



## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Wednesday 31<sup>st</sup> July 2024**

<b>REPORT TITLE:</b>	<b>CORPORATE RISK MANAGEMENT (RM) UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE (S151 OFFICER)</b>

### **REPORT SUMMARY**

This report provides an update on risk management activity including the quarterly update of the Corporate Risk Register.

This matter affects all Wards within the Borough. It is not a key decision.

The risk management activity detailed within the report supports the following priority or delivery theme from Wirral Council's Plan 2023-27:

- Working together to create a more efficient, effective and accessible council.

### **RECOMMENDATION**

The Audit and Risk Management Committee is recommended to note the report.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

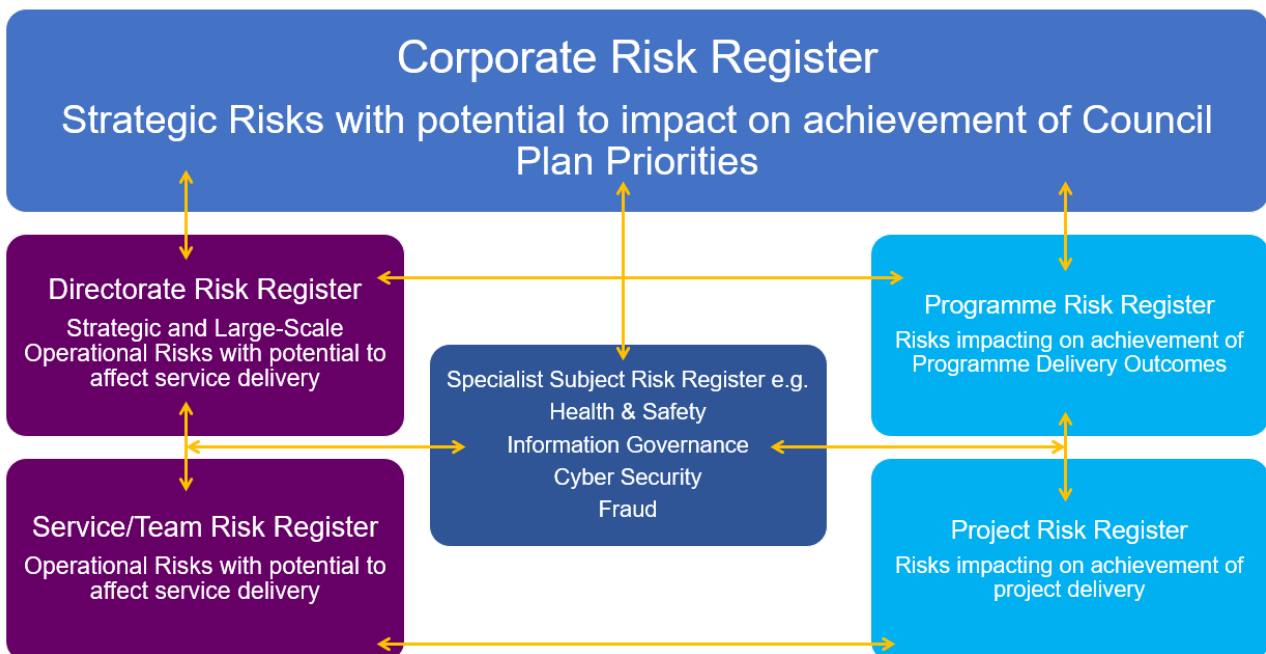
- 1.1 To enable the committee to gain assurance that the Council understands its most significant risks, and they are recorded, reported and managed in line with the arrangements outlined in the Council's Risk Management Framework.

### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered appropriate as failure to report this information would demonstrate ineffective governance and non-compliance with professional best practice.

### 3.0 BACKGROUND INFORMATION

- 3.1 Risk management forms part of many of the seven core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework.'
- 3.2 As detailed in the Council's Risk Management Framework 2024, a risk is defined as "an uncertainty that could have adverse or beneficial effects on the achievement of the Council's objectives."
- 3.3 The Council has a structure of risk registers from the strategic Corporate Risk Register down to individual team or project risk registers, as well as risk assessments related to health and safety and operational activities. As shown in the diagram below.



- 3.4 The maintenance, monitoring and reporting of risks within the hierarchy is a key component of robust corporate governance for the Council. The regular review of all

levels of risk register helps to support and demonstrate risk-based sound decision making as well as allowing for them to be dynamic and reflect the changing situation the Council operates within. As part of these reviews' risks can be escalated or devolved up and down the risk hierarchy.

### **Corporate Risk Register (CRR)**

- 3.5 The Corporate Risk Register consists of key risks which have the potential to impact on the delivery of the Council Plan 2023-27 priorities and risks are aligned to the Plan themes.
- 3.6 By their very nature these risks are often slow to change in score as mitigating controls can take time to have an effect. It is often not possible to fully eliminate or transfer risk but instead the aim can be to reduce it to acceptable and tolerable levels as well as improving the awareness and visibility of risk levels being carried by the Council.
- 3.7 The two sets of risk scores, for the Current Managed or Residual and the Target or aspiration score, demonstrate where the Council is looking to reduce a risk exposure further and does not want to tolerate the Current Managed level.
- 3.8 Each set of score is made up of two elements, the likelihood and the impact. Both are score out of five, based on a defined set of levels within the RM Framework.
- 3.9 The CRR is subject to a regular review by the Senior Leadership Team (SLT). The quarterly review of the CRR was undertaken at SLT on the 10<sup>th</sup> July, following discussions with Directors and subject specialists to gather updates and significant changes.
- 3.10 As a result of those discussions one risk has been removed and two risks have seen an increase in likelihood score, see summary table below. There have also been updates to the mitigating controls and planned actions for the existing Corporate Risks.

Risk Reference and Headline	Action
CRR001/23 Ability to Deliver Effective Change / Improvements and Services	Risk removed from CRR.
CRR004/23 Financial Stability and Resilience	Increase in managed likelihood score and amendment to description to recognise risk relates to on-going/continuing position and not just one year.
CRR07/23 Failure to deliver organisation target (Net Zero 2030) and boroughwide 2041	Increase in managed likelihood score, emissions above target in 2023/24.

- 3.11 There was also a discussion around the improvement recommendation from the External Auditors which was recorded in their Annual Report 2022-23 and reported to the March 2024 meeting of this committee. Work is ongoing to understand and articulate this risk and its existing controls and any planned actions.
- 3.12 The full, revised CRR can be found in Appendix 1.

## Risk Reporting

- 3.13 As outlined in the RM Framework and various committee terms of reference different stakeholders across the Council have responsibilities relating to risk management, this is summarised in the chart below.
- 3.14 Discussions are on-going to strengthen the reporting mechanisms for risk management at both officer and member level.

P&R and Policy & Service Committees	<ul style="list-style-type: none"><li>• As per the current Terms of Reference in the Constitution</li><li>• Providing a view of performance, budget monitoring and risk management in relation to the Committee's functions</li></ul>
Strategic Leadership Team (SLT)	<ul style="list-style-type: none"><li>• Set the tone from the top</li><li>• Maintains an overview of the Council's risk profile and appetite</li><li>• Regularly discuss and review the Corporate Risk Register - identify new corporate risks and any for escalation/demotion to DRR level</li></ul>
Audit & RM Committee	<ul style="list-style-type: none"><li>• As per the current Terms of Reference in the Constitution</li><li>• Consider the effectiveness of the system of risk management arrangements.</li></ul>
Director / DMTs	<ul style="list-style-type: none"><li>• Take ownership for the regular monitor and management of their Directorate Risks</li><li>• Escalating and risks to the CRR as required.</li><li>• Engage and support the role of the Directorate Risk Co-ordinators</li><li>• Reporting risk, alongside performance and budget monitoring to Members</li></ul>
Officer Boards / Groups	<ul style="list-style-type: none"><li>• E.g. Operational Performance Group/Corporate Governance Group / Investment &amp; Change Board</li><li>• Follow the 3 Pillars approach - monitor and escalate risks</li><li>• Include the monitoring and reporting of risks within responsibilities</li></ul>
Managers at all Levels	<ul style="list-style-type: none"><li>• Escalate risks up to the appropriate level, as required.</li><li>• Take ownership for risks within their area and ensure robust risk management is undertaken for all risk types including operational risks</li></ul>
Programme & Project Managers	<ul style="list-style-type: none"><li>• Identify and monitor risks with the potential to impact on a project or programme</li><li>• Escalate risks, as required, to the appropriate level.</li></ul>

## 4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no immediate financial implications arising directly from this report however, failure to manage the Council's risks effectively could lead to further risk to the Council's financial resilience.

## 5.0 LEGAL IMPLICATIONS

- 5.1 There are no immediate legal implications arising directly from this report.

5.2 The Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven new core principles within the best practice guidance, ‘Delivering Corporate Governance in Local Government: Framework’ published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are no resource implications arising directly from this report.

## **7.0 RELEVANT RISKS**

7.1 Without robust risk management procedures in place there is a danger that the Council will fail to identify, understand, and monitor key strategic and operational risks. An ineffective and poorly established risk management framework prevents the optimisation and balanced approach between risk taking and control, leading to ineffective assurance and missed opportunities. The consequence of both is that risks are not considered in decision-making which could have serious financial, reputation and resource implications.

## **8.0 ENGAGEMENT/CONSULTATION**

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

## **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The content and/or recommendations contained within this report are expected to:

- Have no impact on emissions of Greenhouse Gases

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the development of effective corporate risk management arrangements will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social, and environmental justice for all residents.

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## APPENDICES

The PDF file below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [HelenTurner@wirral.gov.uk](mailto:HelenTurner@wirral.gov.uk) if you would like these documents in an accessible format.

**Appendix 1** – Updated Corporate Risk Register July 2024

## BACKGROUND PAPERS

Risk Management Framework March 2024

The Orange Book Management of Risk – Principles and Concepts 2023 UK Government

## TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section C of its Terms of Reference;

### (C) Risk Management & Control

- i. Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.
- ii. Consider the effectiveness of the system of risk management arrangements.
- iii. Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Corporate Risk Management Update	Each meeting of Audit & Risk Management Committee over the last 3 years.