



**AGENDA ITEM:**

**Executive Overview & Scrutiny  
: 28<sup>th</sup> January 2021.**

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**Report of: Head of Finance, Procurement & Commercial Property**

**Relevant Portfolio Holder: Councillor A. Yates.**

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**SUBJECT: Risk Management Framework & Corporate Risk Register**

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**Borough Wide Interest**

**1.0 PURPOSE OF THE REPORT**

1.1 The purpose of this report is to propose changes to the Risk Management Framework and to set out details of the Corporate Risks facing the Council and how they are being managed.

**2.0 RECOMMENDATIONS**

2.1 That the revised Risk Management Policy including a new Risk Appetite Statement and Corporate Risk Matrix (appendix A) and Risk Management Toolkit (appendix B) be considered prior to submission for approval by Cabinet.

2.2 That the progress made in relation to the management of the risks shown in the Corporate Risk Register (Appendix C) be noted.

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**3.0 BACKGROUND**

3.1 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's objectives. 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.

- 3.2 It is a best practice requirement that the Risk Management Framework and the Corporate Risk Register are reviewed and reported to Members on a regular basis. Consequently it is our standard practice to report on Corporate Risk Register issues to this committee every 6 months and on the Risk Management Framework on an annual basis.

#### **4.0 CHANGES TO THE RISK MANAGEMENT POLICY**

- 4.1 The Risk Management Policy continues to be reviewed by Officers to ensure that it reflects best practice, new developments and organisational change. An updated version of the Policy which includes a new Risk Appetite Statement (pages 8-10) and Corporate Risk Matrix (pages 11-12) is included at appendix A.
- 4.2 The biggest change to the policy involves the movement of a 5x5 risk matrix to a 4x4 risk matrix. Having a larger matrix may not give a sufficient, or may give too vague of an assessment. It is noticeable that risks within a 5x5 matrix often become stuck within middle ground as an easy option. In addition a 4x4 matrix will align with Audit's Assurance Options which record the overall level of assurance surrounding the Councils Risk Management, Control and Governance processes, recognised by the internal Audit team at the time any audit review work is undertaken.
- 4.3 The Councils risk appetite has been reviewed and is formalised in the statement at section 18 of the Policy (pages 8-10). Directors, Heads of Service and Members were sent a short survey to collect current perceptions of the Council's risk appetite and to establish where they would like the risk appetite to sit. The results of this survey were discussed in a workshop session facilitated by Zurich Municipal, the Councils insurer, and the updated Risk Appetite was agreed.

#### **5.0 RISK MANAGEMENT TOOLKIT**

- 5.1 In order to increase understanding and application of the Risk Management Policy it is essential that officers have access to a working document detailing practical and real life examples that they can refer to when maintaining the documentation required to support their Service Risk Register and the Council's Corporate Risk Register.
- 5.2 The Toolkit (appendix B) highlights the importance of risk management, the structure of it within the Council and clearly discusses the steps that must be taken to follow the Risk Management Process.

#### **6.0 CORPORATE RISK REGISTER**

- 6.1 Corporate Risks are defined as significant risks that are likely to affect more than one Service. The Corporate Risk Register records major corporate and directorate initiatives, procurement or projects. It gives a summary of these risks and the work that is being undertaken to mitigate them, although many of these risks will have already been the subject of separate committee reports. In addition each Service maintains its own Service Risk Register of the specific risks that it faces.

- 6.2 The Corporate Risk Register attached (appendix C) shows the current Corporate Risks and the measures in place to manage those risks. The regular reporting of the Register provides Members with an opportunity to scrutinise risks and provides assurance that these risks are being effectively controlled.
- 6.3 There are currently 20 risks on the Corporate Risk Register, none of these risks fall into the very concerned category. The below matrix illustrates the number of corporate risks that fall within each category of the matrix.

		Impact				
		1	2	3	4	5
Likelihood	5					
	4			3		
	3		1	5	1	
	2		1		3	4
	1			1	1	

- 6.4 The risk of balancing the HRA budget has been removed from the register since it was last presented as the HRA budget remains in a stable position.
- 6.5 There have been four new risks added to the register since it was last presented, these being as follows:

Title of Risk	Risk Score
Failure to comply with the Data Security & Protection Toolkit	12 Concerned
Transition of ICT services to new provider	12 Concerned
Failure to deliver 2021 Elections	12 Concerned
Transition of Revenues & Benefits Services back to WLBC	8 Uneasy

All new risks have controls in place to mitigate the risk.

- 6.6 There are a number of risks that remain on the register but their current risk score has altered since the risk was last presented to Cabinet. Those risks where the risk score has decreased are detailed as follows:
- 6.6.1 Effective Management of Cyber Security – decreased from 12 "concerned" to 9 "uneasy" due to the active management of the firewall and endpoint security and having effective controls in place. The uneasiness is the continued receipt of e-mails which present a threat if opened.
- 6.6.2 Failure to Develop Skelmersdale Town Centre – decreased from 9 "uneasy" to 3 "content" as all final agreements and contracts have now

been signed and completed, and the contractor is mobilising to start on site.

6.6.3 Business Continuity Potential for Disruption – decreased from 8 "uneasy" to 6 "uneasy" as plans are in place and are tested regularly.

6.6.4 EU Exit – decreased from 6 "uneasy" to 4 "content" as Britain has now exited the EU and there has been so significant disruption.

6.7 There are two risks where the risk score has increased, these are as follows:

6.7.1 Preparation of a new local plan - increased from 6 "uneasy" to 9 "uneasy" as the preparation of a new local plan has been put on hold, increasing the likelihood that the risk will materialise.

6.7.2 COVID 19 – has increased from 10 "uneasy" to 12 "concerned" as the infection rates are currently rising.

6.8 The title wording of two risks has changed since it was last presented. The risk of delivering a successful SORP project has been renamed to reflect the change of name to the Our Future Project. The risk in relation to the West Lancashire Development Company has been changed to reflect the correct name of Tawd Valley Development Company.

## **7.0 SUSTAINABILITY IMPLICATIONS**

7.1 Understanding risk is important in ensuring that the Council is sustainable on many fronts, financial soundness, analysis of key strategic objectives, to ensure effective delivery and to ensure that competence is portrayed to key stakeholders.

## **8.0 FINANCIAL AND RESOURCE IMPLICATIONS**

8.1 The successful management of the risks facing the Council will ensure that resources are used effectively and efficiently.

## **9.0 RISK ASSESSMENT**

9.1 The continued review of the Risk Management Framework is essential to ensure the successful achievement of the Council'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 objectives. By continually monitoring and reviewing the Council's Risk Management Framework it should continue to improve, develop, meet best practice requirements and strengthen the Council's Corporate Governance Framework.

## **10.0 HEALTH AND WELLBEING IMPLICATIONS**

10.1 There are no health and wellbeing implications arising from this report.

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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 any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

## **Appendices**

Appendix A – Risk Management Policy  
Appendix B – Risk Management Toolkit  
Appendix C – Corporate Risk Register.