

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

30 SEPTEMBER 2008

### REPORT OF THE DIRECTOR OF FINANCE

#### RISK MANAGEMENT STRATEGY

##### 1. EXECUTIVE SUMMARY

- 1.1. This report sets out revisions to the corporate approach to managing risk as agreed by Cabinet on 23 July 2008. A copy of the amended strategy is attached as an appendix.

##### 2. BACKGROUND

- 2.1 The effective management of risk is recognised as an essential feature of a well-run organisation. It is particularly important at a time when the Authority is making substantial changes in the drive to improve services.
- 2.2 The approach to managing risks was defined in a strategy document approved by Cabinet on 6 September 2007. However all major strategies are now reviewed annually. The Risk & Insurance Team has recently considered the Corporate Risk Management Strategy. In doing so the team referred to the Annual Governance Statement, an internal audit report on the risk management framework and the Use of Resources assessment and Action Plan.

##### 3. THE STRATEGY

- 3.1. Given that a fundamental review was carried out in 2007, the main objective of the current review was to bring the strategy up to date as regards factual changes in arrangements and address any new areas for improvement. The principal amendments proposed are as follows

(i) **Roles and Responsibilities**

Confirm that the Corporate Improvement Group (CIG) has taken over the previous responsibilities of the Risk Management Forum as regards consideration of changes to strategy and processes

(ii) **Risk Identification**

Recognize the role of CIG in identifying potential new risks of corporate significance.

(iii) **Risk Analysis**

Remove reference to the factors against which the significance of risks will be judged as this describes an element of process rather than strategy.

- (iv) **Monitoring and Review**  
Recognize that CIG will review the corporate risks each quarter. Confirm that the strategy itself will now be reviewed annually.
- (v) **Reporting**  
Acknowledge that new corporate risks and progress in addressing existing risks will be included in the quarterly Financial and Performance Monitoring Report agreed by Cabinet on 3 April 2008.
- (vi) **Measuring the Success of the Strategy**  
Remove reference to the percentage of risks falling into High Medium and Low categories in judging the effectiveness of the strategy. Other more meaningful quantitative measures are being considered.
- (vii) **Outputs and Benefits**  
Remove reference to the Risk Profile Model as this is not strictly an output but an element of process
- (viii) **Impact and Likelihood Scores**  
Remove reference to actual figures in the Financial Impact scores and replace with percentages of the annual budget.

3.2. In accordance with the governance arrangements the revised strategy has been shared with the Corporate Improvement Group and their comments taken into account.

#### **4. ACTION PLAN**

4.1 The revised strategy sets intentions and provides a broad framework. However its successful implementation is dependent on the individual activities which underpin the approach.

4.2. The actions planned over the next 12 months are described in greater detail below:

- (i) **Corporate Risk Register**  
The annual refresh of the key corporate risks is to be undertaken by Chief Officers in the Autumn following confirmation of the 2009/10 Priorities for Improvement. The Corporate Improvement Group will review the corporate risk register each quarter.
- (ii) **Training**  
Another risk management training event for Members will take place before the end of the calendar year.

(iii) **Comprehensive Area Assessment (CAA)**

The focus on risk within the CAA poses challenges for the Authority in ensuring that its arrangements are fit for purpose. The Risk & Insurance Officer will be working with the Performance and Policy Division to consider whether any changes are required.

**5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1. Improvements in managing risks will have a financial impact in areas such as the cost of staff absence and insurance.

**6. EQUAL OPPORTUNITY IMPLICATIONS**

6.1. There are none arising directly from this report.

**7. COMMUNITY SAFETY IMPLICATIONS**

7.1. Specific risk control actions should improve community safety.

**8. HUMAN RIGHTS IMPLICATIONS**

8.1. There are none arising directly from this report.

**9. LOCAL AGENDA 21 IMPLICATIONS**

9.1. There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1. Risk implications will form part of planning strategy.

**11. MEMBER SUPPORT IMPLICATIONS**

11.1. There are none arising directly from this report.

**12. BACKGROUND PAPERS**

12.1 Annual Governance Statement - June 2008

12.2 Report on the risk management framework - Internal Audit (August 2007)

12.3 Use of Resources Assessment - Audit Commission - December 2007

13. **RECOMMENDATIONS**

- 13.1 That the revised corporate risk management strategy be noted.
- 13.2 That Members who could not be present at previous risk management training sessions be invited to attend a future event.

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DIRECTOR OF FINANCE

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