



AUDIT AND GOVERNANCE COMMITTEE:

29th January 2019

Report of: Borough Treasurer

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SUBJECT: RISK MANAGEMENT FRAMEWORK AND POLICY UPDATE

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.
- 1.2 To propose a number of minor changes to the current 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 amendments to the Risk Management Policy set out in the appendix be endorsed for approval by Cabinet.
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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. 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, and public image (reputation).
- 3.2 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 and vision. 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.

- 3.3 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, the main developments that have occurred during that time, and considers proposed amendments to the Risk Management Policy.

4.0 DEVELOPMENTS OVER THE LAST TWELVE MONTHS

- 4.1 The Risk Management Officer Working Group has continued to meet. At the meeting in July 2018 Officers discussed training requirements for staff, subsequently training on the Pentana Risk system was provided in August 2018. Also discussed was the assigning of categories to record different levels of risk, the advantage being that it allows for several risks to be recorded on the Pentana Risk system without key and service risk registers becoming cluttered. At the next meeting planned for February there are a number of matters that will be discussed including the risk management work programme for the next year and the use and scoring of internal controls to give a more informed view on the effectiveness of controls.
- 4.2 It is a best practice requirement that the Key Risk Register be reported to Cabinet every six months and this has continued to take place over the last year. The Key Risk Register provides a useful summary of the main issues facing the Council and provides assurance to Members that these risks are being effectively managed. Arguably the most important risk facing Councils at this time continues to be the financial challenge of dealing with significant and on-going reductions in government grant funding and other external income. This risk is being effectively managed, and a Sustainable Organisational Review Process is in place to secure the financial resilience of the Council. However the challenging medium term financial position facing the Council over the next few years means that this will continue to be a key risk.
- 4.3 Service Risk Registers continue to be reviewed on a quarterly basis but in practice will be more regularly reviewed for significant risks, and Heads of Service are responsible for ensuring that these registers are comprehensive, accurate and up to date.
- 4.4 A webpage dedicated to Risk Management is available via the staff intranet and offers a central location for all documents relating to Risk Management to be stored. Contained on the webpage is a copy of the Risk Management Policy, the Corporate Risk Assessment Framework, a Pentana Risk User Guide and a summary of the roles of Officers in the Risk Management Process.
- 4.5 Risk Management and Pentana Risk system training continues to be offered to new Officers when they start at the Council and refresher training has and will continue to be conducted for existing Officers when requested. It is intended that the next Risk Management training session for Members will take place in November 2019.

- 4.6 Risk Management is an area that is regularly considered by Internal Audit and there are no significant control issues that have been identified as a result of these reviews.

5.0 CHANGES TO THE RISK MANAGEMENT POLICY

- 5.1 The Risk Management Policy continues to be reviewed by Officers to ensure that it reflects best practice, new developments and organisational change.
- 5.2 A tracked changes version of the Policy is included in the appendix, which incorporates a number of minor wording amendments. It is recommended that this Policy is endorsed for consideration and approval by Cabinet at its meeting in March.

6.0 REVIEW OF EFFECTIVENESS

- 6.1 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, and a Risk Management work programme, incorporating a training programme. The Risk Registers continue to be maintained on the Pentana Risk system and are subject to regular review and updating.

7.0 RISK ASSESSMENT

- 7.1 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 vision and priorities. By continually monitoring and reviewing the Authority's Risk Management Framework it should continue to improve, develop and meet best practice requirements.

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.

Appendix

Appendix A - Proposed Amendments to the Risk Management Policy.