

# Wolverhampton City Council

## OPEN DECISION ITEM

### Audit Committee

Date 19 December 2011

|                              |  |
|------------------------------|--|
| Originating Service Group(s) | Delivery   |
| Contact Officer(s)/          | David Johnston   |
| Telephone Number(s)          | 4565   |
| Title/Subject Matter         | Corporate Risks Update - Risk Management Policy and Strategy |

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### Recommendation

#### That Members

- i. Note the outcome of the review of the Risk Management Policy and Strategy;
- ii. Approve the revised Policy and Strategy for 2011/12;
- iii. Note the position regarding the development of the Corporate Risk Profile

## 1. **PURPOSE**

To advise Members of the outcome of the review of the Risk Management Policy and Strategy and seek approval for its continuance for the year 2011/12; to inform Members of the current position regarding Corporate Risk identification and the activities involved in the development of a comprehensive Corporate Risk Profile

## 2 **DETAILS**

### **Policy and Strategy**

- 2.1 The Authority is required to annually review the Risk Management Policy and Strategy. It is the responsibility of the Corporate Risk Management Group (CRMG) to carry out this review and subsequently submit the Policy and Strategy to Audit Committee for approval.

Consultation has been carried out with Strategic Directors and Assistant Directors.

There have been no changes in either general governance or operational risk management practice that need to be reflected in the document

No material amendments are needed to the Policy and Strategy and it has been updated to reflect the revised management titles following the senior management restructure.

The Policy and Strategy are attached as Appendix 1.

### **Corporate Risk Profile**

- 2.2 The Corporate Risk Management Group is responsible for monitoring the identification of the Corporate Risks and the development of the Corporate Risk profile. It is understood that the current list of corporate risks produced prior to the management restructure does not fully reflect the issues now facing the organisation or its strategic aims.

The recent production of the Corporate Plan will now provide the necessary context to carry out a full and up to date risk assessment. Workshops are being scheduled for early in 2012.

- 2.2 Risk Management and Insurance Services are currently working with each Head of Service to review and update their individual Risk Registers – this provides the comprehensive base to formulate the

a) register for each Assistant Director's portfolio of operations

and in turn

b) the overarching Directorate register

- 2.3 For the major Corporate Projects – Single Status, Shared Service Transformation Programme etc - individual Risk Registers are in place. These are the responsibility of and are directly managed by the individual project managers. RMIS assist in facilitating identification workshops and provide ongoing assurance and professional support to each of these projects.
- 2.4 The result is both a ‘bottom up’ and ‘top down’ approach to risk identification and management within the organisation and coupled with the specific work on corporate projects will complete the Council’s Corporate Risk Profile.  
We can then be confident that we have an embedded system in place to provide assurance to the organisation in accordance with the requirements of the Annual Governance Statement

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications in the management of the Corporate Risks are individually identified in the Risk Control Plans. [DM/06122011/Z]

### **4. LEGAL IMPLICATIONS**

- 4.1 The legal implications in the management of the Corporate Risks are individually identified in the Risk Control Plans. [MW/06122011/H]

### **5. EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 The equal opportunity implications in the management of the Corporate Risks are individually identified in the Risk Control Plans.

### **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 The environmental implications in the management of the Corporate Risks are individually identified in the Risk Control Plans

# **Wolverhampton City Council**

## **Risk Management Policy and Strategy**

**2011/12**

## Policy Statement

Risk Management is one of the principal elements of good corporate governance. It defines the culture, processes and structures that help us manage potential opportunities for and threats to our organisation.

Wolverhampton City Council will establish a framework and process for managing Corporate, Operational and Partnership risks. It will also review its Risk Management Policy and Strategy annually. Among other things, it will assess the likelihood and impact of various risks, assign responsibility for mitigating them and make sure that they are properly managed.

All Members, employees, service providers, partners and stakeholders will play a role in embedding good risk management in all their activities.

### Statutory Requirement

The council has a statutory responsibility for managing risks, as laid out under section 4 of the Accounts and Audit Regulations 2003 (amended 2006):

***“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”***

The council’s risk management arrangements are assessed annually as part of the Annual Governance Statement (AGS). This is signed off by the Chief Executive and Leader of the Council.

## **Our Risk Management Strategy**

This strategy provides a framework to support the council's statutory responsibility for managing risk. It builds on and replaces earlier versions of the council's risk management strategy.

Effective risk management enhances the council's ability to:

- **deliver corporate and operational objectives**
- **safeguard the Council's assets**
- **protect the Council's reputation**
- **keep risk management firmly embedded within the culture of the organisation**
- **build on best practice guidance and external requirements**
- **deliver innovative risk management solutions.**

We want risk management to be an integral part of the council's business – service planning, budget setting, project management, management processes – and our corporate culture. This will result in better decision making, a reduction in costs and an increase in the quality of services. It will also encourage innovation.

### **Benefits of Effective Risk Management**

Risk management affects every business unit and service across the council, as well as every employee. The key benefits of a co-ordinated approach to risk management are:

- **an increased focus on what needs to be done (and not done) to meet objectives**
- **more effective allocation of resources**
- **more satisfied stakeholders and reduced complaints**
- **better ability to justify decisions and reduced risk of mistakes**
- **support for innovation, value for money and potential quality improvements in service delivery**
- **protection for the council's reputation**
- **reduced insurance costs**
- **greater accountability through management oversight and comprehensive controls.**

An effective risk management strategy will allow the council to spend less time reacting to situations and more time taking advantage of opportunities.

### **Risk Management Strategy Objectives**

The objectives of Wolverhampton's risk management strategy are to:

- **raise awareness of the need for and the benefits of risk management**
- **embed risk management in the culture and day to day business processes of the council**
- **maximise the opportunity for the council to achieve its objectives**
- **manage threats in order to protect the resources and reputation of the council**
- **comply with the statutory requirements for the compilation of the Annual Governance Statement**
- **be in a better position to anticipate and respond to changing social, environmental and legislative requirements**
- **provide a framework, procedures, tools, training and guidance to enable everyone to manage risk in the best way**
- **ensure that we identify and manage opportunities as well as threats**
- **become one of the leading councils in risk management and be an exemplar of good practice.**

We will achieve these objectives by:

- **maintaining clear risk management roles, responsibilities and reporting lines within the council**
- **ensuring that risk management is incorporated into all the decision making processes of the council and its partners**
- **offering a framework for identifying, prioritising and detailing control measures for council-wide and cross-cutting partnership risks**
- **ensuring that all risks are identified, assessed and managed according to the council's project management methodology**
- **reinforcing the importance of effective risk management through a programme of learning and development training for employees**
- **ensuring that strategic, operational, partnership, project and compliance risks are discussed on a regular basis in project meetings, management meetings, team meetings and staff one-to-ones**
- **continuously monitoring these arrangements and taking action when appropriate**
- **building capacity and skills in risk management**
- **communicating risk management objectives and supporting elected members, staff and partners through guidance and training.**

## **Roles and Responsibilities**

Here, we summarise the roles of each of the groups in the organisational framework:

### **Members...**

- ensure that an effective risk management strategy is in place
- are aware of the risk management implications of decisions

### **Cabinet...**

- receives risk analysis reports of the major issues which could impact on policy decisions.

### **Audit Committee...**

- provides independent assurance of the risk management framework and the associated control environment
- receives risk management reports.
- receives monitoring reports on the progress of Corporate Risk Management
- receives an Annual Report on Risk Management

### **Directors and Assistant Directors...**

- will agree an effective framework for risk management
- receive and approve six-monthly reports on the Corporate Risk Profile
- ensure that actions and recommendations in those reports are implemented
- advise elected members of the risk management implications of decisions
- ensure the production of a directorate Risk Management Plan, reviewed quarterly by their departmental management team
- ensure all staff receive appropriate training and guidance, enabling them to take responsibility for managing risk within their own environment.

### **Corporate Risk Management Group...**

- Bi-annually review the agreed risk management Policy and Strategy
- Monitor the effectiveness of the framework for the management of risk throughout the Council and the impact of its significant partnerships

- ensure that risk management is embedded in all corporate business processes
- develop, monitor and report on the Corporate Risk Profile including the associated actions
- report six-monthly to SEB, Cabinet Performance panel and the Audit Committee
- provide an Annual Report to Cabinet and the Council, including proposals for future development and the outcome of the Annual Review of the Risk Management Policy and Strategy
- review the risk management activities of Directorates, including receiving six-monthly reports

### **Risk Management and Insurance Services...**

- promote risk management throughout the council
- formulate the Risk Management Policy and Strategy
- support the activities of the Corporate Risk Management Group
- assist Directorates in identifying, analysing and controlling risks
- give guidance to Directorates in the design and implementation of Directorate Risk Management Action Plans;
- liaise with external consultants and risk management organisations to maintain best practice in the council
- provide risk management training in house or through external consultants
- review Directorates' Risk Management Plans, reporting progress to the Corporate Risk Management Group
- Liaise with both Internal and External Audit
- Contribute to an effective system of internal control.

### **Directorate Management Teams...**

- ensure that an effective risk management framework is in place for their Directorate
- ensure that the risk management element of Corporate Governance is achieved
- consider quarterly progress reports on the Risk Management Action Plans, making sure that actions and recommendations are implemented.

### **Internal Audit Services...**

- provide an independent assessment of the effectiveness (or otherwise) of:
  - corporate arrangements for risk management
  - the risk management function of the council
  - corporate and departmental risk management arrangements
  - internal controls across the council's services and systems.

### **Employees...**

- should understand their role in the risk management process with regard to:
  - risk identification
  - risk analysis
  - risk control
  - risk management action plans
  - managing risk in their job.