

Wiltshire Council

Audit & Governance Committee

27 September 2022

Risk Management Update

Purpose of Report

1. To provide assurance to the committee that the Council's risk management process is in place and functioning correctly.
2. To provide an update on the application of the process and plans.

Relevance to the Council's Business Plan

3. The Business Plan assures that the Council will implement a robust corporate planning cycle, including performance and risk management, as part of creating an efficient and healthy organisation.
4. In describing the work of the Council, the Business Plan suggests that 'we enable sensible risk-taking and regularly report on the progress of delivering the business plan outcomes'. This risk process being reviewed is designed with that statement in mind.

Background

5. The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council's Performance and Risk Management Policy, is to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) is the responsibility of the Overview and Scrutiny Management Committee (OSMC).
6. Performance and risk are being reviewed by scrutiny during their September meeting.
7. The Council's standard risk management process, as described in the Performance and Risk Management Policy, had been suspended from March 2020 due to the Council's activity being focused on responding to the pandemic. The process was not removed but suspended and attentive processes were put in place. These processes linked to the emergency command structure the Council was operating and required more frequent review.
8. As the emergency pandemic response came to an end, measures were put in place to revive the standard risk process. As around 20 months had elapsed, it was not appropriate to simply 'switch back on' the stalled process. The focus of the Council's work, the impact of external factors and council structures and personnel had all changed in that time and the risk, and our understanding of it, had also changed.
9. The reestablishment of the risk process coincided with the formation of the Council's new Business Plan for which directorate level service plans were written. The opportunity was taken to collect risk information from these and combine it with the existing risk information and live risks from the final pandemic response register. This

combination was used as the basis for a full risk review in each directorate, and internally assessed and challenged by the Corporate Leadership Team.

10. Risks from across the Council have been identified, defined and scored in quarter one and again in quarter two of this financial year. The most recent review (in the current quarter) was used to form the Strategic Risk Register that went to September's Cabinet (Appendix 1).
11. In accordance with the policy and the guidance, fully defined risks include a cause, an event and an effect and are owned by an individual in the Council. They must also have a primary category (one of Health & Safety, Legal, Staffing/ People, Financial, Service Delivery or Reputation) which will define the appetite applied to the risk.
12. In order to be correctly measured each risk is scored twice. Once as inherent (the risk as it is now with existing controls) and secondly as residual (as it would be if all planned additional mitigating actions were successfully completed). A scored risk also requires an assessment of confidence in the application of mitigating actions.

Developments

13. The full risk review that coincided with the development of the Business Plan allowed the team to implement changes to the risk management process to improve the organisations understanding.
14. The very act of redefining each risk line allowed the team to ask whether what was being defined was a future possible outcome or a current issue. A number of lines that had existed on registers for over a year were therefore removed or redefined.
15. In a similar vein, it was questioned whether each line was an actual business risk and consequently a risk to the delivery of the Council's stated aims. To that end, each risk was linked to either one of the Business Plan's 10 Missions or to the aim of becoming an efficient and healthy organisation. This step allows the organisation to view risk against its planned ambitions.
16. The requirement to define a response to each risk had been introduced previously but had not been fully implemented. The full review allowed a completion of that implementation.
17. In accordance with the Risk Management Guidance each defined risk has one of the following responses:

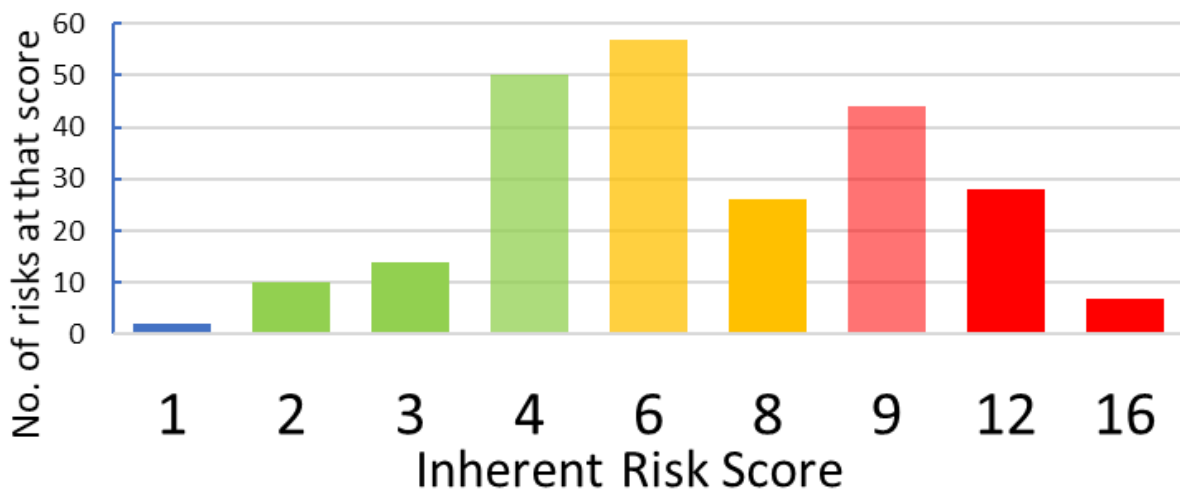
Treat	Taking action to minimise the likelihood of an event occurring and / or to minimise its impact should it occur. This will require defined actions to be allocated to individuals, implementation dates agreed and progress to be monitored.
Transfer	Transfer the risk to another party either by insurance or through a contractual arrangement. Responsibility for statutory functions cannot be fully transferred. The reputational implications of risks need to be managed since these cannot be transferred.
Tolerate	Decide that the risk is acceptable and make proper financial arrangements should it occur. Current 'ongoing' controls/ mitigating actions will need to be monitored.

Terminate	Where feasible, stop doing whatever it is that causes the risk, use alternative products/change processes.
Take opportunity	Consider other gains that may be made by applying the risk controls envisaged. These may have a positive impact beyond the activity being assessed.

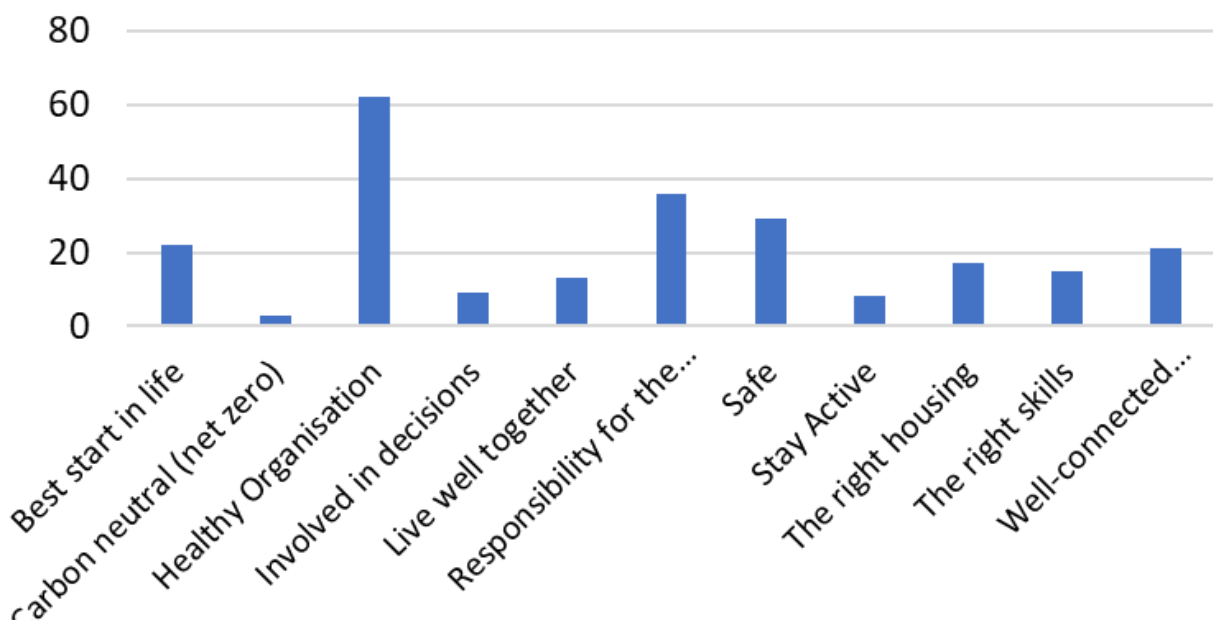
Current Risk Status

18. There are a total of 259 risks recorded over 17 directorate risk registers and one national risk register.

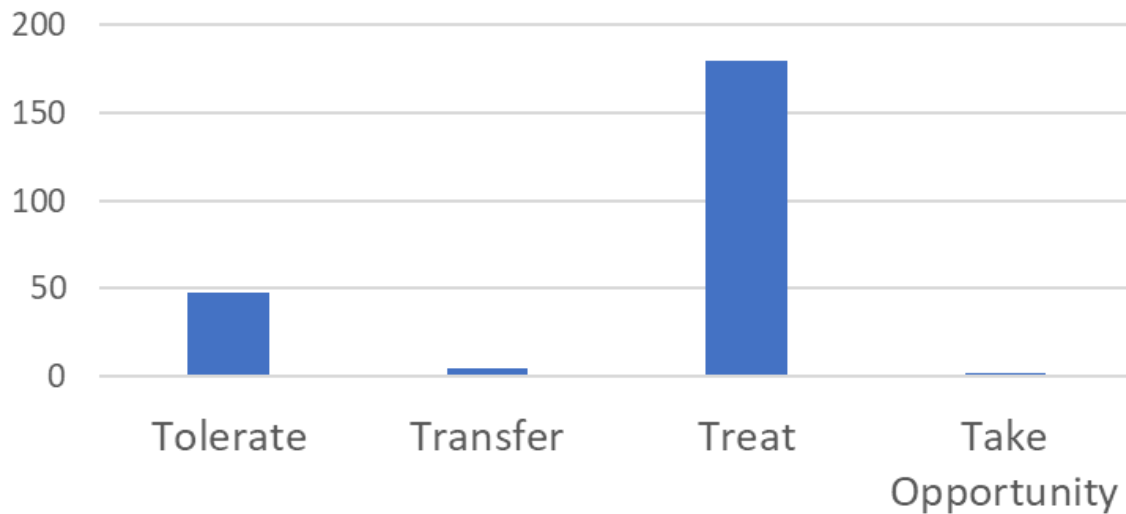
19. The spread of inherent risks scores is to the middle and upper end of the range. This is to be expected as lower-level risks are often given less consideration.



20. There is a fair spread of risks over the 10 Business Plan missions but, as expected with business risks, the most significant link is against the Healthy Organisation ambition.



21. The majority of risks have the response type of 'treat' (to attempt to bring down the level of risk through mitigating actions) but there is a substantial minority (around 50 risks) where the Council is not investing more in mitigating the risk but is accepting the risk as it is, noting that risks that are to be tolerated must fall within the prescribed appetite.



Future Developments

22. Future risk summaries will feature the Council's revised response to national-level risks. This will be completed in partnership with the Local Resilience Forum who will produce a Wiltshire response to the National Risk Assessment when it is published.
23. An exercise is also being undertaken with the Extended Leadership Team to ensure that items that the risk that do get elevated onto the Strategic Risk Register are reflective of the live and dynamic nature of council services.
24. Full action plans are not yet in place in every appropriate circumstance. This process requires review in order to ensure that the resource put in to action planning risk response is valuable and will lead to better outcomes.
25. The Performance and Risk Management Policy was agreed in 2019 and needs review in the next 12 months. No major changes are expected but roles and responsibilities will be considered in light of the Council's current structure.
26. This will also give Cabinet the opportunity to review the risk appetite at the same time and this Committee and OSMC may also have an input into the review process.

Proposals

27. The Committee is asked to note the update provided and consider how it would wish to review the risk management process in the future.

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September 2022

Appendices

Appendix 1 – Strategic Risk Register at Q2 2022/23

Background Papers

Wiltshire Council Performance and Risk Management Policy, February 2019
2020 Risk Management Guidance 'How to Manage Risks'