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# Risk management strategy and policy

(Includes minimum  
standards for risk  
management)

## Document control

Version	Date	Author	Reason
0.1	23.02.2023	CS	1 <sup>st</sup> draft for comment.
0.2	13.03.2023	CS	Minor changes made following comments from Governance and Finance workstream.
1.0	22.03.2023	CS	Board agreed policy.
1.1	12.3.2023	AM	Reviewed by Tim Arwain
2.0	15.8.2024	RB	Reviewed and updated.
2.1	30.10.24	RB	Reviewed and Supported by the Board following discussion by the Audit and Risk Assurance Committee in September.
2.2	26.3.25	RB	Final draft submitted to Board for approval.

## Document review

Agreed on	Agreed by	Review date
22.03.2023	Llais Board	2024

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# Introduction

This document sets out the Llais<sup>1</sup> strategy and policy framework for risk management and highlights that over time organisation will move towards a model that also embraces and uses strength based and positive action frameworks to support Llais in the achievement of its agreed goals and objectives.

Good risk management can enhance strategic planning and prioritisation, assist in achieving objectives and strengthen our ability to be agile and respond to the challenges we face. It can enable Llais to better understand the potential risk of non-delivery of our stated objectives and goals and assist in identifying ways for Llais to positively and appropriately plan and respond.

Risks, therefore, can be framed positively and negatively. Traditionally, risks are framed negatively regarding potential events and circumstances that could do harm or limit progress. However, risks can also be framed positively. Embracing positive action can foster innovation, identify new approaches to overcome long-standing problems and maximise the advantage for the organisation in achieving our stated objectives and goals.

This strategy and policy aim to balance both approaches over time. Continuing with traditional risk-based models at present, but over the next

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<sup>1</sup> Llais is the operating name for the Citizen Voice Body for Health and Social Care, Wales.

two years further exploring the opportunities presented by strength-based and positive action-based frameworks. It is envisioned that this will provide the most rounded risk approach and profile for Llais. It will create organisational systems and processes that will act as enablers for Llais and its staff and support and advantage the people we serve. It is anticipated that adopting this model will provide enhanced resilience, increased stakeholder trust, and a stronger culture of innovation.

Llais will not only use our risk approach to prevent potentially negative things from happening but also support taking some positive action to enable change and drive improvement.

Risk can be defined as the effect of uncertainty on our objectives. It is usually expressed in terms of causes, potential events and their consequences. It includes anything unknown which might impact our ability to meet our objectives. We can also decide to take some controlled risks and/or positive action to seek to meet our objectives and this sees assessments of risk being used developmentally, as an enabler rather than as a framework to stop doing things or prevent things from happening.

If we want to meet our objectives successfully, improve our service delivery and achieve value for money, good risk management and positive action are essential and integral parts of our planning, decision-making, performance mapping and assurance reporting as part of the Llais Board Assurance Framework.

This document sets out our:

- strategy and policy for Llais's approach to risk management and its ambition to move to having clear features in our approaches of strength-based and positive action frameworks. It covers how we will develop a positive risk culture to support risk informed decision making. This will promote successful planning and delivery against our goals and objectives.
- current risk appetite and agreed risk tolerance levels. This means the level of risk Llais is prepared to accept. This might change from objective to objective and over time. It might also be impacted by external factors, such as the availability of resources.

We will be clear how we will use our understanding of risk to support innovation, positive communication and improvement taking into account what's happening inside and outside our organisation.

- Current minimum standards for risk management – traditional model (Annex A)

## Moving from the traditional model to a wider strength-based and positive action approach

This strategy although predominantly focused on updating our existing model of risk management and reinforcing our current approach also seeks to build on Llais's ambition and principles to fosters a culture of innovation, engagement, and strength-based growth, over the coming year.

Llais over the next two years will further evaluate and explore the opportunities to adopt an action and strength-based framework approach to risk management, which emphasises being forward-thinking and to take proactive strategies, focusing on positive outcomes to achieve our goals and objectives. This would mean moving gradually away from complete reliance only on traditional risk-based approaches.

It is anticipated that by embracing new approaches we can motivate our organisation further by inspiring us towards sharing an ideal state for the organisation rather than avoiding negative ones. The proposed action framework will represent more than just a shift in strategy; it would be a shift in mindset, culture, and how we perceive and respond to challenges and opportunities.

It will require Llais to further build a language of optimism, creating an environment where innovation thrives and where people are invested in, and understand what, the organisation hopes to achieve and how we will get there.

The organisational and partnership landscape is complex and Llais with its partners continually face challenges that demand innovative and forward-thinking approaches to navigate this successfully.

Traditionally, the focus of organisational risk management has centred around risk mitigation, addressing potential threats and avoiding negative outcomes.

While essential, this current risk-focused approach often tends to instil a cautious mindset, focusing primarily on avoiding and averting harm rather than actively striving for progress and growth. The idea of this shift within Llais is to reimagine the way we perceive and manage our organisational risk and development landscape.

To truly thrive as an organisation, we need to shift our focus from traditional risk focused frameworks to one that is focused on achieving positive outcomes. It is suggested that we must actively pursue strategies that not only mitigate risks (this is still important) but also inspire our people to move towards a state of continuous growth and success.

This strategy although currently focused on the traditional method of risk management, highlights Llais's commitment to further consider and adopt where possible the new positive, strength based, approaches over the next two years. Therefore, the aim is to not only to mitigate risks through our traditional approaches, but to cultivate a culture that celebrates progress, focuses on its strengths and resilience, and ultimately contributes to a thriving organisation in line with our organisational strategy and plans.

It is recognised that this would be a major organisational change and significant shift in approach not just for Llais in terms of its Board, committees and staff, but also for our partners and our auditors, both internal and external, inspectors and regulators and Welsh Government. Therefore, it is proposed that later in 2025 (autumn), Llais will facilitate a workshop/event with staff of Llais and our partners to further explore the action and strength-based framework and begin a process of establishing this model in Llais and introducing it alongside existing traditional models. It is anticipated that this will place Llais at the leading edge of innovation in public services in terms of risk management by importantly focusing on strengths and actions rather than solely negativity and traditional risk approaches. This will also seek to support Llais's achievement of its strategic objectives and align with ambitions for integrated performance reporting in the Board Assurance Framework and through the OKR, as expressed in our overall Llais 3-year strategy and annual plan.



# Our risk management objectives

Our current risk management objectives are therefore to:

- ensure the achievement of our objectives are not adversely affected by significant risks that we haven't thought about;
- continue to ensure the achievement of our outputs and outcomes, whilst also having reliable contingency arrangements in place to deal with the unexpected, which might put our service delivery and achievement of our objectives at risk;
- use the taking of some controlled risks to enable innovation and improvement to meet our objectives and roles and responsibilities;
- promote a more innovative, less risk-averse, but well-managed risk culture – where we encourage taking appropriate risks to benefit outcomes for the people of Wales;
- provide a sound basis for integrating risk management into day-to-day decision-making, performance management and forward planning;
- ensure good risk management is a key part of good corporate governance and management practices and seek to innovate over time to embrace the strength-based and positive action models for Llais.

## Risk management principles

Our Risk Management Framework will continue to support consistent and robust identification and management of opportunities and risks within identified acceptable levels across our organisation. It will also support

openness, challenge, innovation and excellence in the achievement of our objectives.

This risk management strategy and policy will also operate as part of and alongside a separate, but linked, **Board Assurance Framework**. The Board Assurance Framework supports good and effective governance and enables accountability directly to the Board, but also to partners and importantly the people Llais serves. It brings together in one place all the relevant information on the risks and performance relating to the Board's strategic objectives.

It also outlines the range of sources of assurance to the Board and others about the ways the Board will know it is on track to achieve its objectives but also outline the risk of the potential non-delivery of its objectives. The Llais risk framework will therefore be an important strategic, performance-related and operational tool as part of the wider organisational arrangements.

For the risk framework to be considered effective, the following principles must be applied:

- Good and integrated risk management will be an essential part of governance and leadership and will be a fundamental part of the arrangements to enable the organisation to be directed, well managed and appropriately controlled at all levels.
- Risk management will be an integral part of all day-to-day organisational activities to support decision making, performance management and planning in achieving objectives. Papers to the Board, Committees,

Executive Team and Tîm Arwain will use corporate report templates, which require risk assessments to be completed.

- Risk management will be a collaborative approach across the organisation and where appropriate with partner organisations and will be informed by the best available information, expertise and good practice, especially regarding championing new models of positive action and strength-based approaches.
- The existing risk management processes will be structured and will model will continue to include:
  - **risk identification and assessment** to determine and prioritise how risks and the risk profile of Llais should be managed;
  - the selection, design and implementation of **risk treatment** options that support achievement of intended outcomes and manage risks to acceptable levels;
  - the design and operation of integrated, insightful and informative **risk monitoring**; and
  - timely, accurate and useful **risk reporting** to enhance the quality of decision-making and to support management and the Board in meeting their roles, responsibilities and organisational objectives. Appropriate and suitable reporting will be an important element of the overall Board Assurance arrangements.
- Risk management will be continually improved through learning and experience and using good practice and the advice and guidance of our auditors, both internal and external, and engagement with inspectors and regulators and the taking of opportunities to innovate and adopt new models, where appropriate.

# Continual improvement

Each year, the Board Secretary will undertake a lessons-learned review. This will involve the Executive Team, wider senior management team (Tîm Arwain), committees of the Board and the Board itself. It will identify opportunities for continually improving the suitability, adequacy and effectiveness of the current risk management framework and policy and its links to the overall Board Assurance Framework.

Wider development work in partnership will also be undertaken as outlined above to explore different models where appropriate and maximise the opportunities that embracing new models and approaches might bring to Llais and the achievement of its goals and objectives.

This review and development work will also include a reassessment of the risk appetite to test if the view of the Board has changed as Llais matures as an organisation and agrees new annual plans and new strategies. It will also assess whether other factors externally have also changed, which would impact on Llais's willingness to take more controlled risks in support of the achievement of its objectives.

From time to time, Llais staff working on strategies, policies, programmes and projects will evaluate their activities to ensure lessons are learned from current and previous experiences. This should include lessons learned regarding the identification, mitigation and management of risk as a fundamental part of their approaches and the impact of applying and using risk management principles in taking forward their work.

# Llais risk appetite

Our risk appetite sets out how we balance risk and opportunity in pursuit of achieving our objectives.

Our Board in the first operational year of Llais took the decision to develop a risk appetite suitable for the first 12 months of operation, which was more risk averse, but eager to take risks in the areas of citizen engagement and representation. It was recognised that this would be kept under review and would be reassessed at least annually.

As the organisation matures it is recognised that there are still many unknowns externally, especially regarding resources. However, internally we are also continuing to develop our services, functions, policies, and strategies.

As these become clearer and more embedded in every day working the operations of Llais will continue to change. Therefore, for 2025/2026, it is proposed that the risk appetite remains the same, but as outlined above this will be kept under review as new models are explored and adopted and new plans and the overall strategy is developed in readiness for 2027.

Our risk appetite statement sets out our Board's expectations for the management and tolerance of different degrees of risk and outlines where certain controlled risks might be taken to further our organisational objectives and enable innovation and new ways of working.

Llais staff will need to be mindful of the over-arching risk appetite of the organisation when determining the risk approach for their area of activity or programme of work.

Our risk appetite uses 3 levels to describe the degree of risk which can be tolerated. These are:

<b>Averse</b>	Avoidance of risk is a key objective
<b>Cautious</b>	Preference for safe delivery options with a low degree of residual risk and only limited potential benefits
<b>Eager</b>	Eager to be innovative and to choose options offering higher organisational benefits despite greater inherent risk

Our current risk appetite describes the degree of risk which can be tolerated in several critical areas. These are set out below. Please note that this risk appetite was developed for the first 12 months of operation of Llais. It is being readopted for 2025/2026 but will be reviewed again during this period as part of the above development work.

At times there may be a need to respond to very significant events which may require the Board to suspend the normal risk appetite for a period by either reducing or increasing the appetite for managed and controlled risk-taking. Any changes to our risk appetite will be agreed by the Board and will be communicated to all staff.

When determining its risk appetite, our Board has used the following scoring matrix:

<b>Risk appetite Level</b> → <b>Risk types</b> ↓	<b>Averse</b> <b>Avoidance of risk is a key objective</b>	<b>Cautious</b> <b>Preference for safe delivery options with a low degree of residual risk and only a limited reward potential</b>	<b>Eager</b> <b>Eager to be innovative and to choose options offering higher business rewards despite greater inherent risk</b>
<b>Financial/VfM</b> <i>How will we use our resources?</i>	<ul style="list-style-type: none"> <li>Minimisation of any financial impact or loss</li> <li>VfM is a priority</li> <li>Resources only withdrawn from non-essential activities</li> <li>Defensive controls to minimise risk of fraud</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to accept the possibility of limited financial risk</li> <li>VfM remains our primary concern</li> <li>Resources generally restricted to core operations</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place)</li> <li>Resources are allocated recognising that potential for financial gain outweighs inherent risk</li> </ul>
<b>Governance</b> <i>How will we ensure that we are operating within the legal framework?</i>	<ul style="list-style-type: none"> <li>No appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements</li> <li>Defensive controls minimise risk of non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to accept possibility of limited regulatory challenge</li> <li>Reasonably sure we would win any challenge (seek to understand where similar actions have been taken)</li> </ul>	<ul style="list-style-type: none"> <li>Willing to take decisions that will likely result in regulatory intervention if we can justify these and where the potential benefits outweigh the risks to improve outcomes for stakeholders</li> </ul>
<b>Operational and policy delivery</b> <i>How will we deliver our services?</i>	<ul style="list-style-type: none"> <li>Defensive approach to objectives</li> <li>Minimal innovation – aim to maintain or protect</li> <li>Priority for tight management controls, oversight and limited devolved decision making</li> </ul>	<ul style="list-style-type: none"> <li>Preference to the status quo</li> <li>Decision making authority generally held by senior management</li> <li>Innovation is generally avoided unless necessary/limited to improvements to protection of current operations</li> </ul>	<ul style="list-style-type: none"> <li>Innovation pursued - new technologies viewed as a key enabler to operational delivery</li> <li>Desire to challenge current working practices</li> <li>High levels of devolved authority management and empowerment.</li> </ul>
<b>Reputational</b> <i>How will we build and maintain trust with the public and our partners?</i>	<ul style="list-style-type: none"> <li>Zero appetite for any decisions with high chance of repercussion for organisations' reputation</li> <li>Highly protective of the organisation's 'licence to operate' and unwilling to jeopardise trust and confidence in the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Tolerance for risk taking is limited</li> <li>There is limited chance on any significant repercussion for the organisation</li> <li>Controls are in place to limit fallout</li> </ul>	<ul style="list-style-type: none"> <li>Appetite to take difficult decisions even when they are likely to bring scrutiny</li> <li>Outwardly promote new ideas and innovations where benefits outweigh risks and there is an opportunity to improve outcomes for stakeholders</li> </ul>
<b>Our People</b> <i>How will we safeguard and secure our workforce?</i>	<ul style="list-style-type: none"> <li>No appetite for decisions that could have a negative impact on our peoples' development, reputation and retention</li> <li>Sustainability is our primary interest</li> </ul>	<ul style="list-style-type: none"> <li>Prepared to take limited risks with regards to our people</li> <li>Where seeking to innovate, we seek to understand where similar actions have been successful elsewhere before taking any decisions</li> </ul>	<ul style="list-style-type: none"> <li>Willing to take risks which may have implications for our people but could improve the skills and capabilities of our people</li> <li>We recognise that invention is likely to be disruptive in the short term but with the possibility of long-term gains</li> </ul>
<b>Information and data</b> <i>How will we ensure the safety of information and data?</i>	<ul style="list-style-type: none"> <li>Access to data and information is tightly controlled with high levels of security, control and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Accept need for operational effectiveness with risk mitigated through careful management to limit distribution and potential damage from disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Level of controls minimised with data and information openly shared</li> <li>Accept need for operational effectiveness in distribution and information sharing</li> </ul>



## Overarching risk appetite statement

In determining its risk appetite. The Board of Llais had expressed its eagerness to be innovative and use risk proactively to affect real and meaningful change. However, the Board has also accepted that particularly in its formative years that there are areas where it is necessary to adopt a more cautious/averse approach. It is recognised that the taking of some risk is necessary to foster innovation and efficiencies in our ways of working to deliver better outcomes for the people of Wales - but only whilst maintaining standards for good governance, good stewardship of public funds and the achievement of all our wider obligations as a Welsh Government Sponsored Body.

Finance/Value for money	We have an <b>averse</b> risk appetite to any financial loss or impact. Value for money is a key objective.
	We have an <b>eager</b> risk appetite to invest where there is benefit to the enhanced performance of Llais systems, functions and services
Governance	We have an <b>averse</b> risk appetite for decisions that may compromise compliance with statutory, regulatory or policy requirements.

	<p>We have an <b>eager</b> risk appetite to our internal governance controls. We want our internal controls to reflect our culture. We want our people to feel empowered to make decisions and not feel like they are restricted by red tape. Llais wishes to promote decision making at the most appropriate levels within the organisation.</p>
Operational and policy delivery	<p>We have an <b>eager</b> risk appetite for innovation. We are an ambitious organisation wanting to make real change for the people of Wales.</p>
Reputational	<p>We have a <b>cautious</b> risk appetite for decisions that could adversely affect how our partners and the public see us. However, we are also <b>eager</b> to build trust, establish positive relationships and promote the profile of Llais and the work we do on behalf of the people of Wales.</p>
Our people	<p>We have an <b>averse</b> risk appetite for decisions that could have a negative impact on the welfare of our people. Our priority is to build trust with our staff and volunteers and be seen as an organisation that promotes the welfare of all its staff and volunteers.</p>
	<p>We have an <b>eager</b> risk appetite to helping our people develop and to doing things differently and for the better. We want to provide our people with opportunities to share ideas and suggest new ways of working and see those implemented.</p>

<p>Information and data</p>	<p>We have an <b>averse</b> risk appetite when it comes to the safety of the information and data we hold about our people and the public and the damage that could be caused by the disclosure of that information and breaching information governance requirements and legislation.</p>
	<p>We have an <b>eager</b> approach when it comes to sharing information that will improve joint working with our strategic partners, but only where the aim is to improve services for the people of Wales and within the boundary of what is allowed by legislation.</p>

# Annex A: Minimum standards for our current risk management approach

The minimum standards set out the framework supporting our current risk management policy. These minimum standards apply to Board members, staff and volunteers.

Llais minimum standards for risk management describe the minimum requirements for risk management and reporting.

These Standards set out the minimum level of risk-based activity required of the Board, Audit and Risk Assurance Committee and the Workforce, Remuneration and Terms of Service Committee and our staff and volunteers. This ensures risk is managed adequately and effectively and all activity is in line with the established risk appetite and reporting requirements.

The minimum standards have been developed to ensure Llais continuously makes its priorities/objectives the focus of all its decision-making.

We have three fundamental priorities to fulfil:

1. deliver our statutory and regulatory functions
2. meet our wider duties and responsibilities as a public sector body

3. operate in a manner consistent with the standards expected of a public body.

The minimum standards set out the standard procedures and practices for risk identification and assessment, treatment, monitoring, reporting and escalation.

To ensure well-managed risk-based decision-making is practised, reference should be made to the following UK and Welsh Government publications for guidance:

- Green Book - Central Government Guidance on Appraisal and Evaluation (UK) [The Green Book](#)
- Orange Book - Management of Risk - Principles and Concepts (UK) [The Orange Book](#)
- Managing Welsh Public Money [\[https://gov.wales/managing-welsh-public-money\]](https://gov.wales/managing-welsh-public-money)

## Maintaining risk registers

Risk registers **must** be maintained at the following levels and for the following activities within Llais:

- at a strategic level, in the form of the Llais **Corporate Risk Register (CRR)**
- at operational regional level, in the form of **Regional Risk Registers (RRR)**
- at operational function level, in the form of **Function based Risk Registers (FRR)**

- for any other activity which could represent a significant risk e.g. risk register for programmes or projects.

Whilst programme and project risk registers are not a minimum standard, they are also recommended as an assessment of risk is a fundamental part of scoping, planning and ongoing management of a programme or project.

Risk registers may also be maintained at any level where the effective management of risk is a key factor in the successful delivery of business objectives e.g. at sub-function levels

Increasingly, Llais will be using an **OKR system/platform** (focusing on outcomes and key results) to manage reporting against the achievement of its objectives, its performance management and its risk management arrangements. This system is currently developing. Therefore, in the interim the existing network of traditional risk registers will be maintained. However, over time this will migrate to the OKR system, which will provide integrated reporting through dashboards, performance management reports and risk registers and reports. The OKR system will offer enhanced reporting through dashboards and integrated reports. The OKR will also be actively used to facilitate the framing and reporting against the **Board Assurance Framework**.

However, in reporting, it will also be important for accompanying reports to tell the story of the risks being reported i.e. what has changed since the last report, how effective current mitigations and controls are being and what needs to happen in the next reporting period to continue to respond to the

risk. This will need to include timelines of how the risk has changed quarter by quarter and the assessment of required resources to effectively mitigate identified risks. This is particularly important for periodic reporting to the Board and its committees.

# Roles and responsibilities

This section explains who is responsible for the identification, monitoring, reporting and oversight of risk.

## Our Board

Our Board is responsible for:

- agreeing the risk management policy and minimum standards for risk management and considering and approving an update annually
- Owning the Board Assurance Framework
- reviewing the corporate risk register regularly, at in-public Board meetings and receiving integrated risk dashboards and top ten risk reports
- seeking assurance from the Audit and Risk Assurance Committee, the Workforce, Remuneration and Terms of Service Committee and the Chief Executive (as Accounting Officer for Llais) on the effectiveness of the risk management policy and framework
- delegating the management of risk to the appropriate groups and individuals via the Schedule of Matters Reserved for the Board and the

delegation to the Accounting Officer, who will further develop a wider Scheme of Delegation.

## Our Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is responsible for:

- fulfilling its duties related to organisational risk framework as delegated by the Board
- assessing the risk management strategy and policy and the suitability of the minimum standards for risk management and recommending for Board approval
- reviewing the corporate risk register regularly (at each of its meetings) and the profile of organisational risks and seeking assurance about the overall management and reporting of risk
- advising on risks within the corporate risk register and any other risk registers pertinent to the work of the committee and advise how they can be further managed/mitigated
- monitoring and receiving assurance on the effectiveness of the risk management framework, processes and practice
- challenging and providing advice and guidance on risk management strategies and practices and how they can be improved
- challenging the adequacy of internal controls within Llais considering the current and future internal and external risk environment
- advising on new key risks that arise
- receiving information and assurance on the highest scoring risks in the regional risk registers and function risk registers
- reviewing skills and knowledge of Audit and Risk Assurance Committee members and officials in relation to risk management and current good practice
- ensuring appropriate risk management training is in place for staff and volunteers, where appropriate



- challenging the identification of internal and external uncertainties impacting on the organisation

## Our Workforce, Remuneration and Terms of Service Committee

The Workforce, Remuneration and Terms of Service Committee is responsible for:

- fulfilling its duties related on organisational risk as delegated by the Board, especially as they relate to the workforce and workforce related matters of the organisation
- Monitoring and advising on a basket of risks relating to the people of Llais and workforce policies, procedures and arrangements.

## Our Chief Executive

Our Chief Executive is also the Accounting Officer for Llais and has delegated responsibility from the Board for several areas including risk, but also has defined responsibilities, as Accounting Officer. The accounting officer must make sure that the actions of Llais meet the four accounting officer standards of regularity, propriety, value for money and feasibility expected by Welsh Government and the public for use of public resources. These are fundamentals of the risk framework for Llais.

Therefore, our Chief Executive must ensure that risks are identified, managed and mitigated effectively.

Whilst the Chief Executive maintains overall responsibility for risk management at an operational level, delegations have been made to the appropriate individuals within the organisation.

## Our Board Secretary

Our Board Secretary is the senior adviser on all risk related matters for Llais and has been designated as the holder and co-ordinator of the Corporate Risk Register.

They are responsible for providing advice and guidance to the Executive Team, wider senior management team (Tîm Arwain), Audit and Risk Assurance Committee, the Workforce, Remuneration and Terms of Service Committee and the Board.

They will ensure regular reviews are carried out on the risk management policy, framework and risk appetite and make any changes that are proposed by the Executive Team and Tîm Arwain and the committee of the Board and the Board itself.

## Our Executive Team

The Executive Team comprises the Chief Executive, Strategic Director of Operations and Corporate Services, Strategic Director of Organisational Strategy and Engagement, Director of Operations and the Board Secretary. The Executive Team has delegated responsibility as the most senior operational leaders in the organisation for overseeing the risk management system in Llais and its profile of risks and identifying and managing any risks

to the organisation's strategy, business activities and the risks relating to the effective delivery of the organisation's objectives.

The Strategic Directors will have responsibility for risk management in their functions. The Strategic Director of Operations and Corporate Services in liaison with the Director of Operations will undertake leadership and oversight of risk management in Llais's 7 regions.

The Executive Team will keep the risk management framework under constant review and will consider the Corporate Risk Register on a weekly basis at its formal meetings. It will also undertake a full review of documentation and risk registers prior to each major organisational meeting e.g. the Board, committees and Tîm Arwain. The Executive Team will then engage with Tîm Arwain to ensure that risk management actions respond effectively to the risks identified and that they are reported accurately and in timely ways.

## Our senior management team (Tîm Arwain)

The wider senior management team known as Tîm Arwain includes the Executive Team, Regional Directors, the Director of Organisational Development and People, the Director of Finance and the Director of Communication, Engagement and Insight. Tîm Arwain has delegated responsibility (from the Chief Executive) for identifying and managing any risk to the organisation's wider operational and business activities.

In relation to the risk management policy and framework, the senior management team will:

- monitor and maintain the risk management policy (including the risk appetite) and framework and escalate any concerns to the Audit and Risk Assurance Committee, the Workforce, Remuneration and Terms of Service Committee and the Board for consideration and resolution
- ensure the risk management policy, risk appetite statement and risk management framework are communicated to all staff and facilitate training and engagement in its effective implementation
- challenge any lack of compliance at an operational level with the risk management policy and risk management framework
- promote good risk management practice
- raise awareness of risk and the need for effective risk management practice
- ensure risk is discussed regularly at senior management team meetings and as part of projects which might be commissioned by Tîm Arwain.

In relation to the corporate risk register, Tîm Arwain will:

- review the register regularly and confirm RAG (red, amber, green) ratings, mitigations, further actions, target risks etc.
- ensure any new strategic level risks are escalated to the Executive Team for agreement and appropriate committee and the Board for monitoring/scrutiny.
- propose any amendments to the register
- assign risk owners to all risks on the register

In relation to the regional risk registers and function risk registers, Tîm Arwain will:

- monitor risks at regional and function levels (not escalated to the corporate risk register through agreement by the Executive Team), including major project risks
- review the highest scoring risks in the regional risk registers and function risk registers to facilitate reporting through the organisational governance structure.

In relation to risk management training, Tîm Arwain will:

- monitor the suitability of the risk management training in place through regular review
- ensure appropriate risk management training is available and accessible to all staff
- ensure all staff receive risk management training and refresher sessions, when required
- liaise with regional and function risk leads to identify risk-training needs
- ensure risk-training material is maintained

## Regional and function risk leads

The regional and function risk leads are the following individuals:

- Regional Directors
- Director of Organisational Development and People
- Director of Finance
- Director of Communication, Engagement and Insight

- Digital Infrastructure Manager
- Governance Manager

These individuals are responsible for:

- promoting good risk management practice within their areas
- monitoring compliance with the risk management minimum standards within their areas
- compiling and maintaining risk registers for their areas
- regularly reviewing their risk registers and ensuring risks are being managed and mitigated effectively
- commissioning updates to their risk registers
- monitoring the effectiveness of the risk management processes and practices within their areas, ensuring they comply with the risk management policy and framework
- challenging adequacy of internal controls within their areas in accordance with the current and future internal and external risk environment
- advising on risks within their areas and how they can be managed/mitigated
- outline and communicate regional/function level priorities to staff and explain how they will be achieved whilst adhering to the risk management policy and minimum standards
- reporting on risk within their areas through sharing risk registers with the senior management team/Executive Team regularly for consideration and assurance
- escalating risks that cannot be managed at their level to the senior management team/Executive Team for consideration

- ensuring risk registers reflect senior management team/Executive Team reviews and feedback
- advising on key risk issues that arise by discussing these with senior management team/Executive Team and reflecting them in papers and reports
- challenging and providing advice and guidance on risk management practices and how they can be improved

## Llais staff

Members of staff have a responsibility to:

- use the standard risk management tools and templates, including the requirement for risk assessment in Board, committees and Tîm Arwain reports.
- have regard to the Llais risk appetite statement
- uphold the risk management policy and the processes set out in the risk management minimum standards
- ensure risk-based decision-making is practised
- undertake their risk management training compliance, as needed

## Review of risk registers

Board Assurance Framework	<ul style="list-style-type: none"> <li>➤ Twice Yearly consideration and approval by the Board</li> </ul>
Corporate risk register	<ul style="list-style-type: none"> <li>➤ Monthly by the Executive Team</li> <li>➤ Monthly by Tîm Arwain</li> <li>➤ Quarterly by the Audit and Risk Assurance Committee (full register)</li> <li>➤ Quarterly by the Workforce, Remuneration and Terms of Service Committee (risks relating to its remit only)</li> <li>➤ By the Board at each of its in-public meetings. However, this will be submitted in dashboard form and the reliance will be placed on the detailed scrutiny of committees of the Board.</li> </ul>
Regional/function risk registers	<ul style="list-style-type: none"> <li>➤ Monthly by the regional directors and function risk leads</li> <li>➤ Quarterly by Tîm Arwain</li> </ul>
Programme/project risk registers	<ul style="list-style-type: none"> <li>➤ At each programme/project group meeting</li> </ul>
Risk register template	<ul style="list-style-type: none"> <li>➤ Annual review by the Board Secretary</li> </ul> <p>This will further develop over time as the OKR system becomes increasingly used by Llais and the risk functionality of the platform is maximised. This will mean that a network of risk registers will no longer be required and the risk dimension of the business and activities of</p>



	<p>Llais will be incorporate and integrated into the inputting to the system with risk registers and reports (including dashboard reports) being automatically generated. This will follow the principle of input once use many times.</p>
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## Upward reporting and escalation of risks

It is the responsibility of each layer of the risk governance structure and all staff, no matter their level, to identify risks which impact the achievement of their objectives and to:

- **report** upwards through the line-management chain and risk governance structure on risks which are assessed as highly likely to have a significant impact on the achievement of objectives, but **which can be managed** at the level they have been identified, on a periodic basis, as required;
- **escalate** upwards through the line-management chain and risk governance structure on risks which are assessed as highly likely to have a significant impact on the achievement of objectives and **which cannot be managed** at the level they have been identified as soon as they are identified.

Risks for escalation to the corporate risk register would usually fall under one or more of the following categories:

- are so significant/critical they cannot be managed by an operational level but need to be managed at a strategic all-organisational level;

- impact on multiple parts of the organisation at the same time, requiring a “whole organisation” approach to deliver a single solution effective for all;
- may lead to the failure to deliver the organisation’s functions and objectives.

## Risk register template

The risk register template should be used for documenting identified risks. It must contain the following sections as a minimum. A blank risk register template can be found on the SharePoint system.

Category	Risk No.	Risk Owner	Risk Description	Inherent Impact	Inherent Likelihood	Inherent rating	Risk Controls in place and Actions (what is actually happening)	Impact	Likelihood	Current Residual rating	Change to rating since last discussed	Previous Residual rating	Further actions underway/required	Expected rating following actions	Link to Risk Appetite	Sources of assurance	Commentary
Linked to Strategic objective		Risk Lead	Barriers to delivery and achievement of the objectives				Mitigations in place to address the risk (avoid, reduce, accept or share). List of control mitigation measures.						Further actions needed, by when and how progress will be reported, including next review timetable.				Highlight what has changed since last report for ease of reference.

**Arrows** – to show the movement of the risk scores since the last update (these can be included in the score columns where ↓ = risk reducing, ↑ = risk increasing and ↔ = risk unchanged).

In the table above, I = impact, L = likelihood and O = the sum of these two scores, or the overall risk score.

Additional columns should be added, as considered helpful, necessary and as needed, such as:

- **Proximity** – how close the risk is to being realised (although this does feed into the likelihood score)
- **Velocity** – the speed at which the risk might materialise
- **Reference/Date** – a unique identifier for the risk and the date it was identified
- **Tolerance** - the amount of risk that the risk owner is comfortable taking or the degree of uncertainty that the risk owner can manage
- **Risk Type** – reflecting the nature of the risk/source of the risk
- **Commentary** – additional commentary to help the understanding of the risk, its profile, changes that have taken place and planned actions for the next period

## Risk scoring

A system of “risk scoring” is used to evaluate and express the impact and likelihood of different risks.

A risk scoring matrix is used during a risk assessment to determine the level by considering:

- the impact the risk might have (how bad it might be); and
- the likelihood of the risk occurring (how likely it is to happen).

Llais scores risks using a “5x5” matrix where risk impact and risk likelihood are scored from 1 (low) to 5 (high).

To determine the overall risk score, risk assessors/owners will need to multiply the ‘risk impact’ score with the ‘risk likelihood’ score. This should give you an overall score between 1 and 25.

The overall level of risk is determined by the overall score as follows:

Score	Level	Nature of Risk
20 – 25	Very High/ Extreme	Critical risks
13 – 19	High	Material risks
5 – 12	Medium	Manageable risks
1 - 4	Low	Negligible risks

Likelihood is an assessment of the probability that the risk will materialise:

Probability	Score	Likelihood	Explanation
<b>Rare</b>	1	Low	The risk will materialise only in exceptional circumstances
<b>Unlikely</b>	2	Low/Medium	The risk will probably not materialise
<b>Possible</b>	3	Medium	The risk might materialise at some time
<b>Likely</b>	4	Medium/High	The risk will probably materialise at least once
<b>Probable/Certain</b>	5	High	The risk will materialise in most circumstances

Impact is an assessment of the degree of harm or loss of opportunity if the risk materialises.

Impact	Score	Explanation
<b>Negligible</b>	1	Minimal loss, delay, inconvenience or interruption. Can be easily and quickly remedied
<b>Minor</b>	2	Minor loss, delay, inconvenience or Interruption - Short to medium term effect
<b>Moderate</b>	3	Significant waste of time and resources - impact on operational efficiency, output and quality - medium term effect which may be expensive to recover
<b>Major</b>	4	Major impact on costs and objectives - serious impact on output and/or quality and reputation. Medium to long-term effect and expensive to recover.
<b>Critical</b>	5	Critical impact on the achievement of objectives and overall performance. Material impact on costs and/or reputation. Very difficult and possibly long term to recover.

The combination of the impact and likelihood scores provides an overall risk score for a particular risk. This is the Risk Matrix:

<b>Probable/ Certain 5</b>	5	10	15	20	25
<b>Likely 4</b>	4	8	12	16	20
<b>Possible 3</b>	3	6	9	12	15
<b>Unlikely 2</b>	2	4	6	8	10
<b>Rare 1</b>	1	2	3	4	5
	<b>Negligible 1</b>	<b>Minor 2</b>	<b>Moderate 3</b>	<b>Major 4</b>	<b>Critical 5</b>

## Measuring likelihood

The measures of the likelihood of a risk occurring, from rare to probably, may be assisted using the following examples.

The table below provides a detailed description for what each of the likelihood scores mean against each example.

Exemplar	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Probable
Narrative	The risk will materialise only in exceptional circumstances.	The risk will probably not materialise	The risk might materialise at some time.	The risk will probably materialise at least once.	The risk will materialise in most circumstances.
Passage of time	Risk may occur in the next 20 years or at least once in the next 100 years.	Risk may occur in the next 5 years or at least once in the next 20 years.	Risk may occur a number of times throughout the year or at least once in the next 5 years.	Risk may occur a number of times every month or at least once a year.	Risk may occur daily or at least once a month/in the next month.
Probability %	0-5%	6-25%	26-60%	61-75%	>76%

## Measuring impact

There are five measures available when assessing the likelihood of a risk occurring from minimal to critical.



The assessment of impact takes a broader scope as there can be multiple factors to consider when assessing the impact of a risk.

The following table provides some impact examples which may assist you in considering the impact of a risk.

The table below gives a description of some examples to support the assessment of impact. These are not exhaustive; other factors will be specific to given objectives and measures of impact will depend on the level at which they risk is being assessed.

<b>Exemplar</b>	<b>1 Minimal Impact</b>	<b>2 Minor Impact</b>	<b>3 Significant Impact</b>	<b>4 Major Impact</b>	<b>5 Critical Impact</b>
<b>Disruption to established operations</b>	No interruption to service. Minor industrial protest.	Some disruption manageable by altered operational routine	Disruption to several operational areas within a location and possible flow on to other locations	All operational areas of a location compromised. Other locations may be affected	Total system dysfunction. Total shutdown of operations
<b>Damage to reputation</b>	Minor adverse publicity in local media	Significant adverse publicity in local media	Significant adverse publicity in national media effecting public confidence.	Sustained adverse publicity in national media undermining public confidence.	Loss of public trust in government
<b>Security</b>	No notifiable or reportable incident	Localised incident with no effect on operations	Localised incident but with significant effect on operations	Significant incident involving multiple locations	Extreme incident seriously affecting continuity of operations
<b>Financial</b>	<1% of monthly budget	>2% of monthly budget	>5% of monthly budget	>10% of monthly budget	>15% of monthly budget
<b>General environmental and social impacts</b>	No lasting detrimental effect on the environment i.e. noise, fumes, odour, dust emissions etc. and	Short term, local detrimental effect on the environment or social impact e.g. significant discharge of	Serious, local discharge of pollutant or source of community annoyance within general	Long term detrimental environmental or social impact e.g. chronic and/or significant	Extensive long term impacts on the environment and community e.g. catastrophic discharge of

	of short-term duration	pollutants within local neighbourhood	neighbourhood that requires remedial action	discharge of pollutant	persistent hazardous pollutant
<b>Corporate management</b>	Staff and management dissatisfaction – localised	Staff and management dissatisfaction – broader	Likelihood of legal action	Legal action.	Loss of senior management
<b>Operational Management</b>	Staff & supervisor dissatisfaction	Dissatisfaction disrupts output	Significant disruption to operations	Qualified Audit report to Board naming managers	Resignation/removal of management
<b>Workplace health &amp; safety</b>	Incident – no lost time	Injury – no lost time	Injury – lost time	Serious injury/stress resulting in hospitalisation	Fatality (not natural causes)

## Risk source

A broad view must be taken when identifying possible risks to delivering objectives; no sources should be considered irrelevant or out of scope where they could have a noticeable impact on achievement.

Potential sources to be considered might include:

- **Complexity** – degree of complexity, nature of activities, capability and capacity of resources
- **Culture** – changes in expectations, standards, accepted viewpoints
- **Delivery through third parties/span of control** – technical capacity constraints, failure to be sufficiently innovative, operational and financial inconsistencies, cumbersome decision-making process, lack of sufficient knowledge of partners' business, wrong balance between autonomy and control, emphasis on targets distorts outcomes
- **Economy/resources** – adverse economic conditions and available resources
- **Financial** – insufficient investment, monetary loss, theft, over/under-spending, resource constraints (funding/time/personnel), poor value for money, waste, poor use of assets, lack of financial expertise, high turnover of staff, inaccuracy, lack of integrity, unreliability of financial information
- **Fraud** – inadequate systems to detect or prevent fraud, poor due diligence, increasing complexity of financial systems, e-crime identity theft, a need to know and understand grant applicants and recipients
- **Governance** – inadequate or ill-designed systems, agreed systems not being followed by Board, committees and staff
- **Human resources/human factors** – knowledge expertise, effectiveness, availability, retention, staff turnaround, capacity issues,

- single points of failure, employee motivation, employment law, succession planning, training, human error/psychology
- **Legal** – statutory requirements and obligations of the general law, challenge by way of judicial review, claims for damages or other compensation, inaccessible or otherwise defective legislation, competence
  - **Management of information and data** – inaccuracy or incompleteness, insufficiently focused to inform policy or operational decisions in a meaningful way, lack of expertise in interpretation, delays in obtaining for use, inappropriate use by Llais or others, inappropriate disclosure, hacking, corruption of data
  - **Operational (general)** – the risks associated with all the ongoing day-to-day management of Llais business. This will also include risks around the business processes employed to meet the business objectives
  - **Operational (premises)** – legal requirements, organisational and individual responsibilities not met, infrastructure and facilities, health and safety risks to staff and volunteers, visitors or contractors, legal claims, IT– failure/ innovation, disaster recovery, business continuity, theft, fire, terrorism
  - **Policy (development)** – conflicts/inconsistencies between policies, conflicts/inconsistencies with policies of other public sector organisations, agencies, being overtaken by events, consultation
  - **Policy (implementation)** – delays in implementation, inadequate resource to deliver effectively (funding/time/personnel), loss of experienced staff before completion, ineffective or unintended outcomes, poor definition of grant scheme terms and conditions, poor management of grants

- **Political and societal** – policy development and/or delivery overtaken by changes in direction or shifts in emphasis arising from political considerations in Wales/UK or impact of international/EU influences, policy redefined when implementation well advanced meaning implementation is no longer fit for purpose
- **Procurement** – financial, changing market, technological, environmental, contractual, legislative, design, planning, constructional or other delays, availability and performance of the asset, operational volume or demand for asset or services once operational, maintenance of asset, residual value, lack of suitably qualified or experienced staff, security, public relations
- **Project** – resource constraints (funding/time/personnel), overall delays, delays to stages on the critical path, changes to output requirements, being overtaken by events, IT obsolescence, difficulties in obtaining necessary information, facilities or equipment, personnel changes, lack of suitably qualified or experienced staff means incurring costs of consultants, differing priorities of different stakeholders
- **Reputational, ethics and responsibility** – loss of reputation impacting on influence/effectiveness, policies misunderstood, or misinterpreted, negative implications identified by others which have not previously been considered, failure to keep partners on side, breach of confidentiality
- **Technology** – speed of change, capacity to innovate, capacity to respond

## Identifying responses to inherent risks

The following terms must be used to describe the nature of the response to a risk:

Decide not to take a risk - **AVOID**  
Decide to accept the risk - **ACCEPT**  
Decide to transfer the risk - **SHARE**  
Decide to reduce the risk - **REDUCE**  
Decide to exploit a risk opportunity - **EXPLOIT**

*Note - to “share” a risk includes transferring the risk, spreading the risk, insuring against the risk.*

Staff are expected to apply the principle of “as low as reasonably practicable” in determining their approach and determining the target risk they are seeking from their risk mitigation. That is:

- target risks should be set at a level which considers whether it is even possible to reduce the risk, not just whether it is desirable;
- risk mitigations should be carried out to reduce inherent risk where the cost of the mitigation or control required to reduce the risk is proportionate and never greater than the cost to the organisation should the risk be realised.
- Risks can be taken in line with the risk appetite and stated objectives of Llais to innovate and take opportunities for improvement.

## Review of standards and continual improvement

The tools and templates set out in these minimum standards are subject to review at least on an annual basis by the Board Secretary through consultation with the Executive Team and Tîm Arwain. Any proposals for change will be submitted to the Audit and Risk Assurance Committee for

endorsement and approval by the Board as part of the annual consideration and approval of the reviewed Strategy and Policy.

Any changes should also be tested with internal audit to ensure:

- they align with best practice;
- they are fit for purpose; and
- user feedback is considered