

# WIRRAL COUNCIL

## AUDIT & RISK MANAGEMENT COMMITTEE

28 JANUARY 2014

<b>SUBJECT</b>	<b>CORPORATE RISK MANAGEMENT POLICY</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>STRATEGIC DIRECTOR OF TRANSFORMATION RESOURCES</b>
<b>KEY DECISION</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report confirms the rationale behind the development of a revised Corporate Risk Management Policy. It describes the process followed to develop the Policy and identifies further actions needed for implementation. Committee are asked to endorse the Policy and refer to Cabinet for approval.

### 2.0 BACKGROUND

#### INTRODUCTION

2.1 The Council, like all organisations, has to deliver its objectives in the face of a complex and increasingly dynamic environment. The uncertainty created by that environment presents it with both opportunities and threats. So having a robust and effective framework for addressing risk and uncertainty is vital to the authority's success.

2.2 Although the Council has a defined approach to risk it is recognised that this is no longer suitable given developments in good practice and the scale and pace of change facing the organisation. This was underlined in the 2012 Improvement Board review and in last year's Internal Audit report on the Risk Management Framework.

2.3 A key element of the Council's vision for 2016 is that the organisation will be 'risk aware, not risk averse'. This objective makes the need for a revised and more effective approach to handling risk even more important.

2.4 The purpose of a risk management policy is to set out an organisation's overall attitude to risk and uncertainty, to confirm its commitment to managing risk, to provide a high level view of the risk management process itself and to set out corporate requirements around how risk is to be handled. It is a key element of any organisation's overall risk management framework.

#### PROCESS

2.5 There is a British and International Standard for risk management BS ISO 31000:2009. It suggests that an effective risk management policy might contain as a minimum:

- details of how risk management is governed
- the scope of the risk management policy
- to whom and to what the policy applies

- a high level view of the risk management process itself
  - the organisation's risk appetite, thresholds and escalation procedure
  - the purpose, frequency and scope of risk reporting
  - roles, accountabilities and responsibilities
  - variations and dispensations
- 2.6 To ensure that any revised policy would conform to best practice the format and content of the draft document has been based on the above guidance. The areas for improvement highlighted by the Peer Review and the Internal Audit report have also been taken into account.
- 2.7 Whilst it is a fundamental principle of risk management that it should be tailored to the needs of each individual organisation and its level of maturity there is merit in examining the approaches taken by others. So in constructing the revised policy the Risk and Insurance team also reviewed the risk management policy documents of a number of local authorities considered to be exemplars of risk management practice and spoke with some of their risk managers. The output from these investigations has directly informed the draft document.
- 2.8 Consultation with the Chief Executive Strategy Group clarified the overall objectives of the policy and the level of capability which the Council should be seeking to achieve.
- 2.9 Early drafts of the document were shared with key teams across the organisation (Internal Audit, Strategic Change Programme Office, Human Resources and Organisational Development, Commissioning Performance and Business Intelligence) to sense check the proposals and ensure the factual accuracy of the document.
- 2.10 To make the document easier to understand and follow it is divided into a number of simply headed sections (for example 'How Risk Management is Governed'). The document has been drafted in plain English and any technical terms explained in a glossary.

## **NEXT STEPS**

- 2.11 If endorsed by this Committee the Policy would be submitted to Cabinet for formal adoption on behalf of the Council. It would be signed by both the Leader of the Council and the Chief Executive in order to demonstrate commitment from the top of the organisation.
- 2.12 The Policy would be disseminated through presentations to Directorate Management teams and publication on the re-launched Council Intranet.
- 2.13. An early priority will be the task of defining the Council's appetite and tolerance for risk. The mechanism proposed to assist with this will require the active involvement of representatives from the Council's political and executive leadership. Cabinet Members will be asked to nominate participants when the Policy document is presented to them.
- 2.14 The new reporting arrangements outlined in the policy would be rolled out during the course of 2014/15.

- 2.15 Bringing about the risk aware culture sought by the leadership and ensuring that Members and officers are not only aware of the Policy but are equipped with the knowledge and skills to adhere to it will require the development and delivery of a programme of training and guidance. Involvement of the Organisational Development Team would be key to the delivery of this element. Work would begin early in 2014/15.
- 2.16 The Policy confirms that it will be reviewed annually. The review process will draw upon an Internal Audit assessment of the Council's risk management maturity as well as wider developments in good risk management practice.
- 2.17 The new Policy is an important component of the Council's risk management framework but it is not an end in itself. Other actions will need to be implemented to bring the vision outlined in the policy into effect. These are indicated on pages 30 and 31 of the document. Progress in relation to the delivery of these actions will be the subject of further updates to this Committee.

### **3.0 RELEVANT RISKS**

- 3.1 Implementation of the policy could be frustrated by the limited capacity within the Risk & Insurance team. Part of the response to this risk would be greater involvement from officers in other teams (for example Commissioning and Intelligence, Internal Audit and Organisational Development) in the delivery of key components of the policy.
- 3.2 If the management of risk is not considered as a standard part of the planning and delivery of services and programmes it would limit the benefits envisaged in the Policy. Commitment from the Council's political and executive leadership will help to avoid this. Compliance with the policy will be verified through regular audits. In the longer term the cultural change needed would be achieved at least in part through training for officers and Members.
- 3.3 The incorporation of risk management practice into all areas of Council business will inevitably place some additional demand on the capacity of officers and Members. The impact should be limited by incorporating risk management into existing Council processes wherever possible. However the Policy only seeks to bring the Council into line with what is existing practice in well run organisations.

### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 as the Council is seeking improvements to risk management in line with British and International Standards and other authorities the retention of the existing risk management policy was not appropriate.

### **5.0 CONSULTATION**

- 5.1 A range of consultation has been undertaken in drafting the revised policy as indicated in paragraphs 2.7 – 2.9.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 Whilst there are no direct implications arising from this report implantation of the Policy should lead to better management of the risks presented by working with others.

## **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS**

7.1 As indicated in paragraph 3.3 implementation of the Policy will place some additional demands on officers and Members.

## **8.0 LEGAL IMPLICATIONS**

8.1 Adoption of the Policy will support compliance with Regulation 4(2) of the Accounts and Audit (England) Regulations 2011.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 There are no implications arising directly from this report.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are no implications arising directly from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are no implications arising directly from this report.

## **12.0 RECOMMENDATION**

12.1 That the draft Risk Management Policy be approved and referred to Cabinet for formal adoption on behalf of the Council.

12.2 That regular reports on progress towards implementation of the risk management action plan be brought to this Committee.

## **13.0 REASON FOR RECOMMENDATION**

13.1 The adoption of a revised Risk Management Policy is a key element of the Council's improved approach to managing risk.

13.2 In line with the governance arrangements for risk management this committee needs to maintain an oversight of developments in the Council's risk management framework.

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## **APPENDIX**

Draft Corporate Risk Management Policy

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management - Risk Management Strategy and the Management of Risk and Opportunity	29 November 2011
Cabinet - Risk Management Strategy and the Management of Risk and Opportunity	13 October 2011
Audit & Risk Management – Risk Management Strategy	17 January 2011
Cabinet - Risk Management Strategy	25 November 2010