CAERPHILLY COUNTY BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

Reviewed and Updated 2022

V8 Draft Jan 22

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Risk Management Strategy 2021

1.0 Introduction

The Risk Strategy was last approved in 2017. Since that time there have been a number of changes across the public sector landscape including the introduction of several pieces of legislation.

The Well-being of Future Generations (Wales) Act 2015 came into force in 2016 and placed a statutory duty on public bodies to use the 'Sustainable Development' principle in all its decision making. These principles require and encourage us to change the way we view risk in a long-term way and identify risks that could impact our citizens, giving risk a more 'outward' focus. The principle also focuses on prevention, by identification of root causes of risk, to prevent situations worsening. The legislation also asks that we improve on seven organisational activities, one of which is risk management, towards meeting the sustainable development duty and this continues to be embedded over this time.

The Council's implemented its new transformation and operating model called 'TeamCaerphilly' 'Better together' which is designed to take the organisation forward on its improvement and transformation journey, including implementing a 'Commercial and Investment strategy'. In 2020 the pandemic impacted all our citizens, therefore we rapidly changed much of the way we worked to be able to support our community.

In many ways the impacts are still being understood within our communities so we have implemented a 'strategic recovery framework' to support recovery within the community and have introduced a Well-being and Place shaping Plan as an investment framework to support a range of large capital projects.

Other changes to the way we carry out our governance work (in line with the Transformation programme), is the Local Government and Election (LG&E) Act which introduces a duty to carry out 'self-assessment' and our risk activity is part of our 'self-assessment' in meeting the Act which comes into place across 2021-2022.

We also introduced a new Performance Framework, endorsed by Cabinet February 2020 to support the Self-Assessment requirements of the LG&E Act and this includes our risk management processes. All of this requires a review and changes to our Risk Strategy, so we have a risk framework that is fit for the future.

1.1 Purpose of the Strategy

The purpose of this Risk Management Strategy is to establish a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's vision and objectives.
The objectives of this strategy are:

- Define what risk management is about and what drives risk management in the Council.
- Set out how the Council will define it's 'Risk Appetite' (the nature and extent of risks it is willing to take in pursuit of strategic objectives).
- Set out the benefits of risk management and the strategic approach to risk management.
- Outline how the strategy will be implemented.
- Identify the relevant roles and responsibilities for risk management within the Council.

Risk management is not a new responsibility, but simply the formalisation of what is already part of normal good working practices. It is important to emphasise, that Risk Management should not be an 'add on'. It is not a separate activity that happens once a year along-side other management activities. Rather, it should form an integral part of the performance management approach of the Council.

There is a detailed Risk Management Guidance document that accompanies this Strategy and gives further detail on how the risk management process should be carried out.

1.2 Approval, Communication and Review of the Risk Management Strategy

This Risk Management Strategy is endorsed by the Executive and reviewed by the Governance and Audit Committee and, following approval, issued to:
- All Members of the Council.
- Corporate Management Team.
- Managers and available to all employees.
- Key Stakeholders such as local strategic partners.
- Other interested parties such as the Audit Wales.

It will be placed on the Council's intranet and internet site so that all members of staff and the public can have access and easily refer to it.

The strategy will be reviewed internally periodically and following any key changes in Welsh Government policy, legislation, or inspection regimes, and after any internal reorganisation or changes in policy.

1.3 What Is Risk Management?

There are 100's of definitions of risk and we have chosen the following as relevant to our business. We define **Risk** as

> The uncertainty of outcome, whether a positive opportunity or a negative threat, of actions or events.

We define Risk **Management** as

> "The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks"
>
> *ZMMS/SOLACE, Chance or choice? July 2000*

We define Risk **Appetite** as

> An expression of the type and amount of risk the organisation is prepared to take to meet its objectives.

Risk Management is about identifying and managing obstacles and weaknesses that could have a negative impact on service delivery and corporate objectives. The holistic approach is vital to ensuring that all elements of the organisation are challenged, including decision making processes, working with partners, consultation processes, existing policies, and procedures and, also, the effective use of assets, both staff and physical assets.

Once the obstacles have been identified, the next stage is to prioritise them to identify the key obstacles to the organisation moving forward. Once prioritised, it is essential that steps are taken to then manage those key obstacles/risks effectively. The result is that major obstacles or blockages that exist within the organisation can be mitigated to provide the Council with a greater chance of being able to achieve its objectives.

The risks facing the Council will change over time, some changing continually, so this is not a one-off process. Instead, the approach to risk management should be continual and the risk appetite and approach to managing them should be reviewed regularly.

It is important to note that risks can also have an upside; their impact can in some cases be positive as well as negative. Risk is often said to be the flipside of opportunity, so the whole risk management process can also help identify positive opportunities to take forward. This is especially so when implementing the Commercial and Investment strategy as developing a good risk appetite analysis is critical for the development of commercial ideas. Risk management needs to be seen as a strategic tool and will become an essential part of effective and efficient management and planning.

1.4 Why Do We Want Risk Management?

The purpose of risk management is to identify problems before they occur so that they can be prevented, or the opportunities capitalised on. Prevention is one of the 5 ways of working as required by the Sustainable Development principle. The best way to do this is to gain knowledge of how something works to reduce the risk of the

unknown. In this regard risk management is part of normal day to day business planning practice and performance management processes and will strengthen the ability of the Council to achieve its objectives by identifying the barriers to achieving those objectives.

Additionally, risk management is something that the Council is required to do as noted below:

- CIPFA's 'Delivering Good Governance in Local Government: Framework' is considered by Welsh Government to best represent proper practices in relation to the statement of internal controls which requires an annual governance statement to be produced. The 2016 Guidance for Welsh Authorities 4.3 (1.4) states '*The Welsh Government accepts that relevant bodies will prepare an annual governance statement on internal controls*' and this includes mechanisms to identify high level authority risks
- The Accounts and Audit (Wales) 2014 Regulations Part 3 which look at the responsibility for internal control and financial management state that a sound system of internal control should include (a) *arrangements for the management of risk*

Whilst the above regulations are in relation to financial risk the Annual Governance Statement will often identify other types of risk, whether environmental, demographic, political or operational and this completes our whole risk management structure and process across the Council.

1.4.1 Benefits of Managing Risk

Successful implementation of risk management produces benefits for the Council if it becomes a living tool. These include:

- A consistent approach to the way risks are managed throughout the Council.
- Improved informed decision making – risks reported and considered within Council decision making.
- Becoming less risk averse in innovation (because you understand) and, hence, are more innovative.
- Improved business planning through a risk-based decision-making process.
- A focus on outcomes not processes.
- Improved performance (accountability and prioritisation) - feeds into performance management framework.
- Better governance - and demonstration of it to stakeholders.
- Helping to protect the organisation.

The main benefit though is that the Council will be more likely to achieve its vision and the key objectives underpinning this, because the barriers are being actively identified and managed.

1.5 Where Does Risk Management Fit?

In short, the answer is "everywhere". Effective risk management should be applied within all decision-making processes at an *appropriate scale*. So, the risk management approach should encompass the Council's:

- **Strategic and Corporate risks**, which includes risks that would impact on the lives of citizens and their communities and specifically in the long-term.
  - Risks that need to be considered in judgment about the medium to long term goals and objectives of the Council.
  - Risks that affect the successful delivery of corporate objectives and impact across the Council as a whole including financial risks.

- **Service risks** that affect the successful delivery of individual service objectives. They are often built into the service planning process.

- **Operational risks** that managers and staff will encounter in the daily course of their work.

- **Project risks** - effective management of risk within projects is key to their eventual success and major projects should have a robust risk management approach.

- **Partnership risks** - The increasing number and scale of partnership working with public, private, and voluntary sector partners exposes us to risk, so significant partnerships should have a robust risk management approach.

- **Procurement - Supplier risks,** these are risks that arise when contracting with suppliers to deliver services, goods and or works to the Council. Certain risks will be accounted for and managed through the contracting process with suppliers (such as Data Protection), others will arise during the term of the agreement and will need to be managed through the Council's risk management approach.
- **Supply chain risks** – when the Council contracts with a supplier to deliver services, good and or works, they will typically be dependent on their suppliers to deliver the 'final product'. These networks of suppliers are known as supply chains and can consist of hundreds of suppliers. As a consequence, this complexity can present different risks to those presented by suppliers. We will need to work with suppliers to identify these risks as manage them in line with the Council risk management approach.

The diagram below on page 8 shows where risk fits in within the 'Corporate Governance and Assurance Framework' within the 2nd line of defence and shows the connectivity of risk within the wider assurance framework.

Corporate Governance and Assurance Framework
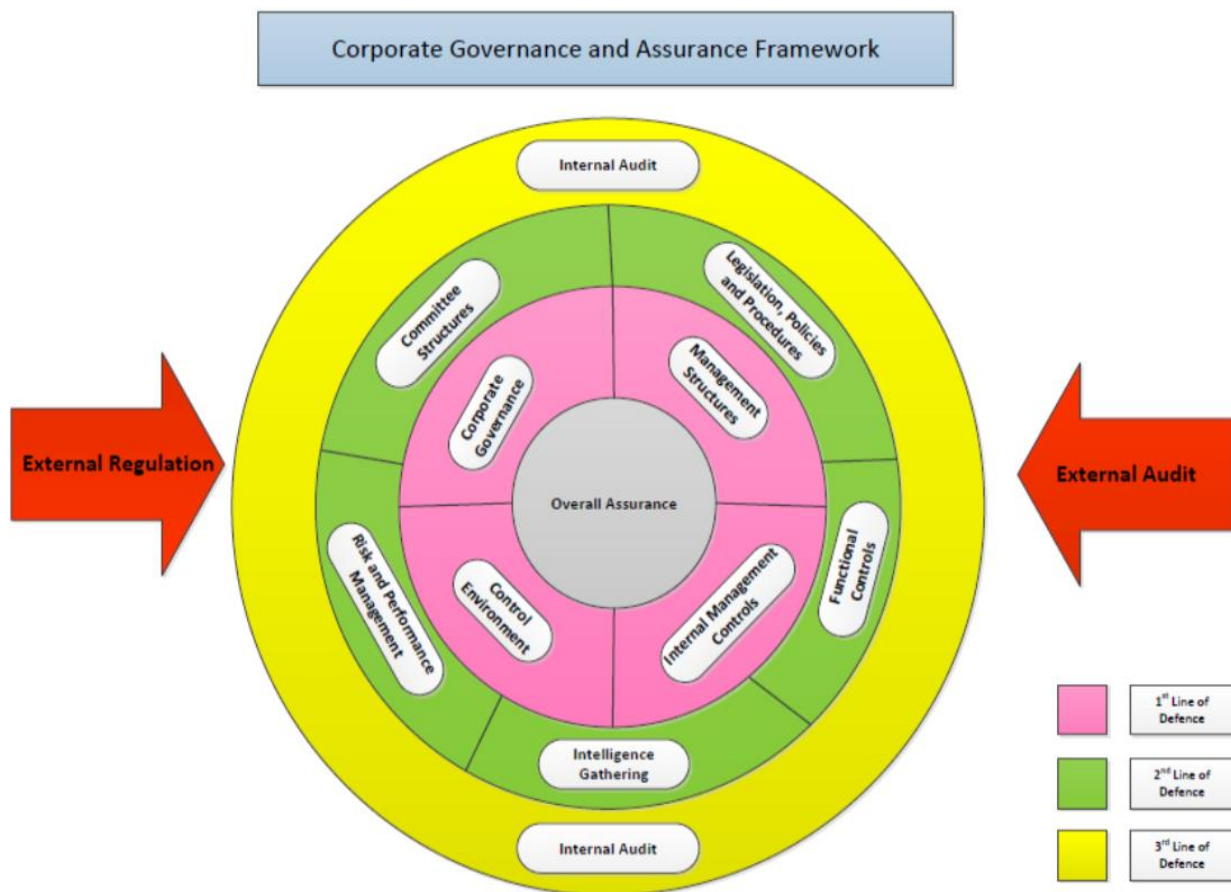
This means that a consistent approach from the top to the bottom of the Council is required with a mechanism for risks to be escalated up (bottom up) within the Council whilst the top risks are also explicitly identified and managed (top down).

In practice this means that the Council will carry out risk assessments and develop the following risk registers as contained within their overall performance assessments:

- **Corporate Risk Register** (CRR) – Whole Authority – high level strategic and corporate risks, related specifically to the Corporate Plan and the Well-being Objectives and where appropriate, the Councils contribution to the PSB Well-being Plan. These are now documented in the council's Corporate Performance Assessment (CPA)
- **Directorate Risk Register** (DRR) – high levels risks identified in Service Risk Registers, which require close monitoring or intervention, and/or are common to several services within the directorate (collective control). These are now collected within the Directorate Performance Assessment (DPA) in order to improve the flow laterally across directorates
- **Service Risk Register** (SRR) – the risks facing the service and the achievement of its service objectives, as outlined in the Service Business Plan.
- **Specific Project Risk Registers** (SPRR) – These may be required for specific high-level projects, particularly those with external partners as identified in section 1.5.2

1.5.1 Risk Management of Projects

A project can be defined as:
"A temporary organisation that is needed to produce a unique and predefined outcome or result at a pre-specified time using predetermined resources" PRINCE2

And, to be effective, managers need to be able to manage three aspects of the project:

- That the project delivers on time.
- That the project delivers to the quality.
- That the project delivers to budget.

It is quite obvious that effective risk management will help this process and is a requirement of all effective project management approaches. Risks should be identified and managed from the very outset and throughout the life of the project. It is essential that risks are effectively communicated and escalated within the project structure.

All major projects will have their own risk registers relevant to the project objectives and plan. Any significant risks identified should be reported to the relevant officers, group, or committee and included in the relevant service and / or corporate risk register.

1.5.2 Partnership Risk Management

*"A third of those working in partnerships, experience problems, according to auditors. These problems arise when governance and accountability are weak: leadership, decision-making, scrutiny and systems and processes such as **risk management** are all under-developed in partnerships."* Governing Partnerships, Audit Commission, 2005

Effective risk management of the Council's significant partnerships is, therefore, essential. This will require clarity of what partnerships are and, in particular, which are significant. Those then require a twin track approach to risk management:

- Outside looking in – the risks to the Council in getting involved in the partnership.
- Inside out – the risks to the partnership achieving its objectives.

The outside looking in risk should be included in the relevant service and / or corporate risk register. Each significant partnership should develop their own risk register relevant to the partnership's objectives and plan. This should be developed in conjunction with all of the partners. Risk management should be integrated within the governance processes of the partnership. This will take on greater significance as the Local Government and Election Act places a much greater emphasis on including effectiveness of partnership working within 'self-assessment' of chapter 6 the 'performance duty'.

1.5.3 Commercial and Investment Strategy Risks

The Council has adopted a Commercial and Investment Strategy which includes a focus on the 'Social Heart, Commercial Head' principle to developing the commercial aspirations of the Council.
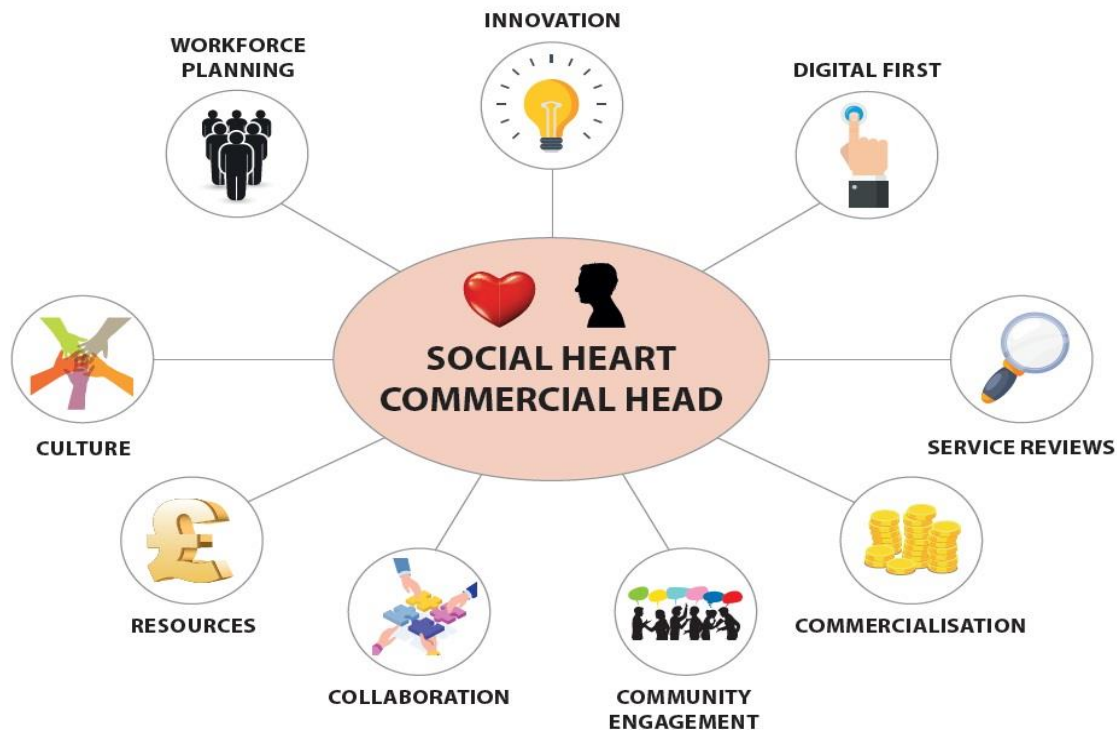
Key elements of successful commercial transformations include:

o Developing risk appetite and management strategies for development of commercial ideas.
o Focus on staff engagement, training and culture change linked to clear, defined organisational vision and behaviours.
o A simple way to move ideas into reality –flexibility and agility are key in developing commercial culture within a local authority.
o Thorough and detailed analysis of strategic opportunities via business case process.
o Allowing staff to fail, but to fail fast, the freedom and autonomy to try innovative ideas with resources available if required to develop ideas.
o Understanding when and with whom to collaborate.

This requires a cultural shift for the organisation to become entrepreneurial and embrace calculated risks and take a positive approach to risk in terms of understanding the opportunities from the development of commercial approaches. These risks are monitored by the Team Caerphilly Programme board and the Regeneration board and may come into the Risk Register as relevant.

2.0 RISK MANAGEMENT STRUCTURE

2.1 Reporting Structure

To improve the flow of risks laterally, (cause and effect) not just bottom up or top down risks, and in light of changes identified in the introduction; we have introduced a new way of carrying out 'self-assessment', though the Directorate Performance Assessment (DPA) and Corporate Assessment Process (CPA). The DPA and CPA assessments are a place to gather a wide range of information to assess how well we are performing and analyse the risks in the context of the overall business.

The DPA is a detailed report for each directorate and this is also summarised into an overview dashboard called the CPA. This system now incorporates risk identification and activity as this builds 'risk' into day to day thinking rather than a 'stand alone' activity as identified in paragraph 1.3 and 1.4.

The risk management process is a continuous one and risks can, therefore, be reported at any time. However, risks are formally reported as part of the DPA and CPA process. Corporate Management Team still consider new corporate risks, changes to existing risks and escalated risks on at least a quarterly basis within the DPA and CPA. Analysing and management of risk is reported twice a year or more to Cabinet, Governance and Audit Committee and Scrutiny Committees, as shown in the illustration below
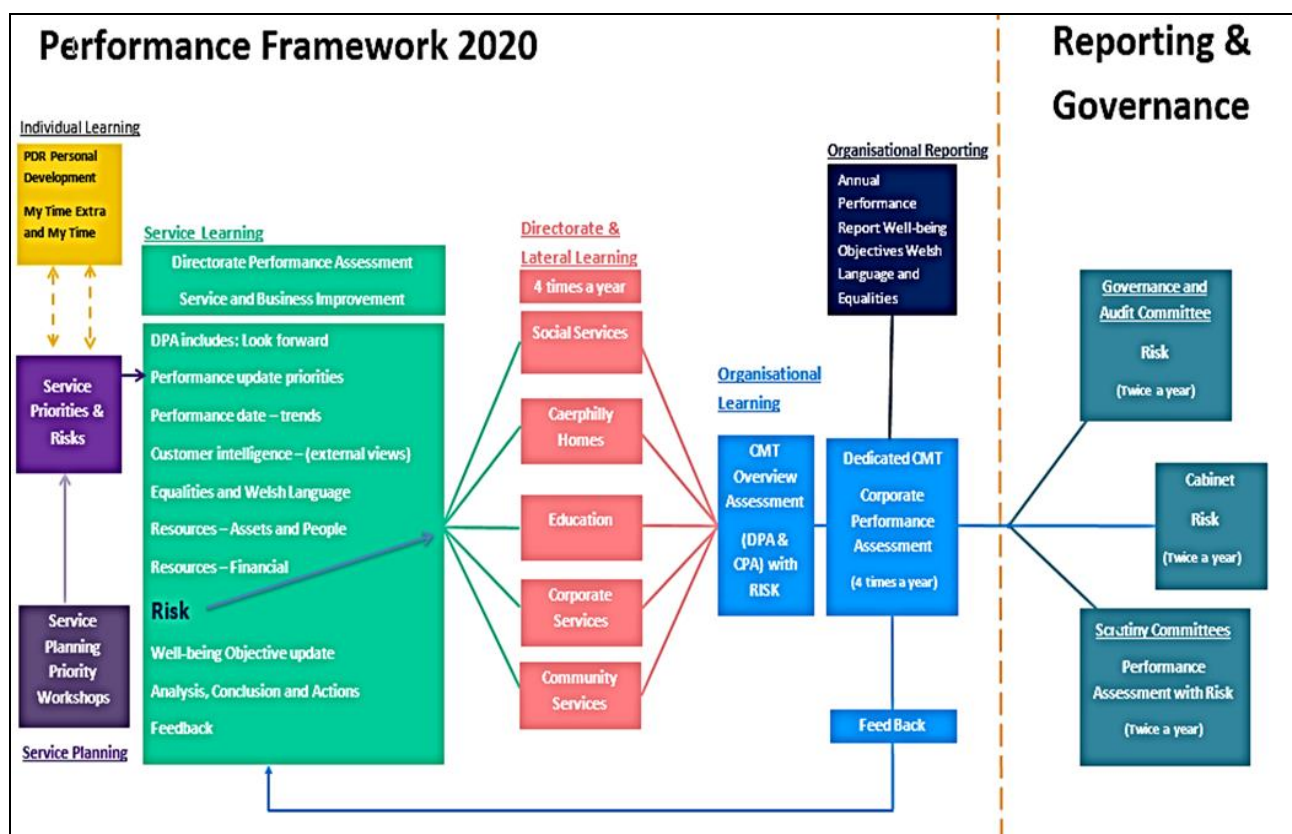
The feedback loop, shown allows for greater organisational learning in the context of risk.

2.2 Roles and Responsibilities

The following describes the roles and responsibilities that Members and officers will play in introducing, embedding, and owning the risk management process:

2.2.1 Cabinet

- Approve the Risk Management Strategy.
- Set the tone for the "risk appetite" and when a more risk neutral or a greater risk tolerance is appropriate for the organisation at a given time.
- Delegate the risk appetite for specific risks within the register to Corporate Management Team and set the risk tolerance levels as recommended by the Corporate Management Team.
- Approve the risk "tolerances" in light of the new way to view risk through the lens of the long term, and of the 7 Well-being Goals (Well-being of Future Generations (Wales) Act 2015).
- 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 CPA and DPA progress reports.
- Consider the risks involved when making any decisions, considering the sustainable development principle (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.

2.2.2 Governance and Audit Committee

- Review the effectiveness of the risk management and internal control framework.
- Review the Council's Risk Management Strategy and how it is being implemented.
- Review and challenge the risk register and resultant action plans for the top corporate risks.
- Receive, review and challenge progress in implementing action plans for the Council's key strategic and corporate risks.
- Satisfy themselves' that robust processes and procedures exist and are applied for the management of operational risks, including health & safety risks.
- Participate in mandatory or updated training in the area of risk management.

2.2.3 Scrutiny Committee

- Identify significant risks to be scrutinised in more detail as part of their annual work programme, as appropriate and as part of the Directorate Performance Assessment.
- Satisfies itself, that robust processes and procedures exist and are applied for the management of risks within the organisation, including health & safety risks.

2.2.4 Lead Member – Risk Management

The Lead Member for risk management is the Cabinet member with responsibility for performance. Responsibilities include:

- Champions and encourages the use of effective risk management within the Council – to both members and officers.
- Raise awareness of risk management within the Council and to ensure that training and education need in respect of risk management are identified and addressed.
- Attends the Governance and Audit Committee and Scrutiny Committees to report progress on risk management, with appropriate officers.
- Attempts to resolve issues/barriers facing the embedding of effective risk management.

2.2.5 All Members

Members are responsible for governing the delivery of services to the local community and have a responsibility to understand the risks that their Council faces and be aware of how these risks are being managed. One way of gaining assurance that identified risks are being effectively managed is by robust, constructive challenge and scrutiny. Members can also raise 'strategic risks' either through their committee, or by contacting the relevant Director or the Performance Management Unit if they are unsure of where to raise the emergent risk.

2.2.6 Chief Executive and Corporate Management Team

The Chief Executive and Corporate Management Team are pivotal in the promotion and embedding of risk management by managing a culture change within the Council. They are responsible for managing strategic and corporate risks, as well as the Directorate risks in their individual areas of responsibility.
Their key tasks are to:

- Review the Council's approach to risk management and supporting processes and recommend for approval any subsequent changes.
- Recommend the Risk Management Strategy to members.
- Propose the "risk appetite" of the Council i.e. the definition of high (red) risk, medium (amber) risk and low (green) risk.

- Support and promote risk management throughout the Council – with each member ensuring that it works effectively in their own areas of responsibility.
- Actively identify, analyse and profile strategic, corporate, and lateral risks amongst directorates at least quarterly.
- Determine and prioritise action on strategic and corporate risks, allocating individual ownership of the key risks to appropriate members of Corporate Management Team.
- Each Director will act as lead officer for the risks allocated to them and be held accountable for ensuring that risk improvements are delivered.
- Receive escalated service risks and consider their inclusion onto the corporate risk register.
- Monitor progress of risk arrangements as part of the DPA and CPA performance management arrangements.
- Report quarterly to the Executive on the key risks and their management.
- Ensure that (where appropriate) "key decision" reports include a section to demonstrate that arrangements are in place to manage any risks.
- Ensure that the Council has robust processes and procedures in place that are consistently applied, for the management of operational risks, including health & safety risks.
- The Chief Executive is required to agree and sign the Annual Governance Statement, ensure publication of it in the annual Statement of Accounts.

2.2.7 Officer Risk Champion

The Corporate Director for Education and Corporate Services is the Officer Risk Champion and leads on all risk management issues. Responsibilities include:
- Ensuring that a Risk Management Strategy is developed to reflect the changing nature of the Council.
- Ensure that a robust framework is developed to deliver and implement the strategy.
- Inform on a regular basis of developments in the risk management processes and outcomes.
- Champion the process of risk management as good management practice and a valuable management tool.

2.2.8 Heads of Service

Their primary role is to manage service risks by:
- Promoting risk awareness within their service to all employees.
- Facilitate risk assessments within their service area to develop a Service Risk Register – linked to the Self-Assessment within the DPA
- Receive escalated service or business unit risks and consider their inclusion into the Directorate and Service Risk Register.
- Actively identify, analyse, and profile service risks at least quarterly linked to their Priorities and in their planning processes.
- Determining and prioritising action on service risks, allocating individual ownership of the key risks to appropriate managers within their service.
- Escalate the top risks, those above the acceptable tolerance line.

- Escalate risk laterally across directorates (cause in one area and effect in another) through the DPA and CPA process.
- Incorporating the risk management process into the DPA and service planning processes ensuring that these are fed into any relevant business plans.
- Promoting and encouraging staff to be open and honest in identifying risks or missed opportunities.
- Ensuring that the risk management process is an explicit part of all major projects and change management initiatives.
- Monitor and report progress of risk management activities as part of existing performance management arrangements.
- Ensure that processes and procedures for the management of operational and Health & Safety risks are consistently and robustly applied within the Service.

2.2.9 Internal Audit

To maintain independence and objectivity, Internal Audit is not responsible or accountable for risk management or for managing risks on management's behalf. Internal Audit will:

- Audit the risk management process.
- Support any risk identification and assessment workshops, as appropriate.
- Assess the adequacy of the mechanisms for identifying, analysing, and mitigating key risks.
- Provide assurance to officers and Members on the effectiveness of controls.
- The Risk Register will in part drive the Internal Audit Strategic Plan to ensure resources are used on the areas of highest risk and where the need for assurance is greatest. Page 7 shows the diagrammatical representation of the Councils Assurance Framework'

2.2.10 Project and Partnership Leaders

Project and partnership leaders have a responsibility to ensure that the risks associated with their activity are identified, recorded, and regularly reviewed as part of the project management process. Significant risks must be reported and included in the relevant DPA or the Corporate Risk Register.

2.2.11 All Staff

All staff have a responsibility to:

- Manage risk effectively in their job and report opportunities and risks to their service managers.
- Identify and escalate risks when they arise for example as part of the corporate safeguarding policy Safeguarding-it's-everyone's-business.
- Participate in risk assessment and action planning where appropriate.
- Adhere to Council policies and procedures.
- Attend training and development sessions as appropriate.

2.3 Links to Other Business Processes

There is a link between risk management, self-assessment, service planning, emergency planning and business continuity. However, it is important for the success of risk management that the roles of each, and the linkages, are clearly understood.

Self-Assessment: The process of Self-Assessment is about gaining a wide range of information to acquire organisational intelligence as to what is working, what is not and what the risks are. The evaluation gives a structure of which to test thinking around service judgements and its risks. The management of the risks are then transferred into the Service's Plan or if at a wider level the Directorate Performance Assessment (DPA) Risk Register to identify mitigating actions and monitor the effectiveness of those actions (although not all risks can have mitigating actions). This process should be inclusive of the staff who are often the best placed to action plan for improvement.

Risk Management: is about trying to identify and manage those risks which are more than likely to occur and where the impact on our objectives can be critical or even catastrophic.

Business Continuity Management: is about trying to identify and put in place measures to protect your priority functions against catastrophic risks that can stop your organisation in its tracks. There are some areas of overlap e.g. where the I.T infrastructure is not robust then this will feature as part of the organisation risk assessment and also be factored into the business continuity plans.

Emergency Planning: is about managing those incidents that can impact on the community (in some cases they could also be a business continuity issue) e.g. a plane crash is an emergency but may impact on service delivery also.

3.0 CONCLUSION

This strategy sets the foundation for continued integration of risk management into the Council culture. It shows the process being applied across the Council to ensure consistency and clarity in understanding the role and benefits of strategic risk management.

The quarterly reporting and escalation of risks should interlock with the existing quarterly arrangements for DPA and CPA performance reporting. The intention being that the management of risks is incorporated into business plans so that reporting on performance naturally reports progress on the mitigation of risks.

The strategy now reflects the longer-term view of risk as required by the Well-being of Future Generations (Wales) Act 2015 and to view risk within the sustainable development principles as to how our potential decisions can affect the well-being of the communities we serve. It also reflects the new way we have incorporated risk into our 'self-assessments' and performance assessments.

3.1 Contact details for support or help

The Strategy should be read in conjunction with the **Risk Guidance**. The Guidance provides the details in how to apply the strategy at an operational level, i.e. how to raise a risk, how to assess the risk priority and so forth.

The Directorate Performance Assessments which include risk are now available on the Business Improvement Team policy portal on the intranet.

For further details on this strategy or how to apply it, please contact Business Improvement Team on 01443 864238 or email www.PMU@caerphilly.co.uk

Appendix A **The 7 Well-being Goals**
Well-being of Future Generations (Wales) Act 2015

Goal	Description of the Goal
A prosperous Wales	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change), and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.
A resilient Wales	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic, and ecological resilience and the capacity to adapt to change (for example climate change).
A healthier Wales	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
A more equal Wales	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstances).
A Wales of cohesive communities	Attractive, viable, safe, and well-connected communities.
A Wales of vibrant culture and thriving Welsh language	A society that promotes and protects culture, heritage, and the Welsh language, and which encourages people to participate in the arts, and sports and recreation
A globally responsible Wales	A nation which, when doing anything to improve the economic, social, environmental, and cultural well-being of Wales, takes account of whether doing such a thing make a positive contribution to global well-being.

Appendix B - List of amendments from revised 2017 Strategy to 2021

Page number	Area of change
Section 1 - page 3	Introduction to explain changes to strategy
Page 5	Inclusion of explanation of 'Risk Appetite'
Page 6 and 7	Update of the old planning process to reflect the new performance framework system
From Page 7 onwards	Change the title of Audit to Governance and Audit
Page 7	Addition under 1.5 of supplier and supply chain risks
Page 9	Addition of new performance framework to show how Risk has been incorporated into the new Directorate Performance and Corporate Performance Assessment
Page 9	Addition of 1.5.3 Commercial Opportunities
Page 10	Minor amendments to Cabinet Role in risk appetite and addition of risk tolerance
Page 12	Minor amendments to head of service and CMT role to reflect the words of the new performance framework
Page 14	Minor amendments to 'links to other business processes' where those processes have now changed.
Page 14	Minor amends to conclusion to update the content in 2020

Version control

Version	Who approved	Date approved
V1	Cabinet	17th September 2013
V2	Audit	14th September 2014
V3	Cabinet	7th June 2017
V4 (minor revision)	Cabinet	7th June 2017
V4	Audit	13th September 2017
V5 – Draft	CMT for initial review	
V6	Governance Group Governance and Audit Committee Cabinet	Jan 2022 25 Jan 2022 TBA

Appendix C Glossary of Terms for the Risk Management Strategy 2022

What do we mean by the following words or phrases

A Risk	There are many definitions of 'a risk', we choose "*The uncertainty of outcome, whether a positive opportunity or a negative threat, of actions or events*".
A Hazard	Although not noted in the Strategy it is often asked what is the difference between a risk and a hazard? There are several definitions depending on the industry (health and safety, cyber security etc). Using the more common Health and Safety usage, a hazard is something that has the potential to cause harm (e.g. use of chemicals). Risk is the probability of harm occurring if the hazard is not addressed or mitigated
Strategic and Corporate Risk	High level risks that impact the whole authority (finances) or citizens, risks from the outside world or economy that would impact business (for example implications of Brexit). Risks that would prevent us meeting our objectives if they were to happen.
Service Risks	Risks within the directorate that may prevent the services objectives being met
Operational Risk	Daily risks that managers encounter in their daily work such as breakdown of vehicles providing a service. These can become strategic if there is a common trend impacting the business on a more regular basis
Risk Management	The practice of which we (the Council) identify, analyse and manages risks at different levels
Risk Guidance	A document that explains how to assess a risk, analyse, and score a risk, action, monitor and report on risk
Risk Appetite	How much risk the organisation is prepared to take to meet its objectives
Risk Neutral	Risk neutral is often described as a person's attitude to risk, here we mean that that any potential future outcome has already been adjusted for risk as such it Is not a high risk
Risk Averse	The risk appetite may be 'risk averse' meaning we do not want to take any risks (we want to avoid risk) in achieving of our objectives. This would be more likely when the outcome could impact citizens particularly if they are vulnerable. In brief it is choosing certainty over uncertainty

Risk Tolerance	Risk tolerance means the amount of consequence or loss the organisation is prepared to take to meet its goals or in making investment decisions
Risk Framework	The Councils whole process of managing, monitoring, and reporting on risk at different levels
Risk Register	The place where we document the risks and show trends over time, as to whether a risk is getting more or less likely to happen and to explain any actions taken or to be taken to manage the risk. There are 2 main risk registers, a Corporate (whole authority) risk register and a Directorate Risk Register which sits beneath it identifying risks to the services. Risks from the Directorate risks often escalate up to the Corporate register or can stand alone within the service
Corporate Performance Assessment (CPA)	The Corporate Performance Assessment is a 'high level' dashboard which reports on a range of data to Cabinet, it includes the Corporate Risk Register for Cabinet to monitor the main council risks.
Directorate Performance Assessment (DPA)	The DPA sits beneath the CPA and records a range of data and qualitative information that tells the reader how the directorate is performing. Included within this is the Directorate risk register so the risks are integrated as part of gaining service knowledge and performance
Annual Governance Statement (AGS)	The Annual Governance Statement is a requirement by It is a report that sets out information on how the local authority governance works. It includes a range of sections such as financial management, internal controls etc. The arrangements that the Council has for Risk Management is a requirement to be included within the AGS as part of those governance arrangements
Executive	This is the name known for the Political Leadership also known as 'Cabinet'
Self-Assessment	Chapter 6 of the Local Government and Elections (Wales) Act 2020 places a duty on local authorities to carry out a self-assessment of how it performs. This is called a self-assessment. At its simplest it is asking 'how good are we at what we do and how do we know. In other words what evidence or information do we use to assess where we are doing well and where we can do better. Risk is part of our self-assessments process, captured with the DPA and CPA as noted above

Well-being of Future Generations (Wales) Act 2015	This Welsh Government Flagship legislation that came into effect in 2016. It places a duty on Public bodies to consider the 'sustainable principle' in all its decision making. There are 7 national well-being goals that public bodies have to maximise our contribution too. Within the legislation there is an expectation that to be able to do this we will need to change the way we work on 7 areas of organisational. One of these 7 areas is 'risk management'. There is more information on the intranet or available from the Business Improvement Team on 01443 864238 http://sc-aptdken2/KENTICO10/Departments/Corporate-Policy-Business-Support-Unit/Home.aspx
Sustainable development principle	The Sustainable Development principle is known as the 5 ways of working. They are: **Long Term** – the importance of balancing short-term needs with the ability to safeguard long term needs. Looking at the longer term over 20-25 years. **Integration –** Consider how your well-being objectives impact or help other public bodies objectives **Prevention –** understanding how problems occur or are getting worse, understanding the root cause so we can prevent it getting worse and use the right solutions **Collaboration –** Act in collaboration with any other person that could help the body to meet is well-being objectives **Involvement** – the importance of involving people with an interest in achieving the goal and ensuring that those people reflect the diversity of the area which we serve.
Example of what the SD principle means in regard to Risk.	When assessing a risk, it is common to assess the risk compared to when it was last assessed. Previously it may have been a high risk, but some action has been taken and the next time it's reviewed it may stay the same or be lowered to a 'medium risk'. Education attainment results for example can be viewed year on year. The following year results may have got better, and the risk is lowered, if it got worse you may make the risk higher. This is a year on year trend. However if you look over the life of a child (long term and prevention) 15 years in Education where some pupils leave school with no qualifications or no skills / low skills over the long term this would impacts quality of life and ability to gain higher education and higher paid employment. This would be a **very high risk** when judged by the criteria of the well-being of future generations legislation
Well-being Objectives	Required under the Well-being of Future generations Act noted above. Public Bodies have a duty to set Well-being

	objectives that will improve the well-being of the area it services based on what the community told us it needed to improve its 'well-being'. There are many actions that take place to meet the objectives. Risks are identified that may prevent us meeting our well-being objectives.