



## **AGENDA ITEM: 5**

**AUDIT AND GOVERNANCE COMMITTEE:**

**29 January 2013**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact for further information: Natasha Bryan (Extn. 5098)  
(E-mail: [natasha.bryan@westlancs.gov.uk](mailto:natasha.bryan@westlancs.gov.uk))**

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**SUBJECT: RISK MANAGEMENT FRAMEWORK**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To set out details of the operation of the Risk Management Framework over the last twelve months and to review the Risk Management Policy.

### **2.0 RECOMMENDATIONS**

2.1 That the continuing effective operation of the Risk Management Framework be noted.

2.2 That the proposed amendment to the Risk Management Policy set out in paragraph 4.7 be endorsed for submission to Cabinet for formal approval.

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### **3.0 BACKGROUND**

3.1 West Lancashire Borough Council continues to recognise the importance of identifying, evaluating and managing all Key and Service Risks that could affect the Council.

3.2 Risk Management covers the whole spectrum of risks and not just those associated with finance, business continuity, insurance and health and safety. It also considers risks associated with service provision, compliance with legislation, public image (reputation) and environment.

3.3 Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is

to achieve its objectives. Risk Management is about effectively managing risks that could affect the Council. It is also about making the most of opportunities and achieving objectives. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

- 3.4 The terms of reference of the Audit and Governance Committee include monitoring the effectiveness of the Risk Management Framework and corporate governance processes within the Council. This report assesses the operation of the Risk Management Framework over the last twelve months and the main developments that have occurred during that time.

#### **4.0 DEVELOPMENTS OVER THE LAST TWELVE MONTHS**

- 4.1 During the course of the year an Internal Audit review was conducted over the use of Covalent (the Council's Performance Management System) for managing and reporting on Service risks and Service Risk Registers. This audit concluded that in general risks were effectively identified from service business plans and that there was a logical link between the risks recorded and published priorities. It also found that there were appropriate escalation procedures in place for the sample of risks investigated.
- 4.2 The audit identified a number of areas for development including improving the consistency in which Services deal with similar issues and in certain cases ensuring that the records maintained on Covalent are kept up to date. The results of the audit have been discussed at the most recent Risk Management Officer Working Group and an action plan agreed to address these issues.
- 4.3 In recent months work has been undertaken to prepare for the tendering of the new Insurance Contract (which is covered in more detail in a separate report elsewhere on the agenda). During this process both our current insurance provider and our brokers (AON) have considered the Council's Risk Management Framework and assessed it to be robust. This is important because the insurance premiums that will be charged will take into account whether the Council has effective systems and procedures in place. Risk Management has become even more important within the current climate where there is a potential for increased premiums in a market that our Brokers have advised is hardening.
- 4.4 As part of our approach to reducing risks from an insurance perspective, meetings have been taking place with Services to consider higher risk areas such as Housing and Regeneration in relation to commercial buildings, and Street Scene in relation to motor vehicle accidents.
- 4.5 This has resulted in a working group being established within Street Scene to consider incidents and to identify what risk management processes can be put in place to reduce insurance claims. The group is in the process of establishing its terms of reference and membership, but it is proposed that the first meeting will take place in late January. Already such initiatives as driver reassessments, refreshed risk assessments and new items to be included in the current tool box talks have been introduced. Similar processes are underway in other service areas.

- 4.6 Risk Management training has been held for Officers within several Services and further training is proposed to take place over the coming months. The scheduled meetings of the Risk Management Officer Working Group have also taken place over the year.
- 4.7 The Risk Management Policy has been reviewed and continues to meet best practice requirements. Consequently only one change is proposed to the Policy, which is to change the frequency of producing monitoring reports on Service Risk Registers for Heads of Service from a quarterly to a six monthly basis. This will then be consistent with the reporting frequency of risk management reports to Cabinet and the frequency of Risk Management Officer Working Group meetings.

## **5.0 REVIEW OF EFFECTIVENESS**

- 5.1 The Risk Management Framework has once again operated effectively over the last year. The arrangements in place include the Key and Service Risk Registers, a Risk Management Policy, a Risk Management work programme and a training programme for Members and Officer. The Risk Registers continue to be maintained on line and are subject to regular review and updating.

## **6.0 RISK ASSESSMENT**

- 6.1 The continued review of the Risk Management Framework is essential to ensure the successful achievement of the Authority's objectives, demonstrate effective provision of its services and the maximisation of opportunities. If we are unable to maintain an effective Risk Management Framework, we could endanger the achievement of our primary objectives. By continually monitoring and reviewing the Authority's Risk Management Framework it should continue to improve, develop and meet best practice requirements.

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### **Background Documents**

There are no background documents (as defined in section 100D(5) of the Local Government Act 1972) to this report.

### **Equality Impact Assessment**

The decision does not have a direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

None