

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

17 JANUARY 2011

REPORT OF THE DIRECTOR OF FINANCE

RISK MANAGEMENT STRATEGY

1. EXECUTIVE SUMMARY

- 1.1. This report proposes minor changes to the Risk Management Strategy following a recent review and describes the project being undertaken to review the overall approach to risk and uncertainty. The Strategy was agreed by the Cabinet on 25 November 2010 and is included as an Appendix.

2. BACKGROUND

- 2.1 The effective management of risk is recognised as an essential feature of good governance. It is particularly important at times of uncertainty in the external environment and when organisations are undergoing substantial internal change.
- 2.2. The current approach to managing risk is defined in the Strategy approved by Cabinet on 24 September 2009. All major strategies are reviewed annually and in considering the Risk Management Strategy reference is made to the Annual Governance Statement and Internal Audit reports on the Risk Management Framework. This has been a light touch refresh given that an in-depth review of the approach to the management of uncertainty is currently underway.

3. REVIEW OF APPROACH TO RISK AND UNCERTAINTY

- 3.1 Members may recall that the 2009 Strategy proposed a fundamental review of the attitude to risk and the framework for managing risk.
- 3.2. The revised framework and processes will be informed by the British Standard for risk management (BS 31100:2008) and seek to address risk in the wider sense of uncertainty.
- 3.3. A project outline was subsequently and agreed by Chief Officers. A respected risk management academic and practitioner has been engaged to assist with the initial stages of the project of which the key elements are:-

3.3.1 On-line 'risk maturity' survey

A 'Risk Management Maturity Metric' was run in July/August 2010. It collected data from approximately 350 middle and senior managers in relation to risk knowledge, risk skills, risk attitudes and risk systems/processes. The survey was designed to elicit information about the existing processes and culture of risk management within the Council.

3.3.2 Business context interviews with Chief Officers and senior Members

Risk management is strongly influenced by organisational culture and the wider environment in which the Council seeks to deliver its objectives. To better understand these factors between July and September 2010 all Chief Officers and selected Members of Cabinet and Audit & Risk Management Committee were interviewed on a one-to-one basis. The discussions covered attitudes to risk management, its perceived benefits and pitfalls, how risk management can assist in achieving Council objectives and what is required from risk management going forward.

3.3.3 Evaluate current arrangements against BS 31100:2008

The British Standard represents the current benchmark for both the public and private sectors. Officers have conducted an analysis to identify those areas where the Council meets the standard and those where it does not at present.

3.3.4 Initial report on the approach to risk and uncertainty

The findings from the initial phases will lead to a report containing a clear and concise summary of the findings and an outline of recommended future actions to enable the Authority to move forward. The report should also assist with the formulation of a corporate 'risk appetite'.

3.3.5 Develop a revised policy and responses to address gaps

The report will request permission to establish a small group led by the Risk & Insurance Team, within the Finance Department, to produce a new risk management framework based on the expectations of key stakeholders. It would be tasked with creating options to address those areas where improvements need to be made both to meet stakeholders' requirements and to comply with the British Standard. This piece of work is likely to take approximately twelve months.

3.3.6 Production and implementation of action plan

The new framework and options for improvement would be put to Members and Chief Officers. If accepted an action plan to implement changes would be developed. This process would seek to prioritise improvements that could be implemented quickly and at limited cost.

4. THE STRATEGY

- 4.1. Given that the in-depth review could lead to significant changes in approach the main objective of the current review was to ensure that the Strategy was brought up to date to reflect current practice. The principal amendments are as follows:-

Monitoring and Review (4.4)

- All Council employees will be made aware of the new Strategy. This will be achieved by placing it, and publicising the fact, on the Wirral Intranet.

Reporting (4.5)

- All Cabinet reports requiring a decision are to state the main risks and opportunities and the principal means by which these will be addressed.
- The Corporate Financial and Performance Review Report now summarises the principal short-term risks to each of the strategic objectives

Evaluating progress (5.2.1)

- Reference to the Corporate Performance Assessment as a measure of the effectiveness of the Strategy has been removed.

- 4.2. In accordance with the governance arrangements the revised Strategy was shared with the Corporate Improvement Group.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1. There are none arising directly from this report.

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 (April 2010)

12.2. Internal Audit report on the risk management framework (2010)

12.3 Project Request – Review of Risk Management Arrangements
British Standard BS 31100:2008

13. **RECOMMENDATION**

13.1 That the revised Risk Management Strategy be noted.

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DIRECTOR OF FINANCE

FNCE/244/10