



City & County of Swansea

Risk Management Policy

Purpose

This policy sets out the principles for managing and communicating risk, ensuring that risk management is effectively implemented throughout the City and County of Swansea.

The Risk Management Policy governs how the Council manages risks to achieving its priorities and objectives, risks arising from service delivery, risks to corporate and financial health and governance and the longer-term risks facing the Council and community.

The Council recognises that it has a responsibility to manage business risks effectively in order to reduce uncertainty in achieving its priorities and objectives and to benefit from opportunities.

This policy applies to all Council staff and its principles should be applied when working internally or externally with partners and other stakeholders.

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1. Risk Management Statement

The City and County of Swansea is aware that the nature and range of its responsibilities and the environment in which it exercises them present a wide range of risks. Such risks may threaten the achievement of the Council's aims and objectives as set out in the Corporate Plan and affects its employees, service users, Council tax payers and other stakeholders.

The Council also recognises the need to strike the right balance between encouraging innovation and avoiding risk. It is appropriate to take and manage calculated risks in pursuing opportunities to improve services and to obtain better value for money.

The Council like all public bodies, as well as considering short and medium risks, will also have to understand and address the longer-term risks and challenges facing the Council and the community. We need to prevent risks from occurring and to mitigate their impact should they occur. We may need to work with others to prevent risks from occurring or to control and manage them. We need to be mindful that dealing with risks does not create risks and issues for other public bodies. Involving clients, customers and citizens in helping to prevent and to control and manage risks will help too.

While the elimination of risk entirely is neither feasible nor desirable, the Council is committed to the continuing management of risk through a cost-effective formal process which involves risk identification and categorisation, evaluation, and treatment to eliminate or mitigate the likelihood of risks occurring and their impact.

Clear identification and assessment of risks will improve corporate governance and performance and lead to more effective use of resources and direct improvements to the service to our customers.

This Risk Management Policy establishes the principles to guide decision making when applying risk management within the Council. This Risk Management Framework that accompanies this policy provides the practical method and structure for implementing the policy.

2. What is Risk Management?

The term 'risk management' incorporates all the activities required to identify and control the exposure to risk which may have an impact on the achievement of the Council's business.

Risk Management is the process by which risks are identified, evaluated and controlled and is a key element of the framework of corporate governance.

Definition of Risk

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies (CIPFA).

Risk arises as much from failing to capture opportunities whilst pursuing business objectives as it does from a threat that something bad will happen.

3. Aims of Risk Management

Through this Policy, the Council aims to be an exemplar of good practice and continue to meet its statutory responsibility to have in place satisfactory arrangements for managing risks, as laid out under The Accounts and Audit (Wales) Regulations 2014. The Well-being of Future Generations (Wales) Act 2015 requires public bodies to frame what risks they may be subject

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to in the short, medium and long term, together with the steps the public body will take to ensure they are well managed. The Local Government and Elections (Wales) Act 2021 emphasises the importance of risk-aware governance through continuous performance review and self-assessment. This policy establishes the principles to guide decision making within risk management in the Council in order to:

- Provide an effective/consistent approach to identifying, evaluating and controlling risk across all activities.
- Improve the ability of the Council to achieve its priorities and objectives.
- Embed risk management into the culture and practices of the Council so that everyone recognises that risk management is part of their jobs.
- Place greater emphasis on prevention rather than detection and correction.
- Improve the identification, evaluation and control of strategic and long-term risks and operational risks.
- Protect and enhance the assets and image of the Council.
- Embed the Sustainability Principle (Well-Being of Future Generations Act 2015) and improve the Council's governance and decision making processes and outcomes.

4. Risk Levels

There are two distinct levels within the risk register: Strategic and Operational risks.

Strategic Risks are risks that could impact on the whole Council or could prevent the Council from achieving its corporate objectives or legal obligations.

Operational Risks are risks that could have a detrimental impact on a service or function and interfere with their delivery but would not have an impact on the whole Council and would not prevent the Council from achieving its corporate objectives or legal obligations.

Risks are identified during Corporate and Service Planning or as and when they arise.

All risks are recorded in Risk Registers and are controlled at least on a monthly basis at the appropriate forum as detailed in the Risk Management Framework accompanying this Policy.

Strategic Risks will also be reported each quarter in line with corporate performance monitoring.

5. Roles & Responsibilities

The Leader has overall Cabinet responsibility for risk and resilience management.

Cabinet is responsible for approving the Council's risk management policy and Risk Management Framework. Cabinet shares ownership of strategic risks and issues with Corporate Management Team and assesses / challenges the current and long-term risks associated with Cabinet reports. The Cabinet sets the Council's risk appetite for each category of risk (see below).

Individual Cabinet Members share with the relevant Director ownership of specific strategic risks that are identified within their Cabinet remit.

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The Chief Executive has legal responsibility under the Local Government & Elections (Wales) Act 2021 to keep the Council's risk management arrangements and their operation under continuous review.

The Corporate Management Team (CMT) ensures an effective Risk Management Policy and Framework is embedded and is operating effectively across the Council. CMT shares ownership of strategic risks and issues with the Cabinet and collectively reviews, monitors, and ensures control of strategic risks at least monthly. CMT ensures advice to Cabinet considers the current and long-term risks informs decision making and champions risk management in the Council and leads by example.

Cabinet and CMT share ownership of the Risk Management Policy and Framework and champion risk management throughout the Council. Cabinet and CMT shares ownership of strategic risks and issues and the response to them. Cabinet and CMT identifies and evaluates current and longer-term strategic risks during corporate planning and as they emerge. Cabinet and CMT reviews, monitors, and ensures control of strategic risks each quarter at Corporate Briefing meetings.

Directors are responsible for ensuring that the Risk Management Policy and Framework is embedded within their Directorates and that they champion risk management throughout their Directorates. Directors identify and evaluate current and longer-term strategic risks and issues during corporate and service planning and as they emerge and they manage the response to strategic risks and issues. Directors oversee the response to operational risks and they review, monitor and ensure control of relevant strategic and operational risks at least monthly. Directors ensure that risks are escalated and de-escalated when necessary.

Heads of Service ensure the Risk Management Policy and Framework is embedded within their Services and that they champion risk management throughout their Services. Heads of Service identify and evaluate operational risks during corporate and service planning and as they emerge and manage the response to operational risks. Heads of Service review, monitor and ensure control of relevant operational risks at least monthly and ensure that operational risks are escalated and de-escalated when necessary.

The Senior Information Risk Officer (SIRO) ensures that information risks are appropriately identified as strategic or operational risks. The SIRO ensures that information risks are treated as a priority across all the Council and provides Cabinet / CMT with assurance that information risks are being appropriately addressed.

The Section 151 Officer is responsible for advising the Council on key risks when setting the annual budget, certifying the adequacy of reserves and robustness of estimates, maintaining a balanced budget and on avoiding unlawful expenditure in order to prevent otherwise statutory intervention and ensure prudent financial management at all times.

The Monitoring Officer is responsible for advising the Council on key risks concerning lawful decision making, statutory obligations, standards of behaviour and codes of conduct in order to prevent illegality, maladministration and impropriety.

Programme and Project Managers control, report and escalate programme / project risks above their agreed tolerance levels to senior management.

Managers and other Council officers identify opportunities and manage risks effectively in their jobs, reporting any risk management concerns, incidents and 'near misses' to their line managers. Managers and other Council officers identify, evaluate, and control operational risks and ensure they are documented on relevant risk registers/trackers/reporting templates and they escalate worsening risks to their Head of Service.

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Internal Audit provides an independent and objective opinion to the Council on the control environment (which comprises of risk management, control and governance) by evaluating its effectiveness in achieving the Council's objectives.

Governance and Audit Committee challenge and provide independent assurance to the Members of the adequacy of the risk management policy and framework. Governance and Audit Committee challenge and monitor the effective development and operation of risk management in the Council and monitor progress in addressing risk related issues reported to the Committee.

Councillors develop an understanding of risk management and its benefits and are aware of how risks are being managed through the Risk Management Policy and Framework. Councillors maintain an awareness of the risk management implications of policy decisions.

The Responsible Officer manages, monitors, and controls an identified risk and escalates risks for control and mitigation when necessary. The Responsible Officer ensures risk scores and control measures are updated on the risk register as soon as possible after a change in score or measure is agreed.

The Updater updates the risks recorded in the risk register system.

The Administrators oversee the risk management policy and framework, quality assurance, maintaining policies and procedures and system administration and maintenance.

Risk awareness raising and training sessions will be provided for the workforce and for elected Members on identifying and reporting risks, including what to do if they identify a risk.

More detailed information on Risk Management roles and responsibilities can be found in the Council's Risk Management Framework associated with this Policy.

6. Risk Management Cycle

The Council implements a 'Four Step' Risk Management Cycle across the Council to provide a consistent approach to managing risk.

Risks will be identified to understand the context within which the Council is operating and how this impacts on the Council's objectives and priorities.

Current and long-term risks will be formally identified, categorised and reviewed during annual corporate and service planning.

Identified Strategic or Operational Risks will be categorised as: strategy, service delivery, financial, regulatory / legal, governance, health and safety, commercial, technology, information, security, project / programme, reputation and safeguarding risks; these are described in the risk management framework accompanying this policy.

Identified risks will be evaluated according to the likelihood they will occur and the impact they will have should they occur. This will be used to calculate the 'inherent risk score', which is the risk score before risk controls are applied.

Risk appetite is the amount of risk the organisation is willing to take or accept in pursuit of its long-term objectives. The Council's approach to taking risk (i.e., risk appetite) is that it will seek to minimise taking any unnecessary risks but also to reduce risk to an acceptable level to a public body. It also seeks to take risks to achieve its well-being objectives, but these will be

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properly considered before such risks are taken. The Council's risk appetite is set out in the Risk Appetite Statement included in the Risk Management Framework accompanying this policy.

Once risks have been identified and evaluated, decisions will be made concerning how to respond to specific risks by taking action to improve the outcome as detailed in the Risk Management Framework associated with this Policy. When considering how to respond to risks, the Sustainable Development principle (Well-Being of Future Generations Act 2015) will be applied.

Once risk controls have been identified, the 'residual risk score' is determined. The residual risk score is the score allocated to the risk once the risk controls have been applied.

Once the residual risk score has been identified, a 'target risk score' is calculated. The target risk score is the score that the Council wishes to reduce the risk to. Additional risk controls may be applied to help achieve the target risk score.

Risk tolerance is the amount of residual risk that the Council is willing to accept. Risk tolerance for a risk defines the acceptable deviation from the risk appetite once risk controls are in place.

Target risk scores should be tailored to the Council's risk appetite and risk tolerance applied to individual risks.

The outcomes from the operation of the Risk Management Cycle will be recorded in the appropriate Risk Registers.

Risks will be controlled and monitored at the appropriate forum on a monthly basis and more frequently if necessary.

Strategic Risks will be reported quarterly to CMT, Cabinet (via Corporate Briefing) and to Governance & Audit Committee.

More detailed information on Risk Management Cycle can be found in the Council's Risk Management Framework associated with this Policy.

7. Risk Escalation / De-escalation

Risks will be escalated when the impact from a risk, or decisions or actions needed to mitigate or control the risk, is beyond a single service or directorate, or when the risk appetite or tolerance line has been exceeded; or for other reasons outlined in more detail in the Risk Management Framework associated with this Policy. A risk may be de-escalated when the risk can be controlled and managed at a lower level, or the risk is below risk appetite boundaries; or for other reasons outlined in more detail in the Risk Management Framework associated with this Policy.

8. Risk Management Communication

This Policy and the associated Risk Management Framework seeks to help embed risk management into the Council's culture. This will require effective staff and Member communication and training. Risk identification and evaluation is integrated into corporate and service planning. Cabinet and CMT and individual Directors and Heads of Service must champion and make arrangements for embedding risk management throughout the Council. The Council will disseminate best practice in risk management from its own experience and that of others.

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9. Issues

An issue is an event that is happening or will happen imminently and will adversely affect an organisation's ability to achieve its objectives or deliver its legal obligations.

Issues will be recorded, managed and monitored within a Strategic Issues Register and reviewed by CMT on a monthly basis.

Operational Issues will not be recorded on a register as these will be managed by Heads of Service as part of the day-to-day management of their service.

The process of identifying, recording, prioritising and dealing with / monitoring strategic issues consists of four steps:

- Identify and record strategic issues.
- Prioritise strategic issues.
- Create an action plan.
- Implement and monitor issue and action plan implementation.

More information on how these steps are applied is set out in the Risk Management Framework accompanying this Policy.

10. Corporate Risk Management Framework

This policy should be read in-conjunction with the corporate Risk Management Framework, which aims to help managers and Members at all levels apply risk management principles consistently across their areas of responsibilities.