Framework, while specific responsibilities of each line of support (Corporate Lead Officers, Leadership Group and Internal Audit) are outlined in Appendix 1 of the Policy.
GAC Vice Chair	Page 10 – Community Risks	The top risks identified include: <ul style="list-style-type: none"> <li>• Impact of Brexit</li> <li>• Pandemic Flu</li> <li>• Flooding</li> <li>• other Severe Weather (such as storms, gales, low temperatures, heavy snow, heat waves and drought)</li> <li>• Loss of Infrastructure</li> <li>• Pollution</li> <li>• Animal Disease</li> <li>• Industrial Incidents</li> <li>• Transport Incidents</li> </ul>	Surprised? I thought one of the major findings to date was that the UK was prepared for a flu pandemic but not covid i.e. the risk was too narrowly defined and hence anticipated actions were inadequate	Noted	This para refers to Community Risks as defined in the Dyfed Powys Local Resilience Forum Community Risk Register. Pandemic Flu is clearly identified in the Risk Register. However, please note that following publication of the UK national risk register in August 2023, both the Welsh Government and the Dyfed Powys Local Resilience Forum are reviewing their risk register.
GAC Vice Chair	Page 10 – Community Risks	Long Term Risks include: <ul style="list-style-type: none"> <li>• Financial Resilience</li> <li>• Workforce resilience capability and capacity</li> <li>• Cyber Attack</li> </ul>	really? long term as these are current risks, are they not?	Accepted	This para has been reworded and the reference to long-term removed. See para 3.31.
GAC Vice Chair	Page 12 – Governance and Audit Committee	<ul style="list-style-type: none"> <li>• To monitor the effective development and operation of risk management in the Council.</li> <li>• To monitor progress in addressing risk-related issues reported to the Committee</li> </ul>	Suggest this is more fully aligned to what is said in our ToR.	Accepted	This has been updated and is now aligned with the Governance and Audit Committee Terms of Reference.

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
		<ul style="list-style-type: none"> <li>To consider the Corporate Risk Register as an agenda item</li> </ul>			
GAC Vice Chair	Page 13 – Corporate Lead Officer, Policy Performance and Public Protection	<ul style="list-style-type: none"> <li>The Corporate Lead Officer Policy &amp; Performance is responsible for risk management</li> </ul>	Too imprecise	Accepted	Para 3.15 and Appendix 1 have been amended to provide clarity.
GAC Vice Chair	Page 13 – Corporate Lead Officer Finance & Procurement	<ul style="list-style-type: none"> <li>The Corporate Lead Officer Finance &amp; Procurement is responsible for the insurance provision within the Authority</li> </ul>	plus risks within his area of responsibility?	Accepted	Appendix 1 has been amended to clarify this.

## Risk Management Framework

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
Zurich Insurance	Pages 1-22 Risk Management Framework	<ul style="list-style-type: none"> <li>Whole document</li> </ul>	Much like the Risk Management Policy and Strategy document, similar strengths are highlighted in the Risk Management Framework, which provides additional detail regarding the practical application of the risk methodology. The document also strikes the balance between informative, well structured and accessible.	Noted	No amendments have been made based on this comment.

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
			The use of diagrams, tables and examples help to break up heavy text and ensure that information is conveyed in an efficient and effective way.		
GAC Vice Chair	Page 4 – Risk Management Approach	<p>To ensure that risk management is handled in the most efficient way within the Council, risk is included as:</p> <ul style="list-style-type: none"> <li>• part of the Business Planning and Service Planning process</li> <li>• an agenda item on all departmental meetings to identify emerging risks and changes</li> <li>• part of Corporate Project Management processes</li> <li>• part of procurement processes</li> <li>• As an agenda item at all Leadership Group meetings</li> <li>• As an agenda item at Governance and Audit Committee meetings</li> </ul>	<p>How is this done and how can this be evidenced? What positive outcomes have been achieved by applying this approach?</p>	Accepted	This is clarified in a new paragraph (para 1.8).
Zurich Insurance	<p>Page 5 - Risk Analysis Page 7 - Risk Level Page 8 - Risk Appetite</p>	<ul style="list-style-type: none"> <li>• Risk Analysis</li> <li>• Risk Level</li> <li>• Risk Appetite</li> </ul>	The following recommendations are not improvement actions, but are future development areas that the organisation could explore as the risk maturity of Ceredigion grows and the Strategy and Framework	Accepted	We accept the recommendations for further improvement and have embedded risk appetite into the risk management process. This is reflected in paras 3.3 and 3.8 of the Policy and Strategy, and in paras 1.25 and 1.26 of the Framework.

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			<p>are implemented and embedded:</p> <ul style="list-style-type: none"> <li> <b>Risk Appetite:</b>  Risk Appetite is referenced in the Risk Framework and explained clearly, however, further explanation of how risk appetite is determined, the organisation's approach to risk appetite and how it is factored into leadership decision making would show a more evolved approach. This may take the form of setting risk appetite levels and tolerance levels using the strategy/ corporate risk register, or setting levels against risk management categories based on the organisation's long term ambitions and operating environment. </li> </ul>		
GAC Vice Chair	Page 6 – Risk Identification	The objectives of the Authority or Service should always be a primary focus when identifying risks. Consideration should be given to; what could pose a potential threat, or opportunity, to the achievement of those objectives?	objectives as set out within the approved Council & Community Strategic Plan ? If so where is the assessment of the delivery risks?	Accepted	<p>The Corporate Well-being Objectives are set out in the new Corporate Strategy 2022-27:  <a href="https://www.ceredigion.gov.uk/eich-cyngor/strategaethau-cynllunio-a-pholisiau/strategaeth-gorfforaethol/">https://www.ceredigion.gov.uk/eich-cyngor/strategaethau-cynllunio-a-pholisiau/strategaeth-gorfforaethol/</a>   <a href="https://www.ceredigion.gov.uk/your-council/strategies-plans-policies/corporate-strategy/">https://www.ceredigion.gov.uk/your-council/strategies-plans-policies/corporate-strategy/</a></p>

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					<p>Para 1.11 has been amended to make it clear that the Council's Corporate Well-being Objectives should always be a primary focus when identifying risks.</p> <p>The biggest risk to the delivery of the Corporate Well-being Objectives is the financial risk in relation to the updated Medium Term Financial Strategy 2023/24–2026/27. Refer to pages 22-24 of the Medium Term Financial Strategy for details of the challenging financial position:</p> <p><a href="https://www.ceredigion.gov.uk/media/14037/strategaeth-ariannol-tymor-canolig-202324-i-202627.pdf">https://www.ceredigion.gov.uk/media/14037/strategaeth-ariannol-tymor-canolig-202324-i-202627.pdf</a></p> <p><a href="https://www.ceredigion.gov.uk/media/14036/medium-term-financial-strategy-202324-to-202627.pdf">https://www.ceredigion.gov.uk/media/14036/medium-term-financial-strategy-202324-to-202627.pdf</a></p>
GAC Vice Chair	Page 6 – Risk Identification	<p>Risks and issues often get confused and a useful way of remembering the difference is:</p> <ul style="list-style-type: none"> <li>• Risks are things that might happen and stop us achieving objectives, or otherwise impact on the success of the organisation.</li> <li>• Issues are things that have already happened and require management action.</li> </ul>	An important distinction but this is not carried through in to how you identify and articulate risks in the risk register.	Not accepted	The Risk Management Policy, Strategy Framework outlines the management of risks only, this definition is included to help risk owners understanding of what constitutes, and should be considered, a risk.
GAC Vice Chair	Page 6 - Risk Identification	<p>Risks can be identified by anyone and in a variety of ways including:</p> <p>Internally through:</p> <ul style="list-style-type: none"> <li>• Self-assessments</li> </ul>	These are all fundamentally self-assessment/ judgement-based identification techniques and as such are inherently limited. What metrics do you	Not accepted	<p>It is not possible to demonstrate that we have identified <i>all</i> risks and we will probably never be 100% confident, but neither is national government, the COVID-19 pandemic being a recent example.</p> <p>Unfortunately, there isn't a set list or criteria for identifying risks, but we appreciate that there is a level of</p>



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		<ul style="list-style-type: none"> <li>• Risk Assessment carried out annually jointly with Audit Wales</li> <li>• Current performance</li> <li>• User satisfaction</li> <li>• Complaints</li> <li>• Internal Audit reports</li> <li>• Team Meetings / Staff suggestions and feedback</li> </ul>	<p>have? More importantly how can we be confident that you have identified all relevant risks and that these have been assessed properly?</p>		<p>anxiety that something could be missed. To mitigate this, the Risk Policy is clear that risk identification isn't the responsibility of just one group, instead everyone has a part to play and can contribute if they feel something is missing (refer to Risk Management Policy and Strategy para 3.9). These messages will continue to be reiterated to managers and members at appropriate forums.</p> <p>Furthermore, we take account of national, community and service risks in drawing up the Corporate Risk Register. We also keep risk under continuous review to identify new and emerging risks, and we look externally to draw on the work of regulators other bodies to make our horizon scanning as effective as possible. The Framework also makes it clear that the PESTLE categories should be considered as part of this process to give a more structured approach to risk identification (para 1.17 and Appendix 1).</p>
GAC Vice Chair	Page 7 – Risk Identification	Once identified, it is essential the risk is clearly described to ensure it is understood by all potential audiences.	I think the risk consequence should be described in terms of the impact on our citizens and delivery of Council's services so for me it's about citizens being unable to go to work/ live their normal lives and the Council being unable to provide social care in the community which has a meaningful, adverse impact on our constituents. Articulating risks in this way makes them feel more relevant	Accepted	Agreed, an alternative diagram has been used to convey the cause, event and consequence of risks.

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			and helps focus the right risk response		
GAC Vice Chair	Page 8 – Risk Analysis	Category may be Strategic or Operational	Conceptually I think I understand why you try to categorise risks as strategic or operational but in practice this is an artificial distinction with a concern being that risks may be wrongly categorised and not escalated properly. So that leads me on to a question over the detail of this escalation process (from service to strategic risk register) and its robustness.	Not accepted	We note your concerns and understand the value of your comments. However, at this point in time, the Authority believes that there is a clear distinction between strategic and operation where operational risks are managed by services. Nevertheless, there is a mechanism at Leadership Group where operational or service risks can be added to the Corporate Risk Register if the risk score is high enough, for example Ash Dieback. The escalation process works and is referred to in paras 1.35 to 1.40 of the Risk Framework. There are also exceptions where an operational risk will be escalated to the Corporate Risk Register. The distinction between strategic and operational also aligns with that used by the Council's insurers.
GAC Vice Chair	Page 9 – Categorisation	Strategic Risks will impact on the medium to long term goals and objectives of the Council and will often include external factors that could impact decisions made inside the Authority.	Where are these goals and objectives set out... the corporate strategy? There needs to be a clear linkage between each corporate strategy and individual strategic risks so the Council can see/ understand the vulnerabilities associated with achieving each objective.	Accepted	We note the comment and we will review the document and the Corporate Risk Register itself to make this link to Corporate Well-being Objectives clear.
GAC Vice Chair	Page 11 – Assessing Likelihood (Probability)	This requires assessing the chance or likelihood that a risk will occur. Likelihood should as	It is so difficult and indeed pretty meaningless to assign a point value to a subjectively assessed risk	Not accepted	The points of references are contained in Appendix 2 (Likelihood) and Appendix 3 (Impact).

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		<p>far as possible be based on an objective assessment of:</p> <ol style="list-style-type: none"> <li>the likelihood of their occurrence</li> <li>the strength of measures (such as contingency plans) to prevent or anticipate such an occurrence</li> <li>are there opportunities to make improvements and are there any barriers in the way?</li> </ol>	<p>unless you have some metrics or points of reference. How do you do this in practice?</p>		
GAC Vice Chair	Page 11 - Assessing Likelihood (Probability)	<p>The Likelihood or probability of an event occurring should be scored on a scale of one to five where one is rare and five is almost certain. Appendix 2 sets out the criteria that should be applied in assessing how likely an event is to occur.</p>	<p>This does confuse me... i think you are mixing up likelihood (of risk occurring in a defined period) with risk frequency (number of occurrences). For strategic risks I would suggest you think about the likelihood of x risk occurring in the next 3 years (linked to corporate plan period) with operational risks over the 1 year time horizon.</p>	Noted	<p>The likelihood refers to the likelihood or probability of an event occurring and not the frequency. Clear definitions and parameters are provided in para 1.24 and Appendix 2. The risk scoring methodology is not an exact science and is about understanding and communicating what is a priority for the Council.</p>
Zurich Insurance	<p>Page 12 - De-escalating a Risk</p> <p>Page 20 - Levels of Risk</p> <p>Pages 21-22 Risk Proposal Template</p>	<ul style="list-style-type: none"> <li>De-escalating a Risk</li> <li>Appendix 4: Levels of Risk</li> <li>Appendix 5: Risk Proposal Template</li> </ul>	<p>Furthermore, the reference to levels of risk (including project, partnership and contract risk), de-escalation of risk and risk register templates are all evidence of a well evolved and more advanced understanding</p>	Noted	<p>No amendments have been made based on this comment.</p>

Response From	Page Reference	Paragraph	Comment Received	Response	Response Comments
			of embedding risk management.		
GAC Vice Chair	Page 12 – Risk Level	The Risk Level is determined as follows:  Likelihood x Impact = Risk Level	Multiplying impact and likelihood appears to be an accepted practice in the public sector but I would caution against it as the important element is to focus on and rank risks based on their relative likelihood and impact... as the management actions should be targeted on reducing likelihood and/or impact should the risk occur.	Not accepted	We thank you for your comments, but this is how the public sector manages risk and we believe that this provides us with a useful and understandable system, and is in widespread use throughout risk management in public services. At the current time, this is the most appropriate tool for risk in public sector.
GAC Vice Chair	Page 13 – Risk Treatment	Manage the risk within existing management routines. Risks should only be accepted where officers believe that the residual risk is tolerable and have no material impact upon objectives (i.e. where they are in the green zone of the matrix).	All risks impact either corporate or local objectives? how are you defining 'material'?	Partially accepted	As stated in the Framework, the definition of green zone on the Risk Matrix is the most relevant mechanism in this case. The use of the word material is not appropriate and has been removed.
GAC Vice Chair	Page 13 – Risk Treatment	The risk is accepted and appropriate budget is allocated to meet costs resulting from the risk occurring.	Accepted by whom? What are the authority levels? Who verifies that risks are being accepted in accordance with policy?	Accepted	The risk is accepted by Leadership Group and they recommend the allocation of the budget to Cabinet, who as elected Members, ultimately approve the budget. This has been clarified in the table in para 1.29.
GAC Vice Chair	Page 17 – Completing the Risk Register	On identification and assessment of a risk and completion of a risk proposal, An owner must be assigned and the risk accepted before	what is meant by being 'accepted' in this context?	Accepted	Accepted means that the risk is recognised and approved by Leadership Group. However, we agree that the word "accepted" is not clear enough and has been replaced with "recognised and approved" in para 1.32.

<b>Response From</b>	<b>Page Reference</b>	<b>Paragraph</b>	<b>Comment Received</b>	<b>Response</b>	<b>Response Comments</b>
		being recorded on the appropriate Risk Register.			
GAC Vice Chair	Page 23 - Appendix 2: Risk Assessment Criteria for Likelihood of an event happening	Could occur at least once between 5-10 years  Could occur at least once between 1-5 years	This is methodologically confused (likelihood v frequency)	Accepted	Appendix 2 refers to likelihood and has been clarified that it does not refer to frequency. See also answer to similar question raised above on page 17 in relation to Assessing Likelihood (Probability).



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County Council

# Ceredigion County Council: Risk Management Policy & Strategy



November 2023

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# 1 Foreword

- 1.1 Welcome to the Risk Management Policy and Risk Management Strategy document for Ceredigion County Council.
- 1.2 Effective risk management allows the Council to:
  - Have increased confidence in achieving our priorities and outcomes.
  - Constrain threats to acceptable levels.
  - Take informed decisions about exploiting opportunities.
  - Ensure that we get the right balance between rewards and risks.
  - Improve partnership working arrangements and corporate governance.
  - Protect people, assets and council's reputation.
  - Maximise opportunities.
- 1.3 Ultimately, effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the council and damage to its reputation.
- 1.4 The Risk Management Policy and Strategy document provides a comprehensive framework and process designed to support Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The policy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that we have in place to manage risk successfully.
- 1.5 The Council will review the Policy and Strategy at least every three years and any variations from this policy will be reviewed by the Governance and Audit Committee, prior to approval by Cabinet.
- 1.6 This Policy and Strategy is underpinned by a complementary risk Management Framework document, which should be read in conjunction with this document.



# 2 Risk Management Policy

## Risk Management Policy Statement

- 2.1 Ceredigion County Council recognises that a proactive approach to risk management is a vital aspect to achieving its vision of delivering value for money sustainable bilingual public services that support a strong economy and healthy environment while promoting well-being in our people and our communities.
- 2.2 The Council has established an effective Risk Management Strategy that is becoming embedded into the culture of the organisation through review, training, continuous discussion at Leadership Group, the identification of service risks and the expectation that all service risks are reported on a quarterly basis. This contributes to the achievement of the Corporate Strategy and in particular its organisational effectiveness.
- 2.3 The Council identifies, analyses, manages and applies cost-effective control of the risks it faces in order to:
1. Ensure that statutory obligations and policy objectives are met.
  2. Ensure the Council achieves its Corporate Well-being Objectives and the National Well-being Objectives through improved service delivery.
  3. Ensure the successful delivery of major and innovative projects.
  4. Establish and maintain effective ways of working in partnership.
  5. Preserve and promote the reputation of the Council.
  6. Improve decision-making, planning, prioritisation and optimise operational efficiency.
  7. Safeguard its elected Members, employees, service users, pupils and all other stakeholders to whom the Council has a duty of care.
  8. Learn from previous opportunities, threats, successes and failures to inform future management of risks through introducing new structures, advice, templates and guidance to staff, as well as closer monitoring.
- 2.4 The appraisal and management of risk is applied to all Ceredigion County Council processes and in particular forms part of our:
- Policy making, audit and review
  - Health & Safety policy and strategy
  - Financial planning and control
  - Strategic planning and objective setting
  - Business and service planning and delivery
  - Reporting and decision-making processes
  - Performance management
  - Project and Change management processes

- 2.5 It is acknowledged that some risks will always exist and will never be eliminated, however all employees must consider risk and accept responsibility for managing risks associated with their area of authority.
- 2.6 The Chief Executive has overall responsibility for securing adherence to the Council's policy on Risk Management.
- 2.7 Risk Management Policies, Strategies and Processes will be reviewed for efficiency effectiveness and compliance as part of the management review cycle.

# 3 Risk Management Strategy

## Purpose

3.1 The Risk Management Strategy sits alongside the policy statement, and sets the actions required to meet a series of risk management objectives.

## Objectives

3.2 The objectives of this Strategy are to:

- Embed and integrate risk management into the culture of the Council.
- Assign roles, responsibilities and accountability for risk management activities within the Council. The “Three Lines of Defence Model” is incorporated into Internal Audit’s assurance mapping to obtain assurances from management, internal audit and external sources of assurance e.g. regulators & inspectorates.
- Raise the awareness of the need for risk management by all those connected with the Council’s delivery of services.
- Prevent injury, damage and losses to reduce the cost of risk.
- Enhance the realisation of opportunities and resulting benefits.
- Ensure consistency throughout the Council in the management of risk.

3.3 These objectives will be achieved by the following actions:

- Incorporate risk management considerations into all levels of business planning.
- Incorporate risk management considerations into all levels of programme, project and partnership arrangements.
- Provide skills training and development for all elected Members, managers and staff, in the effective management of risk.
- Regularly monitor and report risks to identify trends and likely direction of risks for Members and Senior Managers to be aware of when making decisions.
- Provide risk appetite scores in each Corporate Risk Register to support informed decision making in line with the risk appetite along with reduced uncertainty and improved consistency.
- The Governance and Audit Committee monitor the effective development and operation of corporate risk management in the Council, the progress in addressing risk-related issues reported to the Committee and consider the Corporate Risk Register on a quarterly basis.
- Make the Risk Management Framework available to all elected Members, staff, the public and other stakeholders on the Council’s intranet and website and communicate via management channels.
- Make the Corporate Risk Register available to all Members on a quarterly basis.
- Provide risk management training for Leadership Group and all managers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide.

## Definitions

3.4 Ceredigion County Council defines Risk as:

*“the possibility that something might happen that will have a detrimental impact on the achievement of the Council’s objectives, reputation, or service delivery’. Risk is measured in terms of impact and likelihood.”*

3.5 Risk Management is the planned and systematic processes, by which key risks are identified, evaluated and managed enabling maximisation of benefits and minimisation of potentially negative consequences to the Council and its partners. Risks can be broken down and further defined as risk management allows the Council to:

- a) Identify risks in the context of Corporate objectives, including potential opportunities.
- b) Assess risks to determine the likelihood and impact of each risk.
- c) Determine the response to each risk individually.
- d) Develop the necessary actions, controls and processes to implement the chosen response to each risk.
- e) Communicate the approach to risk management and the results of risk management activity.
- f) Maximise opportunities.

3.6 Managing risks informs strategic and business planning and helps the Council to meet the Corporate Well-Being objectives set out in its Corporate Strategy 2017- 2022, improve service delivery and enhance value for money.

## Risk Culture

3.7 A strong business wide risk culture is an important aspect of strong corporate governance. Risk Culture is the shared values, attitudes and practices that characterise how the Council considers risk on a day-to-day basis by:

- a) Raising awareness of risks faced by the Council.
- b) Understanding of the business and the relevance of risk.
- c) Clear ownership of risks.
- d) Clearly defined responsibilities for risk management activity.
- e) Effective monitoring and reporting of the effectiveness of risk.

3.8 While the Council should not be risk averse, the principles contained within this policy ensure that the Council strikes the right balance in its approach to business opportunity and risk management. To assist in achieving this, risk appetite is an integral part of the risk management process with the Corporate Risk Register including risk appetite scores that the authority is willing to tolerate. This is to ensure that the risk culture supports informed decision making in line with the risk appetite.

## **Roles & Responsibilities**

- 3.9 Responsibility for effective risk management rests with all Members and Officers of the Council. Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.
- 3.10 The Governance and Audit Committee is responsible for monitoring the effective development and operation of corporate risk management in the Council.
- 3.11 The allocation of further roles and responsibilities are set out in Appendix 1.

## **Resourcing Risk Management**

- 3.12 Risk management is not a new issue and every Member and Officer is responsible for considering risk implications as they relate to their actions.
- 3.13 The Leader of Ceredigion County Council, supported by the Chief Executive is responsible for ensuring that a Risk Management Policy and Strategy is in place, taking overall responsibility for securing adherence to the Council's Policy on Risk Management and providing objective assurance on the effectiveness of the risk management procedures in place.
- 3.14 Corporate Directors support the Chief Executive Officer and Leadership Group in promoting risk management across the Council, securing adherence to the Policy and providing assurance that this is being successfully achieved. They provide line management support to Corporate Lead Officers in relation to risk management where risks are escalated or where an impasse is reached.
- 3.15 The designated Corporate Lead Officer for Risk at Leadership Group Level is the Corporate Lead Officer Policy, Performance & Public Protection. They have delegated responsibility for securing adherence to the Council's Policy on Risk Management and providing objective assurance that this is being successfully achieved along with the effectiveness of the mechanisms used to control identified risks. They are also responsible for challenging colleagues around risk scoring, setting mitigating actions and whether actions have been delivered.
- 3.16 The Performance and Research team will act as a link between elected members, and Leadership Group for all aspects of risk management. Further details of the Roles and Responsibilities are contained in Appendix 1.

## **Corporate Governance**

- 3.17 In accordance with the CIPFA / SOLACE Guidance on Corporate Governance, the County Council has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services.

- 3.18 Principle F of the above CIPFA guidance states: Managing Risks and performance through robust internal control and strong public financial management in the above framework recognises that ‘Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities’.
- 3.19 This Risk Management Strategy ensures that the Council’s Risk Management Policy is fully embedded into the Council’s strategic and operational planning and monitoring processes.

### **Involvement of other Related Groups**

- 3.20 There are a number of other officer groups in existence, which will deal with specific areas of risk management. These include:
- Health and Safety Forum
  - Personal Safety Group
  - Emergency Planning and Business Continuity Management Group
  - Ceredigion Severe Weather group
  - Information Technology (Strategy)
  - Information Management Group
  - SIRO – Information Risk Group
  - Capital Monitoring Group
  - Corporate Project Management Group
  - Development Group
  - Asset Management Group

### **Internal Audit**

- 3.21 As the 3rd line of defence, the Council’s Internal Audit service will provide objective assurance to Leadership Group, Governance & Audit Committee and Council on the robustness and effectiveness of the risk management procedures. Internal Audit will periodically review the Corporate Risk Register and evaluate the Corporate Risk Management procedures including the reporting of risks.
- 3.22 The Annual Internal Audit Plan is risk-based and is aligned to the Corporate Risk Register to ensure resources are prioritised according to risk. Internal Audit will periodically evaluate the management of key risks included in Risk Registers. All red risks within the Corporate Risk Register will be included in the Internal Audit plan of work over a rolling two-year period and periodic reviews of Service Risk Registers will also be included in the Internal Audit plan.
- 3.23 Internal Audit will provide objective assurance that risks are being managed appropriately for each completed audit engagement. The auditor will identify risks and test the controls in place to mitigate these risks. Audit findings will be reported to the

relevant Corporate Lead Officer and Corporate Managers together with a resulting action plan including risks identified, areas for improvement and management actions required to mitigate risks.

- 3.24 Checks will be undertaken by Internal Audit to ensure agreed actions are implemented by management.
- 3.25 Leadership Group will receive copies of all finalised external audit reports and internal audit progress reports to assess if implemented actions sufficiently address the identified risks and whether any changes are required to the Corporate Risk Register.

## Partnerships

- 3.26 Collaboration projects and subsequent partnership working will adhere to the internal Collaboration Projects Protocol. The protocol establishes the process to be followed when entering into a new project/partnership, how to review and assess current projects/partnerships and how to end our involvement in a project/partnership. All templates that make up the protocol will include risk identification, assessment or monitoring.

## National Risks

- 3.27 The National Risk Register (NRR) published by the UK Government and updated in 2023, is the government's assessment of the most serious risks facing the UK.
- 3.28 The risks that meet the threshold for inclusion in the NRR would have a substantial impact on the UK's safety, security and/or critical systems at a national level.
- 3.29 The NRR includes information about risks themes:
- Terrorism
  - Cyber
  - State threats
  - Geographic and diplomatic
  - Accidents and systems failures
  - Natural and environmental hazards
  - Human, animal and plant health
  - Societal
  - Conflict and instability

## Community Risks

- 3.30 The Dyfed Powys Local Resilience Forum Community Risk Register outlines specific risks that may cause a civil emergency in the Dyfed Powys Police region. Inclusion of a risk in the Community Risk Register, doesn't mean it will happen. It means it is recognised as a possibility and organisations have made arrangements to reduce its impact.

3.31 The top risks identified include:

- Impact of Brexit
- Pandemic Flu
- Flooding
- Other Severe Weather (such as storms, gales, low temperatures, heavy snow, heat waves and drought)
- Loss of Infrastructure
- Pollution
- Animal Disease
- Industrial Incidents
- Transport Incidents
- Financial Resilience
- Workforce resilience capability and capacity
- Cyber Attack

## **Corporate Risks**

3.32 The corporate risk register identifies potential developments or occurrences which, were they to occur, would jeopardise the Council's ability to achieve its priorities, provide services as planned and fulfil its statutory duties. Specifically, it is those risks which have a high-risk score and are deemed necessary to be managed at corporate, rather than service level.

## **External Contracts**

3.33 The central Procurement Team maintains a Contracts Register.

3.34 The Council will consider all potential risks around supply and service delivery when preparing for the procurement, and mitigate these through due diligence questions in tenders and appropriate measures in contracts. Subsequent contract management, monitoring of key contracts and good relationships with suppliers will allow for early identification of risks arising during the lifetime of the contract, and for appropriate action to be taken when necessary.

3.35 Central Procurement will establish networks with other authorities and agencies and share risk management information and raise awareness of potential risk issues that could impact on the Council from a procurement perspective.

## **Reviews**

3.36 The Risk Management Policy and Strategy will be reviewed every three years (or more frequently if required by changes to statutory legislation) and both the Governance and Audit Committee and Leadership Group will be consulted prior to finalising and submitting the policy to Cabinet for approval.



- 3.37 The Corporate Risk Register will be reviewed by Leadership Group and the Governance and Audit Committee at each of their meetings and will be made available to all managers through the Teifi performance system.
- 3.38 Service risks will also be held on the Teifi performance system and available to all managers.
- 3.39 Other Risk Registers to be reviewed as part of the appropriate partnership and management arrangements.

# Appendix 1: Roles and Responsibilities

Everyone has a role to play in an integrated risk management framework, for example everyone has a responsibility to report any identified new risks. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles as identified at present are:

GROUP / STAKEHOLDER	ROLE DESCRIPTION
<b>CABINET MEMBERS</b>	<ul style="list-style-type: none"> <li>To approve and review the Risk Management Policy and Strategy underpinned by the Risk Management Framework in order to protect its assets and as an integral part of its vision for Ceredigion.</li> </ul>
<b>GOVERNANCE AND AUDIT COMMITTEE</b>	<ul style="list-style-type: none"> <li>To provide independent assurance to full Council and management of the adequacy of the risk management framework.</li> <li>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</li> <li>To monitor the effective development and operation of risk management in the Council.</li> <li>To monitor progress in addressing risk-related issues reported to the Committee.</li> <li>To consider the Corporate Risk Register as an agenda item.</li> </ul>
<b>SCRUTINY COMMITTEES</b>	<ul style="list-style-type: none"> <li>Use the Corporate Risk Register to help prioritise matters on the work programme.</li> <li>Integrate an awareness of risk management into their work through wider reviews of policy development.</li> <li>Report any newly identified risks through the course of their work.</li> <li>Support Governance and Audit Committee in relation to understanding where and how strategic risks are emerging, in relation to matters of emerging concern arising from regular financial, performance or risk reporting, and in the most effective method of understanding and evaluating risk management arrangements.</li> </ul>
<b>CHIEF EXECUTIVE OFFICER</b>	<ul style="list-style-type: none"> <li>Promote Risk Management and its benefits throughout the Council.</li> <li>To take overall responsibility for securing adherence to the Council's Policy on Risk Management and provide assurance that this is being successfully achieved.</li> <li>Appoint a Corporate Lead Officer to take responsibility for risk management.</li> </ul>
<b>LEADERSHIP GROUP (LG)</b>	<ul style="list-style-type: none"> <li>Recommend the approval of Risk Management Policy and Strategy underpinned by the Risk Management Framework.</li> </ul>

	<ul style="list-style-type: none"> <li>• To ensure Risk Management is implemented across the Council in line with the approved Risk Management Policy and Strategy.</li> <li>• To oversee the establishment and maintenance of a Corporate Risk Register.</li> <li>• To be responsible for the acceptance or removal of a Corporate Risk to or from the Corporate Risk Register.</li> <li>• Allocate responsibility to Corporate Lead Officers to develop action plans for corporate strategic risks.</li> <li>• To consider and approve Risk management plans and initiatives including action plans for the management of Critical Risks.</li> <li>• Consider risks attached to proposals for new / changed policies and service delivery arrangements.</li> <li>• To take collective responsibility for securing adherence to the Council's Policy on Risk Management and provide assurance that this is being successfully achieved.</li> <li>• Take collective responsibility for confirming the risk score for each risk.</li> </ul>
<b>CORPORATE DIRECTORS</b>	<ul style="list-style-type: none"> <li>• Promote Risk Management and its benefits throughout the Council.</li> <li>• To take responsibility for securing adherence to the Council's Policy on Risk Management and provide assurance that this is being successfully achieved.</li> <li>• To ensure that there are regular reviews of risk within their directorates.</li> <li>• Provide line management support to Corporate Lead Officers in relation to risk management when risks are escalated or where an impasse is reached.</li> </ul>
<b>CORPORATE LEAD OFFICER, POLICY PERFORMANCE &amp; PUBLIC PROTECTION</b>	<ul style="list-style-type: none"> <li>• The Corporate Lead Officer Policy &amp; Performance has delegated responsibility for securing adherence to the Council's Policy on Risk Management and providing assurance that this is being successfully achieved.</li> <li>• To appraise the effectiveness of mechanisms used to control identified risks.</li> </ul>
<b>CORPORATE LEAD OFFICER FINANCE &amp; PROCUREMENT</b>	<ul style="list-style-type: none"> <li>• The Corporate Lead Officer Finance &amp; Procurement (Section 151 Officer) is responsible for the insurance provision within the Authority.</li> <li>• To manage financial risks through the Medium-Term Financial Strategy.</li> </ul>
<b>CORPORATE MANAGER PARTNERSHIPS &amp; PERFORMANCE, PERFORMANCE &amp; RESEARCH MANAGER AND CORPORATE</b>	<ul style="list-style-type: none"> <li>• Coordinate risk management activity across the Council.</li> <li>• Report on risk management activity to Corporate Lead Officer - Policy Performance &amp; Public Protection.</li> <li>• Maintain a corporate risk register and liaise with Corporate Lead Officers relating to service risks.</li> <li>• Arrange risk management training for officers and Members, appropriate to their needs and responsibilities.</li> <li>• Provide advice and assistance as required.</li> </ul>

<b>PERFORMANCE &amp; IMPROVEMENT OFFICER</b>	<ul style="list-style-type: none"> <li>• Review the Risk Management Framework as required.</li> </ul>
<b>CORPORATE LEAD OFFICERS</b>	<ul style="list-style-type: none"> <li>• To be responsible for the management of risks within their control in order to safeguard their employees and clients, protect assets and to preserve and enhance service delivery to the citizens by ensuring the successful delivery of the Council's stated objectives.</li> <li>• To ensure that risk management and business continuity are embedded at all levels within their area of responsibility.</li> <li>• To establish and maintain a Service Risk Register on Teifi.</li> <li>• Develop action plans in relation to corporate strategic risks as they relate to their area and record these in the relevant Service Improvement Plan.</li> <li>• To review the suitability of Risk Management plans and initiatives and make recommendations on these to the Leadership Group.</li> <li>• To ensure the timely escalations of risks identified as being of significance to the Council as a whole.</li> <li>• To encourage the availability and sharing of risk information Council-wide.</li> <li>• To share experience on risk, risk management and risk management strategy implementation across the Council.</li> <li>• Responsible for the acceptance of Risk from the Corporate Risk Register or from a Team Risk Register.</li> <li>• Responsible for recommending the escalation of a Risk to the Corporate Risk Register or de-escalation or approving the archiving of a risk.</li> <li>• Review service risks at Corporate Lead Officer Manager meetings on a regular basis.</li> <li>• Notify the Director of Finance of any significant changes in service provision likely to arise if a risk materialises to enable him / her to ensure that appropriate and adequate insurance and financing measures are in place.</li> </ul>
<b>CORPORATE MANAGERS</b>	<ul style="list-style-type: none"> <li>• To ensure that risk is managed effectively at all levels in each service area within their particular service areas.</li> <li>• To continue to develop their Team Risk Registers and update them on a regular (at least quarterly) basis.</li> <li>• To ensure the timely escalations of risks identified as being of significant to the Service / Council as a whole.</li> <li>• To ensure that risk management is linked to Service Plans, projects etc. and apply risk management to those risks requiring further action, particularly new developments and "project" work.</li> <li>• Understand and maintain awareness of risk management principles and take responsibility for managing risk within their own working environment.</li> </ul>

	<ul style="list-style-type: none"> <li>• Be aware of existing risk assessments related to their area of work and relevant procedures or control measures for adoption in order to reduce identified risks.</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• To bring to the attention of their line manager any matters that they believe to be a risk to the successful delivery of services or the meeting of the Council's objectives.</li> <li>• Contribute to the identification, assessment and control of risks wherever possible.</li> </ul>
<b>INTERNAL AUDIT</b>	<ul style="list-style-type: none"> <li>• The Head of Internal Audit provides objective assurance on the organisation's performance to the Risk Management Framework, the adequacy and effectiveness of risk management procedures and that risks are being managed appropriately.</li> </ul>
<b>EXTERNAL AUDIT</b>	<ul style="list-style-type: none"> <li>• Audit Wales are the Council's External Auditors and attend meetings of the Audit Committee and contribute to the assurances on Risk Management provided.</li> </ul>



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# Ceredigion County Council: Risk Management Framework



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# 1 Risk Management Framework

## Introduction

- 1.1 The Risk Management Framework underpins the Risk Management Policy and Strategy to ensure that the objectives of the Council's Risk Management Policy are realised.

## Background

- 1.2 Good risk management is a key tool in assisting the organisation to manage uncertainty in order to enable the organisation to better achieve the outcome of its objectives. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation. It is essential that steps are taken to effectively manage those risks. Risk management supports innovative solutions as it carefully considers benefits, alongside the risks, that may occur.
- 1.3 All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers to achieving these objectives through the coordination of identification, assessment, management and reporting of risks.
- 1.4 The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.
- 1.5 The risk management framework aims to:
  - Clarify responsibilities for identifying and managing risks.
  - Ensure that an appropriate level of risk management is consistently applied across the Council.
  - Increase awareness and use of risk management as a normal element of service management and improvement.
  - Facilitate sharing of experience and good practice across the Council and with other bodies.

## Risk Management Approach

- 1.6 The development of a consistent, corporate approach to risk management needs to be done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden.



1.7 To ensure that risk management is handled in the most efficient way within the Council, risk is included as:

- A required part of the Business Planning and Service Planning process
- An agenda item on all service meetings to identify emerging risks and changes.
- A required part of Corporate Project Management processes
- Part of procurement processes
- An agenda item at all Leadership Group meetings
- An agenda item at Governance and Audit Committee meetings

1.8 The effectiveness of the risk approach is evidenced through the fact that new risks are being identified via the meetings outlined above, risks are being escalated/de-escalated where appropriate, and through the Council's joined up approach to corporate planning. The Council's Internal Audit function has also developed the Assurance Mapping process to incorporate the 'Three Lines of Defence Model', obtaining assurances from management, IA and external sources of assurance e.g. regulators & inspectorates. Assurance Mapping is discussed at weekly team meetings.

## Methodology

1.9 A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service, partnership arrangements, project planning and change management processes.



- **Risk Identification** deals with the mechanisms for identifying risk by anyone within the organisation.
- **Risk Analysis** deals with how we assess risk.
- **Risk Treatment** deals with how we respond to the risk.
- **Completing the Risk Register** deals with recording the risk.
- **Risk ownership Reviewing, Monitoring, and Reporting Risks** sets out how we manage our risk.

1.10 The first phase of the risk management cycle involves the identification of existing and emerging threats and opportunities. This is carried out in all areas of the council's business, and are classified as Corporate, Service, Team, Partnership Project or Community.

## Risk Identification



1.11 The Council's Corporate Well-being Objectives should always be a primary focus when identifying risks. These are set out in the Council's new Corporate Strategy for 2022 to 2027. This contributes to the achievement of the Corporate Strategy and in particular its organisational effectiveness. Consideration should be given to what are the key barriers or threats which will prevent the Council from achieving its objectives and why do those barriers exist? What could pose a potential opportunity to have a positive effect on the achievement of objectives? Everyone has a role to play in the identification of new and emerging risks, as outlined in the Risk Management Policy and Strategy para 3.9.

1.12 Risks and issues often get confused and a useful way of remembering the difference is:

- Risks are things that might happen and stop us achieving objectives, or otherwise impact on the success of the organisation.
- Issues are things that have already happened and require management action.

1.13 Risks can be identified by anyone and in a variety of ways including:

Internally through:

- Self-assessments
- Risk Assessment carried out annually jointly with Audit Wales

- Current performance levels
- Performance Board monitoring
- User satisfaction
- Complaints
- Internal Audit reports
- Team Meetings / Staff suggestions and feedback

Externally through:

- Audit Wales reports
- Other Regulators' reports
- Our insurance provider Zurich
- The press / media
- Consultation and Citizen Engagement

The Governance and Audit Committee, Scrutiny Committees and the Council's insurers have a role to play in identification of risks. Scrutiny through the monitoring of service performance levels, Governance and Audit Committee through the ongoing review of the risk register and the Council's insurers Zurich through the provision of their public sector risk profile used in conducting gap analyses with the sector.

1.14 Once identified, it is essential the risk is clearly described to ensure it is understood by all potential audiences. The following table should be used to help identify the impact of the risk on the delivery of Council services and on Ceredigion's citizens.

RISK		
RISK DESCRIPTION		POTENTIAL EFFECT
Cause	Event	Consequence
Situation or event (real or perceived), that exposes us to a risk(s)	Include the event that could or has occurred that results in a negative impact on the objectives being achieved	The negative impact How big? How bad? How much? Consider BEST worst likely scenario
<b>How and Why?</b>	<b>What and Where?</b>	<b>How big, How Bad?</b>

## Risk Analysis

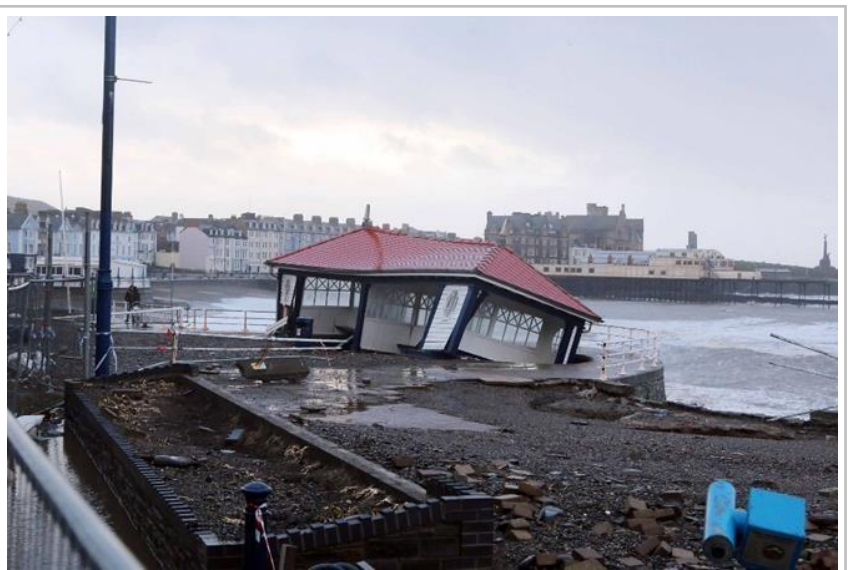


- 1.15 Risk Analysis involves categorisation, assessing how likely it is that an incident might occur and what the impact will be if it does happen. The Council's appetite for dealing with the risk is determined using the Council's Risk Rating matrix.

Category may be Strategic or Operational

How **Likely** is it that it will occur

What will be the **Impact** if it does happen



## Categorisation

1.16 Risks can be categorised as Strategic or Operational.

1.17 **Strategic Risks** will impact on the medium to long term goals and objectives of the Council and will often include external factors that could impact decisions made inside the Authority. The following table identifies the external PESTLE categories that should be considered. Appendix 1 provides further examples of the factors that could contribute to each category.

<b>Strategic</b>	<b>Political:</b>	Those associated with failure to deliver either local or central government policy, or meet the local administration's manifesto commitments.
	<b>Economic:</b>	Those affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or the consequences of proposed investment decisions.
	<b>Social:</b>	Those relating to the effect of changes in demographic, residential or socio-economic trends on the council's ability to deliver its objectives
	<b>Technological:</b>	Those associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the council's ability to deliver its objectives.
	<b>Legislative:</b>	Those associated with current or potential changes in Law (e.g. TUPE regulations).
	<b>Environmental:</b>	Those relating to the environmental consequences of progressing the Council's strategic objectives (e.g. in terms of energy efficiency, pollution, recycling, landfill requirements, emissions etc.)

1.18 Operational Risks are those that managers and staff will encounter in the daily course of their work. These may be considered as follows.

	<b>Professional:</b>	Those associated with the particular nature of each profession (e.g. housing service concerns, as to the welfare of tenants).
	<b>Financial:</b>	Those associated with financial planning and control and the adequacy of insurance cover.
	<b>Legal:</b>	Those related to possible breaches of legislation.

<b>Operational</b>	<b>Physical:</b>	Those related to fire, security, accident prevention, and health and safety (e.g. hazards, risks associated with buildings, vehicles, plant and equipment, etc.).
	<b>Contractual:</b>	Those associated with the failure of contractors to deliver services or products to the agreed cost and specification.
	<b>ICT (Operational):</b>	Those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery)
	<b>Customer/Client</b>	Those relating to the identification of customer / client needs and expectations.

### Assessing Likelihood (Probability)

1.19 This requires assessing the chance or likelihood that a risk will occur. Likelihood should as far as possible be based on an objective assessment of:

- a) the likelihood of the risk occurring
- b) the strength of measures (such as contingency plans) to prevent or anticipate such an occurrence
- c) are there opportunities to make improvements and are there any barriers in the way?

1.20 The Likelihood or probability of an event occurring should be scored on a scale of one to five where one is rare and five is almost certain. Appendix 2 sets out the criteria that should be applied in assessing how likely an event is to occur.

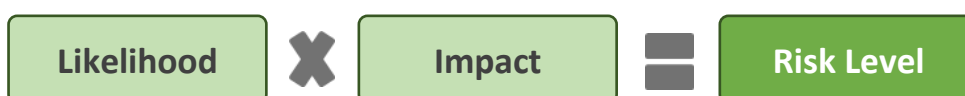
### Assessing Impact

1.21 Assessing Impact or severity looks at the consequences for the Authority, service-users and others, of such an occurrence if it were to happen.

1.22 The impact of any event if it occurs should be scored on a scale of one to five, where one is negligible and five is severe. Appendix 3 provides the assessment criteria that should be applied to assess the impact that an event could have on the Authority.

### Risk Level

1.23 The Risk Level is determined by selecting a scale for both likelihood and impact and multiplying them to produce the Risk Level:



1.24 The Risk Matrix below demonstrates Risk Level and determines the Council's appetite for responding to the risk.

	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Severe (5)
Almost Certain (5)	5 Medium Risk	10 Medium Risk	15 High Risk	20 High Risk	25 Critical Risk
Likely (4)	4 Low Risk	8 Medium Risk	12 Medium Risk	16 High Risk	20 High Risk
Possible (3)	3 Low Risk	6 Medium Risk	9 Medium Risk	12 Medium Risk	15 High Risk
Unlikely (2)	2 Low Risk	4 Low Risk	6 Medium Risk	8 Medium Risk	10 Medium Risk
Rare (1)	1 Low Risk	2 Low Risk	3 Low Risk	4 Low Risk	5 Medium Risk

### Risk Appetite

1.25 The Council's appetite for responding to risk can be summarised as follows. A detailed description of the levels of Risk can be found at Appendix 4.

Risk Level	Occurrence likelihood	Risk Type	Management
Low Risk (1-4)	Either remote or possible likelihood of occurrence	Team/Service/Project Risk	Accept or manage with routine procedures
Medium Risk (5-12)	Either remote, possible or likely chance of occurrence	Corporate/Service/Project Risk	Manage with specific monitoring or response procedures
High Risk (15-20)	Is Likely to occur	Corporate Risk	Escalated for further consideration / planning
Critical Risk (25)	Almost certain to occur	Corporate Risk	Escalated with detailed contingency planning

1.26 Risk appetite can be defined as the amount of risk that the Council is willing to take in order to achieve its Corporate Well-being Objectives. The Council has built on the risk probability and impact used to determine its risk priorities to further embed the use of risk appetite. For example, each Corporate Risk Register identifies a risk appetite score

that the authority is willing to tolerate. The aim of this work is to ensure that the risk management process supports informed decision-making in line with the risk appetite along with reduced uncertainty and improved consistency.

## Risk Treatment



- 1.27 Risk Treatment will require an assessment of the appetite for risk See previous section and determining the appropriate risk treatment. Risk Treatment determines how the risk will be reacted to or managed.
- 1.28 Risk treatment is the process of assessing how the risk is to be reacted to or managed.
- 1.29 This needs to include consideration of the most cost-effective way to mitigate the risk and if the action taken will effectively reduce the risk to an acceptable level within a reasonable time span based on the severity of the risk. The following table sets out the Council’s different approaches to managing risk.

Treatment	Action
<b>Accept / tolerate</b>	Manage the risk within existing management routines. Risks should only be accepted where officers believe that the residual risk is tolerable and have no impact upon objectives (i.e. where they are in the green zone of the matrix).
<b>Retention (accept and budget)</b>	The risk is accepted and appropriate budget is allocated to meet costs resulting from the risk occurring. The risk is accepted by Leadership Group and they recommend the allocation of the budget to Cabinet, who as elected Members, ultimately approve the budget.
<b>Reduction (optimise – mitigate)</b>	Identify additional action(s) to be taken that will reduce the likelihood and / or impact if the event occurred. <ul style="list-style-type: none"> <li>• A clear plan of action is required, stating what will be done, by whom and by when.</li> <li>• A target Risk Rating should be provided (i.e. what ratings should the risk be reduced to by taking the actions identified).</li> <li>• Resources will need to be identified and a cost/benefit analysis included.</li> </ul>



<b>Sharing (transfer – outsource or insure)</b>	Transferring risk by: <ul style="list-style-type: none"> <li>Using an insurer or other third party to cover the cost or losses should a risk materialise. However, care needs to be taken to accurately specify the risks to be covered.</li> <li>Making arrangements with others such as joint working, partnerships or contracting out to provide services could also be used to transfer risks. However, other risks can arise from these arrangements and the responsibility of providing the service could remain with the Council. When transferring risks to other parties, ensure that risk registers give detail of where liability and accountability lie between parties involved.</li> </ul>
<b>Avoidance (eliminate, withdraw from or not become involved)</b>	Ceasing to carry out the activity because modifying it or controlling it would not reduce the risk to an acceptable level. Consequences to the successful delivery of the Objectives affected should be documented and reported to the relevant Corporate Lead Officer and Leadership Group before implementing this action.
<b>Exploiting</b>	Where an opportunity is identified, actively take advantage of risk through realisation, enhancement and exploitation to gain benefit.

## Completing the Risk Register



1.30 All risks must be recorded on a Risk Register. The Corporate and Service level Risk Registers will be held on Teifi Performance, the Council’s Corporate Performance Management System. Team, contract and partnership risks will continue to be held and monitored at local level but will promote to service level risks if deemed appropriate at the relevant monitoring review. Responsibility for maintaining the risk registers lies at each appropriate level of the Authority.

## Risk Registers

1.31 The Council will maintain a number of Risk Register Types. The following table provides a definition of the current risk types and the required ownership.

Risk Level	Definition	Owner
<b>Corporate Risks</b>	Risks that could have an effect on the successful achievement of our long term vision, priorities and outcomes. These are: <ul style="list-style-type: none"> <li>• Risks that could potentially have a council-wide impact and/or</li> <li>• Risks that cannot be managed solely at a business unit level because higher level support is needed.</li> </ul>	Leadership Group
<b>Service Risks</b>	Risks at a service area level that could have an effect on the successful achievement of the group and business unit outcomes / objectives. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the council as a whole if the risk is not well managed.	Corporate Lead Officer
<b>Team Risks</b>	Risks at a Team level that could have an effect on the successful achievement of the team's outcomes / objectives.	Corporate Manager
<b>Contract risks</b>	Risks that could have an effect on the successful achievement of the contract's outcomes / objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.	Corporate Manager
<b>Programme/Project/ Partnership risks</b>	Risks that could have an effect on the successful achievement of the programme, project or partnership's outcomes / objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).	Project Manager

1.32 On identification and assessment of a risk and completion of a risk proposal, an owner must be assigned and the risk recognised and approved by Leadership Group before being recorded on the appropriate Risk Register.

1.33 On acceptance, a signed copy of the Risk Proposal (Appendix 5) must be sent to [TeifiPerformanceSupport@ceredigion.gov.uk](mailto:TeifiPerformanceSupport@ceredigion.gov.uk) for it and the mitigating tasks to be uploaded to the Corporate Performance Management System, Teifi Performance.

1.34 Once uploaded to the risk register, the risk owner will be responsible for assessing and updating the risk rating at least every quarter in accordance with the Teifi Performance Guidance notes.

### **Escalating a Risk**

1.35 This is a key process by which risks identified and managed within one level of the Council can be raised to the next level should it be considered appropriate or necessary.

1.36 Risks should be escalated: either

- To the Corporate Risk Register if the risk is rated as 15 or higher and the prospects for immediate reduction are poor or
- To the Corporate Risk Register for a cross service risk or the appropriate Service Risk Register if the risk is rated as 5 or higher and the prospects for immediate reduction are poor

#### **And/or if**

- Control of the risk has failed/been lost (i.e. risk level continues to rise despite controls having been applied)
- The risk identified is beyond the scope/remit of the Service/Team
- An incident/number of incidents of the risk has occurred.

### **De-Escalating a Risk**

1.37 A risk should be de-escalated either:

- From the Corporate Risk Register if the Risk Rating has reduced to 14 or less and the risk is a single service risk or
- From the Service Risk Register if the Risk Rating has reduced to 4 or less

#### **And/or if**

- The Risk is no-longer considered as far-reaching as previously thought.

### **Candidate Risks**

1.38 Each quarter, once the risks have been updated on the Teifi Performance Management system, a report will be presented to Leadership Group highlighting any risks that require review to either escalate or de-escalate between the Corporate Risk Register and the Service Risk Register. These are known as 'Candidate Risks'.

1.39 Leadership Group are responsible for deciding if risks should be escalated or de-escalated.

1.40 There are instances where risk scores exceed 15 and remain a service risk, and conversely where scores are lower than 15 but remain on the Corporate Risk Register. In these instances, Leadership Group are responsible for making the final decision regarding escalation and de-escalation. Some examples of these instances include:

- A risk that scores 15 or above but is deemed to be best managed at service level because the risk is well understood, is resourced adequately and has strong mitigating actions in place which are being delivered.
- A risk that scores 15 or above that is clearly within the definition of operational risks, i.e. those risks that managers and staff will encounter in the daily course of their work.
- A risk that is considered to need a greater level of oversight may score below 15 but remain on the Corporate Risk Register. Once a risk is added to the Corporate Risk Register it will receive greater scrutiny and monitoring from Leadership Group, Governance and Audit Committee, Internal Audit and Performance. For example, this might be where there are issues outside of the service's control which make it difficult for the service to mitigate the risk and reduce its impact and/or likelihood of occurring.
- A risk could also be escalated to the Corporate Risk Register to ensure the resources required are available to effectively respond to, and mitigate, the risk, such as financial resources or people.
- Some risks could remain on the Corporate Risk Register if they score lower than 15, such as a corporate risk that has recently been reduced in score, but where additional monitoring is required to ensure it remains below the threshold of 15.

### **Archiving a Risk**

1.41 A risk may be archived if:

- The Risk Rating has reduced to 4 or less and
- The Risk is no longer considered to be a priority for the Council or service

1.42 An archived risk may be brought back to an appropriate risk register if the risk re-emerges as a priority in the future.

1.43 Again, each quarter, once the risks have been updated on the Teifi Performance Management system, service risks that are 4 or below will appear on the relevant CLO's Teifi desktop requesting them to either archive or retain the service risk.

## Risk, Review, Monitoring and Reporting



1.44 Teifi Performance is used as the mechanism for:

- Recording all corporate and service risks
- Reviewing the identified corporate and service risks
- Review of the mitigating tasks
- Monitoring the impact of mitigating tasks on corporate and service risks
- Reporting corporate and service Risks to the appropriate forum

### Reviewing Risk

1.45 Risk scores, controls and tasks should be reviewed regularly by risk owners, to ensure they are current and that there is full accountability.

1.46 If a risk is no longer current, it should be removed from the risk register.

1.47 Risk registers should be taken regularly to the Governance and Audit Committee, Leadership Group and Management Teams for review and to horizon scan for any new emerging risks.

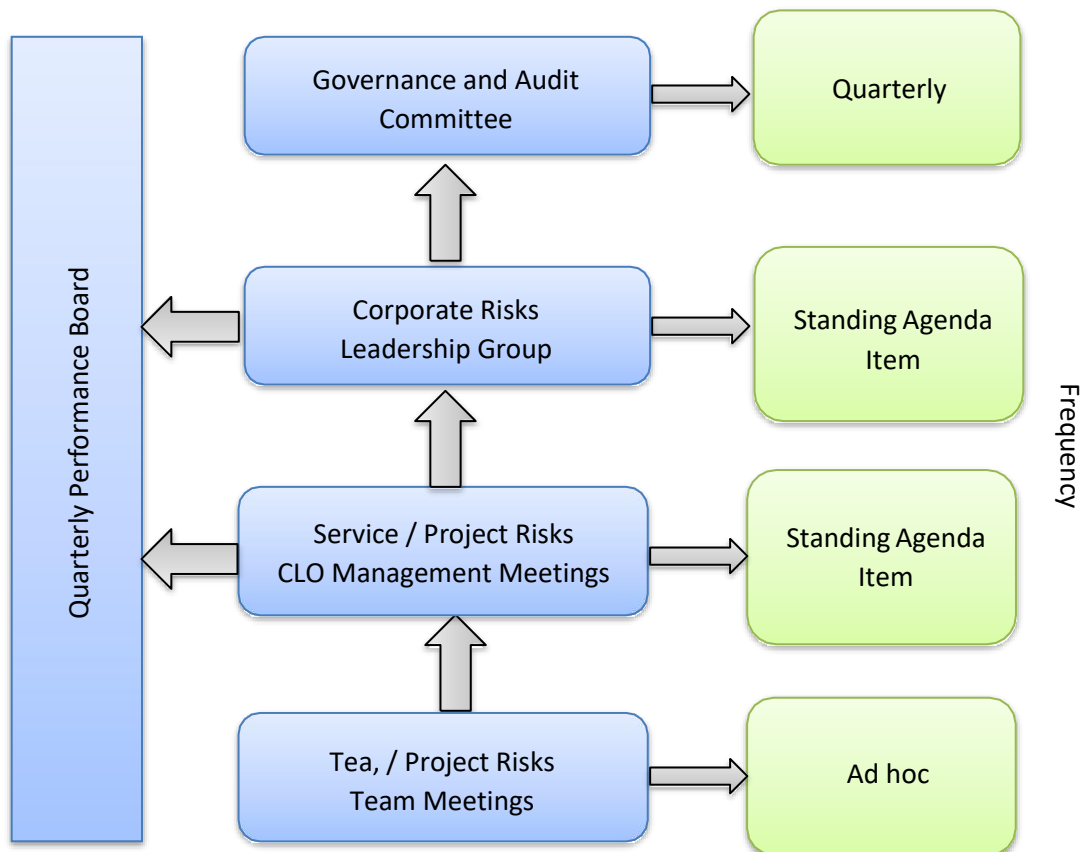
### Monitoring Risk

1.48 Monitoring of risk is a key stage of the risk management process. There needs to be a continual and regular assessment of the effectiveness of the tasks put in place to reduce the likelihood/impact of adverse risk events occurring.

1.49 Risks should also be monitored regularly at service, team or group meetings as part of the performance management within all services. Group discussion and review of risks is actively encouraged to aid not only the monitoring of risks, but also the identification of new risks. This includes assessing whether the mitigating actions are still adequate or need revising and or replacing.

## Reporting Risk

1.50 Risk reporting should always be a two-way communication process, to ensure risk management becomes fully embedded as a day-to-day management tool. The risk reporting structure is shown below.



## Evaluation / Assurance

1.51 Internal Audit will assess and evaluate the effectiveness of actions in place to mitigate risk and provide objective assurance that risks are being managed appropriately. Additionally, Internal Audit will also provide objective assurance to Leadership Group, Governance & Audit Committee and Council on the robustness and effectiveness of the risk management procedures by including periodic reviews of the Corporate Risk Register, Service Risk Register and Corporate Risk Management procedures.

# Appendix 1: Assessment Criteria for PESTLE Categories

POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
<ul style="list-style-type: none"> <li>• Government stability.</li> <li>• Freedom of speech, corruption, party in control</li> <li>• Regulation trends.</li> <li>• Tax policy, and trade controls.</li> <li>• War</li> <li>• Government policy</li> <li>• Elections</li> <li>• Terrorism</li> <li>• Likely changes to the political environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Stage of business cycle.</li> <li>• Current and projected economic growth.</li> <li>• International trends</li> <li>• Job growth</li> <li>• Inflation and interest rates</li> <li>• Unemployment and labour supply.</li> <li>• Levels of disposable income across economy and income distribution.</li> <li>• Globalization.</li> <li>• Likely changes to the economic environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Population growth and demographics.</li> <li>• Health, education and social mobility of the population</li> <li>• Consumer attitudes</li> <li>• Advertising and media</li> <li>• National and regional culture</li> <li>• Lifestyle choices and attitudes to these.</li> <li>• Levels of health and education</li> <li>• Major events</li> <li>• Socio-cultural changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Impact of new technologies.</li> <li>• Inventions and innovations</li> <li>• The internet and how it affects working and business.</li> <li>• Licensing and patents</li> <li>• Research funding and Development.</li> </ul>	<ul style="list-style-type: none"> <li>• Home legislation</li> <li>• International legislation</li> <li>• Employment law</li> <li>• New laws</li> <li>• Regulatory bodies</li> <li>• Environmental regulation</li> <li>• Industry-specific regulations</li> <li>• Consumer protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Ecology</li> <li>• International environmental issues</li> <li>• National environmental issues</li> <li>• Local environmental issues</li> <li>• Environmental regulations</li> <li>• Organizational culture</li> <li>• Staff morale and attitudes.</li> </ul>

## Appendix 2: Risk Assessment Criteria for Likelihood of an Event Happening

SCORE 1: RARE	SCORE 2: UNLIKELY	SCORE 3: POSSIBLE	SCORE 4: LIKELY	SCORE 5: ALMOST CERTAIN
Previous experience at this and other similar councils makes this outcome highly unlikely to occur.	Previous experience discounts this risk as being likely to occur, but other councils have experienced problems in this area.	The council has in the past experienced problems in this area but not in the last three years.	The council has experienced problems in this area in the last three years.	The council is experiencing problems in this area or expects to in the next 12 months.
There are effective, tested, and verifiable controls in place that prevent occurrence of this risk.	There are controls in place that whilst not tested appear to be effective.	Some controls are in place and generally work but there have been occasions when they have failed and problems have arisen.	Controls may be in place but are generally ignored or ineffective.	No controls are in place.

Where the probability and timing score differently, a judgement should be made as to the correct likelihood score.



## Appendix 3: Risk Assessment Criteria for the Impact that an Event Would Have

ASPECT	SCORE 1: NEGLIGIBLE	SCORE 2: MINOR	SCORE 3: MODERATE	SCORE 4: MAJOR	SCORE 5: SEVERE
Financial	Little or no financial impact (less than £5,000)	The financial impact would be losses or lost income of no greater than £25,000	The financial impact would result in losses or lost income of no greater than £100,000.	The financial impact would result in losses or lost income of no greater than £500,000	The financial impact would be greater than £500,000.
Service	Council Services are not disrupted	Some temporary disruption to the activities of one council service but not beyond this.	Regular disruption to the activities for one or more council service.	Severe service disruption on a departmental level or regular disruption affecting more than one department.	Severe disruption to the activities of all council departments. Long term suspension of a service or statutory duties not delivered
Project	Projects experience minor delay (days)	A few project milestones missed	Significant project milestones missed / delayed	A major project milestone missed	Project does not achieve objectives and misses majority of milestones
Health and Safety	One Injury or illness requiring First Aid Treatment  No lost time injury days	Injury or illness requiring medical treatment  Lost time injury <10 days	Serious injury or illness  Lost time injury >10 days	Significant / extensive injury or illness  Permanent or partial disability	Multiple Loss of Life / Large scale major illness  Permanent total disability
Corporate Well-being Objective delivery	No impact on the delivery of the Council's Corporate Well-being Objectives.	It may cost more or there may be delay in delivering one of the Council's Corporate Well-Being Objectives	A number of Corporate Well-being objectives would be delayed or not delivered	Many corporate objectives delayed or not delivered.	Unable to deliver most objectives.

ASPECT	SCORE 1: NEGLIGIBLE	SCORE 2: MINOR	SCORE 3: MODERATE	SCORE 4: MAJOR	SCORE 5: SEVERE
	Morale: No effect	Morale: Some hostile relationships and minor non-cooperation	Morale: Hostile relationships and major non-cooperation across the organisation	Morale: Industrial Action	Morale: Mass Staff leaving / unable to attract staff
Reputation	No media attention / minor letters	Adverse local media Leader	One off national media exposure	Reputation: Prolonged Adverse National exposure	Extensive coverage in National Press and on TV. Requires resignation of Senior Officer / Member
Government Objectives	No effect	Poor Assessments(s)	Service taken over temporarily	Service taken over temporarily	Service taken over permanently
Statutory / Legal Obligations	No impact / breach	Warning received	Breach Challenging Improvement Notice	Enforcement Action Improvement Notice	Prosecution Fine
Community Risk	Insignificant impact to health, persons displaced disruption to community services, economy and environment	Minor impact to health, persons displaced disruption to community services, economy and environment	Damage to specific location or number of locations, fatalities and some casualties, displacement of > 100 people for 1 – 3 days, Limited impact on	Significant damage, 100 to 500 people displaced for longer than 1-week, significant impact on community services and environment	Significant of fatalities and injuries, extensive damage to property, displacement of >500 people for prolonged duration, serious damage to
Confidence	No loss of confidence and trust in the council	Some loss of confidence and trust in the council felt by a certain group or within a small	A general loss of confidence and trust in the council within the local community.	A major loss of confidence and trust in the council within the local community.	A disastrous loss of confidence and trust in the council both locally and nationally.

Identify the impact most relevant to the risk being evaluated (it is not necessary for all points in each category to apply).

# Appendix 4: Levels of Risk

<p><b>Low Risk</b> (1-4)</p>	<p>Either a remote or possible likelihood of occurrence</p> <ul style="list-style-type: none"> <li>• Slight inconvenience/difficulty in operational performance of function/activity area.</li> <li>• Some accountability implications for the function/activity area, but would not affect the Authority/Service/Team ability to meet key reporting requirements.</li> <li>• Recovery from such consequences would be handled quickly without the need to divert resources from core activity areas.</li> <li>• Some minor effects on ability of stakeholders to pursue rights and entitlements. For example, other sources or avenues would be available to stakeholders.</li> <li>• Public perceptions of the Authority/Service/Team would alter slightly, but no significant damage or disruption occurs.</li> </ul>	<p><b>Team / Service Risk</b> Accept or manage by routine procedures</p>
<p><b>Medium Risk</b> (5-12)</p>	<p>Either a remote likelihood, a possible likelihood of occurrence or is likely to occur</p> <ul style="list-style-type: none"> <li>• Operational performance of Authority/Service/Team would be compromised to the extent that revised planning would be required to overcome difficulties experienced by function/activity area</li> <li>• The Authority/Service/Team would experience difficulty in complying with key reporting requirements, which would jeopardise some Council interests.</li> <li>• Recovery would be more gradual and require detailed corporate planning with resources being diverted from core activity areas.</li> <li>• Stakeholders would experience considerable difficulty in pursuing rights and entitlements.</li> <li>• Considerable adverse public reaction would result in some damage and disruption to the Authority/Service/Team</li> </ul>	<p><b>Corporate or Service Risk</b> Manage by specific monitoring or response procedures, with responsibilities identified</p>
<p><b>High Risk</b> (15-20)</p>	<p>Is likely to occur</p> <ul style="list-style-type: none"> <li>• Operational performance would be compromised to the extent that the Authority/Service/Team is unable to meet obligations and liabilities in core activity areas.</li> <li>• Severe accountability implications would result in the organisation being unable to meet key reporting requirements.</li> <li>• The Authority/Service/Team would incur significant financial losses.</li> <li>• Major adverse repercussions would affect large sectors of the Council and its clients, including the general public.</li> <li>• Stakeholders could face life-threatening consequences.</li> <li>• The Authority/Service/Team would have difficulty in recovering from such consequences.</li> </ul>	<p><b>Corporate Risk</b> Must be considered for escalation for further review, planning and management</p>
<p><b>Critical Risk</b> (25)</p>	<ul style="list-style-type: none"> <li>• The Authority/Service/Team would be unable to recover from such consequences.</li> <li>• Stakeholders would face life-threatening consequences.</li> <li>• Severe adverse repercussions would affect large sectors of the Council and its clients, including the general public</li> <li>• The Authority/Service/Team would cease to operate.</li> </ul>	<p><b>Corporate Risk</b> As above and Detailed contingency action plan required.</p>

# Appendix 5: Risk Proposal Template

<b>CYFEIRNOD RISG: RISK ID:</b>	<i>Cynhyrchwyd gan y System System Generated</i>	<b>TEITL TITLE</b>	<i>Teitl Byr Short Title</i>		
<b>PERCHENNOG/SWYDDOG DIWEDDARU OWNER/UDATING OFFICER</b>			<b>SWYDDOG ARWEINIOL CORFFORAETHOL SY'N GYFRIFOL RESPONSIBLE CLO</b>		
<b>RHANDDEILIAID STAKEHOLDERS</b>	<i>Enwch eraill a all fod â diddordeb/ a all gael effaith ar y risg Name others who may have an interest/impact on the risk</i>				
<b>DISGRIFIAD O'R RISG RISK DESCRIPTION</b>	<i>Beth yw'r Risg What is the Risk Mae yna risg o X, oherwydd Y, There's a risk of X, due to Y,</i>				
<b>CANLYNIADAU POSIBL I'r Gwasanaeth ac I'r Cyngor POTENTIAL CONSEQUENCES To Service and To Council</b>	<i>Gwnewch yn glir Make clear a allai arwain at Z ac a fydd yn effeithio ar y Gwasanaeth/Cyngor drwy... which may result in Z' and will impact on the Service/Council by...</i>				
<b>TYSTIOLAETH O RISG Engbreiffiau o'r Risg yn digwydd dros amser EVIDENCE OF RISK Incidences of the Risk Occurring overtime</b>	<i>Rhowch enghreifftiau a/neu wybodaeth i ddarlunio'r risg. Cyfeiriwch at y matrices tebygolrwydd Provide examples and/or information to illustrate the risk. Relate to the likelihood matrix</i>				
<b>Dadansoddiad RISG RISK Analysis</b>	<b>Math o risg</b>	<b>Risk Type</b>	<b>Prif GATEGORI</b>	<b>Main CATEGORY</b>	
	<b>Dewiswch eitem.</b>	Choose an item.	<b>Dewiswch eitem.</b>	Choose an item.	
<b>Asesiad Risg Cychwynnol</b>	<b>Posibilirwydd Dewiswch eitem.</b>	<b>EFFAITH Dewiswch eitem.</b>	<b>SGÔR (Tebygolrwydd x Effaith)Dewiswch eitem.</b>		
<b>Initial Risk Assessment</b>	<b>Probability</b> Choose an item.	<b>IMPACT</b> Choose an item.	<b>SCORE (Probability x Impact)</b> Choose an item.		
<b>Mesur Measure</b> <i>Cofiwch gynnwys mesur ar gyfer y risg Include a measure for the risk</i>	<b>Disgrifiad Description</b>		<b>Lefel Bresennol Current Level</b>	<b>Lefel Darged Target Level</b>	
<b>Sut y bwriedir trin y risg Risk Treatment</b>	<b>Dewiswch eitem.</b>				
	Choose an item.				

Continued overleaf

<b>CAMAU I LINIARU'R RISG</b> <b>ACTIONS TO MITIGATE RISK</b> <i>Teitl byr</i> <i>Brief Title</i>	<b>CAM I'W GYMRYD</b> <b>ACTION</b> <i>Disgrifiwch y cam a gymerir i</i> <i>liniaru'r risg</i>	<b>EFFAITH DDISGWYLIEDIG Y CAM</b> <b>EXPECTED IMPACT OF THE ACTION</b> <i>Sut bydd y cam gweithredu hwn yn</i> <i>lleihau/lliniaru'r risg</i> <i>How will this action</i> <i>reduce/mitigate the risk or exploit</i> <i>the risk.</i>	
1			
2			
<b>ADNODDAU</b> <b>ANGENRHEIDIOL AR GYFER</b> <b>LLINIARU'R RISG</b> <b>RESOURCES REQUIRED TO</b> <b>MITIGATE THE RISK</b>	<i>Amlinellwch yr adnoddau y mae eu hangen er mwyn cyflawni'r camau</i> <i>gweithredu uchod, gan gynnwys unrhyw adnoddau ariannol y bydd eu</i> <i>hangen</i> <i>Outline the resources that are required to deliver the actions above</i> <i>include any financial resources that may be required</i>		
<b>ASESIAD RISG NEWYDD</b> <b>NEW RISK ASSESSMENT</b>			
<b>Asesiad Risg newydd gyda</b> <b>chamau gweithredu lliniarol</b> <b>yn eu lle</b>	<b>Posibilirwydd</b> <b>Dewiswch eitem.</b>	<b>EFFAITH</b> <b>Dewiswch eitem.</b>	<b>SGÔR (TebygolrwyddxEffaith)</b> <b>Dewiswch eitem.</b>
<b>New Risk Assessment with</b> <b>mitigating actions in place</b>	<b>Probability</b> <i>Choose an item.</i>	<b>IMPACT</b> <i>Choose an item.</i>	<b>SCORE (Probability x Impact)</b> <i>Choose an item.</i>
<b>DYDDIAD CYCHWYN</b> <b>START DATE</b>		<b>DYDDIAD GORFFEN</b> <b>END DATE</b>	
<b>Risg yn cael ei dderbyn gan</b> <b>Acceptance of Risk By</b>	<b>Reolwr y Tîm/Swyddog Arweiniol Corfforaethol/Grŵp</b> <b>Arweiniol/Gadeirydd y Bartneriaeth/Y Gymuned</b> <b>Team Manager / CLO / Leadership Group / Partnership Chair /</b> <b>Community</b>		
<b>Llofnodwyd</b> <b>Signed</b>		<b>Dyddiad</b> <b>Date</b>	
<b>Cyfeiriwyd at y Pwyllgor</b> <b>Craffu</b>	<b>Dyddiau</b> <b>Date</b>	<b>Pwyllgor Craffu</b> <b>Scrutiny Committee</b>	
<b>Referred to Scrutiny</b>			