



Audit and Risk Management Committee
Monday, 23 July 2018

REPORT TITLE:	IMPROVEMENTS TO THE CORPORATE RISK MANAGEMENT FRAMEWORK
REPORT OF:	Chief Executive

REPORT SUMMARY

My report to the committee on 12 March 2018 indicated that improvements were needed to the Council's approach to managing risk. It focussed on proposals for ensuring that the corporate risk register reflects the most significant risks to delivery of the Council's objectives and enhanced arrangements for its oversight. This report summarises subsequent developments in relation to those proposals but also sets out a number of actions to support broader improvements to the Council's approach to risk.

RECOMMENDATION/S

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 The committee needs to understand the authority's arrangements for managing risk in order to fulfil its role of providing independent assurance of the Council's governance regime.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 None. The need to deliver improvements to the Council's risk management arrangements has been recognised by both SLT and this committee.

3.0 BACKGROUND INFORMATION

- 3.1 In a report to this committee on 12 March I indicated that changes to the Council's risk management framework needed to be made.
- 3.2 That report focussed on proposals for the future governance of the Council's most significant risks. However, with the implementation of the new corporate structure, the development of the Integrated Commissioning Hub and major initiatives in relation to economic regeneration and growth the opportunity is being taken to review the authority's overall arrangements for managing risk. As a result the Council is completely refreshing its approach.
- 3.3 An initial set of proposals was considered by the Strategic Leadership Team (SLT) on 20 March 2018. Chief amongst these was creating greater ownership of risk amongst executive and political leaders and enforcing greater accountability for their management, improving the oversight of critical operational risks, creating more capacity to support the risk management process and improved reporting arrangements. These were agreed by the team and progress in respect of these is summarised below.
- 3.3.1 An enhanced SLT corporate risk review which will take place monthly has been agreed and will be initiated in September. It will be informed by the new performance dashboard referred to in paragraph 3.6. Greater scrutiny of and challenge to the effectiveness of controls will be at the heart of the review.
- 3.3.2 A network of officers has been established across the organisation. Their role is to support the embedding of improved risk management arrangements within each directorate and to work with the Senior Risk and Insurance Officer on the production of the new monthly corporate risk report.
- 3.3.3 A set of corporate critical operational risks has been identified and will be considered by SLT as part of the review of corporate risks. Such risks arise from Council's business as usual activities but their potential impacts in aggregate present major threats. Controls for these risks are being mapped to support regular oversight of them through performance monitoring and management arrangements.

- 3.4 SLT recognises its responsibilities in relation to the effective management of risk as part of the overall governance of the organisation. In seeking to drive change in this area the team sought an opportunity to discuss good practice in this field and consider further changes that might be needed to ensure that this is delivered.

SLT Session

- 3.5 A session, facilitated by Zurich the Council's insurance and risk management provider, was held with SLT on 19 June 2018. This examined the Council's goals in relation to risk management, the effectiveness of current arrangements, actions to improve these, the existing corporate risks and whether they continue to represent the most critical threats to the Council's objectives.
- 3.6 The session initiated discussion as to the most critical risks facing the Council at this time. A further more detailed exercise will take place in August and a refreshed corporate risk register, owned by SLT, finalised by the end of that month. This will be monitored through by the new monthly dashboard reporting arrangements and updated to ensure that the register continues to reflect the Council's position.
- 3.7 The discussion also resulted in the following actions.

Action	Target Date
Paper to engage Cabinet in the process of improving the risk management framework	07/08/2018
Agree the revised corporate risks	14/08/2018
Map the key controls for the revised corporate risks	31/08/2018
Deliver training to Overview & Scrutiny Committees	August 2018 onwards
Introduce risk reports for Overview & Scrutiny Committees	
Second session with SLT to develop further improvement actions	30/09/2018
Consider the appetite for each corporate level risk	30/09/2018
Introduce the monthly corporate risk review	30/09/2018
Provide training in risk management principles and techniques to the officers providing risk management support to each directorate	30/09/2018
Develop a risk management component for the leadership training programme for senior officers	31/10/2018

- 3.8 To drive the improvements identified by SLT a task and finish group chaired by the Director for Business Management has been established. This includes representation from the Risk & Insurance team, Internal Audit, the Intelligence Service and Business Design & Change.
- 3.9 This group will also generate suggestions for further improvement. These will be shared with SLT and with this committee.

- 3.10 Progress in relation to the above actions and additional improvement actions proposed will be reported to future meetings of this committee.
- 3.11 Changes arising from the improvement actions will be reflected in future updates of the Corporate Risk Management policy.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no immediate financial implications arising directly from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 The improvements will help to support compliance with the Council's obligations under Part 2 of the Accounts and Audit Regulations 2015.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 Risk management support officers have been identified from the Council's existing establishment.

7.0 RELEVANT RISKS

- 7.1 The actions summarised in paragraphs 3.6 and 3.7 will lead to the creation of a revised corporate level risk register.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No specific consultation has been undertaken with regard to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

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APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee Corporate Risk Register Corporate Risk Management Policy	12 March 2018 25 September 2017