

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**27 SEPTEMBER 2007**

### **REPORT OF THE DIRECTOR OF FINANCE**

### **CORPORATE RISK MANAGEMENT STRATEGY**

#### **1. EXECUTIVE SUMMARY**

- 1.1. This report sets out for the information of Members recommendations for revisions to the corporate approach to managing risk. A copy of the proposed strategy document 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 current approach to managing risks is defined in a strategy document which was approved by Members in 2005. This stated that the approach should be formally reviewed every two years. The Corporate Risk Management Forum undertook a review earlier this year. The task was informed by the Statement of Internal Control, an internal audit report on the risk management framework and by the Use of Resources assessment and Action Plan..
- 2.3 These documents recognised the advances made by the Authority but highlighted a number of areas where improvements could be made:
  - Development of the Committee reporting procedure to include the identification of risks considered during the actual decision making process;
  - Identification of the risk appetite and tolerance level;
  - Provision of guidance on assessing and managing risks with partners and external organisations;
  - Inclusion of risk on all relevant meeting agendas and formal recording of the outcomes;
  - Amendment to the standard format for committee reports and minutes to indicate that risks are considered in the decision making process;
  - Development of the role of Members in the corporate risk management strategy.

### 3. THE STRATEGY

3.1. Measures to address these areas are incorporated into the revised strategy. The principal changes are:-

(i) **Risk Model**

A new risk scoring system based upon scores of 1-5 for impact and likelihood will be introduced to allow greater flexibility in evaluating risk. An amended risk profile model will help to define the corporate risk appetite and the levels of risk that should be reported to Chief Officers and Members.

(ii) **Clearer Responsibilities**

Chief Officers and Members will take on more direct responsibility for identifying and reviewing the key corporate risks.

(iii) **Escalation of Risks**

Consideration of risk will be a regular agenda item for management team meetings at all levels. This should ensure more open consideration of pressures within individual teams and departments and will provide an audit trail where risks need to be escalated.

(iv) **Projects and Partnerships**

Departments will be required to account specifically for their projects and partnerships within their overall arrangements for managing business risk. Detailed guidance for officers has been developed in these areas.

(v) **Reporting**

The existing framework for reporting performance will be enhanced to provide more meaningful information in a consistent format. In addition there will be a new requirement for officers to state clearly in committee reports the principal risks associated with decisions.

(vi) **Performance**

The strategy contains a number of qualitative and quantitative indicators which will be used to judge its success. These will be monitored and reported to the Audit and Risk Management Committee annually.

(vii) **Increased Joint Working**

Several different teams support and contribute to the overall corporate approach. In future the Performance Management, Health, Safety & Resilience Operations, Risk & Insurance and Internal Audit teams will work more closely to embed the strategy

## 4. ACTION PLAN

- 4.1 The revised strategy sets the intentions and provides a broad framework. However its successful implementation will require adherence to the systems and processes which will underpin the approach. Whilst many of these are already in place others will need to be enhanced or introduced.
- 4.2. The strategy document shows the actions planned over the next 12 months to assist with its implementation. These are described in greater detail below:
- (i) **Corporate Risk Register**  
A refresh of the key corporate risks has been undertaken by Chief Officers. The draft risk register is now presented so that Members views can be incorporated into the final version of this document.
  - (ii) **Training**  
The second risk management training event for Members was held on 5 July 2007. A further session will take place before the end of the year.
  - (iii) **Risk Reporting**  
A protocol for the inclusion of risk information in reports to Members is to be produced. The Corporate Risk Management Forum will examine the approaches adopted by other local authorities and will put forward suggestions to Chief Officers.
  - (iv) **Projects and Partnerships**  
Guidance for officers on managing the risks associated with transformational change and partnerships has already been developed. This will be introduced through targeted training and briefings.
  - (v) **Performance Information Management System (PIMS)**  
PIMS has already been developed to record information on risks. A number of improvements aimed at making the risk element easier to use and providing more meaningful information have already been identified. These will be implemented and communicated to users.
  - (vi) **Financial Risk**  
Risk considerations need to feature in the decisions which the Council makes regarding the allocation and management of financial resources and in the reporting of financial performance. Potential improvements will be discussed with the Corporate Improvement Group before recommendations are put to Chief Officers and Members.

**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 (i) Minutes of the Corporate Risk Management Forum  
(ii) Statement on Internal Control (June 2007)  
(iii) Report on the risk management framework (Internal Audit 2006)  
(iv) Use of Resources 2006 (Audit Commission)  
(v) A Signpost to Success: Developing a best practice strategy to manage business risk in public bodies (IPF)

**13. RECOMMENDATIONS**

- 13.1. That Members approve the revised corporate risk management strategy.
- 13.2. That Members who could not be present at previous risk management training sessions attend the event planned for later in the year.

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DIRECTOR OF FINANCE

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