

Agenda Item 8.

TITLE	Corporate Risk Management
FOR CONSIDERATION BY	Audit Committee on 29 July 2020
WARD	None Specific
DIRECTOR	Deputy Chief Executive & Director of Resources and Assets - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant risks.

RECOMMENDATION

The Audit Committee is asked to:-

- 1) Consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR (Appendix A);
- 2) Approve the updated Enterprise Risk Management policy and guidance (Appendix B) and agree its onward submission to the Executive; and
- 3) Consider what further training the Committee requires to discharge its responsibilities with regard to Risk Management.

SUMMARY OF REPORT

One of the roles of the Audit Committee is to provide assurance on the adequacy of the Council's Risk Management Strategy and associated control environment. It does this by periodically reviewing the Strategy, and evaluating the effectiveness of the Corporate Risk Register.

At its previous meeting on 3 June, the Audit Committee received an initial report from the Chief Executive and Deputy Chief Executive outlining the initial assessment of the impact of Covid-19 on the wider community and the Council itself. The Council faces significant challenges and risks over the forthcoming period that include financial, organisational and reputational risks. The report highlights these risks in the latest Council Corporate Risk Register (CRR) following a comprehensive review by Directors and Assistant Directors. The details of the CRR is attached to this report (Appendix A).

This report includes an updated policy and guidance note on Risk Management for the Committee to review and approve (Appendix B).

The Committee is also asked to consider what training may be helpful in supporting it to fully discharge its specific responsibilities with regards Risk Management.

Background

- 1.1 The Council's Constitution sets out the remit of the Audit Committee as follows with regard to Risk Management.

Extract from Constitution (paragraph 4.4.3.2 (d))

To provide an independent assurance of the adequacy of the Risk Management Strategy and the associated control environment. In particular:-

i) To receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;

ii) To receive quarterly reports reviewing implementation of the Council's Risk Management Policy and Strategy to determine whether strategic risks are being actively managed;

iii) To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur;

iv) To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of Enterprise Risk Management (ERM) as and when specific training needs are identified.

- 1.2 With regards to (i) above, elsewhere on this agenda is the Annual Internal Audit & Investigations report, and the draft Annual Governance Statement for the Committee to discharge these responsibilities.

- 1.3 The Audit Committee has historically received a report on the Corporate Risk Register at each meeting (ii above). The remit of the Committee is to gain assurance on the risk management process as opposed to a detailed analysis of individual risks. In discharging this responsibility, the Committee is advised to focus its review in seeking assurance that the risk management framework ensures that new key risks are identified, that risk mitigations are in place and are effective, and that management action ensures a match with the risk appetite of the Council.

Corporate Risk Register

- 2.1 The Enterprise Risk Management Policy (ERMP) states that the Corporate Leadership Team (CLT) is responsible for identifying and managing the Council's risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.
- 2.2 Since the June 2020 meeting of the Audit Committee, Directors and Assistant Directors have participated in workshops to ensure the most significant risks to the Council have been identified and are being managed appropriately. The CRR has also undergone a fundamental review in the light of the impact of Covid-19. Changes made since the last meeting fall into the category of either presentational or new/removed risks.

2.3 The main changes to the presentation of the CRR are as follows:-

- The overall 6x4 matrix at the front of the register has been added to provide a summary of risks visualising in a simple statement the relativity of each risk
- The description of each risk has been reviewed to clarify more precisely the risk in terms of its cause and potential impact
- Each risk has been assessed in terms of impact and likelihood of the risk materialising
- Each mitigating action has a specified owner and timescale for implementation
- Each risk has been mapped to one or more of the Council's seven key priorities

2.4 The main changes to the composition of the register are as follows:-

- New risks have been added covering Telephony (risk no.15), IT Infrastructure (risk no. 16), Public Sector Equality Duty (risk no. 17), and Pandemic response (risk no. 18)
- Budgeting and Financial Management (risk no. 1) has been escalated as the highest risk currently facing the Council. Members are asked to refer to the Executive report of 30 July for further details.
- Corporate Governance (risk no. 2) has been updated to reflect the revised Local Code of Corporate Governance – details can be found elsewhere on this agenda.
- Local Plan (risk no.5) has been re-assessed to the highest impact level.
- Adult Social Care Provider Failure (risk no.12) has been re-assessed to the highest impact level.
- Climate Emergency (risk no.13) has been updated to reflect the Action Plan being considered by Council on 23 July.
- No existing risks have been removed since the previous report to the Committee.

Risk Management Strategy (Policy and Guidance)

- 3.1 The Risk Management Policy and Strategy was last considered by the Audit Committee in September 2018. The Committee should also note that, this year, the External Auditor has identified risk management as an area to be considered a part of their Value for Money (VfM) work.
- 3.2 The documents (at Appendix B) have been updated with tracked changes. Changes relate to the new Community Strategy and Corporate Delivery Plan, a new paragraph on the impact of Covid-19, clarification on the role of Council risk facilitator, and emphasising links to the Local Code of Corporate Governance and the Annual Governance Statement.

Training

- 4.1 With the start of a new municipal year it is timely for the Committee to consider what further training (if any) Members may feel necessary in order to fulfil their responsibilities with regard to risk management.
- 4.2 Options available to the Committee include:-
- Dedicated “classroom” training at a future Committee or a special session
 - Online training
 - One-to-one training for individual Members

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

Effective risk management mitigates financial risks associated with the Council achieving its objectives.

Cross-Council Implications

Risk management influences all areas of the Council – effective risk management is one of the ways assurance is provided that the Council’s key priorities and objectives will be achieved.

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

Previous Corporate Risk Register papers to Audit Committee
Enterprise Risk Management Strategy and Policy

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