

## PRINCIPLES OF RISK MANAGEMENT

### Executive Summary

The Committee is invited to scrutinise the processes and arrangements that are in place for risk management and provide recommendations as it sees fit.

### Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

The Committee has the authority to determine the recommendation(s) set out above.

<b>Background Papers:</b>	None.
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### 1.0 Introduction

- 1.1 Risk Management is the process that enables the organisation to methodically identify and manage the threats and opportunities that exist within a Council activity. The application of Risk Management is not a one-off activity, it is part of a continuous process that runs throughout the Council's activities, considering all aspects such as projects as well as day-to-day work that is undertaken.
- 1.2 The application of risk management also feeds into the ongoing work of aligning strategic planning and performance management functions across the Council. All these functions working together provide an integrated and cohesive framework for prioritising the delivery of effective services.

### 2.0 Risk Management Policy

- 2.1 The Council has a detailed Risk Management Policy (appendix 1) which provides a clear statement of how the identification, mitigation, and monitoring of risk should be applied across the organisation. The Policy also contains a risk appetite statement, agreed tolerance levels, and clarity around roles and responsibilities. As stated in the Policy, risks are tracked at two levels within the Council. These are:
  - 2.2 **Strategic Risk Register:** The Strategic Risk Register (appendix 2) contains risks that are of a size and nature that could affect the achievement of significant Council objectives and targets. These risks are often at such a level where only CLT can influence and mitigate them through political and financial intervention, or other means such as redistributing resources.
  - 2.3 Strategic risks will be fewer in number but would typically be high-scoring (representing the biggest threats) and may sit outside of the Council's tolerance and appetite levels. The identification of strategic risk is an essential element of good practice and demonstrates a proactive stance to managing key threats in a transparent way.
  - 2.4 The Strategic Risk Register is reviewed and updated by CLT every 3 months as part of the regular 'Assurance Deep Dive' meetings. Strategic risks are also shared with the Executive on an annual basis, and the top risks (score of 16) are also contained within the quarterly Performance Management Report.
  - 2.5 **Directorate Risk Registers:** Every directorate has a risk register because each area is unique in terms of the services it delivers and the challenges and threats it will face. Directorate risks will be more operational in nature and should reflect concerns across all areas of the directorate. Directorate Risk Registers updated every 6 months.
  - 2.6 Highest scoring directorate risks (score of 16) are collated each period and reviewed by CLT to determine if any should be escalated to the Strategic Register. This approach creates a meaningful relationship between strategic and directorate registers which in turn supports a more holistic understanding of risk across the Council.

### 3.0 Continuous Improvement / Training

- 3.1 Embedding risk management across the Council is essential for effective delivery. To take this forward, all senior managers within the Council were recently invited to attend an information session at which the core elements of risk management were presented, and the responsibility of all managers was emphasised.
- 3.2 Training was last offered to all Councillors in October 2022, when an interactive session around generic risk principles and the Council's specific approach to risk was delivered in conjunction with Zurich, the Council's insurance providers.

3.3 Risk Management continues to be a key discipline for the Council and improvements are continuously looking to be made wherever possible.

### **4.0 Corporate Strategy**

4.1 Risk Management is a cross-cutting theme that need to be considered across all Council services. This discipline underpins the effective delivery of the functions that the Council provides, which in turn supports the objectives listed in the Corporate Strategy.

### **5.0 Implications**

#### Finance and Risk

5.1 None arising from this report.

#### Equalities and Human Resources

5.2 None arising from this report.

#### Legal

5.3 None arising from this report.

### **6.0 Engagement and Consultation**

6.1 None arising from this report.

REPORT ENDS