

Wiltshire Council

Audit & Governance Committee

26 April 2023

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. Ensuring that the Council's risk management process is being implemented correctly ensures that any barriers to delivery of the Business Plan are identified and treated appropriately.

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 were reviewed by the OSMC during their January meeting.
7. The Council's standard risk management process is described in the Performance and Risk Management Policy. In accordance with this policy and associated 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 defines the appetite applied to the risk. These appetites are approved by Council and reviewed annually.
8. 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 mitigating actions were successfully completed). A scored risk also requires an assessment of confidence in the application of mitigating actions.

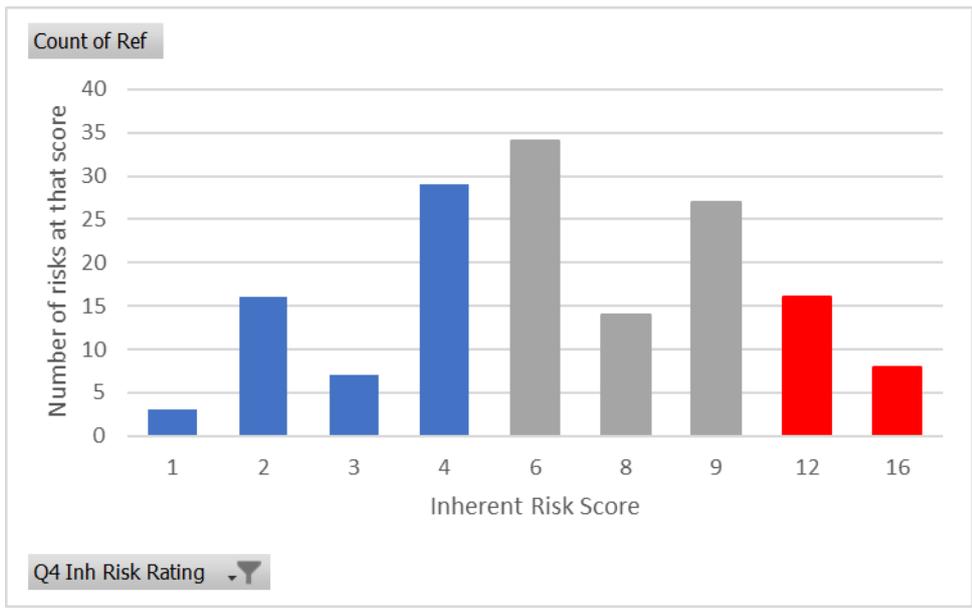
9. Each risk has a response, one of terminate, tolerate, transfer, treat or take opportunity. If a risk is to be tolerated, then the inherent and residual scores should be the same. Any scores above the appetite level applied to the risk should not be tolerated.

Developments

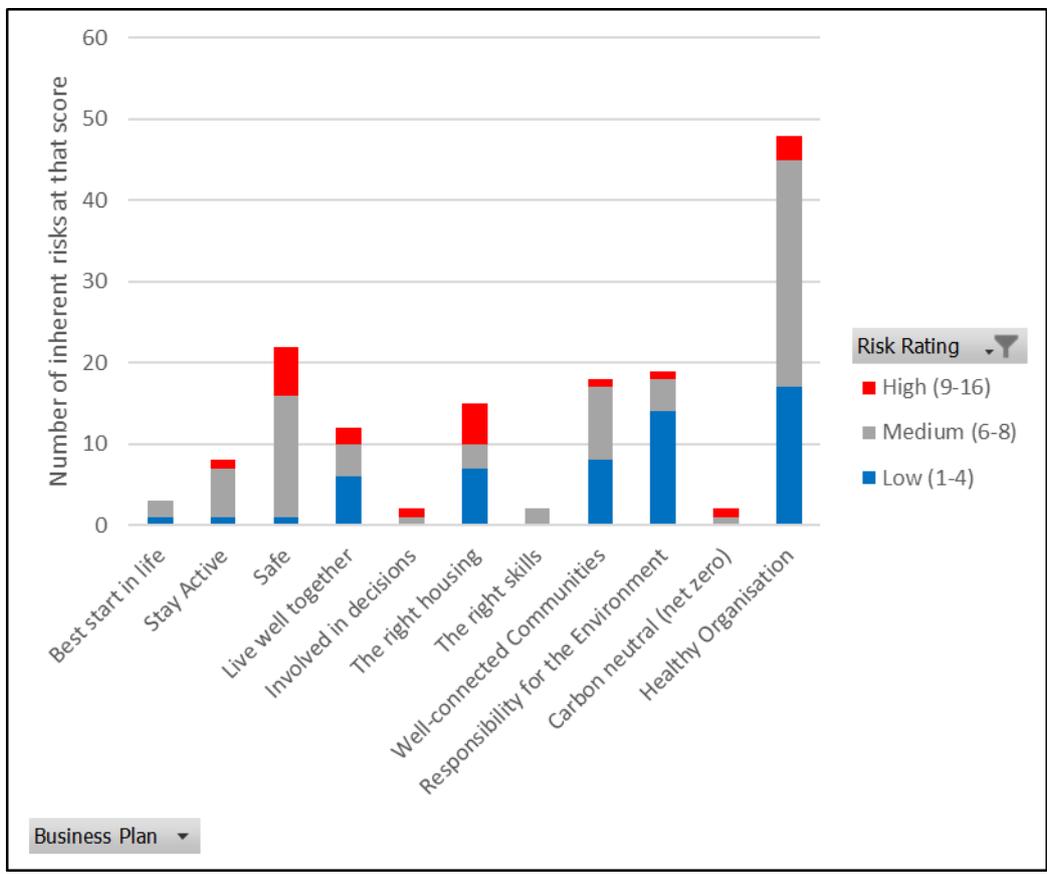
13. Risks from across the Council have now been identified, defined and scored for a full financial year following reinstatement of the risk process after the pandemic.
14. There has been a significant change in officers within the Executive Office team supporting risk. Whilst this hasn't impact on our robust processes, it will require re-investment in training to bring new staff up to the certified standard required to manage corporate risks.
15. In addition to current risks, Cabinet is briefed on issues that progressed with certainty from a risk. Two current issues include budget pressures from sustained inflation and staff capacity. The Evolve project had been flagged as an issue in Q2, but having been appropriately treated is now managed via the normal risk process.
16. Cabinet is also briefed quarterly on emerging risks as part of our refined approach to horizon scanning and engagement with Services. These emerging risks are highlighted before formal scoring, as it is recognised that waiting for the formal risk to present is not representative of the dynamic and fast-paced environment in which we operate.
17. Risks continue to be reviewed and updated on a quarterly basis. Recent examples include the addition of new risks related to the environment, and risks related to waste being consolidated and closed.
18. The risk process is now fully embedded in the Cabinet cycle, with quarterly reports on risk and the Strategic Risk Register being considered alongside the Corporate Performance Scorecard and the Budget Monitoring Report, allowing risk to be viewed against planned ambitions. The most recent review in quarter 4 of the last financial year informed the Strategic Risk Register that will go to May's Cabinet (Appendix 1).
19. An internal audit of risk, conducted by the South West Audit Partnership, is in progress. This audit will assess the maturity and operation of the Council's risk management policies and processes, taking an in depth look at every aspect of risk across all Services, from processes and service planning to job descriptions. We welcome the development of an action plan and insights into areas where we can further improve.

Current Risk Status

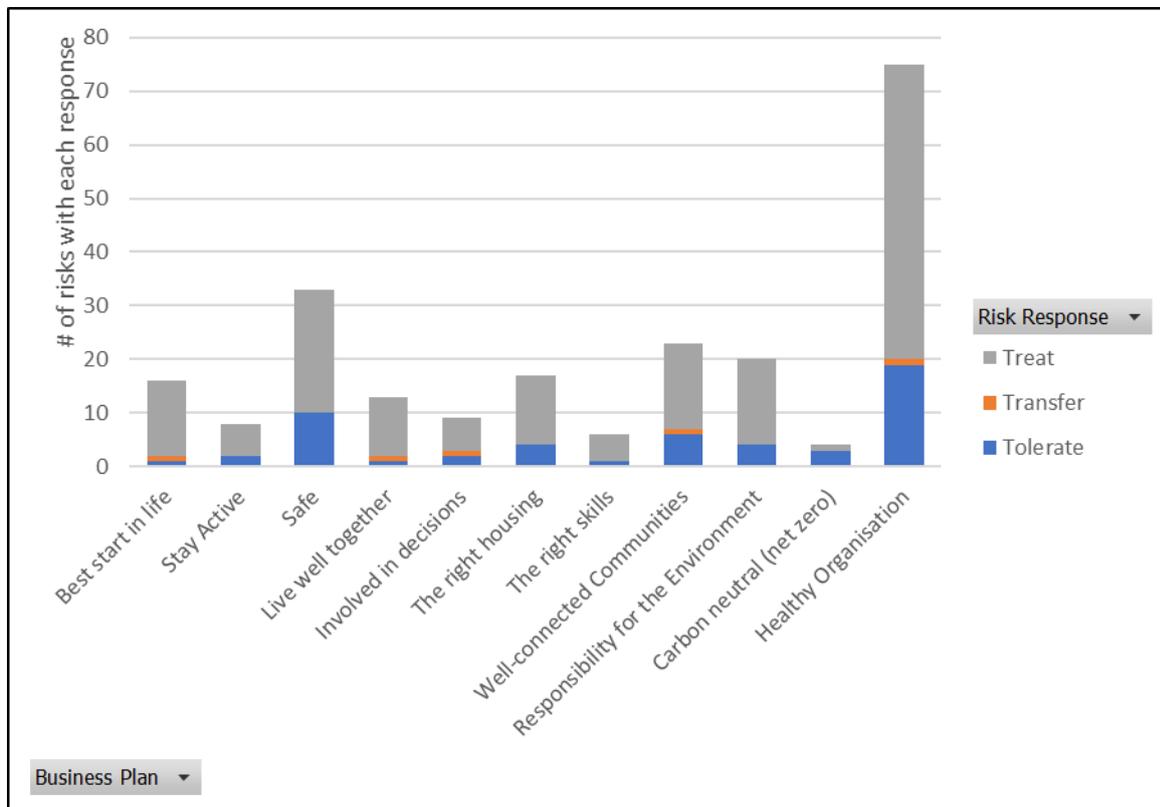
18. There are a total of 224 corporate risks recorded over 18 directorate risk registers and one national risk register. 14 of these are currently escalated to the Strategic Risk Register summary (Appendix 1). Note that all graphs are based on the full corporate risk register rather than the strategic risk summary.
19. The spread of inherent corporate risks scores is to the middle and upper end of the range. This is to be expected as planned mitigation responses should reduce the risk score.



20. There is a fair spread of corporate risks over the 10 Business Plan missions but, as expected with business risks, the greatest number are related to the Healthy Organisation ambition. Where high risks remain despite mitigation, these typically relate to provision of care for adults and children, where the risk will always be present but is effectively managed.



21. The majority of corporate 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. Recommendations from the internal audit will be implemented, part of which will include a workshop and action plan focused on risk with Directors. We welcome the Audit and Governance Committee's engagement with this process, and will report back to the Committee on outcomes later in the year.
23. The Performance and Risk Management Policy was agreed in 2019 and will be reviewed and updated in the next 6 months. This review will take into account recommendations resulting from the current internal audit.
24. 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.
25. Service Plans will be reviewed during Q1 of 2023-24 and the process will include a review of the Corporate Risk Register, to ensure any emerging risks are captured and all current risks remain relevant. As part of this review, contributors and Service Plan owners will receive refreshed training on identifying and scoring risks.
26. 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.

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.

Perry Holmes, Director of Legal and Governance

Report Authors: Martin Nicholls, Head of Executive Office, martin.nicholls@wiltshire.gov.uk and Catherine Pink, Corporate Support Manager, catherine.pink@wiltshire.gov.uk.

April 2023

Appendices

Appendix 1 – Strategic Risk Register at Q4 2022/23

Background Papers

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