

# Non-key Decision Committee Report

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**PURPOSE:** Non-key decision update report

**COMMITTEE:** Strategy and Resources Committee

**DATE:** 14 October 2024

**TITLE:** Q2 2024/25 Corporate Risk Report

**Officer presenting the report:** Joachim Adenusi **Title:** Senior Risk and Insurance Officer

**Committee Chair:** Cllr Tony Dyer

**Executive Director lead:** Paul Martin: Chief Executive Officer (CEO)

**Purpose of Report:** The report provides an update on current significant strategic risks to achieving the Council's objectives as set in the Corporate Strategy 2022-2027 and summarises progress in managing the risks and actions being taken as at Quarter 2 2024-25.

## Evidence Base / Context

1. The Corporate Risk Report (CRR) is a key document in the council's approach to the management of risk; it captures strategic risks set out in the Corporate Strategy 2022-2027. It also provides a context through which Directorates construct their own high-level risk assessments and is used to inform decision making about business planning, budget setting, transformation, and service delivery.
2. The CRR provides assurance to management and Members that Bristol City Council's significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed. It should be noted that 'risk', by definition, includes both threats and opportunities, which is reflected in the CRR.
3. Ensuring that the Service Risk Registers (SRR), Directorate Risk Reports (DRR) and the Corporate Risk Reports (CRR) are soundly based will help the council to ensure it is anticipating and managing key risks to optimise the achievement of the council's objectives and prioritise actions for managing those risks.
4. The registers and reports are a management tool. They need regular review to ensure that the occurrence of obstacles or events that may put individual's safety at harm, impact upon service delivery and the council's reputation are minimised, opportunities are maximised and when risks happen, they are managed effectively to minimise the impact.
5. The CRR summary of risks is attached to this report at Appendix A1 and is the latest position following a review by managers and Directors. The risks in Appendix A1 are presented in the order of severity, starting with the highest scoring risks followed by lower scoring risks.

## Summary of Corporate Risks:

6. CLB members are asked to note the CRR as a working summary report of the critical and significant risks from the Service Risk Registers as of 28<sup>th</sup> August 2024.
7. The CRR sets out the critical, significant, and high rated threats and opportunity risks. All other business risks reside on the Service Risk Registers.

8. Further programme of work with clear instructions to colleagues was undertaken to review and revise each CRR/DRR risk description, internal controls, mitigation plans and governance. The scope of this work included, where possible, the identification of new risks and a fresh look to confirm ongoing risks are current along with the actions to mitigate the risks.
9. Members of CLB reviewed the current CRRs and the DRRs on the 2<sup>nd</sup> of September to form the current CRR risks. Strategy and Resources Committee members are asked to accept the attached CRR as a working summary report of the critical and significant risks from the Service Risk Registers.
10. The Q2 2024-25 Corporate Risk Report (CRR) as September 2024 contains 22 risks:

Threat Risks	Opportunity Risks	External / Contingency Risks
1 Critical 20 High 1 Medium  3 Improving Risks 0 Deteriorating Risks 1 Escalated Risks 2 De-escalated Risks 3 Materialised Risk (New)	Nil	Nil

A summary of risks (Threat and Opportunities) for this reporting period are set out below:

**Critical Threat Risks**

11. There is one Critical Threat risks scoring Critical 7 x Almost Certain 4 = 28.
  - *CRR60 – Failure of HRA stock to meet landlord statutory obligations, the decent homes standard and consumer standards leading to death / serious injury and/or regulatory enforcement action:* The risk is critical due to the number of statutory obligations required by the Regulator of Social Housing.

**Improving Risks**

12. There are 3 improving Threat risks within the report:
  - *CRR9 - Possible Failure of Safeguarding Vulnerable Children.* Scored reduced from Critical 7 x Almost Certain 4 = 28 to Critical 7 x Likely 3 = 21 as we have increased the mitigations in place since the previous risk assessment.
  - *CRR55 - Children placed in unregistered provision may be at risk.* Score reduced from Critical 7 x Almost Certain 4 = 28 to Major 5 x Almost Certain 4 = 20 as we have increased the mitigations in place since the previous risk assessment. Recommendations from an Internal Audit have been accepted and implemented; and mitigations are in place.
  - *CRR57 - Possible procurement breaches and compliance with procurement rules & legislation:* Score reduced from Major 3 x Likely 3 = 9 to Moderate 3 x Unlikely 2 = 6 as improvements were made to detection of non-compliance.

13. There are no deteriorating risks within the report:

14. There are no External and Civil Contingency Risk risks within the report:

**Proposed Escalation to the Corporate Risk Register**

15. The following risk is recommended for escalation from service risk registers to the Corporate Risk Register.
  - *CRR63 - Possible failure to have appropriate insurance cover may lead to budget shocks from Council*

*self-funding losses*. This may occur by a lack of insurance coverage or failure to disclose insurance requirements. **(New)**

**Proposed to be managed at EDM level (De-escalation from the Corporate Risk Register)**

16. The following risks are recommended for de-escalation from the Corporate Risk Register to service risk registers.

- *CRR53 - Increased social worker and occupational therapists vacancies and sickness rates may result in vulnerable adults care being compromised*; as the risk score has been Major 5 x Likely 3 = 15 for the past two reporting period.
- *CRR57 Possible procurement breaches and compliance with procurement rules & legislation*; as the risk score has reduced from Major 5 x Likely 4 = 20 to Moderate 3 x Unlikely 2 = 6 over the last three reporting periods.

**Materialised Risks (New)**

17. This quarter we have introduced additional data for effective management of the Council’s risks and issues in time. The Q2 review has found the consequences predicted in some Corporate Risks have begun to occur and the impacts are now being felt within council and the community i.e the risks have materialised. These risks have a likelihood of ‘Almost Certain’, which is the highest likelihood that can be attributed to risks. The risks will be retained in council’s risks registers to provide visibility of these issues and so council can devise strategies to prevent future occurrences. The two risks that materialised in Q2 are stated below:

- *CRR9 - Possible Failure of Safeguarding Vulnerable Children*: The risk materialised during 2024 with the death of vulnerable children in the Bristol community.
- *CRR58 - Possible failure to adequately maintain and replace the Highway, Traffic, Parking and Docks infrastructure assets*: The impacts that have materialised include an increase in complaints and litigation, resulting in the need to divert resources from core business to manage these issues.
- *CRR60 - Failure of HRA stock to meet landlord statutory obligations, the decent homes standard and consumer standards may lead to regulatory enforcement action*: The impacts materialised on 9 July 2024 when the Regulator of Social Housing publish a Regulatory Judgement that confirmed a Consumer Standards Grading of C3.

**Interconnective Risks**

18. Some risks scoring above 20 are interconnected and inform existing corporate risks. These risks will not be escalated to the CRR as they are shown as ‘Related to’ the interconnected a Corporate Risk in Ideagen (formerly Pentana).

Main Risk	Connected Risks and Implications
<p><i>CRR13 Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure.</i></p>	<ul style="list-style-type: none"> <li>▪ <i>DRR Possible Hengrove Leisure Centre PFI Budget Deficit</i></li> </ul>
	<ul style="list-style-type: none"> <li>▪ <i>CRR62 - Risk that the Statutory Instrument (2020/1212 and 2022/1328) related to the Dedicated Schools Grant (DSG), which ringfences the deficit to the DSG is not extended beyond March 2026 and therefore reverts to the General Fund account.</i></li> </ul>
	<ul style="list-style-type: none"> <li>▪ <i>CRR58 - Possible failure to adequately maintain and replace the Highway, Traffic, Parking and Docks infrastructure assets.</i></li> </ul>
	<ul style="list-style-type: none"> <li>▪ <i>NEW Failure to deliver a balanced HRA budget in year, leading to a reduction in reserves and potential regulatory enforcement action</i></li> <li>▪ <i>CRR63 Possible failure to prevent inadequate cover and poor</i></li> </ul>

*insurance management within council. This may occur by a lack of insurance coverage or failure to disclose insurance requirements. (New)*

### Mitigation Actions Update

19. There were 19 new mitigation actions created during the reporting period which, when completed, will result in improved risk assurance and improvement towards our tolerance levels. Over 15 risk mitigation actions were successfully completed.

### Emerging (In Progress) Risks:

- RAAC Risk - Following Q1 Update, the team just finalised the process of writing to the premises in need of inspections with the Building Practice surveyors writing to their respective contact on site. A general letter will be posted to the sites in the next few days and will be followed up by a call from our external consultants Hartnell Taylor Cook (HTC) who are the completing the surveys.

### Static Risks

20. A risk is deemed static if the score has remained unchanged for three or more reporting periods Two risks were mitigated in Q2 after being static in Q1. Fifteen (15) other risks have scores that remained static, including during Q2. These risks are summarised in Appendix A2 of this report. During Q2, risk owners were challenged to reduce the risk scores or justify why the scores cannot reduce. These reasons are stated in the 'Summary of Progress' contained in the table for each risk in Appendix A1.

### Non CRR Risks Scoring 20-28

21. The Q1 review identified one (1) risk scoring between 20 and 28 that was not escalated to the Corporate Risk Register (CRR). During Q2, two (2) other risks had their scores increase to 20 and 21 ie these risks relate HRA decarbonisation targets and ash dieback in trees. Also, one former Corporate Risk relating to software systems has a score of 20 and is being managed at an operational level. At the end of Q2, the total number of non-CRR risks scoring 20 or 21 had grown to 4. A summary of the risks is contained in Appendix A3 of this report. It has been agreed these risks will be managed and reviewed to reflect Directorate level risks; with controls and mitigation actively managed.

### BCC Risk Assurance Data as at 28<sup>th</sup> of August 2024

22. The quality of risk management has improved considerably over the past 12 months, enabling the Corporate Leadership Board (CLB) to make informed business decisions. One of the methods used to measure and track the quality of risks is to assign a 'RAG' rating to each risk in each Divisional Management Team (DMT).

Divisional Management Team	Directorate	CRRs	No of Risks Score 20-28	No of Risks Score 14-19	No of Risk Score 1-13	Total	RAG Total	Green	Amber	Red	Actions Overdue	Deactivated/ Deleted as at 28 August 2024
Finance	Resources	4	2	3	16	21	21	20	1	0	0	20
Legal and Democratic Services	Resources	1	1	3	22	26	26	24	1	1	0	5
Policy Strategy and Digital	Resources	0	1	5	10	16	16	15	1	0	0	19
Workforce and Change	Resources	1	1	0	5	6	6	6	0	0	0	2
Adult Social Care	Adult and Communities	4	3	3	3	9	9	9	0	0	0	3
Communities and Public Health	Adult and Communities	0	1	4	15	20	20	18	1	1	0	39
Education and Skills	Children and Education	1	1	0	6	7	7	7	0	0	0	11
Children and Families	Children and Education	3	3	1	3	7	7	6	0	1	0	9
Housing and Landlord Services	Growth and Regeneration	4	6	3	2	11	11	7	2	2	0	26
Management of Place	Growth and Regeneration	2	4	5	8	17	17	16	1	0	1	22
Economy of Place	Growth and Regeneration	2	2	2	7	11	11	11	0	0	0	9
Property Assets & Infrastructure	Growth and Regeneration	0	0	2	7	9	9	9	0	0	0	6
<b>Totals</b>		<b>22</b>	<b>25</b>	<b>31</b>	<b>104</b>	<b>160</b>	<b>160</b>	<b>148</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>171</b>

**Additional Information:**

1. For more detail on individual risks and their management, please see the attached Appendix A1.
2. The closed risks are now reflected within individual risks across the Council’s Service Risk Registers.
3. All risks on the CRR have management actions in place.
4. It is not possible to eliminate the potential of failure entirely without significant financial and social costs. The challenge is to make every reasonable effort to mitigate and manage risks effectively, and where failure occurs, to learn and improve.
5. Completeness of risk information, including potential financial impact, will be an area of focus moving into the next quarter.
6. Risks are escalated to the Corporate Risk Report (CRR) if the risk scores higher than a 20 or if a risk is determined by CLB to remain on the corporate risk report due to monitoring its significance to the councils aims and objective.

**Officer Recommendations:**

That the Strategy and Resources Committee note this report.

**Corporate Strategy alignment:** This report aligns with all our Corporate Strategy.

**APPENDICES**

<b>Appendix A – Further essential background information and detail</b>	<b>YES</b>
Appendix A1 – Q2 Corporate Risk Report 2024-2025	
Appendix A2 – Static Risks Q2 2024-25 Corporate Risk Report	
Appendix A3 – Risks Scoring 20 to 28 but not in Corporate Risk Register Q2 2024-25	
Appendix A4 – Audit Committee: Risk Management Annual Report 2024/25	