

Managing Risk for better service delivery

A guide to Risk Management



This booklet is to help you understand how the council manages risk. It is a tool for anyone who works in the council, as well as a guide for those who receive our services.

This document is also available in Welsh.

Language Signpost

Os oes angen mwy o wybodaeth arnoch, gofynnwch i rywun yr ydych yn eu hadnabod sydd yn siarad Cymraeg neu Saesneg ffonio 01824 706291

If you need further information, please ask someone you know who speaks English or Welsh to telephone 01824 706291

Jeżeli potrzebują państwo dalszych informacji, proszę poprosić kogoś, kto mówi po angielsku lub walijsku żeby zadzwonił pod numer 01824 706291

اگر آپ کو مزید معلومات درکار ہوں تو برائے مہربانی انگریزی یا ویلش زبان جاننے والے اپنے کسی واقف کار سے کہیں کہ وہ آپ کی جانب سے فون نمبر 01824 70 6291 سے رابطہ کریں۔

আপনার যদি আরো তথ্যের প্রয়োজন হয়, তাহলে আপনার জানা ইংরেজী অথবা ওয়েলশ ভাষা বলতে পারেন এমন কাউকে অনুগ্রহ করে 01824 70 6291 নম্বরে টেলিফোন করতে বলুন

Se você precisar de nova informação, por favor pergunte alguém você sabe quem diz o galês o'r inglês para telefonar 01824 706291

إذا كنت بحاجة إلى مزيد من المعلومات ، يرجى الطلب من شخص ما تعرف من يتحدث الإنجليزية أو الويلزية الهاتف 01824706291

如果您需要更多信息，请向你认识的人谁讲英语或威尔士电话：01824706291

Introduction

This document describes what is known as Risk Management within Denbighshire County Council.

The aim of the council's risk management policy is to:

- Develop a consistent approach to risk management across the council.
- Encourage a proactive risk aware culture across all parts of the council.
- Maintain and improve customer confidence in our ability to deliver on our commitments.
- Reduce the possibility of unplanned activity or financial costs, and their effect on the council's reputation.
- Develop activity to prevent/reduce the impact and/or likelihood of their risk.
- Manage risk in accordance with best practice and statutory obligations.

Risk management should be all encompassing but not burdensome or bureaucratic, nor add unreasonably to the cost of running the council.

There is a chapter in this guide for every role, and it is hoped that by doing this, it will help you to understand what you need to know about risk management. But don't feel restricted by that – it is sometimes interesting to know what other people are doing too, whether you are:

- **A member of the public**
- **An elected member**
 - A Cabinet Member
 - A Scrutiny Member
 - A Corporate Governance Member
- **A member of staff**
 - The Chief Executive / a Corporate Director
 - A Head of Service
 - A Middle-Manager

- A Performance Officer within a service
- Strategic Planning & Performance Officer

Across all these roles there are some common things that it is useful to know:

- What is a risk?
- What is risk management?
- What is Risk Appetite?
- When do I need to consider risks?
- What risks should I consider?
- How do I describe risks?
- How do I score risks?
- What action do I take once I know the score?
- Where do I record risks?
- How do I report and escalate risk?
- What does the Wellbeing of Future Generations Act mean for Managing Risk?

It's also recommended that you take a look at the section titled 'Something for everyone'. The Glossary too is full of helpful information!

What is risk?

Our definition for **risk** is *'an event that, should it occur, would impact our ability to successfully achieve our priorities'*.

Often issues that have arisen are confused with risks.

'An issue is a consequence of a risk. It is already with us and management mitigation actions may be underway'.

We recognise 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. Therefore the process for identifying, assessing, controlling and monitoring risk is considered an integral part of our management process. As a result, we are able to enhance service delivery capabilities and better achieve our priorities and value for money.

What is risk management?

Risk Management is a planned approach to **Identify, Assess, Control and Monitor** risks and opportunities facing the Council. By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

What is risk appetite?

Risk appetite is the level of risk we are prepared to tolerate or accept as a Council in pursuit of our long term, strategic objectives. Determining and articulating our risk appetite allows us to consider all options to respond to risk and make informed decisions that are most likely to result in successful delivery whilst also providing an acceptable level of value for money. Risk appetite is

useful for sense checking our appetite to take risks (are we risk averse or risk hungry?) with our corporate priorities, projects, corporate or service risks and so on. Our Risk Appetite Statement and Framework can be found in Appendix 1 of this document.

When do I need to consider risks?

Continuous identification and assessment of risk and appropriate mitigating actions is key to the successful delivery of our priorities. The changing external environment and the decisions made in the course of running the council will continuously alter the status of risks identified and risks emerging.

When identifying and assessing risk, the following should be considered:

- Scope of the activities to be assessed (e.g. corporate, service, collaboration or project) and the associated priorities or goals (e.g. corporate plan, project objectives and terms of reference).
- Impact of the changing environment, both external and internal.
 - i) Externally this may include political, regulatory, economic, legislative and community changes.
 - ii) Internally it may include changing a process, service expectations, capabilities or partners.
- The level of risk the council prepared to take in relation to the activities in question (including consideration of Denbighshire's Risk Appetite Statement)

Annual Planning & Business as Usual

Risk management should be applied in day-to-day decision making and is a line management responsibility. However, there still needs to be specific times when progress against priorities and the outcome of

operational decisions are reviewed. It is at these points that formal discussions should happen and risk registers updated to reflect this. Discussions, review and reporting of risk should take place at regular management and team meetings.

Annual Service Planning also presents an opportunity to be forward looking and pro-active in our risk management.

Information Risk and Assurance

Every member of staff in the council has a role to play in the effective management of information. Information risks are vulnerabilities and threats to the information resources used by an organisation to achieve its priorities. Risks may include inappropriate disclosure or non-disclosure of information; loss, theft or fraud; information being wrongly destroyed; staff acting in error and failure to use information for the public good. The identification, assessment, monitoring and reporting of risks relating to our information assets will be carried out in the same way as other risks to service delivery.

Projects

Projects have clearly defined priorities, including scope, timeline and budget and it is therefore an obvious step to identify, assess and manage risk as part of project management.

Considering risk in the early stages of a project is time well invested. Risk incurred during the project has to be acted on and fixed, and will add to costs. It is better to identify and where necessary reduce risks at the start-up phase of the project than to allow a contingency on a basis that things will go wrong, but we don't know what.

This risk assessment process for projects is essentially the same as risk management processes described in this document, only that the financial risk assessment criteria are changed to reflect projects.

Alternative Service Delivery Models (ADSMs)

Risk management should be considered during the development of all options for the creation of an Alternative Service Delivery Model (which includes partnerships, collaborations, arm's length companies and outsourcing arrangements).

It is important to identify and consider all potential risks as early as possible, and risk management should form a fundamental part of the development of, and subsequently the management of all alternative service delivery models.

The risk assessment process for the establishment and management of alternative service delivery models is essentially the same as the risk management processes described in this document. A new toolkit will be available on our intranet and will give further information about alternative service delivery models.

Project Risk Assessment Criteria

| LIKELIHOOD | Event is almost certain to occur in most circumstances | >70% | Almost Certain | A | | | | | |
|------------|--|---|---|---|---|--|--------|------|-----------|
| | Event likely to occur in most circumstances | 30-70% | Likely | B | | | | | |
| | Event will possibly occur at some time | 10-30% | Possible | C | | | | | |
| | Event unlikely and may occur at some time | 1-10% | Unlikely | D | | | | | |
| | Event rare and may occur only in exceptional circumstances | <1% | Rare | E | | | | | |
| | | | | | | 5 | 4 | 3 | 2 |
| | | | | | Very Low | Low | Medium | High | Very High |
| | Time/Cost/ Objectives | Insignificant increase to project time or cost. Barely noticeable impact on project scope or objectives | <5% increase to project time or cost. Minor impact on project scope or objectives | 5% - 20% increase to project time or cost. Major impact on project scope or objectives requiring sponsor approval | 20% - 50% increase to project time or cost. Impact on project scope or objectives unacceptable to sponsor | >50% increase to project time or cost. Project fails to meet objectives or scope | | | |
| | Service Performance | Minor errors or disruption | Some disruption to activities/ customers | Disruption to core activities/ customers | Significant disruption to core activities. Key targets missed | Unable to deliver core activities. Strategic aims compromised | | | |
| | Reputation | Trust recoverable with little effort or cost | Trust recoverable at modest cost with resource allocation within budgets | Trust recovery demands cost authorisation beyond existing budgets | Trust recoverable at considerable cost and management attention | Trust severely damaged and full recovery questionable and costly | | | |
| | Financial Cost (£) | <£50k | £50k - £350k | £350k - £1 m | £1 m - £5 m | >£5m | | | |
| | | IMPACT | | | | | | | |

What risks should I consider?

Risks should be captured whether they are under the council's direct control or not. It should be noted that there is a positive side to risk (opportunity) that should not be overlooked and can often be captured as a potential missed opportunity.

To ensure a consistent approach is taken across the council, we use the following framework of risk categories. These categories focus on the source of risk, and are intended to be used as a set of prompts to consider scenarios that will give rise to consequences that will impact on specific outcomes.

| |
|--|
| <p style="text-align: center;">Political <i>Arising from the political situation</i></p> <ul style="list-style-type: none">• Change of Government policy• Political make-up• Election cycles• Decision-making structure• Abuse (e.g. fraud, corruption)• Reputation management |
| <p style="text-align: center;">Economic & Financial <i>Arising from the economic situation, and the financial planning framework</i></p> <ul style="list-style-type: none">• Treasury – investment, reforms• Demand predictions• Competition and the effect on price• General/regional economic situation• Value/cost of capital assets |

Community

Demographics, social trends, and meeting customer needs/expectations

- Residential patterns and profile
- Social care
- Regeneration
- Customer care
- Quality of community consultation

Technological

Arising from the ability to deal with pace of change, and the technological situation

- Capacity to deal with change/advance
- State of architecture
- Obsolescence of technology
- Current performance and reliability
- Security and standards
- Failure of key system or project

Legislative/Regulatory

Arising from current and potential legal changes and/or possible breaches, and the organisation's regulatory information

- New legislation and regulations
- Exposure to regulators
- Legal challenges/judicial review
- Adequacy of legal support

Environmental

Concerned with the physical environment

- Type of environment (urban, rural, mixed)
- Land use - green belt, brown field sites
- Waste disposal and recycling issues
- Impact of civil emergency (i.e. flood)
- Traffic problems, planning, & transport
- Pollution, emissions, noise
- Climate change & energy efficiency

Professional/Managerial

The need to be managerially and professionally competent

- Peer reviews (e.g. IDeA, consultancy)
- Stability of officer structure
- Competency and capacity
- Management frameworks and processes
- Turnover, recruitment, and retention
- Profession-specific issues

Physical Hazards and Health & Safety

Physical hazards associated with people, land, buildings, vehicles and equipment

- Health, safety and wellbeing of staff, partners and the community
- Accident and incident record keeping
- Maintenance practices
- Security of staff, assets, buildings, equipment
- Nature and state of asset base

Partnership/Contractual

Partnerships, contracts and collaboration

- Key partners - public, private & voluntary
- Accountability frameworks and partnership boundaries
- Large-scale projects with joint ventures
- Outsourced services
- Relationship management
- Change control/exit strategies
- Business continuity
- Partnerships – contractual liabilities

How do I describe risks?

Describing the risk is important to ensure that risks are fully understood, and to assist with the identification of actions, the cause and effect of each risk must also be detailed. Typical phrases used to do this could include:

| Description | Cause | Effect |
|---|-------------------------------|---------------------------------|
| Risk of ... Failure to ... Failure of ... Lack of ... Loss of ... Uncertainty of... Delay in ... Inability to ... Inadequate ... Partnership with... Development of... Opportunity to... Damage to... | ... due to ... because ... | ...leads to... results in... |

Having identified and described a risk, it is important to assess the causes, the potential consequences/impact and how effectively it is being managed.

How do I score risks?

Risk is measured in terms of impact and likelihood against agreed risk assessment criteria. The risk assessment criteria we use in Denbighshire are 'semi-quantitative', which means they are more than a simple high, medium and low approach. These criteria help us to be more objective in our assessment and enable risks to be both prioritised and escalated consistently. This prioritisation helps us decide where we should focus our risk management efforts.

The impact of a risk is measured in five broad bands, from very low to very high and the likelihood from rare to almost certain. When assessing likelihood it should be based on an appropriate time frame, generally over the

Service Plan but extending in line with longer term plans if necessary.

| LIKELIHOOD | Event is almost certain to occur in most circumstances | >70% | Almost Certain | A | | | | | | |
|------------|--|--------|----------------|---|---------------------|--|--|---|---|--|
| | Event likely to occur in most circumstances | 30-70% | Likely | B | | | | | | |
| | Event will possibly occur at some time | 10-30% | Possible | C | | | | | | |
| | Event unlikely and may occur at some time | 1-10% | Unlikely | D | | | | | | |
| | Event rare and may occur only in exceptional circumstances | <1% | Rare | E | | | | | | |
| | | | | | 5 | 4 | 3 | 2 | 1 | |
| | | | | | Very Low | Low | Medium | High | Very High | |
| | | | | | Service Performance | Minor errors or disruption | Some disruption to activities/customers | Disruption to core activities/customers | Significant disruption to core activities. Key targets missed | Unable to deliver core activities. Strategic aims compromised |
| | | | | | Reputation | Trust recoverable with little effort or cost | Trust recoverable at modest cost with resource allocation within budgets | Trust recovery demands cost authorisation beyond existing budgets | Trust recoverable at considerable cost and management attention | Trust severely damaged and full recovery questionable and costly |
| | | | | | Financial Cost (£) | <£50k | £50k - £250k | £250k - £1 m | £1 m - £5 m | >£5m |
| | | | | | IMPACT | | | | | |

The combination of impact and likelihood results in a risk exposure rating of:

| | | |
|---|----------|--|
|  | Minor | Risk easily managed locally – no need to involve management |
|  | Moderate | Risk containable at service level – senior management and SLT may need to be kept informed |
|  | Major | Intervention by SLT and / or CET with Cabinet involvement |
|  | Critical | Significant CET and Cabinet intervention |

A number of different descriptors are provided to help estimate the risk impact – service performance, reputation and financial cost. The purpose of multiple descriptors is that whilst it is not always easy to estimate the cost impact of a risk, it is sometimes easier

to compare to a qualitative statement (e.g. “disruption to core activities/customers”).

In addition to qualitative statements, some guidance probabilities are given. These can also be considered as frequency of occurrence where 1% is equivalent to the likelihood of a 1 in a 100 year event occurring, 10% is a 1 in 10 year event, and 50% is a 1 in 2 year event, etc.

Remember these are to be used as a guide and to provide consistency – they are not meant to be exact descriptors.

The likelihood and impact of risks need to be considered after existing controls have been evaluated as to their effectiveness. Existing controls refers to controls actually in place not those we plan to put in place. For each control identified it is important to review its effectiveness in managing the risk and that the residual risk assessment accurately reflects this.

Inherent Risk: The risk that an activity would pose if ***no controls*** or other mitigating actions were in place.

Residual Risk: The risk that remains ***after controls*** are taken into account.

What action do I take once I know the score?

Once you identify the risk and have considered existing controls and given your risk a score, you need to determine if any additional actions are required.

Generally where the risk is **High** or **Critical**, then further action is necessary.

Where the risk is **Moderate**, careful consideration should be given to the need for further action.

Where the risk is **Low**, generally no action is required.

There are normally options for improving the management of risk and they fall into the following categories:

Tolerate: Involves accepting the risk and its impacts. This could include deciding to cover any losses if it were to happen, or where the costs to control exceed the benefits.

Treat: Reduce the risk by making it less likely to happen or reducing the impact if it does. This can include training, improved procedures, new equipment/systems or changing policies etc.

Transfer: Involves passing the risk or costs of the impact outside of the organisation. This could include outsourcing or taking out insurance to cover the costs.

Terminate: Eliminate the risk by ceasing the activity that presents the risk.

It is also important to compare the risk evaluation to the agreed Risk Appetite for each risk category.

The risk appetite sets out the level of risk that the Council is prepared to accept, tolerate or be exposed to at any point in time. This will vary depending on the category of risk. In some areas, the Council will take more risk in order to support innovative thinking. In other areas the Council may take less risk to ensure legal compliance for example.

While the Council deems any critical (red) risk intolerable, it is envisaged that all other risks will be managed in accordance with the risk appetite framework.

However, risk appetite does not replace the reporting and escalation process outlined below. Risks continue to be managed at the lowest and most appropriate level in the organisation and only escalated when action is required outside the control of the current risk owner.

How do I report and escalate risks?

The monitoring of risks is a normal management activity and as such should be integrated as part of normal line management responsibilities.

It is important to ensure that risks themselves are subject to review with appropriate frequency through, Cabinet, Chief Executive Team/Senior Leadership Team, Service Performance Challenges and Team meetings within individual services.

It is then expected that six monthly reports are presented to Members at the Performance Scrutiny Committee, highlighting key risks facing the council and their management through the presentation of the Corporate Risk Register.

All service risks will have been agreed and endorsed by the Head of Service and relevant lead Cabinet Member(s). This is done through 1-2-1 meetings between the Head of Service and Lead Members. If a risk is considered to then be a `Corporate` risk this would need to be a discussion between the Head of Service and the relevant Director to escalate it to a `Corporate` level via the Council's Senior Leadership Team (SLT). All corporate risks subsequently will be agreed and endorsed by SLT and Cabinet and will be scrutinised by the Performance Scrutiny Committee.

The escalation criteria below is used in order to describe required management intervention depending upon the risk severity. These criteria are set at corporate level and

| | | |
|---|----------|--|
|  | Minor | Risk easily managed locally – no need to involve management |
|  | Moderate | Risk containable at service level – senior management and SLT may need to be kept informed |
|  | Major | Intervention by SLT and/ or CET with Cabinet involvement |
|  | Critical | Significant CET and Cabinet intervention |

are not intended to suggest that a moderate risk (at corporate level) is not important to a particular service (at service level) and might require further actions or monitoring at that service level:

Where do I record risks?

In Denbighshire we use a cloud storage system called [Verto](#) to help record and monitor all service and project risks.

Services are advised to monitor their Risk Register every 6 months with officers in services to help collect and input risk information into Verto.

What does the Wellbeing of Future Generations Act mean for Managing Risk?

The Act requires the Council to think more about the long term, how we work better with people and communities and each other, look to prevent problems and take a more joined up approach with partners.

All decisions made by the Council must be understood in the context of the Sustainable Development Principle; i.e. are the needs of the present being met without compromising the ability of future generations to meet their own needs?

There are five things we need to consider to be able to demonstrate that we have applied the Sustainable Development Principle (Long Term Thinking, Prevention, Integration, Collaboration and Involvement).

There will be long term risks that will affect both the delivery of services, but also the communities you are enabling to improve. Therefore, it is important that you use these five ways of working and the wellbeing goals identified in the Act in order to frame what risks you

may be subject to in the short, medium and long term. This will then allow you to take the necessary steps to ensure they are well managed now and in the future.

For more information about the Act, take a look at the [Essentials Guide](#) online – www.thewaleswewant.co.uk

Something for everyone

We all expect:

- That council services are delivered to a high standard, ensuring risks are managed effectively.
- Legislative duties to be met.
- Access to up-to-date information and data that tells us how the council is managing risk.
- To be listened to and our concerns acted upon.

We all have a responsibility to promote:

- Communication and engagement
- The Welsh language.
- Access to services and respect of others, keeping in mind the nine protected characteristics and those in poverty.
- The Sustainable Development principle and the five governance approaches.

How do we do this?

Collectively we all have a role to play to make sure that these expectations are met. We do this naturally through our interaction with one another and the council. To understand the contribution that you can make as an individual, read through the roles below.

I am a Member of the Public

As a member of the public I expect:

- High quality services that are well planned and meet my needs.
- Access to up-to-date information and data that is easy to understand.

I am responsible for:

- Challenging the council's management of risk, and letting them know where things can be done better. Please see '[Your Voice](#)' online at www.denbighshire.gov.uk.

How do I do this?

- Our Annual Performance Report is published [online](#) detailing our current performance and risk management. Hard-copies are available in our Libraries and receptions.
- Council meetings, Cabinet and Scrutiny are public and you are welcome to attend. You can also view some meetings online through [Denbighshire County Council Webcasts](#).

I am an Elected Member

As an elected member I expect:

- Reliable information, advice and support from council officers to help me make decisions and carry out my role.
- To be kept informed of issues and risks affecting my ward.

I am responsible for:

- Challenging the council's risk management, seeking improvement where possible.
- Understanding the corporate risks facing the council, and being aware of how these risks are being managed.
- Ensuring that any associated risks have been taken into consideration when scrutinising decisions.
- Raising risks not already identified.

How do I do this?

- Participate in meetings, representing the voice of the citizen.
- Raise issues / concerns with relevant managers.
- Engage with, and scrutinise the information available in Verto to help inform decisions and identify ways to make improvements.

I am a Cabinet Member

As a Cabinet Member I expect:

- Accurate and timely information regarding risks to help inform decisions and identify areas for improvement.

I am responsible for:

- Monitoring the delivery of service plans and the management of Service Risk Registers with Heads of Service on a quarterly basis.
- Monitoring and driving forward the delivery of our corporate priorities.
- Monitoring and managing risks on the Corporate Risk Register.

Have I:

- Met with the relevant Head of Service in my portfolio to give input and agree the content of the Service Plan and Risk Register?
- Reviewed risk information for the council and the services I represent on a quarterly basis?
- Reviewed the Council's risk appetite on an annual basis?

I am a Scrutiny Member

As a Scrutiny Member I expect:

- Accurate and timely information regarding risks to help inform decisions and identify areas for improvement.

I am responsible for:

- Scrutinising the delivery of service plans and the management of Service Risk Registers.
- Scrutinising the delivery of the council's priorities.
- Scrutinising the management of our Corporate Risk Register.

Have I:

- Reviewed Service and Corporate Risk Registers on a regular basis?

I am a Corporate Governance Member

As a member of Corporate Governance I expect:

- Assurance that our risk management processes are robust and being consistently applied across the council.

I am responsible for:

- Review and endorsement of the Risk Management Policy & Guidance.
- Monitoring the application of our risk management processes.

Have I:

- Reviewed risk information in Verto?

I am a Member of Staff

As a member of staff I expect:

- To understand the council's priorities and the contribution my work makes towards them.
- Tools and systems in place that support the development, communication and monitoring of our risk information, helping me to understand how the council and its services are managing risk.

I am responsible for:

- Supporting the delivery of the Service Plan.
- Improving services.
- Mitigating potential risks where appropriate.

How do I do this?

- Ask questions, contribute ideas and challenge the way we do things.
- Raise any risks or concerns with managers.
- Get involved in the Service Planning process and give your input to the Service Plan.
- Stay up-to-date with the council's risk management processes.
- Provide honest and easy to understand updates on the progress of work and any issues being experienced.

I am the Chief Executive/a Corporate Director

As the Chief Executive / a Corporate Director I expect:

- Staff to be engaged with our Risk Management process and understand their contribution.

I am responsible for:

- Ensuring the risk management processes remain fit for purpose and effectively implemented
- Championing a culture of risk management within the council.
- Monitoring the Corporate Risk Register.
- Keeping elected members informed of issues relevant to them.
- Reviewing service risks with Heads of Service as part of regular 1-2-1 meetings.

Have I:

- Provided input to Service Plans and Risk Registers?
- Reviewed risk data on at least a quarterly basis with Heads of Service?
- Reviewed the Council's risk appetite on an annual basis?
- Provided ongoing input to the council's Needs Assessment and used its intelligence to shape service planning, risk management and delivery?

I am a Head of Service

As a Head of Service I expect:

- Guidance from Corporate Directors, Cabinet Members, and the Strategic Planning & Performance Team on Risk Management.
- Scrutiny members and Staff to also be engaged in the development and delivery of the Service including risk management.

I am responsible for:

- Monitoring the Corporate Risk Register.
- Keeping elected members informed of issues relevant to them.
- The development, communication and delivery of the Service Plan and risks with key stakeholders, which includes keeping elected members informed of issues relevant to them.
- Managing service risk, with input from staff, ensuring that risks are escalated as required.
- Ensuring the risk management processes remain fit for purpose and effectively implemented
- Championing a culture of risk management within the council.

Have I:

- Consulted and engaged with key stakeholders, including managers, staff and Lead Cabinet members?
- Taken customer need into account and covered any legislative duties that might apply?
- Considered the implications of plans and potential risks?
- Reviewed risk data on a quarterly basis with my Cabinet Member(s) and management team and identified opportunities to improve?
- Reviewed the Council's risk appetite on an annual basis?

- Communicated key messages to staff (good and bad)?
- Provided input to the council's Needs Assessment and used its intelligence to shape service planning, risk management and delivery?

I am a Middle Manager

As a Middle Manager I expect:

- Clear direction from the Council and senior leaders.
- Staff to be engaged in the delivery of the Service Plan, aware of the service risk register and understand their contribution towards successful service delivery.

I am responsible for:

- Helping Heads of Service communicate the strategic vision of the council and involving staff in the development and delivery of the Service Plan and risks, which includes keeping elected members informed of issues relevant to them.
- Ensure staff engage and commit to activity within the Service Plan.
- Supporting the Head of Service with the monitoring of the service risk register, also engaging with team members.
- Identifying potential risks in service delivery and discussing with the Head of Service.

Have I?

- Consulted and engaged with key stakeholders during the development of the Service Plan and Risk Register?
- Addressed any new legislative duties?
- Evaluated the implications of the plan and potential risks?
- Set realistic expectations for projects / activities?
- Reviewed risk data on a quarterly basis to inform the Service's own improvement?
- Communicated key messages to staff (good and bad)?
- Provided ongoing input to the council's Needs Assessment and use its intelligence to shape service planning, risk management and delivery?

I am a Performance Officer within a service

As a Lead Performance Officer I expect:

- To have a clear understanding of the councils risk management processes.
- Service Plans and Risk Registers to have input and ongoing challenge from stakeholders, including the Corporate Director(s), Lead Cabinet Member(s), staff and the public.

I am responsible for:

- Supporting the Head of Service in the completion and communication of a clear and easy to follow Service Plan (by March 31st) and Risk Register, ensuring the involvement of the right people, and making sure that staff understand their commitments.
- Keeping the Service Plan and Risk Register up-to-date (these are live documents and should be updated with any new activity/developments during the year).
- Ensuring that accurate and easy to understand risk updates have been provided in Verto within one month of the end of the quarter. Any comments provided should be in plain English and avoid acronyms.

Have I:

- Consulted with and involved the relevant Strategic Planning & Performance Officer to ensure that there is consistency in the approach you take and no conflict with work elsewhere?
- Ensured that customer needs are taken into account, as well as any legislative duties that apply?

- Analysed the implications of the service plan and potential risks?
- Used Verto to help collate the detail of the Service Plan and maintain the Service Risk

I am a Strategic Planning & Performance Officer

As a Strategic Planning & Performance Officer I expect:

- Service Risk Registers to be maintained and up-to-date.
- Accurate quarterly updates to be submitted within one month of the end of a quarter, with clear and understandable comments where applicable.
- Issues to be challenged by stakeholders, in particular by Cabinet, Scrutiny and the public.

I am responsible for:

- Maintaining the integrity of the data collection, monitoring and reporting process within the council.
- Supporting services in their service planning and risk management, ensuring consistency of approach, and giving due regard to important considerations such as the Equality Act, the Well-being of Future Generations Act, the Social Services & Well-being Act, and other council and partnership commitments.
- Producing accurate information and reports as required by Senior Leaders, the Council, Cabinet, Scrutiny and Corporate Governance.

Have I?

- Monitored quarterly risk updates from services?
- Supported services in the ongoing monitoring of risk as required?
- Liaised with services and senior management to ensure risks are properly recorded and escalated as required?

Glossary

Plans

| | |
|---|---|
| Corporate Plan | The Corporate Plan is the overarching strategic plan for the council, and responds to the Public Services Board's Well-being Plan. It sets out our main priorities for the term of council. This sits above Service Plans. |
| Service Plan | The Service Plan is really the basis of the Council's Performance Management Framework. It contains all indicators / performance measures and improvement activity relating to the key outcomes that services consider important. Service Plans feed up into the council's Corporate Plan and the Public Services Board's Well-being Plan, and are signed off by the relevant Cabinet Lead Member. Some services also have operational plans beneath their service plans, but these are not monitored corporately. |
| Strategic Equality Plan | The Equality Act 2010 requires public bodies to have a plan in place to address inequalities. This has previously been a separate document to the council's Corporate Plan, but will in future be included. One of the Well-being Goals set by the Welsh Government is for a More Equal Wales. It makes sense, therefore, to incorporate this into our core business. There are nine protected characteristics when we talk about equalities: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation. |
| The Well-being of Future Generations Act | The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales. It will make us think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach with partners. All decisions must be understood in the context of the |

Sustainable Development Principle. For more information, take a look at the [Essentials Guide](#) online - www.thewaleswewant.co.uk

Reports

Annual Performance Report

The Annual Performance Report is a statutory requirement for all local authorities and must be published by October 31. This is the overall analysis of the council's performance against its Strategic Plans - primarily the Corporate Plan - for the preceding financial year.

Performance Management

Improvement Activity

Improvement Activity are key programmes, projects or actions that have been identified to support the outcome. This includes actions arising from the staff survey or risk registers.

Outcome

The council uses Results Based Accountability (RBA) to monitor the delivery of its plans. An outcome is a benefit experienced by a customer (usually the public) or community (such as businesses, for example). For support services the customer may be internal. An example of an outcome is 'Students achieve their potential'.

Performance Management System

The council uses a cloud management system called [Verto](#) to monitor service performance, project management and risk information.

Project Register

The Project Register is a record of current projects being delivered by the council.

Service Performance Challenge

The Service Performance Challenge (or Service Challenge) is an annual process that looks at the overall performance of a Service. Generally one is held per month. The panel is usually chaired by the Chief Executive, and attended by the relevant lead Cabinet Member(s), scrutiny committee members, Corporate Directors, Head of Business Improvement & Modernisation and Head of Finance & Assets. Our regulators also attend. The Panel usually meet three weeks before the Challenge to set Lines of Inquiry.

Service Planning

Service Planning is activity that usually takes place between January and March to agree the content of service plans for the following financial year. Strategic Planning & Performance Officers work with Performance Lead Officers and Heads of Service to develop these in Verto by March 31st, though they are live documents that should be kept up-to-date throughout the year. The activity in Service Plans will inform the council's annual delivery document, which is published in April / May. The template for Service Plans is in Verto, and is based on the Results Based Accountability (RBA) approach. For further guidance on how to build a service plan, speak to the Strategic Planning & Performance Team.

Thresholds

In Denbighshire we avoid the term 'target'. Instead we prefer to work within a range that represents what it means to be Excellent (Green), Good (Yellow), Acceptable (Orange), or a Priority for Improvement (Red). To determine that range we set an Excellence (Green) and Intervention (Red) threshold for all indicators and performance measures, usually as part of our service planning activity. Acceptable and Good thresholds are calculated by taking the half-way point between Excellence and Intervention. Denbighshire works to a four colour ROYG system in Performance, Project and Risk Management.

Risk Management

Control

An existing process, policy, practice or other action that acts to minimize negative risk or enhance positive opportunities. The word 'control' may also be applied to a process designed to provide reasonable assurance regarding the achievement of outcomes.

Corporate Risk Register

The Corporate Risk Register is owned by the Senior Leadership Team (SLT) and Cabinet. It is monitored by them and Performance Scrutiny on a six-monthly basis. It takes the most severe and common risks from Service Risk Registers and Corporate Director

| | |
|--------------------------------|---|
| | portfolios. Like the Service Risk Registers, it is stored on Verto. |
| Event | Occurrence of a particular set of circumstances. An event can be certain or uncertain. An event can be a single occurrence or a series of occurrences. |
| Impact | Outcome or impact of an event. There can be more than one impact from one event. Impacts can range from positive to negative. Impacts can be expressed qualitatively or quantitatively. Impacts are considered in relation to the achievement of outcomes. |
| Inherent Risk (Gross) | Risk before consideration of existing controls and their effectiveness. |
| Issue | Refers to the consequences of a risk already with us and management mitigation actions are underway or planned. In a project environment an issue is a point or matter in question or in dispute, or a point or matter that is not settled but is under discussion. |
| Likelihood | Describes the extent to which an event is likely to occur. Likelihood can be expressed qualitatively or quantitatively. Probability or frequency may be used in describing a risk. |
| Residual Risk (Net) | Risk remaining after consideration of existing controls and their effectiveness. |
| Risk | A risk is an event that, should it occur, would impact our ability to successfully achieve our priorities. Risk is a measure used to describe the uncertainty surrounding an event and its potential impact. |
| Risk Appetite | The level of risk we are prepared to tolerate or accept in the pursuit of our long term, strategic objectives. |
| Risk Appetite Framework | The framework describes the behaviors for each of the risk appetite classifications. This helps the Council assess its appetite to take risks. |
| Risk Appetite Statement | The statement sets out the Council's approach to risk-taking by defining its risk appetite thresholds. |
| Risk Assessment | The overall process of risk identification, analysis, action planning and reviewing. |
| Service Risk Register | The Service Risk Register captures risks within a Head of Service's portfolio. Like the Corporate Risk Register, these are monitored through Verto. |

Appendix: Denbighshire's Risk Appetite Statement

Date reviewed: September 2019

This statement sets out Denbighshire County Council's approach to risk-taking by defining its risk appetite thresholds. It is a statement that will be reviewed and modified annually, so that any changes to the organisation's strategies, objectives or its capacity to manage risk, are properly reflected. It will be communicated throughout the organisation in order to drive robust risk management and to ensure risks are properly identified and actively managed.

Risk Appetite is the level of risk we are prepared to tolerate or accept in the pursuit of our long term, strategic objectives. Our aim is to consider all options to respond to risk appropriately, and make informed decisions that are most likely to result in successful delivery, whilst also providing an acceptable level of value for money.

The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established before decisions are made. We recognise that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply.

Risk appetite does not replace the escalation process defined within the risk management policy. Risks continue to be managed at the lowest and most appropriate level in the organisation and only escalated when action is required outside the control of the current risk owner.

The Council’s appetite for risk across its activities is classified against the following scale, which is derived from the [UK Government’s Orange Book on Risk Management](#):

| Classification and description | | | | |
|--|--|--|---|---|
|  Unacceptable to take risks | | | Willingness to take risks  | |
| Averse | Minimalist | Cautious | Open | Hungry |
| Avoidance of risk and uncertainty is a key organisational objective | Preference for ultra-safe options that have a low degree of inherent risk and have a potential for only limited reward | Preference for safe options that have a medium degree of inherent risk and may have some potential for rewards | Willing to consider all delivery options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money) | Eager to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk |

Denbighshire County Council's Risk Appetite

| Denbighshire County Council's Risk Appetite | | | | |
|---|------------|----------|------|--------|
| Averse | Minimalist | Cautious | Open | Hungry |

| | | | | | |
|-------------------------------|--|---------------------------------|-------------------------------------|-------------------|--|
| Reputation & Credibility | | | | | |
| Operational & Policy Delivery | | | | | |
| Financial | | | <i>(Treasury management)</i> | <i>(Projects)</i> | |
| Compliance & Regulation | | | | | |
| People (Workforce) | | <i>(Terms & conditions)</i> | <i>(Learning & development)</i> | | |

Reputation and Credibility (risks about the trust/confidence people have in the council): It is considered essential that the Council preserves its reputation. However, the Council is willing to accept an **Open Risk Appetite** in the conduct of any of its activities that could put its reputation at risk but only where there is confidence that the likely outcome is anticipated to be successful.

Operational and Policy Delivery (risks which focus on long term goals and the service which our customers receive): The environment the Council works in is continually changing through both its internal operations, the services it provides and the external environment. The Council aims to be a leading local authority in North Wales and aims to be progressive and innovative. Therefore, the Council is willing to accept an **Open Risk Appetite**.

Financial (risks about financial loss and value for money): The Council aims to maintain its long-term financial viability and its overall financial strength whilst aiming to achieve its strategic and financial objectives. Although the approach to risk is detailed in

a number of key documents, such as the Medium Term Financial and the Treasury Management Strategy that are approved on an annual basis, the following key points are important:

- The Council is required to set a balanced overall revenue budget by early March every year and Heads of Service must then contain net expenditure within approved service totals. In practice the council aims to have a balanced budget approved by Cabinet and Council in January, and Council Tax set in February, well before the statutory deadline;
- In accordance with its reserves strategy, a minimum General Fund unallocated reserves balance of 2.5% of net budget or £5m whichever is greater.
- The Council's Treasury Management Strategy sets out in detail the Council's approach to risk around borrowing and investment, the approach is summarised below:
 - a. Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and the Welsh Government Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
 - b. The Council monitors its cash position and interest rate levels on a daily basis to ensure that further long term borrowing is undertaken from the Public Works Loan Board at the optimal time to ensure that ongoing Capital commitments are fully funded.

Therefore, the Council is willing to accept a **Cautious Risk Appetite** in relation to treasury management. However, in relation to projects, the Council is willing

to accept an **Open Risk Appetite**. This difference reflects the risk and reward inherent in many of our large-scale projects.

Compliance & Regulation (risks about adherence to law, regulations and guidelines): The Council recognises the need to place high importance on compliance, regulation and public protection and has a **Cautious Risk Appetite** for breaches in statute, regulation, professional standards, ethics, bribery or fraud.

People (Workforce): The Council recognises that its employees are critical to the achievement of its objectives and that staff support and development are key to making the Council a place of work that inspires good performance. It places importance on equality and diversity, dignity and respect, and the well-being and safety of staff. Therefore, the Council has a **Minimalist Risk Appetite** for any deviation from its standards in terms and conditions but has a **Cautious Risk Appetite** in relation to learning and development, where riskier approaches may be considered.

Risk Appetite Framework

| Risk Appetite Classification | Averse | Minimalist | Cautious | Open | Hungry |
|--|--|---|--|---|--|
| | Avoidance of risk and uncertainty is a key organisational objective | Preference for ultra-safe options that have a low degree of inherent risk and have a potential for only limited reward | Preference for safe options that have a medium degree of inherent risk and may have some potential for rewards | Willing to consider all options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money) | Eager to be innovative and to choose options offering potentially higher business rewards despite greater inherent risk |
| Consequence of Risk | Example behaviors when taking key decisions... | | | | |
| Reputation and credibility | No tolerance for taking risks where there is a chance of any negative repercussion for the Council (locally or further afield) | Tolerance for risk taking limited to those events where significant repercussion for the Council is extremely unlikely | Consider activities which could result in minor scrutiny and reputational repercussions but only where steps can be taken to minimise any exposure to an acceptable level | Comfortable to take risks that could expose the Council but only where appropriate steps have been taken to proactively manage community relations and media and coverage | Keen to take decisions that are likely to result in significant or national scrutiny of the Council, with reputational repercussions, where the benefits are considered to be great |
| Operational and policy delivery | Aim to maintain or protect, rather than to create or innovate Priority for tight management controls and oversight General avoidance of systems / technological developments | Innovations avoided unless essential Decision making authority held by senior management Only essential systems / technological developments are considered | Tendency to stick to the status quo, innovations generally avoided unless necessary Decision making authority generally held by senior management Systems / technological developments limited to improvements to protect current operations | Innovation supported, where measurable improvements anticipated New systems / technological developments considered Responsibility for non-critical decisions may be devolved | Innovation pursued. Desire to 'break the mould' and challenge current working practices New technologies viewed as a key enabler of operational delivery High levels of devolved authority – management by trust rather than tight control |

Continued...

| Risk appetite Classification | Averse | Minimalist | Cautious | Open | Hungry |
|---|---|---|--|---|--|
| | Avoidance of risk and uncertainty is a key organisational objective. | Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward. | Preference for safe delivery options that have a medium degree of inherent risk and may have some potential for rewards. | Willing to consider all delivery options and choose one that is most likely to result in successful delivery with an acceptable level of reward (and value for money). | Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk). |
| Consequence of Risk | Example behaviors when taking key decisions... | | | | |
| Financial/ Value for Money (VfM) | Avoidance of financial loss is a key objective Only willing to accept the low cost/most secure option Resources withdrawn from non-essential activities | Only prepared to accept the possibility of very limited financial loss, if absolutely unavoidable VfM is the primary concern | Prepared to accept the possibility of some limited financial loss VfM still the primary concern but also willing to consider wider benefits | Prepared to invest where there is high reward and risks of financial loss can be managed to a tolerable level Value and benefits considered (not just cheapest price) Resources allocated in order to capitalise on potential opportunities | Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place) Resources allocated without firm guarantee of return |
| Compliance – legal / regulatory | 'Play it safe' with no deviation from legal or regulatory requirements. Avoid anything which could be challenged | Consider only activities that could deviate in a very minor way from compliance expectations | Only willing to 'stick our neck out' when the risk of challenge is very low | Some appetite to deviate where challenge is likely, but only if we are likely to win it and where the gain will outweigh the adverse consequences | Chances of losing are high and consequences serious but a win could be seen as a great coup |
| People (Workforce) | No transformational approaches are considered. Maintenance of status quo is considered the priority Preference for tight management controls and oversight | Willing to consider tried and tested approaches that do not threaten staff morale or terms and conditions | Will weigh up the potential rewards of new/untested approaches but only where the risk is low and can be managed | Likely to choose an option that results in changes to staff morale or terms and conditions where that option results in value for money | Innovative in taking risks in relation to our workforce that will offer benefits to staff and the organisation Expectation that staff are highly self-motivated and self-supportive |

For more information about anything in this booklet

Please feel free to contact the Strategic Planning & Performance Team. We would be happy to provide any additional guidance and materials to help you.



Email:

strategicplanningteam@denbighshire.gov.uk



Phone: 01824 706291 (Monday to Friday, 8:30am to 5pm). Rydym yn croesawu galwadau ffôn yn Gymraeg / We welcome telephone calls in Welsh.



Write to us: Strategic Planning & Performance Team, Denbighshire County Council, PO Box 62, Ruthin, LL15 9AZ.