

# Agenda Item 41.

<b>TITLE</b>	<b>Risk Management Policy and Guidance</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 29 September 2022
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Leader of the Council and Executive Member for Business and Economic Development- Clive Jones

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

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**

That the Executive approve the Council's Risk Management Policy and Guidance with the changes described in the Executive Summary as recommended by the Audit Committee.

## **EXECUTIVE SUMMARY**

Risk Management is a key element of the Council's governance framework (as described in the Council's Local Code of Corporate Governance). Risk Management increases the likelihood that the Council achieves its objectives by identifying and mitigating risk. Risk management enables the effective use of resources and sound internal control.

The Policy and Guidance was reviewed by the Audit Committee on 27 June 2022 and their comments have been incorporated into the attached documents. There have been several small enhancements and clarifications, and these have been tracked within the documents.

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.

## BACKGROUND

The Council is a highly complex organisation delivering a diverse range of services to residents, businesses, and the community. This creates a challenging operating environment where risks are dynamic and require effective processes and systems to identify and mitigate them. The Covid pandemic represented a significant challenge to the Council's risk management process. The Council has captured the learning from the pandemic by changing the format of the Corporate Risk Register. This has made the current level of risk compared to the risk appetite clearer and strengthened the accountability for mitigating actions.

The Risk Management Policy sets out scope, principles and roles and responsibilities for risk management in the Council. The Risk Management Guidance sets out the framework for managing risk.

## BUSINESS CASE

Together the Risk Management Policy and Guidance describe the Risk Management framework for the Council. The effective management of risk enhances the Council's ability to achieve its objectives by identifying and mitigating risks. The assessment of risk and mitigating actions, reduce the likelihood of risks occurring and/or developing contingency arrangements when they do. This provides a value for money process to support the delivery of the Council's ambitions.

The changes to the Risk Management Policy and Guidance simplify the recording of risks and reduce the opportunity for misunderstanding or confusion. Thus, enabling the Council to focus on high-risk areas. Improved visibility of the risk appetite will enable stakeholders to identify where further mitigating actions are no longer required thus preventing costs that are unnecessary.

## 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)	Nil	Yes	Revenue
Next Financial Year (Year 2)	Nil	Yes	Revenue
Following Financial Year (Year 3)	Nil	Yes	Revenue

### Other Financial Information

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. Risk management operates within the Council budget envelope supporting the Council to manage its finances within set budgets.

<b>Stakeholder Considerations and Consultation</b>
The Risk Management Policy and Guidance has been reviewed by the Audit Committee in June 2022

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

<b>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></b>
Risk management is an important tool to support the Council in achieving this priority.

<b>Reasons for considering the report in Part 2</b>
Provide justification of why the report should be in Part 2 setting out how the public interest in withholding the information outweighs the public interest in disclosing it

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

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