



# Audit Committee

21<sup>st</sup> September 2017

**Report of:** Director of Finance

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

**Ward:** Citywide

**Officers Presenting Report:** Jonathan Idle, Chief Internal Auditor (Interim) and Alison Mullis, Head of Internal Audit

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## Recommendation

The Audit Committee notes the approach and progress made on reviewing the Corporate Risk Register (CRR).

## Summary

This report presents an outline of the recent approach to and progress to date with reviewing the CRR.

## The significant issues in the report are:

- The CRR should be an important tool in managing risk. It aims to provide an overview of the key risks and issues facing the Council and how they are being managed. (Paragraph 3)
- The CRR review process has been amended to provide a comprehensive “bottom-up” approach to corporate risk identification and to ensure that it complies with the new Risk Management Policy. (Paragraph 4)
- Risk themes arising from the work to date. (Paragraph 5)
- The next steps for completion of the current review. (Paragraphs 4 and 6)



## 1. Policy

The Audit & Accounts Regulations 2015 require the Council to have effective arrangements for the management of risk and each year, in the Council's Annual Governance Statement, the Council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management.

Risk Registers are an important part of risk management, and the new CRR will comply with and support the proposed new Risk Management Policy which is also being considered by the Committee at this meeting.

## 2. Consultation

**Internal** – SLT including S151 Officer, Executive Board.

**External** - Research was undertaken regarding approaches by other authorities, and recognised good practice.

## 3. Context

- 3.1. Risk management is an important management tool and has been used by the Council for a number of years.
- 3.2. Risk registers have an important role in summarising risk information to provide assurance that risks and issues are correctly identified and are being effectively managed. The Council maintains registers to record and monitor risks at various levels. At the strategic level, in the Corporate Risk Register; and at an operational level in Directorate, Service, Programme and Project risk registers.
- 3.3. The Corporate Risk Register (CRR) contains strategic risks that, should they occur, could have a fundamental impact on the Council's ability to operate or achieve its strategic objectives; and is the means by which senior management and Members monitor and review the effectiveness of risk management arrangements in place to manage these risks.
- 3.4. The CRR was last updated and reviewed in January 2017. At that time, 11 strategic risks were included in the register as detailed in appendix A. Feedback on the risk register format (for all levels of risk) suggested that the registers need to contain more focussed and robust information and needed to be better aligned to delivery of the corporate priorities. It was also felt that clearer linkages and escalation from other risk register into the CRR was required. Active management of the corporate risks by both Members and Officers alike also needed to be strengthened.
- 3.5. Alongside the review of the CRR, the Risk Management Policy is also being reviewed providing the opportunity to refresh the approach to the review and the format of the CRR. The aim is to produce a CRR that is reflective of the risks faced and opportunities available to the Council in achievement of its priorities and objectives.
- 3.6. Additionally, the new approach is being extended to the management of risks that have already occurred which have caused significant issues that need to be managed – i.e. issues management. To ensure that risk information is presented in a more focussed and succinct format to allow for better review and challenge, the style of the risk registers is also being reviewed.

#### **4. Review Process**

- 4.1 This review has been prompted both by the need to develop a tool that reflects the current period of change that the City Council is undergoing, and to ensure risks and issues that could impact on the delivery of the corporate priorities are addressed.
- 4.2 Previously, risk identification was undertaken by members of the Extended Leadership Team which included Strategic and Service Directors (a top down approach). At a time when there is significant change at this level of management, and to engage a wider management view, the current review has included gathering of views on the key corporate risks from as many managers as possible so that the CRR can be built from using a top down/bottom-up approach.
- 4.3 To this end, a survey has been conducted which was circulated to all Directors, Service, Team, Programme and Project Managers to capture what they considered to be the main strategic risks facing the City Council at this time. In total, over 250 managers were invited to provide their views on the top five risks the Council faces in achieving its priorities and objectives.
- 4.4 To date, 204 separate risks have been identified by 53 officers, spread across the Council and from all managerial levels. Some were team responses rather than individual manager responses.
- 4.5 The 204 risks identified have been collated and reviewed with ‘like’ risks grouped together and duplications removed – some of the submissions were specific to teams/work areas but when jointly and collectively considered, identify an overarching corporate and cross cutting risk.
- 4.6 The 11 risks that currently form the CRR were also examined as part of this process and compared to the submissions from the survey. Additionally, an analysis of risks included in Directorate risk registers is under way for significantly high risks or common themes at this time that should be escalated for consideration as a corporate risk.
- 4.7 This work to date has identified a ‘long list’ of risks which is still subject to senior leadership consideration and of those:
  - 28 potential negative risks (threats);
  - 6 potential positive risks (opportunities); and
  - 2 strategic issues that need to be managed.
- 4.8 For each of these, a member of the Strategic Leadership Team has been identified as the Risk Owner and further work is being undertaken with them to refine the risks that will be included in the CRR. In doing so, the current risk levels and risk appetite will be determined in accordance with the proposed new Risk Management Policy. Work to identify current mitigations controlling the risk and further actions required to ensure risk levels are within the risk appetite for each risk is also progressing.

#### **5. Risk Themes Identified from the Survey**

- 5.1. Many of the risks identified to date, mirror some of the strategic risks that were already

included in the previous CRR. Themes around the following were commonly identified from the survey which will help to strengthen and update the risks currently in the CRR as well as add potential new risks:

- Organisational Resilience
- Financial Resilience
- Information Security
- IT systems
- City Infrastructure
- Flooding and other major events
- Managing demand for services
- Governance processes
- WECA
- Commissioning and procurement
- Business Continuity
- Health and safety

5.2 Additionally risks in the current CRR, not mentioned above, are being considered for continued relevance:

- Safeguarding
- Community Resilience
- Educational attainment
- Demographic changes/pressures
- Trading Company Operations

## **6. The Next Stages**

- 6.1. The CRR needs to reflect any significant risks to achievement of the Council's strategic priorities and objectives. Mapping of the risks already identified to these will determine the need for further work in corporate risk identification. Work is currently in progress corporately to strengthen strategic planning processes which will help to embed this alignment of the CRR with strategic priorities going forward.
- 6.2. When this exercise has been completed the CRR will need to be signed off by the Strategic Leadership Team and Cabinet, and will be brought back to the Audit Committee.
- 6.3. There is also a need for Directorate risk registers to be reviewed in line with the new risk management policy and ensure that Strategic Directors and their leadership teams continually review these and escalate risks where appropriate to the CRR.

## **7. Monitoring and Review**

- 7.1 The CRR will be a working document, and will be monitored and updated to reflect work undertaken and any events that have arisen, and will be reported on a regular basis to SLT and Cabinet for their consideration. The Audit Committee will continue to receive the risk register twice a year to review and gain assurance that the Council is effectively managing its key risks.

## **8. Proposal**

That the Audit Committee notes the change in approach and progress made on reviewing the Corporate Risk Register.

## **9. Other Options Considered**

None necessary, the CRR builds on the current CRR, and brings it into line with the proposed Risk Management Policy.

## **10. Risk Assessment**

The new CRR will further develop risk management within the City Council, and help improve its management.

## **11. Public Sector Equality Duties**

- 7a) 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.
- 7b) No equalities assessment necessary for this report.

## **Legal and Resource Implications:**

**Legal - N/A**

**Financial – N/A**

**Land – N/A**

**Personnel – N/A**

**Appendices:**

**Appendix 1 - Previous CRR Risks.**

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

**Background Papers:**

Risk Management Policy

Corporate Risk Register

## Appendix 1

**Corporate Risks – January 2017**

1	Safeguarding	The Council fails to ensure adequate safeguarding measures are in place, resulting in harm or death to a vulnerable adult or child.
2	Organisation Achievement and Resilience	The Council fails to achieve its corporate strategy and business plan, maintain a balanced budget and be resilient in the short term - 2016/17 initially and medium term - 2017/18 onwards
3	Governance	The Council fails to comply with internal controls and to effectively meet the framework of obligations within the statutory Annual Governance Statement and the Code of Corporate Governance.
4	Infrastructure	The Council fails to generate the investment necessary to maximise its influence upon the delivery and maintenance of a sustainable infrastructure which will support the City to grow and prosper.
5	Community Resilience	Failure of the Council and the community at large to anticipate, sufficiently mitigate, respond to or recover quickly enough from a significant and unexpectedly disruptive event. This risk is focused on how the Council and communities can adapt to significant changes in society over time rather than focussing on the Council's physical infrastructure that is in place
6	Finance	Failure to deliver robust Financial Plans that will secure ongoing financial resilience to deliver statutory services and mayoral priorities.
7	Educational Attainment	Failure to enable an effective Learning City Partnership and prioritise our limited resources to effect the changes necessary to ensure equality of education opportunities across all ages and all communities
8	Demographic and Service Pressures	The Council fails to appropriately predict and manage demand for its services and does not maximise all potential delivery methods to ensure that services are provided in the most cost effective way.
9	Devolution	Failure of the 3 Councils to work together and with the community at large to maximise the benefits of the Government's devolution deal to the best advantage of the people across the West of England
10	<b><i>Delivering Democracy - No longer on the Register. Risk decreased due to completion of four year election cycle.</i></b>	

11	Trading Company Operations	Failure to successfully manage the trading companies where the Council is the majority shareholder, or has an interest in the company.
12	Information and Cyber Security	The Council loses; or is denied access to; or unauthorised persons gain access to; critical and/or confidential data.