

Committee Risk Workshop

Purpose of session

- Improve visibility and understanding by Committee members of the significant, strategic risks faced by the Council
- Opportunity to discuss in more detail the Directorate Risk Register (DRR) and associated Corporate Risks, Directorate Plan, Committee Work Plan...
- Review and challenge the risks and their associated mitigating controls and planned actions.
- Horizon scanning for any emerging risks

Consideration of the Risk Register

1. Are these the “Right” risks to be monitored and managed at this level? Do the descriptions make sense and mean what we think they say?
2. Do the risks reflect the reports and activity brought to committee? Are they linked to the committee work plan and corporate/directorate plans?
3. Are the risks being actively managed or is the level of risk being tolerated and simply maintained? Perhaps external pressures mean it cannot be reduced?
4. Anything missing? Risk register needs to be a manageable size (no limit) but not everything – some risks managed at lower levels and escalated if necessary
5. Horizon scanning – what might be coming – changes in legislation/issues elsewhere – flag up to allow early preparation and/or monitoring eye and not forgotten

Additional Considerations

- Are the key relevant risks being identified, monitored and managed?
- Is an appropriate level of risk being tolerated? – too high/too low
- Is enough information provided in committee reports to support robust decision making?
- Level of detail correct? – too much too little, balance avoid getting lost in the minutiae but enough to be informed.

General feedback on the session

- Useful/insightful?
- Repeat - frequency of session – quarterly, half yearly, annually?
- Additional guidance/training required?
 - Recording of risk management training session from January 2022 available on Member Portal.

Risk Management

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What do we mean by the term “Risk”?

The Council defines a risk as:

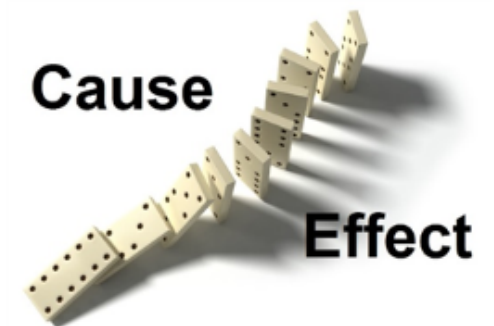
*“An uncertainty that could have adverse or beneficial effects on the **achievement of objectives**”*

Risks can be both positive and negative; an opportunity or a threat.

It is about the **good management** of risk, and **not** the elimination of all risks.

For clarity risks should be described with two components:

Cause / Trigger	Impact / Consequences
<p>An event or situation that <u>could</u> occur which results in a negative or positive impact</p> <p>Think about:</p> <ul style="list-style-type: none">▪ How?▪ Why?▪ When?	<p>The negative or positive result <u>if</u> it did occur:</p> <ul style="list-style-type: none">▪ How big?▪ How bad?▪ How much?



Risk Management (RM) – a few key points

Risk management is subjective – beware of individual or group bias

There is no right or wrong - need to ensure enough information and detail provided to support and evidence decision making

Good practice and expected as a basic part of discussions and considerations when looking at budgets and planned activity.

Risk Management helps by:

- Documenting the **possible** impacts on priorities – of taking/not taking action
- Highlighting why resources are needed and monitor their effectiveness
- Understanding if risks over/under managed and highlight areas to move resources to or from
- Evidencing our appetite and tolerance for risk – threats and opportunities
- Giving clarity and consistency to support understanding

Robust RM requires time to be dedicated to it but regular application and review improves risk management understanding, maturity and culture.

Risk Registers - Development & Continuing Review

Identifying Risks - principally think about what are your priorities/objectives as laid out in your directorate/service/project plans?

These are what should be used to “hang” risks from.

What are the threats and opportunities (negative and positive sides to risk) that **COULD** impact on your ability to achieve these priorities?

- Any risks to be escalated from service areas? – potential large scale impacts (financial and reputation)
- Any risks to be escalated to a higher level? E.g. DRR to Corporate Risk Register?
- Any Corporate Risks to be demoted to DRR or lower?
- What risks have you already identified in committee reports, anything associated with taking a decision or action that might impact on existing risks or new risks?
- What risks are of concern and need to be monitored at the level the risk register is owned and managed?

Risk Management within Wirral

The Council maintains that risk management should not restrict service delivery nor stifle innovation unnecessarily, but rather should **support** the taking of risks, provided that they are understood, actively managed, and justified.

Demonstrates the consideration of risks in the Council's decision making and planning, it is important to evidence the risks being taken and managed as part of the Committee report.

Essential to be clear that risks have the **potential** to occur, it is not guaranteed that they will occur. Key/significant risks even if they are being managed can still occur but the likelihood of occurrence maybe being reduce or the possible impacts.

Important to understand that risk management and understanding of the risks is subjective. It is based on someone's knowledge, experience and personal appetite for risk. This can change over time and therefore regular review of risks is necessary.

Flow of Risks within Wirral

Corporate Risk Register (CRR) – SLT, P&R and A&RM Committees

(Strategic and large scale potential impact operational risks, aligned to Wirral Plan, detail of mitigation and action will sit within DRR)

Directorate Risk Register (DRR) – DMT / Policy & Service Committees

(Strategic and large scale potential impact operational risks, aligned to business plan priorities / delivery plans)

Programme Risks –
Programme Board,
Inv & Change Board

Flow of risks up and down between levels.

Service/Team Risks

(operational risks – may become escalated to DRR if large scale impact)

X-Cutting & Specialist Areas e.g. H&S, Info Governance, Fraud, Partnerships

Project Risks

Also horizontally, across / between areas.

Committee Reports - Section 7 – Expected Content

What are the key risks associated with taking this decision?

This may be the risks of not taking the decision – what could the impact be?

By taking the action it may lead to other risks, what are they?

Is this activity associated with a particular directorate or corporate risk, perhaps it is key mitigation to try and reduce the likelihood or impact of one of these risks.

What is going to be done to identify, monitor and report these risks on a regular basis?

Will risks be reported back to this committee or elsewhere?

Who is responsible for managing these risks and actions?

Corporate Risk Template

Score **before** any controls – worst case, often rarely changes without external

Mitigating controls that are in place, and effective on reducing the risks likelihood or impact

Score **after** controls are put in place – where the risk is at the moment of the last review

If Managed score is considered too high additional actions may be identified – with owners and target dates for delivery

Aspirational score – where aim to reduce the risk to with the additional actions. Can change if actions delayed or tolerance for risk changes. **N.B.** Managed and Target scores may be the same if external pressures make it difficult to reduce the risk score.

Priority / Objective	Risk Ref.	Risk Description	Unmanaged / Gross Scores			Risk Owner	Existing Controls - effective and working on the risk	Managed / Current Scores			Planned Additional Actions - to lower the risk or consolidate position	Action Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ↔ □)	Risk Update
			Likelihood	Impact	Total (LxI)			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)		
	RR001				0				0					0	▲ ▼ ↔ □			
	RR002				0			0						0	▲ ▼ ↔ □			

- Tells a story - level of risk being carried and why controls are important
- Consistency of information, allows reporting via PowerBI
- Supports decisions – identifies areas for improvement/additional control, reducing controls
- Scoring – 1-5 for both likelihood and impact – Max score of 25
- Scoring levels are defined and colour rated (RAG) based on matrix