



Corporate Risk Management Briefing

Audit Committee

November 2017

What is risk?

“The possibility of something happening that results in an unwanted event that could affect the Council In an adverse way”.

What is Risk Management?

"understanding, analysing and addressing risk to make sure organisations achieve their objectives".

A way to minimise the likelihood of a risk happening and the impact it could have on the Council.

A Refined Approach

- Three Sections
 - 1. Risk Overview-** risk identification and definition.
 - 2. Risk Evaluation-** assessment of risk position/score
 - 3. Risk Management Plan-** action plan to manage the risk

Section 1 – Risk Overview

- **Description**
- **Owner**
- **Alignment** with Well-being Goals (potential impact of the risk on not delivering)
- **Risk Categorisation**
 - Political & Legislative
 - Resources
 - Service Delivery & Well-being
 - Reputation

1 – Risk Overview

1.1 Risk Description

Failure to deliver the Reshaping Services Programme

There is a risk that the Council fails to deliver the Reshaping Services Programme and therefore does not utilise alternative methods of service delivery and other approaches to mitigate the impact of budget reductions and demand challenges, thereby resulting in further cuts to services significantly impacting their availability and quality.

There is the risk associated with pursuing the Reshaping Services agenda, namely the new skills and capacity required to manage significant change at a time of diminishing resources and using approaches that are relatively new concepts to the Council and its partners.

There is also the risk of a judicial review particularly in relation to Reshaping Services agenda where new models of service delivery are developed. This could have both financial and reputational consequences if a judicial review finds our actions to be unlawful.

1.2 Risk Owner

Head of Performance & Development (HI)

1.3 Alignment with Well-being Goals

A Globally Responsible Wales	A Prosperous Wales	A Resilient Wales	A Healthier Wales	A More Equal Wales	A Wales of Cohesive Communities	A Wales of Vibrant Culture and Thriving Welsh Language
No	Yes	Yes	No	No	Yes	No

EXAMPLE

1.3 Risk Categories

Categories	Yes/No	Definition
Political & Legislative	Yes	Failure to continue to provide priority services. Failure to develop new approaches to service delivery which can be sustained in the long term and which are accessible and meet local needs, with clear and cohesive links made with the Future Generations Bill.
Resources	Yes	<p>Projects fail to develop and deliver business cases which meet the Reshaping Services financial savings targets as outlined in the Council's medium term financial plan.</p> <p>Fail to develop and mobilise sufficient skills and capacity to develop and deliver the Programme and manage new ways of working.</p> <p>Failure to maximise the use of our existing assets and technology to deliver services in a cost effective and efficient way.</p>
Service Delivery and Wellbeing	Yes	<p>Fail to maximise opportunities to improve service delivery and mitigate the impact of budget reductions via alternative methods of service delivery.</p> <p>Failure to safeguard the well-being of individuals and communities and provide services which meet the diverse needs of the local community. Failure to continue to provide priority services and engage with customers in the provision of services.</p> <p>The programme fails to communicate and engage effectively with service users and partners to identify and deliver the alternative ways of working.</p>
Reputation	Yes	Failure to deliver the programme's aim and objectives impact on its reputation with citizens and regulators for the delivery of priority services.

EXAMPLE

Section 2- Risk Definitions

- **Inherent Risk**—Risk score in a pre-control environment.
- **Current controls**- This is a control score that provides an indication of the effectiveness of the controls at managing the risk.
- **Residual Risk**- Remaining risk score after controls have been applied. Shows impact of controls.

Section 2 – Risk Evaluation

Evaluates risk scoring in three stages:

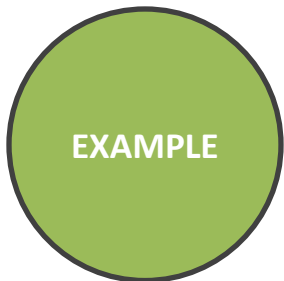
- **Inherent Risk score (i.e. before any controls)**
 - Risk scored by Category in terms of Likelihood and Impact
 - Higher the risk score, the higher the risk status.
- **Current Controls score**
 - Measures effectiveness of our existing controls at regulating the risk in relation to likelihood and impact of that risk occurring.
 - The higher the score the better the controls are at managing the risk.
- **Residual Risk score**
 - Gives the remaining risk score for each risk category.
 - Shows impact controls have had on the inherent risk.



2 – Risk Evaluation

2.1 Inherent Risk Scoring

Category	Likelihood	Impact	Total Inherent Risk Score
Political & Legislative	3 (Probable)	3 (High)	9 (Medium/High)
Resources	3 (Probable)	3 (High)	9 (Medium/High)
Service Delivery & Well-being	3 (Probable)	3 (High)	9 (Medium/High)
Reputation	3 (Probable)	3 (High)	9 (Medium/High)
Overall	3 (Probable)	3 (High)	9 (Medium/High)



EXAMPLE



2.2 Controlling Inherent Risk

Category	Current Controls	Effectiveness of controls	
		Likelihood Score	Impact score
Political & Legislative	<ul style="list-style-type: none">• Challenge process in place to identify projects.• Mixed economy model approach to Reshaping approved.• Tranche 3 projects of corporate nature to lessen impact on front line services.• Risk management processes embedded in project management to identify and mitigate impacts on service users.• Programme documentation makes linkages with Well-being of Future Generations Act.	2	2
Resources	<ul style="list-style-type: none">• Regular monitoring of savings by Cabinet, Programme Board and Scrutiny Committees.• Programme board and manager in place, with project team resources considered for each project.• Council's Financial Resilience considered good by WAO.• Business cases developed for projects and guidance in place for• Management development programme and competency framework aligned with the requirements of the programme and an organisational development work stream is in place to support the programme.	3	2



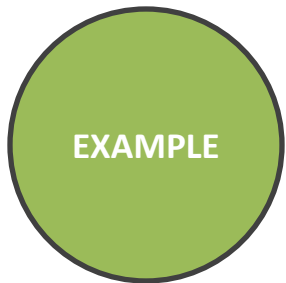
EXAMPLE



2.3 Residual Risk Scoring & Direction of Travel

Category	Inherent Risk Scores			Effectiveness of controls Score			Residual Risk Score			Direction of Travel	Forecast Direction of Travel
	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total		
Political & Legislative	3	3	9	2	2	4	2	2	4	Establish baseline	↑
Resources	3	3	9	3	2	6	1	2	2	Establish baseline	↑
Service Delivery & Well-being	3	3	9	2	2	4	2	2	4	Establish baseline	↔
Reputation	3	3	9	2	2	4	2	2	4	Establish baseline	↔
Average risk score/ direction of travel	3	3	9	2	2	4	2	2	4 (Medium)	Establish baseline	↔

I



EXAMPLE

Section 3 – Risk Management Plan

Sets out actions to be undertaken to further manage the risk in an **Action Plan**.

Action plan includes:

- Action description
- Alignment to risk categories and the 5 ways of working.
- Action owner
- Completion date and completion status
- Progress update.

3. Risk Management Plan – Mitigating Actions

Risk Action Ref.	Action	Risk Categories				Demonstration of 5 Ways of Working					Officer	Completion Date	Status	Update (Date)
		Political & Legal	Resources	Service & Well-being	Reputation	Integration	Collaboration	Involvement	Prevention	Long-Term				
PD/AM 037	Implement new Community Asset Transfer guidance and explore and promote opportunities for Community Asset Transfers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HI/TB	March 2018	Green (On track)	Support continues to be given to groups who approach the Council with applications for Community Asset Transfers (CATs).
PD/AM 038	Delivery of Phase 2 of the Space Project.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	TB	March 2018	Green (On track)	Work to the Council Chamber and committee rooms have been completed. The next phase will focus on the reception area of the Civic Offices.

EXAMPLE

1: Corporate Risk Summary- Provides overview of all corporate risk scores and direction of travel.



CORPORATE RISK SUMMARY

The table below provides a summary of the Corporate Risks by broken down by their risk status in terms of their inherent (pre-control) risk score, the control risk score (how effectively the controls are managing the risk) and the residual risk score (post-control score). The table also gives an outline of each risk's direction travel, in terms of whether the risk is escalating or reducing as well as forecasting its future direction of travel.

Risk Ref	Risk	Inherent Risk Score	Effectiveness of Controls score	Residual Risk Score			Direction of Travel ¹	Forecast Direction of Travel ²
				Likelihood	Impact	Total		
1	Reshaping Services	9 (M/H)	4 (M)	2	2	4 (M)	Establish baseline	↔
2	Legislative Change and Local Government Reform	12 (H)	2 (M/L)	2	3	6 (M)	Establish baseline	↔
3	School Reorganisation & Investment	12 (H)	4 (M)	2	2	4 (M)	Establish baseline	↔
4	Housing Improvement Programme	16 (VH)	4 (M)	2	2	4 (M)	Establish baseline	↑
	Waste	12 (H)	4 (M)	2	2	4 (M)	Establish baseline	↑

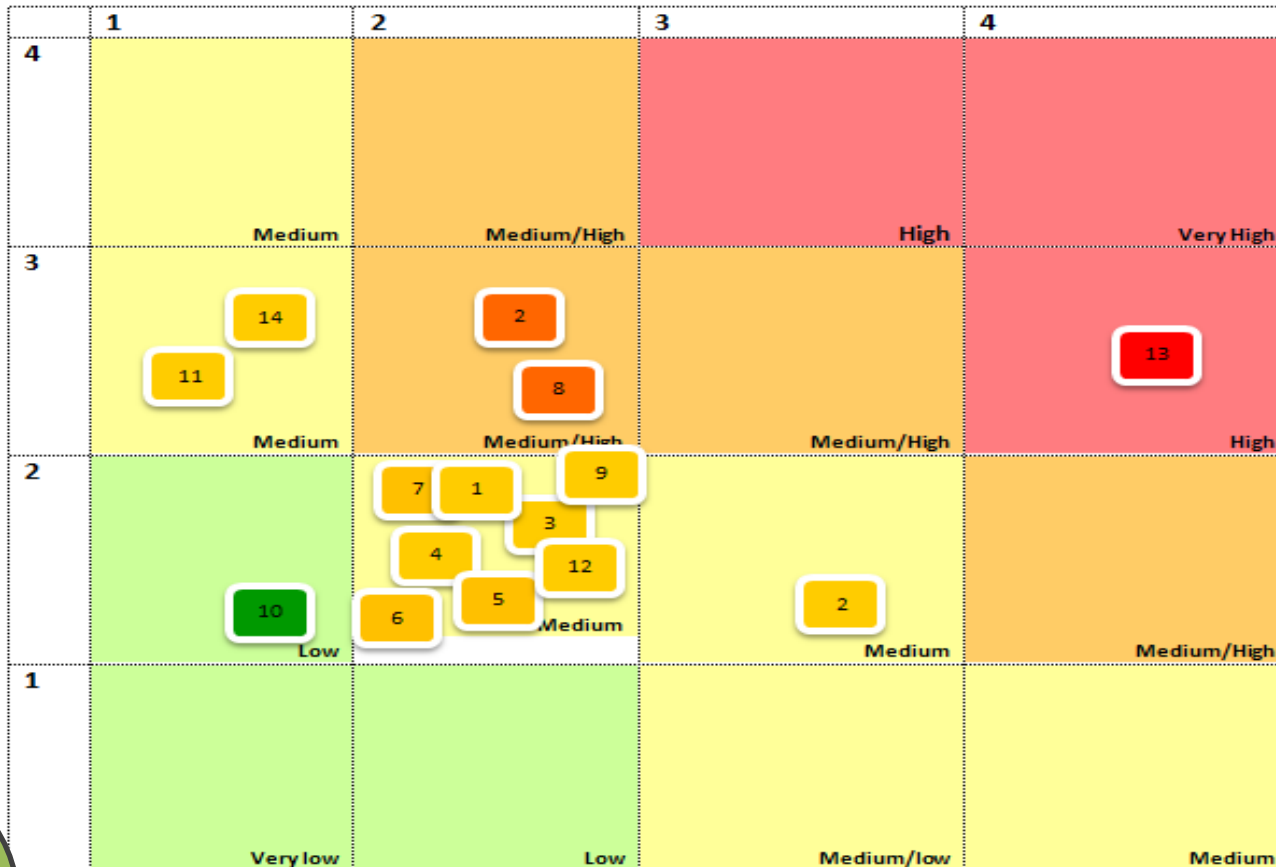
EXAMPLE

2a: Overall Risk Heat Map- shows overall risk distribution.



OVERALL RISK HEAT MAP

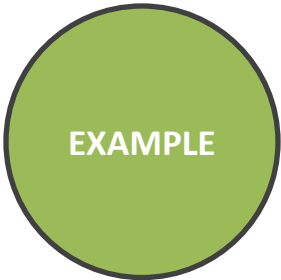
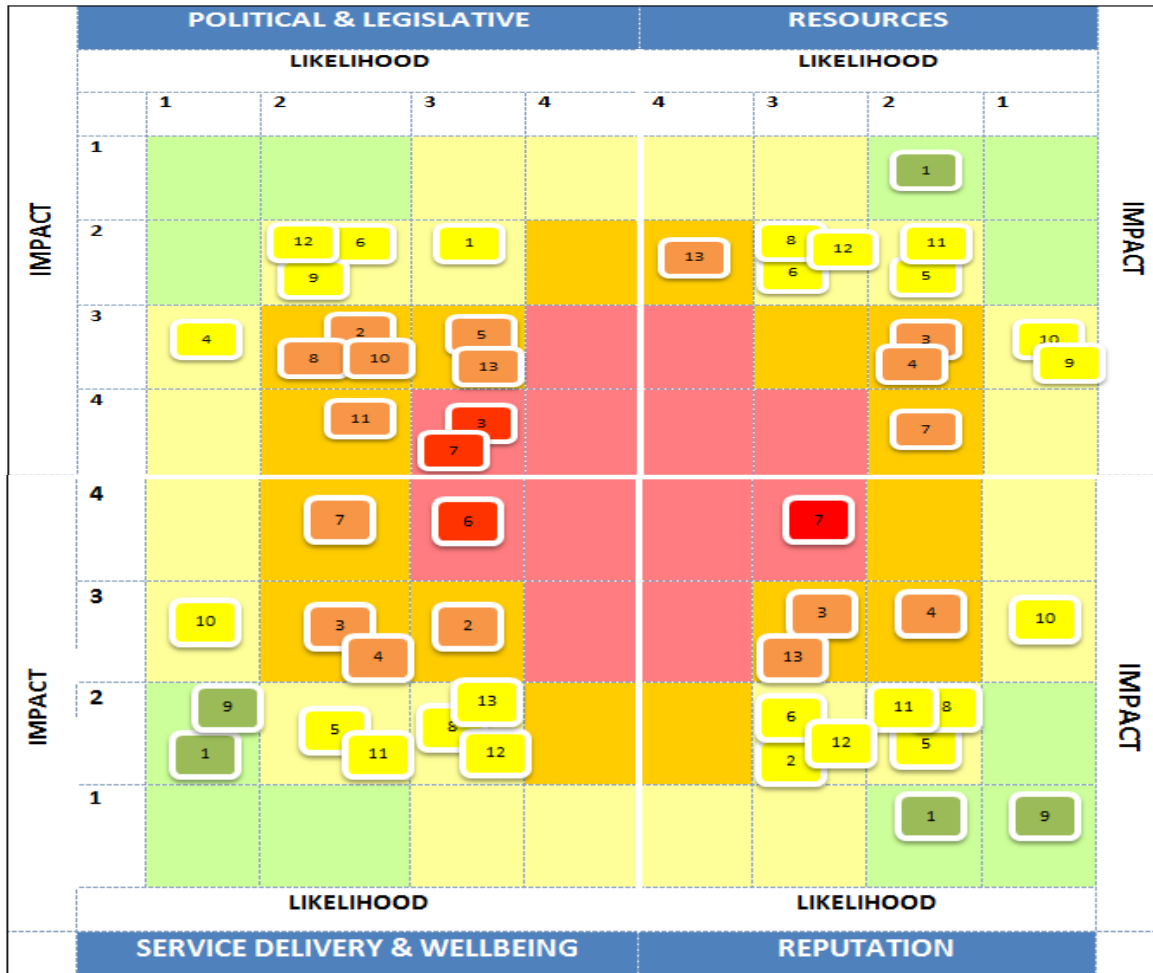
The Heat Map below uses a risk matrix quadrant to plot the residual risk scores (based on likelihood and impact) of each Corporate Risk to provide an illustration of the groupings of risks within the heat map.



EXAMPLE

2b: Thematic Heat Map –shows risk distribution by risk category (theme).

THEMATIC RISK HEAT MAP
 The Heat Map below uses the risk matrix quadrant to plot the residual risk scores by risk category to provide an indication of the spread of the Corporate Risks across the risk categories and providing an illustration of correlation between risks.



The Corporate Risk Process

