

## **WIRRAL COUNCIL**

### **CABINET**

**4 JUNE 2015**

<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 AND RESOURCES</b>
<b>KEY DECISION</b>	<b>YES</b>

#### **1.0 EXECUTIVE SUMMARY**

1.1 This report confirms the process behind the annual update to the Corporate Risk Management Policy. It sets out the factors that have influenced its development, describes the main proposed changes from the current document and confirms a series of actions needed for its implementation. The Policy was approved by Audit & Risk Management Committee on 18 March. In accordance with Cabinet's ultimate responsibility for corporate governance Members are invited to consider and formally adopt the Policy on behalf of the Council.

#### **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 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 an effective approach to handling risk even more important.

2.3 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.

2.4 A fundamental revision of the Council's policy was undertaken in 2013/14 leading to the current document which was adopted by Cabinet on 13 March 2014. Governance arrangements for the policy require it to be refreshed annually.

## **THE PROCESS**

- 2.5 Under the governance structure for risk management any update to the Policy is considered by the Strategic Leadership Team (SLT) then by Audit & Risk Management Committee before being put to Cabinet for formal adoption. Within the past year the Council has also formally established a Corporate Governance Group with a specific responsibility for proposing improvements to the Council's risk management framework
- 2.6 The Risk and Insurance Officer produced an initial draft version of the Policy for the Corporate Governance Group meeting on 12 February. This reflected recent changes in organisational practice and structure and took account of the output from a 2014 CIPFA national risk management benchmarking exercise in which the Council had participated. That exercise had confirmed that risk management was 'working' across the authority, but highlighted a number of areas where improvement was still needed. These areas had been discussed by the Group in November 2014.
- 2.7 The meeting also considered the recommendations contained in an Internal Audit investigation into the level of knowledge across the organisation of the Council's risk management Policy and processes and the degree of compliance with these. The conclusions from the Group's discussion were included in a revised draft of the document.
- 2.8 The revised document was considered by SLT on 24 February. Minor changes to the Roles and Responsibilities section of the Policy and the Action Plan were suggested and have been incorporated into the draft document appended to this report.
- 2.9 The draft Policy was put to Audit & Risk Management Committee on 18 March. Members approved the document and resolved that it should be referred to Cabinet for formal adoption on behalf of the Council.

## **PROPOSED CHANGES**

- 2.10 All amendments are highlighted in shaded text within the body of the document. The principal changes are:
- Narrative for 'Drivers for Change and Improvement' (page 4)
  - Governance structure includes the Corporate Governance Group and the Portfolio Holder - Governance, Improvement and Commissioning (page 8)
  - Addition of the risk scoring matrix (page 13)
  - Roles and Responsibilities include the Corporate Governance Group (page 26)
  - Narrative for desired level of capability (page 31)

## **ACTION PLAN**

- 2.11 A number of areas for improvement were highlighted by the risk management benchmarking exercise. However the Corporate Governance Group

recognised that there is not the corporate capacity to address all of these immediately. The following actions, contained within the draft policy, relate to the most significant areas:

- Work with Human Resources / Organisational Development to ensure that the cultural change programme supports the Council value of being 'risk aware, not risk averse'
- Agree an approach for determining risk appetite and arrange for the Leadership to consider this as part of the development of the new Corporate Plan.
- Complete business continuity plans and conduct an initial round of testing
- Update the risk management requirements for partnerships and determine how compliance will be assured
- Conduct a pilot of 'Concerto' for plans, performance and risk information and evaluate the results
- Agree requirements for reporting risk information to Policy & Performance committees
- Roll out E-Learning modules for managers and staff

### **NEXT STEPS**

- 2.12 If adopted by Cabinet the Policy 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.
- 2.13 The Policy would be disseminated through presentations to Directorate Management teams publication on the Council Intranet and through the roll out of the E-learning courses.
- 2.14 The Policy will be reviewed annually. The review process will draw upon the output from the 2015 CIPFA national risk management benchmarking exercise further Internal Audit reports and wider developments in good risk management practice.
- 2.15 The Corporate Risk Management Policy forms part of a suite of policies which support our increasingly strengthening corporate governance arrangements. As such, it is important we build on our growing regional and national reputation and manage effectively any risks which may damage that.

### **3.0 RELEVANT RISKS**

- 3.1 Implementation of the Policy could be frustrated by the limited capacity within the Risk & Insurance team. This risk will be mitigated in part by 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.

#### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1 Changes within the Council and in good risk management practice make it appropriate to adopt a revised risk management policy.

#### **5.0 CONSULTATION**

- 5.1 Consultation undertaken in drafting the revised policy is as indicated in paragraphs 2.6 – 2.9.

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

- 6.1 Whilst there are no direct implications arising from this report implementation 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 formally adopted.

## 13.0 REASON FOR RECOMMENDATION

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

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## APPENDIX

Draft Corporate Risk Management Policy

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management – Corporate Risk Management Policy	18 March 2015
Cabinet - Corporate Risk Management Policy	13 March 2014
Audit & Risk Management – Corporate Risk Management Policy	28 January 2014