

Risk Management

**Risk Management Framework:
Risk Allocation to Committees
Financial Risks**

Review of the Risk Framework

- ‘live’ review work including the contribution of Internal Audit
- Aim is for a more comprehensive, and consistently applied framework
- For the 2020/21 Council year we will allocate all major risks to Committees for active reporting

Risk Categories

- Regulatory e.g. non-compliance with legislation
- Environmental e.g. carbon reduction targets
- Financial e.g. financial performance and management
- Reputational e.g. public trust and confidence
- Social Impact e.g. impact on communities
- Service Delivery e.g. effective operations
- Health and Safety e.g. working environment

Risk Types

Strategic: risks that would affect the functioning and operation of the whole corporate organisation

Operational: risks that would impact on service objectives and delivery plans within portfolios

Project Risks: risks that would impact on the achievement of project on time and on budget and to the planned outcomes e.g. capital projects

Active Risk Management

1. Risk identification and exploration
2. Assessment of likelihood and impact
3. Mitigation and control planning
4. Management, monitoring and review

Financial Risks 2020/21

- Review the profile of the four principal ‘open risks’ set out for the financial year ahead as part of the budget-setting process, and share the mitigation planning
- Review in-year budget management and MTFS planning

Pay (Annual Awards)

- **Risk Type:** Strategic
- **Risk Categories:** Financial, regulatory, reputational
- **Mitigation:**
 - Regulatory: we will implement as pay awards are contractual
 - Reputational: avoid industrial action by implementing
 - Financial: provision to be made in the MTFS
- **Impact severity:** Significant
- **Likelihood:** High
- **Risk Score:** Amber

Out of County Placements

- **Risk Type:** Strategic
- **Risk Categories:** Financial, service delivery, regulatory, health and safety
- **Mitigation:**
 - Financial: base budget for 2020/21 increased significantly
 - Service Delivery: local strategy for commissioning and direct/partner provision as alternatives
 - Health and Safety: commissioning practice; use of registered care settings
 - Regulatory: as above
- **Impact Severity:** Significant
- **Likelihood:** High
- **Risk Score:** Amber

Post-16 School Transport

- **Risk Type:** Strategic
- **Risk Categories:** Regulatory, financial, reputational, service delivery
- **Mitigation:**
 - Regulatory: will comply with DoT regulations
 - Financial: proportionate cost sharing with Coleg Cambria to reduce costs which fall on the Council
 - Reputational: manage public reaction by avoiding any short-term implementation
 - Service Delivery: protecting schools with their post-16 recruitment
- **Impact Severity:** Critical
- **Likelihood:** High
- **Risk Score:** Red

School Budget Deficits

- **Risk Type:** Strategic
- **Risk Categories:** Financial, regulatory, service delivery, reputational
- **Mitigation:**
 - Financial: make provision within the MTFS (future action)
 - Regulatory: robust application of the licenced deficit policy
 - Service Delivery: quality of education to be assured through adequate resourcing within the MTFS for secondary phase
 - Reputational: avoid loss of confidence in school continuity through reversal of a deteriorating budget position (MTFS)
- **Impact Severity:** Catastrophic
- **Likelihood:** Extremely High
- **Risk Score:** Black

In-Year Budget

- **Risk Type:** Strategic
- **Risk Categories:** Financial
- **Mitigation:**
 - Financial:
 - A well balanced budget has been set
 - Robust in-year financial management disciplines
 - Active management of 'open risks'
 - Adequate level of reserves for uncontrollable events
- **Impact Severity:** Critical
- **Likelihood:** Low
- **Risk Score:** Amber

MTFS

- **Risk Type:** Strategic
- **Risk Categories:** Financial, reputational, service delivery
- **Mitigation Plan:**
 - **Financial:** early forecasting of pressures; effective financial management systems and practices; effective capital and revenue co-planning; early capture of strategic and operational issues; effective management of cost pressures
 - **Reputational:** maintenance of public and regulator confidence through the above actions
 - **Service delivery:** sufficient resourcing for services through effective forward planning and budget allocations
- **Impact Severity:** Catastrophic
- **Likelihood:** High
- **Risk Score:** Red