ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	**EXECUTIVE**
DATE:	**26 MAY 2015**
SUBJECT:	**RISK MANAGEMENT POLICY AND APPETITE**
PORTFOLIO HOLDER(S):	**CLLR HYWEL EIFION JONES**
HEAD OF SERVICE:	**RICHARD MICKLEWRIGHT**
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LOCAL MEMBERS:	

A - Recommendation/s and reason/s

It is recommended that the Execitive approves the new Risk Management Policy and Risk Assessment Criteria (Risk Appetite) as these documents provide a consistent basis for embedding risk management and managing risks throughout the Council.

There have been longstanding weaknesses in managing risks which the review undertaken by Caerus Consulting in the autumn of 2014 confirmed. Several recommendations were made on how to strengthen risk management, including:

- Clarifying roles and responsibilities for risk management, including for Members
- Clarify the relationship between Corporate and Service risks
- Revise and simplify the Risk Management Policy and Guidance to reflect current needs

The new Risk Management Policy provide the vision, objectives, principles, and roles and responsibilities in respect of managing risks, which sets risk at the heart of the decision making process and clarifies the roles and responsibilities for risk management.

The Risk Assessment Criteria provides an objective basis to prioritise and escalate risks consistently and is to be used for Corporate and Service risks. Prioritisation is key to deciding where to focus risk management efforts. The combination of impact and likelihood results in a risk exposure, which is the basis for taking further action or escalating the risk. The Risk Assessment Criteria has set the Council's Risk Appetite at a level where both SLT and the Executive will be involved when risks are viewed as Major or Critical.

B - What other options did you consider and why did you reject them and/or opt for this option?

N/A

C - Why is this a decision for the Executive?

We need to seek approval for the Risk Management Policy and Risk Appetite

CH - Is this decision consistent with policy approved by the full Council?
Yes

D - Is this decision within the budget approved by the Council?
N/A

DD - Who did you consult?		What did they say?
1	**Chief Executive / Strategic Leadership Team (SLT)** (mandatory)	Approved 23 March 2015
2	**Finance / Section 151** (mandatory)	This is a Section 151 Officer report
3	**Legal / Monitoring Officer** (mandatory)	As a member of Penaethiaid (see below)
4	**Human Resources (HR)**	
5	**Property**	
6	**Information Communication Technology (ICT)**	
7	**Scrutiny**	
8	**Local Members**	
9	**Any external bodies / other/s**	Penaethiaid – approved 10 March 2015

E - Risks and any mitigation (if relevant)		
1	**Economic**	
2	**Anti-poverty**	
3	**Crime and Disorder**	
4	**Environmental**	
5	**Equalities**	
6	**Outcome Agreements**	
7	**Other**	

F - Appendices:
APPENDIX A – RISK MANAGEMENT POLICY APPENDIX B – RISK ASSESSMENT CRITERIA

FF - Background papers (please contact the author of the Report for any further information):

Risk Management Policy

Context

The Isle of Anglesey County Council is a diverse organisation committed to providing quality, sustainable and value for money services to the community. By providing strong community leadership and working in partnership, the Council is committed to realising the vision of our community strategy and Corporate Plan.

Risk is defined as *"an event that, should it occur, would impact our ability to successfully achieve our objectives"*. The Council recognises that there are risks involved in all our activities and that we have a duty to manage these risks in a balanced, structured and cost effective way. The process for identifying, assessing, managing and monitoring risk is, therefore, considered an integral part of the management process. As a result, we will be in a stronger position to enhance our service delivery capabilities, achieve our objectives and value for money.

Vision

The vision for risk management is that it provides a framework to manage risk within agreed limits in order that the desired outcomes are achieved at a corporate, service and project level.

Failing to identify, assess and manage risks may result in considerable unbudgeted expenditure, damage to the Council's reputation and community confidence.

It is recognised that some risk must be accepted in order that objectives can be achieved. The Council's policy is, therefore, to ensure a culture of knowledgeable risk taking where it is explicit which risks the Council has chosen to accept, and those we have chosen not to accept.

Objectives

The objectives of the Council's risk management policy are to:

1. Develop a consistent approach to risk management across the Council.
2. Embed risk management as an integral part of the management process within the Council, and ensure clear links with Service Plans.
3. Ensure a proactive risk aware culture across all parts of the Council, where risk is taken (and not taken) knowledgeably in all major decisions and actions.
4. Maintain and improve customer confidence in our ability to deliver on our commitments.
5. Reduce the possibility of unplanned activity or financial costs, and the impact of such surprises on the Council's reputation and ability to deliver our objectives.
6. Manage risk in accordance with best practice, statutory obligations and the Wales Programme for Improvement.
7. Work with our partners and providers to develop a common approach to achieving these risk management objectives.

Principles

The following key principles set out how the Council will achieve our risk management objectives:

1. Risk management is a continuous process and not an event. The process for managing risk ensures that key risks are identified, evaluated, continuously monitored, and mitigated where necessary to an acceptable level.
2. The identification, assessment, management and reporting of risk information is timely, accurate, relevant and gives adequate coverage of the key risks in order to support management decision making.
3. The process for managing risk is an integral part of management and the successful completion of any activity, project or process.
4. Risk management is all encompassing but not burdensome or bureaucratic, nor adds unreasonably to the cost of running the Council.

Roles and Responsibilities

The key roles and responsibilities are:

- *Chief Executive & SLT*
  The Chief Executive is responsible for effective management of risk across the Council, supported by the Senior Leadership Team and those officers charged with statutory responsibility for particular services. The Chief Executive and SLT are responsible for ensuring that the Corporate Risk Register is accurate and that risks are being well managed.

- *Heads of Service & Penaethiaid*
  Each Head of Service is responsible for implementing the Risk Management Policy and ensuring that service risks are well managed within their area of responsibility, and collectively the Penaethiaid are responsible for supporting the Chief Executive and SLT to manage Corporate Risks.

- *Elected Members*
  Responsible for good governance in the delivery of services to the community and overseeing that Council Officers have effective risk management arrangements in place.

- *Executive Committee*
  Responsible for approving the Council's Risk Management Policy, Risk Appetite and for overseeing the Corporate Risk Register.

- *Audit Committee*
  Responsible for reviewing the appropriateness of the risk management and assurance processes.

- *Corporate Scrutiny Committee*
  Scrutinise major critical risks.

- *All Employees*
  All employees have a duty to manage risk.

Risk Management Procedures

Further guidance to support how this policy is implemented is provided in the Council's Risk Management Guidance.

MEINI PRAWF ASESU RISK / RISK MANAGEMENT CRITERIA

TEBYGOLRWYDD / LIKELIHOOD				5 Dinod / Insignificant	4 Bychan / Minor	3 Cymedrol / Moderate	2 Sylweddol / Major	1 Trychinebus / Catastrophic
Digwyddiad bron yn sicr o ddigwydd yn y rhan fwyaf o amgylchiadau / Event is almost certain to occur in most circumstances	>70%	Bron Yn Sicr / Almost Certain	A					
Digwyddiad debygol o ddigwydd yn y rhan fwyaf o amgylchiadau / Event likely to occur in most circumstances	30-70%	Tebygol / Likely	B					
Bydd y digwyddiad o bosib yn digwydd ar ryw adeg / Event will possibly occur at some time	10-30%	Posib / Moderate	C					
Digwyddiad annhebygol a all ddigwydd rhyw bryd / Event unlikely and may occur at some time	1-10%	Anhebygol / Unlikely	D					
Digwyddiad prin fydd ond yn digwydd mewn amgylchiadau eithriadol / Event rare and may occur only in exceptional circumstances	<1%	Prin / Rare	E					

	5 Dinod / Insignificant	4 Bychan / Minor	3 Cymedrol / Moderate	2 Sylweddol / Major	1 Trychinebus / Catastrophic
Gwasanaeth / Service	Dim effaith ar ansawdd y gwasanaeth, tarfu cyfyngedig i weithrediadau / No impact to service quality, limited disruption to operations	Mân effaith ar ansawdd y gwasanaeth, nid yw safonau gwasanaeth mân yn cael eu bodloni, amhariad tymor byr i weithrediadau / Minor impact on service quality, minor service standards are not met, short term disruption to operations	Gostyngiad sylweddol yn ansawdd y gwasanaeth, amhariad difrifol i safonau gwasanaeth / Significant fall in service quality, serious disruption to service standards	Effaith sylweddol ar ansawdd gwasanaethau, safonau gwasanaeth lluosog heb eu bodloni, amhariad tymor hir i weithrediadau / Signifiant impact on service quality, multiple service standards not met, long term disruption to operations	Gostyngiad trychinebus yn ansawdd y gwasanaeth a safonau gwasanaeth allweddol ddim yn cael eu bodloni, ymyrraeth trychinebus hirdymor i weithrediadau / Catastrophic fall in service quality and key service standards are not met, long term catastrophic interruption to operations
Enw Da / Reputation	Pryder cyhoeddus wedi ei gyfyngu i gwynion lleol / Public concern restricted to local complaints	Mân sylw anffafriol lleol / cyhoeddus / cyfryngau a chwynion / Minor adverse local / public / media attention and complaints	Sylw andwyol lleol difrifol neu sylw andwyol mân yn y wasg rhanbarthol neu chenedlaethol / Serious adverse local or minor adverse regional or national media attention	Beirniadaeth rhanbarthol neu genedlaethol difrifol negyddol / Serious negative regional or national criticism	Condemniad rhanbarthol a chenedlaethol hir / Prolonged regional & national condemnation
Côst Ariannol / Financial Cost (£)	< £50k	£50k - £250k	£250k - £750k	£750k - £3m	>£3m

EFFAITH / IMPACT

Allwedd Difrifoldeb Risg Corfforaethol / Corporate Risk Severity Key

🟩	Dinod / Minor	Risg a reolir yn hawdd yn lleol - dim angen trafferthu rheolwyr / Risk easily managed locally – no need to involve management
🟨	Cymedrol / Moderate	Risg gallu cael ei reoli ar lefel gwasanaeth - efallai bydd angen rhoi gwybod i uwch reolwyr a'r UDA / Risk containable at service level - senior management and SLT may need to be informed
🟧	Sylweddol / Major	Ymyrraeth gan yr UDA a / neu gyfranogiad Pwyllgor Gwaith / Intervention by SLT and / or Executive Committee involvement
🟥	Allweddol / Critical	Ymyrraeth sylweddol gan yr UDA a Pwyllgor Gwaith / Significant SLT and Executive Committee intervention