



**EXECUTIVE OVERVIEW & SCRUTINY
COMMITTEE: 24th February 2022**

CABINET: 8th March 2022

Report of: Head of Finance, Procurement & Commercial Services

Relevant Portfolio Holder: Councillor A Yates

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SUBJECT: RISK MANAGEMENT FRAMEWORK UPDATE & KEY RISK REGISTER

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.
- 1.3 To set out details on the key risks facing the Council and how they are being managed.

2.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW & SCRUTINY COMMITTEE

- 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 considered and agreed comments be forwarded to Cabinet for consideration.
- 2.3 That the progress made in relation to the management of the risks shown in the Key Risk Register (Appendix D) be considered and agreed comments be forwarded to Cabinet for consideration.

3.0 RECOMMENDATIONS TO CABINET

- 3.1 That the continuing effective operation of the Risk Management Framework as detailed in the Annual Report 2021 (Appendix A) be noted.

- 3.2 That, subject to consideration of the agreed comments of the Executive Overview & Scrutiny Committee, the proposed amendments to the Risk Management Policy & Strategy (Appendix B) and Toolkit (Appendix C) be approved.
- 3.3 That subject to consideration of the agreed comments of the Executive Overview & Scrutiny Committee, the progress made in relation to the management of the risks shown in the Key Risk Register (Appendix D) be endorsed.
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4.0 BACKGROUND

- 4.1 The 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.
- 4.2 Dealing with risk is very much a management activity but there is clear responsibility and accountability for Members in the operation of the Council business which directly involves issues of risk management. This report provides Members with an oversight of the effectiveness of the risk management framework and enables Members to seek assurance about the effectiveness of control arrangements.
- 4.3 Central to the operation of an effective framework are the Council's risk management policy and toolkit. These documents are reviewed annually, and changes made to improve the documents where appropriate. Members are requested to approve both documents on an annual basis.
- 4.4 Within this report is a summary of the management of the corporate key risks so that Members may satisfy themselves that the risks are being adequately managed. The Key Risk Register is reported to Members on a biannual basis.

5.0 ANNUAL RISK REPORT

- 5.1 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.
- 5.2 The Annual Report highlights the aims and objectives for 22/23 which include conducting a risk maturity review to benchmark the council's current risk maturity, to further develop the risk culture, and to strengthen joined up working across service areas.

6.0 CHANGES TO THE RISK MANAGEMENT POLICY & TOOLKIT

- 6.1 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. The updated documents were endorsed by the Audit and Governance Committee on 26th January 2022.

- 6.2 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 with images where possible to aid understanding.
- 6.3 The policy has been renamed policy and strategy, and 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.

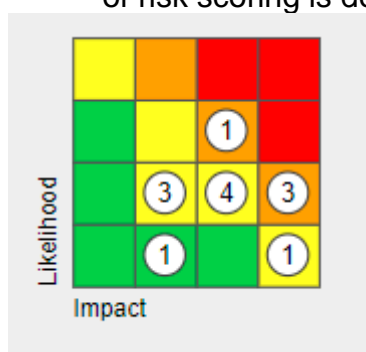
7.0 KEY RISK REGISTER

- 7.1 It is considered good practice to include an update to Members periodically on progress against key risks. This monitoring should summarise general direction of travel in order to clearly demonstrate the progress being made on specific risk items (see section 6.7). If all is well then no discussion may be required; if all is not well then it is easy to identify the issues to pursue. As part of the Council's risk management framework, key risks are reviewed quarterly by CMT.
- 7.2 Service risks are reviewed quarterly by Heads of Service. It is not necessary for Cabinet to know about every risk but rather to know what the key risks are, whose job it is to deal with them, and that they are being actively managed.
- 7.3 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 Council risks. The Key Risk Register (Appendix D) gives a summary of these risks, the residual risk score 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, more detailed information regarding each of the key risks, the scoring and internal controls that mitigate the risk are contained on the Council's Pentana system.
- 7.4 The assessment methodology used to score the risks is detailed in the Risk Management Policy (Appendix B) at section 24, pages 14-15.
- 7.5 Two new risks have been added to the register since it was last presented, a risk relating to external funding uncertainty and a risk regarding recruitment and retention of key staff.
- 7.6 No risks have been removed from the register since it was last presented.
- 7.7 Unless detailed in the table below the scoring of the risks on the Key Risk Register remains unchanged from the last report presented 6 months ago.

| Title of Risk | Previous Risk Score | Current Risk Score | Reasoning |
|---|---------------------|--------------------|--|
| Potential Treasury Management Investment Losses | 8 Concerned | 4 Cautious | The pessimistic economic forecast predictions are that interest rates will increase materially and therefore the yields will follow suit |

| | | | |
|--|-------------|---------------|---|
| Achieving a balanced General Revenue Account Budget Position | 8 Concerned | 6 Cautious | The recent GRA midyear outturn forecast and the previous year's financial performance both have reduced the perceived budget gap significantly. |
| Failure to deliver Skelmersdale Town Centre phase 1 retail development | 4 Cautious | 2 Comfortable | There was no procurement challenge made therefore the likelihood of the risk materialising is reduced. |
| COVID -19 | 6 Cautious | 4 Cautious | There is an increased protection offered against the disease from vaccinations. |

7.8 There are currently no key risks that fall into the "critical" category. An overview of risk scoring is detailed in the diagram below.



8.0 SUSTAINABILITY IMPLICATIONS

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

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

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

10.0 RISK ASSESSMENT

10.1 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 framework, we could endanger the achievement of our vision and priorities. By continually monitoring and reviewing the risk management framework it should continue to improve, develop and meet best practice requirements.

11.0 HEALTH AND WELLBEING IMPLICATIONS

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

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
- Appendix D – Key Risk Report