AUDIT AND GOVERNANCE COMMITTEE:

31 January 2017

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 and to recommend 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 be endorsed.

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, public image (reputation) and environment.

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. 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 twice a year. At the meeting in July 2016 a range of issues were considered including the risks associated with the flooding over the Christmas 2015 period, the use of Covalent (our performance and risk management IT system) to manage and record risks, updates to the Green Guide on Risk Assessment and the training of Officers and Members. In addition the group reviewed the Risk Management Policy to see whether any amendments or modifications were required, and a small number of potential changes were identified. At the latest meeting earlier this month there were a number of matters discussed including the risk management work programme for the next year, the use of risk impact tables, and the appropriate levels for risk appetite thresholds.

4.2   It is a best practice requirement that the Key Risk Register be reported to Cabinet bi-annually and this has continued to take place over the last twelve months. Arguably the most important risk facing Councils at this time is the financial challenge of dealing with significant and ongoing reductions in government grant funding. This risk is being effectively managed by the Council, and elsewhere on the agenda our external auditors have concluded that there are proper arrangements in place to secure the financial resilience of the Council. 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   The use of Covalent is currently being reviewed across the Council to ensure that the software is being utilised to its full potential. In the last 12 months the Council has moved to a browser version of the Covalent system making the system more user friendly. Training has been provided to Officers with a Covalent licence and a user guide has been produced and is readily available via the Council's intranet.

4.4   A webpage dedicated to Risk Management has been set up on the 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 Covalent User Guide and a summary of the roles of Officers in the Risk Management Process.

4.5   Risk Management training courses were provided to Officers in December 2016 and focused on the scoring of risk and the importance of identifying controls to manage risk. 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.

4.6   In November 2015 Risk Management training was provided to Members. The purpose of the session was to provide Members with a practical knowledge of how the Risk Management Process works and the tools to play an active role in how the Council manages risk.

4.7   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 has been reviewed by Officers to ensure that it reflects best practice, new developments and organisational change. This review has identified a small number of changes that need to be made such as to reflect the change in the Council's organisational structure that took place in 2016.

5.2   A tracked changes version of the Policy is included in the Appendix, and Members are asked to endorse these amendments. It is then intended that the changes to the policy will be approved at the Cabinet 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 Covalent 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 primary objectives. 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
Proposed Amendments to the Risk Management Policy.