West Lancashire Borough Council

Annual Risk Management Report 2021

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Annual Risk Management Report 2021 – Summary

-Updated Policy
-New 4x4 Matrix
-Formalised Risk Appetite Statement

Updated Key & Service Risk Registers with detailed internal controls

Updated Methods of Reporting

New Risk Management Toolkit

9 Risk Impact Categories

Risk Identification Workshops

Pentana Training

6 Training Webinars

ALARM Membership

Quarterly Risk Newsletter: 'Risk Round Up'

Improvements have been made to the risk management framework to ensure that there is a clear, consistent and embedded approach to risk management across the Council. Improvements include:

- An updated risk management policy
- A formalised risk appetite statement
- A new 4x4 risk matrix
- Reviewed and updated key and service risk registers
- Detailed and scored internal controls
- New and more frequent methods of reporting risk to CMT

In order to strengthen the risk framework, efforts have been made to ensure that there is accessible and updated information and tools available to officers. These include:

- A risk management tool kit
- 9 risk impact categories to support accurate risk measurement

To develop the risk culture and maturity of the organisation, a range of mechanisms have been developed to increase risk engagement, knowledge, skills and officer's confidence when discussing risk. These include:

- Mandatory induction risk training sessions for all members of staff
- Refresher risk and Pentana training for all staff
- Risk webinars and toolbox talks available to all members of staff
- Refresher training for Members
- 6 monthly "lunch and learn" sessions on different risk topics
- A range of risk identification and support workshops available to all service areas who want to review and improve their risk registers
- ALARM membership to allow networking with other risk managers
- A quarterly risk newsletter "Risk Roundup" shared with all staff and Members
- Mandatory risk discussions at quarterly DMT meetings

Annual Risk Management Report 2021

The Risk Management Annual Report is a summary of the key risk management activities, outcomes, performance highlights and challenges which have occurred over 2021. The report draws upon key findings from the last year established through consultation activity, benchmarking activity, and review work.

Overview

The Council undertook an internal strategic risk management review during 2021 which looked at the risk management framework with particular emphasis on risk structures, processes, and reporting. The purpose of the review was to ensure that the Council is in the best possible position to identify and respond to risk and that all components of the risk management framework are aligned with best practice. Consequently, several changes to the risk management framework and process have been made to improve methods of recording, assessing, and reporting strategic risk.

The council went "back to basics" and introduced a new policy, risk matrix and formulated the risk appetite. Understanding of the new framework was accompanied by a series of internal and external live training sessions, webinars and a toolkit which explains risk management and the council's process.

There has been considerable work carried out to scan the horizon for potential risks. Surveys and workshops took place with the assistance of an external risk consultant. The Risk Management Officer will continue to monitor global and national risk trends, intelligence from risk organisations and lessons learnt from other local authorities as well as internal lessons learnt to assist in feeding this back into service delivery. Ongoing development work to progress the risk culture includes webinars, training sessions and workshops to ensure that officer's knowledge, confidence, and awareness of risk is strengthened at all levels. Framework reviews, a risk maturity review and training will remain a focal point of risk activity throughout 2022, enabling officers to confidently identify emerging threats and opportunities and manage these as effectively as possible.

Ares for Improvement

The Risk & Insurance Officer has considered the risk framework, strategy, reporting structure and risk culture such as how risk awareness is communicated across the Council and how risk management differs in individual service areas. Although risk registers are in place for individual service areas and some projects, a consistent use of Pentana and regular risks discussions is not consistent across service areas. Mechanisms to strengthen joined up working across services areas could be improved.

Risk Management Survey Responses

A risk survey was distributed to all staff to identify areas of weakness in the current framework. Those areas requiring improvement will be included in a 12-month work plan.

- 155 responses were received
- 15.48% of officers stated they were unsure or did not know where they could access the Risk Management Policy & 31% were unsure or did not know how they could access the Risk Management Toolkit
- 37% did not know or were unsure of who their Risk Management Champion is
- 33.2% had not read the Risk Round Up
- Key themes include the confusion of health and safety risks with strategic risk, Officers wanting a simplified framework, further training on both risk and Pentana being required, and that further work is required to improve the risk culture.

1. Key Activities & Performance Highlights

Risk Management Framework

The Risk Management Policy is a key document that provides a basis for a structured and coherent approach for the Council's risk management and includes its risk appetite, its methodology for identifying threats and opportunities and the long-term improvement plan for developing risk maturity.

- **Risk Management Policy & Strategy** An updated risk management policy has been developed with the view to ensuring that officers have a clear and comprehensive suite of documents which support risk management at all levels. The risk management policy contains a formalised risk appetite statement and risk strategy.
- **Risk Impact Categories:** The challenges associated with measuring risk accurately in complex environments has presented the requirement for a flexible and nuanced way to measure risk. A set of risk impact categories has been designed to guide officers when measuring risk. In addition, risk impact categories allow the council to more accurately assess the impact of a risk to ascertain whether, for example, the impact is financial, reputational, or environmental. It also allows for the grouping together of similar risks.
- **Key & Service Risks:** Risks have been reviewed to ensure that the key risk register and service risk registers are reflective of the current threats which face the Council. The relevant review work has been completed through workshops and discussions. Internal controls have been updated and scored to ensure that they are reflective of current activity being undertaken to reduce each risk.

Tools and Techniques

In order to improve the consistency of risk management across service areas and ensure that interdependencies are identified and tracked effectively, several changes have been made throughout the year.

- **Risk Matrix:** A new 4x4 risk matrix was developed to force a decision to be made on risks as too many risks were sitting in the middle ground of the previous 5x5 risk matrix.
- **Risk Management Toolkit:** A risk toolkit has been developed to support the risk management policy. The document includes key descriptive information about the risk framework, process and roles and responsibilities. The toolkit has been developed to ensure officers have accessible and clear information to use when progressing through the risk management process.
- **Risk Reporting:** The risk reporting format has been updated to include regular reporting of Corporate and Critical risks to CMT.
- **Risk Identification & Horizon Scanning Workshops:** Several risk workshops have been facilitated at both a corporate and service level enabling risk focused discussions to support the identification of emerging risk. A horizon scanning survey and workshop took place with the assistance of an external consultant to make sure that as far as reasonably practicable the council has considered new and emerging threats and opportunities and has updated risk registers accordingly.

Risk Communication & Awareness

- **Risk Training Sessions & Webinars:** A series of live internal and external training sessions have been delivered. There have been bespoke team training workshops, a series of risk webinars and live and pre-recorded Pentana training sessions. 6 monthly risk "lunch time learning" sessions are offered to all staff. For those staff without internet access a risk management toolbox talk is available. Risk management training has formed a mandatory part of the induction process.
- **Risk Newsletter:** A quarterly risk newsletter "Risk Round Up" is circulated to all Members and staff with the aim of sharing important news stories, risk trends and updates.
- **Risk Discussion at DMTs:** Risk is now a mandatory agenda item at service DMTs.
- **Risk & Procurement:** The Early Procurement Engagement Form has been amended to include a section in which the risks of are encouraged to be added to Pentana.
- **Risk Management Intranet Page:** Houses all risk webinars, details of service risk management champions, newsletters, and key risk documents.

2. Audit Comments

The overall assessment of risk management arrangements cited in the Head of Internal Annual Report and Opinion 2021 is as follows:

> The Council has launched its new Risk Management Policy and Toolkit and staff and Members have received training by the Risk and Insurance Officer and a representative from the Council's Insurer. The launch of this new policy and toolkit will ensure that Risk Management is embedded throughout the Council. All Council risks are in the process of being uploaded on to the Pentana Risk system by Senior Managers and Heads of Service which will allow for routine monitoring, implementation of mitigations and report

The Risk Management & Insurance Officer has been working collaboratively with internal audit and has built on recommendations referenced by Internal Audit in their 2019 audit report. Not only has significant progress been made to address elements of the risk management framework arising from previous Internal Audit activity, but development work is also being driven from a staff risk management survey. A detailed 12-month plan will be developed with the aim of strengthening those areas of weakness identified in the survey.

A robust and effective risk management framework is an essential underpinning of risk-based auditing and current activity will allow for internal audit activity to be appropriately positioned relative to the Council's 3 lines of defence.   Risk management is a critical part of corporate governance and this is acknowledged by the risk function.

3. Aims & Objectives for 2022-23

There are several aims for the 2022-23 period that the Risk Management & Insurance Officer is working to progress.

- **12 Month Risk Management Work Plan**: Based on information from the staff risk survey, areas of weakness in the framework will be identified and a 12-month risk work plan put in place to remedy this.
- **Risk Maturity Review**: An external consultant will carry out a review of the authority's risk maturity and any areas of weakness will be worked into the work plan. The council will aim to become more mature in its risk management with each year that progresses.
- **Risk Workshops & Horizon Scanning**: The Risk Management Officer will continue to promote risk horizon scanning workshops to service areas and assist in providing training sessions on carrying out these workshops so that services are confident in performing risk horizon scanning. Information, trends, and intelligence from a range of global and national risk sources will be communicated to teams so that this can be fed back into service delivery.
- **E-learning Package**: The development and implementation of an eLearning package is in the initial planning stages. Webinars will be moved from the intranet to the Learning Pool platform which will allow the Risk Officer to monitor the number of staff completing training. Officers will be required to pass a 5-question test to complete the training module.
- **Data and Performance Monitoring**: Where relevant, the Risk Management Officer will continue to align the monitoring of risk with performance indicators to strengthen risk management.
- **Risk Culture:** We will continue to embed the importance of risk management at every level of the authority and encourage staff not to view risk management in silos, but to understand how a risk in their service area may affect other services and the council's achievement of its overall aims, objectives, priorities and vision. Work will be caried out with Risk Champions to that they fully appreciate the benefit that their role brings to the organisation and how critical they are to the risk management process.
- **Joined up working:** Mechanisms to strengthen joined up working across services areas could be improved. Consideration will therefore be given to implementing specific working groups with the aim of sharing more information between departments.