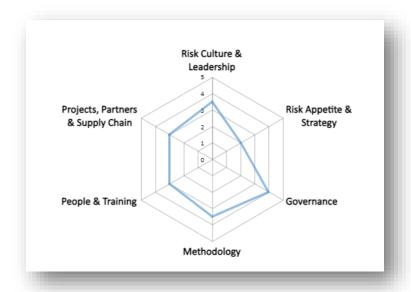| ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	8 February 2024
Subject	Risk Management Health Check by Zurich
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting As part of its oversight responsibilities for the Annual Governance Statement, the Governance and Audit Committee's Terms of Reference require it to review and assess the effective development and operation of risk management in the Council (3.4.8.8.1).	

1.0 INTRODUCTION

1.1 The Council commissioned Zurich Resilience Solutions to undertake a Risk Management Health Check to review the Council's risk management arrangements across the Council, with a specific focus on exploring the views, understanding and perception of risk through key stakeholder discussions.

1.2 The last review was conducted in November 2018 and reported to the Governance and Audit Committee in February 2019.

2.0 OUTCOME

2.1 Zurich's full report follows at Appendix A. An Executive Summary is included at page 4 of the report.

2.2 To measure the maturity of risk management at the Council, Zurich's findings were measured against a performance model that breaks down risk management activity into six categories that contribute towards effective risk management arrangements (graphic follows).

2.3 The model enables an assessment to be made around the extent to which risk management is having a positive effect on the organisation. The five levels of maturity are as follows:
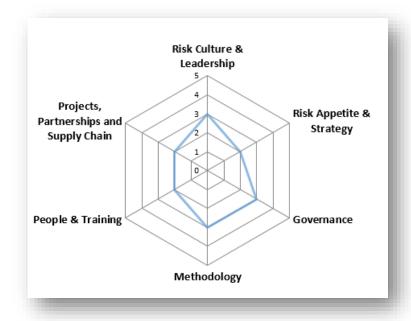
Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

2.4   Zurich has assessed the Council to sit in a transitional phase between levels two and three with some areas of the organisation showing well developed maturity particularly in relation to culture and governance. However, this is offset by areas where the maturity is limited, which was most notably highlighted within the Risk Appetite and Strategy section of the report, demonstrated by the graphic below:

January 2024

2.5   The progress in developing the risk management arrangements in the Council can be seen by comparing the graphic with the outcome from the 2018 Health Check below.

November 2018

2.6   A series of observations and recommendations were outlined in Zurich's report. We have developed an Action Plan to address Zurich's recommendations (Appendix B). The Leadership Team approves and supports the Action Plan.

3.0 RECOMMENDATION

3.1 That the Governance and Audit Committee:

- reviews and takes assurance from the report from Zurich Resilience Solutions that risk management is being effectively developed and operated within the Council.

- supports the actions proposed to address the recommendations made by Zurich Resilience Solutions.

Jennifer Czapla – Risk Consultant
Michael Henley – Risk Consultant
Zurich Resilience Solutions
Date January 2024

Risk Management Health Check Review

Isle of Anglesey County Council

Contents

1. Introduction

Zurich have been commissioned by Isle of Anglesey County Council (The Council) to review their risk management arrangements across the organisation, with a specific focus on exploring the views, understanding and perception of risk through key stakeholder discussions.

To measure the maturity of risk management at The Council, the findings have been measured against a performance model that breaks down risk management activity into six categories that contribute towards effective risk management arrangements within an organisation:

Risk Culture & Leadership	Exploring the attitude that Senior Officers and Members take towards the role and priority of risk management
Risk Appetite & Strategy	Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised
Governance	Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within departmental areas.
Methodology	Assessing whether effective risk processes and tools are in place to support the organisation
People & Training	Evaluating the level of risk management skills, knowledge, and capacity across the organisation
Projects, Partnerships & Supply Chain	Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers

The model enables an assessment to be made around the extent to which risk management is having a positive effect on the organisation. The five levels of maturity are as follows:

Level 1	Level 2	Level 3	Level 4	Level 5
Fragmented	**In Development**	**Managed**	**Integrated**	**Transformational**

We have currently assessed The Council to sit in a transitional phase between levels two and three with some areas of the organisation showing well developed maturity particularly in relation to culture and governance. However, this is offset by areas where the maturity is limited this was most notably highlighted within the Risk Appetite and Strategy section of the report.

A series of observations and recommendations are outlined in the following pages for consideration.

2. Executive summary

Overall, the risk management framework at The Council has the potential to form the basis of a robust risk management approach. There are a number of features which demonstrate good governance and best practice is understood. We have noted that there has been a positive cultural change in recent times encouraged by the open and transparent tone at the top. It is key that such momentum is maintained and filtered down to the rest of the organisation so that the elements of good practice are embedded and consistent across services.

Although there are minimal improvements to be made regarding the documentation and methodology, development work is still required to ensure that best practice is reflected in business-as-usual activity and understood across the organisation. To confidently rate the organisation at an 'integrated' maturity, further evidence of risk management explicitly driving decision making is required and that there is a consistent approach to risk across each service area, supporting and feeding into the strategic approach.

The Council could significantly improve its maturity rating by implementing the improvement recommendations identified within this report. Of most value would be to prioritise an updated and accessible training offer to help build confidence, knowledge, and awareness. In turn this will help to alleviate the current key person dependency that exists in relation to the Risk & Insurance Officer, who drives the vast majority of risk related activities. By ensuring that tailored training is provided to each stakeholder group in an engaging and understandable manner, individuals should have a better understanding of their role (whether it be risk owner or Member) and increase independence when assessing risk within service areas.

Governance arrangements within the organisation are viewed in a positive light with well understood reporting and escalation arrangements. Further development work, however, is required to fully embed the use of risk appetite within the organisation. Whilst The Council does have the framework and foundations for using risk appetite, such as the appetite statements and tolerance levels, these parameters are not used as a tool in decision making, budget planning or corporate planning. Further work is required to engage leadership and familiarise them with the benefits of using risk appetite.

In summary The Council has good governance processes in place, sufficient forums and touch points to review risk and the right tools to conduct effective risk management. In comparison to similar local authorities, The Council has extremely strong foundations to build a more advanced and nuanced approach to risk. What is now required is for the organisation to start to independently use the process, as detailed in the documentation, and take true ownership of it through improved confidence, ensuring that risk is not just a tick box exercise, and something valued as a business tool to achieve objectives.

In order to measure the maturity of risk management, a performance model has been used which breaks down activity into six categories that contribute towards effective risk management arrangements within an organisation. It is worth noting, given the complexity of services provided and the resources often available to support risk management within the public sector, a good score is considered at level 3, Managed, whilst most local authorities would be judged to be level 2, In Development.

Figure 1.

The above figure indicates where The Council has been assessed based on the review.

Included below is a brief summary of key aspects of risk management which have been identified as part of the health check process. Further detail is explored in each section in the report:

Strengths:
- Consistent understanding and use of the governance and reporting framework at a strategic level,

- Positive risk culture in the organisation and a willingness for open discussion,

- Regular review of the strategic risk registers at all levels of the organisation,

- An appetite and willingness to learn and improve risk management practices,

- Positive working relationships between Members and officers that can provide the foundations for additional learning.

Development Opportunities:
- A greater understanding of the cross-cutting risks that affect The Council and how these can best be managed,

- Providing additional training to senior management and Members to ease the key person dependency that currently exists, build greater confidence, and establish roles and responsibilities,

- Greater understanding, use and communication in the application of the risk appetite,

- Develop greater consistency at a service level to ensure that controls are live, measurable, and specifically linked to the cause of the risk.

3.   Observations and recommendations

3.1.   Risk Culture and Leadership

This section considers the attitude of senior officers and members towards the role and priority of risk management.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

The overall perception within The Council is that there is a positive attitude towards risk facilitated by a recent cultural shift to place more emphasis on risk management at a leadership level. There is significant evidence to suggest that the leadership team understand and are aware of the key strategic risks facing the organisation, but that conversations regarding strategic risk are not yet explicitly and consciously linked to or driving the decision-making process.

In most of the interview discussions, officers highlighted the improvements which have been made over the last 2-3 years to develop risk management practice across the organisation. Specifically, the review and reduction of the Strategic Risk Register, which has improved the clarity and focus of risk discussions at a leadership level. Although there was great confidence from all officers regarding the content of the risk register, one of the areas where there was some hesitancy was regarding risk appetite and how the organisation's risk profile impacted decision making. When asked, most of the interviewees felt that senior officer's perception and attitude to risk generally resulted in consistent decision making but it was not necessarily part of a formalised process and attributed to individual's experience and instinct.

A consistent theme many of the interviewees were keen to highlight was the Audit & Risk Team's role in keeping risk at the forefront of the leadership agenda, highlighting some separation between the risk process and decision making. Comments indicated that although risk is dynamic and part of the live discussion, some risks associated with decision making are considered separately from the strategic risk register. When reflecting, one officer suggested incorporating a risk section into reporting templates to ensure that any significant decisions are considered against the strategic risks and the organisation's risk appetite more formally.

Another area which was explored in relation to leadership was the role of Members. Overall, people recognised Members as being an important stakeholder, but it was clear that their views and positive challenge is an underutilised area and an additional risk lens which could strengthen the review process. In comparison to the roles and responsibilities definitions included in the Policy, there are some discrepancies due to a lack of confidence and knowledge. The role and relationship of the Scrutiny Committee, Governance & Audit Committee, The Executive and Portfolio Holder responsibilities could be explicitly defined, mapped out and reinforced through additional training. This would help to help ensure that Members have the confidence and understanding to effectively engage in the process, a theme further explored in section 3.5 People and Training. It is important to note that there is an appetite for support and training as well as an enthusiasm to engage with the risk process more effectively. Several individuals highlighted that the relationship between officers and Members is strong so additional training could further improve already valued discussions at Committee level.

The evidence outlined in the documents show a local authority which, on paper, that can be rated at an 'integrated' maturity and reflects an aspirational but achievable approach to risk. There is a positive risk culture and a leadership team which welcomes risk (threat or opportunity) through the promotion of honest and transparent discussion. It was, however, hard to fully understand if risk was consistently understood and embedded enough to be self-sustaining outside of the Risk & Audit Team's influence. There are still some

pockets within the organisation where information is hidden, and an assumption risk is well managed due to individual's competency rather than being explicitly monitored as part of the central risk process. It is inevitable that the introduction of the new risk system, upkeep of current conversations and further training the organisation will achieve the 'integrated' status.

Recommendations:

- Consider providing additional training to senior leaders and department heads in relation to their responsibilities surrounding risk management. This will help to ensure that the key person dependency surrounding the Risk & Insurance Officer is met. At present there is a high risk of failure in relation to risk management should the Risk & Insurance Officer not be available.

- Provide additional training for Members to help ensure that they can provide effective challenge and scrutiny of key strategic risks that aligns with the roles and responsibilities as set out in the Risk Management Policy and Strategy,

- Review current corporate reporting templates to ensure that risk review is featured as a standardised section to prompt leaders to consider key decisions against the organisation's risk profile and risk appetite.

3.2.   Risk Appetite and Strategy

This section assesses the extent to which the policies for risk management support the organisation and how the appetite or risk is considered and utilised.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

The purpose of a risk management strategy is to communicate why and how risk management will be implemented throughout the organisation and to set out the purpose and direction of risk management activities. It should strive to accomplish uniformity across the risk management process and remove any ambiguity about the overall risk capacity, appetite, and tolerance levels.

Overall, the Risk Management Policy and Strategy is a clear and accessible document which outlines best practice information in an easily digestible manner. Specifically, the use of the risk management objectives, maturity rating and risk appetite chapters show a well-rounded and advanced understanding of risk which the organisation should be using to monitor progress. Although the Strategy document and Risk Appetite Statement within the document are examples of a local authority operating at a 'Managed' level discussions with key stakeholders showed that there was still a misunderstanding and lack of clarity about the use of risk appetite.

In the Policy and Strategy, The Council risk appetite is clearly defined with subsequent risk appetite levels mapped out against each category, which provides evidence that the organisation is operating at a 'managed' maturity level. Further information could be added to the appetite statements to remove any ambiguity as to the meaning of the different categories; however, this would only be required once risk appetite is regularly used in discussion and understood by all relevant stakeholders. As a future aspiration, once risk is better embedded, more specific definitions could be included in the risk appetite statement and the addition of tolerance and capacity lines to show the level of risk the organisation is unwilling to accept.

When asked about the use of risk appetite, officers assumed that individuals in the leadership team would make consistent decisions appropriate for the organisation's risk profile, but this would be based off experience and instinct rather than use of the risk appetite framework as outlined in the policy. There is limited understanding of what this means for the organisation, and it has not yet been applied to help drive decision making. Some individuals commented that it would be helpful for key decisions to be linked back to the organisation's risk appetite in a more formal way through the corporate reporting process. There is, therefore, an opportunity to integrate the strategic risk process with pre-existing forward planning processes such as the development of the Corporate Plan, budget planning and workforce planning.

Although recent progress has been made, at present it appears that the leadership team make decisions and then retrospectively fit appetite around this, if appetite is considered at all. With commercial decisions being made regarding key projects, transformation and high-risk areas, consistent understanding and application of risk appetite supports a more informed and robust decision-making process.

Recommendations:

- Review risk appetite statements with the leadership team and provide relevant training to ensure that they are up to date, relevant and reflective of the current strategic direction of the organisation. These should be used to help drive decision making within the organisation and be used as a key way to review strategic risks and their mitigations.

- Consider the provision of training for senior leaders in relation to risk appetite to ensure that there is sufficient understanding of the way in which this should be applied within The Council and to ensure that information is effectively and consistently passed down to departmental leaders.

- Include a risk heat map within risk reports to encourage the leadership team to view the entire portfolio of risks and understand the organisation's collective position in relation to its risk appetite.

3.3. Governance

We review the assurance provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within service areas.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

Governance was widely viewed in a positive light throughout the health check, most of the interviewees felt that there were good processes in place that were understood and consistently followed. The strength of the governance process was also reflected in the documentation, highlighted by a clearly laid out framework which mirrored people's understanding. For this reason, the organisation has been scored at Level 4.

Since the implementation of the new framework, risk reporting arrangements have become more robust and show a large improvement from the position The Council was in pre Covid. There is particular merit in the strategic risk deep dives conducted by the leadership team, enabling greater discussion and review of individual risks rather than a brief collective assessment of all of the risks.

At present, there is still a large onus on the Risk & Insurance Officer deciding when and where risk needs to be escalated to as well as identifying where there are interdependencies across departments. Although the risk officer is responsible for facilitating the process, there needs to be a greater emphasis on individual risk owners contributing to and driving the process across services to manage cross cutting risks. Although officers were clear that collaborative work between services would happen if required, it was not clear if there is a designated forum or formalised process across departments for reviewing interdependencies or sharing best practice. Risks associated with finance, HR and digital are good examples of where departments may benefit from collective discussion and review. There was, however, assurance that some of these conversations are being conducted via the 1-2-1 meetings with the Risk & Insurance Officer and business managers, to ensure that all risks are being identified and managed effectively.

From a strategic perspective it is clear that significant work has been done to ensure the governance process is robust and serves the organisation's needs. To confidently rate the organisation at a higher level, further evidence of services taking ownership and utilising the governance process within their departments would be required. In some interviews, officers were clear about how and when risks were managed, but this was not consistent across all services. To develop a more embedded approach that has less reliance on key individuals, further integration of key performance indicators (as referenced in the Risk Management Policy) could support the escalation stages and support services better monitor their risks independently. Although mentioned within the risk management policy there was no mention of the use of risk co-ordinators during our interviews. Greater use of risk co-ordinators in services would reduce key person dependencies and, through the use of collective discussion and review between co-ordinators, increase the chances of identifying and monitoring risk interdependencies.

Recommendations:

- Further use of the network of risk co-ordinators across the organisation to champion risk best practice and share risk information. Activity could include regular risk group discussions with risk co-ordinators and or risk coordinator training to establish roles and responsibilities,

- Greater use of key performance indicators and tolerance levels to support the relationship between operation / service risks and strategic/ corporate risks and highlight when risks should be escalated.

3.4. Methodology

This section considers what processes and tools are in place to aid risk management and whether they are effective.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

At The Council there is an established risk methodology and, in comparison with similar organisations, the risk cycle is actively completed to a good standard. As the organisation has a strong starting point, there is a significant opportunity to truly assess and evaluate the risks at an advanced level, which would improve the quality and rigour of risk assessment thus providing a better level of assurance.

In discussions with interviewees, some commented that there was a level of complacency due to a good historic record of risk management, good fortune, and a high level of trust in / reliance on key individuals identifying risk. This was supported by other points raised in discussion which suggested there is too much focus on how risks are articulated and not enough on the 'so what' part of risk management. Despite evidence in the risk register showing that controls and actions are regularly assessed, the purpose of enterprise risk management is to inform decision making and remove any barriers to success. The interviews highlighted a disparity between levels of risk awareness within departments which led to a difference in quality of both the controls and actions that were being produced between departments. A need to ensure that controls were live, measurable, and consistent is needed across all departments as well as ensuring that any future actions take the form of SMART (Specific, Measurable, Achievable, Relevant, Time-bound) targets.

A greater emphasis in risk discussions on control effectiveness, prioritisation of risk and change over time may support the leadership team's evaluation of their risk position and feed into long-term thinking and planning.

At a service level, officers did provide assurance that operational risk is well managed within specific teams, specifically where there are a number of major projects and partnership working arrangements. This was, however, attributed to specialist project management training and skills (such as PRINCE2) in certain services. Emulating good practice and championing successful internal examples of risk management across all services will create better consistency, embed the methodology and reduce capacity pressures on the Risk & Audit Team. At present there is an overreliance on individual's expertise, rather than utilisation of the risk management process and its benefits such as collective risk identification, group challenge and action planning.

Furthermore, there was some concern regarding the management of cross cutting risks and how these were managed across The Council. It was felt that these risks could potentially be missed and that there is no joined up approach to ensuring that they are being managed consistently and effectively. Many of the interviewees stated that greater collaboration was needed in this area to ensure these risks were picked up.

Finally, although there has been a slow implementation of a new risk management system (4Risk), there was widespread optimism that the system will help to improve engagement with the process. All interviewees felt that the engagement from both senior leadership and Heads of Service was positive and highlighted the need to maintain momentum. The hope is that this system will be more intuitive than previous systems and allow for more effective monitoring and review of risks and highlight areas for improvement within the methodology.

Recommendations:

- Encourage all risk owners to review and update any SMART targets as well as reviewing controls to ensure that they are live, measurable, and consistent,

- Consider how cross cutting themes and interdependence can be managed between services to generate greater collaboration in a more formalised and routine process.

3.5. People and Training

This section of the health check explores the level of risk management expertise and capability across the organisation.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

One of the most consistent themes throughout the review was people's enthusiasm for additional support and training to fully understand their role in the risk management process. It was simultaneously recognised that capacity issues may have prevented regular training being delivered historically and that a core group of people in the organisation have sufficient knowledge to maintain an effective process. Many referenced their reliance on the knowledge of others, who themselves had not received any formal training. Consequently, some officers have inherited historic risks, risk registers and processes which are not fully understood.

It was noted that formalised risk management training at a corporate level has not been provided for a number of years, but that officers have had support and guidance from the Risk & Insurance Team as well as training in some service areas where specialist skills are required. In the assessment it has been recognised that there is a plan in place to provide additional training once the migration to 4Risk has been completed and the review of the Risk Management Policy has taken place.

Roles and responsibilities were also discussed in reference to people and training. The list of roles set out in the Strategy and Policy are clear and sufficiently covered all roles required for an effective risk management approach. Merit has also been given to the Risk Management Guidance which not only sets out the risk process in an achievable and understandable way but includes best practice frameworks such as SWOT analysis and a Bow Tie diagram. What is not clear, however, is how the relationship between each of the tiers of risk management interact with each other and if those roles, in reality, are being effectively conducted. For example, in interviews it was hard to understand if the Risk Management Guidance document was issued to and used by staff.

Another area which was discussed was the role of Members and how the network of Committee's work collaboratively to assess risk. When speaking with interviewees and the Risk & Audit Team the following approach should be documented and fed into training sessions:

Level of Risk	Risk Identification / Content	Assessment / Assurance
Strategic	**Leadership Team:** Strategic risk should be identified by the leadership team and the content of the risk register should be self-assessed through regular horizon scan and identification discussions. **The Executive:** The Executive should ensure that the risks reflect the current position of the organisation, ensure any emerging trends are considered and captured, and ensure that barriers to achieving the organisation's strategic goals are reflected in the content of the risk register. The Executive should not only be satisfied that priority threats and opportunities are captured but be part of a	**Governance & Audit Committee** The Governance and Audit Committee also have a role to play in ensuring that strategic threats and opportunities are being managed effectively. Although the Committee may want to comment on the content of the risk register, their role is to ensure that the framework is robust enough to manage risk effectively. Their assessment may include control effectiveness, monitoring risk scores over time and reviewing any associated audit work in relation to the strategic risks.

	two-way conversation when challenging and reviewing risk.	
Service / Departmental Risk	**Services** Every Service should have dedicated risk registers that are associated with targets and service plans. Specific specialist projects may have separate risk registers or be included as part of the services risk log. **Service / Directorate Leadership Team** The relevant heads of Services and directors should have regular oversight of Service specific risk.	**Scrutiny Committee** Scrutiny Committee, when relevant, may want to review risks associated with a certain service or project.

The Council may need to make these roles more explicit within their framework and share the role descriptions with the various Committees to ensure they are well understood. Linking this activity in with pre-existing training plans will provide the necessary support so that key individuals have the correct knowledge and training to effectively fulfil their role.

Recommendations:

- Review the Roles & Responsibilities section of the Risk Management Strategy and Policy to ensure Committee roles are clearly articulated,

- Utilise risk management training sessions to gain clarity and confirmation over roles and responsibilities for members.

3.6.   Projects, Partners, and Supply Chain

In this section I look at the effective controls in place to manage risks with partners / suppliers and in projects.

Level 1 Fragmented	Level 2 In Development	Level 3 Managed	Level 4 Integrated	Level 5 Transformational

As with many councils The Council has a variety of projects and partnerships which are intertwined with a range of risk activities. It is a challenging area to monitor risk as, sometimes, projects and partnerships are monitored outside of the central corporate approach to risk management.

Overall, there was great confidence in the risk management arrangements for large external projects due to the robust governance arrangements and expertise in the relevant service areas. It was also stated that the majority of partnerships have active risk registers that reported on to their respective Boards. Recognition to the importance of partnerships is also given in the Strategic Risk Register that is reviewed twice a year. There is good degree of reassurance there is the necessary and appropriate level of oversight in place to manage project and partnership risks.

The team did not review any service or operational risk registers as part of the Health Check, but it is assumed that where there are risks associated with critical suppliers, partnerships, or providers they are included in localised risk registers.

The organisation has been rated at a Level 3 due to a number of factors. Although there is a good degree of confidence in processes and arrangements, project risks management is done is isolation of the strategic risk approach. Although all project risks do not need to be reported centrally, without oversight or established touch points it is hard for the organisation to understand the total cost of risk it is exposed to and if risk is being measured consistently across the organisation.

Furthermore, our conversations highlighted that procurement has also been identified as an area for improvement, with recent audits providing key recommendations to be implemented. Across the sector there have been a number of examples where procurement processes have not been followed resulting in increased threats and errors that could have been avoided. Monitoring key contracts and suppliers through greater use of service risk registers would ensure that there is some oversight and record of these relationships. It would also support business continuity and emergency planning arrangements when identifying critical services and suppliers in light of disruptive event.

Recommendations:

- Review the possibility of central risk oversight for large projects or specific tolerances which dictate when projects need to be visible to the Risk & Insurance Team to improve collective risk assessment and management.

4. Appendices

4.1 Recommendations Summary

Risk Culture and Leadership	• Consider providing additional training to senior leaders and department heads in relation to their responsibilities surrounding risk management. This will help to ensure that the key person dependency surrounding the Risk & Insurance Officer is met. At present there is a high risk of failure in relation to risk management should the Risk & Insurance Officer not be available. • Provide additional training for Members to help ensure that they can provide effective challenge and scrutiny of key strategic risks that aligns with the roles and responsibilities as set out in the Risk Management Policy and Strategy, • Review current corporate reporting templates to ensure that risk review is featured as a standardised section to prompt leaders to consider key decisions against the organisation's risk profile and risk appetite.
Risk Appetite and Strategy	• Review risk appetite statements with the leadership team and provide relevant training to ensure that they are up to date, relevant and reflective of the current strategic direction of the organisation. These should be used to help drive decision making within the organisation and be used as a key way to review strategic risks and their mitigations. • Consider the provision of training for senior leaders in relation to risk appetite to ensure that there is sufficient understanding of the way in which this should be applied within The Council and to ensure that information is effectively and consistently passed down to departmental leaders. • Include a risk heat map within risk reports to encourage the leadership team to view the entire portfolio of risks and understand the organisation's collective position in relation to its risk appetite.
Governance	• Further use of the network of risk co-ordinators across the organisation to champion risk best practice and share risk information. Activity could include regular risk group discussions with risk co-ordinators and or risk coordinator training to establish roles and responsibilities, • Greater use of key performance indicators and tolerance levels to support the relationship between operation / service risks and strategic/ corporate risks and highlight when risks should be escalated.
Methodology	• Encourage all risk owners to review and update any SMART targets and controls to ensure that they are live, measurable, and consistent, • Consider how cross cutting themes and interdependence can be managed between services to generate greater collaboration in a more formalised and routine process.

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People and Training	• Review the Roles & Responsibilities section of the Risk Management Strategy and Policy to ensure Committee roles are clearly articulated, • Utilise risk management training sessions to gain clarity and confirmation over roles and responsibilities for members.
Project, Partners, and Supply Chain	• Review the possibility of central risk oversight for large projects or specific tolerances which dictate when projects need to be visible to the Risk & Insurance Team to improve collective risk assessment and management.

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4.2 Maturity Assessment

	Risk Culture & Leadership	Risk Appetite & Strategy	Governance	Methodology	People & Training	Projects, Partnerships & Supply Chain
Level 5 Transformational	Risk Management is actively championed by the CEO, Senior management, and Members. There is a strong consideration of risk in all decision making processes	Risk appetite is reviewed at least annually and is taken into account in key decision points including day-to-day operational, as well as strategic, decisions	There is active oversight of risk management from Members and senior management	Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success	Staff are empowered to be responsible for risk management and the organisation has a good record of well managed risk taking	Risk management is a collaborative activity amongst all parties and shown to be a key driver in success delivery
Level 4 Integrated	Senior Management & Members constructively challenge risk information and consider risk within decision making processes	The organisation has formalised its risk appetite and statements exist for each principal risk category for practical use at key decision points	Governance arrangements are effective and aligned with other processes within the organisation	Risk management processes are used to support key business processes and service delivery	Suitable guidance is available, and a training programme has been implemented to ensure the continuation of risk management capability	Sound governance frameworks are established in these areas and common risk goals are identified amongst all parties
Level 3 Managed	Senior management & Members take the lead to apply risk management across the organisation and a register of key strategic risks is maintained	The concepts of risk appetite and tolerance are understood and utilised by senior management when discussing strategic risks	Formal reporting and assurance arrangements for risk management exist which are delivering value to the organisation and are consistently applied	Risk management processes are established and effective but are not being applied consistently across the organisation	A core group of people have the skills, knowledge, and capacity to manage risk effectively and implement the risk framework across the organisation	Risk Managed in these areas is effective, appropriately resourced
Level 2 In Development	Senior management & Members are actively building the organisation's risk culture and a senior level 'risk champion' has been appointed	Risk Management strategies & policies are drawn up, communicated, and being acted upon but Risk Appetite is not a concept actively used within the organisation, even if it is mentioned within the policy / strategy	Reporting and assurance exist but are currently being implemented or require development	Risk management processes exist but are currently being implemented or require development	The organisation is taking steps to increase the capacity and competency of individuals with risk management roles and responsibilities	Approaches for managing risk in these areas exist but are currently being implemented or require development
Level 1 Fragmented	Senior management & Members are aware of the need to manage risks	Risk Management is sporadic and unstructured within the organisation	The monitoring and reporting of risks is limited and only done when requested by senior management or Members	No formal process exists for risk management within the organisation	Key people are aware of the need to understand risk principles but there is a skills gap across the organisation	Key people are aware of potential risks factors in these areas

Risk Management Review (Zurich)

January 2024

Action Plan

Marion Pryor BA MA CMIIA CPFA ACFS

Julie Jones

Ref	Issue / Risk	Risk Rating	Proposed Management Action	Responsible Officer	Deadline
1	There is some uncertainty as to the role of Members in relation to the scrutiny of Strategic risks, particularly around the role and relationship of The Executive, Governance & Audit Committee, and the scrutiny committees. Portfolio Holder responsibilities could be explicitly defined. (Recommendations 11 & 12)		Review the Roles & Responsibilities section of the Risk Management Strategy and Policy to ensure Committee roles and responsibilities are clearly defined.	Marion Pryor / Julie Jones	April 2024
2	Risk appetite is not understood by all relevant stakeholders and there is some ambiguity as to what the different risk appetite categories mean and consequently uncertainty around the level of risk the organisation is unwilling to accept. (Recommendations 1, 4 & 5)		Review risk appetite statements to ensure that they are up to date, relevant and reflective of the current strategic direction of the organisation.	Marion Pryor / Julie Jones	March 2025
			Provide Directors, Heads of Service and other senior managers with training in relation to their responsibilities surrounding risk management and risk appetite.	Marion Pryor / Julie Jones	October 2024
3	It appears that decisions are taken without consistently considering the risk appetite or that it is retrospectively fitted to the decision. (Recommendations 3 & 6)		Review the corporate reporting templates to ensure that risk is a standardised section to prompt leaders to consider risk and the Council's risk appetite when making decisions.	Gwyndaf Parry	September 2024
			Include a risk heat map within risk reports to encourage leaders to view the entire portfolio of risks and understand the Council's collective position in relation to its risk appetite.	Marion Pryor / Julie Jones	April 2024

Ref	Issue / Risk	Risk Rating	Proposed Management Action	Responsible Officer	Deadline
4	The views of Members and their positive challenge in relation to risk is underutilised and it appears that some Members have a lack of confidence, knowledge and understanding of their role to effectively engage in the process. (Recommendations 2 & 12)		Provide Members with suitable training to help them to effectively challenge and scrutinise risks and understand their roles and responsibilities as set out in the Risk Management Policy and Strategy.	Marion Pryor / Julie Jones	October 2024
5	The role of risk co-ordinators in services appears underutilised leading to a greater dependency on the Internal Audit and Risk Team in relation to risk management; further training would reduce key person dependencies. (Recommendation 7)		Provide risk co-ordinators with training to establish their roles and responsibilities and further develop their understanding of risks.	Marion Pryor / Julie Jones	October 2024
6	Cross cutting risks could potentially be missed as there does not appear to be a joined-up approach to ensure that they are being managed consistently and effectively. (Recommendation 10)		Introduce a process to manage cross cutting themes and interdependence between services to generate greater collaboration in a more formalised and routine process.	Marion Pryor / Julie Jones	September 2024
7	There is a disparity between levels of risk awareness within services resulting in a difference in quality of both the controls and actions. Actions are not always in the form of SMART (Specific, Measurable, Achievable, Relevant, Time-bound) targets. (Recommendation 9)		Review and update all service risk controls and actions to ensure that they are live, measurable, and consistent.	All risk owners	September 2024

Ref	Issue / Risk	Risk Rating	Proposed Management Action	Responsible Officer	Deadline
8	Project risks management appears to be done in isolation of the strategic risk approach, making it hard for the organisation to understand the total cost of risk it is exposed to and ensuring that risk is being measured consistently across the organisation. (Recommendation 13)		Consider a process to provide a central risk oversight for large projects or specific tolerances which dictate when projects need to be visible.	Gwyndaf Parry / Julie Jones	November 2024
9	Key performance indicators (as referenced in the Risk Management Policy) are not integrated or fully embedded, resulting in reliance on key individuals to escalate and monitor risks rather than services monitoring their risks independently. (Recommendation 8)		Develop a greater use of key performance indicators and tolerance levels to support the relationship between risk registers and highlight when risks should be escalated.	Julie Jones	September 2024

Risk Matrix – Summary of 'Risks/Issues'

LIKELIHOOD				Insignificant	Minor	Moderate	Major	Catastrophic
	Within the next 3 months	Almost Certain	5	(yellow)	(yellow)	(orange)	(red)	(red)
	Within the next 12 months	Likely	4	(yellow)	(yellow)	(orange)	(red)	(red)
	Within the next 2 years	Possible	3	(green)	(yellow)	(yellow)	(orange)	(red)
	Within the next 5 years	Unlikely	2	(green)	(green)	(yellow)	(orange)	(orange)
	Not within the next 25 years	Rare	1	(green)	(green)	(yellow)	(yellow)	(orange)

MINOR	MODERATE		1	2	3	4	5
MAJOR	CRITICAL		Insignificant	Minor	Moderate	Major	Catastrophic

	Insignificant	Minor	Moderate	Major	Catastrophic
Objectives	Minor delay in achieving objectives	Reduction in scope or quality of a secondary objective	Reduction in scope or quality of a primary objective or achievement of a secondary objective is significantly delayed	Achievement of a primary objective is significantly delayed, or a secondary objective can't be met	A primary objective cannot be met
Reputation	Public concern restricted to local complaints	Minor adverse local / public / media attention and complaints	Serious adverse local or minor adverse regional or national media attention	Serious negative regional or national criticism	Prolonged regional and national condemnation
Financial Cost	<£100k	£100k - £500k	£500k - £2m	£2m - £5m	>£5m
Health & Safety	Near miss or minor injury not requiring any professional medical treatment	Minor injury requiring professional medical treatment	Serious injury	Life changing injury	Fatality
Safeguarding	No safeguarding impact	Isolated non-compliance with procedures	Continued non-compliance with procedures	Isolated safeguarding incident	Multiple and related safeguarding incidents
Regulation	No regulatory impact	Reportable incident to regulator, follow up not required	Report of a breach to regulator that requires immediate correction	Prosecution by regulator leading to fines or intervention that requires a project to rectify the situation	Prosecution by regulators that results in significant fines and/or large-scale intervention
Environmental	Minor short-term effect	Short term effect that requires little resources to resolve	Short term effect that requires significant resources to resolve	Serious short-term effect or some long-term effect	Serious and long-term effect

IMPACT