



CABINET – 7TH JUNE 2017

SUBJECT: CORPORATE REVISED RISK STRATEGY AND GUIDANCE

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present an updated and revised Risk Management Strategy 2017 (and guidance) following changes in legislation.
- 1.2 The Council's Risk Management Strategy was approved by Cabinet in 2013. Since that time the Well-being of Future Generations (Wales) Act 2015 came into place in 2016 and requires Public bodies to view risk in a different way. The Strategy has been revised to reflect this and we are seeking the views and approval of Cabinet prior to its presentation to Audit Committee on the 13th September 2017.
- 1.3 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates or removes risk. Risk Management is crucial to the effective delivery of council services.

2. SUMMARY

- 2.1 The Council Risk Management Strategy was approved in 2013, since that time there has been several changes; one in particular is the introduction of the Well-being of Future Generations (Wales) Act 2015 which requires the Council to change the way it views risk in keeping with the principles of sustainability. As a result the Strategy has been updated for 2017 and is attached as Appendix 1, with accompanying guidance as Appendix 2.

3. LINKS TO STRATEGY

- 3.1 Management of risk is an important element in delivering council priorities and ensuring contribution to the well-being goals set out in the Well-being of Future Generations (Wales) Act 2015 (WBFGA):
 - A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities
 - A Wales of vibrant culture & thriving Welsh language
 - A globally responsible Wales

4. THE REPORT

- 4.1 At its meeting on the 17th September 2013 Audit Committee accepted the Council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2nd October 2013.
- 4.2 The Strategy identified the role of Cabinet in the risk monitoring process as being:
- Approve the Risk Management Strategy.
 - Approve the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk as recommended by the Corporate Management Team.
 - Approve the risk "appetite"
 - Hold the Corporate Management Team accountable for the effective management of risk.
 - Monitor the arrangements for managing the Council's Corporate/Whole Authority Risks, through six-monthly progress reports.
 - Consider the risks involved when making any decisions; (this has not changed since the 2013 strategy although the way this is considered may change due to the sustainable development principle and the 5 ways of working).
 - Receive and review the risk register and resultant action plans for the top corporate risks.
 - Make an appropriate allocation of resources to address identified risks and risk management framework.
 - Ensure that appropriate and effective communication reporting lines are in place in the context of risk management.
 - The Leader approves the Annual Governance Statement, and publishes it in the Annual Statement of Accounts.
- 4.3 The revised Strategy (2017) does not change the identified role of Cabinet in the risk monitoring process as noted above but rather focuses on the way we view and monitor risk.
- 4.4 During the three years since the Risk Management Strategy was approved not surprisingly there has been several changes including the introduction of several pieces of legislation. These include the Environment Act 2015, the Social Services & Well-being Act 2014 and latterly the Well-being of Future Generations (Wales) Act 2015 (WBGFA). The themes of these acts are about protection, taking a longer term view and a particular focus on prevention. Also emphasised is a partnership approach to joint problem solving, whether that is sharing resources or intelligence and recognising how we can help each other to meet mutual goals for the benefit of the citizen.
- 4.5 The WBGFA requires public bodies to apply five ways of working (as demonstration of working to sustainable development principles). One of the five ways is to take a long term (10-25 years) view and to understand the causes of certain issues in order to prevent them occurring. We also need to look at the strengths of an area as a way to maximise potential solutions and to consider the 7 well-being goals in framing our risks.
- 4.6 This changes the way we view risk. Indeed the WBGFA legislation states in its guidance that a public body will need to change the way it manages risk. Under section 3 of 'where change needs to happen' the Welsh Government Guidance states that:
"There will be long term risks that will affect both the delivery of your services but also the communities you are enabling to improve. Use the well-being goals and five ways of working to frame what risks you may be subject to in the short, medium and long term and together with the steps you will take to ensure they are well managed".
- 4.7 This means the way we view and rate our risks will alter, for example education attainment may be a medium risk when viewed against year on year attainment. However if lack of attainment is viewed over the long term, it could be argued that having young people leave school without attainment could result in low skilled or low paid employment opportunities which affects individual life chances and provides a barrier to reducing poverty within

communities. Seen in this light, lack of education attainment could now be considered a high risk.

- 4.8 Looking to the long term does not mean short term risks go away or that operational risks for example are less important, rather it means we have to broaden our scope to think of risks to the public, risks to services for those with protected characteristics and recognising strengths of communities as part of solutions to mitigate risk. This needs to be recognised in any strategy, guidance, and training and more importantly in practise going forward.
- 4.9 The main changes to the strategy are the inclusion of the Well being of Future Generations (Wales) Act 2015 and what that means for managing risk, the new Assurance Framework and the change of risk reporting frequency to Cabinet.
- 4.10 One item in the original strategy suggested an additional 'Risk Management Group' as a means of monitoring risk. Following a review a report went to Audit Committee in September 2014 suggesting this group were removed, as it was considered the increased focus on risk identification and monitoring particularly at CMT/Cabinet/Audit Committee/Directorate meant the establishment of another group was unnecessary. Internal Audit carried out a review of the Councils compliance with the Risk Strategy in 2015 and concluded that whilst we adhere to the strategy there were some aspects that were out of date for example the monitoring section had not been updated to reflect the deletion of a 'Risk Management Group' in 2014. The updated strategy now reflects these changes.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The Well-being of Future Generations (Wales) Act 2015 (WBFGA) identifies a core set of activities that are common to the corporate governance of public bodies where change needs to happen:
- Corporate Planning
 - Financial Planning
 - Workforce Planning
 - Procurement
 - Assets
 - **Risk Management**
 - Performance Management
- 5.2 The Corporate Risk Register incorporates the five ways of working (ICLIP) identified within the sustainable development principle in the WBFGA. These are:
- **Involving** a diversity of the population in the decisions that affect them;
 - Working with others in a **collaborative** way to find shared sustainable solutions;
 - Looking to the **long-term** so that we do not compromise the ability of future generations to meet their own needs;
 - Taking an **integrated** approach so that public bodies look at all the well-being goals in deciding on their well-being objectives;
 - Understanding the root causes of issues to **prevent** them from occurring.

6. EQUALITIES IMPLICATIONS

- 6.1 The Local Government Measure 2009 defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales Programme for Improvement.
- 6.2 Promoting equalities is a fundamental requirement of the Future Generations legislation, with specific resonance for meeting the well-being goals of - *A More Equal Wales*, and *A Wales of Cohesive Communities*.

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications associated with this report.

8. PERSONNEL IMPLICATIONS

8.1 There are no personnel implications associated with this report.

9. CONSULTATIONS

9.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

10. RECOMMENDATIONS

10.1 That Cabinet provides their views on the Corporate Risk Strategy and having done so endorse the updated strategy prior to presentation to the Audit Committee.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To be assured that the Council is managing its risks effectively and complies with the Council's Risk Management Strategy.

12. STATUTORY POWER

12.1 Local Government Measure 2009, Wales Programme for Improvement 2010, Well-being of Future Generations (Wales) Act 2015.

Author: Ros Roberts: Corporate Performance Manager
Consultees: Rob Hartshorn: Head of Public Protection
Nicole Scammell: Acting Director of Corporate Services
Kathryn Peters: Corporate Policy Manager
Richard Harris: Internal Audit Manager
Dave Street: Corporate Director of Social Services
Christina HARRY: Corporate Director of Communities
Chris Burns: Interim Chief Executive
David Roberts: Principal Group Accountant, Social Services
Anwen Rees: Senior Policy Officer, Equalities and Welsh Language
Shaun Watkins: Principal Personnel Officer, Social Services
Gail Williams: Interim Head of Legal Services & Monitoring Officer

Background Papers:
Risk Management Policy & Guidelines

Appendices:
Appendix 1 Risk Management Strategy (Revised) Feb 2017
Appendix 2 Risk Management Guidance (Revised) April 2017