



## AUDIT AND GOVERNANCE COMMITTEE:

26<sup>th</sup> January 2022

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

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### **SUBJECT: RISK MANAGEMENT FRAMEWORK UPDATE**

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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.
- 1.2 To recommend changes to the current Risk Management Policy & Toolkit.

#### **2.0 RECOMMENDATIONS**

- 2.1 That the continuing effective operation of the Risk Management Framework as detailed in the Annual Report 2021 (Appendix A) be noted.
  - 2.2 That the proposed amendments to the Risk Management Policy & Strategy (Appendix B) and Toolkit (Appendix C) be endorsed for approval by Cabinet in March 2022.
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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 achievement of its priorities, objectives and activities. Risk Management is fundamental to the Council's governance and contributes greatly to the successful delivery of services and the key priorities.
- 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, priorities and vision. Risk Management is about effectively managing risks that could affect the Council. It is also about making

the most of opportunities. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities

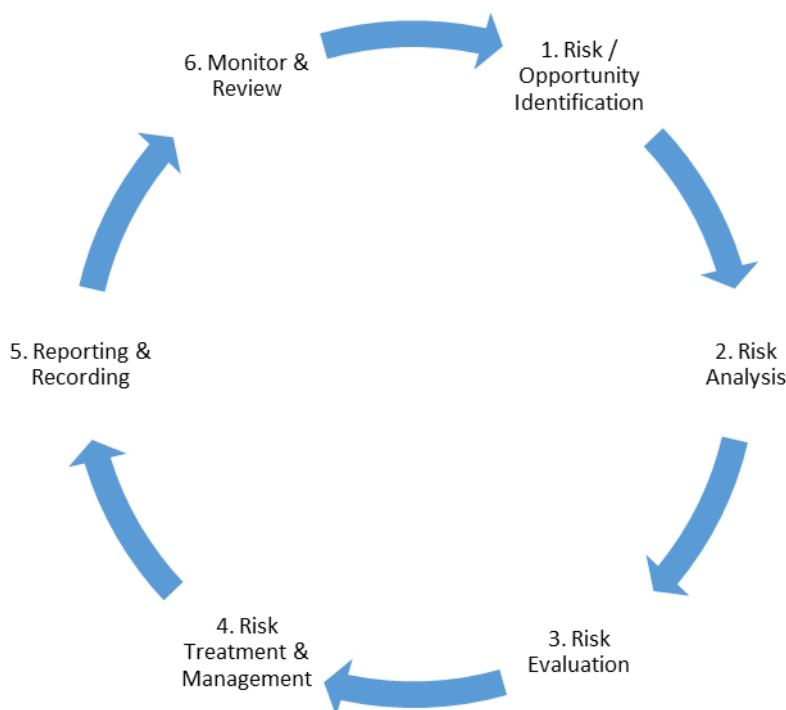
- 3.3 The purpose of this report is to provide assurance to this Committee that the Council has in place effective risk management arrangements, and that risks identified through this process are managed, and monitored appropriately. This enables the Audit and Governance Committee to fulfil the responsibilities as set out in the Terms of Reference

**To monitor the effectiveness of risk management and corporate governance processes in the Council**

- 3.4 This committee should seek assurance that the Council is operating an effective risk management framework, as such this report assesses the operation of the framework over the last twelve months, highlights the main developments that have occurred during that time, and considers proposed amendments to the Risk Management Policy & Toolkit.

## 4.0 RISK MANAGEMENT PROCESS

- 4.1 The risk management framework sets out how the Council identifies, manages, and monitors risks. In summary, the risk management process for the Council can be broken down into the following key components:



- 4.2 All risks are recorded on Pentana, the Council's risk management information system, and risk registers are used to generate risk information across the Council.
- 4.3 We identify risks at two levels, at service level and at a corporate level. Corporate level risks (key risks) are those risks which if they occur would have the greatest

impact on the Council, the achievement of its priorities, objectives, and activities. They are strategic high-level risks. The management of these risks is co-ordinated and overseen by CMT quarterly, and Cabinet and Executive Overview & Scrutiny Committee twice a year.

- 4.4 Services risks are operational risks which are faced in the day-to-day delivery of services. They are risks that could have an effect on the successful achievement of the service priorities, objectives, and activities. They are principally identified as part of the service action planning cycle each year. Throughout the year these risks are reviewed, updated and scrutinised quarterly by Heads of Service.

## **5.0 RISK MANAGEMENT PROFILE**

- 5.1 At the end of November 2021 there were 307 identified active risks and 211 active controls on the Council's risk register.

## **6.0 ANNUAL RISK REPORT**

- 6.1 The 2021 Annual Report (Appendix A) highlights the positive improvements to risk management that have been made over the last 12 months. These include a new policy and toolkit, a suite of training webinars, the introduction of risk impact categories, and a quarterly risk newsletter.
- 6.2 The report highlights the aims and objectives for 2022/23 which include conducting a risk maturity review to benchmark the councils current risk maturity, to further develop the risk culture and to strengthen joined up working across service areas.

## **7.0 CHANGES TO THE RISK MANAGEMENT POLICY & TOOLKIT**

- 7.1 The Risk Management Policy (Appendix B) and Toolkit (Appendix C) continue to be reviewed to ensure that they reflect best practice, new developments, and organisational change.
- 7.2 Both documents have been reviewed and improvements have been made to ensure that they remain fit for purpose and user friendly. The term 'Corporate Risk Register' has been replaced with 'Key Risk Register' as it was found that the term 'corporate' led to confusion with regards to whether the risk was a key risk or a cross service risk. The documents have been condensed and text represented by images where possible to aid understanding for the reader.
- 7.3 The policy has been renamed policy and strategy and now includes a detailed strategy outlining the aims of risk management within the Council which focus on further embedding risk management in all aspects of the Council's operations.

## **8.0 REVIEW OF EFFECTIVENESS**

- 8.1 The risk management framework has once again operated effectively over the last year. The arrangements in place include key and service risk registers, a risk management policy, toolkit, and a work programme incorporating a training programme. Risk registers continue to be maintained on the Pentana risk system and are subject to regular review and updating. The risk function will aim to further embed risk management and develop the Council's risk maturity over the

next 12 months.

## **9.0 SUSTAINABILITY IMPLICATIONS**

- 9.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

## **10.0 FINANCIAL AND RESOURCE IMPLICATIONS**

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

## **11.0 RISK ASSESSMENT**

- 11.1 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 vision and priorities. By continually monitoring and reviewing the framework it should continue to improve, develop and meet best practice requirements.

## **12.0 HEALTH AND WELLBEING IMPLICATIONS**

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

### **Appendix**

Appendix A – Risk Management Annual Report 2021

Appendix B – Updated Risk Management Policy & Strategy

Appendix C – Updated Risk Management Toolkit