

REPORT TITLE: RISK MANAGEMENT STRATEGY – REVIEW

10 NOVEMBER 2022

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR  
FINANCE AND VALUE

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WARD(S): ALL

PURPOSE

To provide members of the Audit and Governance Committee with a summary overview of the actions resulting from the Risk Management Training session that was facilitated for Members of the Committee and Cabinet in July 2022.

RECOMMENDATIONS:

1. That the Audit and Governance Committee notes the content of the report.

## IMPLICATIONS:

### 1. COUNCIL PLAN OUTCOME

- 1.1 Effective use of risk management supports the council's management of threats and opportunities to achieve the priorities included in the Council Plan 2020-25.

### 2. FINANCIAL IMPLICATIONS

- 2.1 None directly as a result of this report. However, where there is a potential increase in risk likelihood or impact identified, additional spend may be required to manage those risks properly and adequately. Budget approval would be subject to the processes set out in the council's Financial Procedure Rules.
- 2.2 Robust risk management can have a positive impact on the Council's annual insurance renewal premiums as insurers will treat this positively.

### 3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The council's Risk Management Policy is an important element of the overarching governance framework ensuring that the council has a robust process for evaluating risks as part of the decision-making process.
- 3.2 The Council's Constitution sets the terms of reference for the Audit and Governance Committee. In relation to risk management the terms of reference state that the Committee's function is to:
- Overview the Council's risk management arrangements and provide independent assurance of the adequacy of the risk management framework.
  - Seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.
- 3.3 Under the Constitution, the responsibility for risk management is delegated to the Chief Executive in liaison with the Section 151 Officer. The responsibility for maintaining and developing the Council's Risk Management Policy is delegated to the Section 151 Officer
- 3.4 3.2 There are no direct procurement considerations arising from this report.

### 4. WORKFORCE IMPLICATIONS

- 4.1 Management of risk is an integral part of service delivery. Corporate Heads of Service are required to review operational risk registers with their management teams and specific project risk registers are established and maintained.

4.2 Delivery of the Risk Management Strategy Review actions will be via existing resources.

5. PROPERTY AND ASSET IMPLICATIONS

5.1 None.

6. CONSULTATION AND COMMUNICATION

6.1 Consultation on the content of the report has been undertaken with the Cabinet Member for Finance and Value and Executive Leadership Board (ELB).

7. ENVIRONMENTAL CONSIDERATIONS

7.1 None directly as a result of this report. However, where there is an expected increase in environmental risk likelihood or impact, additional measures to manage those risks would be identified in the relevant business case before being approved.

8. PUBLIC SECTOR EQUALITY DUTY

8.1 There are no direct PSED issues arising from the content of this report.

9. DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10. RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
Financial Exposure	None	None
Exposure to challenge - ensuring that the council has robust risk management in place protects the council from Legal challenges	Ensure that the risk management policy is up to date, reviewed regularly and adhered to and has an accompanying action plan that is monitored regularly.	Identify and mitigate against risk which may enhance the council's reputation
Innovation – not realised	The Risk Management Appetite allows for decisions taken to incorporate opportunities for innovation within clear parameters.	The Risk Management Appetite is specific to the different Council Plan priorities and an updated Report Template will ensure clearer assessment against

		these.
Reputation - ensuring that the council has in place robust arrangements to manage its risks	The council has clear principles and arrangements to manage risk set out in the Risk Management Policy. The actions in this report will enhance effective risk management.	A robust Risk Management Policy supports the council to identify, assess and manage its risks in a consistent and effective
Property	None	None
Community Support	None	None
Timescales	None	None
Project capacity	None	None
Other	None	None

## 11. SUPPORTING INFORMATION:

### Background and Introduction

- 11.1 Risk management is about providing assurance by being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the council is better placed to avoid threats and take advantage of opportunities.
- 11.2 The council's current overall risk appetite is defined as Moderate (tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes). This means the council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, despite also having greater level of risks. However, the council's preference is for safe delivery options which have a lower degree of risk, especially for those services required by statute.
- 11.3 On 14 July 2022 a workshop on 'Risk and its Management' facilitated by Tilia Solutions was delivered to Members of Audit and Governance Committee and Cabinet.
- 11.4 At this session, the facilitator commented on the quality of the council's Risk Management Policy and alignment to best practice, but we cannot stand on our laurels and need to ensure that we continue to manage risk in a proportionate way as pragmatically and effectively as possible. A number of actions were discussed to which could enhance the current arrangements and ensure continued best practice.

- 11.5 Subsequent to the session, at the Audit and Governance meeting on 21 July 2022, Cllr Cutler proposed that an additional item be added to the next (September) meeting to build on the discussions held.
- 11.6 This report gives an overview of the workshop and the resulting actions for further discussion and exploration.
- 11.7 In addition, the next annual review of the Risk Management Policy will be brought to this Committee in Q4 22/23.

## 12. Rick Management Roles and Responsibilities

- 12.1 Roles and responsibilities are set out in the current Risk Management Policy and are summarised below:

### Members

- Understand the strategic objectives and risks that the council faces and how those risks are managed

### Cabinet

- Ensure effective arrangements are in place and kept up to date
- Approve the Risk Management Policy and Risk Appetite
- Monitor risk management and internal control arrangements
- Ensure effectiveness of the risk management & internal control framework

### Audit & Governance Committee

- Provide independent assurance on the adequacy of the risk management framework and internal control environment. Monitor the effective development and operation of risk management in the council as part of Governance Monitoring arrangements

### Executive Leadership Board

- Promote effective risk management and ensure it is embedded in the culture of the council

- 12.2 The workshop for Members covered:

- Risk and its management at WCC - A brief introduction to the approach
- Roles and responsibilities in relation to risk - obtaining assurance on risk

- Using the risk appetite statement to make decisions - using risk to inform actions

#### Outcome of Risk Management Workshop:

12.3 The below formed the basis of the main discussions for further consideration and exploration:

- The current Corporate Risk Register is lacking a 'so what' column. This could identify any further actions needed and give a 'target' risk score (in addition to the inherent and residual risk scores). Alternatively, if we are prepared to tolerate the residual risk and no further actions are needed, this could be noted in this new column. Do the actions reduce the target risk score? If not, why are we doing it? Could anything further be done?
- The current Risk Register set out 'causes' (what might go wrong) but could these be more clearly described? Causes should be more than just 'lack of' – why is there a lack? What is the underlying cause?
- The Institute of Internal Auditors (IIA) three lines of defence model quoted in the Risk Management Policy remains valid but this has been updated recently in the HM Treasury Framework. The Risk Management Policy should be updated to reflect this.
- The council doesn't currently have an assurance map to support the three lines of defence model. Consideration should be given to the benefits of an assurance map to:
  - evidence risk management plans are delivering as expected
  - assess how well risks are being managed
  - ensure that opportunities are delivered
  - establish how efficient we are in managing our risks
- Can we better align the risk levels to the risk appetite levels?
- Update the Committee Report template to add a risk score against the risk appraisal table so that there can be an assessment of whether the risk is within appetite or not, and a summary of if not, why this is deemed to be acceptable
- Subsequent to the workshop, ELB requested refresher Risk management training for them to be arranged.

#### Conclusion

12.4 An Action Plan will be developed based on the above. This will be owned by the s151 Officer and monitored by ELB as part of their role in ensuring the Risk Management is embedded in the culture of the council and progress reported to A&G and Cabinet via the quarterly Governance report.

13. OTHER OPTIONS CONSIDERED AND REJECTED

To not take forward the actions identified as a result of the Risk Management workshop – this has been discounted as we need to ensure that our Risk Management continues to be as effective as possible particularly in the current climate of geo-political and financial uncertainty.

BACKGROUND DOCUMENTS:-

[Risk Management Policy 2022/23](#)

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

None