

TITLE	Risk Management Policy and Guidance
FOR CONSIDERATION BY	Audit Committee on 27 June 2022
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - 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 Risk Management Policy and Guidance sets out the policy framework and formal guidance to enable pro-active identification and management of risk.

RECOMMENDATION

The Audit Committee is asked:-

- 1) To review, revise as necessary, and recommend adoption of the Risk Management Policy and Guidance to Executive; and
- 2) To consider what further training the Committee requires to discharge its responsibilities with regard to Risk Management.

SUMMARY OF REPORT

One of the functions of the Audit Committee is to provide independent assurance of the adequacy of the Council's risk management arrangements. One of the ways it discharges this function is through the periodic review of the Risk Management Policy and Guidance. The last review was conducted by Committee in July 2020.

The officer Risk Management Group and Corporate Leadership Team have reviewed and updated the Policy and Guidance and consider both to be effective. There have been a number of small enhancements and clarifications and these have been tracked within the document.

Within the Policy, the main amendment is in the roles and responsibilities section to formally recognise the role of the officer Risk Management Group.

The main change to the Guidance is to provide more clarity on how risks are described. The new format looks to simplify the description of the risk and enhance the focus on the cause. The updated format for the corporate risk register which was introduced in 2021/22 is also reflected in the Guidance.

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.

Risk Management Policy

- 2.1 The changes to the Policy have been tracked to enable the Committee to identify where the policy has been amended. Within the Policy, the main change resulting from the review is in the roles and responsibilities section. At paragraph 5.13, the Policy now lists the roles and responsibilities of the Risk Management Group.
- 2.2 The Risk Management Group comprises a representative from each directorate and meets at least quarterly to:-
- review and update the corporate risk register.
 - identify risks that should be escalated from Directorate risk registers to the corporate risk register and risks that should be de-escalated from the corporate risk register to the relevant Directorate risk register.
 - review the key and consistent themes from Directorate, project and partnership risk registers and feed these to CLT and give feedback to the services.
 - identify interdependencies between risks from a service level that in totality represent strategic risks for consideration by CLT.
 - identify risk management training needs, approve training programmes and presentations.
 - provide support to relevant members and managers with regard to risk management in their Directorates.
 - act as a forum for the sharing best practice.
 - implement the detail of the Enterprise Risk Management Policy.
 - publicise and promote risk management across the Council.

Risk Management Guidance

- 3.1 The changes to the guidance have been tracked to enable the Committee to identify where the policy has been amended.
- 3.2 The main change to the Risk Management Guidance relates to the format of the risk description to follow a format:-
 Due to... which identifies the causes
 There is a risk that ...which describes the risk
 Leading to...which describes the impact
- 3.3 This approach facilitates a more specific description of the risk which helps to improve the assessment and focus of the controls and mitigating actions. This approach has been successfully used for several years in the Council's project management environment. Where risk management is highly dynamic process. This is reflected in section 11 - The risk management process.
- 3.4 The second change is around risk appetite. This is now visually displayed on the risk matrix for each risk and the wording around determining the risk appetite is reflected in Section 11 Stage 4. The guidance at Section 12 on risk appetite is amended to highlight areas where the Council's risk appetite is determined by legislation.
- 3.5 The change incorporates the new format for the risk register with a focus on driving accountability around mitigating actions.
- 3.6 There are several minor changes to address changes in titles or clarifications.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	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

The discipline of risk management mitigates financial risks and can also promote innovation in support of strategic objectives and service delivery; opening the door to the possibility of taking risks to achieve positive outcomes.

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.

Public Sector Equality Duty
Due regard to the Public Sector Equality Duty has been taken in the completion of the review of the Risk Management Policy and Guidance.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
Risk management is an important tool to support the Council in achieving this priority.

Reasons for considering the report in Part 2
Not applicable

List of Background Papers
CIPFA/SOLACE Delivering Good Governance in Local Government Framework

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