AGENDA

Meeting: **Audit and Governance Committee**

Place: **Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN**

Date: **Wednesday 7 February 2024**

Time: **2.30 pm**

Please direct any enquiries on this Agenda to Tara Hunt of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email tara.hunt@wiltshire.gov.uk

Press enquiries to Communications on direct lines 01225 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Iain Wallis (Chairman)
Cllr Stuart Wheeler (Vice-Chairman)
Cllr Chuck Berry
Cllr Adrian Foster
Cllr Gavin Grant
Cllr George Jeans

Cllr Antonio Piazza
Cllr Pip Ridout
Cllr Mike Sankey
Cllr Martin Smith
Cllr Howard Greenman

Substitutes:

Cllr Liz Alstrom
Cllr Ernie Clark
Cllr Matthew Dean
Cllr Ross Henning

Cllr Jon Hubbard
Cllr Tom Rounds
Cllr Jo Trigg
Cllr Pauline Church

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Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult Part 4 of the council's constitution.

The full constitution can be found at this link.

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For assistance on these and other matters please contact the officer named above for details

AGENDA

Part I

Items to be considered while the meeting is open to the public

1 **Apologies**

   To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** *(Pages 5 - 14)*

   To confirm and sign the minutes of the meeting held on 22 November 2023.

3 **Declarations of Interests**

   To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

   To receive any announcements through the Chair.

5 **Public Participation**

   The Council welcomes contributions from members of the public.

   Statements
   If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

   Questions
   To receive any questions from members of the public or members of the Council received in accordance with the constitution.

   Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 31 January 2023 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 2 February 2024. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

   Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Statement of Accounts 2019/20** *(To Follow)*

   To receive a report from the Corporate Director of Resources, and the Director of Finance & Procurement.

7   **Internal Audit Update Report** *(Pages 15 - 22)*

       To receive a report from SWAP.

8   **Corporate Procurement Card Audit Service Update** *(Pages 23 - 30)*

       To receive a presentation from the Director of Finance & Procurement.

9   **Governance Update on Annual Governance Statement 2022/23 Actions**
       (Pages 31 - 42)

       To receive a report from the Director of Legal & Governance.

10   **Risk Management** *(Pages 43 - 126)*

       To receive a report from the Director of Legal & Governance.

11   **Housing Revenue Account (HRA) Landlord Compliant Report** *(Pages 127 -
       144)*

       To receive a report from the Director of Assets.

12   **Forward Work Programme** *(Pages 145 - 148)*

       To note the Forward Work Programme

13   **Date of Next Meeting**

       To note that the next scheduled meeting of the Committee will be held on 23
       April 2024.

14   **Urgent Items**

       Any other items of business, which the Chairman agrees to consider as a matter
       of urgency.

Part II

*Items during whose consideration it is recommended that the public
should be excluded because of the likelihood that exempt
information would be disclosed*

None

Wiltshire Council

Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 22 NOVEMBER 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:
Cllr Iain Wallis (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Pip Ridout, Cllr Mike Sankey, Cllr Martin Smith and Cllr Howard Greenman

Also Present:
Cllr Nick Botterill

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50   **Apologies**

Apologies for absence were received from Cllr Antonio Piazza.

51   **Minutes of the Previous Meeting**

The minutes of the last meeting held on 19 September 2023 were presented for consideration.

After which, it was,

Resolved:

To approve and sign minutes of the last meeting on 19 September 2023 as a true and correct record.

52   **Declarations of Interests**

There were no declarations of interest.

53   **Chairman's Announcements**

The Chairman made the following announcements:

- **An Update on the 2019/20 Accounts and Audit Process**

The Chairman outlined that the External Auditor was not currently in a position to finalise their opinion on the 2019/20 Accounts and any additional related commentary, and therefore the approval of the final accounts by this committee at this stage is not appropriate. It was planned that a full report would be brought forward at the meeting of this committee in February to request approval of the final 2019/20 accounts and accept the external auditors report.

It is also planned at that committee that a further update on the Governments approach for clearing the national backlog of would be made.

- **Accounts and Audit briefing note to all Members.**

A briefing note was sent out on 10 November 2023, which was to keep Members abreast of the position on the on-going delays to the conclusion and approval of the Council's Accounts and Audit and set out the reporting made to councillors of these ongoing delays. It was noted that the position of significant delay in accounts and audit processes was seen across many councils nationally and the number of delayed audit opinions now stands Accounts and Audit backlog and delays at 918 with only 5 out of 467 local government audit bodies' 2022/23 audit opinions issued.

The briefing note provided an overview of the reports and updates which had been presented to Members since 2023, with it noted that Officers continue to work with the current external auditors, Deloitte to ensure conclusions were drawn the outstanding accounts in the most efficient and effective manner, considering the regulatory requirements on both the council and the auditors.

Furthermore, it was acknowledged that longer term change was required to address the underlying issues and challenges to prevent a recurrence of backlogs in the future. This would include addressing workforce issues and ensuring proportionate financial reporting requirements, auditing and regulatory requirements were in place.

Following the announcement, there was a suggestion that the February meeting take place in the Council Chamber, with the hope that all councillors would be able to attend and have an opportunity to discuss the final audited accounts. It was agreed that officers would discuss the logistics of this move and approve if appropriate.

- **Stone Circle Scrutiny**

The Chairman noted that the Overview and Scrutiny Management Committee had established a task group to consider the options for appropriate scrutiny engagement on Stone Circle. This work would begin with an online information briefing for members about Stone Circle on 29 November 2023. All members would receive an invitation. Following this, the task group will begin work, with its final report and recommendations then coming back to OS Management Committee, probably in the new year. Members interested in taking part in the task group should contact henry.powell@wiltshire.gov.uk, Democracy and Complaints Manager.

Following the announcement, concern was raised that the briefing was set to take place at the same time as a meeting of the Strategic Planning Committee, to which officers provided assurance that the briefing would be recorded and that they would be happy to take questions from Members to ensure that everyone was briefed.

In addition, a suggestion was made that it could be worthwhile to insist that Governance procedure was written into any entity created and delivered by the Council. The Chairman suggested that this would likely to be added by the Overview and Scrutiny Committee as a recommendation and that after the report had been produced by the task group it could be added to the agenda.

- **Independent Members on Audit & Governance**

The Chairman noted that on several occasions attempts had been made to recruit an independent co-opted member to the Audit & Governance Committee, in order to help the Committee in discharging their duty. The Chairman stated a desire to restart this recruitment process and had reviewed the role description, job advert and application form. At present, being a member of a political party would exclude someone from applying for the role. Having considered this, it was believed that whilst a person should declare a membership of a political party, this should not mean that they could not apply for the position. If the successful candidate was a member of a political party, this would be included on their register of interests.

Following the announcement, Cllrs Sankey and Grant stated that they would be happy to continue partaking in the recruitment process. In addition, a suggestion was made that regarding whether holding office in a political party should be treated separately to being a member of a party. Another area suggested to be considered was whether an applicant was part of a union, to which the Chairman suggested this could be considered appropriate at the application stage by the recruitment panel. The exclusion of Directors of Stone Circle was also suggested, to which the Chairman stated that it was likely that guidance was already in place for this.

Guidance was providing by the Monitoring Officer and Director of Legal and Governance, Perry Holmes, that the aim of the recruitment process should be to recruit someone who would provide a skillset whilst also having a degree of independence.

The Chairman proposed a motion recommendation to restart the recruitment process for an independent co-opted member on the Audit & Governance Committee, to remove the exclusion regarding applicants being in a political party and for Cllrs Gavin Grant and Mike Sankey to partake in the recruitment process. This was seconded by Cllr Adrian Foster.

After which, it was,

Resolved:

- **That the recruitment process for an independent co-opted member on the Audit & Governance Committee be restarted.**
- **To remove the exclusion regarding applicants being in a political party.**
- **That Cllrs Gavin Grant and Mike Sankey would partake in the recruitment process.**

54   **Public Participation**

There were no public questions or statements received.

55   **Internal Audit Update**

Sally White, Assistant Director (SWAP) presented an update on the Internal Audit provided by SWAP. The update was a routine update for the Committee, providing a reasonable opinion at this stage in the year. In addition, a limited opinion was issued regarding risk management and the review of procurement cards. It was outlined that three significant corporate risks had been identified, with a detailed follow up audit currently taking place on Pension Fund Key Controls, with a report set to be brought back to the Committee in late January.

A further significant corporate risk was reported on regarding the Payroll Reconciliation Project and that the outsourced project's target completion date had been extended to the end of 2023. Furthermore, it was noted that no work had been undertaken on the ICT Network Boundary Defences, which had also been identified as a significant corporate risk and that full mitigations of the risk had been identified.

Attention was drawn to the report which provided tables outlining the SWAP Internal Audit Plan Coverage and that Members should also visit the live rolling plan dashboard on the SWAP Audit Board system for the latest data, which had changed slightly since the report was submitted.

Reference was made to page 3 of the report, which included a snapshot of the action dashboard and provided an overview of management actions by priority and whether actions were overdue. It was outlined that currently there were 30 open management actions by directorate.

The following points and questions were raised by Members of the Committee, with clarity provided that the 5 open management actions with revised due dates would now sit within the open management overdue actions. Further detail was also provided regarding the revised due dates, with it noted it was important to highlight these to the committee should trends occur. Assurance was provided to the Committee by officers that some of the overdue actions had been reliant upon the implementation of Oracle, which itself had seen slippage. Furthermore, it was noted that a number of the overdue actions related to the Pension Key Control work, which once signed off would close off a number of actions and would allow for an improved dashboard to be brought back to the Committee in January.

Concern was raised regarding the revision of dates and how issues didn't seem to have been addressed, including being unable to meet demands with SEND and the failure of housing management developments. It was also suggested that there was a concern regarding environmental impact, which didn't seem to have an audit, though it was a high priority of the Council. Assurance was provided that a climate change audit was currently being conducted. It was also

highlighted to Members that going forward the report would demonstrate two years of audit coverage, rather than one year which was currently being shown as SWAP had recently joined onto a new software audit board. Furthermore, clarity was provided that audit work had taken place with SEND, however this wouldn't be shown in the tables provided.

Assurance was provided that a follow up audit on Pensions Key Controls was taking place to ensure that key controls were operating as intended. Furthermore, that there would be an update at the meeting of the Wiltshire Pension Fund Committee on 23 November regarding an improvement plan and areas which were being addressed.

Informal Action: It was agreed that the Chairman of the Audit & Governance Committee have a conversation with the Chairman of the Wiltshire Pension Fund Committee regarding the overall governance.

Clarity was provided regarding page 2 of the report, which outlined 5 strategy risks which had currently received no coverage, to which it was outlined that SWAP were set to review the strategic risks and then appoint officers to fill gaps which would require audit work.

The Chairman proposed the recommendation within the report to note the Internal Audit Update provided by SWAP. This was seconded by Cllr Stuart Wheeler.

After which, it was,

Resolved:

- **To note the Internal Audit Update provided by SWAP.**

56   **Risk Management Service Update**

Perry Holmes, Director Legal and Governance and Monitoring Officer presented the Risk Management Service Update. The Monitoring Officer outlined that he was grateful for the work which had been undertaken by SWAP, including a comprehensive audit of the risk process with there an aim of making improvements. The audit was conducted at the start of the year, and it was reported in July that there had been significant progress against agreed actions.

It was outlined that a new version of the Risk Register had been launched as well as a first draft of the new risk policy. Work was progressing on other actions, with some areas set to be completed within timescale or ahead of schedule. The Monitoring Officer stated that next week the first meeting of the new Risk Working Group would take place, which he would chair and along with colleagues from the Extended Leadership Team, would respond to questions posed by the Committee as well as providing feedback on risk appetite and considering training. The group would review strategic risks and come forward with a new reporting protocol for reports, like what was previously seen at Cabinet. Significant progress had been made against concerns previously

brought forward, with it outlined that an approach is being taken so that each action can be moved to a better place with an intention to look at best practice across the Local Government sector and HMRC.

The following points and questions were raised by Members of the Committee, including queries relating to procurement risks, having seen some failures in other corporate governance. Clarity was provided that there are bigger areas of risk exposure within contract areas with process guarantees, declarations insurance cover and certification required. Additionally, it was outlined that due diligence checks are carried out in an operational and financial capacity. The complexity of the contracting landscape was referenced, with differences between care and highways contracts cited. Reference was made to ensuring that the tender document evaluated the right criteria with experts evaluating responses provided as well as ensuring the correct legal process was followed. The importance of credit checks was cited as well as management indicators and mitigations to ensure contractual performance. Further clarity was cited that there is not a one size fits all contract and clauses in each contract will vary.

A question was raised as to whether it would be possible to set up an audit process on each cost input to identify where cost index risks might lie within contracts. The Section 151 Officer stated that there is a need for there to consider the balance of complexity when going through the procurement process and that it would leave the Council open to challenge should documents not be clear. It was also important to be mindful that each independent bidding company would have a different cost base and model. It was important to have a strong contract management process in place so that the Council was able to understand risk and have conversations with strategic contractors.

The concept of being able to be flexible with the terms and conditions of contracts was discussed to allow businesses to financially survive whilst still delivering a service. It was stated by officers that contract management and relationships were the key to success as well as having honest conversations about service delivery. The Section 151 Officer stated that when putting out contracts, the Council would need to be aware of the initial position of a contract as to change details in the future would leave the Council open to challenge from other bidders. The officer also confirmed that conversations take place regarding the cost of living, however there was an importance of being aware of the legal position and processes in place.

Assurance was sought regarding the responsibilities of the Audit and Governance Committee and the Overview and Scrutiny Committee (OSMC), with concern raised that it wasn't clear whether OSMC were aware of what was expected of them and how their obligations should be discharged. The Monitoring Officer outlined that the Risk Register had been shared to both Cabinet and OSMC and that the risks within had been mitigated and were open for all committees to deal with risks. It was stressed that Members of OSMC spoke about risks, with examples cited about risks to children's services and that the Audit and Governance Committee retained an ability to highlight any risks in its area to OSMC, which might need further consideration.

It was suggested that there wasn't appropriate interaction between the Audit and Governance Committee and OSMC, with is suggested that there was ambiguity between responsibilities and clear evidence of such responsibilities being discharged. The Monitoring Officer stated it would be for the Committee and individual Scrutiny Committees to assure themselves of the mitigations taking place to stop risks from derailing the business plan. Reference was made to how the Risk Register was split so that each relevant Committee would receive risks relevant to their respective areas to then be reported upon.

Informal Action: It was agreed that the Chairman and the Vice-Chairman of the Audit and Governance Committee would have a conversation with the Chairman and Vice-Chairman of the Overview and Scrutiny Committee to ensure that responsibilities were understood.

A point was made regarding the relationship between risk and insurance, with it hoped that new risk management would recognise this. The Monitoring Officer noted that new risk management would improve the flow of information and that insurance was a good way of dampening the impact of risk should it come to fruition. It was noted that regular conversations take place with the legal department to ensure coverage.

Reference was made to exception contracts and how reconciliation is made should the Council encounter issues. The Section 1515 officer noted that the law must be applied depending on the tendering situation faced and with different processes. Regarding exceptions, decisions have to be made where contractors might not be following the rules but still acting legally; therefore meaning it was important to note that there isn't a one size fits all approach to each contract. The Council has a framework in which it needs to operate and laws, however each situation and expectations can be different. Further detail was also provided that documents are sent out to bidders in a certain way with steps to be considered.

It was questioned whether the Council had appropriate contingency plans in place for should risks come to fruition, to which the Monitoring Officer provided assurance to the Committee that all building contracts taken out consider contingency. Horizon scanning was discussed, with it noted that in general the Council had shown agility and resilience in the past 5 years to respond to issues outside of its control. It was agreed that as part of policy work it would be considered whether the idea of contingency was covered sufficiently. The Section 151 drew reference to budget setting and that financial contingency was considered within this process through assumptions and whether reserves would be adequate to offset risks.

The Chairman proposed the recommendation within the report to accept the status update following the recent risk management audit. This was seconded by Cllr Gavin Grant.

After which, it was,

Resolved:

- **To accept the status update following the recent risk management audit.**

57   **Anti-fraud risk update**

Lizzie Watkin, Section 151 Officer, presented an update on anti-fraud activity. The report provided an update regarding activity undertaken relating to the anti-fraud, bribery and corruption policy, which had been adopted and approved by the Committee. Specific attention was drawn to paragraphs 8-12 which detailed activity. The report showed that when serious allegations are made, using SWAP's counter fraud team as an independent investigator, action is taken.

The following points and questions were raised by Members of the Committee including whether there was training available relating to anti-fraud, bribery and corruption as well as how wide reaching this training would be. It was clarified that part of the policy is to ensure that relevant officers are adequately trained, and a session had taken place for officers and heads of services. Currently further work is being conducted by SWAP regarding a wider roll out of training and an assessment of the overall fraud position has been conducted.

Clarity was sought regarding the financial loss sustained through the case of fraud which took place involving the Pension Fund and what the process was when such incidents happen and how further activity could be prevented. Clarity was provided that SWAP undertake most investigations and present their findings to management, who then have the responsibility of adding additional controls to weaknesses. The Section 151 Officer had oversight of all allegations as well as a responsibility to ensure the control framework is still appropriate.

Regarding paragraphs 9-12 of the report, it was stated that the report showed that the Council does look at allegations and the mechanisms for reporting fraud do work, with the example cited of a whistleblowing allegation and how it was important that the whistleblowing policy provided staff and councillors with the confidence to raise concerns.

The responsibility held by the Council to investigate fraud was clarified by officers, with it stressed that the Council was only concerned with its own business and did not get involved with fraud impacting third parties.

The Chairman proposed the recommendation within the report to note the update on anti-fraud activity. This was seconded by Cllr Martin Smith.

After the conclusion of the debate, it was,

Resolved:

- **To note the update on Anti-Fraud activity.**

58   **Forward Work Programme**

The Forward Work Plan for the Committee was presented for consideration, with it noted that the final audited accounts should be added to the Forward Work Plan for the February meeting, which would take place before the meeting of Full Council.

After which, it was,

Resolved:

- **To note the FWP with the addition of the 2019/2020 accounts in February.**

59   **Date of Next Meeting**

It was announced that the next regular meeting of the Committee would be held on 7 February 2024 at 10.30am.

60   **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 am - 12.20 pm)

The Officer who has produced these minutes is Ben Fielding of Democratic Services, direct line 01225 718352, e-mail benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

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Wiltshire Council

SWAP INTERNAL AUDIT SERVICES
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Wiltshire Council

Report of Internal Audit Activity

Progress Report 2023/24 – January 2024

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

Sally White Assistant Director
Tel: 07820312469
sally.white@swapaudit.co.uk

Becky Brook Principal Auditor
Tel: 020 8142 5030
becky.brook@swapaudit.co.uk

SWAP is an Internal audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:
https://www.swapaudit.co.uk/

Audit Opinion, Significant Risks and Audit Follow Up Work

Audit Opinion
This is our third update report for 2023/24 financial year. Our last report was in November 2023 and as such we are reporting on a relatively short period of time which is reflected in the report content.

Based on the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however, with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since our last report in November, we have not issued any **Limited** assurance opinions on areas and activities we have been auditing.

Significant Corporate Risks
There are three, previously reported, significant corporate risks. The first being the **Pension Fund Key Controls**.
We have concluded our follow up work in this area and found that whilst significant progress has been made against many of the actions, there is still more work to do to fully mitigate all the risks originally identified. Additionally, whilst we had a client self-assessment against all the actions, we were unable to validate those actions in 2 of the 12 key areas where supporting evidence was not made available. Additionally, we incorporated a follow up of remaining action from the **Pension Payroll Reconciliation Project** within this work. The self-assessment has indicated that all cases are now resolved, however supporting evidence to confirm this progress was not made available.

On page 7 of our report, we have provided a copy of our one-page summary for members information. We will undertake further follow up work as appropriate and continue to report these significant risks to the committee until we feel the risks are fully mitigated.

Finally, regarding the **ICT Network Boundary Defences** significant risk, full mitigation of the risks identified as part of our work are a longer-term ambition. We have not yet undertaken any follow up work, but we aim to programme a series of follow up pieces that will span a number of months; in order to keep the Committee updated on progress.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Unrestricted

Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

SWAP Internal Audit Plan Coverage

The table below, captures our audit coverage, mapped against the Authority's strategic risks since January 2023. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. We are aware that the Risk Management team are currently undertaking a reworking of the Council's strategic risk register which is likely to result in some key changes. We will aim to map our work across to the new strategic risks in our report to the April meeting. We continue to work with the Corporate Directors and Directors to ensure that we provide comprehensive coverage of the Council's risks, and that our work aligns to the Councils Business Plan objectives. As always Members and Senior Officers of the Council are able to view our live rolling plan dashboard through SWAP's audit management software, AuditBoard, at any time.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC R01 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC R02 - Lack of capacity in the social care market	Some	Non Opinion Audits
WC R03 - Failure to manage housing developing	None	
WC R04 - Increasing vulnerability to climate impacts	None	
WC R05 - Uncontrolled cost of social care (predominately adults)	Some	Substantial
WC R06 - Cyber Resilience	Some	Limited
WC R07 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable
WC R09 - Information Governance	Some	Reasonable
WC R10 - Income Collection	Adequate	Reasonable
WC R11 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC R12 - Hospital discharges resulting in high cost and highly restrictive packages of care	None	
WC R13 - Budget Management	Good	Reasonable
WC R14 - Not on track for the Council to be carbon neutral by 2030	In Progress	

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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SWAP INTERNAL AUDIT SERVICES
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Internal Audit Plan Update

If you choose to view our rolling plan dashboard in AuditBoard, you will be able to view our coverage split in ways other than just the strategic risks of the Council. There is also the facility to drill through (right click within the coverage boxes) to view the audits that have contributed to that coverage and average opinion.

For the Committee's information we have also captured our coverage since January 2023 by:

Corporate Priorities of the Council

Corporate Priority	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC P01 - Empowered People	Good	Reasonable
WC P02 - Resilient Society	Adequate	Reasonable
WC P03 - Thriving Economy	Adequate	Reasonable
WC P04 - Sustainable Environment	Some	Reasonable
WC P05 - Your Council	Good	Reasonable

SWAP Top 10 Risk Themes

SWAP compiles these themes from horizon scanning, intelligence gathering across the partnership and from our own professional body the Insititute of Internal Auditors.

Top 10 Risks	Coverage (Completed Audits)	Average Opinion of Completed Audits
Planning, Housing, Environment and the Local Economy	In Progress	
Governance	Adequate	Limited
Sustaining Care	Some	Substantial
Finance	Good	Reasonable
Health & Safety	Some	Reasonable
Education	Some	Non Opinion Audits
Contracts, Procurement and Commissioning	Good	Reasonable
Workforce	None	
Technology, Digital and Security	Some	Limited
Strategic Asset Management	Some	Reasonable

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Core Areas of Recommended Coverage

These are some key areas considered to be a barometer of the health of an organisation

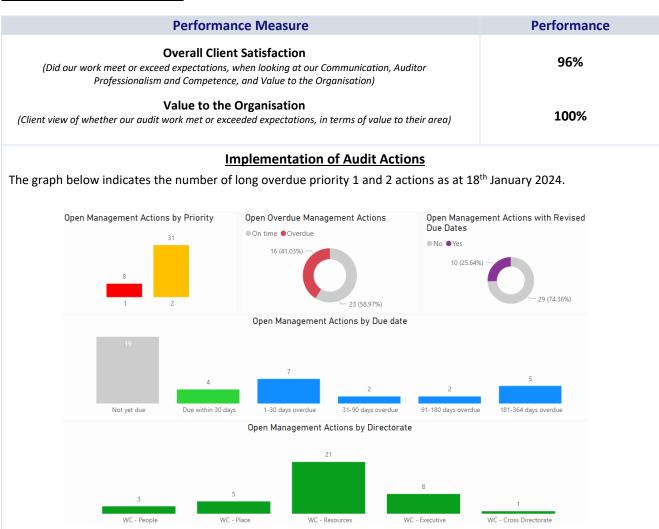| Healthy Organisation Theme	Coverage (Completed Audits)	Average Opinion of Completed Audits
Corporate Governance (incorporating performance management, culture & ethics, fraud, & climate change)	Adequate	Limited
Financial Management	Good	Reasonable
Risk Management	Adequate	Limited
Contract Management, Commissioning, and Third Party Resilience	Adequate	Reasonable
Information Management (incorporating data protection & cyber security)	Adequate	Reasonable
Programme & Project Management	Some	Reasonable
Workforce (incorporating recruitment/ retention, staff health & safety, and staff wellbeing)	None	
Asset Management	Some	Limited

The Committee will note the coverage mapped against these other measures indicate more comprehensive coverage, although we are aware of a gap in workforce assurance work. We will aim to programme some work in this area once the new Evolve system has been fully implemented and the HR functions are comfortable with the new system.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Internal Audit Plan Update

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

<u>**SWAP Performance Measures**</u>

Performance Measure	Performance
Overall Client Satisfaction *(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)*	**96%**
Value to the Organisation *(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)*	**100%**

Implementation of Audit Actions

The graph below indicates the number of long overdue priority 1 and 2 actions as at 18th January 2024.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Added Value

'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'

Added Value

Cifas

We continue to work with the Council to identify and support services where use of the Cifas data matching service could bring benefits. We are currently working with Housing exploring the possibility of checking tenants under the 'Right to Buy' scheme.

Added Value Activities

Since our last to report to the committee we have delivered the following added value activities as part of our audit work:

- The Data Analytics team have consulted with the Climate Change team in relation to improvements that could be made in their reporting tools.

- A survey was undertaken across senior managers to ascertain the levels of understanding, engagement and training etc, in relation to the Council's pledge to become carbon neutral by 2030.

- The Data Analytics team scrutinised and challenged the Pension Fund's KPI spreadsheet with the aim to identify errors in formulae, which could have resulted in inaccurate reporting. Feedback was provided on required improvements.

- A cross partner comparison report on the performance data relating to Blue Badges was shared with the Council.

Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Wiltshire Pension Fund Outstanding Actions Follow Up – January 2024

Wiltshire Council | **SWAP** INTERNAL AUDIT SERVICES — Helping Organisations to Succeed

Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2022/23 Limited opinion audit of Pensions Key Financials Control report and Pensions Payroll Reconciliation Project have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	0	2	0	2
Priority 2	1	8	0	9
Priority 3	2	0	0	2
Total	3	10	0	13

Follow Up Assessment

Wiltshire Pension Fund officers provided us with updates, a progress percentage, and supporting documentation for 13 actions across the Key Financial Controls and Payroll Reconciliation Project audits.

Significant progress has been made against the majority of actions. For three actions we were unable to confirm the percentage of progress reported as supporting evidence was not available. The original Pension Fund Risk and Controls Register action has been closed, but suggestions have been made to further enhance this area.

Action	Priority Rating	Reported progress	Audit Comment
New Enrolments	2	50%	We were provided with satisfactory evidence and confirm 50% progress has been made on this action.
Overpayments	2	80%	We were provided with satisfactory evidence and confirm 80% progress has been made on this action.
Lumpsum payments	2	70%	We were provided with satisfactory evidence and confirm 80% progress has been made on this action.
Transfers into the fund	2	95%	At the time of this audit we were unable to obtain evidence confirming that all cases had been resolved and therefore the overall progress against the action has not been confirmed.
Amendments	3	100%	We were provided with satisfactory evidence and the action is now closed.
Aggregation Processing and Backing	1	70%	We were provided with satisfactory evidence and confirm 70% progress has been made on this action.
Status 2 Members	2	70%	We were provided with satisfactory evidence and confirm 70% progress has been made on this action.
Retired Members (Over 75s)	3	100%	Satisfactory evidence has been provided and the action is now closed.
Workflow Management	2	85%	We were provided with satisfactory evidence and confirm 85% progress has been made on this action.
KPIs, Reports and Monitoring of Staff Productivity	2	70%	We were provided with satisfactory evidence and confirm 70% progress has been made on this action.
Quality Assurance	2	90%	At the time of this audit we were unable to obtain evidence of the new quality assurance processes that have been implemented and therefore the overall progress against the action has not been confirmed.
Pension Fund Risk and Controls Register	2	100%	Satisfactory evidence has been provided to close the initial action, however suggestions have been made to further enhance this area.
Pensions Payroll Reconciliation Project	1	100%	It is understood that all cases have been resolved but, at the time of this audit, we were unable to obtain supporting evidence for this.

Additional Information

We will undertake a full Key Control Review, as agreed, in Q1 2024/25 which will provide an assessment of the overall control framework.

SWAP INTERNAL AUDIT SERVICES — Helping Organisations to Succeed

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Corporate Procurement Card Audit Service Update

Audit & Governance Committee – 7 February 2024

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Pro-active Fraud Audit – Corporate Procurement Cards

Pro-active Fraud audit as part of Anti-Fraud, Bribery and Corruption Policy prevention activity.

Testing focused on inappropriate, unauthorised and/or fraudulent transactions.

Corporate Purchasing Cards is an area of heighten fraud risk. Procedures are set corporately. Process is carried out in service.

'High' limited assurance audit opinion – no instance of fraud was found but control weaknesses were identified, and management action plan drawn up to address 5 findings and weaknesses. There were no priority 1 actions.

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Key Findings

The council has shown it is keen to review processes to deter and prevent fraud.
The process for increasing limits is adequate and managed appropriately.

Information in the master list was not complete and signed guidance notes not complete. These are known issues and had not been addressed from previous audits.
Dormant cards were found to exist.
Changes of roles and leavers had no clear notification process.

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Finding 1 - Appropriate card holder authorisations were not present

Action: We will ensure that the appropriate authorisations and signed guidance agreements are obtained for each procurement card holder. This will include those who have been granted historically. This documentation will also be stored centrally so that it is accessible for the purposes of review.

Update: The cards falling into this category were applied for/issued some years ago. The process for requesting and issuing of new cards has been tightened and the team now managing new card requests are aware of the approval process and ensure that such approvals are obtained and saved. A review of historic cards will be undertaken.

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Finding 2 - No communication of leavers to Accounts Payable

Action: We will have a wider discussion with HR/Payroll to enable implementation of a notification for Accounts Payable/Procurement Team upon the return of leaver's procurement cards.

Update: Investigations are underway to assess if this could be added to the standard automated leaver form contained within the HR module in Oracle. The implementation team are looking at this and will update us as we move forward with the implementation of the HR/Payroll modules. In the mean-time reports are to be created to ensure a temporary manual control is in place.

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Finding 3 - There are no processes in place for reviewing the procurement card master list for appropriateness

Action: We will assign responsibility for procurement card master list reviews and determine an appropriate review schedule.

Update: The council's new Oracle system has a separate module for processing of monthly procurement cards states/invoices. We are currently in the process of changing over from the old processes to the new. Once the staff have been trained and the process established, we will then write new process notes, agree an appropriate review schedule and issue any user guidance as required.

Finding 4 - Limited use of transactional data

Action: We will consider whether Finance can make better use of the transactional procurement card data submitted for payment, to enable proactive counter-fraud data analysis to take place and to inform oversight of trends in procurement card spend across the council.

Update: Once the processing of procurement cards statements has moved over to Oracle reports will be used to aid the analysis of expenditure and will be shared with the procurement service.

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Finding 5 - Not all Reimbursement Claims are submitted by the Purchasing Card Holders in the time frame required

Action: Following the change of staff in this team, it is acknowledged that whilst this has been done during the year, the follow up of outstanding returns has not been completed in a consistent and timely manner.

Having successfully recruited to the team, this has been picked up again recently and a new member of the team will be fully trained in the correct process for purchasing cards. Outstanding returns will be pursued each month and appropriate action taken with persistent offenders.

Update: Checking and chasing of outstanding returns had returned to a monthly basis, however, there was a gap when this wasn't done between Oracle go live and the start of 2024. This has now resumed and will continue on a monthly basis.

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Wiltshire Council

Audit and Governance Committee

7 February 2024

Subject: Corporate Governance Update

Executive Summary

The Annual Governance Statement for Wiltshire Council demonstrates how the Council is meeting the principles of good governance adopted in its Local Code of Corporate Governance (LCCG). Following consideration of the Annual Governance Statement in July, this report provides an update on the current status of improvement actions identified in the Annual Governance Statement for 2023.

Proposal

Audit and Governance Committee is asked to consider the current status of improvement actions identified in Annual Governance Statement, as set out at **Appendix 1**.

Reason for Proposal

In considering the draft Local Code of Corporate Governance in 2019, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2023/24.

Andy Brown
Deputy Chief Exec and Corporate Director, Resources

Perry Holmes
Director, Legal and Governance (Monitoring Officer)

Tamsin Kielb
Director, Human Resources and Organisational Development

Lizzie Watkin
Director, Finance

Wiltshire Council

Audit and Governance Committee

7 February 2024

Subject: Corporate Governance Update

Purpose of Report

1.   To consider the current status of improvement actions identified in the Annual Governance Statement (AGS) and emerging themes to capture in the AGS for 2023-24.

Background

2.   Wiltshire Council agreed a revised Local Code of Corporate Governance in 2019.

3.   In considering the draft Local Code of Corporate Governance, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2023-24.

Main Considerations

4.   In 2022-23's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. It should be noted that these areas are not to be regarded as failures, rather examples of issues where scope for further improvement has been identified. In many cases, work is already well underway to address these areas for improvement.

5.   The governance of the Council continues to be monitored by Cabinet, Audit and Governance and other councillor committees and the Council's Corporate Leadership Team.

6.   The Corporate Governance (Officer) Group chaired by the Monitoring Officer has considered:

     •   The appendix to this paper
     •   Internal governance and programme boards
     •   Oversight of spend, savings and delivery

7.   An update on progress with the improvement actions identified in the Annual Governance Statement 2022-23 is included at **Appendix 1**. This document will be kept live and updated and inform the development of the AGS for 2023-24.

8.   Since the Annual Governance Statement for 2023 was [considered](#) by the Audit Committee it is worth noting that the council has received further assurance for its activities through an Ofsted inspection of arrangements for looked after children which awarded the grade 'Outstanding'; undertaken a [peer review](#) of adult social care; a peer review of the libraries service (expected to be made available shortly) and undertaken a [peer review](#) on planning.

9.   All these reports are generally positive and bolster the findings of the [corporate peer review,](#) which noted the 'impressive organisational governance' that exists within the council.

Report Authors:
Andy Brown – Deputy Chief Exec and Corporate Director, Resources;
Perry Holmes - Director, Legal and Governance (Monitoring Officer);
Tamsin Kielb - Director, Human Resources and Organisational Development;
Lizzie Watkin - Director, Finance

David Bowater – Senior Corporate Support Manager

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Appendices
Appendix 1 LCCG AGS update

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Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

AGS improvement actions	Current Status	
Review contract management approaches to embed standard contract management activity; deliver policy and training to embed the Socially Responsible Procurement Policy across the Council; and strengthen our approach to working with SMEs and VCS'.	With the planned introduction of the Procurement Act 2023 in October 2024 there will be a requirement placed upon the Council to formally report at a national level contract performance where it is deemed to be poor, for those contracts deemed in scope as set out in the Procurement Act 2023. Additionally, for certain contracts, there will be a requirement for the Council to publish, annually, performance against some Key Performance Indicators. A project plan has been developed, which includes thing such as tool kit and training development. During February 2024 briefings will start to take place. A review of approvals boards will also take place to ensure that decisions around contract performance are treated consistently across the organisation. A Socially Responsible Procurement Policy and associated action plan was agreed by Cabinet in November 2022. That policy is used and referenced in procurement activity. Work is no underway to ensure that Social Value ask within specifications links to the objectives of the Council. Monitoring of Social Value and its delivery will also be picked up as part of the Contract Management and performance activity as outlined above.	**LW** DB
Continue activities to embed all of the elements in Our Identity across the organisation.	This is an action on the workforce strategy action plan which is being monitored through Performance Operating Group. Activities include staff recognition events/awards linked to Our Identity, chief exec and heads of service forums briefings to reinforce expectations, learning programme designed around this and ongoing staff communications.	**TK** PM

Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Develop a renewed framework for working with the Voluntary and Community Sector	A WC led VCS conference will take place shortly to continue renewal of the framework. A co-produced strategic workshop took place in September 2023, between WC and VCS regarding the way in which the local authority delivers its commissioning processes and engagement. An update on Community Conversations was provided at Public Service Board – with full partner engagement and expansion of programme underway to three further areas.	**DR** RS

AGS improvement actions	Current Status	
	VCS reps are now included on HWB, WPSB & ICA and we are looking to include them in BSW C&YP Programme Board.	
Implement a council-wide system for publishing officer decisions in line with the Openness of Local Government Bodies Regulations 2014	Officer decision making guidance has been reviewed and published internally setting out the types of decisions which should be published in accordance with the regulations. The CivicaModGov software used for committee paper publication has been used to publish officer decisions to a dedicated portal on the council's website. The Democracy and Governance teams will be taking steps this year to roll out further support to council decision makers to embed the practice of submitting records of officer decisions for publication.	**PH** JM KE
Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.	Progress against this action is linked to activity on Place Shaping. The role and function of the Area Boards in terms of Place Shaping is being considered by the emerging place shaping board. SEPM team structure has been recently reviewed and is agile to meet the business need. High levels of grant funding leverage were achieved in 2022/23. For every £1 invested, an additional £5.85 was contributed from other sources. Early discussions have commenced to ensure investment of grant funding is as effective and impactful as possible. A revised SDAT policy has been trialled with Westbury Town Council and learning will be taken from that process to inform future decisions around the SDAT policy and programme. Initial findings suggest that local councils are interested in the look and presentation of local spaces and therefore a more focused approach would be around services for that locality. Consideration is being given to the budget and resource implications of further or accelerated transfers particularly service based transfers."	**DR** RS

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

AGS improvement actions	Current Status	
Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.	The emerging draft Local Plan (approved by Council) has been subject to public consultation in autumn 2023. This provides a spatial vision, settlement and delivery strategy which will inform place-shaping for the future of Wiltshire. Together with the development of the LTP this will provide the key spatial narrative. A Place Shaping framework is in development. Governance structures have been established (including a Place Shaping Board) and are aligned to principal settlements. Programme reporting mechanisms established.	**PK** **NT** VM

	The May 2023 planning peer review provides suitable assurance on direction of travel… Transformation programme established to ensure the service is structured to deliver on Planning both in terms of development Management and future special/strategic planning for the council. Delivery of Local Plan will be at the centre of new Place Shaping strategy. Once integration of the Local Enterprise Partnership is complete a new economic strategy will be put in place which clearly aligns with the narrative in the local plan. Wiltshire Developers Forum has been piloted, discussing potential applications with key consultees to support the development of good quality applications. To date the pilot forum has seen 2 Wiltshire businesses looking to develop and the lessons learned from this process are being reviewed to inform a model going forward.	
Create a county-wide strategic partnership board to oversee an Economic Strategy for Wiltshire	Integration of the Local Enterprise Partnership is underway. Guidance was published in December regarding expectations for business voice and economic strategy. Wiltshire's draft economic strategy will be adapted to respond to this guidance in line with the timescale set out by Government. The local prospectus will be adapted to support the delivery of investment priorities in line with the guidance. The established UKSPF local partnership, a business led partnership, is being supported to develop into a Wiltshire economic advisory board, which in turn will provide periodic updates to the WPSB. This will be further supported by a Swindon and Wiltshire business board, in line with Government guidance. Plans for LEP transition include forums for business representation (FSB, Chambers etc), for land agents (investors, planning etc) and major investment proposals. We have contributed to best -practice work by CCN, Shared Intelligence and the LGA and are adapting the learning into our plans	PK VM

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

AGS improvement actions	Current Status	
Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation	Capital Programme Improvement Board established to have greater oversight over existing and in year planned spend. Service delivery plans and transformation will identify capital requirements and associated payback/costs, this will be further improved together with longer term planning around all council assets in coming and future MTFS cycles. Asset categorisation has been completed, which will enable identification of potentially surplus assets via service reviews and greater emphasis on	AB LW JB

and place shaping ambitions and inform future budget decisions	where services or communities have a need for asset rationalisation/ enhancement or addition. This will be built into the MTFS cycle to allow for longer term planning on service delivery, transformation that require either maintenance of existing or rationalisation/addition of assets (assets being all e.g. IT, buildings, fleet). Intention to progress a renewed strategic asset dialogue with public sector partners has beenimpacted by lack of capacity from One Public Estate and Cabinet Office co-ordination support. However specific asset and location based discussion will continue as required through local networks. Capacity is being developed to capture future asset requirements d from Council services to inform planning and the creation of a new Asset Management Strategy. External support with this process is also being explored. However extensive asset management case work and active strategic asset management continues to take place. Improvements to linkages, reporting and processes between Capital programme oversight, Asset management strategy and programmes, and Transformation portfolio oversight being explored.	
Continue to ensure the approach to transformation is embedded and understood across the council.	We are promoting understanding of the gateway process, financial input required and the governance of transformation, and continue to draw on the lessons learned from recognised successful transformations and partnerships such as FACT and Adult Transformation, as well as introducing a resident-derived principles into service planning based on our work on Community Conversations. Significant revisions to the Transformation Planning Group (TPG) process are underway in response to feedback from both service users and TPG members. These improvements aim to significantly reduce the lead time between proposal and action, and make better use of technology and automation tools – prototype is in development at time of writing. New Programme Pipeline status reporting dashboard created for Transformation Board members is now being used. Transformation team structure has been reviewed and implemented to ensure it meets the needs of the Transformation "offer" to services, with new roles introduced to increase the breadth of skills available for each project. A suite of interrelated strategies is in development through collaboration between ICT, Transformation and IG. This includes Digital, Transformation, Cyber Security, AI, and Data strategies. These strategies are informed by the output from our Transformation programmes to ensure cross-visibility, for example the Tech-Enabled Care workstream of our Adult Social Care transformation programme has a direct input into how ICT service is shaped to provide support to vulnerable residents using the technology, resulting in a proposal to make our ICT service provision accessible to these residents directly, I.e. a new external ICT support offer.	**SH** **PH** MN
Focus on wider external partnership opportunities	Meetings with ICB and LA CEOs and other officers continue, highlighting the need for alignment in commissioning wherever possible. We continue to lead and participate in forums such as SW ADCS, SW ADASS and national conferences.	AB

| that will help take Wiltshire forward | Successful DfE bids to pilot new innovations continue, the latest being the involvement of CAFCASS in pre-proceedings. We are also through to stage 2 of the fostering recruitment and retention pilot, which is a lead role for the South West.

Good practice example in children's social care published in CCN Spotlight. Participation in networks continues, with the notable additions of hosting the LG Challenge and participating in the SW Challenge.

Early discussions continue with neighbouring authorities in the context of the shifting devolution agenda, with central government officials appraised as appropriate. This may lead to further discussion on shared services in due course.

The council is supporting peer challenges across the country. | |

Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it

AGS improvement actions	Current Status	
Rollout training and awareness on decision making processes	Guidance on the council's decision-making processes has been developed and is available on the corporate intranet. Directors and Heads of Service have been briefed.	**PH** JM
Measure the impact of the leadership and development programme and other interventions on retention and promotion.	This will be included in HR Performance Operating Group (POG) metrics, and will be reviewed bi-annually to ensure high-performance.	**TK**

Principle F – Managing risks and performance through robust internal controls and strong public financial management

AGS improvement actions	Current Status	
Review the corporate assurance framework for performance, risk and service delivery	A comprehensive review of risk management processes, including a detailed internal audit, has taken place. Good progress is being made implementing the agreed action plan, including the launch of an improved risk register and creation of a new Risk Working Group. An update on the proposed revisions to the risk policy will be provided as a separate part of the agenda.	**PH** MN
Build on the collaborative approach to budget setting, aligning organisational processes more closely to the outcomes in the	An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. Service planning processes will be used to link priorities, finance, procurement and HR to inform both performance goals and budget setting (including capital required for transformation). A new portfolio management approach which includes organisational level prioritisation and governance arrangements is	**AB** LW

| Business Plan to ensure a focus on the resources used and outcomes to be achieved | being implemented to align corporate programmes and transformation activities with the Business Plan and ensure benefits realisation.

As part of service planning and transformation programmes we are including scope for challenge through use of insight and corporate research activity and programme governance. Regular reports on progress with transformation programme are included in quarterly monitoring reports at Cabinet.

The culture of collective financial management, open challenge & delivery continues. Testament to this is at the 2023/24 Q1 position the Council is forecasting a small overspend of £311K, with a budget gap, mainly down to inflation, rising to £7m by 2025/26.

Saving delivery targets/plans are reported and managed through services and linked in to transformation programmes and POBs/POGs. They are reported to Cabinet as part of the overall budget monitoring reports, detailing progress; which is good at over 84% either delivered or on track. | |

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

AGS improvement actions	Current Status	
Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.	A new and common approach to communication of performance as well as publishing open data is being explored through our Data & Insight team, and the Oracle project be will in time be able to provide new and expanded process performance and compliance measures. Incorporation of appropriate resident engagement is being considered as part of the regular service planning approach. The annual service planning review process was initiated in June 2023. The more holistic process included mapping planned activities as mitigating actions for corporate and strategic risks, and a review of corporate performance targets. Services identified financial requirements, as well as identifying their planned transformation activities for the period, and anticipated support required from HR, Finance, and Transformation resources. The Executive Office has begun taking an enhanced role in the already successful POB/Gs, improving the groups' use of horizon scanning and drawing on service plans more frequently. There is good Cabinet engagement with data, with standing agenda items proving a success and a good example of officer and elected member cohesion. The Exec Office and BI team are exploring transition of the Corporate Performance Scorecard to a Power BI dashboard.	SH MN
Assess progress in delivery against the revised statutory	Consultation on the draft revised statutory guidance has taken place. Wiltshire Council has considered the proposals and responded to the consultation. The draft revised statutory	PH MN

guidance on the Best Value duty	guidance refers to participation in corporate and other peer reviews as powerful means of assurance. Once final guidance is issued the council will reappraise it and ensure appropriate arrangements are in place to meet the requirements.	

Initials

AB: Andy Brown, Corporate Director of Resources and Deputy Chief Executive
TK: Tamsin Kielb, Director, HR and OD
PK: Parvis Khansari, Corporate Director, Place
DR: David Redfern, Assistant Director, Leisure, Communities and Culture
PH: Perry Holmes, Director, Legal and Electoral Services
NT: Nic Thomas, Director, Planning
JB: James Barrah, Director, Assets
LW: Lizzie Watkin, Director, Finance
SH: Stuart Honeyball, Director, Transformation

DB: Deborah Bull, Procurement
PM: Paula Marsh, HR Senior Strategic Business Partner
RS: Rhys Schell, Strategic Engagement and Partnerships
JM: Jo Madely, Deputy Monitoring Officer and Head of Legal Services
KE: Kieran Elliott, Democracy Manager
MN: Martin Nicholls, Executive Office
VM: Victoria Moloney, Head of Economy and Regeneration

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Wiltshire Council

Audit & Governance Committee

7 February 2024

Risk Management

Purpose of Report

1. To provide assurance to the Audit and Governance Committee that the Council's risk management process is in place and functioning correctly.

2. To request feedback from the Committee on a draft of the updated Risk Policy, ahead of its approval by Cabinet.

3. To provide an update to the Committee on a review of risk categories and appetites.

4. To update the Committee on further progress made implementing recommendations from the Internal Audit Action Plan.

Relevance to the Council's Business Plan

5. This report directly supports the Council's Business Plan mission to have an efficient, and healthy organisation, particularly having a robust corporate planning cycling including performance and risk management.

Background

6. Risk processes are currently operating under the existing Performance and Risk Management Policy. This policy was last approved in 2019 and is therefore due a review and update. A draft of a new policy has been scheduled to come to February's Audit and Governance meeting.

7. In its May 2023 meeting, the Audit and Governance Committee also requested a review of risk appetite categories, with a view to having more granular risk appetite levels to apply to operational risks.

8. In early 2023 an internal audit of risk management processes was undertaken of the Council's risk management processes. Progress against implementation of the agreed action plan was reported under item 56 to November's Audit and Governance Committee meeting.

Main Considerations

Risk Policy

9. Risk processes are currently operating as part of a combined Performance and Risk Policy 2019 (Appendix 1, plus separate guidance in Appendix 2). However, due to quantity of changes needed in order to meet the recommendations of the Internal Audit risk has been separated into a specific risk policy. A draft of this new risk policy is provided in Appendix 3.

10. The revised risk policy is based on national best practice, include guidance published by the UK government's 'orange book' series, ALARM, the Institute of Risk Management, and HM Treasury, as well as advise from risk managers in other government organisations.

11. The following substantive changes have been made to the Risk Policy:

12. Roles and responsibilities are now mapped to the three lines of defence approach recommended by CIPFA and set out in Protocol 9 of the Council's constitution (paragraphs 19-21 of Appendix 3).

13. The current 4x4 matrix for scoring risks has been replaced by a 5x5 matrix (paragraph 64 of Appendix 3), which allows for a more granular assessment of risk scores. Research has found that most other local authorities use 5x5 matrices, as do the majority of external organisations that the Council works with, which will make mapping of risks for joint projects and contracts an easier process in future.

14. As a result of the expanded risk matrix, risk scores will now be assigned to 5 different levels, ranging from very low to very high, replacing the current three levels (paragraph 63 of Appendix 3).

15. Definitions of all aspects of risk management have been expanded, clarified and improved, with new sections on tiers of risk (paragraphs 30-34 of Appendix 3), risk registers (paragraphs 26-29 of Appendix 3), emerging risks (paragraphs 42-48 of Appendix 3) and opportunities (paragraphs 49-54 of Appendix 3).

16. Criteria have been established for escalating risks (paragraphs 91-96 of Appendix 3), reporting on (paragraphs 97-106 of Appendix 3), and closing risks (paragraphs 107-108 of Appendix 3), allowing these processes to be standardised across the Council.

17. New risk categories have been created (paragraphs 65-67 of Appendix 3), allowing for more granular applications of risk appetites and a greater range of example impacts to be developed, to assist officers in scoring risks.

18. Consultations with officers across the Council are ongoing, and feedback from them and from this Committee will be incorporated into the final version of the policy.

Risk Appetite

19. A review of risk appetite categories and scores was requested in May by the Audit and Governance Committee.

20. In order to apply risk appetite at a more granular level, it was first necessary to expand the number of risks categories. The current 6 categories were therefore replaced by 12 new categories, based on both the existing categories and those given as examples in the government's 'orange book' guidance.

21. Five new appetite levels (averse, minimalist, cautious, receptive and eager) have been developed to help articulate what levels of appetite will be tolerated (paragraph 70 of Appendix 3). These new appetite levels were then applied to the new categories, and from this maximum risk scores were assigned to each score to give the proposed new appetite scores to apply to risks (paragraph 74 of Appendix 3).

22. For the operational risk category, three appetite levels were applied: 'operations – minimalist', 'operations – cautions', and 'operations – open', allowing a more granular application of risk appetite to different types of operational risks, recognising that some services may have a lower tolerance for risk than others.

Internal Audit Action Plan

23. Since the last report to the Audit and Governance Committee in November, further progress has been made implementing agreed actions in the Internal Audit action plan.

24. The new risk policy discussed above will meet the agreed actions for the following findings:

   a. Finding 1 (risk and performance policy and risk guidance)
   b. Finding 7 (decision making)
   c. Finding 8 (project, capital and national risk registers)
   d. Finding 9 (emerging risks)
   e. Finding 10 (insurance)

   The new risk policy will also allow progress to be made towards the agreed actions for Finding 5 (training on risk management process).

25. Corporate Directors and Directors have met and agreed the Terms of Reference for the new Risk Working Group, as well as to discuss and provide feedback on the new risk appetite levels.

Overview and Scrutiny Engagement

26. The role of the Audit and Governance Committee, in relation to the risk management process and as described in the Council's current 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).

27. As agreed at November's Audit and Governance Meeting, a meeting took place in which officers briefed the Chairs of both the Audit and Governance Committee and the Overview and Scrutiny Management Committee on changes to the risk policy and implications for risk management and strategic risks.

Safeguarding Implications

28. This report covers internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. There are no safeguarding implications as, although some of the risks identified may relate to safeguarding, the purpose of the Risk Policy and risk management processes is to ensure that all risks, including those relating to safeguarding, are identified and appropriate mitigating actions are put in place.

Public Health Implications

29. There are no public health implications as, although some of the risks identified may relate to public health, this report covers internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

Procurement Implications

30. There are currently no procurement implications. However, an agreed action in response to Finding 2 of the Internal Audit Action Plan is to explore alternative methods to using Excel for risk management. Advice will be sought from the Strategic Procurement Hub if any potential specialist risk management systems are identified.

Equalities Impact of the Proposal

31. There are no known equalities impacts arising directly from this report. As part of the development of the Policy, and Equality Impact Assessment is being conducted to identify and mitigate potential impacts.

Environmental and Climate Change Considerations

32. Although some risks identified may relate to the environment and climate change, this report cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. This report therefore has no direct implications for energy consumption, carbon emissions, or associated environmental risk management.

33. However, environmental and climate change considerations have been incorporated into the examples for scoring risk likelihood, acknowledging that although the effects of climate change will be felt over longer timescales, whilst actions to mitigate them will be required in the shorter term.

34. A new environment category has been created, allowing for a designated risk appetite level to be assigned to environmental risks. The environment risk category has also allowed for examples of different levels of impact to assist with scoring environmental risks (see the risk impact scoring matrix in Appendix 2 of Appendix 3).

Workforce Implications

35. Officers responsible for risks, either as risk owners or with responsibility for reviewing risk scores and updating risk registers, will be provided with guidance and training as part of the launch of the updated Risk Policy once it has been approved.

36. Development of this guidance and training will be supported within existing workforce capacity within the Executive Office.

37. All existing risks then need to be reviewed and rescored using the new 5x5 risk scoring matrix. Officers across the Council will need to complete this work within their existing capacity as part of their responsibilities for risk management. Officers from the Executive Office will be available to provide support and advice as part of this process.

Risks that may arise if the proposed decision and related work is not taken

38. No decision is required as this report seeks only to update and to request feedback from the Committee. However, the internal audit identified a number of actions needed

in order to ensure that the Council has an effective and robust risk management process.

39. If the agreed action plan is not implemented and the existing risk policy is not updated, there is a risk that the current processes may result in uninformed decision making or unforeseen exposure, resulting in failure to achieve key priorities and objectives.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

40. As no decision is required there are therefore no risks associated with accepting this report.

Financial Implications

41. No additional budget is currently required to complete development of the new Risk Policy, nor is any additional budget required to continue implementation of the internal audit action plan.

Legal Implications

42. Risk management is integral to the Council's corporate governance arrangements set out in Protocol 9 of the Council's Constitution.

43. In addition, Part 3 of the Council's Constitution assigns responsibilities for risk management to the Council Leader and to the Cabinet Member for Finance, Procurement, IT and Operational Assets.

44. Further, Part 9 of the Council's Constitution assigns specific responsibilities for risk management to the Chief Finance Officer and to the Director of Legal and Governance.

45. As part of the Council's role in the Local Resilience Forum, we have a legal responsibility with other Category 1 responders including Police, Fire, Environment Agency and others to plan and prepare for taking a co-ordinated approach to emergency events and regularly assess the risk of an emergency occurring.

Options Considered

46. There are no proposals arising from result of this paper as it provides an update from the Executive Office to the Audit and Governance Committee on a new policy, the need for which has already been agreed as part of the Internal Audit Action Plan.

Proposals

47. That the Audit and Governance Committee note the developments taking place to improve the Council's risk management process.

Perry Holmes, Director of Legal and Governance

Report Author: Catherine Pink, Corporate Support Officer, catherine.pink@wiltshire.gov.uk.

Appendices
Appendix 1 – Risk Update and Policy
Appendix 2 – Risk Guidance
Appendix 3 – Draft Risk Policy

Background Papers
None

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Wiltshire Council Performance and Risk Management Policy

February 2019

Document control

Reference Number	1.0	Status	Draft
Sponsor(s)	Cllr Philip Whitehead Robin Townsend	Author(s)	Toby Eliot
Document objectives	To establish a unified approach to performance and risk management across Wiltshire Council		
Intended Recipients	Leaders, councillors and staff of Wiltshire Council. Specifically, Cabinet, CLT and heads of service.		
Group/Persons Consulted:		Responsible Cabinet Member Performance and Risk leads across council services Internal Audit Financial Planning Task Group	
Ratifying Body	Cabinet	Date Ratified	March 2019
Date of Issue	February 2019		
Next Review Date		March 2020	
Contact for Review		Toby Eliot, Corporate Support Manager	

Wiltshire Council Performance and Risk Management Policy

Table of Contents

1 Introduction

Wiltshire Council's vision is to create stronger communities in the county. We will achieve this by growing the economy, providing the building blocks for strong communities, protecting those who are most vulnerable and becoming an innovative and effective council.

Wiltshire Council will use performance and risk management alongside strong priority based budgeting to ensure that the work undertaken by the council's services and partnerships is delivering the stated priorities of the council while maximising the use of available resources.

The purpose of Performance Management is to evaluate the efficiency and effectiveness of the work undertaken by the council, to understand where improvements can be made and to prioritise those changes to delivery.

The purpose of Risk Management is to provide decision makers with evidenced assessment of the likely impact of their decisions for the people of Wiltshire and on the council as a whole. It also enables decision makers to identify and evaluate emerging risks, consider mitigating factors and adapt plans accordingly.

Performance and risk management sit together with financial management in helping guide the decisions of Wiltshire Council and helping shape the ongoing change within the County and facing the organisation. Performance and risk management operate at the corporate level and at each outcome and service level. This policy covers all general principles for performance and risk management across Wiltshire Council.

2 Aims

The aim of this policy is to ensure delivery of our priorities by providing a clear framework for managing Performance and Risk Management across the council.

By achieving this the Council will improve its ability to:

- Articulate our priorities in terms of performance outcomes
- Prioritise what gets done within the resources available
- Provide and demonstrate value for money
- Provide excellent services for the community
- Improve delivery of outcomes
- Motivate and manage our staff who are the key resource

- Improve the way we use information to make decisions
- Enhance the link between risk and the performance of the Council

3 Objectives

This policy and its related guidance set out how Wiltshire Council will:

- Provide an understanding and overview of performance and risk across all council services to improve the corporate decision making process.
- Define an outcome based planning process to align the work of all services across the council.
- Assess, record, monitor and manage performance outturns and risk at strategic and operational levels
- Ensure that all staff have an understanding of the success of their input into the delivery of outcomes and have a clear knowledge of where there is a need to change and improve.
- Ensure that work undertaken by the council and partners is aligned to the delivery of the council's strategic priorities and that the measurement of the success of that work delivers the ambition in the council's Business Plan.
- Ensure that risks that have an impact on the council's ability to achieve its strategic priorities are identified, understood and managed at appropriate levels. And that, with the setting of appropriate risk appetites, risk management is seen as an enabler of change.

4 Principles

The following apply across Wiltshire Council:
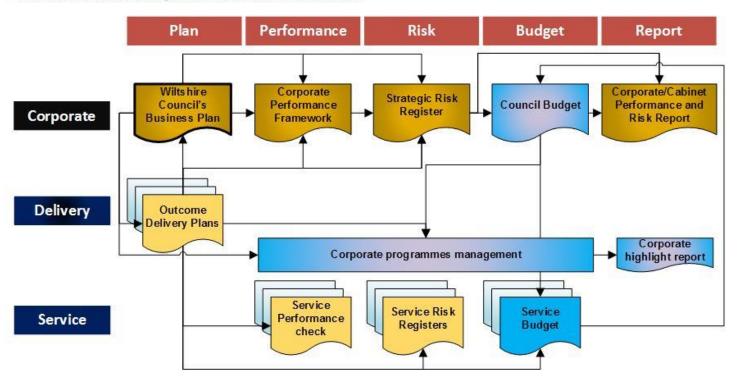
Corporate responsibility
The monitoring and management of performance and risk across the council is set within a strategic context and the overview is owned by the corporate leadership team. Corporate teams will help collate the information identified and manage the corporate reporting to the Corporate Leadership Team (CLT) and Cabinet, but the accountability and responsibility of identifying, recording, monitoring and managing risk, performance and planning sits with Heads of Service and with Directors[1].

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[1] The Corporate Leadership Team is also assessing the viability of establishing a Business Intelligence Hub – a professional BI community that will analyse and evaluate data and turn it into an actionable business intelligence and insight that drives transformation for our customers.

The BIH will provide a service to all parts of the organisation to help make more informed decisions that maximise productivity and operation efficiencies, encourage innovations and make services run smarter. Roles and responsibilities are subject to change based on the potential for the development of a BIH (February 2019).

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The Corporate Assurance Framework (performance, risk and financial management) is described in the diagram below.

Wiltshire Council's Corporate Assurance Framework

Reporting at the highest level will be in summary and by exception. Not all the information will be reported on every occasion but all the information will be collated and available to review.

Business Planning

Outcome delivery planning will be used to direct activities across the organisation; identify risks and performance measures that inform the organisation about its ability to meet its stated priorities; underpinned by comprehensive resource planning across the council and identifies what the council will do differently to achieve its priorities with its given resources

Performance Management

Performance is viewed in relation to the stated outcomes in the council's business plan. The reporting of performance at an organisational level is viewed through the ambitions and framework of the business plan.

Data and information will be aligned (alongside priority based budgeting), reworked and studied to provide effective performance management information in order to make robust strategic decisions.

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Data and information used will be accurate, timely and appropriate to the matter in hand.

Risk Management
Risks are defined in relation to the organisation's ability to achieve its stated priorities and underlying goals in the business plan. Strategic Risks will be managed at the corporate level.

Risks will be owned and managed in service areas and, through a process of defined escalation, reported at a corporate level.

5 Business Planning Process

Business planning will develop the actions to be undertaken to deliver the priorities set out in the council's Business Plan. Business planning enables CLT to ensure that resource is being allocated to deliver the stated priorities of the council while maximising the best use of available resources. The Corporate Leadership Team will ask services what they need to do to in order to help deliver the council's business plan priorities. Plans will be completed cross-service to deliver individual identified outcomes. This will enable the council to align the work of all services to deliver the agreed outcomes.

Outcomes around which delivery plans are established will be developed from Wiltshire Council's Business Plan. The planning process will be owned by CLT and individual Directors will own their respective individual delivery actions. Each outcome plan will involve actions from a number of service areas.

Business planning will take place in the final quarter of the financial year (January to March) influenced by and influencing the proposed budget for the following three years and, in turn, influencing the budget planning process in the following year.

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Enablers of change will be identified, defined and underpin specific outcomes. Outcome delivery plans will cover a rolling four-year period. Change actions will be planned over those four years.

Once an action is described the resource (support from elsewhere in the organisation) and the links to the major corporate programmes will be identified. Then the governance framework (measure of success, decision gateways and risks) will be described. The information provided can then be used across the council.

Risks identified will be lodged on the appropriate register.

Corporate support will provide advice as to how to define a measure that may be added to the Corporate Performance Framework or for a Corporate Director's scorecard.

6 Performance Management Process

A continuous cycle of performance management will drive the decisions on service priorities and resource allocation across the Council. Performance information will inform planning at output, outcome and corporate level. Monitoring of performance at each of those levels will lead to revision of what is undertaken in order to deliver the council's strategic priorities.

Performance measures will be identified through the business planning process either during the annual review or at other time during the year. Output measures will be identified by those services that contribute to planned activity designed to achieve a specified outcome. A dialogue, including positive challenge, with the Corporate Performance and Risk Team allows the identified measure to be included on the Corporate Performance Framework (CPF).

The CPF is a matrix of performance measures that identify progress towards business plan priorities. Measures are recorded against specific business plan outcomes rather than the major priority or the grouped goal ensuring that the detail of the business plan is aligned to service level activity.

Measures are also grouped by what they tell the organisation. The four groups are:

i)   **Outcome.** Achieving intention. The impact that what we do is having, directly related to our expressed ambition. A measure of effectiveness. Can be framed as benefit realisation**.**

ii) **Output.** Achieving a key milestone which will have a positive impact in the longer-term Outcome

iii) **Process.** How well the system works. A measure of our efficiency of the activity planned to deliver outcomes.

iv) **Volume/Prevalence**. The amount of work done or required. A 'number of' or a proportion or ratio for comparison

The council has a preference for outcome measures that clearly describe success. However, it's often the case that outcome measures are not available or it is difficult to draw a direct cause/event relationship between work done and the outcome and therefore it's essential to be able to use other measures that demonstrate contribution to outcome.

Measures are reported quarterly in accordance with the guidance available in the performance and risk section of SharePoint. It's understood that some measures will be reported more and some less frequently according to the nature of the measure. All measures will be available for review at a set point after the quarter end.

Measures that appear on the CPF will be fully defined including how they link to the business plan, at what level they can be reported and how an assessment of progress is made. There will be a calculated assessment of progress after each submission for each measure. The parameters of this calculation are variable in order to take account of different types of measure[2].

7 Risk Management Process

Monitoring, managing and responding to risks are pre-requisites if we are to have confidence in delivering our business plan priorities or to continue to improve our services.

The risk management process is a cyclical process. The Council's approach to the assessment of risk is set out in the guidance available on the performance and risk management area of SharePoint.

Risk assessment is a planned and systematic process starting with the defined outcomes.
- Identifying the events that can have an impact on achieving outcomes;
- Analysing and evaluating the potential likelihood and impact of the risk;

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[2] Ongoing work to develop a Businesses Intelligence Hub and establish the technology to support the hub will develop the recording, monitoring and reposting of performance measures from across the council.

- Planning response including: identifying and taking appropriate actions to mitigate the risk;
- Proactively monitoring, reviewing, communicating and responding to risks on a regular basis.

Define Outcomes (linked to the Business Plan) → Identify Potential Events → Analysie and Evaluate → Plan Responce → Regular Monitoing and Review → (Risk Management Cycle)

The assessment methodology is appropriate for use in service assessments, business cases, programmes, projects, partnerships and developing contracting / procurement exercises in supporting identification of risks and mitigating actions.

Risk management requires an assessment of the response to a risk. In some circumstances, it is appropriate to tolerate the risk as it is rather than spend resources attempting to mitigate that risk further.

The risk management assessments will be held as linked-to detailed risk action plans where appropriate.

Risk appetite is the amount and type of risk that the council is willing to take in order to achieve its strategic priorities. A risk appetite will be set for each of the major category of risk. This will be approved by CLT and reviewed on an annual basis.

All service risks will be recorded on service risk registers. These registers are held centrally and used to combine and report risk. Risk registers are living documents and therefore must be reviewed regularly and amended as appropriate. The risk registers are to be monitored at least quarterly, unless a significant event has occurred that warrants early updating and exception reporting.

Risks do not remain static, so regular reports on the Council's risks are essential for keeping all stakeholders informed of the changing conditions, our past performance in dealing with risk and our plans for dealing with future risks. This can help ensure

that any serious risk is effectively managed and promptly drawn to the attention of the relevant level of management.

Risk across the council will be reported quarterly to CLT and Cabinet in the form of a strategic risk register (SRR). This risk register will combine significant service risks and corporate composite risks. Other risk will be reported by exception.

Service, project and directorate risk registers will be used to understand and manage risks at all levels of the council.

Support for services in identifying, quantifying, assessing and managing risks will be available from the corporate Performance and Risk team.

8 Roles and Responsibilities

All members, managers and employees need to understand the role of performance management as well as the nature of risk. Everyone in the organisation should accept accountability and responsibility for managing and improving performance and reviewing and managing those risks associated with their area of activity.

Wiltshire Council's constitution identifies some responsibility for the management of performance and risk. Part 3, (3.3.1) says that the role of the Leader of the Council within the Budget and Policy framework includes probity and financial monitoring and risk management. While, section C, appendix 2 (also part 3) identifies the Cabinet member for Finance, Procurement, IT and Operational Assets as responsible for Performance and Risk.

In addition, this policy ascribes the following roles:

Cabinet members:
- Hold the Corporate Leadership Team accountable for the effective management of risks by officers and of decision making based on performance evaluation.
- Approve the Performance and Risk Management Policy.
- Review significant risks on the Council's risk register every quarter.
- Review key performance against the business plan every quarter.

Audit Committee:
- Monitor and review the effective development and operation of performance and risk management, and to receive progress reports as required;

Financial Planning Task Group
- Review the quarterly Cabinet Performance and Risk reports on behalf of the Overview and Scrutiny Management Committee (OSMC).
- Annually review the Corporate Performance Framework on behalf of the OSMC.

All members:
- Understand the principles of performance and risk management and consider performance evaluation and risk assessment as part of the decision-making process.

Corporate Directors
- Champion performance and risk management across the council.
- Make outcome planning a key part of strategic planning.

Corporate Leadership Team (CLT):
- Take responsibility for the Performance and Risk Management Policy and related guidance
- Own the business planning process.
- Consider regular reports on the Council's performance and risk management arrangements and significant performance outturns and major changes in risks with exception reports as appropriate. Own and approve changes to the Corporate Performance Framework.
- Own and approve changes to the Strategic Risk Register.
- Ensure a consistent approach to performance and risk management across the council.

Directors for Finance and Corporate Functions & Digital
- Be responsible for the effective reporting of Performance and Risk Management in combination with Financial Management.
- Ensure the outcome planning process is applied effectively and adhered to.

Directors
- Take a lead for outcome planning.
- Identify individuals to act as lead contact with the Performance and Risk team.
- Make performance and risk management a key part of the management process.
- Take ownership of directorate scorecards and risk registers.

<u>Heads of Service and Managers</u>

- Have an understanding of performance and risk management and their benefits; identify training requirements for their service areas and actively promote performance and risk management ensuring that the guidance is followed.
- Put in place arrangements for the effective management of risks – identifying, evaluating, managing, communicating and responding to risks through the structured approach in this Policy and the supporting Risk Management Guidance.
- Make performance and risk management the basis for changes delivered in teams.

<u>Internal Audit</u>

- Provide assurance on the effectiveness of the performance and risk management policy and processes.

<u>The Performance and Risk Team:</u>

Responsible for the effective integration and delivery of performance and risk management arrangements into the way the Council works in order to support performance improvement. Key aspects include:

- Support, challenge and inform Cabinet, CLT to ensure process is appropriate and followed.
- Produce and provide reports on performance and risk as described in the *Reporting* section of this policy.
- Support services to complete the outcome planning process then coordinate the dissemination and correlation of the data produced from that process.
- Produce detailed guidance on the process of performance management, risk management and output planning at all levels of the council.
- Promote a risk aware culture, promote risk management practice and an awareness of the council's risk appetite.
- Promote an understanding of Performance management and the role it plays in decision making at all levels.
- Provide support for service leads to report on both performance measures and risk assessment.
- Quality assure the information provided in service planning, performance and risk management.

<u>All Staff</u>

- Support managers in the identification, assessment and reporting of risk and report emerging risks to line managers.

- Understand the performance information the team produces and your contribution to that performance.
- Contribute to service plans and understand how individual tasks fit within it and link to the council's business plan.

9 Reporting

The reporting of performance, risk and outcome plan information will be done across all levels of the council with data, information and intelligence. Specifically, the following regular reports are produced[3].

Corporate Performance and Risk Report:
- Produced quarterly and delivered at the Cabinet in the final month of the following quarter.
- Includes at least one measure that relates to each of the identified business plan outcomes and includes commentary to explain the measure, the performance and the inferences drawn. Will often include comparisons and trend information. All measures are drawn from the corporate performance framework.
- Where possible a link will be drawn between the performance reported and the quarterly budget monitoring.
- The Strategic Risk Register along with an explanation of change and commentary designed to promote Cabinet and public understanding of the risks faced by the council.
- Produced by the Performance and Risk Team with input from the Finance team and all relevant directors.
- Additional areas of focus suggested by the responsible Cabinet member or CLT.
- The report passes CLT and the Financial Planning Task Group on its way to Cabinet.

Outcome Scorecards:
- One for each identified Business Plan outcome, produced quarterly or another schedule set out by the Corporate Director.
- A combination of performance measures, service level risks and financial information.

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[3] The types, frequency and contents of reports is subject to change based on the potential for the development of a Corporate Performance Hub, which is currently being explored, and the ongoing Corporate Business Intelligence review. (February 2019).

- Reported to a meeting including the Corporate Director, relevant members of Cabinet and invited heads of service. Used to discuss progress, priority and resources.

Reports to the Audit Committee
- Annual report from the Performance and Risk team which covers the effectiveness of corporate performance and risk management and the changes made over the previous 12 months.

Service level reports
- Provision of up-to-date automated scorecards, risk registers and performance checks created as part of the data reporting process.
- Risk registers and performance checks to be used in management meeting to help make strategic service level decisions.

Other reporting will be available on an ad hoc basis.

10 Glossary

Corporate composite risks	Risks that show the combined risk of broadly similar hazards identified in a number of different service areas.
Corporate Performance Framework (CPF)	Measures, grouped by type, linked to outcomes in turn linked to priorities.
Data	Factual information used as the basis for decision making.
Information	Organised or structured data that has been processed and can be used for a specific purpose.
Intelligence	Interpretation of information to provide understanding in context.
Measure	Normally numerical. A set of data that is fully defined and tells the organisation something about progress towards an outcome.
Outcome	A statement of effectiveness linked to priorities and expressed in terms of customer of business purpose.
Performance Management	Evaluating work done and progress towards objects set, then making changes to future activity to ensure continued or improved progress.
Priorities	The Council's \business Plan describes three main priorities: • Growing the Economy • Strong Communities and • Protecting the Vulnerable.
Risk Management	Full understanding of the impacts of potential future events and making decisions about actions as a result.
Significant service risks	Risks that relate to a particular service area, but should they become an issue will impact across the whole organisation and whose mitigation is the responsibility of more than one service area.
Strategic Risk Register (SRR)	Risks that have been elevated from the service and provide an overview of the risks that have an organisational impact.

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11 Related Documents

The policy is linked to the Council's Business Plan and is a response to it.

There are links to the reporting provided by the Council's Medium-Term Financial Strategy.

Service and Outcome plans are prepared and reviewed under the roles and responsibilities set out in this policy.

Appropriate guidance for officers working under the policy is provided by the corporate team.

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Guidance Note

How to Manage Risks

Contents

What is a Risk?

It is important that you know what a risk is, there are many definitions. Here's just one taken from the Institute of Risk Management:

"A risk is an event or series of events which will adversely affect the ability to meet our objectives. A risk can also be the failure to take advantage of opportunities to optimise the positive achievement of objectives."
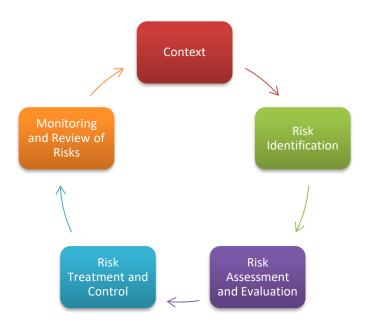
We apply risk management to ensure we continue to develop as an organisation. Risks need to be properly identified, assessed and mitigation actions developed in order to aid decision making so that full consideration can be given to the extent of the risk alongside the potential benefits to be realised.

This guidance should help you understand the steps you need to take to successful manage risks. If you require more information or find this guidance does not meet your requirements, please let us know. Contact details are at the bottom.

Risk Management Process

Risk Management is a central part of the council's strategic management. The Wiltshire Council Performance and Risk Management Policy will give you an overview of risk management for our council.

Risk Management Cycle

This is a simple diagram that demonstrates the cycle of managing risk.

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<u>Context</u>

Risks should be linked directly to Business Plan outcomes or service plan objectives and goals in order to ensure that action plans are focussed on managing the risks identified. If you do not have a service plan then you will need to refer to the current Business Plan. If the risk does not have any effect on the outcomes or key actions stated in the Business Plan then it is probably not a business risk although it may still be a service level risk.

<u>Risk Identification</u>

Risks should be identified through:

- The business plan, thematic plans and service plans developed by the Council;
- Development of key policies or strategies that the Council is involved in delivering;
- Risk assessments undertaken within each service area of the Council;
- Analysing past insurance claim details, accident logs, complaint records, incident reports and repair and maintenance costs;
- Business or service continuity plans developed by the Council;
- Internal Audit reports.

Risks should be given a meaningful name so that it describes a risk rather than being just a statement. Examples of naming risks:

- Inability to;
- Failure to;
- Lack of;
- Inappropriate;
- Inadequate;
- Opportunity to.

Example of a poorly worded risk:	*'Resilience of key Council operations and business activities'*
Example of a meaningful risk:	*'Inadequate business continuity plans in place for key service areas'*

It is important that opportunities are also assessed to help make fully informed decisions on how risks can be managed and opportunities exploited.

<u>Defining a risk</u>

We use a three-stage process;

- The **Cause** is why something could go wrong. It is this information that you would use to consider what needs to be done to prevent a risk becoming an issue.
- The **Event** is what could go wrong. This is where uncertainty lies, a cause doesn't automatically lead to the event but it makes the event possible. You would use information recorded in the cause and event to score the likelihood of a risk.

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- The **Effect** is the potential outcome of the event. It is the impact on the service, the council or our residents. You should use the information recorded here to score the impact of the risk.

You could, therefore, define a risk in a single sentence as:
"Because of [the cause], [the event] may occur, which would lead to [the effect]."

However, separating the cause, event and effect give you more opportunity to add detail to your risk definition.

It's usually easier to work backwards starting with the Effect. Risk are given a short definition to aid review. This should be related to the effect. There are occasions where the same effect may have different causes and/or events. This would normally involve defining more than one risk. Each risk should be owned (usually by a Director or Head of Service) and have at least one key officer for contact. Each risk is given one of six primary categories based on the effect.

Categorising our Risks

In order to understand the full exposure of the council to certain types of risk, our risks should be categorised under some key headings. This categorisation allows aggregation and understanding of the overall risks the council is exposed to whilst also helping managers identify risks that may exist within their area. Categories for risks are as follows:

- Reputational
- Legal
- Staffing / people
- Financial

- Service delivery
- Other (risks categorised this way will be reviewed to determine the need for new categories)

Risk Appetite

Each category has a different risk appetite; the level at which a risk becomes critical to the Council. Risks are scored by multiplying an impact score by a likelihood score. All risks thus have a score level between one and 16. Risk appetite is applied to the inherent risk score.

The risk appetite is shown as a score above which a risk is expected not to be tolerated by the Council. A higher risk appetite level means that the Council could be prepared to accept a greater risk in order to achieve its priorities. A lower risk appetite level means that the Council is less prepared to tolerate risk.

The Cabinet have approved the current levels of risk appetite.

Risk Category	Risk Appetite (Maximum Inherent Risk tolerated)	
Health and Safety	< 8	Less risk accepted
Legal	< 9	
Staffing/ People	< 9	
Financial	< 12	
Service delivery	< 12	
Reputation	< 16	More risk accepted

Risks that fall outside the Council's set appetite will be highlighted and reported. There will be an expectation that such risks will be treated (mitigated against), terminated or transferred rather than tolerated.

Risk Assessment and Scoring

After identifying potential risks, they need to be scored.

Use the Council's agreed scoring criteria (found at the end of this document) to assess (a) the inherent likelihood of the risk occurring and then (b) the inherent impact if it did occur.

Consider what controls are already in place to mitigate the risk

Calculating a Risk Score

Each risk is scored twice – once as it is now (inherent) and once as it would be if all the suggested mitigation actions were in place (residual).

To get the inherent risk rating each risk is scored from 1 to 4 for 'likelihood' and 'impact' and multiplied together to give a risk score.

Wiltshire Council Risk Matrix		Likelihood of Occurrence			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
Impact	4 Critical	4	8	12	16
	3 Substantial	3	6	9	12

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2 Moderate	2	4	6	8
1 Low	1	2	3	4

Likelihood x Impact = Risk Score which establishes the level of risk:

High Risk (Score 12 – 16) Significant risks which need to be actively managed to reduce the likelihood and / or impact through mitigating actions or controls.

Medium Risk (Score 6 – 9) Manageable risks where controls should be put in place, probably to reduce one of the aspects of exposure, being mindful of the cost of implementing controls against the benefit in the reduction of risk exposure.

Low Risk (Score 1 – 4) Negligible risks which should be considered and monitored as the costs of introducing controls may outweigh the benefits.

Risk Treatment and Control

After identifying the risk and existing controls in place and scoring the risk as above, you need to consider how to treat the risk:

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.

Developing Mitigating Actions

If the risk is to be Tolerated (accepted as is) then the inherent and residual scores should be the same. If there is another Risk Response, then mitigation actions should be identified. These will need to be new actions – things that will change – not existing controls.

An individual mitigating action will normally affect **either** the Likelihood **or** the Impact – very seldom will one action address both criteria. This means that often a basket of actions will be required to reduce the risk to the desired level.

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If the actions are specific and detailed you may wish to use an the Risk Action Plan Template and guidance in the SharePoint folder but you will more likely track actions through the register itself. The risk register requires an assessment of the progress against the mitigating actions (RAG) which helps the reader understand where the true level of risk between inherent and residual lies.
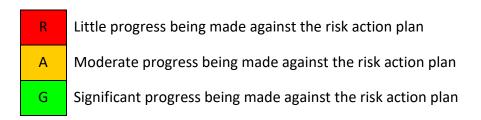
Based on the controls introduced, re-score the Likelihood and Impact for the revised risk after they have been implemented. This is the Residual Risk Score.

Risk Monitoring and Review

All high and medium level risks should be reported monthly and reviewed at least quarterly to:

- establish whether anything has changed that may affect the level of risk;
- consider if the risk or mitigating actions needs escalating;
- decide if the risk can either be closed or if further actions should be undertaken to reduce the risk score;
- consider the progress being made for any outstanding actions.

Once you have reviewed the progress against the actions decide the appropriate RAG rating:

R	Little progress being made against the risk action plan
A	Moderate progress being made against the risk action plan
G	Significant progress being made against the risk action plan

Progress rated as Red or Amber should be reviewed urgently, and any high or medium risks should be reported to the Operational Performance & Risk Management Group, along with a recovery plan.

High level risks where progress is unacceptable will be referred for consideration for escalation to the strategic risk register.

Reporting Risks

All Corporate Risks are included in the process that produces the Performance and Risk Management Report to the Cabinet that passes through CLT. Operational risks are included on the Service risk register and may be included in the Performance and Risk Management Report if they impact at a strategic level.

Risk Closure

Risk closure will normally be because they are no longer relevant (e.g. a time limited event has past, or the work has been completed). Risks that have been successfully mitigated are not closed and they must remain on the risk register to ensure that the mitigating actions continue to be

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delivered and to enable this to be reviewed at the appropriate frequency to enable actions to updated or new actions to be added.

Advice and Support
Information on Risk Management is available on:
The Wire at: Risk Management
SharePoint at: Performance and Risk

If you require any training, advice and / or assistance with a risk assessment or any aspect of risk management including access to SharePoint please contact:

Toby Eliot, Corporate Support Manager
Tel No: (01225) 713386
Email: toby.eliot@wiltshire.gov.uk

Chris Cooper, Corporate Support Officer
Tel No: (01225) 718592
Email: christopher.cooper@wiltshire.gov.uk

Glossary of Risk Management Terms

Corporate Risk	Risks that have an impact beyond any one service area and / or are of such significance that they need to be monitored corporately. This includes those significant risks to, and opportunities for, the achievement of the Business Plan priorities and / or outcomes.
Emerging Risks	Risks where there are high levels of uncertainty about likelihood and / or impact of an event arising from changes in the organisational environment which has not previously been properly assessed.
Enterprise Risk Management	An enterprise-wide approach to risk management enabling an organisation to consider the potential impact of all types of risks on all processes, activities, stakeholders, products and services.
Impact	The evaluated effect or result of an outcome happening.
Impact / Risk Category	Organisations which wish to understand a non-financial impact in their risk assessment process, or a more sophisticated approach, will seek to assess risk against other impact categories. Please see earlier in the guidance for categories used within the Council.
Inherent Risk (Opposite of Residual Risk)	This is the gross risk based on the risk assessment prior to the application of known control measures.
Likelihood	Representing the probability of something happening.
Operational Risk	Risks that managers and staff will encounter in the daily course of their work.
Opportunity	The potential positive impact upon an organisation's objectives / financial wellbeing / service delivery / reputation etc.
Residual Risk	The level of risk remaining after risk treatment measures have been taken.
Risk	An event or series of events which could / will adversely affect the ability to meet our objectives. A risk can also be the failure to take advantage of opportunities to optimise the positive achievement of objectives.
Risk Action Plans	Record of all information relating to the management of individual risks.
Risk Appetite	The amount and type of risk that an organisation is prepared to accept. This varies depending on the category of the risk.
Risk Assessment	The process by which risks affecting an organisation are identified, assessed and evaluated in order to prioritise those which are most significant to the organisation.

Risk Escalation   Process by which intolerable risks are escalated within an organisation to a level within the governance structure which has the means to apply / arrange effective risk mitigation.

Risk Management   The process by which risks, and opportunities are identified, evaluated, monitored and managed.

Risk Management Strategy   The overall organisational approach to risk management. This should be documented and easily available throughout the organisation.

Risk Register   Used to maintain information on all the identified risks (this is contained within SharePoint).

Risk Tolerance   Based on an assessment of the maximum risk that an organisation is able to sustain, without having to resort to unacceptable means of funding losses.

Strategic Risk   Risks that need to be taken into account in judgements about the medium to long-term goals and objectives of the organisation. These will usually be captured within the Corporate Risk Register.

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Wiltshire Council Likelihood scoring criteria

Factor score	Probability	Indicators
4 Very likely	More than 80%	**Has** happened in past 6 months **Is** expected to happen in the next 6 months
3 Likely	Between 40% and 80%	**Has** happened in the past 6 months to 2½ years **Is** expected to happen in the next 6 months to 2½ years
2 Unlikely	Between 10% and 40%	Has **not** happened in the past 2½ to 6 years Is **not** expected to happen the next 2½ to 6 years
1 Very unlikely	Less than 10%	Has **not** happened in the past 6 years or more Is **not** expected to happen the next 6 years or more

Wiltshire Council Impact Scoring Criteria

	1 Low	2 Moderate	3 Substantial	4 Critical
Service Disruption	Brief disruption of important service area Non-crucial services primarily affected Service disruption 1-2 days	Multiple services disrupted Impact upon non-vulnerable groups Loss of service 2-3 days	Possible impact upon vulnerable groups: Non-vulnerable groups affected Definite impacts upon property accessed by public and officers Loss of service of between 3-5 days Most services affected	Loss of service impacting upon vulnerable groups Negative effect to all services 5+ days Whole Council affected
Staff / people	This has been included on the service delivery plans – will need an additional category to capture this as an impact (?)			
Reputation	Matter contained within section/ service Adverse localised publicity	Adverse sustained local publicity/ negative local public opinion generating complaints	Adverse national publicity Low public confidence in members and officers in ability to deliver services	Adverse sustained national publicity in professional / municipal press, affecting perception/ standing in professional / local government community Resignation or removal of Corporate Director or Member Breakdown of multiple partnership working
Health & Safety	Slight injury, harm or discomfort to an individual or several people No lost time Outcomes not notifiable to an enforcement agency	Injury or harm to an individual or several people of a temporary nature and does not require sustained on-going treatment Limited time off work required Outcomes notifiable to the relevant enforcement agency	Severe injury or harm to an individual or several people Sustained time off work above 3 months Outcomes likely to attract the attention of the relevant enforcement agency	Death of an individual or several people Significant life changing / threatening injuries to an individual or several people Outcomes representing a significant breakdown of corporate management arrangements and certain attention of the relevant enforcement agency
Legislative	Litigation / claims / fines from departmental below £25k Corporate below £50k Potential claim greater than £60,000 or potential costs greater than £25,000 Properties with a capital value of more than £150,000	Legal action against the Council possible Moderate breach of duty resulting in disciplinary action of one or more individuals Potential claim greater than £150,000 or potential costs greater than £50,000 Properties with a capital value of more than £450,000	Legal action against the Council likely Breach of duty resulting in costs / fine and disciplinary action leading to gross misconduct Potential claim greater than £300,000 or potential costs greater than £100,000 Properties with a capital value of more than £800,000	Legal action underway or very likely and difficult to defend Breach of duty resulting in costs, fines and imprisonment of an individual Potential claim greater than £500,000 or potential costs greater than £150,000. Matters where there is significant political interest or involving issues concerning the reputation of the Council. Properties with a capital value of more than £1,000,000 or contracts which have a significant impact on council services.
Financial	Unbudgeted financial loss less than £450k Unplanned increase on service budget requirement of up to 10% of budget	Unbudgeted financial loss between £450k and £800k Unplanned increase on service budget requirement of 10% - 50% of budget or over £200k	Unbudgeted financial loss between £800k and £1m Unplanned increase on service budget requirement of 50% - 75% of budget or over £0.5m	Unbudgeted financial loss over £1m Unplanned major increase on service budget requirement of over 75% of budget or over £1.5m

Wiltshire Council

Risk Management

Policy

February 2024

Document control

Reference Number	1.0	Status	Draft
Sponsor(s)	Corporate Governance Group	Author(s)	Catherine Pink
Document objectives	To establish a comprehensive and robust risk management structure across Wiltshire Council.		
Intended Recipients	Leaders, Councillors and staff of Wiltshire Council. Specifically, Cabinet, CLT and Heads of Service.		
Group/Persons Consulted (to 26/01/2024):		Audit and Governance Committee; Corporate Governance Group; Environment Directorate; Assets Directorate; Occupational Health and Safety; Executive Office.	
Ratifying Body	Cabinet	Date Ratified	XXXX
Date of Issue	XXXX		
Next Review Date		February 2025	
Contact for Review		Catherine Pink, Corporate Support Manager Martin Nicholls, Head of Executive Office	

Wiltshire Council Risk Management Policy

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Introduction

1. Wiltshire Council's vision is to ensure that the people of Wiltshire are empowered to live full, healthy and enriched lives; to ensure our communities continue to be beautiful and exciting places to live; to ensure our local economy thrives and is supported by a skilled workforce; and that we lead the way in how councils and counties mitigate the climate challenges ahead. We will achieve this through prevention and early intervention, improving social mobility and tackling inequalities, understanding our communities, and working together to design and deliver our services.

2. Wiltshire Council uses risk management alongside performance management, robust internal controls, service planning, and strong priority-based financial management to ensure that the work undertaken by the Council's services and partnerships is delivering the stated priorities of the Council, whilst maximising the use of available resources.

Definition of Risk Management

3. Risk is the effect of uncertainty on objectives, which may be either threats or opportunities. Risk management is the planned and systematic approach to identifying and addressing that uncertainty, with the goal of anticipating events, adapting to change, increasing the probability of success and reducing the probability of failure in achieving objectives. This is achieved by identifying and minimising threats, whilst also maximising any opportunities that arise.

Policy Statement

4. The Council recognises and accepts its responsibilities and statutory obligations to manage risks effectively, in order to protect its assets and employees, minimise uncertainty in achieving its goals and objectives, and maximise the opportunities to enhance the value of services to the community and achieve its Business Plan.

5. Risk management is an integral part of the Council's corporate governance arrangements, falling under both the first and second lines of defence of the Council's assurance framework, under the Local Code of Corporate Governance set out in Protocol 9 of the Council's Constitution.

6. The Council has committed to ensuring that risk management is built into decision making and business planning to provide a sound system of internal controls, part of its aim for delivering continuous improvement.

7. The Council is risk aware rather than risk averse, recognising that some risks can never be fully eliminated, and that avoidance of risk can mean that opportunities are missed.

8. This policy therefore provides a structured approach to risk management that does not seek to have zero or rapidly closed risks, but which proactively uses risk management to balance opportunity and risk, and is seen as adding value to service delivery and enabling change.

9. The Council will seek to minimise unnecessary risk and have an appetite to manage residual risk to a level commensurate with its responsibilities as a public body.

Scope

10. This policy applies to all Directorates, Services, and Departments run by the Council.
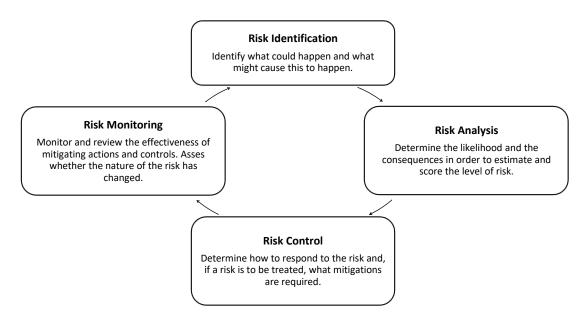
Aims and Objectives

11. The aim of risk management is to ensure that the Council has a good understanding of risks and opportunities and their likely impact, allowing for more effective decision making.

12. The objectives of this Risk Management Policy are to:

   - Provide clear criteria to standardise the risk process operating at all levels across all services.
   - Establish clear roles, responsibilities, and reporting lines for risk management within the Council.
   - Raise awareness of the need for effective risk management, and integrate risk management into the culture of the Council.
   - Minimise loss, disruption, damage, injury and reduce the cost of risk, thereby maximising resources.
   - Enable decision makers to anticipate, identify and evaluate emerging threats and opportunities, allowing them to consider mitigating factors and adapt plans accordingly.

Benefits of Risk Management

13. Benefits gained from effectively managing risk include:

   - *Improved strategic management* – Improved decision making and a greater ability to deliver against objectives and targets.
   - *Improved operational management* – A reduction in managerial time spent dealing with the consequences of a risk event having occurred.
   - *Improved financial management* – Better informed financial decision-making and a reduction in costly claims against the Council.
   - *Improved services* – Identification of opportunities to implement improvements in service provision, acting as an enabler of change.
   - *Improved transparency* – Clearly defined risk management processes ensure accountability, integrity, and trust in the Council's robust internal controls.
   - *Improved customer service* - Minimal service disruption to customers and a positive external image as a result of all of the above.

Risk Management Cycle

14. There are four stages of risk management that form an ongoing risk management cycle:

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                    ┌─────────────────────────────┐
                    │     Risk Identification      │
                    │ Identify what could happen   │
                    │  and what might cause this   │
                    │        to happen.            │
                    └─────────────────────────────┘
   ┌──────────────────────────┐      ┌──────────────────────────┐
   │     Risk Monitoring      │      │       Risk Analysis      │
   │ Monitor and review the   │      │ Determine the likelihood │
   │ effectiveness of         │      │ and the consequences in  │
   │ mitigating actions and   │      │ order to estimate and    │
   │ controls. Asses whether  │      │ score the level of risk. │
   │ the nature of the risk   │      │                          │
   │ has changed.             │      │                          │
   └──────────────────────────┘      └──────────────────────────┘
                    ┌─────────────────────────────┐
                    │        Risk Control          │
                    │ Determine how to respond to  │
                    │ the risk and, if a risk is   │
                    │ to be treated, what          │
                    │ mitigations are required.    │
                    └─────────────────────────────┘
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15.   Risk management is a planned and systematic process that starts with the identification and definition of a risk in relation to uncertainty in the Council's ability to achieve its strategic priorities and operational responsibilities, followed by analysis and evaluation of the potential likelihood and impact of the risk.

16.   Once a response to a risk has been determined and a decision made to treat or transfer the risk, appropriate mitigating actions should be identified and implemented with the intention of reducing the risk score to a target level at or below the agreed appetite for the risk.

17.   Risks should then be regularly reviewed, monitored and reported on. Importantly, this phase of the cycle should include regular assessment of the effectiveness of planned mitigations in terms of reducing the likelihood of a risk occurring or the impact should the risk occur.

18.   The cycle is completed by regular horizon scanning to identify any emerging or new risks, and the impact of any changes to existing risks.

Roles and Responsibilities

19.   Roles and responsibilities for managing risk are set out in the table below. In general:

- The overall monitoring and management of risk across the Council at the strategic level, including direct responsibility for the risks themselves, is owned by the **Corporate Leadership Team.**

- The accountability and responsibility for owning, identifying, recording, monitoring and managing risk sits with **Directors and Heads of Service**.

- Responsibility for holding the Corporate Leadership Team to account for effective management of risks and oversight of risk management processes rests with **Elected Members** sitting on specific committees.

Elected Members	
Leader of the Council	Identified in Part 3 (3.3.2.6) of Wiltshire Council's constitution as responsible within the Budget and Policy framework for probity and financial monitoring and risk management.
Cabinet member for Finance, Procurement, IT and Operational Assets	Identified in Part 3 (section C, appendix 2) of Wiltshire Council's constitution as responsible for Performance and Risk.
Cabinet	Holds the Corporate Leadership Team accountable for the effective management of risks by officers and of decision making based on performance evaluation. Approves relevant risk management policies. Reviews the Strategic Risk Register every quarter. Reviews any significant changes to corporate risks every quarter. Identified in Protocol 10 (area 7) of Wiltshire Council's constitution as having executive responsibility for governance reporting arrangements in relation to risk management.
Audit and Governance Committee	Identified in Part 3 (2.7.9.10) of Wiltshire Council's constitution as responsible for monitoring and reviewing the effective development and operation of corporate governance, risk, and performance management and internal control, and to receive progress reports as required. Identified in Protocol 10 (area 7) of Wiltshire Council's constitution as having non-executive lead responsibility for governance reporting arrangements in relation to risk management. Responsible for considering review findings from internal audits and ensuring that any identified weaknesses in arrangements for risk management are being properly addressed, in line with the 'third line of defence'.
Overview and Scrutiny Management Committee and any relevant Select Committees and/or Task Groups.	Review and scrutinise the quarterly Cabinet Risk reports to question members and officers about decisions and risks, providing independent checks and balance.
All members	Understand the principles of risk management and consider risk assessment as part of the decision-making process.
Corporate Officers	
Corporate Directors	Champion risk management across the Council.
Corporate Leadership Team (CLT)	Take responsibility for the Risk Management Policy and related guidance, in line with the 'second line of defence'.

	Ensure a consistent approach to risk management across the council. Consider regular reports on the Council's risk management arrangements and major changes in risks with exception reports as appropriate. Own and approve changes to the Strategic Risk Register.
Chief Finance Officer	Identified in Part 9 (5.3.8) of Wiltshire Council's constitution as responsible for risk management in consultation with the Director of Legal and Governance and the Director with responsibility for Human Resources and Organisational Development. Identified in Part 9 (24.1) of Wiltshire Council's constitution, as part of risk management, as responsible for ensuring that proper insurance exists where appropriate, and that the Council has sufficient funds to meet potential liabilities and costs.
Director of Legal and Governance	Identified in Part 9 (22.1) of Wiltshire Council's constitution as responsible for managing and maintaining the Council's Risk Management Policy Statement and Strategy, reviewing its effectiveness, advising the Chief Executive and Corporate Directors, Directors, Cabinet and promoting robust and effective risk management throughout the Council. Identified in Part 9 (24.1) of Wiltshire Council's constitution, as part of risk management, as responsible for ensuring that proper insurance exists where appropriate, and that the Council has sufficient funds to meet potential liabilities and costs.
Directors for Finance and Corporate Functions & Digital	Responsible for the effective reporting of Performance and Risk Management in combination with Financial Management.
Directors	Have primary ownership, responsibility and accountability for identifying, assessing and managing risks, in line with the 'first line of defence'. Take ownership of directorate risk registers. Identify individuals to act as lead contact with the Executive Office. Make risk management a key part of the management process.
Officers	
Heads of Service and Managers	Have operational management for owning and identifying risks, implementing mitigating actions, and reporting appropriate information on key risks and control indicators to Directors.

	Identify training requirements for their service areas and actively promote risk management, ensuring that the guidance is followed.
	Recognise risk management and mitigating actions as integral parts of the service planning and performance management process, and crucial to the achievement of outcomes.
Executive Office	Responsible for the effective integration and delivery of risk management arrangements into the way the Council works in order to support performance improvement.
	Maintain the corporate and strategic risk registers.
	Provide expertise, guidance and support for officers to help ensure that risks are effectively managed, in line with the 'second line of defence'.
	Review and challenge services on their risks as a critical friend.
	Produce reports on current risk scores and mitigations for CLT, Cabinet, Overview and Scrutiny Management Committee and Performance Outcome Boards.
	Support and inform CLT, Cabinet, and oversight committees to ensure risk processes are appropriate and followed.
	Promote a risk aware culture and an awareness of the Council's risk policy and appetite.
All Staff	Identified in Protocol 9 (Principle 6) of Wiltshire Council's constitution - the Local Code of Corporate Governance - as responsible for managing risks as an integral part of all activities, for considering risk management in all aspects of decision making, and for ensuring that responsibilities for managing individual risks are clearly allocated.
	Understand the nature of risk and support managers in the identification, assessment and reporting of risk associated with their area of activity.
	Report emerging risks to line managers.
Other roles	
Internal Audit	Provides independent review on the effectiveness of the risk management policy and processes to ensure that the Council has an effective risk management process in place, in line with the 'third line of defence'.
	Identified in Protocol 9 of Wiltshire Council's constitution, through the Local Code of Corporate Governance, as responsible for ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control.
Council Boards	Oversee and scrutinise any risks relevant to the remit and outcomes of the Board.

External assurance bodies	Provide the expertise needed to gain assurance that risk processes are being complied with and that mitigating controls are being implemented on a day-to-day basis.

20. These responsibilities align with the three lines of defence approach recommended by CIPFA and set out in Protocol 9 of the Council's Constitution, summarised in the diagram below:

21.

Audit and governance		
Senior management		
↑	↑	↑
1st line of defence	**2nd line of defence**	**3rd line of defence**
• **Management responsibility** • **Internal control measures** • Own, identify, assess and manage risks. • Design and implement migitaging actions. • Oversee delivery of mitigating actions.	• **Functions that oversee and facilitate risk management** • Define policies, prodedures and guidance. • Monitor compliance and effectiveness. • Identify and report on emerging risks and changing risk scenarios	• **Internal audit** • Provide an objective evaluation of the adequacy and effectiveness of the framework of governance, risk management, and control.
• Directors • Heads of Service	• Corporate Leadership Team • Executive Office • Risk Working	• Internal Audit • External assurance bodies

Responsibility for risk management   Independence from management

Strategic Risk Working Group

22. The risk working group takes the strategic lead on the Council's risk management processes, ensuring that they operate effectively and meet national standards of best practice.

23. It oversees the Council's strategic risks, and identifies emerging strategic risks and issues.

24. It ensures regular reviews of the Risk Management Policy are undertaken, in line with the 'second line of defence', and that updates proceed through review and approval

processes, including reviews by the Audit and Governance Committee and final approval by Cabinet.

25.   The working group is chaired by the Director of Legal and Governance, with membership drawn from across the Directorates and Terms of Reference reviewed annually and approved by CLT.

Risk Registers

26.   Risk registers are tools used to capture and manage information about risks throughout the risk management cycle. The information held in a risk register is then used for reporting on risks.

27.   Registers of corporate and strategic risks should be maintained centrally, whilst service, programme, and project level risk registers can be maintained locally.

28.   Risk registers must be able to capture all of the information described in this policy, including, but not limited to: risk identification codes; a risk description; risk owner; risk categories and appetites; risk scores for original, current and target risks; mitigating actions and progress made against them; and review details.

29.   Although risk registers are living documents, an audit record of changes to corporate and strategic risk registers should be maintained for 7 years, in line with the Council's Disposal Schedule.

Tiers of Risk

30.   The Council manages its risk across several different tiers, based on the significance of the risk to the Council's strategic and statutory ambitions, the level of risk that can be managed at a particular level, and where responsibility for the risk sits.

31.   Each risk tier is typically managed using a separate risk register.

32.   Risk tiers used by the Council are:

Tier	Description
Strategic risks	Strategic risks are significant and/or long-term risks that would impact the wider council, are the responsibility of the wider council to mitigate, or would significantly impact the Council's ability to achieve its stated aims. They typically arise from fundamental business decisions that senior management takes concerning the Council's strategic objectives.
Corporate risks	Corporate risks are risks associated with decision making, internal processes, business systems or activities. They are substantial risks that can no longer be managed at a service or project level, or that would impact a whole directorate or service.
Service risks	Service risks are specific to the operations of a service. They are risks that service levels are degraded, faulty or fail to perform, exposing the Council to complaints, liability claims, litigation, loss of revenues, or reputational damage. Responsibility for these risks may

	rest with Heads of Service rather than Directors or Corporate Directors.
Project / programme risks	Project or programme risks are an uncertainty of outcome through either positive opportunities or negative threats, that may impact one or more project objectives, or the outcome of a project.
National risks	National risks focus on large external events and perils. They are typically set and scored at the national level by central government and cascaded to local authorities via Local Resilience Forums. Within the Council mitigating actions for national risks are managed primarily through business continuity plans.

33. Where one or more corporate risks are related to a strategic risk, there should be a parent-child relationship between the strategic and corporate risks respectively. Scoring of the parent strategic risk should take into account scores of the related child corporate risks.

34. The anticipated numbers of risks in each tier and their hierarchy are shown in the diagram below:

Risk identification, definition and ownership

35. Risks always exist. A failure to identify a risk means it is automatically accepted. Identifying a risk means it can be managed.

36. New risks can be added to risk registers at any time when they are identified through a number of routes, including but not limited to:

- Service planning
- New policies, legislation or statutory requirements
- Changes to or reviews of existing services

- Cabinet reports
- Analysis of previous losses, events, incidents and lessons learnt
- National reports and technical briefings
- Internal audits
- Horizon scanning

37. New risks should be defined using a three-stage process that enable all risks to be described in a single sentence:

- "Because of [the cause], [the event] may occur, which would lead to [the effect]"

Risk definition	Description
Cause	Why something could go wrong. It is this information that is used to consider what needs to be done to prevent a risk becoming an issue. The cause contributes to scoring the likelihood of the risk occurring. Causes are typically described as 'inability to', 'failure to', 'lack of', 'inadequate', 'inappropriate', or 'opportunity to'.
Event	This is what could go wrong. This is where the uncertainty lies. A cause doesn't automatically lead to the event, but it makes the event possible. The event also contributes to scoring the likelihood of the risk occurring.
Effect	This is the potential outcome of the event. It is the impact on the service, the Council, or our residents. The effect is used to score the impact of the risk.

38. In addition to the detailed risk definition, all risks should be given a short name to aid review and reporting.

39. All risk must be owned, usually by a Director or Head of Service. Risks should be owned by a role, rather than a named officer. However, the names of risk owners and contributing officers should be stored alongside the risk, as those currently responsible for reviewing information held about the risk on the risk register.

40. All risks should be assigned a risk identification code. Risk IDs must be unique and permanent for the risk, moving with the risk between tiers of risk registers, and between emerging risk and issue logs, to enable long-term tracking and audit.

41. Once defined, the addition of new risks to the relevant risk registers requires approval:

- Strategic risks should be approved by both the Strategic Risk Working Group and CLT.
- New corporate risks should be approved by the relevant Director and their creation reported to the relevant Performance Outcome Board.
- New service-level risks should be approved by the relevant Director or Head of Service and their creation reported to the relevant Performance Outcome Group.

- New portfolio, programme or project risks should be approved in line with the agreed governance structures.

Emerging risks

42. Emerging risks arise where there are high levels of uncertainty about the likelihood and/or impact of an event arising from changes in the organisational or external environment that has not previously been properly assessed.

43. It may not yet be possible to fully understand the onset, likelihood or impact of emerging risks, preventing them to be accurately scored.

44. Unlike known risks, which can be managed, emerging risks can only be monitored to aid better understanding.

45. Emerging risks should still be added to the relevant risk register and assigned a risk ID, adding as much information as possible, even if incomplete. Waiting for complete information may delay monitoring of the risk and prevent timely implementation of mitigating actions once the risk is formalised.

46. Emerging risks should be escalated to full service, project, corporate or strategic risks once it is confirmed that the risk may impact the Council's strategic objectives or operational activities.

47. New emerging risks should be identified through similar processes to the identification of new risks.

48. A register of emerging corporate and strategic risks should be maintained and reported as per the process for reporting full risks described below.

Opportunities

49. Most risks are focused on reducing or avoiding threats. However, if only risks that disrupt or delay objectives or damage reputation are managed, then the Council is unlikely to identify opportunities to implement improvements in service provision.

50. Opportunity risk management is the proactive search for the positive upside of risks in order to find innovative solutions to the provision of services and improve on outcomes rather than just achieving them.

51. Opportunity risk management is best considered during the planning stages of any project, allowing new risks and opportunities to be identified and a decision taken on whether to take the opportunity.

52. Identification and capture of opportunities improves the chances of success, producing benefits for the Council that might otherwise have been over overlooked.

53. Opportunity risk management encourages people to think creatively about 'what if' questions to identify better, simpler, faster, or more effective ways of working, whilst removing the negative perception of risk management as scaremongering and intrinsically discouraging risk taking.

54. Opportunities arising from risk identification should be captured on risk registers with a risk response of 'take opportunity'.

Risk scoring

55. All risks are assessed to determine how much attention is given to managing a risk. This is achieved by scoring a risk based on the likelihood of the event occurring and the impact if the event were to occur.

56. The Council uses a 5-point scale, and the product of the likelihood and impact gives the risk score.

57. Scoring is done by suitably qualified and experienced officers, using the guidance and reaching a consensus to help avoid bias in scoring.

Original, current, and target scores

58. All risks are scored three times:

- **Original score**: The untreated risk score if no mitigating actions were to be implemented. This may also be described as the inherent risk. For treated risks, the original score should be hypothetical as mitigating actions should be in place.

- **Target score:** This is the score aimed for if all mitigating actions were to be successfully implemented. It is the risk score to be aimed for by a specific date.

- **Current score**: The risk score with existing controls in place. It is the risk score as it is now with the mitigating actions in their current state of implementation, which may not be complete. This may also be described as the residual risk.

Risk likelihood scoring criteria

59. Wiltshire Council uses a 5-point scale to assess the likelihood of a risk occurring:

Likelihood Score	Probability	Indicator
1 Very unlikely	Less than 20%	• **Very unlikely** to occur. • Has **not** happened within the last **5 years** or more. • Is **unlikely** to happen within the next **5 years** or more. • No similar instances in recent local government history except in exceptional circumstances.
2 Unlikely	Between 21% and 40%	• **Not expected** to occur. • Has **not** happened within the last **3 years**. • Is **unlikely** to happen within the next **3 years**.

		• There is rare but not unheard of occurrence in local government history.
3 Possible	Between 41% and 60%	• **Might** occur. • **Has** happened in the last **2 years**. • Is **likely** to happen within the next **2 years**. • Is **expected** to happen or be more severe in the future **if action is not taken** in the next 2 years. • There is a history of occasional similar occurrences in local government.
4 Likely	Between 61% and 80%	• **Strong possibility** of occurring. • Has **happened** in the **last year**. • Is **expected** to happen in the **next year**. • Is **expected** to happen or be more severe in the future **if action is not taken** in the next year. • There is a history of regular similar occurrences in local government.
5 Very likely	More than 80%	• **Very likely** to occur. • Has **happened** in the past **6 months**. • Is **expected** to happen in the next **6 months**. • Is **expected** to happen or be more severe in the future in **if action is not taken** in the next 6 months. • There is a history of frequent similar occurrences in local government.

Risk impact scoring criteria

60.   Wiltshire Council uses a 5-point scale to assess the consequences should the risk event happen.

61.   Brief indicators for each impact score are given in the table below. More detailed examples of the impact at each level for each category of risk is provide in the risk impact scoring matrix in Appendix 2.

Impact Score	Selected Example Indicators
1 Negligible	• Brief service disruption for less than a day affecting a project or team. • Incident occurred but no time lost. • Legal action against the Council unlikely. • Possible financial impact manageable within service budget. • Limited systems downtime with some services unavailable for a few hours.
2	• Loss of service for 1-2 days affecting one or more services.

Moderate	• Slight injury to one or more people but no time lost.
	• Legal action against the Council possible.
	• Financial impact managing within existing Service budget.
	• Brief downtime of non-critical systems for 1-2 days.
3 Substantial	• Loss of service for 2-3 days affecting a single directorate.
	• Temporary injury to one or more people requiring limited time off work.
	• Legal action against the Council likely.
	• Financial impact manageable within existing Directorate budget.
	• Downtime of core systems for 2-3 days.
4 Critical	• Loss of service for 3-5 days affecting most directorates.
	• Severe injury to one or more people requiring sustained time off work over 3 months.
	• Legal action against the Council expected.
	• Financial impact manageable within existing Council budget.
	• System failure with critical systems unavailable for 3-5 days.
5 Catastrophic	• Loss of service for more than 5 days affecting the whole council.
	• Death or life-changing injuries to one or more people.
	• Legal action against the Council underway or almost certain.
	• Financial impact not manageable within existing funds.
	• Significant system failures with critical services unavailable for more than 5 days.

Risk score levels

62. Risk scores for each risk are calculated by multiplying the likelihood score and impact score.

63. Risk scores are divided into five levels. These are used to determine the RAG rating when reporting risks:

Risk level	Score	RAG rating	Description
Very low risk	Scores 1-2	White	• The Council is content to carry these risks. • Risks are more likely to be tolerated rather than treated as the costs of maintaining controls may outweigh the benefits. • No action is required but risks should be regularly monitored.
Low risk	Scores 3 - 6	Blue	• The Council is uneasy about carrying these risks.

			• Immediate action may not be required, but any controls should be maintained and regularly reviewed to maintain the rating.
Medium risk	Score 6 - 12	Grey	• The Council is concerned about carrying these risks. • Manageable risks but action is required to reduce the rating within a specific timescale. • Mitigating actions to reduce the rating should be mindful of the costs vs. benefits of implementing them, and should be reviewed on a regular basis.
High risk	Score 15 - 16	Red	• The Council is very concerned about carrying these risks. • Significant risks that require urgent action to reduce the likelihood and/or impact through mitigating controls. • Controls should be monitored frequently to ensure they remain effective at reducing the risk.
Very high risk	Scores 20 - 25	Black	• The Council wants to actively prevent carrying these risks. • The activity should stop and immediate action should be taken to reduce the risk. • Ongoing reporting is required to ensure that controls remain effective at reducing the risk.

Risk ranking matrix

64. The Council's agreed criteria for scoring likelihood and impact gives rise to an overall risk scoring matrix that can be assigned to the five levels of risk:

Impact	5 Catastrophic	5	10	15	20	25
	4 Critical	4	8	12	16	20
	3 Substantial	3	6	9	12	15
	2 Moderate	2	4	6	8	10
	1 Negligible	1	2	3	4	5
Wiltshire Council Risk Matrix		1 Very Unlikely	2 Unlikely	3 Possible	4 Likely	5 Very Likely
		Likelihood of Occurrence				

Risk Categories

65. Risk categories broadly group risks into similar types and can be used to better understand the Council's risk profile. They can be used to identify potential new risks and to determine the level of risk appetite that the Council is willing to tolerate in achieving its ambitions.

66. All risks should be assigned a primary risk category. Many risks fall into more than one risk category, and so a secondary risk category should also be set.

67. Risk categories can be defined as:

Risk Category	Example situations in which the risk may arise
Procurement and Commissioning	Weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, or failure to meet business requirements or objectives.
Environment	A failure to consider climate and environmental impacts, resulting in a loss of biodiversity, pollution and/or climate change and the increasing vulnerability of residents and Council services to climate impacts.
Financial	Not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments; failure to manage assets or liabilities; failure to obtain value for money from the resources deployed; or non-complaint financial reporting.

Risk Category	Example situations in which the risk may arise
Governance	Unclear plans, priorities, authorities, and accountabilities; or ineffective or disproportionate oversight of decision making or performance.
Health and Safety	Failure in processes, policies, environment, or equipment that create unsafe working conditions causing a person to suffer harm.
Information	A failure to produce robust, suitable and appropriate data or information and to exploit this to its full potential.
Legal	Failure to take appropriate measures to meet legal or regulatory requirements or to protect assets; a legal event occurring that results in a liability or other loss; a defective transaction, claim being made, or defence to a claim or counterclaim.
Operations / Service Delivery	Inadequate, poorly designed, or ineffective/inefficient internal processes resulting in error, impaired customer service, non-compliance, or poor value for money.
Reputational	Adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures, poor quality, or a lack of innovation, leading to damages to reputation and/or destruction of trust and relations.
Security	A failure to prevent unauthorised or inappropriate access to key systems and assets, including people, platforms, information, and resources. This encompasses the subset of cyber security.
Staffing/People	Ineffective leadership and engagement; suboptimal culture; inappropriate behaviours; the unavailability of sufficient capacity and capability; industrial action; non-compliance with relevant employment legislation; or policies resulting in a negative impact on performance.
Technology	Technology not delivering the expected services, benefits or quality due to inadequate or deficient system/process development and performance, or inadequate resilience.

Risk appetite

68. Risk appetite is defined as the amount and type of risk that an organisation is willing to pursue or retain in order to achieve its priorities[1].

69. It helps to define the level of exposure that can be justified and tolerated when balancing the benefits of taking the risk with the cost of mitigation.

70. Levels of risk appetites can be defined as:

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[1] ISO 31000, Guide 73 definition.

Risk Appetite Level	Overall risk Score	Description
Averse	1-2	Avoidance of risk and uncertainty in any objective.
Minimalist	3-6	Preference for safe options that have a low degree of original/uncontrolled/inherent risk.
Cautious	8-9	Preference for safe options that have a low degree of current/treated/residual risk.
Receptive	10-12	Willing to consider all options and choose one that is most likely to result in successful delivery.
Eager	15 or higher	Eagar to be innovative and to choose options that based on maximising opportunities and accept greater uncertainty, even if those activities carry a very high residual risk.

71.   All risks will be assigned a risk appetite score, based on the lowest, more risk averse appetite from the primary and secondary risk categories the risk is classified as.

72.   Risk appetites are set for each of the categories of risk using the risk scoring appetite matrix in Appendix 3.

73.   Risk appetites will be reviewed annually by the Audit & Governance Committee, and approved by Cabinet, following recommendations from the Risk Working Group and CLT.

74.   Risk appetites for each of the risk categories used by the Council are:

Risk Category	Risk appetite	Risk appetite score	Risk appetite description for the category (from Appendix 3)
Procurement and Commissioning	Receptive	12	Innovation supported with demonstration of benefit/improvement in service delivery. Responsibility for non-critical decisions may be devolved.
Environment	Cautious	8	Seeks to balance carbon reductions and environmental protections with minimising residual financial loss. Trade-off between climate outcomes and performance returns.
Financial	Receptive	12	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.
Governance	Cautious	9	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.

Health and Safety	Minimalist	6	Legislation adhered to. Training in place. Regular reviews of risk assessments and processes for all activities involving higher degree of equipment usage.
Information	Cautious	9	Accepted need for operational effectiveness. Careful management of information and data through access controls and some monitoring for most information and data.
Legal	Cautious	9	Would want to be reasonably sure we would win any challenge.
Operations – Minimalist	Minimalist	6	Innovations largely avoided unless essential. Decision making authority held by senior management.
Operations – Cautious	Cautious	9	Tendency to stick with the status quo. Innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.
Operations - Open	Receptive	12	Innovation supported with clear demonstration of benefit or improvement in management control. Responsibility for non-critical decisions may be devolved.
Reputational	Eager	15	Appetite to take decisions that are likely to bring additional Council scrutiny only where potential benefits outweigh the risks.
Security	Cautious	8	**Limited** security risks accepted to support business need, with appropriate checks and balances in place: • Vetting levels may flex with teams as required. • Controls **managing** staff access and **limiting** visitor access to information, assets and estate. • Staff personal devices may be used for limited official tasks with appropriate permissions.
Staffing/ People	Cautious	9	Seek safe and standard people policy. Decision making authority generally held by senior management.
Technology	Receptive	12	Systems or technology developments are considered to enable improved delivery. Agile principles may be followed.

Risk responses

75. After a risk has been identified and the original, untreated level of risk has been scored, consideration should be given about how to treat the risk.

76. The Council has five possible responses that determine what type of action should be taken:

Risk response	Description
Treat	Taking mitigating action to reduce or 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, target 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	Make an informed decision that the risk is acceptable and make proper financial arrangements should it occur. This may occur where it is more appropriate to tolerate the risk than to spend resources attempting to further mitigate it. Current 'ongoing' controls or mitigating actions will need to be monitored.
Terminate	Where feasible, stop doing whatever it is that causes the risk and use alternative products or 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.

Mitigating Actions

77. Mitigating actions should directly reduce the likelihood of the risk occurring or the impact if the risk were to occur.

78. Mitigating actions might include, but are not limited to:

- Implementation of policies or procedures.
- Use or development of systems.
- Insurance against financial impacts.
- Contracts to transfer risks to third parties. Note that responsibility for statutory functions cannot be fully transferred.
- Training and guidance procedures.
- Business continuity planning.
- Other control measures.

79. Mitigating actions can be either business-as-usual activities, transformation projects, or discrete service-level projects identified as part of the annual service planning process.

80. All mitigating actions should be recorded on the risk register and their effectiveness reviewed quarterly to ensure that they remain relevant, are being implemented or complied with, and are effectively reducing the current risk score. Progress with implementing mitigations should be captured and updated quarterly.

81. Mitigations where little progress is being made with implementation, or where the mitigations are having no impact on the current risk score, should be reported to Performance Outcome Boards and additional mitigations should be considered.

Issues

82. Issues are risks that have been realised, where there is no longer uncertainty about the likelihood of the risk occurring.

83. A register of corporate and strategic issues should be maintained and reported as per the process for reporting full risks described below.

84. Once a risk has been realised, mitigating actions should be reviewed and refocused on reducing the impact and ensuring that contingency plans and business continuity plans are implemented.

85. The issue should continue to be regularly monitored and reviewed so that, should circumstances change, the issue can be returned to a risk.

Risk reviews

86. Strategic and corporate risks should be reviewed by either the owner or contributing officer at least quarterly.

87. Reviews must ensure that named officers are still in relevant posts, update progress on the implementation and effectiveness of mitigating actions, and establish whether anything has changed that may affect current levels of risk.

88. Reviews should also consider whether the risk is still relevant, whether it has occurred and become an issue, or whether it should be closed.

89. Urgent attention should be paid to risks where:

- The current risk score exceeds its appetite;
- The current risk score is high or very high (a score of 15 or higher);
- The current risk score has increased since the previous review;
- Little progress has been made with implementing mitigating actions;
- Mitigating actions are not effectively reducing the current risk score.

90. For these risks, the review should determine whether additional mitigating actions are required to reduce the current risk score, and whether the risk should be escalated to a more senior officer for ownership or escalated to a higher risk register.

Risk Escalation and De-escalation

91. Risks should be escalated up the hierarchy of risk registers, from project/programme to service or from service to corporate, when any of the following criteria apply:

- The current risk score exceeds the appetite boundaries set for the risk.
- The current risk score remains high or very high, with a score of 15 or higher, even after control measures and mitigating actions have been fully implemented.
- The risk becomes unmanageable by responsible officers at the current level.
- The risk has operational impacts beyond the current project or service area.
- The risk has the potential to impact beyond the current project service area.

92. Risks should be de-escalated to a lower risk register when the criteria listed above no longer apply.

93. Escalation/de-escalation of a risk to the corporate risk register should be reviewed and agreed by the relevant Director or Head of Service, who will take responsibility for the decision.

94. Corporate risks that meet the escalation criteria above, or those that directly impact delivery of more than one mission in the Council's Business Plan, should be re-formulated into new strategic risks.

95. Where multiple similar corporate risks are identified across several service areas, a new parent strategic risk should be created so that the overall level of risk can be monitored and mitigated at the strategic level. The scoring of this strategic risk should be informed by the scores of the related child corporate risks.

96. Responsibility for approval of new strategic risks rests with the Strategic Risk Working Group and CLT.

Risk reporting

97. Risks do not remain static. Regular reporting on the Council's risks is essential for ensuring all stakeholders remain informed of changing conditions, current performance in managing risk, and plans for dealing with future risks. Reporting also ensures that serious risk are effectively managed and drawn to the prompt attention of the relevant level of management.

98. Risks are reported as they are at the time of the report, against their risk appetite, rather than at the end of any prior quarterly or annual reporting period, to ensure that the information reported is current and accurate, and recent updates to risk scores can be acted on.

99. All strategic risks should be reported to CLT, Cabinet, and the Overview and Scrutiny Management Committee on a quarterly basis as part of the Performance and Risk Report.

100. All current issues and emerging risks should be reported to CLT, Cabinet, and the Overview and Scrutiny Management Committee on a quarterly basis as part of the Performance and Risk Report.

101. Corporate risks should be reported to CLT, Cabinet, and the Overview and Scrutiny Management Committee on a quarterly basis by exception if:

- The current score exceeds the appetite level set for the risk.

- The current score, with existing mitigations in place, is high or very high (a score of 15 or higher)
- The current risk score has increased by a score of 5 or more since the previous review.

102. National risks and the Council's response to them will be reported to the Overview and Scrutiny Management Committee on an annual basis.

103. Performance Outcome Boards will receive 'deep dive' reports on relevant strategic and corporate risks on a quarterly basis.

104. Performance Outcome Boards will also receive quarterly exception reports for corporate risks using the same criteria as for Cabinet reporting, with additional exception reports for risks where little progress has been made in implementing mitigating action.

105. Note that although risks may be reported to Cabinet or Overview and Scrutiny Management Committee, elected members may not have direct responsibility for risks where they relate to separate statutory responsibilities held by officers, as set out in Article 12(4) of Part 2 of the Council's Constitution, such as the Returning Officer for elections.

106. The Audit and Governance Committee will receive an annual report on the effectiveness of the Council's risk management processes and any changes made over the previous 12 months.

Risk closure

107. Risks may be closed by the Risk Owner if they are assessed by and agreed by the service to no longer be relevant, such as if a time-limited event has passed or if the work has been completed or is no longer conducted.

108. Risks that have been successfully mitigated to reduce their risk scores must not be closed, but should remain on the relevant risk register for regular review, to ensure that the mitigating actions continue to be effective in reducing the likelihood or impact of the risk.

Acknowledgements

109. We thank colleagues at the City of London Corporation, Stafford Borough Council, and HMRC for sharing their risk management policies and strategies.

Appendix 1: Glossary

Appetite	The amount and type of risk that the Council is willing to pursue or retain in order to achieve its priorities.
Category	Groups of risks that are of a broadly similar type. Risk categories can be used to identify potential new risks and understand the overall risk profile. Risk categories are also used to determine the appropriate appetite level for the risk.
Cause	The cause is why something could go wrong. Used to consider what needs to be done to prevent a risk becoming an issue e.g. If [the cause] happens the risk will occur.
Child risk	One or more corporate risks that are related to a single parent strategic risk. Multiple services may have similar corporate risks that collectively influence the scoring of a single risk at the strategic level. For example, multiple services may have risks relating to staffing that are child risks of a single parent strategic risk on overall staffing across the Council.
Corporate risk	Risks associated with decision making, internal processes, business systems or activities. Corporate risks are substantial risks that can no longer be managed at a service or project level. Corporate risks typically impact a whole directorate or service.
Current risk score	The risk score with existing controls in place. The current risk score is the risk as it is now with the mitigating actions in their current state of implementation. Previously called the residual score.
De-escalation	The movement of risks down the hierarchy of risk registers based on criteria around decreasing risk scores, ability of risk owners to manage a risk, and a narrowing of how widely the risk applies across the Council.
Emerging risk	Where there may be high levels of uncertainty about a new event arising from changes in the organisation or external environment, that cannot yet be properly assessed.
Escalation	The movement of risks up the hierarchy of risk registers based on criteria around increasing risks scores, inability of risk owners to manage a risk, and a broadening of how widely the risk applies across the Council.
Event	The event is what could go wrong. This is where the uncertainty lies. A cause doesn't automatically lead to the event, but it makes the event possible. Use the cause and the event to score the likelihood of a risk occurring e.g. there is a risk that [event] will happen.
Effect	The effect is the potential outcome of the event. It is the impact on the service, the Council or our residents. The effect is used to score the impact of the risk e.g. the risk leads to the [effect] happening.

Impact	This scores what the impact would be if the risk did occur from 1 (negligible) to 5 (catastrophic).
Issue	Issues are risks that have been realised, where there is no longer uncertainty about the likelihood of the risk occurring.
Likelihood	The likelihood scores how likely the risk is to occur, from 1 (very unlikely) to 5 (very likely).
Mitigating action	A mitigating action is an activity aimed at reducing the likelihood of a risk occurring, or the impact if the risk were to occur. They can be business-as-usual activities or processes, discrete projects, or a transfer of the risk to a third party via a contract or insurance.
National risks	Risks that focus on large external events and perils. National risks are typically set and scored at the national level by central government, and cascaded to local authorities via Local Resilience Forums.
Opportunities	A risk where early identification of the uncertainty may present the opportunity to implement improvements in service provision.
Original risk score	The untreated risk score if no mitigating actions were to be implemented. Previously called the inherent score.
Owner	The person ultimately responsible for the risk, including ensuring that the appropriate response is implemented, where appropriate, to reduce the risk score.
Parent risk	A single strategic risk that is related to one or more child risks on the corporate risk register. Scoring of the parent strategic risk should take into account risk scores of all related child risks. For example, a parent strategic risk on staffing should consider the scores of any related staffing risks across multiple services.
Risk	The effect of uncertainty on objectives, which may be either threats or opportunities.
Risk ID	A unique identifier permanently assigned to a risk, allowing it to be tracked across different risk registers over time.
Risk level	The division of risk scores across five levels ranging from very low to very high. Risk levels can be used to produce colour-coded heatmaps for risk reporting.
Risk long name	A meaningful name used to identify the risk on reports and the Strategic Risk Summary for Cabinet.
Risk management	The planned and systematic approach to identifying and addressing uncertainty, with the goal of anticipating events, adapting to change, increasing the probability of success and reducing the probability of failure in achieving objectives, by minimising threats and maximising opportunities that arise.
Risk management cycle	An ongoing process that starts with the identification and definition of risks, followed by analysis and evaluation of the potential likelihood and impact of the risk. An appropriate response is then selected,

	which may include implementation of mitigating actions to reduce the risk score. The risk is regularly reviewed and monitored, including horizon scanning to identify new or emerging risks.
Risk register	A tool used to capture and manage information about risks throughout the risk management cycle. The information held in the risk register can be used for reporting on risks.
Risk scores	The risk score is calculated by multiplying the likelihood by the impact. Scores of 15 or above are high and very high risks. Scores of 6 or below are low or very low risks.
Risk short name	Used to identify a risk when completing the risk register or discussing risks with colleagues.
Service risk	Risks that are specific to the operations of a service, resulting in service levels being degraded, faulty, or failing to perform. Responsibility for these risks may rest with Heads of Service rather than Directors or Corporate Directors.
Strategic risk	Significant, long-term risks that would impact the wider council, are the responsibility of the wider council to mitigate, or would significantly impact the Council's ability to achieve its stated aims. Strategic risks typically arise from fundamental business decisions that senior management take concerning the Council's strategic objectives.
Target risk score	The target score aimed for if all mitigating actions are successfully implemented. It is the risk score aimed for by a specific date.
Tiers of risk	The level at which the risk applies, which might be Council-wide, within a Directorate, within a Service, or specific to a project or transformation programme. The tier determines which risk register the risk is recorded on (strategic, corporate, service, or project).

Appendix 2: Risk impact scoring matrix

110. The following matrix can be used to determine the appropriate impact score for different categories of risk.

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
Procurement and Commissioning	All contracts represent excellent value for money and are below the allocated budget with all services included. Robust supply chains with certainty of supply procured under the allocated budget. Full return on investment in less than the proposed times scales.	Contracts represent good value for money and are on budget with all services included. Reliable supply chains procured within the allocated budget. Full return on investment in the proposed timescales.	Contracts represent good value for money but require compromises on non-key services included to remain within budget. Consistent supply chains but requiring additional budget to procure. Short extension required to proposed timescales in order to achieve full return on investment.	Contracts represent limited value for money remaining within budget but with key services not included. Unreliable supply chains. Full return on investment unlikely within extended timescales.	Contracts do not represent value for money with costs exceeding allocated budget or key services not included. Frequent disruption to supply chains. Return on investment remains unpaid despite extended timescales.
Environment	The risk or incident has a negligible negative impact on climate and	The risk or incident has a moderate negative impact on climate and	The risk or incident has a substantial negative impact on climate and the environment in the short or long term;	The risk or incident has a critical negative impact on climate and the environment in the short or long term;	The risk or incident has a catastrophic negative impact on climate and the environment in the

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
	the environment in the short or long term. There is negligible impact on the vulnerability of local habitats, wildlife, agriculture, businesses, infrastructure or the delivery of critical Council services to climate change, environmental impacts or incidents.	the environment in the short or long term. There is moderate impact on the vulnerability of local habitats, wildlife, agriculture, businesses, infrastructure or the delivery of critical Council services to climate change, environmental impacts or incidents.	and can cause short term persistent contamination to the local area and may cause some short-term health impacts. There is substantial impact on the vulnerability of local habitats, wildlife, agriculture, businesses, infrastructure or the delivery of critical Council services to climate change, environmental impacts or incidents.	and can cause persistent medium-term contamination to the local area and may cause some loss of life or significant health impacts. There is critical impact on the vulnerability of local habitats, wildlife, agriculture, businesses, infrastructure or the delivery of critical Council services to climate change, environmental impacts or incidents.	short or long term; and can cause long terms or irreparable contamination to the local area and may cause widespread loss of life. There is catastrophic impact on the vulnerability of local habitats, wildlife, agriculture, businesses, infrastructure or the delivery of critical Council services to climate change, environmental impacts or incidents.
Financial	Possible financial impact manageable within service budget. Unbudgeted financial loss or unplanned increase on service budget up to £50,000	Financial impact manageable within existing service budget. Unbudgeted financial loss or unplanned increase on service budget up to £250,000	Financial impact manageable within existing Directorate budget. Unbudgeted financial loss or unplanned increase on service budget up to £500,000	Financial impact manageable within existing Council budget. Unbudgeted financial loss or unplanned increase on service budget up to	Financial impact not manageable within existing funds. Unbudgeted financial loss or unplanned increase on service budget over

		1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
		or >1% (<10%) of monthly budget. Robust long-term treasury management with utilities and debts fixed at low rates, and investments fixed at high rates.	or >2% (<50%) of monthly budget. Treasury management secures beneficial rates for utilities, debt and investments over the medium term.	or >5% (<75%) of monthly budget. Treasury management reliant on variable rates, resulting in substantial exposure to changes in interest rates.	£1,000,000 or >10% (>75%) of monthly budget. Treasury management reliant on variable rates, resulting in critical exposure to non-beneficial changes in interest rates.	£1,000,000 or >15% of monthly budget. Significant failures in treasury management, with utilities and debt locked into long-term fixes at high rates, and/or investments fixed at low rates, with catastrophic financial impacts on procurement and investments.
Governance		No incidents of fraud against or within the Council. No decisions taken outside of processes and oversight / monitoring arrangements. All plans and priorities clearly defined with effective decision making and robust accountability.	Potential for fraud against or within the Council. Decisions rarely taken outside of processes and oversight / monitoring arrangements. Most plans and priorities well-defined with effective decision making and clear accountability.	Occasional incidents of fraud against or within the Council. Decisions occasionally taken outside of processes and oversight / monitoring arrangements. Defined plans and priorities with consistent decision making and some accountability.	Regular incidents of fraud against or within the Council. Decisions often taken outside of processes and oversight / monitoring arrangements. Vague plans and priorities with inconsistent decision making and unclear accountability.	Frequent incidents of fraud against or within the Council. Decisions frequently taken outside of processes and oversight / monitoring arrangements, resulting in ineffective decision making. Unclear plans and priorities with ineffective decision

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
					making and no accountability.
Health and Safety	Incident occurred but no time lost. Outcomes not notifiable to an enforcement agency. Fully compliant with all employer/landlord responsibilities and robust maintenance contracts, ensuring the safety of all Council tenants.	Slight injury, harm or discomfort to one or more people. No time lost. Outcomes not notifiable to an enforcement agency. Gaps in compliance with some employer/landlord responsibilities and adequate maintenance contracts, but with no resulting safety breaches for Council tenants.	Injury or harm to one or more people of a temporary nature but does not require sustained on-going treatment. Limited time off work required. Outcomes notifiable to the relevant enforcement agency. Substantial gaps in compliance with employer/landlord responsibilities and/or inadequate maintenance contracts, with potential safety implications for Council tenants.	Severe injury or harm to an individual or several people. Sustained time off work above 3 months. Outcomes likely to attract the attention of the relevant enforcement agency. Substantial gaps in compliance with most employer/landlord responsibilities and failings in maintenance contracts, resulting in harm to one or a few Council tenants.	Death of one or more people. Significant life changing / threatening injuries to one or more people. Outcomes certain to require action by the relevant enforcement agency. No compliance with employer/landlord responsibilities and substantial failings in maintenance contracts, resulting in significant harm to Council tenants.

		1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
Information		No data breaches. Data fully exploited for all decision making. Robust data retention policies and strong implementation results in low storage costs for retention of only essential data.	Data breach of non-confidential or non-personal data. Data exploited for most decision making. Data retention policies are implemented for most types of data, reducing data storage costs.	Data breach of confidential or personal data but where individuals do not need to be informed and with no action taken by the ICO. Data used to inform critical decision making only. Data retention policies are not routinely implemented, resulting in poor data management and retention of large amounts of non-essential data.	Data breach of highly confidential data or personal data, where individuals need to be informed and/or resulting in a fine from the ICO at the standard penalty level. Data only occasionally used to inform critical decision making. Data retention policies only cover statutory requirements and committees, resulting in uncontrolled retention of other types of data and high storage costs.	Significant breach of highly sensitive, special category, or personal data resulting in an ICO fine at the higher penalty level. Data not used to inform decision making. Uncontrolled data retention resulting in high storage costs.
Legal		Legal action against the Council unlikely. Localised service-level deviation from duties.	Legal action against the Council possible. Minor breach of duty resulting in disciplinary action.	Legal action against the Council likely. Moderate breach of duty resulting in disciplinary action.	Legal action against the Council expected. Significant breach of duty resulting in fines and/or disciplinary	Legal action underway or almost certain and difficult to defend. Catastrophic breach of duty resulting in fines and imprisonment.

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
	Potential claim than up to £50,000 or potential costs up to £25,000. Properties with a capital value of up to £150,000.	Potential claim greater than £50,000 or potential costs greater than £25,000. Properties with a capital value of more than £150,000.	Potential claim greater than £150,000 or potential costs greater than £50,000. Properties with a capital value of more than £450,000.	action leading to gross misconduct. Potential claim greater than £300,000 or potential costs greater than £100,000. Properties with a capital value of more than £800,000 or contracts that have a significant impact on council services.	Potential claim greater than £500,000 or potential costs greater than £150,000. Properties with a capital value of more than £1,000,000 or contracts that have a critical impact on council services. Matters where there is significant political interest or involving issues concerning the reputation of the Council.
Operations / Service Delivery	Brief disruption of less than 1 day. Affects a project or team. Possible impacts to non-vulnerable groups.	Loss of service for 1-2 days. Affects one or a few services. Impacts to non-vulnerable groups.	Loss of service for 2-3 days. Affects a single Directorate. Definite impacts to non-vulnerable groups.	Loss of service for 3-5 days. Affects most Directorates. Impacts to small numbers of vulnerable people. Definite impacts to non-vulnerable groups.	Loss of service for more than 5 days. Affects the whole Council. Impacts vulnerable groups. Impacts upon property accessed by the public and officers.

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
			Possible impacts upon property accessed by the public and officers.	Impacts upon property accessed by the public and officers.	
Reputational	Matter contained within section/ service. Minor adverse local publicity.	Negative local publicity. Negative local public opinion generating complaints.	Sustained negative local publicity. Negative publicity in municipal press affecting standing in professional local government community. High proportion of negative customer complaints.	Negative national publicity. Low public confidence in members and officers in ability to deliver services.	Sustained negative national publicity. Resignation or removal of Corporate Director or elected member. Breakdown of multiple partnership working
Security	All Council buildings, systems, information, and assets secured with access restrictions in place.	Failings or gaps in access restrictions to Council buildings, systems, information, or assets, but not resulting in intrusions, damage, loss or data breaches.	Unauthorised staff access to Council buildings, systems, information, or assets due to breaches of internal access restrictions, resulting in limited intrusions, minor damage, or loss of non-sensitive data.	Unauthorised public access permitted to buildings, systems, information, or assets resulting in intrusions, loss or minor damage to Council buildings or assets, or external data breaches.	Unauthorised access to the public to buildings, systems, information, or assets resulting in substantial loss or damage to Council buildings or assets, danger to the safety of people, or loss of critical

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
					information and/or personal data.
Staffing/People	Some short-term vacancies in non-critical services with no impact on service delivery. Staff have the required skills and experience to perform their full duties.	Several short-term vacancies in non-critical services with minor impact on service delivery. Staff have most skills and experience required to ensure delivery of services.	Several long-term vacancies impacting on delivery of non-critical services. Staff lack relevant skills, resulting in an underperforming workforce.	Unable to fill key staff vacancies in critical services leading to inability to deliver critical services. Staff lack core skills and experience, leading to gaps in service provision.	Long-term inability to fill staff vacancies resulting in leading to an inability to deliver critical services with impacts on vulnerable people and/or public health implications. Lack of critical skills and experience, impacting on the workforce's ability to fulfil statutory duties.
Technology	Limited systems downtime with some services unavailable for a few hours. Workarounds possible and no operational impact. All systems can be restored from backup with no loss of data.	Brief downtime of non-critical systems for 1-2 days. Limited operational impact on non-critical services. All critical systems can be fully restored from backup, with minimal	Downtime of core systems for 2-3 days. Some operational impact on critical services. Critical data can mostly be restored from backup but with some loss of system data.	System failure with critical systems unavailable for 3-5 days. Substantial operational downtime impacting most services. Systems can only be partially restored from	Significant system failures with critical services unavailable for more than 5 days. Widespread operational downtime impacting all services. Systems can't be restored from backup resulting in permanent

	1 Negligible	2 Moderate	3 Substantial	4 Critical	5 Catastrophic
	All systems fully deliver required functionality.	loss of non-critical system data. Systems mostly deliver required functionality.	Only critical Systems deliver required functionality.	backup, resulting in partial loss of system data or loss of data integrity. Critical systems do not deliver required functionality.	loss of critical system data. Most systems do not deliver required functionality.

Appendix 3: Risk appetite matrix

111. The following matrix can be used to determine the appropriate appetite level for different categories of risk. It is based on risk appetite guidance provided by HM Treasury, including the UK Government's 'Orange Book' series.

112. Yellow highlighted boxes indicated where the Council's risk appetite for a given category currently sits.

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable 1-2	**Low risk score acceptable 3-6**	**Lower medium risk score acceptable 8-9**	**Higher medium risk score acceptable 10-12**	**High or very high risk score acceptable 15 or higher**
Procurement and Commissioning	Zero appetite for untested commercial agreements. Priority for close management controls and oversight with limited devolved authority.	Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.	Tendency to stick to the status quo. Innovations generally avoided unless necessary. Decision making authority generally held by senior management through leading indicators.	Innovation supported with demonstration of benefit/improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued. Desire to 'break the mould' and challenge current working practices. High levels of devolved authority. Management by trust or lagging indicators rather than close control
Environmental	Zero appetite for not meeting net zero and environment aims. Decarbonising and environmental policies are main priorities.	Prepared to accept minimal climate or environmental impacts if essential to the delivery of other critical services. Preference to take	Seeks to transparently demonstrate a course of action is justified, based on a balanced consideration of carbon reductions and environmental	Willing to risk not meeting net zero and environment targets and the implications for climate change in order to achieve other objectives.	Willing to take the risk of uncontrolled climate change and environmental damage. Willing to risk increased carbon emissions in pursuit of

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable **1-2**	**Low risk score acceptable** **3-6**	**Lower medium risk score acceptable** **8-9**	**Higher medium risk score acceptable** **10-12**	**High or very high risk score acceptable** **15 or higher**
	Avoiding making the causes and impacts of climate change worse, and taking actions to improve our climate and environmental impacts are key objectives.	mitigating actions on environmental impacts of Council operations, which may result in reduced performance outcomes or impact delivery of other objectives.	protections with implications for delivery of critical services and other strategic objectives.		other ambitions and performance. Willing to risk vulnerability to frequent and wide-ranging impacts of climate change.
Financial	Avoidance of any financial impact or loss is a key objective.	Only prepared to accept the possibilities of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for the best possible benefit and accept possibility of financial loss (controls must be in place).
Governance	Avoid actions with associated risk. No decisions taken outside of processes and oversight/ monitoring arrangements.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight/ monitoring arrangements enable	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking.

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable 1-2	**Low risk score acceptable 3-6**	**Lower medium risk score acceptable 8-9**	**Higher medium risk score acceptable 10-12**	**High or very high risk score acceptable 15 or higher**
	Organisational controls minimise risk of fraud, with significant resource focused on detection and prevention.	arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Levels of fraud controls are varied to reflect scale of risk with costs.
Health and Safety	No appetite for staff undertaking any activities that may carry a risk to health and safety. Stringent controls to comply with legislation.	Legislation adhered to and forms the minimum accepted level of control. Regular staff training and refresher courses. Regular reviews of risk assessments and processes.	Legislation adhered to and regular staff training in place. Regular reviews of risk assessments and processes for all activities involving a higher degree of equipment usage.	Legislation mostly adhered to but with occasional breaches. Training in place to ensure staff are aware of health and safety risks. Risk assessments written but not regularly reviewed.	Legislation not adhered to with frequent breaches. No controls or training in place. All staff able to exercise their own judgment on acceptable levels of risk.
Information	All information and data are locked down. Access is tightly controlled with high levels of monitoring.	Access to and the distribution of information and data is highly controlled	Accepted need for operational effectiveness. Careful management of information and data	Accepted need for operational effectiveness in the distribution and sharing of information	Levels of control minimised with data and information openly shared. No monitoring.

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable **1-2**	**Low risk score acceptable** **3-6**	**Lower medium risk score acceptable** **8-9**	**Higher medium risk score acceptable** **10-12**	**High or very high risk score acceptable** **15 or higher**
		with monitoring in place.	through access controls and some monitoring for most information and data.	and data. Access controls and monitoring only for specific types of information.	
Legal	Avoid anything that could be challenged, even unsuccessfully.	Would want to be very sure we would win any challenge.	Would want to be reasonably sure we would win any challenge.	Challenge would be problematic. We are likely to win and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.
Operations / Service Delivery (All)	Defensive approach to operational delivery – aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick with the status quo. Innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported with clear demonstration of benefit or improvement in management control. Responsibility for non-critical decisions may be devolved.	Innovation pursued. Desire to 'break the mould' and challenge current working practices. High levels of devolved authority. Management by trust and lagging indicators rather than close control.
Reputational	Zero appetite for any decisions with a high chance of	Appetite for risk taking limited to those events where there is	Appetite for risk taking limited to those events where there is	Appetite to take decisions with the potential to expose	Appetite to take decisions that are like to bring additional

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable 1-2	**Low risk score acceptable 3-6**	**Lower medium risk score acceptable 8-9**	**Higher medium risk score acceptable 10-12**	**High or very high risk score acceptable 15 or higher**
	repercussion for the Council's reputation.	no chance of any significant repercussions for the Council.	little chance of any significant repercussions for the Council.	the Council to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Council scrutiny only where potential benefits outweigh the risks.
Security	No tolerance for security risks causing loss or damage to Council property, assets, information or people. Stringent measures in place including: • Staff vetting at the highest appropriate level. • Controls limiting staff and visitor access to information,	Risk of loss or damage to Council property, assets, information, or people minimised through stringent security measures including: • All staff vetted levels defined by role requirements. • Controls limiting staff and visitor access to information,	Limited security risks accepted to support business need, with appropriate checks and balances in place: • Vetting levels may flex with teams as required. • Controls managing staff access and limiting visitor access to information,	Considered security risk accepted to support business need, with appropriate checks and balances in place. • New starters may commence employment following partial completion of vetting processes. • Controls limiting visitor	Organisation willing to accept security risk to support business need with appropriate checks and balances in place: • New starters may commence employment, following partial completion of vetting processes. • Controls limiting visitor

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable 1-2	**Low risk score acceptable 3-6**	**Lower medium risk score acceptable 8-9**	**Higher medium risk score acceptable 10-12**	**High or very high risk score acceptable 15 or higher**
	assets, and estate. • access to staff personal devices restricted in Council sites.	assets and estate. • Staff personal devices permitted but may not be used for official tasks.	assets and estate. • Staff personal devices may be used for limited official tasks with appropriate permissions.	access to information, assets and estate. • Staff personal devices may be used for official tasks with appropriate permissions.	access to information, assets and estate. • Staff personal devices permitted for official tasks.
Staffing/ People	Priority to maintain close management control and oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only.	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create an innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued. Desire to 'break the mould' and challenge current working practices. High levels of devolved authority. Management by trust rather than close control.
Technology	General avoidance of system or	Only essential systems or technology	Consideration given to adoption of	Systems or technology developments are	New technologies are viewed as a key

Risk category	Risk appetite level and associated risk score				
	Averse	**Minimalist**	**Cautious**	**Receptive**	**Eager**
	Very low risk score acceptable **1-2**	**Low risk score acceptable** **3-6**	**Lower medium risk score acceptable** **8-9**	**Higher medium risk score acceptable** **10-12**	**High or very high risk score acceptable** **15 or higher**
	technological developments.	development to protect current operations.	established or mature systems and technology improvements. Agile principles are considered.	considered to enable improved delivery. Agile principles may be followed.	enabler of operational delivery. Agile principles are embraced.

Based on:

113. Government Finance Function, 2021. *Risk Appetite Guidance Note v2.0*. London: HM Treasury. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1012891/20210805_-_Risk_Appetite_Guidance_Note_v2.0.pdf [Accessed 22 September 2023].

114. HM Treasury, 2006. *Thinking about risk. Managing your risk appetite: A practitioner's guide*. London: MH Treasury. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191519/Setting_and_communicating_your_risk_appetite.pdf [Accessed 22 September 2023].

Wiltshire Council

Audit and Governance Committee

7 February 2024

Housing Revenue Account – Landlord Compliance Report

Executive Summary

The purpose of this report is to update the Corporate Leadership Team, Housing Board, and the Audit & Governance Committee, on the main compliance disciplines associated with the council's Landlord role in the provision of social housing. The scope covers the land and property assets in the Housing Revenue Account (HRA) managed by the Housing Management Service (HMS).

The Landlord Compliance function for the HRA has been reviewed through the autumn of 2023. This work covered all elements governing the delivery of compliance activity in the following key areas:

Policy
Procedures
Performance
Internal Assurance
External Assurance

This report represents one of the key governance changes in ensuring that the council and the Housing Board are fully briefed on compliance activity and performance.

The service is reporting a high level of performance against the key compliance indicators. Where compliance is not 100% the service has a full and detailed understanding of why, and plans are developed to improve performance towards achieving that goal.

Proposal

The Committee is asked to note the contents of the report and progress being made.

Wiltshire Council

Audit and Governance Committee

7 February 2024

Housing Revenue Account – Landlord Compliance Report

Purpose

1. The purpose of this report is to update the Corporate Leadership Team, Housing Board, and the Audit & Governance Committee, on the main compliance disciplines associated with the council's Landlord role in the provision of social housing. The scope covers the land and property assets in the Housing Revenue Account (HRA) managed by the Housing Management Service (HMS).

2. The Landlord Compliance function for the HRA has been reviewed through the autumn of 2023. This work covered all elements governing the delivery of compliance activity in the following key areas:

   - Policy
   - Procedures
   - Performance
   - Internal Assurance
   - External Assurance

3. This report represents one of the key governance changes in ensuring that the council and the Housing Board are fully briefed on compliance activity and performance.

4. The service is reporting a high level of performance against the key compliance indicators. Where compliance is not 100% the service has a full and detailed understanding of why, and plans are developed to improve performance towards achieving that goal.

Landlord Compliance Overview

Policy
5. The information in this report summarises the current compliance in relation to the key areas in the Landlord Compliance Policy Framework.

   - Landlord Compliance Policy – general policy that includes:
     - Exterior H&S Policy
     - Automatic Doors Policy
     - Lifts & Hoists Policy
     - Log Burner Policy
     - Radon Policy

- o Solid Fuel Heating Policy
- o Glazing Policy
- Fire Safety Policy – general policy that includes:
  - o Fire Risk Assessment Policy
  - o Carbon Monoxide Detector Policy
  - o Smoke Detector Policy
  - o Fire Door Policy
  - o Emergency Lighting Policy
- Legionella Management Policy
- Gas Safety Inspection & Servicing Policy
- Damp & Mould Policy
- Asbestos Policy
- Electrical Systems Testing Policy

6. All of the policies within the Landlord Compliance Policy Framework are under review. There is a lack of consistency across the Policy Framework and certain areas where policies are missing. In many areas the policies exist in the form of contract specifications but not in a Policy document. All revised policies will be presented to the Housing Board over the coming months. Where appropriate, the Housing Board will be invited to contribute to the development of policy. However, the key drivers behind all compliance policies are regulation and legislation.

Procedures

7. A revised HRA Compliance Dashboard has been developed that draws together performance information relating to the compliance areas. All key areas are currently covered by the dashboard. Work is ongoing to include the lower risk areas.

8. The management of compliance activity sits within the Property Maintenance section of the Housing Management Service (HMS). Responsibility for the day-to-day management rests with the Property & Contracts Manager. Within the team, delivery is overseen through the Compliance & Servicing Officer and Health and Safety Advisor. Officers from across the wider service contribute to the monitoring and delivering of compliance activity.

9. The majority of compliance-related work is contracted to specialist providers. Policy and standards are delivered through the various contract specifications. Contractors are monitored and performance managed using contract tools and mechanisms.

10. The management and delivery of work programmes, reporting and monitoring activities are driven by the data in the housing management system.

11. Processes and procedures exist for delivering and monitoring compliance in all key areas, through contract specifications, the monitoring and management of those

contracts, and through the work of Property Maintenance Team. There are 3 key areas where improvements to procedures are immediately required:

- Electrical Installation Certificate Reports – move to full delivery within 5-year period.
- Fire Risk Assessments – improvements to recording and reporting system.
- Fire Doors – inspection and reporting system being developed for 2024.

Performance

12. Current performance across all areas is detailed under Compliance Areas below.

Internal Assurance

13. Regular meetings and reporting practices have been implemented. Monthly Compliance Meetings take place chaired and managed by the Property Maintenance Team. The Director of Assets and Head of SAM&FM & Housing Management Services are invitees. Each meeting consists of a review of all compliance policy, procedures and performance, and a monthly report is produced.

14. A 6-monthly Landlord Compliance Report is produced on and presented to CLT and the Housing Board.

15. Performance assurance is provided through the management of the suite of contracts delivered by specialist contractors. Monthly performance meetings with a set agenda are held with all providers. Performance targets are enshrined in the contract specifications. Improvements where required are delivered through contract mechanisms.

16. An audit of each compliance area has been agreed with South West Audit. 2 key areas of compliance will be audited each year over a rolling 3-year programme.

17. Further mechanisms for enhancing levels of internal assurance are being explored.

External Assurance

18. A full review of the housing data contained within the QL Housing Management System has been commissioned from a consultant provider, which will provide assurance on data quality, validate the current compliance activity and identify any data gaps.

19. Within the provisions of all compliance contracts, the Landlord has the right to appoint an independent auditor to undertake quality assurance works.

20. In respect of specialist supplier of gas safety works, the supplier is externally audited by Qualitas. This provides the contractor with a quality standard and assurance for its clients.

21. Audits in all compliance areas, and further mechanisms for enhancing levels of external assurance are being explored.

Compliance Areas – Details

22. Wiltshire Council has an obligation to comply with all landlord statutory health and safety responsibilities. The required arrangements for managing these responsibilities are in place and activities are carried out in accordance with the relevant regulations, approved codes of practice and associated HSE guidance. These provide the default position of the organisation whether internal procedures, policies and practices exist.

23. It should be noted that one of the key challenges in achieving 100% compliance is providers ability to obtain consistent access to properties. Some tenants are increasingly 'hard to reach' due to vulnerabilities and/or require significant housing tenancy interventions in order for them to agree to allow access into their property. Without access, compliance activity cannot be delivered. The 'no access' position for contractors and the housing team is always under review as is the range of tools available to the landlord including legal enforcement routes.

24. The performance information contained in the tables below was produced on 1 December 2023.

Asbestos Management

Policy, Legislation & Regulation

25. Wiltshire Council has a has a legal duty to manage asbestos containing materials within areas deemed as domestic and non-domestic, as outlined in Regulation 4 of the Control of Asbestos Regulations 2012 (CAR2012). It should be noted that any domestic property where works are to be undertaken is deemed as a workplace under the Health and Safety at Work Act 1974, and therefore will require asbestos information to be supplied as part of the pre-construction information. This is a requirement of the Construction (Design and Management) Regulations 2015 (CDM 2015).

26. The Housing Management Service (HMS) holds asbestos information on its housing stock in the form of a detailed asbestos register. Every property where asbestos is present is on the register. In addition, a library of asbestos surveys for each property is maintained. All surveys are undertaken on a cyclical 4-yearly basis. Additional surveys will also be undertaken when major refurbishments, demolition or other major construction works are required in a property when asbestos-containing materials are most likely to be disturbed. All surveys are accessible by all internal and external maintenance providers and are suitable to guide all works. All void properties have a current asbestos management survey prior to re-letting.

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27. Asbestos management activities, surveys, re-inspections, and removals are delivered through contracts with specialist Asbestos providers. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

28. The following table shows the current position for asbestos surveys undertaken.

Property Type	Number of Properties	Number Surveyed	Percentage Surveyed
Communal Areas	384	384	**100%**
Dwellings	5277	5273	**99.92%**
Garages	1235	1218	**98.62%**

Note – the outstanding surveys for the 4 dwellings are on a programme of work to be completed in the next period.

Electrical Safety

Policy, Legislation & Regulation

29. Electrical safety checks are delivered for all property types in the housing stock. While there is currently no legislative standard for social landlords, it is generally accepted and demanded that electrical inspections in the form of Electrical Installation Condition Report (EICR) are undertaken every 5 years. This is line with accepted sector practice and the standards required in the Private Rented Sector. It is anticipated that this will soon become an expressed legal requirement for social landlords in the near future.

30. The provision of EICRs is through a contract. Previously the contract provision was to agree an annual programme with the provider for all EICRs reaching their 5-year anniversary in the forthcoming year. Depending on the delivery programme this meant that some inspections were carried out beyond the 5-year mark. Whilst this did not constitute a statutory breach, under the new contract HMS is improving on this approach and ensuring that all inspections are completed on or before the 5-year anniversary.

31. The 5-year target applies to all domestic dwellings and the common parts (communal areas) of flats and other grouped dwellings. All void properties receive an inspection before re-letting regardless of the age of the current EICR.

32. The target is to achieve 100% compliance. This includes undertaking remedial works against prescribed timescales:
   - C1 Hazards (Danger present – risk of injury) – undertaken at the time of the inspection or if they cannot be rectified the area is made safe until works can be completed.

- C2 Hazards (Potentially dangerous) – undertaken at the time of the inspection or as soon as is practicably possible.
- C3 Hazards (improvement recommended) – undertaken within 28 days of the inspection.

<u>Procedures & Delivery</u>

33. Electrical inspections (EICRs) as well as all remedials and planned electrical works are delivered through a contract with a specialist provider. Delivery standards are monitored and maintained in accordance with these contracts.

34. The provider also delivers further compliance activity including Portable Appliance Testing in Sheltered Schemes (see below).

<u>Performance</u>

35. The following table shows the current position for electrical inspections:

Property Type	Number of Properties	Number Inspected 0-5 Years	Number Inspected 5-6 Years	Number Inspected 6-10 Years	Percentage within 0-5 Years
Dwellings	5294	4813	413	68	90.91%
Sheltered schemes	24	24			100%

36. Portable Appliance Testing (PAT) is a not mandatory by law, however testing and maintaining electrical equipment is. The Health and Safety at Work Act 1974, Electricity at Work Regulations 1989, Provision and Use of Work Equipment Regulations 1988, and the Management of Health and Safety Regulations 1999 to ensure electrical safety of portable electrical appliances. Following best practice electronics in the communal areas in sheltered schemes are tested every 12 months.

37. In addition, there are 8 assisted needs properties occupied by tenants with high care needs, where care staff regularly reside and cater for the tenants. PAT is undertaken in these 8 properties every 12 months.

Property Type	Number of Properties	Number Tested	Percentage
Dwellings	24	24	**100%**
Assisted needs Properties	8	7	**87.5%**

Note – the outstanding test on one property is on a programme of work to be completed in the next period.

Fire Safety – Fire Risk Assessment

Policy, Legislation & Regulation

38. The Chief Executive is Wiltshire Council's responsible person – as defined in Article 3 of the Regulatory Reform (Fire Safety) Order 2005 (RRFSO2005). Article 9 of the RRFSO2005 requires that the responsible person must make a suitable and sufficient assessment of the risks to which relevant persons are exposed for the purpose of identifying the measures they need to take. To satisfy this requirement, Wiltshire Council undertakes fire risk assessments to all properties deemed as non-domestic, including the communal areas of domestic buildings. Current legislation states that Fire Risk Assessments should be reviewed regularly or when circumstances change relating to the property and/or its occupants.

39. The duty to ensure that Article 9 of the RRFSO2005 is met is the responsibility of the Director of Assets. Wiltshire Council has a Fire Safety Policy and associated Procedures to ensure it manages this compliance activity in its property portfolio safely and in line with relevant legislation.

40. HMS have adopted the following timescales for fire risk assessment:
    - Communal areas to all domestic blocks and sheltered schemes – Every three years with an annual review.

Note – all HRA blocks are 'low rise' (the majority of which are two storey), are mainly of traditional construction, and do not have any aluminium composite material (ACM) type cladding. Multi-occupied residential buildings of 11 metres or more are not high rise but do have a range of additional fire safety requirements. There are 3 blocks in Salisbury that are 4 storeys. Although these blocks are less than 11 metres in height, for fire safety reasons they are treated as if they were. It should also be noted that Section 156 of the Building Safety Act that came into effect 1st October is being adhered to.

Procedures & Delivery

41. FRA's are currently delivered for HMS by the council's Building Control Team. All remedial actions raised from FRA's are validated, and required works are commissioned and managed by the HMS Health & Safety Officer. Works are delivered by the in-house team and specialist contractors as appropriate. Any defects which pose immediate danger, either urgent or high priority are prioritised and within two months. The remaining actions are prioritised for completion within six months.

Performance

42. The following table shows the current position for fire risk assessments:

Property Account Type	Number of Properties	Number of Current FRAs	Percentage Compliant
Blocks and Sheltered Schemes	217	217	100%

Notes:

The number of outstanding actions changes as the recommended remedial actions from the latest FRA's are received, as these will supersede previous FRA's. As works are undertaken to resolve existing remedial actions, and potentially additional recommended remedial actions are added from new FRA's (e.g. due to changes in legislation or best practice), then this becomes, in effect, a moving target.

The data associated with FRA's and remedial works is currently received and stored outside of the main QL Housing Management System and is spreadsheet based. This means that monitoring and reporting cannot be achieved through the main QL System but instead requires manual interrogation of those spreadsheets, including manual updating when remedial works are delivered. The process and procedures for the management of this data are being re-engineered and incorporated into the QL system to enable consistent reporting and monitoring.

Fire Safety – Emergency Lighting/Fire Alarms

Policy, Legislation & Regulation

43. The requirements for the testing of emergency lighting are covered by the Regulatory Reform (Fire Safety) Order 2005, the Building Regulations 2006, The Workplace Directive and British Standard BS 5266-1.

44. Emergency Lighting is provided in all blocks, and grouped accommodations including Sheltered Schemes, a total of 217 sites. Across all sites a monthly 'flick test' of lighting and an annual drain-down battery test is delivered.

45. Fire alarms are provided in 24 of the 26 Sheltered Schemes. 2 Sheltered Schemes do not have fire alarms as they consist of separate bungalow units. Across the 24 sites a weekly test of the alarm and the whole system, including the fire heads is tested every 6 months.

Procedures & Delivery

46. Fire alarm and emergency lighting testing is delivered through a contract with specialist providers. Delivery standards are monitored and maintained in accordance with these contracts. Any remedial repairs are undertaken at the time of the inspection or at the next earliest opportunity. In respect of fire alarms, a site will not be left without a functioning alarm system.

Performance

Property Type	Inspection Type	Number of Properties	Percentage Surveyed
Sheltered Schemes	Fire Alarm: weekly test	24	100%
	Fire Alarm: 6-monthly service and test	24	100%
Sheltered Schemes & Blocks	Emergency Lighting: monthly service and test	217	100%
	Emergency Lighting: annual service and test	217	100%

Fire Safety – Smoke Alarms

Policy, Legislation & Regulation

47. The requirements covering the provision of smoke alarms are contained in the Smoke & Carbon Monoxide Alarm (England) Regulations 2015, amended in 2022. The regulations state that landlords must:

- Ensure at least one smoke alarm is equipped on each storey of the home where there is a room used as living accommodation.

48. Smoke alarms are provided as per these regulations. There is no requirement on the landlord to test smoke alarms. This is a tenant responsibility. However the HMS policy and target is to test annually.

Procedures & Delivery

49. The testing of smoke alarms is delivered through a contract with a specialist provider. The testing is carried out annually. In properties that have gas, oil, or solid fuel heating systems the annual smoke alarm test is delivered by the contractor as part of the annual safety inspection of the heating system. In properties that have electric heating the smoke alarm test is delivered by to a specific annual programme. Delivery standards are monitored and maintained in accordance with these contracts. A programme of work is underway to replace all battery smoke alarms with alarms hard-wired into the mains electricity.

Performance

Property Type	Number of Properties with Smoke Alarms	Number of properties Tested	Percentage
Dwellings	5294	4954	93.58%
Sheltered Schemes	24	24	100%

Note: 100% compliance is not expected in this area, the main reason being that if a property is due a 5-yearly EICR test in the coming year, the test of the smoke alarm will be removed from the individual programme and added to the EICR programme. This reduces the number of appointments for the tenant and reduces cost. Therefore, a small number of alarms are tested beyond the 12-month anniversary, but always within 2 years.

Fire Safety – Fire Doors

<u>Policy, Legislation & Regulation</u>

50. As part of the Regulatory Reform Order 2005, amended by the Fire Safety Act 2022, there is a mandatory requirement for the landlord to provide fire doors that have a 30-minute resistance (FD30 door). This requirement is for doors to individual dwellings and communal fire doors in grouped accommodations. This requirement extends to leaseholders as well as HRA tenants. It is the responsibility of the leaseholder to provide, however the HMS has a duty to enforce.

<u>Procedures & Delivery</u>

51. Throughout 2023 we have surveyed the asset base to identify every fire door required. Each door has been given a property ID. An App connected to the QL system has been developed to provide a tablet-based means of conducting a fire door inspection against the 5 main fire safety criteria. Over the next 12 months, the App and the inspections will be carried out and thereafter on an annual rolling programme. The inspections will be carried out by the in-house team. Where defects are identified, these will be added to existing contractor workstreams.

<u>Performance</u>

52. Performance will be reported as part of the next update.

Gas Safety – Annual Safety Inspection

<u>Policy, Legislation & Regulation</u>

53. Wiltshire Council has a duty under Regulation 36 of the Gas Safety (Installation and Use) Regulations 1988 to carry out annual safety checks on gas appliances / flues and implement an on-going maintenance regime to ensure the safe operation of gas appliances and associated pipework where gas is present.

54. Landlord Gas Safety Record (LGSR) certificates (referred to as CP12) are provided to tenants following gas safety checks.

<u>Procedures & Delivery</u>

55. The LGSR certificates, servicing and repairs of all gas boilers, and the LGSR certificates for gas appliances and systems, are delivered through a contract with a

specialist provider. The same provider also delivers a programme of planned boiler replacements. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

56. The following table shows the current position for gas safety:

Property Type	Number of Properties with Gas	Number Inspected	Percentage Compliant
Sheltered Scheme	6	6	**100%**
Dwellings	3825	3823	**99.95%**

Note – the outstanding test on the two properties are on a programme of work to be completed in the next period.

Solid Fuel Heating Safety

Policy, Legislation & Regulation

57. A number of the dwellings are heated by various solid fuel heating systems including. The landlord requirements for these systems are contained within the Heating Equipment Testing & Approval Scheme (HETAS). HMS policy is to undertake 6-monthly service of the boiler and system, and a safety check on flues and chimneys.

Procedures & Delivery

58. The servicing and repairs of all solid fuel heating and hot water systems are delivered through a contract with a specialist provider. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

59. The following table shows the current position for solid fuel safety:

Property Type	Number of Properties with Solid Fuel	Number Inspected	Percentage Compliant
Dwellings	38	36	**94.74%**

Note – the outstanding test on the two properties are on a programme of work to be completed in the next period

Oil-Based Heating Systems

<u>Policy, Legislation & Regulation</u>

60. There is no legal requirement for a landlord to obtain a safety certificate for oil fired equipment. However BS 5410: Part 1 requires oil fired appliances and equipment to be serviced periodically. HMS policy is to service boilers and appliances annually.

<u>Procedures & Delivery</u>

61. The servicing and repairs of all oil fired heating and hot water systems are delivered through a contract with a specialist provider. Delivery standards are monitored and maintained in accordance with these contracts.

<u>Performance</u>

Property Type	Number of Properties with Oil	Number Inspected	Percentage Compliant
Dwellings	235	234	99.57%
Sheltered Scheme	1	1	100%

Note – the outstanding test on the one property is on a programme of work to be completed in the next period.

Gas/Solid Fuel/Oil Heating System – Carbon Monoxide Alarm Testing

<u>Policy, Legislation & Regulation</u>

62. The requirements covering the provision of carbon monoxide alarms are contained in the Smoke & Carbon Monoxide Alarm (England) Regulations 2015, amended in 2022. The regulations state that landlords must:

- Ensure a carbon monoxide (CO) alarm is provided in any room used as living accommodation which contains a fixed combustion appliance (excluding gas cookers).
- Ensure that carbon monoxide alarms are repaired or replaced once informed and/or found that they are faulty.

63. CO alarms are provided as per these regulations. Combined heat detectors and CO alarms are provided in kitchens. CO alarms are provided in all properties where there is a gas, solid fuel, or oil heating appliance situated within a habitable room/living accommodation. A programme of work is underway to replace all battery alarms with alarms hard-wired into the mains electricity.

64. The testing of CO alarms is delivered through a contract with a specialist provider. The testing is carried out at the same time and as an integral part of as the annual gas safety inspection. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

Property Account Type	Number of Properties requiring CO Alarm	Number of Co Alarm fitted.	Percentage
Dwellings	4065	4064	**99.98%**

Note – the outstanding test on the one property is on a programme of work to be completed in the next period.

Passenger Lifts and Stairlifts

Policy, Legislation & Regulation

65. The landlord's responsibilities are contained within the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER). This covers the servicing, inspection and maintenance of passenger lifts and stairlifts.

66. The following intervals for service and inspection apply:

- Stairlifts – annual service and inspection.
- Passenger lifts and through-floor lifts – 6 monthly service and inspection.

Procedures & Delivery

67. The servicing and inspections, and repairs and maintenance, of stairlifts, passenger lifts and through-floor lifts are delivered through contracts with specialist providers. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

68. The following table shows the current position for passenger lifts and stairlifts service and inspection:

Property Type	Inspection Type	Number of Properties	Number Inspected	Percentage Compliant
Dwellings	Stairlifts: annual service and inspection	55	52	94.55%

Dwellings	Through-floor lifts: 6 monthly service and inspection	5	4	80%
Sheltered Schemes	Stairlifts: annual service and inspection	6	6	100%
Sheltered Schemes	Passenger lifts: 6 monthly service and inspection	11	11	100%

Note – the outstanding test on the three properties are on a programme of work to be completed in the next period.

Water Supply

Policy, Legislation & Regulation

69. The Control of Substances Hazardous to Health Regulations 2002 and the HSE Approved Code of Practice (L8) The Control of Legionella Bacteria in Water Systems identifies the landlord's requirement to minimise the potential of legionella growth within its stock, including communal areas. This applies to the Sheltered Schemes only. HMS policy is to provide a risk assessment for each site supported by Written Scheme For The Control of Legionella S.156 detailing our actions resulting from the risk assessment. In accordance with HSE ACoP and Guidance L8, risk assessments are reviewed following a change of use or the delivery of major works.

Procedures & Delivery

70. Weekly flushing and temperatures tests, and the annual servicing of Thermostatic Mixing Valves (TMVs) are undertaken by a specialist contractor. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

71. The following table shows the current performance for Water Risk Assessments:

Property Type	Properties Requiring a Water Risk Assessment	Properties with a Water Risk Assessment	Percentage Compliant
Sheltered Schemes	23	23	100%

72. The following table shows the current performance for monthly temperature tests:

Property Type	Properties Requiring a 6 Monthly Temperature Check	Properties Tested	Percentage Compliant
Sheltered Schemes	23	23	100%

Air Source Heat Pumps

Policy, Legislation & Regulation

73. There is currently no regulation or legislation governing the servicing and inspection of Air Source Heat Pumps. HMS policy is to service ASHPs on annual basis and for further inspection of the electrical system as part of the 5-yearly EICR.

Procedures & Delivery

74. The servicing and repairs of all ASHPs is delivered through a contract with a specialist provider. Delivery standards are monitored and maintained in accordance with these contracts.

Performance

Property Type	Number of Properties	Number inspected	Percentage
Dwellings	65	63	97.01%

Note – the outstanding test on the two properties are on a programme of work to be completed in the next period.

Radon Safety

Policy, Legislation & Regulation

75. The landlord requirements for Radon safety are contained in the Ionising Radiation Regulations 2017. The Radon Action Level is the recommended limit for the activity concentration of radon in UK homes. The Radon Action Level is 200 Bq m-3, expressed as the annual average radon gas concentration in the home. Radon Affected Areas are those parts of the country with a 1% probability or more of present or future homes being above the Action Level. Radon UK publishes a map of the UK which shows the parts of Wiltshire that are within higher risk areas.

Procedures & Delivery

76. There are currently no HRA properties in higher risk areas that are above the Action Level threshold. Working with the Public Protection Service, this position is routinely reviewed. Should the position change and properties fall above the threshold, monitoring procedures will be implemented.

Performance

77. None to report.

Damp & Mould

Policy, Legislation & Regulation

78. The profile and focus on this issue has increased significantly over the last 18 months and the number of reported cases has rapidly increased as public awareness increases. Clear guidance has been issued by the Housing Ombudsman and Regulator of Social Housing identifying the expectations on landlords in managing damp and mould reports. Damp and mould is one of the 29 hazards assessed under the Housing Health & Safety Rating System (HHSRS), a tool used to assess risks in residential properties. As such it requires the landlord to act, or to ensure that action is taken, to manage the hazard.

Procedures & Delivery

79. HMS reviewed its policy and procedures in 2022. As well as Property Maintenance staff, all frontline staff across the service have received damp and mould training to raise awareness and to help identify potential cases. Procedures ensure that tenants are contacted and reports inspected within a target of 7 days, and action plans agreed to tackle each case are developed and communicated with each tenant.

80. All reports referencing the words 'damp' or 'mould' are initially treated as Cases regardless of severity. Once each report has been investigated actions are agreed. Minor cases can be closed once actions have been delivered and reviewed. More complex cases can take years to fully resolve. The speed and scale of actions are commensurate with the severity of each case. At the most severe end of scale, a tenant can be decanted to another property while emergency works are undertaken if it was considered that the tenant was at risk. It should be noted that this measure has not been required to date.

Performance

81. The number of open cases at any one point in time is high as the system contains every contact with a reference to damp or mould. The system does not currently differentiate and provide an assessment of severity. Nor does it provide visibility of the volume and type of works underway across the cases. This is being rectified and the system being modified so that detailed reporting on damp and mould cases can be provided.

82. The key target is to carry out inspections, and thereby understand the severity and risk of each report, within 7 days. The volume of reports over the autumn and winter have meant that this target has not been achieved, with the average being 11 days. For context, it should be noted that the proposed legal requirement on landlords will be to investigate hazards within 14 days.

83. Further indicators will be provided in the next report.

Other Considerations

84. Equality and Diversity – No particular impacts in relation to this paper.

85. Risk – As noted in this report, Wiltshire Council has an obligation to comply with landlord statutory health and safety responsibilities. All of the specific legislative requirements are outlined under the relevant activity areas in this report.

86. The property stock portfolio owned by Wiltshire Council is a substantial asset. This report outlines how risks associated with health and safety compliance for this asset base is being managed.

87. Financial Implications – Landlord health and safety property compliance funding costs are incorporated into the HRA revenue and capital budgets.

88. Value for Money (VFM) – No particular concerns in relation to this paper.

89. Resident Impact – No particular concerns in relation to this paper.

Conclusion

90. Landlord compliance is a key focus of the service. The staff and structures of the service are designed to support and deliver full compliance and high levels of assurance for tenants and their families, as well as the council and its regulatory stakeholders.

91. This report demonstrates the effectiveness of the policies and procedures and provides high levels of assurance across the key compliance areas.

92. Additionally, it allows the service to better evidence its compliance with the Regulator of Social Housing's Consumer Standards and the expectations of the Housing Ombudsman Service.

James Barrah – Director of Assets

Report Authors: Nick Darbyshire, Head of Strategic Assets and Facilities Management, nick.darbyshire@wiltshire.gov.uk
Deana Hitchins, Compliance & Servicing Officer, deana.hitchins@wiltshire.gov.uk

Appendices
None

Background Papers
None

Audit and Governance Committee
Proposed Forward Work Plan 2023/24

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
23 April 2024	• Internal Audit Annual Opinion • Approach to Audit Planning and Audit Charter	SWAP	9 April 2024	15 April 2024
	Introduction to new auditors and External Audit Plans 2023/24	Grant Thornton		
	Accounting Policies 2023/24	Lizzie Watkin / Sally Self		
	Policy updates: • Anti-Fraud Corruption and Bribery • Anti-Tax Evasion • Whistleblowing • Anti-Money Laundering	Lizzie Watkin / Perry Holmes / Jo Madeley		
	Audit & Governance Committee Annual Report to Full Council	Lizzie Watkin / Perry Holmes / Tara Hunt		

Agenda Item 12

Audit and Governance Committee
Proposed Forward Work Plan 2023/24

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
24 July 2024	Internal Audit Update Report	SWAP	10 July 2024	16 July 2024
	Annual Governance Statement 2023/24	David Bowater / Perry Holmes		

Audit and Governance Committee
Proposed Forward Work Plan 2023/24

Please note that the FWP is a dynamic document, updated on a regular basis as required

Future meeting dates:

Date of Meeting	Draft Report Deadline	Agenda Publication Deadline
17 Oct 2024	1 Oct 2024	7 Oct 2024
29 Jan 2025	15 Jan 2025	21 Jan 2025

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