Enterprise Risk Management Policy

A Framework for Managing Opportunity and Risk

1.0   Introduction

1.1   Wokingham Borough Council's environment is complex and dynamic. The Council provides services directly, through partnership working and via contractors to approximately ~~168~~174,000 residents of the Borough. The Council's gross annual budget is in excess of £300 million. Risks (threats and opportunities) are inherent in all services and activities provided.

1.2   The importance of this Policy to the Council will increase given that the Council is becoming less risk adverse (i.e. accepting greater levels of risk) through its ambitious aspirations for the Borough, service delivery models (companies, trusts and partners), and greater use of technology. Managers will be less controlled through rules based management but empowered to take risks and opportunities as they arise.

1.3   The Council and its partners collaborated to produce the Council's Corporate Delivery Plan and long term (2020-2024 Community Vision for the borough: "A great place to live, learn, work and grow and an even better place to do business". The Council has identified six key priorities to enable it to deliver on its Community Vision for the borough.

1.4   This Enterprise Risk Management Policy (ERM) commits the Council to an effective Risk Management Guidance in which it will adopt best practices in the identification, evaluation and control of risks in order to:

- strengthen the ability of the Council in achieving the Community vision, priorities, ~~and~~ and corporate delivery objectives and to enhance the value of the services it provides;
- adopt best practices in decision making through identification, evaluation and mitigation of risk;
- integrate and embed proactive risk management into the culture of the Council;
- heighten the understanding of all the positive risks (opportunities) as well as negative risks (threats) that the Council faces;
- manage risks cost-effectively and to an acceptable level;
- reduce the risk of injury and damage;
- help secure value for money;
- help enable the Council to be less risk adverse;
- enhance partnership and project working; and
- raise awareness of the need for risk management.

1.5   This policy will allow management to make better informed decisions and become less risk adverse through a focus on risk and return which in turn will enhance the value of money provided to our taxpayers (domestic and non-domestic). This policy has a key role in supporting the Council's Commercialisation Strategy. This policy will be implemented through the development and application of ~~an~~ ERM Guidance. The ERM Guidance shall be approved by Corporate Leadership Team ~~Board~~ and the Audit Committee and Executive on behalf of the Council.

1.6   The importance of this policy has been emphasised in 2020 and 2021 with the impact of Covid-19 providing a framework for effectively managing and responding to the new and emerging impacts on all areas of the Council's operations and strategic objectives.

2.0   Scope

2.1   The importance of ERM within the Council transcends every policy, Guidance and individual transaction, since losses arising from the failure to manage risk or take opportunities can have systemic repercussions for the Council. As such, effective ERM is of interest to all our stakeholders including Members, managers, inspectors, residents, taxpayers and suppliers.

2.2   This policy is also applicable to the council's interests in its wholly-owned subsidiaries. The officer responsible for the council's interest in the subsidiary should be familiar with this policy and remains accountable for the management of all such risks.

2.3   Nothing in this policy overrides the Health and Safety risk assessment process which aligns with Health and Safety Executive guidance and are recorded in Business World On (BWO). Significant project and H&S risks should be identified on risk registers where appropriate.

2.4   The Chief Executive, the Corporate Leadership Team, Extended Corporate Leadership Team, 2nd and 3rd Tier Managers, Members of the Audit Committee, Members of the Overview and Scrutiny Committee and the Executive should be fully familiar with this policy.

2.5   All other staff and elected Members should be aware of it.

3.0   ERM Principles

3.1   This policy and the ERM Guidance shall be premised upon a common understanding and application of the following principles:

PRINCIPLE 1	The informed acceptance of risk is an essential element of good ~~business guidance~~ governance and management.
PRINCIPLE 2	Risk management is an effective means to enhance and protect the Council over time.
PRINCIPLE 3	Common definition and understanding of risks is necessary, in order to better manage those risks and make more consistent and informed ~~business~~ decisions.
PRINCIPLE 4	The management of ~~enterprise~~ risk is an anticipatory, proactive process, to be embedded in the corporate culture and a key part of strategic planning, business planning and operational management.
PRINCIPLE 5	All risks are to be identified, assessed, measured, managed, monitored and reported on in accordance with the Enterprise Risk Management Guidance based on best available information.
PRINCIPLE 6	All business activities are to adhere to risk management practices which reflect effective and appropriate levels of internal controls.
PRINCIPLE 7	2nd Tier Managers should bring to the attention of their respective executive portfolio holders all significant risks on a timely basis.

4.0   Approach to ERM

4.1   This policy is aligned with the Council's Local Code of Corporate Governance . This policy recognises the actions that Council makes with respect to the achievement of the Community Vision, Corporate Delivery Plan priorities, and ~~business~~ objectives are ultimately tied to decisions about the nature and level of risk it is prepared to take and the most effective means to manage and mitigate those risks. ERM covers all the council's risks in a unified and consistent manner.

4.2   Risk management at the Council shall be based on an understanding of the quality and nature of the Council's assets and its sources of revenue, and the impact of any associated potential liabilities. This policy, the ERM Guidance, the related management policies and procedures and management committees, shall enable management and the Corporate Leadership Team to meet their ERM responsibilities.

4.3   The Council's approach to risk management is detailed in its ERM Guidance which is available on the Council's internet and intranet.

5.0   Assignments and responsibilities

5.1   Where possible, ERM shall be integrated into existing corporate processes, thus becoming part of regular day-to-day business and activities. ERM shall be a collective and collaborative effort by the Council in order to achieve an effective system for the management of risk.

5.2   The following describes the roles and responsibilities that Members and Officers will play in introducing, embedding and owning the risk management

process and therefore contributing towards the best practice standards for risk management.

5.3 **Chief Executive**

- The Chief Executive has overall responsibility for the management of all significant risk within the Council including the creation, membership and functions of management committees with risk management roles. This includes the Corporate Leadership Team and the assignment and performance review of 2nd tier managers with responsibility for the management of identified risks;

- The Chief Executive also has a critical role in reporting to the Executive on identified strategic risks and communicating the strategic value of effective risk management to the Executive. The Chief Executive also has a role to play in ensuring adequate funding and resources are available for risk management activities.

5.4 **Corporate Leadership Team**

- To collectively ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council;

- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council;

- To take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff;

- To identify, analyse and profile high-level strategic cross-cutting and emergent risks on a regular basis as outlined in the monitoring process;

- To approve the risk appetite for each risk detailed in the Council's Corporate Risk Register and monitor the total risk faced by the Council;

- To ensure that appropriate risk management skills training and awareness is provided to appropriate elected Members and staff.

5.5 **Council Risk Facilitator – Assistant Director Governance**

- To facilitate the communication and implementation of this Policy and ERM Guidance to all elected Members, managers and staff to fully embed them in the Council's business planning and monitoring processes (as per their respective roles and responsibilities);

- To report to Corporate Leadership Team and Audit Committee on the management of corporate and other significant risks and the overall effectiveness of risk management;

- To provide training and support to relevant members and managers with regard to risk management;

- To co-ordinate all of the Council's risk management registers.

- The post of Assistant Director Governance carries out this facilitation role.

5.6 **2nd Tier Managers i.e. Directors**

- Each 2nd Tier Manager Directors areis individually responsible for proper monitoring of the risks identified in their relevant service plans, local action

plans and for embedding risk management into the business and service planning of their relevant services;

- Ensuring that the risk management process is part of all major projects, partnerships and change management initiatives;
- Ensuring that all reports of a strategic nature written for ~~Executive~~ Members include a risk assessment of the options presented for a decision;
- Report regularly to the Corporate Leadership Team on the progress being undertaken to manage their risks and provide updates on the nature of the significant risks in their relevant Directorate areas;
- To determine the risk appetite for each risk detailed in their Directorate Risk Register;
- Provide assurance on the adequacy of their relevant Directorate's risk and control procedures;
- Bring to the attention of their respective Executive portfolio holders all significant risks on a timely basis.

5.7 ~~3rd Tier Managers i.e.~~ **Assistant Directors**

In respect of risk management, each 3rd Tier Manager is individually responsible for:

- the proper identification, assessment and monitoring of the risks associated in their area of activity;
- bringing to the attention of their ~~2nd Tier Manager~~Director all significant risks on a timely basis;
- ensuring that all reports of a strategic nature written for Executive Members include a risk assessment of the options being presented for a decision;
- recommending (to the ~~Council Risk Facilitator~~Assistant Director Governance) risk management training for their staff (where relevant);
- implementing approved risk management action plans;
- maintaining an awareness of risks and feed them into the risk identification process;
- embedding a culture of pro-active risk assessment in their area of activity.

5.8 **Audit Committee**

To provide independent assurance of the adequacy of the ERM Policy and Guidance and the associated control environment. In particular:

- 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;
- to receive regular reports covering implementation of the Council's ERM Policy and Guidance to determine whether strategic risks are being actively managed;
- to review, revise as necessary and recommend adoption of the ERM Policy and Guidance to Executive on a regular basis;
- to have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified.

5.9   **Executive Members**

- Executive members are responsible for governing the delivery of services to the local community. Executive Members therefore have a responsibility to be aware and fully understand the strategic risks that the Council faces;

- Executive members have the responsibility to consider the risks associated with the decisions they make and will be informed of these risks in the reports that are submitted to them. They are required to consider the cumulative level of risk faced by the authority. They cannot avoid or delegate this overall responsibility, as it is vital to their stewardship responsibilities;

- To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of ERM as and when specific training needs are identified;

- To receive regular reports, as presented to the Audit Committee covering the implementation of the Council's Risk Management Policy and Guidance, including updates over the management of all strategic risks.

5.10   **Overview and Scrutiny Committee**

To have due regard for this policy, and specifically, when undertaking scrutiny reviews to consider the Executive's risk identification and evaluation process.

5.11   **Members**

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

5.12   **Directorate Leadership Teams**

- To collate on a quarterly basis the key and consistent themes from service, project and partnership risk registers and feed these via their Risk Management Group representative to Corporate Leadership Team and give feedback to the services;

- To collate the highest level and most common operational risks (including those risks of a more health and safety or liability perspective) from a service level for communication and if required, consideration by Corporate Leadership Team;

- To monitor the implementation and embedding of risk management within key Council processes;

- To identify risk management training needs, approve training programmes and presentations;

- To facilitate services on an ongoing basis with maintaining their risk registers and matrix;

- To implement the detail of the Enterprise Risk Management Guidance;

- To ensure that risks and action plans are updated in the Corporate Risk Register;

- ~~To share/exchange relevant information with colleagues in other service areas.~~

5.13 **Risk Management Group**

The risk management group is composed of each Directorate Risk Management Lead and will meet at least quarterly to:

- To review the corporate risk register on a quarterly basis.
- To 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.
- To review the key and consistent themes from Directorate, project and partnership risk registers and feed these to CLT and give feedback to the services.
- To identify interdependencies between risks from a service level that in totality represent strategic risks for consideration by CLT.
- To 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.
- To act as a forum for the sharing of best practice.
- To implement the detail of the Enterprise Risk Management Policy.
- Publicise and promote risk management across the council.

5.14~~3~~ **Internal Audit**

Internal audit will

- provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance;
- report to Members on the control environment; and
- provide an Internal Audit Plan (on at least an annual basis) that is based on a reasonable evaluation of risk and to provide an annual assurance statement to the Council based on work undertaken in the previous year.

5.15~~4~~ **Staff**

Staff have a responsibility to identify risks surrounding their every day work processes and working environment. They are also responsible for:

- participating in ongoing risk management within service areas;
- actively managing risks and risk actions (where appropriate); and
- demonstrating an awareness of risk and risk management relevant to their role and to take action accordingly.

6.0 Review and Continual Improvement

6.1 The Audit Committee shall review and recommend adoption of the ERM Policy to the Council on a regular basis or when significant changes require a revision of it.

6.2 The Council should continue to improve the effectiveness of its risk management arrangements through:

- learning from risk events and the application of controls;
- review risk occurrences to identify emerging trends; and
- learn from other organisations about their risk occurrences in order to consider whether there is a likelihood of the Council experiencing a similar occurrence.

Susan Parsonage   **Councillor xxxxxxxx**
Chief Executive   **Chairman Audit Committee**

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1.0	15 February 2009	Working Draft
2.0	3 March 2009	Working Draft
3.0	9 March 2009	Initial Release
4.0	11 March 2009	Draft for Consultation
5.0	25 March 2009	Draft for SLB Approval
6.0	30 April 2009	Draft for Audit Committee Adoption
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8.0	14 May 2009	Final Adopted Audit Committee 13/5/09
9.1	18 June 2010	Risk Management Group Refresh 2010-11
9.2	9 July 2010	Revised Draft for SLB Adoption
9.3	9 September 2010	Revised Draft for Audit Committee Adoption
9.4	7 October 2010	Final Adopted Audit Committee 22/09/10

10.0	31 October 2012	Revised Draft for CLT Adoption
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