

Report For:	Audit Committee
Meeting Date:	31st January 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A



AGENDA ITEM:

SUMMARY

Title of Report:	Annual Review of the Risk Management Policy
Officer Contact: Direct Dial: Email:	Michael Howard 01494 421357 Mike.howard@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	<p>The management of risk is essential as it enables the Council to discharge its various functions, as a deliverer of public services, as an employer and as a custodian of public funds in a way which supports good corporate governance.</p> <p>The Risk Management Policy aims to provide a comprehensive framework and associated processes that have been designed to support Management in ensuring that the Council is able to discharge its risk management responsibilities fully.</p> <p>The Risk Management Policy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management and provides an overview of the process that is to be followed for risk to be managed successfully.</p> <p>The management of risk is about improving the ability to deliver strategic objectives outlined in the Councils' Corporate Plan as well as operational risks outlined in individual Service based service plans. In addition, the policy has been designed to be used as a toolkit for those involved in managing risk in a project environment.</p> <p>There are no changes proposed for the 2019/20 Risk Management Policy.</p>
	<p>That:</p> <p>That the 2019/20 Risk Management Policy, as attached at Appendix A be approved.</p>

Sustainable Community Strategy/Council Priorities - Implications	Risk: Not applicable Equalities: Not applicable Health & Safety: Not applicable
Monitoring Officer/ S.151 Officer Comments	Monitoring Officer: No specific Monitoring Officer comments. Section 151 Officer: No specific Section 151 Officer comments.
Consultees:	Not applicable
Options:	Not applicable
Next Steps:	None
Background Papers:	Wycombe District Council's 2018 Risk Management Policy as approved by the Audit Committee in January 2018.
Abbreviations:	

Appendices to this report are as follows:

Appendix A - Risk Management Policy 2019/20



Risk Management Policy 2019/2020

Date	December 2018.
Version	1.00
Author	Business Assurance Manager

POLICY CONTEXT

The Council's **Corporate Plan** was agreed by the Council on 22nd February 2018, setting out four priorities to 2020:

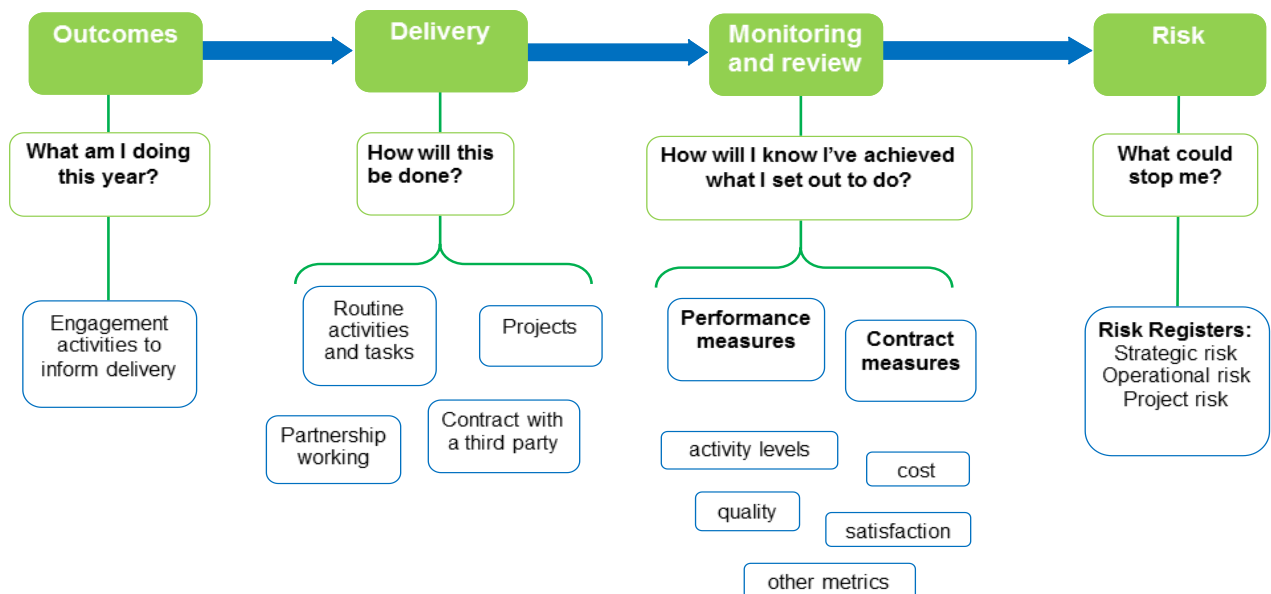
- **A great place to be:** our 'place' priority.
- **Strong Communities:** our 'people' priority.
- **Growth and Prosperity:** our 'prosperity' priority and
- **Efficient and Effective:** our 'progress' priority

Each priority is supported by a set of ambitions. Each ambition is underpinned by a set of objectives which are delivered through specific projects and activities set out in delivery programmes. Other activities and day-to-day work also contribute to the delivery of our priorities.

In order to make the link between the Council priorities and individual service plans, a strategic risk register has been introduced. The strategic risk register captures those risks which will have an impact on the way in which our priority outcomes are to be delivered, along with those risks that have been identified from the service planning risk assessment process which are considered to be of sufficiently significant importance to warrant inclusion in the strategic risk register.

Each service area has a **service plan** that sets out the service objectives and outcomes for the year ahead, drawing down the Corporate Plan priorities, and outlines day-to-day activities, tasks and projects at a headline level. Integral to the service plan is the **operational risk register** that identifies the risks to achieving these outcomes along with controls and improvement tasks to reduce the impact or likelihood – should the risk materialise.

This is illustrated in the figure below:



RISK MANAGEMENT POLICY

Managing risk is a core component of our operational management arrangements and approach to corporate governance, ensuring that we deliver service objectives and outcomes. It involves the identification of both uncertainty and opportunities: helping us to mitigate against failure or enhance the outcomes we could achieve for our residents.

Identification of risks that could cause issues with service delivery (whether delivered directly by the Council itself or through a contract arrangement) or on project work - and taking action on this - is an everyday management activity that we often do without thinking that this is 'risk management'.

This policy sets out the 'who, what, why, when and how' of risk management at Wycombe District Council and covers the following aspects:

1 Definitions	2 Objectives	3 Scope	4 Principles	5 Scoring	6 Appetite	7 Roles and Responsibilities
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The Audit Committee first endorsed and formally adopted this policy in January 2016. Strategic Management Board will ensure it is integrated into the efficient and effective running of relevant areas of the Council's responsibility.

1. DEFINITIONS

The Council defines risk as:

The impact of uncertainty on the achievement of its objectives.

Risk management is defined as:

A systematic and iterative approach to identify, assess and address risks that could stop us delivering our services and achieving our objectives'.

Risks can be categorised as:

Pure risks that can have one of two outcomes - either nothing will happen or a loss will occur and **Speculative risks** where there are three possible outcomes – nothing will happen, a loss occurs, or a gain occurs

The Council also uses the following categorisation of risk:

Strategic Risk: a significant risk which, should it materialise, will have a significant impact on the whole Council and have a material effect on the Council's reputation or financial standing. A quarterly monitoring framework is in place that provides the Strategic Management Board the opportunity to review the strategic risks that have

been identified by Senior Management of the Council. This is reported half yearly reporting process to the Audit Committee.

Operational Risk: a less significant risk requiring management at an individual Service level in the Council. Operational risks are captured in the relevant operational risk register, and also reviewed when compiling the annual service plan, as this sets out the objectives and expected outcomes from which risks can be identified, assessed and managed accordingly. Where such risks are of such magnitude that they could have a significant corporate impact they will be escalated to Strategic Risk level.

Project Risk: those risks that could prevent the successful completion of an individual project e.g. lack of time, finance, human resources, quality. The Council has adopted a pragmatic and proportional approach to the use of a recognised project management methodology, which has a clearly defined process for using a project specific risk register.

Partnership Risk: Joint working and partnerships involves a range of risks, for example, financial, legal, and contractual and governance risks. As a Council we need to make an assessment of the Partnership arrangement from which risk can be identified, assessed and managed as Partnerships operate within their own a defined decision making framework which does not necessarily accord with the Council's own Contract Standing Orders and Financial Regulations. Therefore there is a need for a greater understanding of their governance arrangements.

2. OBJECTIVES

The objectives of risk management are to:

- Preserve and protect the Council's assets
- Ensure strong corporate governance by integrating risk management and internal control.
- Improve business performance
- Protect and improve quality of service
- Ensure a risk aware culture in order to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the organisation.
- Protect staff, contractors, and members of the public and improve their well-being

3. SCOPE

Risk management is required for all of the Council's operations, projects and partnerships.

The consideration of risks must be expressed in all decisions made.

Informed decisions in respect of policy or service delivery can only be made if the risks involved have been identified. All relevant committee reports, business cases must illustrate the key risks involved.

4. PRINCIPLES

These principles will be applied at all levels within the Council. All managers and staff must follow the risk management principles listed below:

- Members and Senior Management will foster a culture to support well-judged decisions about risks and opportunities.
- The management of risk will be integrated within existing processes, for example service planning, performance management and project management.
- Honesty and openness will be encouraged in the reporting and escalation of risks.
- The Council will strive to continually improve the management of its risks.
- Staff will be encouraged to challenge existing processes in order to identify innovative ways to better manage key risks to the delivery of objectives.

Documentary evidence of identified risks and risk management will be maintained via the use of corporate risk software, in order to support assurance and to inform the evaluation of risk management. The Council will maintain both a strategic risk register (SRR), overseen by Strategic Management Board as well as individual Service based operational risk registers (ORR), overseen by the respective Head of Service to ensure that:

- Risk registers will be kept under continuous review, to determine what, if any, risks and opportunities have "dropped off" and no longer apply and, more importantly, to identify new risks which have manifested themselves.
- Clear roles will be agreed relating to the accountability, management, escalation and communication of key risks.

5. SCORING RISK

The scoring matrix on the following page is used to define the severity of individual risks relative to the **impact** and **probability** (likelihood) score, with low risks (green) scoring between 2 – 5, medium risks (blue) 6-10 and high risks (red) ranging from 12 – 25.

When determining the impact of a risk the following three **impact categories** are also given consideration, although not all may be applicable for some risks:

- Financial cost
- Disruption to services
- Reputation

The scoring matrix is used to undertake the initial risk scoring exercise, which is then refined as part of the compilation of individual risk registers which reflect the application of internal controls and mitigating actions, all of which seek to reduce the level of risk exposure.

Risk Score Matrix

					Probability				
					1 Rare	2 Possible	3 Likely	4 Very Likely	5 Almost Certain
					10% Remote	30% Unlikely to happen	50% May happen	70% Likely to occur	90% Certain to occur
Impact	5 Very High	Over £500,000	Five or more days Death(s)	Adverse / persistent national and local publicity Removal of powers Officers / Members resign	Score: 5	Score: 10	Score: 15	Score: 20	Score: 25
	4 High	£250,000 - £499,999	Four days Serious injury or illness	Adverse and persistent national publicity Major and persistent adverse local publicity Audit intervention	Score: 4	Score: 8	Score: 12	Score: 16	Score: 20
	3 Medium	£100,000 - £249,999	Three days	Adverse national publicity Major and persistent adverse local publicity	Score: 3	Score: 6	Score: 9	Score: 12	Score: 15
	2 Low	£25,000 - £99,999	Two days	Adverse local publicity Multiple complaints	Score: 2	Score: 4	Score: 6	Score: 8	Score: 10
	1 Very Low	Under £25,000	Minor - up to a day	Contained within service Individual complaints No press interest	Score: 1	Score: 2	Score: 3	Score: 4	Score: 5

RISK APPETITE

Risk is unavoidable and the Council does take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is also known as **risk appetite**. Risk appetite indicates the organisation's tolerance for exposure to risk.

Our approach to risk taking will be dependent upon the nature of the risk. Particular care is needed in taking action that could:

- Impact on the reputation of the Council
- Impact on performance
- Results in censure/fines by regulatory bodies
- Results in financial loss

However, in other areas we support a measured approach to risk taking against a background of encouraging innovation where there is a good chance that significant business or financial benefits will result.

6. ROLES AND RESPONSIBILITIES

Everyone has a responsibility for managing risk. All Members and Officers have a responsibility for maintaining good internal control and managing risk in order to achieve corporate, service, team and individual objectives as set out in our service plans and ambitions in our Corporate Plan.

Specific **responsibilities** and **accountabilities** are also required of the following individuals and groups:

Cabinet, Cabinet Members and Committee Chairman to have an understanding of the processes involved in the management of risk and that due consideration is given to applying this knowledge so as to ensure informed decisions are made at Cabinet and Committee level. To enable this, they should be cognisant of the following:

- Officers are responsible for developing and maintaining an effective framework for risk management.
- Officers are challenged to ensure risk is considered and documented in all reports to ensure informed decision making.
- Risk is formally considered at the start of major projects and re-evaluated throughout the life of the project.
- Officers are required to report significant risks on a regular basis

Audit Committee (with recommendations to full Council and Cabinet as appropriate)

- Approving and reviewing the Council's framework for Corporate Governance
- Approving and reviewing the policies and overall process for identifying and assessing business risks and assessing their impact on the Council
- Reviewing and making recommendations to Cabinet as regards the effectiveness of the arrangements in place for the periodic review of the Strategic Risk Register.

- Regularly reviewing the assurance reports from Strategic Management Board, Head of Finance and Commercial, Internal Audit and Risk Management, External Audit and others on the operational effectiveness of matters related to risk and control.
- Reviewing the timeliness of the corrective action taken by management
- Approving and reviewing the Council's Annual Governance Statement

Chief Executive and Corporate Director

- Implement and keep under review the Council's approach and Policy for the management of risk
- Overall accountability for securing adherence to the Council's Risk Management Policy.
- Affirm and support the work of risk management throughout the Council, which contributes towards the Council's Annual Governance Statement
- Take ownership for the management and monitoring of the Council's Strategic Risk Register.
- Regularly report significant risks to Cabinet Members and/or the Audit Committee.

Heads of Service

- Effectively embedding risk management in their service area(s)
- Setting a clear leadership example, and promote a high degree of risk management awareness
- Taking an active role in the identification, analysis, profiling and management of risk and escalating any potential strategic risks to their Director and Strategic Management Board for consideration.
- Ensuring that the details of risks which they are personally accountable for are documented, kept up to date and reviewed in line with the Council's risk appetite.
- Ensuring that the risk management process is an explicit part of all major projects and change initiatives and of all partnerships
- Escalating significant risks to Strategic Management Board via the use of corporate risk software and the appropriate Cabinet Member(s) via formal and informal mechanisms.
- Having up to date Business Continuity Plans (BCP)

Service Managers

- Effectively managing risk in their service area
- Ensuring that details of risks which they are personally responsible for are documented, kept up to date and reviewed in line with the Council's risk appetite.
- Escalating risks to Head of Service as appropriate via the corporate risk software.
- Maintaining an awareness of risks and feed this into risk identification process
- Recommending staff who require risk management training
- Ensuring that any committee reports, business cases contain a comprehensive risk assessment as appropriate

All Staff

- Identifying risks surrounding their everyday work processes and working environment
- Reporting risks to Line Management.

- Maintaining control mechanisms as part of the responsibility for achieving agreed objectives
- Demonstrating awareness of risk and risk management
- Participating in risk management training and applying it as appropriate.

Risk Management

- Bringing together analysis of risk across the organisation to identify potential scenarios that may impact the achievement of the organisation's objectives
- Escalating high level risk and issues to the Strategic Management Board as and when they arise
- Ensuring risk management actions arising from corporate assessments are implemented.
- Providing risk management training, advice and support to Members and Officers.

Insurance Team

- Managing the Council's insurance portfolio to make sure insurable risks are cost effectively managed.
- Providing periodic reports to SMB as regards the Councils claims history.

Internal Audit

- Providing assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance
- Reporting on the control environment
- Drawing up a strategic and annual audit plan that is based on a reasonable evaluation of risk.

Health and Safety Well Being Group

- Producing detailed plans to achieve Health and Safety objectives
- Establishing standards for planning and implementing, measuring performance, auditing and periodic status reviews of Health and Safety policy
- Keeping up-to-date with Health and Safety legislation, standards, best practice, and performance
- Seeking specialist Health and Safety advice, as necessary, to ensure efficient and effective use of resources for Health and Safety management
- Ensuring participation and involvement of workers.

Corporate Policy Team and Environmental Services Team

- Complying with the requirements of the Civil Contingency Act 2004
- Co-ordination of the development and validation of WDC's Emergency Planning and Business Continuity arrangements.

Senior Information Risk Officer (SIRO)

- Responsible for managing information risk from a business, not technical, perspective.
- Overseeing the risks to the Council regarding Information Governance and to make appropriate recommendations and/or decisions to mitigate these risks. The SIRO is supported in their role by Information Asset Owners who have assigned responsibility for the information assets of the Council.
- The Chief Executive has delegated the Head of Democratic, Policy and Legal Services as the Council's SIRO.

Katrina Wood	
Leader of the Council	
Date of signature	

Karen Satterford	
Chief Executive	
Date of signature	

Version 1.00

Location: Wycopedia – Internal Audit and Risk Management.