NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CORPORATE RISK MANAGEMENT POLICY

March 2023

Statement of Intent

We have a duty to be efficient, transparent and accountable to local people and to observe high standards of corporate governance and management when responding to current and future challenges.

Risk management is an important aspect of corporate governance and the key to successful risk management is the provision and co-ordination of appropriate resources to enable risk management decisions to be made which are appropriate and commensurate to the level of risk.

This policy provides a systematic and focussed approach to corporate risk management which, if used effectively, will identify, manage, mitigate any potential risks and enable opportunities to be confidently explored, promoting and supporting improvement and innovation.

Whilst I have ultimate responsibility for risk management within Neath Port Talbot County Borough Council by virtue of my position as Chief Executive, the Corporate Directors and their Heads of Service will ensure that their areas of responsibility are managed and resourced appropriately commensurate to the level of risk

………………………….

Karen Jones
Chief Executive

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1. **Introduction**

   The council is committed to a proactive approach to risk management and recognises risk management is an essential part of delivering good governance and reduces the uncertainty of achieving the council's vision, purpose and priorities, as set out in the Corporate Plan.

2. **Scope**

   This policy applies to all of the activities of the council and builds on existing operational risk management practices within the council and complements the other systems of governance which form the Council's internal systems of control.

3. **Definition of Risk**

   For the purpose of this policy, strategic risk is defined as:

   "The threat that an event, action or inaction will adversely affect the council's ability to successfully achieve its vision, purpose and priorities"

4. **What is risk management and why do we need arrangements in place to manage risk?**

   Risk management is the process followed to control the level of risk in decision making, functions and service activities which could impact on the achievement of the council's vision, purpose and priorities as set out in the Corporate Plan.

   The council recognises that an effective system of corporate governance leads to good management, good performance good stewardship of public funds, good public engagement and ultimately is essential for the council to demonstrate that it is acting in the best interests of the communities across Neath Port Talbot.

Risk management is a key component of corporate governance in maintaining a strong control environment. It can help prioritise attention and ensure considered decision making.

5.   Aims of the Policy:

- to promote an open, consistent and proactive risk management attitude which encourages the taking of opportunities to better serve the needs of our communities within the resources available to the council
- to recognise that understanding, assessing and managing risk is part of good management and shows we are risk aware not averse.

The council is committed to the management of risk in order to:

- Support the delivery of the council's vison, purpose and priorities;
- Ensure statutory obligations are met;
- Ensure effective stewardship of public funds, efficient deployment and use of resources and securing value for money for the public purse;
- Safeguard all stakeholders to whom the council has a duty of care;
- Protect physical and information assets and identify and manage potential liabilities;
- Learn from previous threats, opportunities, successes and failures;
- Preserve promote and protect the reputation of the council; and
- Build a workforce where improvement, innovation and a responsible approach to risk taking is part of its culture.

The policy does not aim to bring about a one-size-fits-all approach to managing risks, but it does aim to provide a broad and high level approach by providing a framework of good practice and ensures the management of risk is structured and comprehensive.

6.   Objectives of the Policy

The objectives of this policy are to:

- Integrate and embed risk management into the culture of the council;
- Assign risk management roles, responsibilities an accountability;
- Ensure risk awareness and proportionate and consistent management of risk;
- Prevent injury, damage, breaches and losses; and
- Enhance realisation of opportunities and resulting benefits.

The aim and objectives will be achieved by:

- Training and developing relevant managers, officers and members
- Timely risk identification, mitigation, monitoring, reporting, ownership and oversight
- Application of risk management in service planning, corporate/strategic planning, decision making, programme, project, partnership and collaborative activities.

Measurable outcomes will be:

- Officers and members to be appropriately aware and trained;
- Officers to proactively, identify, assess and manage risks within their service area taking action where appropriate;
- For the council's Risk Management Framework to be embedded, with standardised effective risk identification, controls, actions and escalation processes across all services, functions, projects, programmes, partnerships, contracts and decision making arrangements
- Members and officers receive appropriate information in relation to risk appropriate to their role in effective risk management

- Independent assurance that the council's Risk Management Policy and Framework is followed and is effective.

7. The Council's Corporate Performance Management Framework and Corporate Risk Management

The infographic over page provides a visual of the council's revised Interim Corporate Performance Management Framework (CPMF).

The framework is made up of a number of core activities that all fit together to ensure that the council has, not only fit for purpose performance management arrangements, but a mechanism that helps to further improve the performance management culture across the organisation.

The CPMF has a clear line (golden thread) linking up all council business from employee level to council level and is aligned to achieving our vision, purpose and priorities.

The framework has a continuous cycle of Evaluate, Plan, Do and Check. This cycle ensures the council is self-aware through evaluation and performance monitoring to identify:
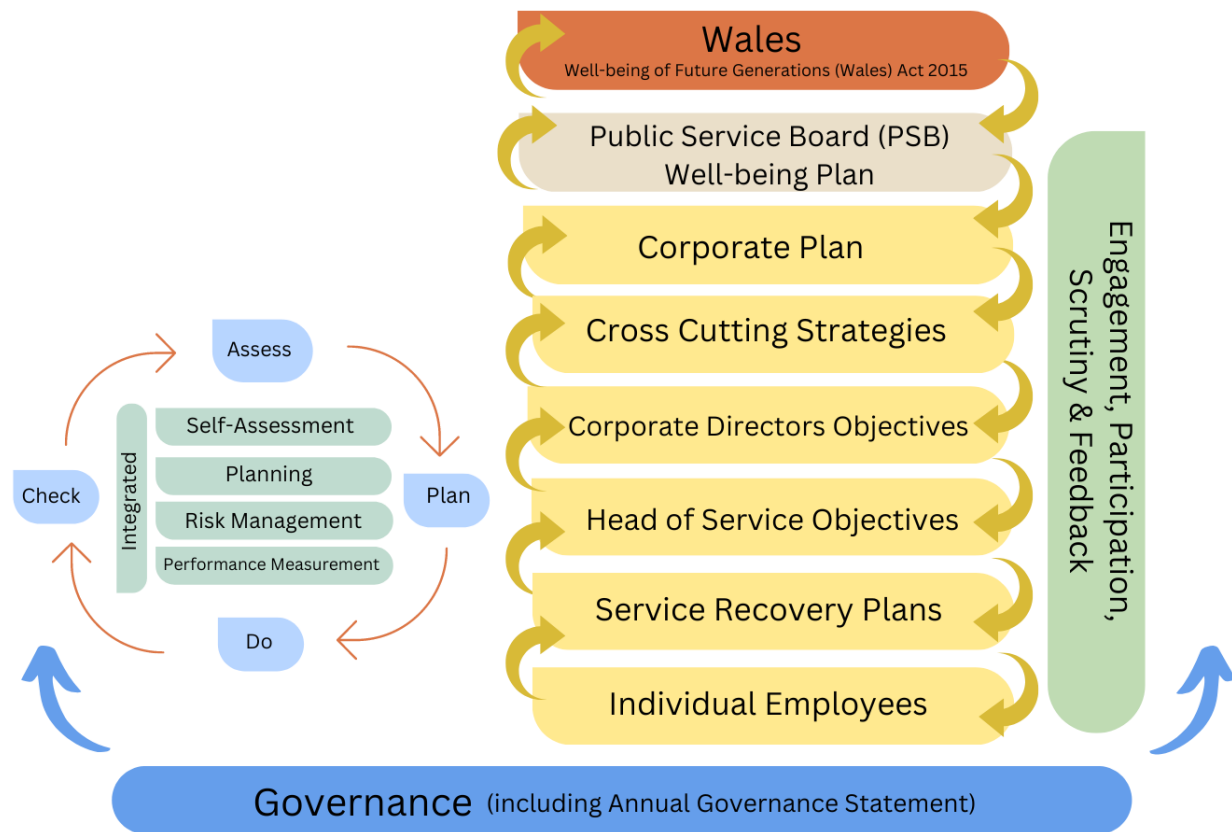
- How well we are doing?
- Are we are making an impact?
- Areas of concern that need further work
- If we need to change the way we do things

It is imperative that our planning, performance and risk processes are robust and interwoven into our decision making at every level of the organisation.

In addition, public sector spending decisions, coupled with increasing demands on major services such as social services and education following the pandemic combine to place severe pressures on the council's resources.

This requires an unprecedented scale of change in the way the council functions and delivers services in order to deliver the required savings in future years.

Risk management has a strong link to performance management. If risks are not managed effectively then it is unlikely the council will deliver its vision, purpose and priorities as planned.

8. **The Corporate Risk Management Framework**

The council's Corporate Risk Management Framework set out in this policy is designed to ensure risk management is effective.

Roles and responsibilities for managing risk are clearly assigned (see Appendix 1 – page 17) and the key risk management business processes are aligned in a framework to form a coherent, corporate risk management system.

The framework (overleaf) illustrates how risk will be managed at different levels and how that information will be used to influence the council's priorities (Corporate Plan), the allocation of resources (Medium Term Financial Plan) along with sharing of relevant risks with partners (Local Well-being Plan).

The Corporate Risk Management Framework

Medium Term Financial Plan	Corporate Plan	Local Wellbeing Plan

Strategic Risk Register

Directorate Risk Registers

**Service Risks
(via Service Recovery Plans)**

Health & Safety / Business Continuity Plans / Child Protection Register / MAPPA/MARAC

Insurance
Insurance programmes are in place for funding the financial consequences of some risk. However, it should be recognised that some elements of loss will be uninsurable e.g. damage to employee morale and the Authority's reputation

The Corporate Risk Management Framework
Escalation / Reporting / Monitoring

Cabinet
- Approve the Corporate Risk Management Policy and review on a 3 yearly basis (at a minimum)
- Review the content and effective management and monitoring of risks on the Strategic Risk register on a six monthly basis
- Ensure relevant risks are considered as part of every Cabinet report decision

Governance & Audit Committee

- Review and assess the Council's Corporate Risk Management arrangements and to make reports and recommendations to the Council on the adequacy and effectiveness of those arrangements
- Ensure the annual internal audit plan takes account of the contents of the Strategic Risk Register.
- Review the outcomes of audits, highlighted risks and officer responses

Corporate Directors Group
- Agree risks and mitigating actions to be included on the Strategic risk register (including those escalated from Directorate Risk Registers)
- Manage, monitor and review the Strategic Risk Register on a quarterly basis (at a minimum)
- Provide assurance to Cabinet on a six monthly basis (at a minimum) that Strategic Risks are being actively managed and monitored.
- Take assurance from Heads of Service that medium and high risks identified at the Directorate level are being managed appropriately by receiving Directorate Risk Registers on a six monthly basis (at a minimum)

Senior Management Teams
- Agree Directorate risks for inclusion on the Directorate Risk Register (to be informed by those risks identified in Service Recovery Plans) and any others identified
- Manage, monitor and review the Directorate Risk Register on a quarterly basis (at a minimum) to ensure risks are being managed appropriately
- Identify Directorate risks for escalation to the Strategic Risk Register
- Present Directorate Risk Registers to Corporate Directors Group on a six monthly basis (at a minimum)

Internal Audit
- Strategic / Directorate Risk Registers and risks identified at the service level (via Service Recovery Plans) to inform the Internal Audit Action Plan.

Accountable Managers
- Identify risks at the service level and include in relevant Service Recovery Plan
- Manage, monitor and review service level risks (ongoing)
- Escalate high level risks to Senior Management Team for consideration of inclusion on Directorate Risk Register

9. The Corporate Risk Management Process

Step 1 - Risk Identification

The council's established key risk management processes for identifying risk are as follows:

i) The Council's Wellbeing Objectives

Corporate Directors Group actively identify risks associated with the delivery of the vision, purpose, well-being objectives and associated priorities as set out in the council's Corporate Plan. Those risks will be recorded on the Strategic Risk Register.

ii) The Council's wider business

At the Directorate level, a Directorate risk register will be populated by Senior Management Teams with the risks identified via the service recovery planning process and any additional risks requiring inclusion on the Directorate risk register.

Corporate Directors will present their Directorate Risk Registers to Corporate Directors Group (on a six monthly basis – at a minimum) highlighting those risks that have been identified for escalation to the Strategic Risk Register and also to provide assurance to Corporate Directors Group that Directorate and significant service risks are being managed, monitored and reviewed appropriately.

The template for both Directorate and Strategic Risk Registers is contained in Appendix 2 (page 21).

ii) Service Delivery

At the service level, Accountable Managers identify service risks and manage, monitor and review them in their respective Service Recovery Plans. The format of the service level risk register is contained within the Service Recovery Plan template.

iii) Operational Risk Management

In addition to the above there are a number of service / operational risk systems e.g. Child Protection Register / MAPPA/MARAC which should inform the Strategic Risk Register and Directorate Risk Registers.

iv) Business Continuity

Business continuity management is a process which analyses the impact on a business which directly affects the services provided by the council. Its purpose is to identify critical activities and functions that have to continue at a minimum during a disruption of service delivery or when responding to an emergency.

v) Health & Safety

Processes for evaluating the risk arising from a hazard(s), taking into account the adequacy of any existing controls, and deciding whether or not the risk(s) is acceptable, are now well-embedded across the council. External quality assurance of the council's risk management arrangements is in place and there is clear evidence of risk being prioritised, resourced and evaluated at operational, service and corporate levels.

Step 2 – Risk Assessment

i) Assessment

This involves an assessment of the likelihood and impact of the risks that have been identified. This assessment is undertaken utilising the following 5x5 risk evaluation matrix.

5 x 5 Risk Matrix

Key		
Likelihood	**Impact***	
1. Very Unlikely	1. Low	
2. Unlikely	2. Low / Medium	
3. Likely	3. Medium	
4. Very Likely	4. Medium / High	
5. Certainty	5. High	

Likelihood (vertical) vs Impact (horizontal):

Likelihood \ Impact	1	2	3	4	5
5	Yellow	Yellow	Red	Red	Red
4	Green	Yellow	Red	Red	Red
3	Green	Green	Yellow	Red	Red
2	Green	Green	Yellow	Yellow	Yellow
1	Green	Green	Green	Green	Green

Green = Low Risk   Yellow = Medium Risk   Red = High Risk

*The impact of the risk should be assessed on the basis of:

- Reputation
- Finances
- Significant service / operational change

Step 3 – Monitoring, Reviewing and Escalation of Risks

a)   Service level risks – Service Recovery Plan

For those risks at the service level Accountable Managers are responsible for managing, monitoring and reviewing those risks. Significant risks should be escalated to Senior Management Teams for consideration for inclusion on the relevant Directorate Risk Register.

b) Directorate Risk Register

For those risks on the Directorate Risk Register the process of managing, monitoring and reviewing those risks remains the responsibility of Senior Management Teams.

Directorate risk registers should be regularly reviewed and monitored on a quarterly basis (at a minimum).

Reviews shall include evidence so as to accurately determine and measure the Directorate's performance in mitigating / controlling the identified risks.

Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk being controlled / mitigated
- follow-up actions from previous Senior Management Team reviews of the Directorate Risk Register.

Information shall be collated by the Senior Management Team in advance of each review to enable the Team to address the need, if appropriate, for changes to the way in which the Directorate risks are being controlled / mitigated, the resources allocated, whether any risks require escalation to the Strategic Risk Register, if any risks can be removed from the Register or new risks have been identified to be added to the Register.

Directorate Risk Registers will be reported to Corporate Directors Group on a six monthly basis (at a minimum) to provide assurance to Corporate Directors Group that Directorate Risks and significant service risks are being effectively managed and mitigated and will provide the opportunity for the identification of significant Directorate Risks to be escalated to the Strategic Risk Register.

b) Strategic Risk Register

Once Corporate Directors Group have agreed which risks are to be included on the Strategic Risk Register the process of managing, monitoring and reviewing those risks will be at the corporate level.

The Strategic Risk Register will be reviewed and monitored quarterly (at a minimum) by Corporate Directors Group. The review shall include the production of evidence so as to accurately determine and measure performance in managing the Strategic Risk Register. Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk is being controlled / mitigated
- follow – up actions from previous reviews

Information shall be collated by Corporate Directors in advance of each review to enable the Group to address the need, if appropriate for changes to the way in which the strategic risk is being controlled / mitigated, the resources allocated, whether any risks can be removed or given back to the appropriate Directorate Risk Register for monitoring and review or new risks have been identified to be added to the Register.

The Strategic Risk Register will be reported to Cabinet on a 6 monthly basis (at a minimum).

10. Review

This Policy will be reviewed by Cabinet on a 3 yearly (at a minimum) basis.

This review will be informed by any independent assurance reports provided by the Governance & Audit Committee on the adequacy and effectiveness of the Council's corporate risk management arrangements. The Chief Finance Officer (S151 Officer) will also provide input to this review in respect of any changes to legislation and the working practices of the council.

Roles and Responsibilities within the Corporate Risk Management Policy

High standards of risk management shall be achieved through proactive and positive leadership. To achieve this it is necessary to detail the organisational arrangements within which risk can be managed and to specify the roles and responsibilities for the identification, monitoring, mitigation and review of risks.

The role of the Chief Executive is to:

i) Lead on the implementation of this Policy at the strategic level.
ii) Ensure Corporate Directors establish and maintain effective risk management systems and ensure the arrangements are followed as appropriate.
iii) Keep the council's arrangements for Risk Management under review and where appropriate to do so, make a report to council setting out proposals in respect of Risk Management.

The role of the Chief Finance officer (S151 Officer) is to:

i) Provide corporate leadership on Risk Management ensuring the policy and associated procedures provide good governance.
ii) Be responsible for risk profiling and management and maintaining the internal control environment and associate controls.

The role of Corporate Directors' Group is to:

i) Monitor and review on a quarterly basis (at a minimum) the Strategic Risk Register.
ii) Identify any emerging strategic risks and identify mitigating actions.
iii) Allocate sufficient resources to address strategic risks.
iv) Utilise the Strategic Risk Register when setting the council's priorities and updating the Medium Term Financial Plan.
v) Report on a 6 monthly basis (at a minimum) to Cabinet on the progress made in controlling and mitigating strategic risks.

vi) Create an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the council.

vii) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

The role of Senior Management Teams is to:

i) Identify any emerging directorate risks and address them by identifying future mitigating actions.

ii) Monitor and review respective Directorate Risk Registers on a quarterly basis.

iii) Utilise the Directorate Risk Registers in the planning of future service delivery.

iv) Report Directorate Risk Registers to Corporate Directors Group on a six monthly basis (at a minimum), identifying any significant Directorate risks to be escalated up to the Strategic Risk Register.

v) Consider any significant service risks for inclusion on the Directorate Risk Register.

vi) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

The role of accountable managers is to:

i) Identify any emerging service risks and address them by identifying future mitigating actions

ii) Monitor and review service risks via the Service Recovery Planning process

iii) Escalate significant risks to Senior Management Teams for consideration for inclusion on the relevant Directorate Risk Register.

The role of all staff:

     i)   To manage risk effectively in their job.

The role of Internal Audit is to:

i)   Function as "an independent, objective assurance and consulting activity" designed to add value and improve the council's corporate risk management arrangements.

ii)   Assist the council to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

iii)   Utilise the Strategic Risk Register, the Directorate Risk Registers and risks identified at the service level (via Service Recovery Plans) to inform the Internal Audit Action Plan

The role of Cabinet is to:

i)   Approve the Corporate Risk Management Policy and its review on a 3 yearly basis (at a minimum).

ii)   Monitor and review the Council's Corporate Risk Register on a six monthly basis.

The role of Governance and Audit Committee is to:

i)   Review and assess the Council's corporate risk management arrangements

ii)   Report and make recommendations to the Cabinet on the adequacy and effectiveness of the arrangements.

iii)   Ensure the Internal Audit Action plan reflects the corporate risks identified.

The role of all Members is to:

    i)   Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

Directorate / Strategic Risk Register Template:

Risk Ref	Risk Description	Risk Owner	Mitigation Plan	Progress of each item Complete – in progress – not started	Responsible Person	Inherent		Revised		Risk Rating	Please indicate whether there has been any change in risk rating since last report	Risk Owner Comment
						Impact	Likelihood	Impact	Likelihood			
R1												
R2												