Risk Management Framework

September 2022

Document Control

Overview

Title	Risk Management Framework
Owner	Internal Audit, Performance and Risk Manager
Nominated Contact	Lisa Brownbill (lisa.brownbill@flintshire.gov.uk)
Reviewed By	Internal Audit, Performance and Risk Manager
Date of Last Review	September 2022
Date of Next Review	September 2023
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
3	Chief Officers Team	16 August 2022
3	Performance Leads	21 September 2022

Approval

Version	Who / Where	Date
1	Chief Officers Team	26 February 2020
2	Chief Officers Team	20 January 2021
3	Chief Officers Team	16 August 2022
3	Governance and Audit Committee	14 November 2022
3.1	Governance and Audit Committee – Additional information	14 November 2022

Contents

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 16th 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:
  - o Ensuring that the Council's risks are managed effectively
  - o Setting the appropriate level of risk for the Council
  - o Recommending the Council Plan to Council, its priorities and objectives with risks identified

- **Overview and Scrutiny committees** are responsible for:
  - o Challenging the detail of individual risks related to Council Plan priorities or service/functions
  - o Reviewing all high-level risks (red and increasing) for assurance and monitoring and those escalated for review
  - o 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, Partnerships 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 were 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 be 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, Partnerships 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

Likelihood \ Impact		1 Negligible	2 Moderate	3 Significant	4 Major	5 Catastrophic
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

Likelihood – How likely will the risk happen?

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 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 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 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
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 Occuring	
1 Rare	Less than 5% chance	May only occur in exceptional circumstances
2 Unlikely		Could occur but unlikely
3 Possible	50% chance	A chance it might occur
4 Likely		Will probably occur
5 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:
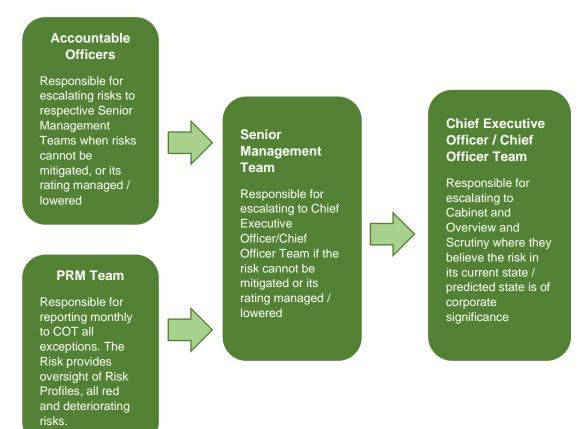
- Officers review the risk scores/ratings in 1:1s with Senior Managers/Chief Officers/ Chief Executive
- Chief Officers to determine if operational risks need to be escalated to Chief Officer Team (COT) and corporately owned as a strategic risk
- Risk Management is a standing item on all Senior Management 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
- Red escalating risks to be reported to the relevant Overview and Scrutiny Committee promptly by the PRM Team.
- 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

Accountable Officers

Responsible for escalating risks to respective Senior Management Teams when risks cannot be mitigated, or its rating managed / lowered

Senior Management Team

Responsible for escalating to Chief Executive Officer/Chief Officer Team if the risk cannot be mitigated or its rating managed / lowered

Chief Executive Officer / Chief Officer Team

Responsible for escalating to Cabinet and Overview and Scrutiny where they believe the risk in its current state / predicted state is of corporate significance

PRM Team

Responsible for reporting monthly to COT all exceptions. The Risk provides oversight of Risk Profiles, all red and deteriorating risks.

When does a risk need to be escalated?

- When the risk appetite/risk target level is breached – this will be informed by risk evidence[1]
- When risk mitigation cannot be managed within the portfolio and;

---

[1] Risk evidence is used to assess and manage risk, this includes internal controls and measures

- o a Council Plan/Strategy priority is compromised and/or
- o service operations or performance will be seriously compromised and/or
- o the financial, legal, or reputational position of the Council might be compromised and/or
- o 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.
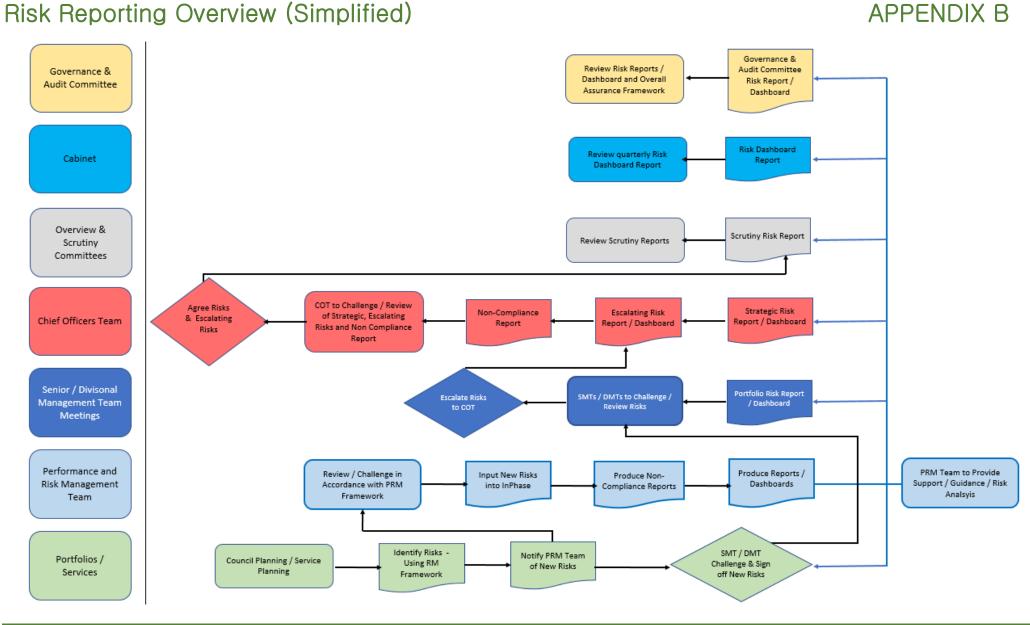
<div align="right">APPENDIX A</div>

Contact Details

Performance & Risk Management Team

Officer	Position	Email Address	Extension Number
Lisa Brownbill	Internal Audit, Performance and Risk Manager	lisa.brownbill@flintshire.gov.uk	2231
	Strategic Performance Advisor		7244
Sam Perry	Performance Support Officer	sam.perry@flintshire.gov.uk	1476
	Senior Performance and Business Data Officer		2227

Performance Leads

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

Risk Reporting Overview (Simplified)   APPENDIX B