

Audit Committee

27th January 2017



Report of: Strategic Director – Resources (Interim)/ Head of Internal Audit

Title: Corporate Risk Register Update - January 2017

Ward: Citywide

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Recommendation

The Committee review the Corporate Risk Register (CRR) which is attached to this report at Appendix 3. This report has been shared with the Cabinet Member for Finance, Governance and Performance.

Summary

This report presents the CRR after its latest update. The CRR demonstrates that the council is currently facing some big risks with risk levels increasing in many areas. Going forward, it is anticipated that the CRR will be reviewed quarterly by the Strategic Leadership Team (SLT) with the Audit Committee receiving it twice a year.

The significant issues in the report are:

- Integration of risk with Corporate Planning processes (para 4.7 – 4.9)
- A summary of significant amendments made to the CRR (para 4.10 – 4.14)
- Emerging risks (para 4.15)
- The CRR detailing the risks and how they are being managed (Appendix 3)



Policy

1. This report is submitted in accordance with the Audit Committee's Terms of Reference which requires the Committee to provide independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The CRR is administered in accordance with the Council's Risk Management Policy.

Consultation

2. **Internal**
Strategic Leadership Team (SLT)/Extended Leadership Team (ELT)/Officers
3. **External**
None

Context

- 4.1 The CRR is an integral element of the Council's strategic risk management arrangements and aims to support the delivery of the Council's objectives by setting out the strategic high level risks facing the Council in delivering its plans and how these risks are being managed.
- 4.2 The CRR is used by the SLT to monitor risk levels and take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them. The CRR is underpinned by Directorate and operational risk registers. Directorate risk registers are reported quarterly to Scrutiny Committees and annually to the Audit Committee for information.
- 4.3 The Audit Committee last received the CRR to review and scrutinise at their meeting on 22nd July 2016. The updated CRR is shown at Appendix 3 to this report.

The Review Process

- 4.4 The review was facilitated and co-ordinated by Internal Audit staff who have provided an element of independent verification and challenge concerning the status of mitigations and further actions included in the register. Each officer named as a 'Responsible Officer' has reviewed the entries to confirm, or otherwise, that the current mitigations remain effective; provide a progress report for implementation of action plans previously agreed and identify new relevant mitigations and actions.
- 4.5 Each Risk Owner, or acting Risk Owner, has overviewed their updated risk to ensure it accurately reflects the position and risk level. The SLT has reviewed the register to ensure it is reflective of their views of the Council's strategic risks and ensures priority actions are in place to manage the risks. The ELT reviewed the risk register on 14 December 2016 and commented on risk levels and also on emerging risks.
- 4.6 A summary of the movements of the corporate risks and the direction of travel is provided at Appendix 1. The corporate risks are shown, plotted together on the Council's Risk Matrix to indicate how risk levels are assessed in terms of impact and likelihood, at Appendix 2.

Integration of Risk with Corporate Planning

- 4.7 The update of the CRR has taken place at the same time as the public consultation on the Council's draft Corporate Strategy 2017-2022. The timetable for finalising the Corporate Strategy 2017-2022 does not allow for a CRR which fully reflects the Corporate Strategy 2017-2022 to be presented to this meeting of the Audit Committee. This CRR therefore is largely an update of the existing risks; having regard to future developments, where they are reflected in the Corporate Strategy. An indication of emerging new risks is also provided.
- 4.8 The next review of the CRR will encompass the corporate risks arising out of the finalised Corporate Strategy 2017-2022. This will be reported to the meeting of the Audit Committee in July 2017. Internal Audit will work with the Director of Strategy and Policy to try to embed risk management into the management processes around the Corporate Strategy 2017-2022.
- 4.9 A summary of the significant amendments made to the CRR is shown below. The overall trend of risk is that it is increasing. This is not surprising given the Council's current position as set out in the consultation on the Corporate Strategy 2017-2022. Once the CRR has been reviewed again to reflect the risks associated with the final (post consultation) Corporate Strategy 2017-2022, agreement will be sought from the Mayor and Cabinet around whether the levels of risk are acceptable for each of the corporate risks or if additional actions are required to reduce risk level further. There is generally a cost associated with reducing levels of risk so it is important that the Mayor and Cabinet agree a realistic and acceptable level of risk for officers to deliver to.

Summary of Significant Amendments Made to the CRR

- 4.10 The following risk has been added to the CRR:
- Risk 12 - Cyber and Information Security - the Council loses; or is denied access to; or unauthorised persons gain access to critical and/or confidential data. Further to the significant number of cyber-attacks the Council is currently subjected to (circa 77,000 in December 2016) this risk has been added. Additionally, the increased availability of public 'cloud based' systems (such as 'drop box') increases the risk that staff will use such systems for storage of sensitive information without assessing the security and resilience of those systems. With staff turnover currently high and the changes to ways of working, ensuring staff understand these threats and the Council's arrangements for managing them, is crucial.
- 4.11 The following risk has been removed from the CRR and therefore does not appear in any of the appendices:
- Former Risk 10 - Delivering Democracy – failing to deliver statutory elections and comply with all legal requirements. This risk has been removed following the delivery of the 4 year cycle of elections in 2016 and the review of the process undertaken. The risk around delivering the election of the Mayor of the new combined authority is being picked up under Risk 9 Devolution.

4.12 The current risk levels for the following risks have increased:

- Risk 4 - Infrastructure – major capital projects such as the Arena, MetroBus and rail improvements remain high profile. The city needs to deliver and maintain more infrastructure from homes to flood alleviation etc. Our assets are also ageing and require on- going repairs and renewal
- Risk 8 – Demographic and Service Pressures – this risk covers both the capacity and capability to effectively predict and manage demand for its services and to effectively commission and procure services to meet the changes in demand. Planning to meet demand in social care is a particular challenge for local authorities and health services nationally. Partnership working is effective and budget planning for MTFP is in place, but in a city with a growing and ageing population this remains a risk. The city is predicted to grow in population by 18% over the next twenty years. This growth will need to be serviced with public infrastructure such as schools, parks, transport etc. Consideration is being given to splitting this risk into two when the CRR is next updated
- Risk 11 - Trading Company Operations – all trading activity, whether privately or publically owned, runs the risk of failure, particularly in the early years/start-up phase. New trading companies are being considered. Ensuring the Council, the holding company and subsidiaries for all traded activities have the skills and capacity to understand the environments they are operating in is essential to reduce the risk of returns on investment by the Council being delayed or not achieved.

4.13 The current risk levels for the following risks have stayed the same:

- Risk 1 - Safeguarding – improvements in structures and systems have been achieved and partnership working is effective; however the demand for services is increasing and changes in service provision mean that the Council may have to accept a higher level of risk in the future
- Risk 2 - Organisational achievement and resilience – much work has been done to ensure the Council is focussed on and positioned (in terms of capacity, capability and resilience to future shocks) to close 2016/17 business, whilst developing and implementing strategic and financial plans for 2017/18 that will ensure delivery of the Mayoral priorities and corporate strategy
- Risk 3 – Governance - the governance framework to monitor the implementation of savings has been strengthened. The Council's overall governance framework is under review to ensure it is fit for purpose at this time when capacity is stretched and going forward
- Risk 5 - Community Resilience – a 'Bristol Resilience Strategy' has been launched which will mitigate the risk in part, though to a longer timescale. The developing Corporate Strategy has a focus on how we promote, maintain and enhance people's independence in their communities. The impact of leaving the European Union has yet to be seen
- Risk 6 - Finance – The Council has appointed a permanent S151 Officer and work is underway to transform the finance service. A rigorous approach has been taken to setting reserves and balances and exploring both internal and external factors that could have a final impact. The risk is anticipated to reduce further when the approach is approved by the Mayor and full Council

- Risk 7 - Educational attainment – Partnership structures and systems for monitoring and improving schools in the new Education landscape have developed; overall performance is improving; however there remain inequalities in provision and attainment across the city.

4.14 The current risk level for the following risk has decreased:

- Risk 9 - Devolution – the responsibility for laying the Devolution bill before Parliament lies with central government. If this occurs then the risk will need to be refocussed around the governance structures of the new Mayoral Combined Authority; this work on structures is underway, as is the planning for the election of a Mayor, on which the Council is leading. As the arrangements progress, other risks may also come to light.

Emerging and Currently Unquantified Risks

4.15 The following risk has been identified as a potential emerging risk; undoubtedly other risks will emerge as the Corporate Strategy 2017-2022 is finalised and implemented. Work is ongoing with management to identify and measure risk and ensure the Council is managing risk effectively:

- Impact of the health system reforms and health and social care integration, critical in the West of England; there is a need to continue to work with our city partners and better understand and monitor the impact of the changes the NHS are making on the Council and other public services.

5. The Audit Committee is recommended to review the Corporate Risk Register.

Other Options Considered

6. None necessary

Risk Assessment

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

Public Sector Equality Duties

8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
 - promote understanding.

8b) None required for this report.

Legal and Resource Implications

Legal

None sought

(Legal advice provided by N/A)

Financial

(a) Revenue

None required for this report.

(b) Capital

None required for this report.

Land

Not applicable.

Personnel

Not applicable

Appendices:

Summary of Corporate Risk Movement/Direction of Travel (Appendix 1)

Corporate Risks Plotted on Risk Matrix (Appendix 2)

The Corporate Risk Register (Appendix 3)

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Directorate Risk Registers

Council's Risk Management Policy