

# Risk Management Framework



September  
2022

## Document Control

### Overview

|                     |   |
|---------------------|---|
| Title               | Risk Management Framework   |
| Owner               | Internal Audit, Performance and Risk Manager  |
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| Reviewed By         | Internal Audit, Performance and Risk Manager  |
| Date of Last Review | September 2022  |
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| Related Documents   | Risk Management – InPhase User Guide  |

### 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. |

### Consultation

| Version | Who                 | Date              |
|---------|---------------------|-------------------|
| 1       | Performance Leads   | 17 January 2020   |
| 1       | Chief Officers Team | 26 February 2020  |
| 2       | Chief Officers Team | 20 January 2021   |
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| 3       | Performance Leads   | 21 September 2022 |

### Approval

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## Contents

| <b>Section</b> | <b>Narrative</b>  | <b>Page</b> |
|----------------|---|-------------|
|                | Document Control .....  | 1           |
|                | Contents .....  | 2           |
| 1.             | Introduction.....<br>What is Risk Management  | 3           |
| 2.             | Risk Definition.....<br>Types of Risk<br>Risk Appetite  | 3           |
| 3.             | Roles and Responsibilities.....<br>Role of Elected Members:<br>Cabinet<br>Overview & Scrutiny Committees<br>Governance and Audit Committee<br>Role of Officers:<br>Chief Officer Team<br>Service Managers / Officers<br>Performance Leads<br>Individual Employees<br>Performance & Risk Management Team | 4           |
| 4.             | Risk Management Process.....  | 7           |
| 5.             | Risk Matrix.....<br>Scoring<br>Approach to Management / Tolerance of Risk   | 9           |
| 6.             | Monitoring and Review .....   | 10          |
|                | Effective monitoring and Review<br>Non-Compliance Monitoring<br>Escalation of Risk  |             |
| Appendix A     | Contact Details .....   | 13          |
| Appendix B     | Risk Reporting Overview (Simplified).....   | 14          |

# 1. Introduction

## 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 should form part of your day-to-day management of your service.

# 2. Risk Definition

Risk is defined as the **possibility that an event will occur, which will impact on delivering our service and or your priorities.** A 'risk' is made up of an event, which if left unmanaged with no action will have an impact on the Council and our service delivery.

## Types of Risk

There are three main risk types, they are:

- **Strategic** - are those risks that have implications to the operation of the organisation for example Health and Safety, Systematic IT Failure and GDPR. A strategic risk would require corporate ownership.
- **Operational** - are risks that affect the successful delivery of individual service objectives/delivery plans which are controlled by a single portfolio.
- **Project Risks** – risks that prevent the successful delivery of a project or programme on time and on budget and to achieve the desired outcomes e.g. a capital investment project for a new school.

## 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 Flintshire it is difficult to define a singular risk appetite. Appetite for risk will vary due to the objectives being undertaken in the organisation spanning a wide range of different service areas. The Chief Officers Team get the final collective decision if risk appetite has been reached or breached through their monthly monitoring reports. As an organisation we recognise that we must accept some risk to achieve our objectives. Our approach to

risk is to ensure a culture of being informed and risk aware. The organisation may accept major or catastrophic risks, which cannot be reduced or eliminated (we would tolerate), ensuring that the **risk management framework** and **user guide** is followed, and regular risk reviews are carried out.

### 3. Roles and Responsibilities

This section explains the key roles and responsibilities to ensure risk management is effective within the Council, which includes:

- The Chief Officer Team own and lead the risk management process. This was agreed at COT on 16<sup>th</sup> August 2022
- Risk management and ownership of risk is a key element of any management role within the Council.
- There is understanding of risk by every officer.
- There are defined allocation of responsibilities and strong reporting lines in relation to risk management.
- The risk identification, assessment, treatment and monitoring / reporting of risks.
- There is a mechanism in place for escalation/de-escalation and closure of risks.
- An active involvement by elected members.
- A robust monitoring role.

#### Role of Elected Members

- **Cabinet** is responsible for:
  - Ensuring that the Council's risks are managed effectively
  - Setting the appropriate level of risk for the Council
  - Recommending the Council Plan to Council, its priorities and objectives with risks identified
- **Overview and Scrutiny committees** are responsible for:
  - Challenging the detail of individual risks related to Council Plan priorities or service/functions
  - Reviewing all high-level risks (red and increasing) for assurance and monitoring
  - Effective forward work planning for risk management

- **Governance and Audit Committee** is responsible for:
  - Reviewing the effectiveness of the Council's Risk Management processes and systems
  - Effective forward work planning for risk management and to receive a bi-annual risk profile report

### Role of Officers

- **Chief Officer Team** is responsible for:
  - Implementation of the Risk Management process and related policies
  - Ensuring that risks are managed within their relevant statutory roles
  - Setting strategic risk management levels
  - Monitoring and reviewing risks within statutory roles
  - Setting strategic risk management initiatives/projects/action plans
  - Discussing the appropriate level of risk for the Council (risk tolerance)
  - Identification and assessment of risk levels
  - Challenging the outcomes of risk management
  - Monitoring and reviewing the Council Plan
  - Assurance of Business Continuity Planning
  - Receives reports to ensure continuous risk identification, assessment, monitoring and escalation takes place
  - Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements
- **Service Managers/Officers** are responsible for:
  - The identification, assessment, treatment and monitoring / reporting of Council Plan, Business as Usual or emerging risks in accordance with the Risk Management Framework
  - Informing Chief Officers of new or escalating risks
  - Reviewing and managing the risks identified for which they are responsible for on a monthly basis unless determined otherwise.
  - Sharing relevant information with colleagues in other service areas
- **Performance Leads** are responsible for:
  - Effective implementation of the Risk Management process and related policies within their portfolio

- Ensuring continuous risk identification, assessment, treatment, monitoring, reporting and escalation takes place within their portfolio
- Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements.
- Ensuring InPhase is updated as and when risks change or emerge
- Contact details of your Performance Lead Officers can be found in Appendix A or on the Council's Infonet.
  
- **All employees** have a responsibility to:
  - Maintain an awareness of risk in their workplace
  - Comply with Council policies and procedures for risk management
  - Notify their line manager of identified risks and suggested actions
  - Report all incidents to their manager/supervisor of risk tolerance breach
  
- **Performance and Risk Management Team (PRM Team) & Head of Internal Audit, Performance and Risk** are responsible for:
  - Ensuring the Risk Management Framework is followed
  - Providing advice and support where appropriate
  - Quality controlling and challenge (if applicable) of any new risks identified and adding any new risks into InPhase
  - Providing a risk dashboard for each Portfolio showing their risk profile
  - Providing risk profile and trend analysis for Cabinet and Overview and Scrutiny as and when required
  - Providing non-compliance reports for Chief Officer Team (COT) as and when required
  - Providing a monthly risk profile exception report to Chief Officer Team (COT)
  - Contact details of the Performance and Risk Management team can be found in Appendix A

## Risk Management Process



### Council Planning / Service Planning

All Council Plan, business as usual and emerging risks are identified, assessed, treated and monitored using this Framework and the InPhase Business, Planning, Performance and Risk Management System.

### Step 1: Identify

Risk identification is a continuous process which is embedded in Council Planning, Portfolio Business Planning, Project

Management and day to day business as usual. 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 and priorities. You should understand what the risk is to the Council, for example reputational, financial, regulatory, service delivery, environmental, social impact etc.

The risk should be given a clear and concise risk title. Risk should be identified by using qualitative (milestones & 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.

When thinking about identifying a risk you could use the following statement: **As a result of (Cause), there is a risk of (Event) resulting in (Impact).**

For each risk there must be a risk owner.

### Step 2: Assess

The severity of the risk needs to be assessed. e.g. what would the impact of the risk be without any internal controls / actions? The risk score is based on the determining the severity of the impact of the risk occurring and the likelihood of this happening. **Refer to**



**the Risk Matrix and Definitions, Section 5.** Definitions can be found for impact severity and likelihood on page.

**To create a risk in our Performance and Risk Management System InPhase, refer to the Risk Management User Guide.**

### Step 3: Treat / Management Actions

What are you going to do about it? – identify if you need additional internal controls / actions and measures to reduce the risk or keep the risk from escalating further. You may not always be able to reduce the likelihood with internal controls, however we would always aim to reduce the impact.

### Step 4: Monitor and Review

Risk monitoring is live and should be continuously monitored at the appropriate levels (Cabinet, COT, Senior Management Meetings, Team Meetings etc) Performance of the internal controls and measures should be monitored regular. **If a risk is deteriorating the escalation process should be followed, Section 6.**

As part of the regular review, you should identify any risks to close e.g. that have reached target and have been successfully mitigated, or the risk no longer exists.

COT are to receive monthly risk profile reports by exception which include all red risks and all deteriorating risks.

Refer to Section 6 for detailed approached to Monitoring and Reviewing of Risks

## 5. Risk Matrix

### Scoring

**Impact**  
How severe would the outcomes be if the risk occurred

→

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

| Impact Severity (Examples) |  |   |  |   | Likelihood                  |                      |   |
|----------------------------|--|---|--|---|-----------------------------|----------------------|---|
|                            | Service Delivery   | Financial   | Reputation   | Legal   | Likelihood of Risk Occuring |                      |   |
| 1<br>Negligible            | No noticeable impact   | Expenditure or loss of income up to £50k                              | Internal review  | Legal action very unlikely and defensible           | 1<br>Rare                   | Less than 5% chance  | May only occur in exceptional circumstances |
| 2<br>Moderate              | Some temporary disruption to a single service area/ delay in delivery of 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 defensible   | 2<br>Unlikely               |                      | Could occur but unlikely                    |
| 3<br>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                               | 3<br>Possible               | 50% chance           | A chance it might occur                     |
| 4<br>Major                 | Severe service disruption on a services level with many key strategic outcomes or priorities delayed or not delivered              | Expenditure or loss of income greater than £2.5m but less than £6m    | Intense public and media scrutiny                            | Legal action almost certain and difficult to defend | 4<br>Likely                 |                      | Will probably occur                         |
| 5<br>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       | 5<br>Almost Certain         | More than 95% chance | Very like to occur                          |

### Approach to Management / Tolerance of Risk

| Score | Approach     | Action  |
|-------|--------------|---|
| 1-2   | Accept       | No further action may be needed and maintaining control measure is encouraged |
| 3-4   | Adequate     | May be considered for further analysis  |
| 5-10  | Tolerable    | Must be reviewed in a timely manner to carry out improvements                 |
| 12-25 | Unacceptable | Must implement immediate action or cease activities if possible               |

### 6. 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 the monitoring, review, communicating and reporting on your risks. The frequent review of risks should cover the following:

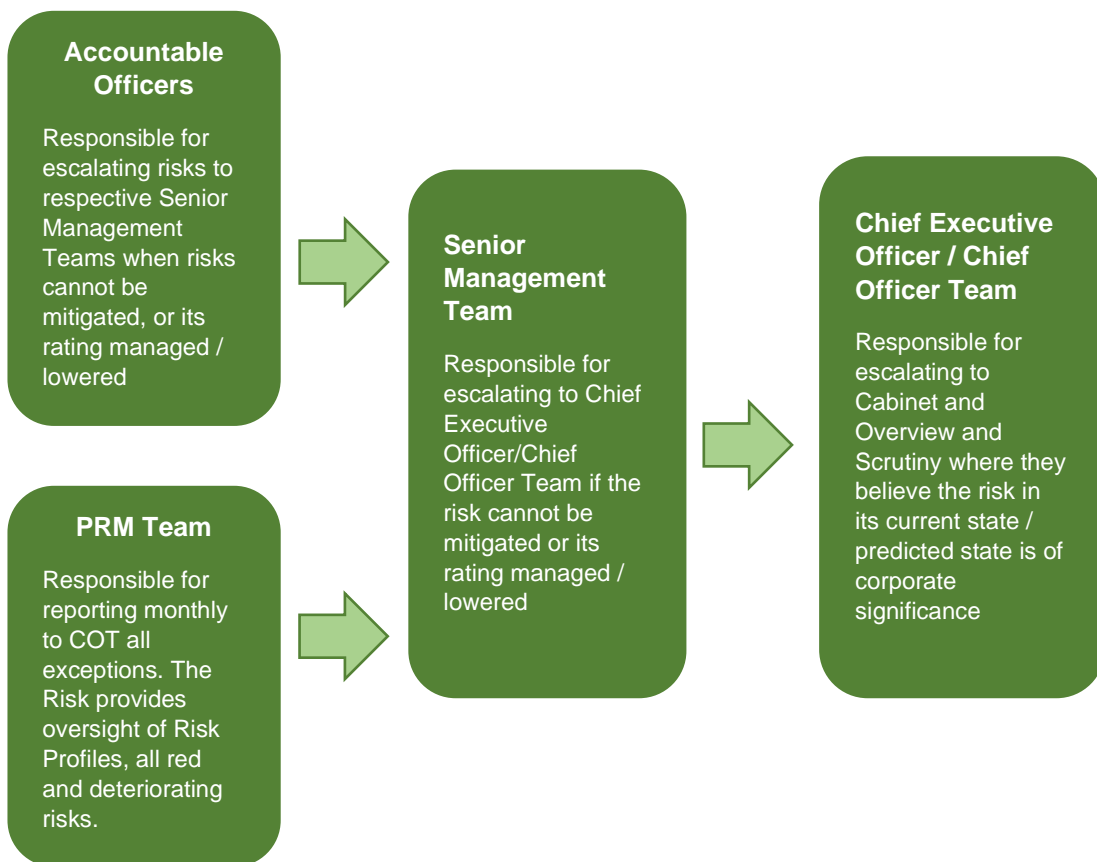
- Officers review the risk scores/ratings in 1:1s with Senior Managers/Chief Officers/Chief Executive
- Chief Officers to determine if operational risks need to be escalated to Chief Officer Team (COT) and corporately owned as a strategic risk
- Risk Management is a standing item on all Senior Management Team Meetings (SMTs) agendas and outcomes noted
- Revised Risk Management Framework reported to Governance and Audit Committee – for annual review
- Mid-year and Annual review by Governance and Audit Committee
- Mid-year to ensure that the process is robust and effective in risk management
- To ensure that developments over time have been captured and included within this document for consistency of approach
- Dashboard of risk profile shared with Governance and Audit Committee half yearly
- Regular review of portfolio risks (operational and strategic)
- Closed, Red (operational / strategic) and deteriorating risks are to be reported monthly to COT
- Oversight by the Performance and Risk Management Team of compliance with the Risk Management Framework, escalating any concerns to the Chief Officers Team.
- Periodic reviews by internal audit
- The step-by-step guidance for monitoring has been included in the Risk Management User Guide.
- Monthly risk profile reports produced by PRM team and shared at Chief Officer Team (COT) meetings
- Cabinet to receive quarterly risk profile dashboards.

## Non-Compliance Monitoring

**It is essential that the risk management framework is followed by reviewing risks on a regular basis. Where this does not occur, this will be classed as non-compliance with the process.**

- Performance and Risk Management Team to produce monthly non-compliance reports and share with Chief Officer Team (COT).
- This will identify areas which have not updated risks, measures or internal controls

## Escalation of Risk



## When does a risk need to be escalated?

- When the risk appetite/risk target level is breached – this will be informed by risk evidence<sup>1</sup>
- When risk mitigation cannot be managed within the portfolio and;
  - a Council Plan/Strategy priority is compromised and/or
  - service operations or performance will be seriously compromised and/or

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<sup>1</sup> Risk evidence is used to assess and manage risk, this includes internal controls and measures

- the financial, legal, or reputational position of the Council might be compromised and/or
- an emergency situation might develop

### **What is the process for dealing with escalation?**

1. Risk owners escalate their risk to their respective Senior Management Team when the risk cannot be managed, or its rating managed/lowered. The escalation of risk should be raised at DMT/SMT meeting and captured within meeting notes. InPhase should be updated to reflect this. **Refer to the InPhase User Guide.**
2. Senior Management escalate to the Chief Executive Officer/Chief Officer Team if the risk cannot be mitigated, or its rating managed/lowered.
3. The Chief Officer Team escalate deteriorating risks to Cabinet and Overview and Scrutiny when the risk is/could be of corporate significance
4. Escalated risks are to be included on Forward Work Programme for Cabinet and the relevant Overview and Scrutiny Committee by PRM Team

### **Refer to Appendix B for Reporting Overview Flow Chart**

**For specific guidance on how to use InPhase in order to identify / manage risk refer to the InPhase Risk Management User Guide.**

## Contact Details

### Performance & Risk Management Team

| Officer        | Position                                     | Email Address  | Extension Number |
|----------------|--|--|------------------|
| Lisa Brownbill | Internal Audit, Performance and Risk Manager | <a href="mailto:lisa.brownbill@flintshire.gov.uk">lisa.brownbill@flintshire.gov.uk</a> | 2231             |
|                | Strategic Performance Advisor                |  | 7244             |
| Sam Perry      | Performance Support Officer                  | <a href="mailto:sam.perry@flintshire.gov.uk">sam.perry@flintshire.gov.uk</a>           | 1476             |
| Jack Foulkes   | Senior Performance and Business Data Officer | <a href="mailto:jack.foulkes@flintshire.gov.uk">jack.foulkes@flintshire.gov.uk</a>     | 2227             |

### Performance Leads

| Portfolio / Service             | Performance Lead               | Email Address  |
|---------------------------------|--------------------------------|--|
| Social Services                 | Jacque Slee /<br>Claire Latham | <a href="mailto:jacque.slee@flintshire.gov.uk">jacque.slee@flintshire.gov.uk</a><br><a href="mailto:claire.latham@flintshire.gov.uk">claire.latham@flintshire.gov.uk</a> |
| Education and Youth             | Kim Brookes                    | <a href="mailto:kim.brookes@flintshire.gov.uk">kim.brookes@flintshire.gov.uk</a>   |
| Planning, Environment & Economy | Lynne Fensome                  | <a href="mailto:lynne.fensome@flintshire.gov.uk">lynne.fensome@flintshire.gov.uk</a>   |
| Streetscene & Transportation    | Ruth Tulley                    | <a href="mailto:ruth.tulley@flintshire.gov.uk">ruth.tulley@flintshire.gov.uk</a>   |
| Finance                         | Andrew Elford                  | <a href="mailto:andrew.elford@flintshire.gov.uk">andrew.elford@flintshire.gov.uk</a>   |
| HR & OD                         | Andy Adams                     | <a href="mailto:andrew.adams@flintshire.gov.uk">andrew.adams@flintshire.gov.uk</a>   |
| Governance                      | Margaret Parry-Jones           | <a href="mailto:margaret.parry-jones@flintshire.gov.uk">margaret.parry-jones@flintshire.gov.uk</a>   |
| Housing and Communities         | Denise Price                   | <a href="mailto:denise.p.price@flintshire.gov.uk">denise.p.price@flintshire.gov.uk</a>   |
| Chief Executives                | Fiona Mocko /<br>Olivia Hughes | <a href="mailto:fiona.mocko@flintshire.gov.uk">fiona.mocko@flintshire.gov.uk</a><br><a href="mailto:olivia.hughes@flintshire.gov.uk">olivia.hughes@flintshire.gov.uk</a> |
| Overview and Scrutiny           | Ceri Shotton                   | <a href="mailto:ceri.shotton@flintshire.gov.uk">ceri.shotton@flintshire.gov.uk</a>   |

# Risk Reporting Overview (Simplified)

## APPENDIX B

