

**BRISTOL CITY COUNCIL**

**Audit Committee**

**2<sup>nd</sup> May 2014**

**Report of:** Strategic Director Business Change

**Report Title:** Corporate Risk Register – Progress Update

**Ward:** Citywide

**Officer presenting report:** Alison Mullis, Melanie Henchy-McCarthy

J/S Chief Internal Auditor

**Contact Telephone Number: 0117 92 22448**

**RECOMMENDATION**

The Committee note the progress in reviewing the Corporate Risk Register and the intention to bring the fully developed Corporate Risk Register to the June 2014 Audit Committee for scrutiny and challenge.

**SUMMARY**

This report presents an overview of the development work that has been undertaken to reshape and review the Corporate Risk Register. The work is still in progress but it is felt that the Committee would benefit from an update of the approaches being considered and endorsed by the Extended Leadership Team.

**The significant issues in the report are:**

- Good progress has been made in reviewing the approach to identifying and recording corporate risks
- Risk Experts Zurich Municipal have been engaged to help with this review.
- Workshops have identified a different approach and philosophy in identifying and managing corporate risks including re-drawing the risk matrix used in assessing risk. (Appendix 1)

**Policy**

This report is submitted in accordance with the Audit Committee's Terms of Reference which requires the Committee to provide independence assurance to

the Council regarding the effectiveness of its strategic risk management arrangements.

**Consultation:**

**Internal:** Extended Leadership Team/Strategic Leadership Team

**External:** Zurich Municipal

**1. Background**

- 1.1. In November 2013, the Audit Committee received an annual report on Strategic Risk Management which identified a number of improvements required to make strategic risk management more effective. One key area for improvement was ensuring that the Corporate Risk Register more effectively targets management attention to the highest risks to enable monitoring and challenge of progress in managing these.
- 1.2. The Audit Committee agreed to continue to scrutinise the Corporate Risk Register on a six monthly basis to enable them to provide assurance to the Council regarding the robustness of risk management arrangements.

**2. Corporate Risk Register Development work – Update**

- 2.1. Risk management consultants, Zurich Municipal, were engaged to facilitate a series of workshops with the Council's Extended Leadership Team to review the Council's philosophies and approach to identifying and managing corporate risks.
- 2.2. An initial workshop focussed on the following key areas for understanding/clarification before starting a management team 'think tank' session aimed at clearly identifying and understanding the current Corporate risks:
  - 2.2.1. Re-evaluating our risk management processes and outputs
  - 2.2.2. Considering our risk appetite and how we consistently measure risk
  - 2.2.3. Defining what makes a risk a corporate risk rather than one which should be dealt with at Directorate or Service level
- 2.3. The second workshop was aimed at corporate risk identification and understanding.
- 2.4. Resulting from these two workshops, the Extended Leadership Team have worked to develop a philosophy and approach to risk management that will better equip them to understand and effectively respond to the main risks the Council faces. Key to this is ensuring the risks together with the potential causes and impact, are succinctly and transparently recorded and challenged.

Suggested amendments to the risk management policy and philosophy used by management/Members as a result of these workshops are:

- 2.4.1. The use of more meaningful, emotive and transparent terminology. This will be helpful in allowing management to better understand the risks and the importance of ensuring they are effectively managed.
- 2.4.2. Using a risk matrix which provides more granularity in measuring risk. A risk matrix using 4 impact and 6 likelihood measures will make it easier to see which risks are highest (the outliers) and is more transparent in enabling the effectiveness of mitigations to reduce risk to be seen.
- 2.4.3. Being clear and consistent in the language that we use is important and the need for clear guidance on the impact and likelihood measures is required. Considering the causes and consequences of the risk also provides clarity.
- 2.4.4. Use of the Extended Leadership Team to regularly review the Corporate Risk Register and provide focus where necessary.
- 2.4.5. The need to take a short and long term view of risk (risk Horizon) in terms of how frequently the risk needs to be reviewed by Senior Management and Members should be introduced
- 2.5. Appendix 1 sets out the language and more granular risk matrix preferred by the Extended Leadership Team. This will be supplemented by suggested descriptors to aid consistent understanding and application of the language in assessment of risk management.
- 2.6. Dependent upon where the risk falls within the matrix, prescribed actions and escalation will be identified to ensure each risk is proactively managed to a 'target' acceptable risk level. Risk review periods will also be introduced to ensure each risk is reviewed at the appropriate time ie to distinguish between short term and longer term risk management – rather than a quarterly review of all risks.
- 2.7. A further workshop is scheduled for 7<sup>th</sup> May 2014 with the Extended Leadership Team to progress this work and it is anticipated that the new style Corporate Risk Register will be ready for presentation, review and challenge by the Audit Committee in June 2014.

### **Other Options Considered**

None necessary

### **Risk Assessment**

Robust and effective strategic risk management arrangements are essential in helping the Council manage its business and deliver its priorities.

### **Equalities Impact Assessment**

None necessary for this report

### **Environmental Impact Assessment**

None necessary for this report

### **Legal and Resource Implications**

**Legal** - none sought

**Resource** - None arising from this report

### **Appendices**

Appendix 1     Suggested Risk Matrix

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

Background Papers

None.

## APPENDIX (19)1

### CORPORATE RISK REGISTER

#### Preferred Risk Matrix

Likelihood	6	Almost Certain	6	12	18	24
	5	Probable	5	10	15	20
	4	Likely	4	8	12	16
	3	Possible	3	6	9	12
	2	Unlikely	2	4	6	8
	1	Almost Impossible	1	2	3	4
			Marginal 1	Significant 2	Critical 3	Catastrophic 4
			Impact			