

Meeting of:	Governance and Audit Committee
Date of Meeting:	Thursday, 18 July 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Corporate Risk: Quarter 4 Update, Proposed New Risk Register and Revised Risk Management Policy
Purpose of Report:	To update Governance and Audit Committee on the quarter 4 position of Corporate Risks for April 2023-March 2024 contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report. Additionally, to update Committee on the proposed new Corporate Risk Register and revised Risk Management Policy.
Report Owner:	Tom Bowring, Director of Corporate Resources
Responsible Officer:	Tom Bowring, Director of Corporate Resources
Elected Member and Officer Consultation:	Consultation has been undertaken with designated Corporate Risk Owners, Strategic Insight Board, and the Strategic Leadership Team.
Policy Framework:	The proposals are within the Council's Policy Framework.
<p>Executive Summary:</p> <p>This report provides members with an overview of the Corporate Risk Register for Quarter 4 (April 2023-March 2024).</p> <p>This report also provides Committee Members with the proposed update of the Corporate Risk Register, the revised Risk Management Policy, including supporting risk template.</p>	

Recommendations

1. That Committee note the Quarter 4 position of corporate risks (April 2023-March 2024) outlined in the Risk Summary report (**Annex A**).
2. Consider and, if agreeable, endorse the proposed new Corporate Risk Register and Risk Management Policy (including the supporting risk template).
3. Refer any other comments to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider this report.

Reasons for Recommendations

1. To identify the quarter 4 position of corporate risks across the Council and highlight any emerging issues and actions to be taken as outlined in **Annex A**.
2. To ensure that the risk register, template, and policy are robust and reflect the current risk landscape.
3. To ensure Cabinet receives the comments of the Governance and Audit Committee when considering corporate risk.

1. Background

- 1.1 Corporate Risk is managed via the Corporate Risk Register. To supplement this, a risk analysis in the form of a Corporate Risk Summary Report (**Annex A**) provides a more concise way of identifying the headline issues and risk considerations. In presenting the information in this way, it enables officers and Members to be able to have a good overview of the status of risks across the Register as well as the emerging Issues.
- 1.2 It was considered that the current corporate risk register required a more thorough update beyond that of the quarterly updating process so that it more accurately reflected the current risk landscape. In response, officers have undertaken a review of the register to ensure that it captures the most pertinent corporate risks facing the Council.
- 1.3 This report sets out the end of year position for risks on the current register and presents a revised Risk Management Policy (including supporting risk template) and outline of proposed corporate risks for the Committee to consider and comment on prior to consideration by Cabinet.

2. Key Issues for Consideration

Quarter Four Risk Updates

- 2.1 The Corporate Risk Summary Report (**Annex A**) provides an overview of all the current corporate risks in the Register in terms of their inherent score, effectiveness of control score and residual score and provides an outline of the direction of travel for both current and forecast. It also provides a brief analysis of the emerging risk issues associated with risks on the Register.

- 2.2 There are currently 16 corporate risks on the Register. Six risks score high, five risks score medium/high, four risks score medium, and one risk scored medium-low on the Register.
- 2.3 During the 4th quarter of the year, all risks on the Register have maintained their static position during the period.
- 2.4 There are three risks on the Register that we forecast will escalate over the year these are: Workforce, Project Zero and Information Security.
- 2.5 The Information Security risk has now been forecasted to escalate, however at present the risk level remains medium/high (risk score of 9). The expected increase in risk is in the context of the increasing numbers of successful attacks we have seen recently, including Leicester City Council in March this year, which suffered the loss of a huge amount of data which has been published online by the attackers. This together with the upcoming General Election will make all UK councils an attractive target for cyber criminals and state threats. We are likely to see greater efforts to breach our defences over the next quarter. The UK's National Cyber Security Centre (NCSC) has warned that we face ongoing cyber threats from China, Russia, Iran and North Korea.
- 2.6 The Workforce risk is forecast to increase, as it is intrinsically linked to financial and market fragility and demand management issues across the Council and consequently one impacts upon the other
- 2.7 Following consideration of the risk scores by Project Zero Board, the risk has remained at its current level of 12 (high). However, the risk is forecasted to increase due to the impact of cost pressures affecting both capacity and resources available to implement the Climate Change Challenge Plan by the target date of 2030 to effect change and mitigate against the impact of climate change. The newly introduced RAG ratings and reporting to Members, alongside work on key documents such as the Carbon Management Plan will assist in tracking the direction of travel on this risk.
- 2.8 We anticipate that the legislative change and local government reform risk will continue to diminish over time, although two new pieces of procurement legislation will come into force from autumn 2024 and their potential impacts are being monitored. Integrated Health and Social Care is also forecasted to diminish over time due to a reduction in the covid elements impacting this risk. The remaining risks on the Register are forecast to remain static.

Review of the Risk Management Policy, Corporate Risk Register and Risk Template

- 2.9 During the Quarter, the Strategic Insight Board and Strategic Leadership Team have commenced a review of the Risk Register, risk template and associated Risk Management Policy.
- 2.10 Discussions through in-year monitoring of corporate risk by risk owners, the Strategic Insight Board, Strategic Leadership Team, Governance and Audit Committee and Cabinet have highlighted the increasingly complex and inter-related nature of our corporate risks and it was considered timely to undertake

this review to ensure that the Council's approach to risk management is ensuring robust and appropriate oversight of these issues, alongside addressing the recommendations from Internal Audit on our approach to risk management. Embedding risk appetite and opportunity in our approach to risk management and providing refresher training on the revised strategy to support officers and Members in their risk responsibilities will address our recommendations and contribute to effective oversight of these issues. It is proposed that a further and more detailed review is undertaken in 2025/26 following the publication of the Council's new Corporate Plan 2025-30 and the report of the Panel Performance Assessment.

- 2.11** Council Officers have considered the current risk landscape and undertaken a refresh of the register, resulting in a proposed new risk register that contains a total of 11 risks. **Annex B** shows the proposed new risks, their scope and definitions, and a rationale for their inclusion. Additionally, Annex B shows the current risk register with the suggested actions and rationale for how each risk will be treated with the introduction of the new register.
- 2.12** A revised Risk Management Policy has also been included in **Annex C** which has been updated to include risk appetite as part of our considerations for managing and assessing risk.
- 2.13** An updated risk template has also been developed to assist risk owners to engage in the process and provide effective monitoring of risks. The review of risks has reflected on the position of the current risks, overlap and the need for a more streamlined and the integrated approach to the management of some risks which it is considered will be more effective than the current approach and reflects Members' feedback, notably from this Committee.
- 2.14** The risk template at **Annex D** has been revised to better consolidate and streamline the information needed to manage and assess risks. It is proposed that this will be piloted for Quarter 1 and may be subject to further amendments as it is implemented.
- 2.15** At present, the proposed new Risk Register has not been formally evaluated to ascertain the risk scores. However, Members will note that consideration (as shown at the second part of Annex B) shows due consideration of existing risks and through thorough discussions with Strategic Insight Board and Strategic Leadership Team and also in considering the results of service planning and emerging findings from the Directorate Self-Assessment process, it is considered that major risks have been identified as a result. Following consideration and subject to endorsement from Cabinet of the new outline Risk Register, risk owners will undertake a thorough evaluation of their individual risks and complete a risk template which will result in fully assessed and scored risks in preparation for Q1 reporting.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Risk Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan and its Well-being Outcomes. Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Outcomes and eight Well-being Objectives. By aligning our Well-being Outcomes in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.
- 3.2** Corporate Risks are considered in the context of the Well-being of Future Generations in terms of their potential impact on our ability to deliver /meet the Well-being Goals. The multi-faceted nature of risk means they have the potential to impact on how we deliver our priorities within the Corporate Plan and ultimately impact on our ability to meet/deliver on the Well-being Goals. A failure to identify the different facets of risk and mitigating actions using the five ways of working puts us in a more vulnerable position in terms of our ability to manage the risks and could significantly impact on our ability to evidence our contribution to meeting the Well-being Goals into the longer term.
- 3.3** The five ways of working are also a key consideration in relation to our corporate risks as a key part of managing the risk involves developing a Risk Management Plan that identifies the mitigating actions that have a focus on the long term, prevention, integration, collaboration and involvement.

4. Climate Change and Nature Implications

- 4.1** Within the Risk Register there is a corporate risk referred to as Project Zero. This corporate risk is defined as the failure to reduce our carbon footprint and mitigate against the impact/effects of climate change. The Project Zero risk identifies a wide range of climate change/nature related risks that are monitored and reviewed every quarter to ensure they reflect any emerging areas of risk/issues. The Project Zero risk has a Risk Management Plan that contains all risk related actions that will be undertaken during the year in order to further mitigate the associated risks and impact on climate change and the nature emergency. These risk actions are aligned to our Service Plans and the Annual Delivery Plan, which in turn are aligned to the Council's climate change programme of work known as 'Project Zero' and the associated climate change challenges as outlined in the Climate Change Challenge Plan. Monitoring risk in this way enables us to not only assess progress being made in relation to risk activity, but to also understand its contribution to the wider Project Zero programme.
- 4.2** Monitoring the Project Zero risk also provides an opportunity throughout the year for officers to consider any further mitigating actions that will enable us to further minimise the adverse consequences of our activities.
- 4.3** It is proposed that climate change remains one of our corporate risks.

5. Resources and Legal Considerations

Financial

- 5.1** Managing and reducing risks effectively helps to prevent unnecessary expenditure for the Council, reduces the potential for insurance claims and rising premiums. Members will note a specific risk relating to financial resources and also its interrelation with other proposed corporate risks.

Employment

- 5.2** There are no direct workforce related implications associated with this report. However, there are risks contained within the Register that if not effectively managed has the potential to impact on our staff establishment. By managing these risks effectively, we are in a stronger position to offer better protection to our staff.

Legal (Including Equalities)

- 5.3** Identifying, managing and reducing any risk effectively mitigates against potential legal challenge.

6. Background Papers

[Corporate Risk Management Strategy](#)

Qtr4 2023/24 - Risk Summary Report Update

Risk Scoring Definitions

Inherent and Residual Risk Scoring

The Inherent Risk defines the risk score in a pre-control environment i.e. what the risk would look like (score) without any controls in place to manage the risk. The Residual Risk can be defined as the subsequent risk score as a consequence of applying controls to mitigate this risk.

Both inherent and residual risks are defined by two variables the Likelihood of the risk occurring and the Possible impact of that risk occurring. The higher the score allocated for the risk the higher the overall risk status. See matrix below:

Possible Impact or Magnitude of Risk	Catastrophic	4 <i>MEDIUM</i>	8 MEDIUM/HIGH	12 HIGH	16 VERY HIGH
	High	3 <i>MEDIUM/LOW</i>	6 <i>MEDIUM</i>	9 MEDIUM/HIGH	12 HIGH
	Medium	2 LOW	4 <i>MEDIUM</i>	6 <i>MEDIUM</i>	8 MEDIUM/HIGH
	Low	1 VERY LOW	2 LOW	3 <i>MEDIUM/LOW</i>	4 <i>MEDIUM</i>
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-10 High 12-16		Very Unlikely	Possible	Probable	Almost Certain
Likelihood/Probability of Risk Occurring					

Effectiveness of Controls Score

Controls can be scored 0-4 in terms of their effectiveness at controlling risk in terms of likelihood and impact. Zero implies poor control of the risk whereas a four would suggest controls in place are highly effective. This is based on scoring how effective the controls are at reducing a) the likelihood of and b) the impact of the risk. See table below

Score	Effectiveness of control
0	Very Low control of the risk
1	Low control of the risk
2	Medium control of the risk
3	High control of the risk
4	Very high control of the risk

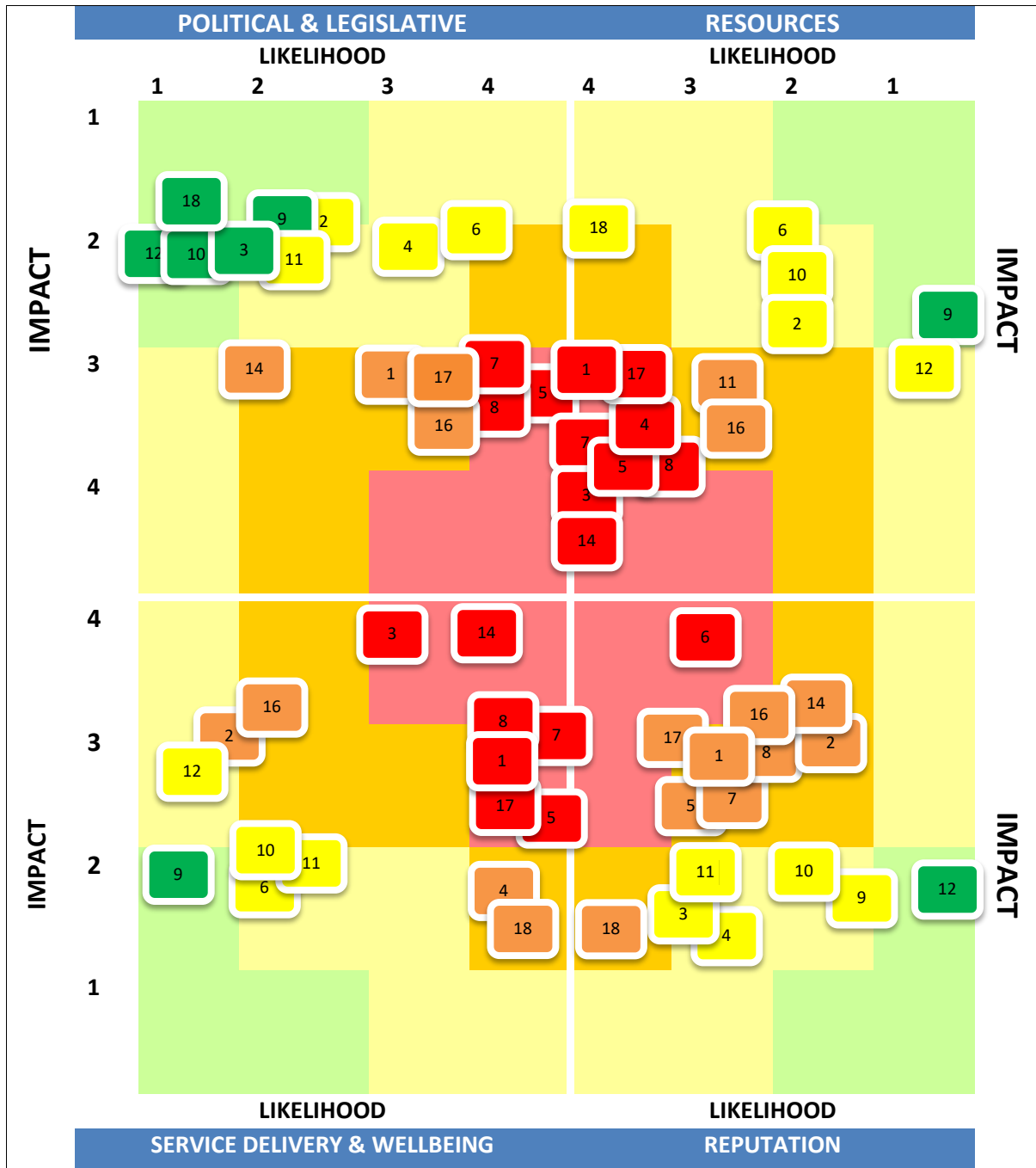
CORPORATE REGISTER SUMMARY

The table below provides a summary of the Corporate Risks 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	Forecast Direction of Travel
				Likelihood	Impact	Total		
1	Financial Fragility	12 (H)	2 (M/L)	4	3	12 (H)	↔	↔
2	Legislative Change and Local Government Reform	12 (H)	2 (M/L)	2	3	6 (M)	↔	↓
3	School Reorganisation & Investment	12 (H)	2 (M/L)	3	3	9 (M/H)	↔	↔
4	Waste	12 (H)	2 (M/L)	4	2	8 (M/H)	↔	↔
5	Workforce Needs	12 (H)	1 (L)	4	3	12 (H)	↔	↑
6	Information Security	12 (H)	4 (M)	3	3	9 (M/H)	↔	↑
7	Project Zero	12 (H)	1 (L)	4	3	12 (H)	↔	↑
8	Cost of Living	12 (H)	1 (L)	4	3	12 (H)	↔	↔
9	Public Buildings Compliance	9 (M/H)	4 (M)	2	2	4 (M)	↔	↔
10	Safeguarding	9 (M/H)	4 (M)	2	2	4 (M)	↔	↔
11	Integrated Health and Social Care	9 (M/H)	4 (M)	3	2	6 (M)	↔	↓
12	Unauthorised Deprivation of Liberty Safeguards	9 (M/H)	6 (M)	1	3	3 (M/L)	↔	↔
14	Additional Learning Needs	16 (H)	2 (M/L)	3	4	12 (H)	↔	↔
16	Market Fragility	9 (M/H)	2 (M/L)	3	3	9 (M/H)	↔	↔
17	Demand Management & Service Capacity	12 (H)	1 (L)	4	3	12 (H)	↔	↔
18	Transition from the Welsh Community Care Information System (WCCIS)	16 (H)	2 (M/L)	4	2	8 (M/H)	↔	↔

THEMATIC RISK HEAT MAP

This heat map groups risk scores by the thematics of political and legislative, resources, service delivery and wellbeing and reputation.



LIKELIHOOD

Risk Reference Glossary							
1	Financial fragility	6	Information Security	11	Integrated health & Social Care	16	Market Fragility
2	Legislative Change & Reform	7	Project Zero	12	Deprivation of Liberty	17	Demand Management
3	School reorganisation & investment	8	Cost of Living			18 Transition from the Welsh Community Care Information System (WCCIS)	
4	Waste	9	Buildings compliance	14	Additional Learning Needs		
5	Workforce Needs	10	Safeguarding				

Risk overview

Six risks score high, five risks score medium/high, four risks score medium, and one risk scored medium-low on the Register. During the 4th quarter of the year, there has been no movement in any of the risks on the register.

Direction of Travel

All risks on the Register have maintained their static position during the period.

Forecast Direction of Travel

During the quarter 4 period, the forecast direction of travel statuses are as follows:

Risks forecast to diminish

- The DOT for the **legislative change and local government reform** risk is forecast to reduce. The primary focus of this risk was on the introduction of the Local Government & Elections Act and the majority of these provisions are now enacted, with this risk retaining a 'watching brief' on the way these become embedded. There are two recent pieces of procurement legislation which come into force from autumn 2024. These are the Procurement Act 2023 and Social Partnership and Public Procurement Act (Wales) 2023. The key provisions of these acts are being considered and their potential impacts on Council activities with awareness raising already taken place through a briefing of SLT and the Vale through Ardal, their procurement partner, have had continuous engagement with Welsh Government and the WLGA on the proposed procurement legislation.
- **Integrated Health & Social Care:** No change in the medium risk status (risk score of 6) with forecast direction of travel set to diminish due to a reduction in risk in relation to the covid elements. There continues to be some risk with developing a more integrated approach to service provision regarding challenges with technology, information sharing, staffing structures, governance policies and financial management. These are being monitored and mitigating actions are in place.

Risks forecast to escalate

There are three risks on the Register that we forecast will increase over the year these are: Workforce, Project Zero and Information Security

- The **Workforce risk** is forecast to increase, as it is intrinsically linked to financial and market fragility and demand management issues across the Council and consequently one impacts upon the other. For example, the significant demand being seen across social care and the lack of social care capacity in communities is continuing to compound recruitment challenges of domiciliary care staff. The rising demand for social care services is putting our budgets under additional financial pressure, which in turn impacts on the financial fragility risk.
- **Project Zero:** Following consideration of the risk scores by Project Zero Board, the risk has remained at its current level of 12 (high). However, the risk is forecasted to increase due to the impact of cost pressures affecting both capacity and resources available to implement the Climate Change Challenge Plan by the target date of 2030 to effect change and mitigate against the impact of climate change. The newly introduced RAG ratings and reporting to Members, alongside work on key documents such as the Carbon Management Plan will assist in tracking the direction of travel on this risk.

- **Information Security:** The risk level remains medium/high (risk score of 9), and the forecast direction of travel is upwards from medium/high to high over the next quarter. The expected increase in risk is in the context of the increasing numbers of successful attacks we have seen recently, including Leicester City Council in March this year, which suffered the loss of a huge amount of data which has been published online by the attackers. This together with the upcoming general election will make all UK councils an attractive target for cyber criminals and state threats. We are likely to see greater efforts to breach our defences over the next quarter. The UK's National Cyber Security Centre (NCSC) has warned that we face ongoing cyber threats from China, Russia, Iran and North Korea.

Risks forecast to remain static

- **Financial fragility:** There has been no change to the risk status and scores (risk score of 12) with the forecast set to remain static. Following the 3.1% Provisional Settlement announced by Government on 19 December Cabinet published its Budget for Consultation in January 2024. The underlying risk of the value of cost pressures being mitigated persists and the savings programme is at £7.8M following some corporate measures and debt and investments and a proposed Council Tax of 6.7%. The final settlement saw a small uptick with some additional resources being identified for the Public Sector by Michael Gove in January 2024 which translated into consequential for Welsh Government. The final settlement was 3.5% and did not impact on the savings programme or Council Tax rise with the upside being directed to cover known pressures on school transport. Budget setting has been a significant redirection of resources at the Council with social care pressures being well in excess of the notional sums in the settlement and whilst increases for schools were passported through, school reserves are an area of specific concern.
- **Unauthorised Deprivation of Liberty Safeguards (DoLS):** No change to risk status and scores (risk score of 3), with forecast direction set to remain static. The additional funding that Welsh Government and the other partnership members have put into DoLS has been a supportive factor in reducing numbers of applications that can be co-ordinated within statutory timescales. We continue to monitor and review the position of DoLS and backlogs and where necessary take action. There has been a decrease in the backlog year on year, and whilst we are never in a position where we meet all timescales the numbers are reducing. Confirmation has been received that there is funding for the 2023/24 period to address the backlog applications (these are those that exceed 21 days) and this will assist in reducing backlogs across the partnership.
- **Additional Learning Needs (ALN):** The risk previously escalated to a high status (risk score of 12) and has remained at this level in Quarter 4. From this position it is forecast to remain static. This reflects that despite the LA investing heavily in resourcing ALN provision and putting in place a raft of mitigations to tackle the exponential growth in demand and expectation around the Act, it is having limited impact on the ability to fully mitigate against the capacity and demand pressures facing ALN and the new way of working. This includes the additional £850k provided to schools to assist with increased demand, which although has gone some way to mitigate because of the continued and increasing complexity of needs that our learners are presenting the risk remains high. Many of the

issues remain outside our immediate control which requires whole Wales approach in terms of how this is addressed. For this reason, it is anticipated that this risk will maintain at its elevated risk status for some time.

- **Public Building Compliance:** A risk status of medium (risk score of 4) remains in relation to our arrangements for the management of compliance and compliance data for our corporate building stock. The forecast direction of travel is set to remain static from this position. There are regular compliance updates considered by the Strategic Insight Board, Strategic Leadership Team and Schools Operational Investment Board, ensuring appropriate mitigations are in place, with the latest mitigation action including an exception report presented to SLT on quarterly cycle.
- **Waste Management:** The risk retains a medium-high status (risk score of 8) which reflects potential challenges associated with new legislation introduced in April 2024 and the next round of statutory recycling targets which came into effect from 1st April 2024. We have completed the roll out of the collections blueprint (introducing separated collections across the Vale) and completed the construction of our new Waste Transfer Station. In addition, the introduction of a new carbon tax in the future has the potential to cost the Council £500k a year. The forecast direction of travel remains static for the next quarter.
- **School Reorganisation and Investment:** This risk remains at a medium-high (risk score of 9). The forecast is set to remain static from this position. The risk environment remains similar to last quarter with an increasing cost of materials and resources leading to an increased market cost of delivering projects and investing in schools. These factors are outside of the Council's control which have rendered the controls that are in place less effective at mitigating the risk. Officers are exploring several avenues of available funding such as s.106, to ensure that schemes will continue.
- **Market fragility:** The risk has remained static for this Quarter at medium-high (risk score of 9). From this position the forecast is for the risk to remain static. The market stabilised during the last three quarters with no significant change into Q4. During this time no major providers of social care failed, and this stability has brought the risk down for present as there is no immediate concern that providers will fail. There is now a decreased likelihood of a market collapse due to the stabilisation of providers that has been witnessed.
- **Demand Management and Service Capacity:** There has been no change to risk scores retaining a high (risk score of 12) with the forecast set to remain static although not in all areas of social care. The key aspects of this risk can be defined as insufficient social care capacity to meet the significant growth in demand for social care services and with that increasing cost pressures. This is not just in the context of the volume of demand, but also the severity and complexity of need. There are increasing numbers of children and young people and their families and adults that are presenting with more complex needs. Similarly, there is an increasing ageing population in the Vale of Glamorgan. A key risk factor driving service capacity is the workforce pressures we face. In particular challenges in recruitment and retention of social workers in Children and Young People and also significant recruitment and retention difficulties being experienced across commissioned care.
- **Safeguarding:** There has been no change to the risk scores retaining a medium (risk score of 4) with forecast direction set to remain static. Of concern is the impact that the pandemic has had on children and young people at risk of abuse and or child sexual exploitation. Although, services adapted their processes to operate digitally, it does not replace the benefit of regular face to face contact when it comes to safeguarding matters.

Subsequently the impact and aftermath of lock downs has increased demand for our children and young people services.

- **Cost of Living:** There has been no change to this risk score retaining a high (risk score of 12) with the forecast direction of travel to remain static. Cost of living refers to the fall in people's disposable incomes after considering inflation, taxation, and benefits. Despite the packages of support which have been provided over the last couple of years, there are still significant impacts on people's lives and those most vulnerable to the effects of rising inflation are disproportionately impacted. The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to March 2024, down from the peak of 11.1% in October 2022. This remains above the UK Government's target of 2%. A key element of risk is the inability to effectively target our resources to reach those most in need and in particular to identify any areas of unmet need. This is putting additional demand upon our services at a time when our resources are already being stretched. The Council is also vulnerable to rising cost pressures associated with inflation and this is reflected in the Council's budget and the Financial Fragility risk. Consequently, there is a risk to the Council's ability to maintain levels of service delivery and has the potential to disrupt our ability to achieve our wellbeing objectives and key priorities as a council.
- **Transition from the Welsh Community Care Information System (WCCIS):** This risk was recently added to the register in the previous quarter and remains a medium/high risk (risk score of 8). From this position the risk is forecasted to remain static. The Welsh Community Care Information System (WCCIS) was established in 2015 to support the development and implementation of an integrated digital information system across health and social care services. The WCCIS programme is now at a critical point with technology drivers and contractual drivers forcing a decision about the future. Although the current system provider is withdrawing from the market and the contract for the current system (CareDirector) will be terminated, this will not happen in practice until 2027. The pressure on councils to move in January 2026 is mainly on the basis that the underlying Microsoft system on which the system runs is becoming end of life. There are several high-level risks associated with the procurement of a suitable replacement for Care Director including the ability to procure and implement a new system in time. Financial implications are uncertain with no governmental position regarding the position until it is known how many organisations commit to using the new products. There is an expectation that costs will need to be met in the first instance by the local authorities. There are also risks relating to regulatory compliance (with potentially no way of monitoring our statutory duties), to system integration, data migration, and operational risks.

Annex B – Proposed Risk Register

Part One: Proposed New Corporate Risks

Proposed New Corporate Risks & Risk Owner	New Corporate Risk Scope and Definition	Reason for inclusion
Financial Resources – Matt Bowmer	Financial resources are the funds and assets that enable delivery of the organisation’s activities. The associated risk is failure to deliver a balanced budget to sustain services both now and into the medium-term, for the reshaping programme to deliver the necessary savings and to secure external funding to support economic development.	A continuation of the Financial Fragility risk (CR1) but will also capture the risk of legislative change and reform (legacy CR2). Without adequately addressing this risk the organisation could be unable to fund and thus deliver services.
Workforce and Organisational Change – Tracy Dickinson	Failure to anticipate and plan for future workforce needs and organisational change, building sufficient capability and capacity.	A continuation of the Workforce Needs risk (CR5) with added emphasise on organisational change. The workforce is a vital part of the organisation and the skills within the workforce directly impact service delivery.
Information and Cyber Security – Tom Bowring	Information and Cyber Security involves the practice of preventing the unauthorised use, access, disclosure, disruption, modification, inspection, recording or destruction of information. This applies regardless of the form data/information may take i.e. electronic or physical.	A continuation of the Information Security risk (CR6) with added emphasis on cyber security. Information and cyber security breaches detrimentally impact service delivery and cause privacy breaches to residents and staff and are increasing in frequency and potential damage.
Climate Change and Nature Emergency – Tom Bowring	Failure to achieve the Welsh Government target of being net zero as an organisation by 2030 and to deliver the commitments in the Climate Change Challenge Plan which includes a range of activities that form our response to the climate and nature emergencies.	A continuation of the Project Zero risk (CR7) with added emphasis on the nature emergency. A Climate and Nature emergency has been declared by both Welsh Government and the Vale Council, which left unaddressed could cause huge impacts on service delivery. The reframed risk relates to the organisational target(s) specifically.
Additional Learning Needs – Elizabeth Jones	Failure to effectively respond to and manage the increase in numbers of learners with Additional Learning Needs within the Vale of Glamorgan’s education system.	This risk remains on the register as there is continued and increasing complexity of needs that our learners are presenting which puts pressures on the education system.
Social Care Demand and Capacity – Lance Carver	Inability to effectively respond to the increasing demands on the Social Care system in the Vale, as well as anticipating and adapting to market changes that may have an impact on service demand and capacity.	This risk captures elements of several former risks (CR10, 11, 12, 16, 17) and is included on the new register due to ever increasing demands on social care with an ageing population and increasingly complex family situations which puts increasing pressures on the service.

Annex B – Proposed Risk Register

Part One: Proposed New Corporate Risks

Proposed New Corporate Risks & Risk Owner	New Corporate Risk Scope and Definition	Reason for inclusion
<p>Transition from the Welsh Community Care Information System (WCCIS) – Iain McMillan</p>	<p>Failure to effectively respond to the challenges facing the Welsh Connecting Care Programme including procuring and implementing a suitable replacement for Care Director in time and the associated financial and regulatory implications.</p>	<p>The Connecting Care programme is now at a critical point with technology drivers and contractual drivers forcing a decision about the future. The deployment order for the Vale of Glamorgan ends on 14th March 2025. The current underlying product (MS Dynamics CRM) used by the supplier of Care Director (Advanced) is at end of life, as of in January 2026, after which the current supplier is unwilling to support the physical data centre beyond this point, and the system will be unsupported. There are several high-level risks associated with the procurement of a suitable replacement for Care Director. There remains significant uncertainty in respect of how the implementation of a new system will be funded</p>
<p>Housing and Homelessness – Mike Ingram</p>	<p>Failure to achieve an adequate supply of affordable housing to meet local needs and support vulnerable residents at risk of and experiencing homelessness.</p>	<p>Private sector rents have risen, by around 12% in the last year and average rents are now nearly double the local housing allowance (this is the maximum amount of benefit paid towards housing costs). Increasing private rents have meant more households joining the Council’s Housing waiting list. They have also made it increasingly difficult for the Council’s Homelessness team to secure accommodation for people at risk of homelessness, into private rented tenancies. This has led to an increased use of temporary accommodation.</p> <p>The risk aligns with the development of the Replacement Local Development Plan (RLDP), alongside a robust local plan led system to support the achievement of an adequate supply of affordable housing in suitable sites and locations aligned to local needs. Failure to deliver the RLDP within the required</p>

Annex B – Proposed Risk Register**Part One: Proposed New Corporate Risks**

Proposed New Corporate Risks & Risk Owner	New Corporate Risk Scope and Definition	Reason for inclusion
		timescales will impact negatively on achievement of our ambitions in this area.
Delivery of major regeneration projects – Marcus J Goldsworthy	Failure to deliver large scale regeneration projects within required timeframes and criteria.	Having secured funding from UK and Welsh Government for several major regeneration projects there is now the risk that we fail to deliver within the required timeframes and criteria of the funding and our strategies. This could lead to increased costs and unrealised benefits for the Vale.
Physical Assets – Matt Bowmer	Failure to manage and utilise assets appropriately to achieve the best value for money and service delivery including our schools and highways, as well as considering the best ownership models such as community asset transfers.	Appropriate use of our physical assets is vital in order to properly manage our budget and ensure that assets are being correctly used to the benefit of our communities. Within this risk, our schools' reorganisation and highways/roads will be considered. With ongoing discussions regarding community asset transfers there is increased pressure to ensure that the ownership of our assets is properly addressed.
Digital – Nicki Johns	Failure to effectively grasp the benefits of digital transformation, while also anticipating and mitigating the potential challenges and threats that digitalisation presents.	The significant number of areas for digitalisation of the council represent both an opportunity and challenge simultaneously. Our risk is that we fail to design and implement the right transformation including culture change, at sufficient pace as well as the risks involved in delivery

Part Two: Current Corporate Risks & Proposed Treatment

Risk Ref	Current Corporate Risk	Suggested action and rationale
1	Financial Fragility	This risk will be continued into the new 'Financial Resources' risk.
2	Legislative Change and Local Government Reform	As this risk will be underlying across several risks it will be removed as a standalone risk but incorporated and considered as part of all risks where there is pertinent legislative change and reform.
3	School Reorganisation & Investment	This risk will be removed, however the investment and management into school assets will be considered as part of the new 'Physical Assets' risk.
4	Waste	This risk will be removed and considered as part of the new 'Climate Change and Nature Emergency risk'.
5	Workforce Needs	This risk will be continued into the new 'Workforce and Organisational Change' risk.
6	Information Security	This risk will be continued into the new 'Information and Cyber Security' risk.
7	Project Zero	This risk will be continued into the new 'Climate Change and Nature Emergency' risk.
8	Cost of Living	This risk will be removed and the impact of the cost of living will be considered across all risks as necessary.
9	Public Buildings Compliance	This risk will be removed and considered as part of the new 'Physical Assets' risk.
10	Safeguarding	This risk will be removed and considered as part of the new 'Social Care Demand and Capacity' risk, as well as across all risks where safeguarding is a concern.
11	Integrated Health and Social Care	This risk will be removed and considered as part of the new 'Social Care Demand and Capacity' risk.
12	Unauthorised Deprivation of Liberty Safeguards	This risk will be removed and considered as part of the new 'Social Care Demand and Capacity' risk.
14	Additional Learning Needs	This risk will remain on the register.
16	Market Fragility	This risk will be removed and considered across all risks where necessary for instance 'Social Care Demand and Capacity' and 'Financial Resources'.
17	Demand Management & Service Capacity	This risk will be removed and considered across all risks where necessary for instance 'Social Care Demand and Capacity' and 'Financial Resources'.
18	Transition from the Welsh Community Care Information System (WCCIS)	This risk will remain on the register.



Vale of Glamorgan Council

RISK MANAGEMENT POLICY

2024 - 2028

Managing Risk in the Vale of Glamorgan Council

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Risk Management Policy Statement

Effective Risk Management allows us to make the most of our opportunities, make the right decisions and achieve our objectives once those decisions are made. Our policy is one of embedding risk management into every aspect of the organisation. A proper knowledge and awareness of risks creates an environment in which significant changes can be achieved with confidence.

The Corporate Plan defines both our Well-being Objectives and our organisational values. These values are the guiding principles for shaping our culture and attitudes and explain what is important to the Council. Our values are:

- **Ambitious**-Forward thinking, embracing new ways of working and investing in our future.
- **Open**-Open to different ideas and being accountable for the decisions we take.
- **Together**-Working together as a team that engages with our customers and partners, respects diversity and is committed to quality services.
- **Proud**-Proud to serve our communities and to be part of the Vale of Glamorgan Council.

These values have been aligned with the five ways of working to underpin the sustainable development principle that is fundamental to the Well-being of Future Generations Act. Developing an organisation that fosters these values and ways of working will only be successful if we can effectively manage our risks. Therefore, having in place a Risk Management Policy that clearly sets out how we define, manage and monitor our risks corporately is essential.

It is vital that our approach is open and demonstrates integrity and accountability.

Our Risk Management Policy will:

- Help us to identify and achieve our Corporate Plan Well-being Objectives
- Enhance corporate governance
- Allow us to make informed decisions based on accurate and timely insight
- Enable effective use of resources
- Prevent injury, damage and loss and reduce the cost of risk
- Ensure legislative and regulatory compliance
- Reduce actions against the Council
- Promote continuous improvement
- Integrate risk management into our culture
- Raise awareness of the need for proactive management of risk by all who are involved in delivering our services

This policy has the full support of elected members (including Governance & Audit Committee), the Strategic Leadership Team and the Strategic Insight Board.

1. Introduction to Risk

1.1 What is Risk?

Risk is the possibility of something happening that results in an unwanted event that could affect the Council in an adverse way. This could mean that:

- Our objectives are not achieved;
- Our assets are not safeguarded from loss;
- We don't comply with organisational policies and procedures or external legislation and regulation;
- Our resources are not used in an economic, efficient and effective manner;
- The integrity of our management and financial information is open to question and is not reliable;
- The customers / clients we serve / support are put at risk.

1.2 What is Risk Management?

The Institute of Risk Management defines risk management as "understanding, analysing and addressing risk to make sure organisations achieve their objectives". Effective risk management can therefore be seen to minimise the threats presented by risks and, through careful management, maximising the potential the opportunities present. Risk management means identifying and analysing potential risks and determining ways of minimising either the likelihood of that risk happening or the impact that it could have on the Council.

1.3 How we manage risk in the Vale of Glamorgan Council

This Risk Management Policy describes how we analyse and manage risk using a seven-step process¹ shown below:

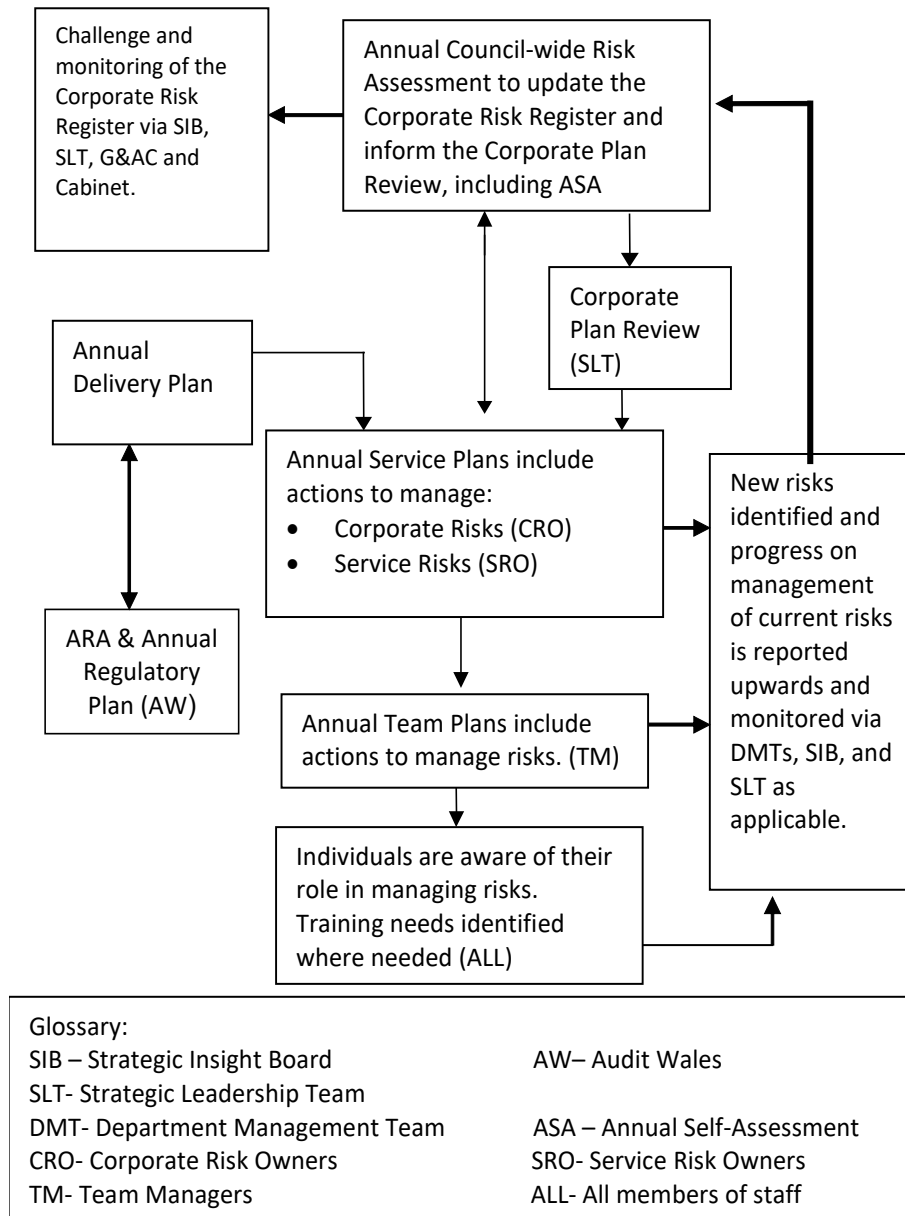
- | | | |
|--------------------------------------|---|------------------------|
| 1. Identifying Risk | } | Risk Analysis |
| 2. Analysing Risk | | |
| 3. Profiling Risk | | |
| 4. Prioritising Action | } | Risk Management |
| 5. Determining Action | | |
| 6. Controlling Risk | | |
| 7. Monitoring and Reporting Progress | | |

This Policy outlines how this process is used to analyse and manage Corporate Risks (cross-cutting and long term risks), Service Risks (service specific and day-to-day risks) and Project Management Risks (temporary risks associated with delivery of a project) and clarifies the responsibilities of individuals and groups for risk management.

Our Risk Management Framework sets out the way in which we manage our risk across the Council and is an integral part of performance management. The framework provides a mechanism by which we can identify record, assess, manage and monitor and review risks.

¹ Zurich Municipal & SOLACE (2000) *Chance or Choice – Risk Management and Internal Control*

Figure 1– Risk Management and the Performance Management Framework



1.4 The Cost of Managing Risk

When deciding how to manage risks, officers must consider the possible costs of relevant options, including the option of maintaining the status quo. The cost of managing risk will be allocated from within existing resources or through revenue and capital bids.

1.5 Risk and Decision Making

As part of the Council’s ongoing business, the Cabinet must make decisions on different policy options. The potential risks associated with these options should be included as relevant issues and options within any Cabinet and Strategic Leadership Team reports.

1.6 Supporting Policies and Procedures

The following policies and procedures support this risk management framework:

- Performance Management Framework & Annual Performance Calendar
- Project Management Methodology

- Code of Corporate Governance (CIPFA/ SOLACE Framework)
- Anti-Fraud and Bribery Policy
- Corporate Health & Safety Policy
- Corporate Asset Management Plan
- Procurement Policy & Strategy (and associated Constitution requirements)
- Strategic Equality Plan and Equality Impact Assessments
- Project Zero Climate Change Challenge Plan
- Financial Regulations Guidance
- Internal Audit risk based work plan reflecting internal and external audit risks

1.7 Training and Development

Risk Management training is delivered as and when required (identified via Member Induction/Member Development work and via annual #itsaboutme staff appraisals) to equip all employees and elected members with the necessary knowledge and skills to:

- Manage all types of risk within their remit.
- Develop their understanding of what risk management is and how the authority aims to manage risk effectively.
- Understand their responsibilities for managing risks at all levels and have the necessary skills and knowledge to meet these.

Training and development is offered in the form of briefings, workshops as well as the provision of more specialist training as required. Officers and members can access specialist training through the Council's ALARM membership and via networks such as the Audit Wales Best Practice Networks and the WLGA Risk Officers Group. This strategy is also supported by a Risk Management Guide that is accessible to both elected members and officers to provide a brief and concise overview of our risk management approach as an easy read quick guide.

2. Our Risk Management Approach

The risk management approach has 3 main stages:

1. Identification of a risk and its definition
2. Evaluation of the inherent risk, effectiveness of controls and the residual risk.
3. Management of risk.

Outlined below is an overview of each of these risk stages.

2.1 Identifying & Defining Risks

The risk assessment approach starts with the identification of the risks that could impact on the Council. Failure to appropriately identify risks early on could severely impact on our ability to deliver our priorities and services to our citizens. In this context, risk should be viewed as dynamic where it is in a constant state of flux. Therefore it is essential that we have robust mechanisms in place to scan the horizon for new and emerging risks and channels through which these risks can be identified and captured.

Currently the identification of risks takes place through:

- The Strategic Leadership Team's work.
- Annual Self-Assessment of the Council's performance involving Departmental Management Teams, the Strategic Leadership Team, Strategic Insight Board, Cabinet members, Scrutiny Chairs, Governance & Audit Committee and elected members.
- Performance monitoring and reporting identifies challenges and emerging areas of concern and risks.
- Service Planning process - undertaken by Heads of Service and their senior managers.
- Team Plans - present an opportunity for managers to identify and discuss with their teams any emerging risks.
- Departmental Team Meetings - undertaken by Team Managers where risk should feature as a standing item on agendas.
- Programme boards and project teams identify risks associated with the delivery of key council projects. Assurance and Risk Assessment processes with external Regulators and Internal Audit identify an annual risk based audit plan.

Strategic Insight Board, SLT, Governance & Audit Committee and Cabinet - look at the strategic identification of risk. Many risks are influenced by external events/circumstances that are outside our control. Therefore, when defining risks it is useful to consider the risks arising/influenced in relation to the categories of Political & Legislative, Resource, Service Delivery & Well-being and Reputational factors.

Table 1 below provides a definition of these risk categories

Risk Categories	Description
Political & Legislative	<p>Legislative risks associated with us failing to comply with legislative requirements or following statutory procedures and the repercussions this has on the organisation.</p> <p>Political risks associated with failing to deliver key policies, focusing on the wrong strategic priorities and not meeting manifesto commitments. All of these could impact on our ability to evolve and modernise as an organisation.</p> <p>Can we meet our stated objectives and legislative requirements?</p>
Resources	<p>Risks present a threat to our assets as an organisation whether it is in relation to our workforce, technology, property/buildings and /or finance. Operating in a climate of diminishing resources whilst effectively managing demand for our services will continue to be an ongoing factor when defining resource-based risks and our ability to manage and mitigate these risks.</p> <p>Have we got sufficient resources for the task – is the level of resource required too high?</p>
Service Delivery and Well-being	<p>These are risks that threaten our ability to deliver services as well as impact on our ability to safeguard the well-being and improve outcomes for our citizens. Such factors might include the inability to meet demand for services, fluctuations in the demographic and inability to engage with our customers on change and manage expectations.</p> <p>Can we deliver the services needed acceptably?</p>
Reputation	<p>These can be defined as risks that could have a damaging impact on the Council's perception by citizens as well as external regulators and public bodies. Negative publicity may arise due to not consulting/engaging with stakeholders, failing to investigate complaints and/or due to poor response to incidences impacting on media relations.</p> <p>Is there trust and confidence in the Council?</p>

After the initial risks have been identified it is essential that each risk is defined and understood with a clear description and explanation.

2.2 Risk Evaluation

The scale of risk is measured by two variables, the likelihood of the risk occurring and the possible impact of the risk. **Likelihood** is the probability of a particular outcome happening. When assessing the likelihood, Risk Owners should identify if and how often the risk has occurred in the past. For example:

	Likelihood			
Measure	Very unlikely	Possible	Probable	Almost certain
Probability	Less than 10% chance of occurring	Less than 50% chance of occurring.	Greater than 50% chance of occurring.	90% chance of occurring.

Impact is the significance of the event, i.e. how bad would it be? Some risks such as financial risk can be evaluated in numeric terms. Others, such as adverse publicity, can only be evaluated in subjective ways.

Table 2 below is an assessment grid for evaluating impact of a risk.

Risk Categories	Impact			
	Low	Medium	High	Catastrophic
Political & Legislative	Stable political leadership. Very minor fluctuations in political composition (E.g. due to a By-Election or planned changes to Scrutiny Committee Membership and/or Executive Roles).	Some minor instability in political leadership due to unplanned change to Executive Roles which could impact on the perspective and reputation of the political party.	High levels of political instability due to a sudden change in administration due to events/incidents that triggers a vote of no confidence.	Complete failure of political infrastructure resulting in the organisation going into 'Special Measures'. Welsh Ministers take control of the decision making for the organisation.
	Organisation is in a strong position to respond to changing policy and legislative environment.	Inability to meet some aspects of our new legislative requirements that causes some level of service disruption.	Very high levels of service disruption and failure to meet key requirements of new legislation resulting in some litigation and fines.	Council is no longer able to operate its services to meet its most basic statutory requirements.
Resources	Less than £50K	£50K-£250K	£1Million	More than £1Million
	Minor workforce pressures affecting a small number of staff.	Short-term workforce pressures affecting one or more teams impacting on staff capacity and availability.	Longer term workforce pressures impacting on our capacity operate sustainable services. This could result in redundancies for the service area/s affected.	Large scale workforce pressures across multiple Directorates/whole Council that impacts on our ability to deliver statutory services. Potential for mass redundancies.
	Minor ad hoc disruption to ICT systems due to network issues and/or system issues.	Some short-term disruption over a period of days (interim failures) in ICT systems due to network and/or system issues.	Large scale ICT system failures over an extended period of time or affecting multiple systems.	Complete failure of multiple systems with no business continuity in place resulting in the Council unable to operate and deliver multiple services.
	Very low level data breaches	Low level of data breaches that are	High level of data breaches of highly	Very high levels of data breaches

Risk Categories	Impact			
	Low	Medium	High	Catastrophic
	that do not require investigation from the Information Commissioner's Office.	investigated with no further action required.	sensitive personal data/information resulting in Information Commissioner's Office intervention.	across the whole Council that are impacting on our ability to process and manage data effectively and operate our services.
	Minor building compliance breaches detected that are resolved and have little or no effect on service delivery and no harm to the public/staff.	Low level building compliance breaches that cause short-term disruption to service delivery with minor level of harm/injury to the public/staff.	High/Multiple building compliance breaches causing longer term disruption to service with some incidences of harm/injury to the public/staff.	Wider spread building compliance breaches resulting in service failure and or serious harm/injury or death of an individual/s.
Service Delivery & Well-being	<p>Minor disruption to service for a small number of people.</p> <p>No lasting detrimental effect on the environment, community and local economy.</p> <p>Minor injury to an individual.</p>	<p>Short-term service failure having minor effect on public well-being.</p> <p>Short-term local detrimental effect.</p> <p>Minor injury to several people.</p>	<p>Large scale service failure without effect on well-being or small-scale failure having significant effect on individuals.</p> <p>Long-term detrimental effect on environment, community and the local economy.</p> <p>Serious injury to one or more people resulting in hospitalisation.</p>	<p>Total shutdown of service having serious detrimental effect on well-being.</p> <p>Extensive detrimental impact on the environment, community and the local economy.</p> <p>Fatality</p>
Reputation	Increase in complaints	Local press coverage	National press and complaints upheld by Ombudsman.	Intervention by external regulators.

In order to effectively assess the scale of a risk we have developed a three step evaluation process.

This involves:

1. Assessing inherent risk – what the risk would look like if there were no controls in place
2. Assessing the effectiveness of controls – what is the impact of what we are currently doing.
3. Evaluating residual risk – what is the risk after we have applied controls

2.2.1 Assessing Inherent Risk

Please refer to the Risk Management Guidance at ([Annex B](#)) which uses an example to demonstrate how to complete a risk profile, evaluate and score the risk and develop a risk management plan.

Before we consider what arrangements we’ve got in place to manage the risk, we think about the impact/magnitude and likelihood/probability of the risk occurring. This will enable us to define a risk score in a pre-control environment – **inherent risk**.

Table 3 Traditional risk scoring matrix

Inherent risk can be scored using a traditional risk matrix (table 3 below) where the

Possible Impact or Magnitude of Risk	Catastrophic	4 MEDIUM	8 MEDIUM/HIGH	12 HIGH	16 VERY HIGH
	High	3 MEDIUM/LOW	6 MEDIUM	9 MEDIUM/HIGH	12 HIGH
	Medium	2 LOW	4 MEDIUM	6 MEDIUM	8 MEDIUM/HIGH
	Low	1 VERY LOW	2 LOW	3 MEDIUM/LOW	4 MEDIUM
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-9 High 12-16		Very Unlikely	Possible	Probable	Almost Certain
Likelihood/Probability of Risk Occurring					

higher the score allocated to the risk, the higher the overall scale of the risk. To calculate the inherent risk score, we multiply the likelihood score by the impact score. So for example, a likelihood/probability score of 3 and an impact/ magnitude score of 3 will give an overall inherent risk level of (3x3) 9 putting the risk in the medium/high (amber) category.

Using the above approach, the risk is then scored within the context of the 4 broad risk categories of Political & Legislative, Resource, Service Delivery & Well-being and Reputation identified in the Council's Risk Management Policy. An inherent risk score is then calculated by multiplying the average likelihood/probability x average impact/magnitude score as below.

Risk Categories	Likelihood/probability	Impact/magnitude	Inherent risk
Political & Legislative	3	3	9
Resources	3	3	3
Service Delivery & Well-being	2	2	4
Reputation	3	3	9
Average risk score	3	3	9

2.2.2 Assessing

the effectiveness of controls

We think about the existing controls that are in place to manage or mitigate the risk and the impact these have in terms of reducing the likelihood of the risk occurring or the impact it would have.

The effectiveness of our controls is based on evaluating how effective the controls are at reducing a) the likelihood/probability of and b) the impact/magnitude of the risk occurring. For example, a score of zero would imply a poor control of the risk whereas a four would suggest that the controls in place are highly effective. To calculate the overall effectiveness of controls score, we multiply the likelihood/probability score by the impact/magnitude score (this is the likelihood/probability and impact/magnitude scores attributed as a result of the assessment of how effective the controls in place have been). We use the effectiveness of control chart below (table 4) to do this. So if we have attributed a likelihood/probability score of 2 and an impact/magnitude score of 2 upon assessing the effectiveness of risk controls, that would give an overall effectiveness of control score of (2x2) 4.

Table 4 below shows our effectiveness of control scoring mechanism.

Score	Effectiveness of control*
0	Very Low control of the risk
1	Low control of the risk
2	Medium control of the risk
3	High control of the risk
4	Very high control of the risk

*Applied to both the effectiveness to impact the likelihood and impact of the risk.

As described in the above section on calculating inherent risk, effectiveness of controls must be scored within the context of the 4 broad risk categories of Political & Legislative, Resource, Service Delivery & Well-being and Reputation identified in the Council's Risk Management Policy. Multiplying the average likelihood/probability x average Impact/magnitude gives us the effectiveness of control scores.

2.2.3 Evaluating Residual Risk

This can be described as the subsequent risk score as a result of applying the controls to mitigate the risk. Like inherent risk, residual risk can be scored using the traditional risk matrix where the higher the score the higher the overall scale of the risk.

In order to derive the Residual Risk score from the interaction between the inherent risk and the effectiveness of controls, the inherent risk scores for likelihood/probability and impact/magnitude are divided by the likelihood/probability and impact/magnitude scores for the effectiveness of controls. This provides a measure by which we can demonstrate the mitigating effect the controls have had on managing the risk. The overall residual risk status is then calculated by multiplying the overall residual likelihood score by the overall residual impact score.

The stages for calculating the residual risk are as follows:

$$\left. \begin{array}{l} \text{Inherent likelihood/probability risk score (3)} \\ \text{Effectiveness of controls likelihood (2)} \end{array} \right\} = 1.5 \text{ rounded up to } 2$$

$$\left. \begin{array}{l} \text{Inherent impact/magnitude score (3)} \\ \text{Effectiveness of controls impact score (2)} \end{array} \right\} = 1.5 \text{ rounded up to } 2$$

This attributes an overall residual risk score of 4 that is likelihood/probability score (2) multiplied by impact/magnitude score (2).

As previously described, residual risk must be scored within the context of the 4 broad risk categories of Political & Legislative, Resource, Service Delivery & Well-being and Reputation identified in the Council's Risk Management Policy.

2.3 Managing Risks and Risk Appetite

Some risks may be amenable to effective management whilst others may be partially or wholly beyond the control of the Council.

Our approach to managing risk will depend on whether we wish to avoid, eliminate/reduce, transfer or accept these risks. Our risk appetite will inform how we manage the risk.


Table 5 defines the ways in which we can respond to risk in terms actions we take to manage risk.

Avoid	Terminate the risk – by doing things differently and thus removing the risk where it is feasible to do so. Countermeasures are in place that either stop the threat or problem from occurring or prevent it having any impact on the project or business.
Eliminate or Reduce	Treat the risk – take action to control it in some way where the actions either reduce the likelihood of the risk developing or limit the impact on the project to acceptable levels.
Transfer	This is a specialist form of risk reduction where the management of the risk is passed to a third party such as an insurance policy or penalty clause so that the impact of the risk is no longer an issue for the project. Not all risks can be transferred in this way however.
Accept	Tolerate the risk - because nothing can be done at a reasonable cost to mitigate it or the likelihood and impact of the risk occurring are at an acceptable level.
Take the opportunity	Whilst taking action to mitigate risks, an informed decision is made to exploit an opportunity. This provides an opportunity for benefits (financial / non-financial) from taking on the risk/opportunity.

Where actions to avoid, eliminate, reduce or transfer the risk are determined, an action plan will be developed to manage the risk. An action plan will also be required to manage the risks associated with a decision to take the opportunity to ensure achievement of benefits. Actions (controls) to manage the risk can be classified as either 'current controls' or 'countermeasures'. Current controls are existing actions/initiatives that are in place to manage the risk whereas countermeasures are actions that need to be progressed in order to further mitigate the risk. Counter measures will be progressed over a period of time. For Corporate Risks, these are incorporated into a summary of ongoing mitigating actions risk management action plan (Corporate Risk Profile Template) for delivery and for Projects these are incorporated into a Project Risk and Issue Log. For service/team plan risks, the counter measures to mitigate identified risks are incorporated within the action plan section of both plans and may be used to manage identified risks. Actions to control a risk may include better communication, new policies or procedures, training,

market research or external assistance. It is vital that all relevant staff have clear ownership of the key risks, and a named person or group of persons should have the responsibility for implementing each action. Where applicable, a task and finish group may be created to control the key risk and report on progress.

Risk appetite is the level of risk with at which an organisation aims to operate and our approach to managing risk will be informed by our risk appetite. When considering how we manage the risk it is important to determine our attitude to the risk. This will vary from risk to risk. The risk appetite scale provided below is based on successful practice collated from the Civil Service Risk Community.

Risk Appetite	Description	Threat
Opposed	Avoidance of risk and uncertainty is key objective	
Minimalist	Preference for safe options that have a low degree of inherent risk	
Cautious	Preference for safe options that have a low degree of residual risk	
Mindful	Willing to consider all options and choose one that is most likely to result in successful delivery	
Enterprising	Eager to be innovative and to choose options that suspend previous held assumptions and accept greater uncertainty	
		Opportunity

As an organisation having considered the following scales, we have determined that our appetite for our four risk categories is as below. Our determinations have been informed by the recognition of the challenges we face with ever reducing resources and the need to embrace change. However, we are also mindful of our statutory responsibilities, the need to be prudent and to retain the confidence of our residents, partners, business and staff. We will review our appetite for risk as part of our annual assessment processes.

Risk Category	Risk Appetite Level Statements
Political & Legislative	<p>The Council has an opposed stance to non-compliance with legislative, regulatory and safeguarding risks and will ensure sufficient controls through its policies and procedures to manage the risk to their lowest reasonable levels of impact and likelihood.</p> <p>Additionally, it is opposed to any risks associated with breaches of ethics, fraud or corruption.</p>
Resources	<p>The Council has a cautious to mindful risk appetite in pursuit of its Corporate Plan Well-being Objectives. It is however opposed to any risks associated with impairing financial stewardship, internal controls, and financial sustainability.</p> <p>The Council takes a mindful stance on short-term risks that support financial performance and mitigate negative external factors. It has a mindful to enterprising appetite for longer term capital and financial investments provided that the risks are well managed and</p>

Risk Category	Risk Appetite Level Statements
	<p>demonstrate realisable future benefits for delivering the Council's priority outcomes and intentions.</p> <p>There is a mindful to enterprising stance on technology, physical assets, the Reshaping Programme and associated project risks where these support and facilitate strategic delivery, improved organisational capability and facilitate sustainable services and make best use of our assets and infrastructure.</p> <p>To keep pace with the changing public sector landscape, the Council recognises that change is inevitable, and that large scale service redesign is necessary in some areas to meet our critical challenges. A mindful stance is taken on associated risks in terms of workforce capacity, planning, development and performance as the Council transforms services through redesign, collaboration and alternative delivery models.</p> <p>The Council takes an opposed stance on information management risks and has strong controls in place to mitigate threats against its technology infrastructure to protect information held and ensure business continuity.</p> <p>The Council has to demonstrate value for money in delivering services to meet its priorities. By taking a mindful stance to associated risks, we can procure and contract services in innovative and creative ways to maximise savings and generate income for the Council.</p>
Service Delivery and Well-being	<p>Success of the council depends on effective service delivery. The Council aims to operate with an appetite for innovation and for creating service delivery models and initiatives that redefine the ways in which residents and stakeholders are enabled to achieve their outcomes. An enterprising stance is taken on associated risks to enable us to achieve this. However, the Council takes a cautious stance on risks associated with delivering our statutory obligations.</p> <p>To deliver on our priorities, the Council recognises that there will be risks that will be deemed intolerable. These include those that negatively affect the health and safety and well-being of employees, citizens and service users and those that endanger the future</p>

Risk Category	Risk Appetite Level Statements
	operation of the Council. The Council takes an opposed stance to these risks.
Reputation	The Council relies on its reputation to ensure engagement with communities, partner organisations and stakeholders in order to deliver its priorities and wellbeing objectives. The Council has a cautious appetite to reputational risk and will accept opposition when its activities and projects will provide longer-term benefits and improvements to service delivery, performance and overall outcomes for service users and the community. We will take steps to ensure that internal processes and the management of Council activities and projects are performed well to minimise the risk of reputational damage as a result of Council actions or activities.

Assessing Opportunities

The Council will pursue new opportunities where there is a justified benefit, and the related risks are acceptable. The same process for assessing risks apply in the case of assessing opportunities but will be the reverse of managing risks. Where we would take steps to reduce the likelihood of a risk happening, in the case of opportunities, we would concentrate on taking steps to increase the likelihood of the benefits to the Council being realised.

All new proposals and business cases should include a full assessment of all risks and opportunities to support informed decision making by senior managers and members. As with risks, an action plan will need to be developed to take forward opportunities (scoring high to very high) where approval has been granted.

2.4 Risk Escalation

The Council's risk management framework is built on the basis of risks being escalated from a service/department level through to a corporate level. As part of risk being managed the framework requires consideration of the mitigation measures being suggested and whether they are appropriate to manage the risk.

The Council's performance and risk management framework requires all corporate and service risk owners to review their risks at least quarterly.

Emerging areas of concern and potential risks arising from the review of service --- progress against delivering our Annual Delivery Plan priorities is included in quarterly performance reports to all Scrutiny Committees and Cabinet.

Any new high to very high service risks, or the escalation of existing service risks to high or very high, should be reported to the Head of Service immediately and reviewed at relevant Directorate Management Team meetings which should consider risk as a standing agenda item. Where appropriate, these risks will then be escalated to the Strategic Insight Board (SIB) and thereafter the Strategic Leadership Team (SLT) for

further review and for consideration for inclusion on the Corporate Risk register. Risk escalation to the Corporate Risk Register is the responsibility of the Head of Service / Service Director.

Upon consideration by the SIB and SLT, risks will either be retained within Directorates with revised risk management plans including additional mitigations/effective controls to manage the risk or be escalated to the Governance & Audit Committee for consideration for inclusion on the Corporate Risk Register with Cabinet approval sought thereafter.

Outside of the quarterly risk reporting process, ad-hoc reports are also provided to the SIB and SLT where new and significant risk issues arise. These may include risks associated with major council programmes/projects.

The same process applies for the de-escalation of Corporate risks to operational level risks where risk management plans have successfully reduced risks to acceptable levels.

3. Risk Management Roles and Responsibilities

The Council expects all of its employees, officers and elected members to have a level of understanding of how risks and opportunities could affect the performance of the Council and to regard the management of those risks / opportunities as part of their everyday activities. This could be the management of strategic risks (those risks that need to be taken into account when making judgements about medium to long-term priorities), or operational risks that managers and staff will encounter in the daily course of their work.

Cabinet act as 'Risk Champions' for the Council and have oversight of all corporate risks with cabinet members also having further oversight of the service risks within their portfolio areas.

The Council's Strategic Leadership Team, Strategic Insight Board, Directorate Management Teams and Programme / Project Boards are set up to have effective oversight and escalation points to enable well-informed decision making relating to the management of risks, including sharing good practice.

Governance & Audit Committee review, challenge and assess the effectiveness of the Council's risk management arrangements.

Corporate Risk Owners (CROs) and Service Risk Owners (SROs) have responsibility for ensuring risk control measures are implemented and monitor overall management of the risk at their respective levels.

The Corporate Strategy & Insight Strategic Advisory Group facilitates the risk management process within the Council, assisting the Council in developing and embedding its risk management processes.

Internal Audit has a central role in assisting with the preparation of the Annual Governance Statement and providing assurance to Cabinet and the Governance & Audit Committee on the 'health' of the Council's risk management processes. Whilst

All managers have a general responsibility to ensure that risks are being managed and where their staff have specific risk management responsibilities, ensure that this is reflected in their work objectives and job descriptions.

Further information on roles and responsibilities is outlined in ([Annex F](#)).

4. Risk Levels

Due to the complexity of risk, there are different levels of risk that can be categorised by the Council. These are:

- **Corporate Risks** - These are the high profile risks that could have a direct impact on the achievement of the medium to longer term objectives of the Council (Corporate Plan Well-being Objectives and priorities including the Reshaping Programme). These risks tend to be of a cross-cutting nature (or have major potential consequences) in terms of the potential impact they could have across the whole council and/or wider communities. It is the role of the Strategic Insight Board, Strategic Leadership Team, Governance & Audit Committee and Risk Owners to be constantly scanning the horizon for the emergence of Corporate Risks as well as effectively identify and manage those risks that no longer warrant a corporate risk status.
- **Service Risks** - These are risks that we face on a day to day basis as a Council that may affect our ability to deliver services. These risks tend to be service specific or team specific that do not usually have a wider impact on other types of service delivery. Such risks are identified through the service planning process.
- **Project Management Risks** - These are risks associated with the delivery of a project. Such risks are identified via the Project Management Toolkit as part of the project documentation (e.g. business cases, project briefs and risk & issue logs).

4.1 Corporate Risk

Corporate Risks are high profile risks that take into account the medium to long-term outcomes and objectives of the Council (aligned to the Corporate Plan and the Reshaping Programme). These Corporate Risks tend to be of a cross-cutting nature (or have major potential consequences) in terms of the potential impact they could have across the Council and the wider community. The Corporate Risk Register is a fundamental element of our integrated planning processes. It will be used to inform the Corporate Plan each time it is reviewed. It is vital that we consider risk when we are setting our corporate priorities.

Corporate Risks are defined/identified in our Risk Register through the completion of our annual self-assessment process and as part of service planning as well as by regular horizon scanning undertaken by Risk Owners (at Strategic Insight Board or Strategic Leadership Team) to identify new and emerging risks.

The Corporate Risk Register provides a detailed outline of all the Corporate Risks facing the Council at any given point in time. Each Corporate Risk is profiled and analysed using the Corporate Risk Register profile template shown in [Annex A](#).

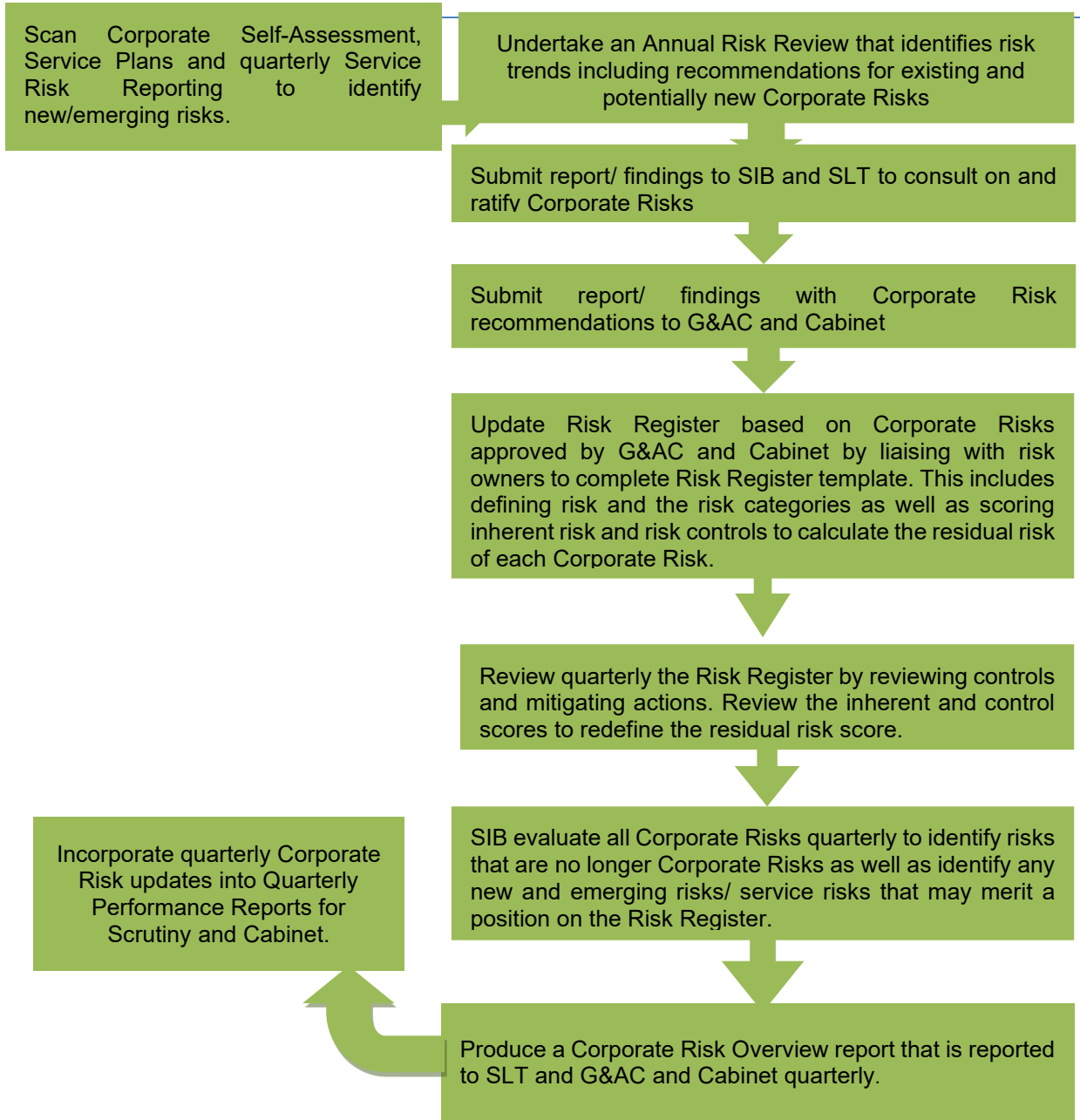
The key sections of the risk template include:

1. **Risk Definition** - High level description of risk
2. **Risk Owner**- Lead officer for managing, reporting and monitoring the risk.
3. **Risk Governance arrangements** - How the risk is managed e.g. Climate Change and Nature Emergency corporate risk is managed through the Project Zero Board.

4. **Impact on our Contribution to the Well-being Objectives of the Council-** Shows the alignment of the Corporate Risk to the Well-being Objectives to indicate the potential impact this risk could have on our ability to deliver/meet the Well-being Goals.
5. **Risk Categories-** There are multiple facets to risk. Considering each Corporate Risk by the four risk categories enables us to better define and understand all aspects of the risk. The four risk categories we use are:
 - Political and Legislative,
 - Resources,
 - Service Delivery and Well-being
 - Reputation.
6. These categories have been identified as the key risk considerations for our organisation that have a significant influence/effect over the effectiveness of service delivery. For example, any changes in the legislative environment such as the introduction of a new Act will place more duties on us to meet legislative requirements. Therefore, when thinking about the risk from a 'Political & Legislative perspective, this can be defined as the 'repercussions of us not meeting our new legislative requirements' which has an influence/impact on the Corporate Risk overall.
7. **Risk Evaluation-** There are three parts to the risk evaluation process. We consider the risk in different stages:
 - **Inherent risk** – i.e. before we consider what arrangements we have got in place to manage the risk, we think about the impact and likelihood of the risk occurring.
 - **Controls** – we think about the controls that are in place to manage or mitigate the risk and the impact these have in terms of reducing the likelihood of the risk occurring or the impact it would have.
 - **Residual risk** – we evaluate how effective the controls are at managing or mitigating the risk and the result this has on the risk. The methodology for our risk evaluation is set out in [Annex B](#) of the Corporate Risk Management Guide.
8. **Risk Management Plan** - This section documents in the form of a summary the ongoing mitigating actions to further manage the risk. Where appropriate, linkages should be made to any existing actions plans that will serve to mitigate the risk. For example, the People Strategy action plan has actions that will contribute to mitigating the corporate Workforce and Organisational risk. Monitoring of this action plan alongside other risk monitoring arrangements at service/ corporate level will inform both the People Strategy action plan and subsequently a position statement on the corporate risk. Where there are no existing action plans in place, then there is a need to create an action plan to manage the risk. See [Annex B](#) of the Corporate Risk Management Guide for more detail regarding the Risk Management Plan.

The flow chart below outlines Corporate Risk governance arrangements in more detail.

Corporate Risk Reporting Process



4.2 Service Risk

Service Risks describe the operational risks that may impact on our ability to deliver service plan actions and ultimately impact the delivery of our Annual Delivery Plan commitments and the Corporate Plan Well-being Objectives. Although these risks are localised to service plans their impact and effect could be far reaching if not effectively controlled and managed. Like Corporate Risk, our service risks can be defined by the four risk categories: Political and Legislative, Resources, Service Delivery and Well-being and Reputation. Since service risks are closely aligned to delivery of our Annual Delivery Plan commitments and Corporate Plan Well-being Objectives, we consider the Sustainable Development principle and five ways of working when developing our mitigating actions.

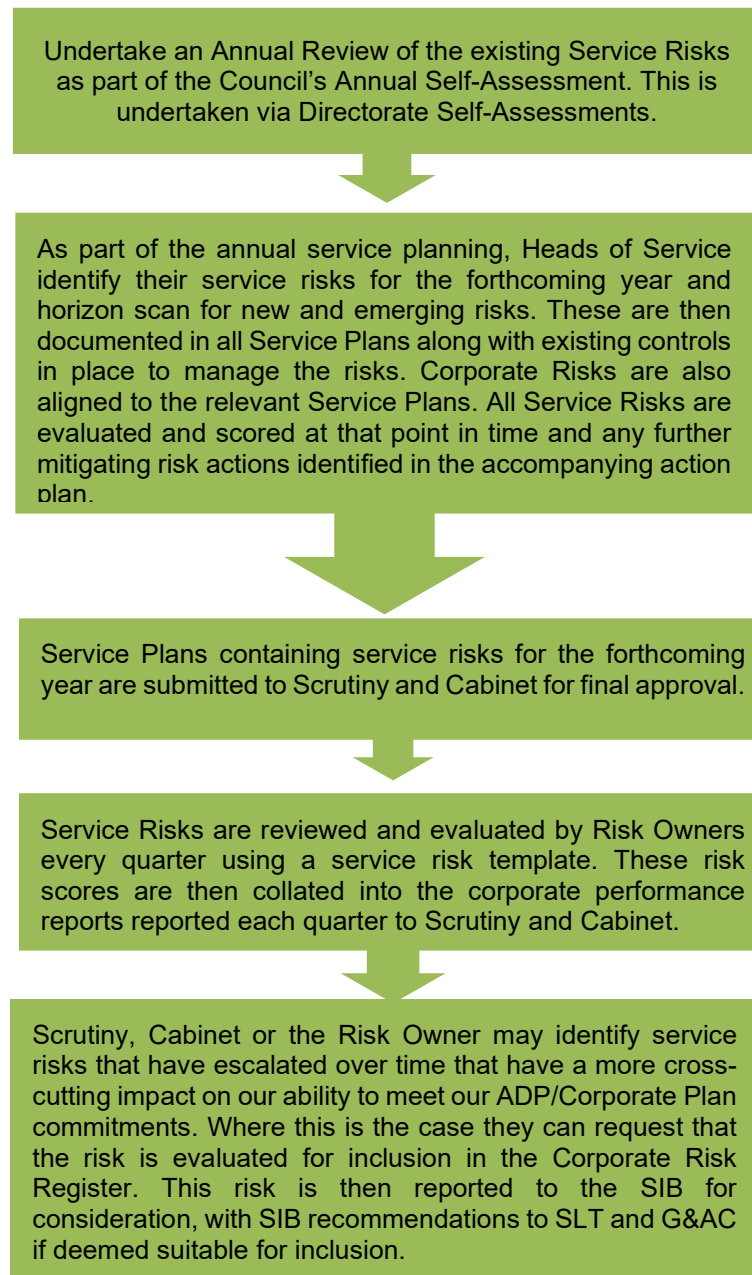
Annually, Service managers are asked to identify their service risks when assessing the service challenges and priorities as part of the council's annual self-assessment and service planning cycle. This retrospectively evaluates the status of service risks and corporate risks aligned to each service area, whilst Service Plans identify the service risks impacting on service areas going forward.

Service risks are evaluated following the same three step risk evaluation process used for Corporate Risk. This involves evaluating and scoring the inherent risk (risk in a pre-control environment), the effectiveness of controls at managing the risk and the residual risk in terms of the impact these controls are having on mitigating the risk.

The Service Risk Owner is responsible for ensuring there are appropriate controls (actions) in place to manage the service risks (which are documented in the Service Plans) and that any further mitigating actions are outlined as actions in their relevant Service Plans or at Team Plan level. Service Risk Owners are responsible for reviewing and updating their Service Plan risks each quarter. These Service Risks are reported via our quarterly performance reports to Scrutiny and Cabinet. Service risks of a cross-cutting nature can impact on the delivery of Corporate Plan activity or Council business. Where these risks escalate over time, Service Risk Owners can request that these risks are evaluated by the Strategic Insight Board for inclusion on the Corporate Risk Register. [Annex C](#) is the Service Risk Template.

The flow chart below outlines Service Risk arrangements in more detail.

Service Risk Reporting



4.3 Project Risks

Generally, a project is a one-off work activity that introduces change through the delivery of its objectives. It is a temporary work activity that only exists to deliver improved services to support the aims of the Council. Projects have important differences from day-to-day work as they:

- Create change
- Are unique and non-repetitive
- Are limited in time and scope
- Operate within an agreed budget
- Have specific end products
- Require different skills at different times

- Involve risks
- Involve a variety of human resources with different skills, responsibilities and competencies that may be drawn from both internal and external sources

Our Project Management Toolkit sets out the ways in which we can manage these different types of project. The type of project determines what type of project methodology we adopt. For example, capital projects (high and low cost) and high risk revenue projects require a more detailed approach. In order to define whether a revenue project is high or low risk we use a Project Risk Matrix (See [Annex D](#))

Risk is a major factor to be considered during the management of a project. Every project regardless of its size will have risks associated with it. Therefore, it is essential that we identify and manage our risks to minimise issues and maximise the chances of success. Project risks can be financial, economic, legislative, environmental, customer and or reputational risks among others. Therefore, project management must control and contain these risks if a project is to be successful.

The Project Manager, along with the Project Board, is responsible for ensuring that all risks are identified and proactively managed throughout the project. The Project Manager should work with the Project Board and Project Sponsor to identify and assess the risks associated with the project and ensures that where appropriate countermeasures are in place to address these. The Project Manager must also ensure that all risks have an owner. For projects involving external organisations or partnerships it is essential that risks are identified jointly with our partners, and it needs to be clearly documented how the risks are to be shared between partners.

Risks are initially outlined in the Capital Bid Proforma (for high and low value capital projects) or through the completion of a Project Brief (for both high and low risk revenue projects) prior to the onset of any project work (or equivalent documents containing as a minimum the same information as those described). All risks should be regularly reviewed and updated during the course of the project and the Project Board/Sponsor must be updated on the management of project risks.

Project Managers are required to maintain a Risk and Issues Log (See [Annex E](#)) for all types of project. The purpose of the Risk and Issue Log is to provide information about the encountered issues and potential risks to the project and countermeasures put in place to mitigate/eliminate these risks/issues and to provide a risk status on them. The Risk and Issues Log is completed once the Capital Bid Proforma/Project Brief (as appropriate) is approved. The Risk and Issues Log is updated and is reported to the Project Board (as a monitoring tool) on a monthly basis for the duration of the project.

1 – Risk Overview			
1.1 Risk Definition			
1.2 Risk Owner			
1.3 Supporting governance			
1.4 Impact on our contribution to the Wellbeing Objectives			
To work with and for our communities	To support learning, employment, and sustainable economic growth	To support people at home and in their community	To respect, enhance and enjoy our environment

1.5 Risk Categories (inc. consideration of risk appetite)		
Categories	Yes/No	Definition
<i>Political & Legislative</i>		
<i>Resources</i>		
<i>Service Delivery and Wellbeing</i>		
<i>Reputation</i>		

2 – Risk Evaluation			
2.1 Inherent Risk Scoring			
Category	Likelihood	Impact	Total Inherent Risk Score
Political & Legislative			
Resources			
Service Delivery & Well-being			

Reputation			
Overall Inherent Risk Score			

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
<i>Political & Legislative</i>				
<i>Resources</i>				
<i>Service Delivery & Well-being</i>				
<i>Reputation</i>				
Overall Effectiveness of Controls				

2.3 Residual Risk Scoring & Direction of Travel

2.3 Residual Risk Scoring & Direction of Travel											
	Inherent Risk Scores			Effectiveness of controls Score			Residual Risk Score			Direction of Travel	Forecast Direction of Travel
Category	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total		
Political & Legislative											
Resources											
Service Delivery & Well-being											
Reputation											
Average risk score/ direction of travel											

3. Risk Management Plan: Summary of Ongoing Mitigating Actions

Risk Owner to populate with reference to existing action plans that demonstrate ongoing mitigating actions.

OR

Risk Owner to create summary action plan to demonstrate ongoing mitigating actions.

