Risk Management Framework

December 2024

Cymraeg

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.
Gweler y dudalen Gymraeg ar ein gwefan.

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CYNGOR Sir y Fflint Flintshire COUNTY COUNCIL

Document Control

OVERVIEW

Title	Risk Management Framework
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Date of Last Review	December 2024
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Related Documents	Risk Management Procedure

REVISION HISTORY

Version	Issue Date	Author	Summary of Changes
1	March 2020	Strategic Performance Advisor	New guidance document
2	February 2021	Strategic Performance Advisor	Inclusion of escalation procedure
3	September 2022	Strategic Performance Advisor	Fit for purpose review and update
3.1	November 2022	Strategic Performance Advisor	Additional information
4	December 2023	Strategic Performance Advisor	Annual review following role out of InPhase
5	December 2024	Strategic Performance Advisor	Annual review. New sections added (Section 1.0 and 3.0). Amendments made to Sections 2.0, 5.1, 6.0, 8.1, 9.2 and 9.4

CONSULTATION

Version	Who	Date
1	Performance Leads	17th January 2020
1	Chief Officers Team	26th February 2020
2	Chief Officers Team	20th January 2021
3	Chief Officers Team	16th August 2022
3	Performance Leads	21st September 2022
4	Performance Leads and Chief Officer Team	December 2023
5	Performance Leads and Chief Executive	December 2024

APPROVAL

Version	Who / Where	Date
1	Chief Officers Team	26th February 2020
2	Chief Officers Team	20th January 2021
3	Chief Officers Team	16th August 2022
3	Governance and Audit Committee	14th November 2022
3.1	Governance and Audit Committee - Additional information	14th November 2022
4	Governance and Audit Committee	24th January 2024
5	Governance and Audit Committee	22nd January 2025

CONTENTS

1.0 Purpose of document

The purpose of this document is to provide an overview risk management, and the proactive approach Flintshire County Council (the Council) undertakes in embedding an effective risk management culture.

This framework outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that the Council has in place to manage risk successfully.

2.0 Introduction

The Council is responsible for delivering both statutory and non-statutory services to residents and business within Flintshire. To enable the Council to deliver these services effectively, the Council needs to consider a wide range of risks and opportunities in the decisions that are made at all levels across the Council. Risk is a part of everything we do and there is significant value in risk management:

- Is an essential part of governance
- Informs business decisions
- Enhances strategic and business planning
- Strengthens contingency planning

A key objective of this framework is to ensure as a Council we:

- Develop a consistent approach to risk management across the Council
- Encourage and enhance a risk aware culture
- Describe the method by which the Council identifies, prevent / reduce the impact and /or likelihood of a risk
- Manage risk in accordance with statutory obligations and best practice

It is acknowledged that some risks may always exist and may never be eliminated, but controls must be in place to manage and reduce the likelihood of a risk. Employees must consider risk and accept responsibility for managing risks.

3.0 Legal policy and context

The Council has responsibility for a number of statutory obligations and risk management is a key component in complying with these. There will be a number of other relevant legal policy and legislation that the Council must consider but a key piece of legislation in relation to risk is:

Well-being of Future Generations (Wales) Act 2015

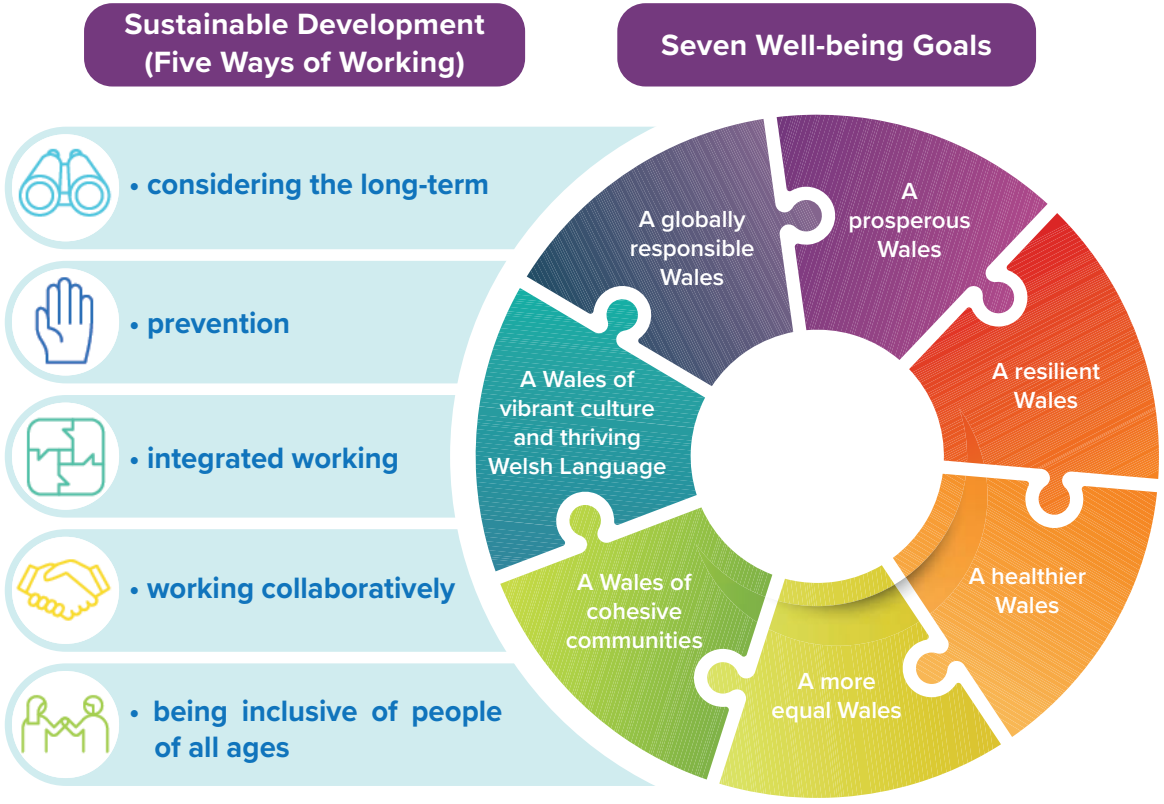
The Well-being of Future Generations (Wales) Act 2015 gives us the ambition, permission, and legal obligation to improve our social, cultural, environmental and economic well-being.

The Well-being of Future Generations (Wales) Act 2015 requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities, and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

Under the Act, the Council must consider the seven Well-being Goals and apply the Sustainable Development principle, i.e. we must meet the needs of today without affecting the future, by applying the five ways of working.

1. Balancing the short-term need with the long term and planning for the future
2. Collaborating with other partners to deliver objectives
3. Involving those with an interest and seeking their views
4. Putting resources into preventing problems occurring or getting worse
5. Integrating well-being goals with other bodies where work is similar

In doing so, the Council will also be improving the economic, social, environmental, and cultural well-being of Wales and maximising contributions to the seven national Well-being Goals.



4.0 What is risk management?

Risk management is the process of identifying risks, evaluating the potential impact, and mitigating them. The aim is to minimise the severity of their impact and likelihood of occurring where possible. Risk management is invaluable to the Council and should form part of the day-to-day management of a service. Some of the benefits to managing risks include:

- Prevents reputational damage
- Informs decision making
- Leads to successful future planning

5.0 What is a risk?

Risk is defined as the **possibility that events will occur and affect the achievement of strategy and business objectives.** A 'risk' is made up of an event, which if left untreated and with no controls in place, will have an impact on the Council and service delivery.

5.1 TYPES OF RISK

There are three main risk types at Flintshire County Council, which are:

- **Strategic** - a risk that could have an impact on achieving the Council's long-term strategic objectives or its ability to fulfil its statutory duties.
- **Operational** - a risk that could have an impact on the day-to-day service delivery.
- **Project** - a risk that prevents the successful delivery of a project or programme

5.2 RISK APPETITE

Risk appetite is defined as the amount of risk an organisation is willing to accept or tolerate to achieve its intended objectives. In an organisation as large and diverse as the Council, it is difficult to define a singular risk appetite. Appetite for risk will vary due to the objectives being undertaken in the Council spanning a wide range of different service areas. The Chief Officer Team has the final collective decision if risk appetite has been reached or breached through monthly monitoring reports.

As an organisation the Council recognises that we must accept some risk to achieve our objectives. These are considered as opportunities. The Council's approach to risk is to ensure a culture of being informed and risk aware. The Council may have to accept major or catastrophic risks, which cannot be reduced or eliminated (and therefore these risks would have to be managed within the Council's risk appetite). However, by ensuring the Risk Management Framework, internal procedure and use of the Council's performance and risk management system (InPhase) are followed and risks are reviewed monthly, the Council will have good corporate oversight of such risks.

6.0 Roles and Responsibilities

Everyone at the Council is responsible for ensuring risks and opportunities are identified and managed at all governance levels.
The table below explains in more detail the key roles and responsibilities to ensure risk management is effective, within the Council, with consideration given to the **Constitution**.

Governance Arrangements, Members and Officer Roles	Description of Roles and Responsibilities
Cabinet Members	• Ensuring that the Council's risks and opportunities are managed effectively, and procedures are in place to monitor the management of significant strategic risks • Setting the appropriate level of risk appetite for the Council • To review the Council's full Corporate Risk Register on a quarterly basis • To ensure that all strategic decisions have been fully considered and consulted upon (risks and opportunities) • To have political oversight and responsibility of the Council's risk and opportunities • Cabinet will be notified of any new risk to the Corporate Risk Register or the removal of a risk from the Corporate Risk Register
Overview and Scrutiny Committees	• Challenging the detail of individual risks related to the Council Plan priorities, or a risk specific to a service/function • Quarterly reporting of the Corporate Risk Register to Overview and Scrutiny Committees, with individual Overview and Scrutiny Committees challenging the details of risks specific to their scrutiny functions • Promote the use of risk management to inform effective strategic decision making

Governance Arrangements, Members and Officer Roles	Description of Roles and Responsibilities
Governance and Audit Committee	• Reviewing the effectiveness of the Council's Risk Management Framework, processes, and systems • Effective forward work planning for risk management • To receive a bi-annual risk profile report on the Corporate Risk Register • High level overview of escalated and deteriorating risks as part of the Corporate Risk Register • Consider and approve annual reviews of the Risk Management Framework • To call in Risk Owners / Senior Managers when concerns are raised regarding a corporate risk
Chief Officer Team	• The Chief Officer Team owns and lead the risk management process • Implementation of the risk management process and related policies • Ensuring that risks are managed, monitored and reviewed within their relevant statutory roles • Set strategic risk management controls for any initiatives, projects, action plans • Discussing the appropriate level of risk for the Council (risk appetite) • Identification and assessment of risk levels • Challenging the outcomes of risk management • Monitoring and reviewing risks in accordance with the Risk Management Operational Procedures • Assurance of Business Continuity Planning • Reviewing information within monthly reports to ensure continuous risk identification, assessment, monitoring, and escalation takes place • Ensuring that all risks are reviewed and updated in line with the Council's Risk Management Framework • A new or removal of a risk from the Corporate Risk Register shall require the approval of the Chief Officer Team and reporting to Cabinet
Service / Departmental Management Team	• Risk management and ownership of risk is a key element of any management role within the Council • The identification, assessment, control, and monitoring / reporting of Portfolio risk registers, (this includes Council Plan, Business as Usual, Partnerships or emerging risks) in accordance with the Risk Management Framework • Reviewing and managing the risks identified for which they are responsible for monthly. • Sharing relevant information regarding risks with colleagues in other service areas • Risk management to be discussed at Senior Management Team meetings

Governance Arrangements, Members and Officer Roles	Description of Roles and Responsibilities
Performance and Risk Management Team (PRM Team) and Internal Audit, Performance and Risk Manager	• Ensuring the Risk Management Framework is adhered to • Providing advice and support where appropriate • Quality control and challenge (if applicable) of any new risks identified • Providing a monthly risk dashboard for each Portfolio detailing their risk profile • Providing risk profile and trend analysis for relevant Committees • Informing Chief Officers of new or escalating risks • Providing a monthly risk report to the Chief Officer Team (COT) • Responsible for oversight and development of Performance and Risk Management System • Annual review of the Risk Management Framework and relevant internal procedure • Conduct a review of individual Portfolio Risk Registers once within a financial year
Risk Owners	• Responsible for managing and monitoring a specific risk (each risk in the Portfolio risk register is assigned a risk owner) • Ensure that appropriate resources and importance are allocated to the risks they own • Confirm the existence and effectiveness of existing actions and ensure that any further actions are implemented • Review risks during Supervision with their manager • Provide assurance that the risks for which they are the risk owner are being effectively managed • Any risks which are escalating are reported to relevant Senior / Departmental Management Team
Performance Leads	• Effective implementation of the risk management process and related policies within their Portfolio • Ensuring continuous risk identification, assessment, control, monitoring, reporting, and escalation takes place within their Portfolio • Ensuring that all risks are updated in line with the Council's Risk Management Framework • Responsible for having oversight of Portfolio risks and use of the Performance and Risk Management System • Where an operational risk may need to become a strategic risk this will be highlighted to Chief Officer Team (COT) and corporately owned as a corporate risk, if applicable
Internal Audit Team	• Periodic reviews of the Council's risks (strategic, operational and project) • Liaise frequently with the Performance and Risk Management Team
All Employees	• Maintain an awareness and understanding of risk in their workplace • Comply with council policies and procedures for risk management • Notify their line manager of any identified risk and proposed actions to mitigate the risk • Report any incident to their line manager of a risk tolerance breach

7.0 Risk Management Process

Risk Management is a continuous process and is often done in a sequence of four key stages:

1. **Identify**
2. **Assess**
3. **Control / Management Actions**
4. **Monitor and Review**

STAGE 1: IDENTIFY

Risk identification is a continuous process which is embedded in Council Planning, Portfolios (and Service Areas within Portfolios), Business Risk identification is a continuous process which is embedded in Council Planning, Portfolios (and Service Areas within Portfolios), Business Planning, Project Management, partnerships and as part of business as usual or when something changes. Risks can be identified through planning processes, emerging risks and when expected performance is not achieved. When identifying a risk, it should be very clear what the risk is, to the Council, project(s), service delivery or priorities. A method to identify a risk is using a PESTEL analysis:

POLITICAL

- Elections and Member roles
- Government changes
- National Policy change

ECONOMIC

- Funding
- Grants
- Local Growth
- Trade
- Financial commitments

SOCIAL

- Deprivation
- Health
- Resources
- Community support
- Social Care

TECHNOLOGICAL

- Transformation
- Digital inequality
- Data migration
- Information governance
- Cyber

ENVIRONMENTAL

- Climate change
- Extreme weather
- Biodiversity
- Energy efficiency

LEGAL

- Regulatory change
- Compliance
- Statutory duties
- Laws

Once a risk has been identified it should be given a clear and concise risk title. Risk should be identified by using qualitative (milestones and actions) and quantitative (performance indicators, financial data). This is called Risk Evidence and will be used to calculate the risk scoring and be used to measure against risk tolerance.

For every identified risk there **MUST** be a risk owner.

When thinking about identifying a risk consider using the following statement:

This **(event)** could happen due to **(cause)** which may result in the following **(impact)** to our objectives.

STAGE 2: ASSESS

Assessing risk is about prioritising key threats and opportunities and understanding their scale.

Typically, risk is measured in:

- **Likelihood** - how likely will the risk happen
- **Impact** - how severe would the outcomes be if the risk occurred

Once a score for each of the measures has been established, they are multiplied together to generate a final risk score. The higher the score, the higher the priority and urgency of the risk (please see Section 8, Risk Matrix, for further information).

STAGE 3: CONTROL / MANAGEMENT ACTIONS

Once a risk has been identified and assessed the next step is to decide on the best method of managing the risk.

It is important to identify what additional internal controls / actions and measures are required to reduce the risk or to prevent the risk from escalating further. The Council may not always be able to reduce the likelihood with internal controls, however the aim is to always reduce the impact.

A key question to ask is: 'What are you going to do about it?'

STAGE 4: MONITOR AND REVIEW

Monitoring and reviewing of risks is a 'live' process and must be continuously monitored at the appropriate levels (Cabinet, Chief Officer Team, Senior Management). Risks are constantly changing as the external environment alters and / or internal factors change, therefore it is important to monitor that:

- The risk has not changed
- The approach to controlling the risk is still appropriate
- Controls are still working effectively to manage or reduce the risk
- Through regular review a new risk has been identified
- A risk can now be closed (has been successfully mitigated or the risk no longer exists)
- The risk is not deteriorating (if a risk is deteriorating the escalation process should be followed, please see Section 7, Compliance and Monitoring, for further information)

8.0 Risk Scoring

When assessing the likelihood and impact of a risk, consideration must be giving to **'How likely the risk could happen?'** and '**How severe would the outcome be if the risk occurred?'**

An Inherent Risk Score - The score before additional controls is implemented. This excludes controls that traditionally fall into business as usual processes because despite these measures being in place, the risk has still been identified.

A Current Risk Score - The size of the risk after additional control measures have been implemented, on top of business as usual controls. In most scenarios the current risk should be smaller than the inherent risk score, unless the controls implemented are not effective.

A Target Risk Score - The target risk score is a tolerable level of risk that the Council aims to achieve.

8.1 RISK MATRIX

The Risk Matrix (below) must be used when calculating impact and likelihood score to have an overall score. Risks are then categorised via the overall score and a colour rating to determine the tolerance of risk.

IMPACT
How severe would the outcomes be if the risk occurred

LIKELIHOOD
How likely will the risk be happening

	1 Negligible	2 Moderate	3 Significant	4 Major	5 Catastrophic
5 Almost Certain	Yellow 5	Amber 10	Red 15	Red 20	Red 25
4 Likely	Yellow 4	Amber 8	Amber 12	Red 16	Red 20
3 Possible	Green 3	Yellow 6	Amber 9	Amber 12	Red 15
2 Unlikely	Green 2	Yellow 4	Yellow 6	Amber 8	Amber 10
1 Rare	Green 1	Green 2	Green 3	Yellow 4	Yellow 5

8.2 APPROACH TO MANAGEMENT / APPETITE OF RISK

The table (below) provides guidance on the Council's risk's appetite depending on the final overall score of a risk.

Colour	Score	Approach	Action
Green	1-3	Accept	Risks within the Council's risk appetite.
Yellow	4-6	Adequate	Risks within the Council's risk appetite which need to be monitored by Senior Management, if risk deteriorates
Amber	8-12	Tolerable	Risks within the Council's risk appetite but not at a level which is acceptable.
Red	15-25	Unacceptable	Risks outside of the Council's risk appetite

8.3 EXAMPLES OF RISK SCORING

The table below provides examples and can be used as a guide to score a risk.

IMPACT SEVERITY (EXAMPLES)

	Service Delivery	Financial	Reputation	Legal
1 Negligible	No noticeable impact	Expenditure or loss of income up to £50k	Internal review	Legal action very unlikely and defendable
2 Moderate	Some temporary disruption to a single service areas / delay in delivery or one of the Council's key strategic outcomes or priorities	Expenditure or loss of income greater than £50k but less than £500k	Internal scrutiny required to prevent escalation	Legal action possible but unlikely and defendable
3 Significant	Disruption to one or more services / a number of key strategic outcomes or priorities would be delayed or not delivered	Expenditure or loss of income greater than £500k but less than £2.5m	Local media interest. Scrutiny by external committee or body	Legal action expected
4 Major	Severe service disruption on a service level with many key strategic outcomes or proprieties delayed or not delivered	Expenditure or loss of income greater than £2.5m ut less than £6m	Intense public and media scrutiny	Legal action almost certain and difficult to defend
5 Catastrophic	Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered	Expenditure or loss of income greater than £6m	Public Inquiry or adverse national media attention	Legal action almost certain, unable to defend

LIKELIHOOD

Likelihood of Risk Occurring		
1 Rare	Less than 5% chance	May only occur in exceptional circumstances
2 Unlikely		Could occur but unlikely
3 Possible	50% chance	A change might occur
4 Likely		Will probably occur
5 Almost Certain	More than 95% chance	Very likely to occur

9.0 Communication and Reporting

For risk management to be effective it needs to be integral to the day-to-day operation of the work the Council undertakes. This involves not only the four key steps of identification, assessing, control / management and, monitoring and reviewing of risks but also clear forms of communicating and reporting on risks. Where developments happen over time, it is important that this is communicated and reported to ensure the information has been captured and included within this document for consistency of approach.

9.1 NON-COMPLIANCE MONITORING

It is essential that the Risk Management Framework is followed, and risks are reviewed monthly. Where this does not occur, this is considered as non-compliance with the process and a non-compliance report will be shared with the Chief Officer Team.

9.2 TYPES OF RISK REGISTERS

In the Council there are three types of risk registers:

- **Corporate** - a corporate risk register captures significant strategic risks and are owned by the Chief Officer Team and Cabinet
- **Portfolio** - a portfolio risk register captures strategic, operational and project risks and are managed by the Portfolio
- **Service** - a service risk register captures operational and project risks and are managed by the Service / Team Manager

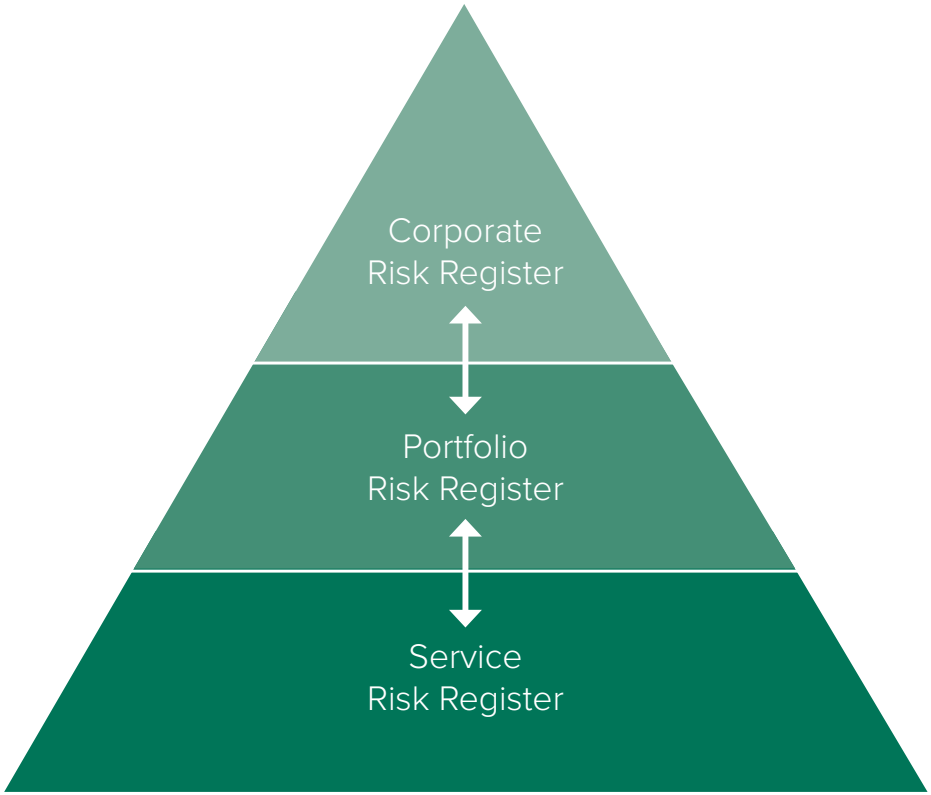
9.3 WHEN DOES A RISK NEED TO BE ESCALATED/DE-ESCALATED?

A risk needs to be escalated:

- When the existing controls cannot mitigate the risk to a tolerable level and additional controls are required at the next management level i.e. a service risk being escalated to a portfolio risk register, or a portfolio risk to the corporate risk register.

A risk needs to be de-escalated:

- When the risk score is reduced to a tolerable level and can be managed at the appropriate level i.e. a corporate risk now being managed at portfolio level, or a portfolio risk now being managed at a service level.



The diagram below provides an overview of roles and responsibilities when an escalating risk has been identified.

10.0 Further information

For further information regarding this framework, please contact the Performance and Risk Management Team **PRM@flintshire.gov.uk**

11.0 Appendix A - Risk reporting overview