

Future Generations Commissioner for Wales

Risk Management Policy

As Commissioner and Accounting Officer, I am ultimately responsible for ensuring that the organisation has sound arrangements for identifying and managing risk. However, such arrangements can only work effectively if we all play our part and work collaboratively.

A risk is simply an expression of uncertainty. An uncertain future event that could affect our ability to achieve our objectives.

Risk is part of everything that we do. We have ambitious commitments in our strategic plan and identifying and managing risk effectively will play a key role in helping us to deliver on these commitments. I want us to embed good risk management in our everyday business, including performance management and operational business planning.

This policy, which incorporates a risk appetite statement, sets out my commitment – and that of the senior management team – to managing risks effectively across the organisation; and the standard of risk management that I expect.

We will create an environment that will allow the effective management of risk to flourish

The SMT will:

- Lead by example with positive attitudes, behaviours and activities to create an environment where consideration of risk is part of everything that we do;
- Encourage innovation and considered, well managed, risk taking, and in doing so improve delivery of our objectives and secure value for money;
- Promote open, honest and collaborative discussions about our risks and encourage a culture where staff feel comfortable about raising concerns;
- Communicate clear messages, ensuring that everyone understands the role they should play in identifying and managing the key risks and opportunities we face in securing the successful delivery of our objectives;
- Create and promote a transparent 'no surprises', 'no blame' culture where well managed risk taking is encouraged; and



- Engender a continuous improvement mind-set towards the way we manage risk, learning lessons along the way.

We will ensure that staff have the skills and knowledge needed to fulfil their risk management responsibilities

SMT will support risk management by:

- Ensuring key staff have a good understanding and awareness of risk management to enable them to fulfil their duties;
- Equipping key staff with the tools, skills and time they need to fulfil their risk management responsibilities;
- Encouraging and supporting staff in the identification and discussion of risk to their everyday tasks; and proactively dealing with issues that are brought to their attention; and
- Ensuring that key risks are visible; are owned by the appropriate member of staff, and are actively managed.

SMT is committed to the consistent application of the Commissioner's risk management approach

The SMT will lead by example by taking ownership and being accountable for corporate level risks, ensuring that effective and proportionate action is taken to mitigate those risks;

The SMT will implement a standard approach to risk management throughout the organisation in line with the Commissioner's Risk Appetite Statement (see Annex A).

SMT will also integrate and embed the management of risk into our day to day operations including finance, planning performance management and major change initiatives.

The Commissioner's Risk Appetite Statement

Introduction

This statement sets out how I propose to balance risk and opportunity in pursuit of achieving the commitments set out in the strategic plan.

It forms a key element of our governance framework and I will review it annually having regard to experience gained during the year and advice given by my Audit and Risk Assurance Committee.

This statement distinguishes between those risks which are operational and within our control (for example financial management) and those which are external where we are dependent on other organisations to help achieve our ambition to secure new ways of working across Wales. In the latter case our main tools are to influence and lead by example.

Overarching Statement

I am **not averse** to taking risks. On the contrary, to achieve the objectives in our strategic plan and deliver what is expected of us will often necessitate an **open** or **hungry** risk approach. To do otherwise might well mean failing to capitalise on opportunities when they occur.

Our approach must be based on judgement and the circumstances of each potential action and an assessment of its impact. This means that we must prioritise our actions in terms of risk, cost and perceived benefits in a consistent and transparent way, choosing the most appropriate course of action from the tools available to us.

External

We are dependent on the co-operation of other public bodies to achieve beneficial change – in line with the 'five Ways of Working' – across Wales. This will inevitably mean encouraging and promoting innovative ways of working to create new delivery models in line with our legal framework. I therefore have an **open** appetite for taking well managed risks where innovation and change create opportunities for discernible benefits and clear improvement in our ability to achieve our objectives.

In some instances, it will be necessary to go further and adopt a **hungry** risk appetite to seize on major opportunities as they arise.

Operational

I will maintain a **cautious** risk appetite towards sustaining operational processes that support delivery of our outward facing objectives but will adopt a more **open** appetite for the development and enhancement of these systems so that we can be seen to 'walk the talk'.

We are reliant on information and data supplied by other organisations to discharge my statutory functions. The accidental, wrongful or incorrect disclosure or use of that material has the potential to erode trust and/or damage our reputation. As such I have a **minimalist** appetite for such risks.

Financial management

I am **averse** to the risks of internal fraud and financial error and will maintain appropriate, robust but proportionate controls to maximise prevention, detection and deterrence.

Legal

We are working with relatively untested legislation and generally I am willing to adopt an **open** risk appetite to achieve our statutory objectives and to determine the extent of my powers and jurisdiction.

I am **averse** to behaving or acting in an illegal, unreasonable or irrational manner, or any other way, which would likely give rise to a successful judicial review or could result in a failure to discharge a statutory duty.

Reputational

I am dependent on establishing and maintaining a credible and reliable reputation to secure the engagement of stakeholders and others. The support of other public bodies, the Assembly and the wider Welsh public is essential to achieving our objectives. I will therefore adopt an **open** risk appetite with regard to my reputation. However, I am prepared to take a stance which may



be opposed by some of our audience where we believe it is necessary for the achievement of one or more of our statutory objectives.

Definitions

| Appetite | Description |
|------------|--|
| Averse | Avoidance of risk and uncertainty in achievement of key deliverables or initiative is paramount. Activities undertaken will only be those considered to carry virtually no inherent risk. |
| Minimalist | Predication to undertake activities considered to be very safe in the achievement of key deliverables or initiatives. Activities will only be taken where they have a low degree of inherent risk. The associated potential for reward/pursuit of opportunity is not a key driver in selecting activities. |
| Cautious | Willing to accept/tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent. |
| Open | Undertakes activities by seeking to achieve a balance between a high likelihood of successful delivery and a high degree of reward and value for money. Activities may potentially carry, or contribute to, a high degree of residual risk. |
| Hungry | Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if those activities carry a very high residual risk. |