Resources Scrutiny Commission
24th September 2018

Report of: **Director Finance, S151**

Title: **Resources Directorate Risk Register Update**

Ward: **Citywide**

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Recommendation

The Resources Commission are asked to consider the biannual review of the Resources Directorate Risk Register and comment on any areas of interest.

Summary

The risks defined in this report are captured by service sections with the Resources Directorate:

The following represent the most significant risk for Resources as at June 2018:

1) IT Infrastructure
2) Cyber-attack threats and implications
3) Corporate Health and Safety
4) Asbestos
5) Procurement and Commercial Framework
6) Fraud and Corruption

1. **Policy**

    1.1. The Audit Committee is responsible for providing independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The Council has a Risk Management Policy which requires strategic risks to the Council, and details of how they are managed, to be recorded in the form of the Corporate Risk Register Report and Directorate Risk Registers (strategic risk registers).

    1.2. Whilst the Corporate Risk Register Report is scrutinised by the Audit Committee on a six monthly basis, it was agreed at Overview and Scrutiny Management Board, that the Directorate Risk Registers will be scrutinised by each Directorate scrutiny twice a year. They will however also be provided once each year to Audit Committee, for information (not scrutiny) to provide the Audit Committee with assurance that Directorate Risk registers in place and effectively scrutinised.

2. **Risk Management and the Corporate Risk Register (CRR)**

    1.3. As part of good governance, the Council manages and maintains a register of its significant risks assigning named individuals as responsible officers for ensuring the risks and their treatment measures are monitored and effectively managed.

    1.4. The Corporate Risk Register (CRR) is a critical tool for capturing and reporting on risk activity, the organisations risk profile and an integral element of the Council's internal governance and performance frameworks. The risk register is a working document and the data within the register is used to inform the business of the threats and opportunities it faces in delivering outcomes and services to the Council. It is used to ensure the organization operates effectively and Leadership Teams take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them. The Corporate Risk Register was last reported to Cabinet on 3rd July 2018 and the Audit Committee on 16th July 2018.

3. **Consultation**

    a. **Internal -** First to fourth tier managers, Leadership Team, Corporate Leadership Team, Cabinet Member, Finance, Governance and Performance.
    b. **External -** None

4. **The Resources Directorate Risk Register (RDRR)**

    4.1. The RDRR informs the council on significant risks to the achievement of the Resources Directorate Objectives 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. The RDRR provides assurance to management and Members that the Resources significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed.

    4.2. The RDRR is an important tool in managing risk. It aims to provide an overview of the significant risks facing Resources and how they are being managed. The RDRR attached to this report at Appendix A is the latest formal iteration following a review by members of the council's Resources Executive Directors Management Team (EDM) and Corporate Leadership Board (CLB) in June 2018. The risk review has included managers from across the Council.

4.3. The RDRR was reviewed by the Resources EDM in June 2018. The directorate reports biannually to Members, ensuring that they are aware of the significant critical and high level risks facing the directorate and how the council are ensuring these risks are effectively managed.

4.4. As strategic planning, resource management and resilience processes are strengthened; the identification, management and communication of risk to the achievement of the Council's strategic priorities and objectives will continue to embed.

4.5. The RDRR was developed following:

- Risk identification and assignment of a risk owner who is responsible to ensure each risk is effectively managed; current mitigations and further actions to ensure the risk is identified and interventions planned,
- Review by EDM to ensure risk levels are correctly identified; and target risk levels where stated are acceptable.

4.6. The Resources Directorate Risk Register is attached at Appendix 1. The register is presented in the standard format agreed by CLB and uses the risk management methodology in the risk management policy agreed by Cabinet in January 2018.

4.7. Appendix 1 pages 16 and 17 will assist Members in understanding risk levels recorded in the register. The risk matrix, guidance parameters used to measure impact and Guidance parameters used to measure likelihood and the supporting scoring criteria.

4.8. The RDRR sets out the significant critical and high rated risks. All other business risks reside on the Resource Service Risk Registers (RSRR). The Resources Directorate Risk Register (RDRR) as June 2018 contains: No Critical risks, 7 high risks and 1 new risk. 6 risks improved in quarter 1. A summary of the progress of risk for this reporting period is set out below.

4.9. The following paragraphs summarise the key changes to the Resources Risk Register since its last presentation:

Improved risks

1) **Resources Directorate and CLB Risk**

   Leadership: If there is a lack of leadership or management skills then this could impact on performance and the ability to deliver positive change. The risk improved from 4x5 (20) high risk to 2x5 (10) medium risk. The council has made significant progress on the development of its leadership and management skills to help deliver positive change. This risk is managed and monitored on the Resources Risk Register.

2) **Policy and Strategy Risks**

   Strategy Management: The council fails to produce or embed a Corporate Strategy with clear links through to business planning and performance management, resulting in less effective implementation of policy, use of resources and/or partnership working. The risk improved from 2x7(14) high to 1x7 (7) a medium risk. The council has made significant progress on the Strategy Management to help deliver BCC's Corporate Plan 2018-23. This risk is managed and monitored on the Resources Risk Register.

3) **Human Resources and Workforce Strategy Risks**

• **Service Review:** If the organisation is not able to redesign its services quickly enough, a reduction in staffing levels and loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff. This has improved from 4x5 (20) high risk to 3x5 (15) high risk. The senior management restructure is nearing completion and the external support from the Local Government Association (LGA) on the recruitment process has led to all roles being recruited against in the new leadership framework. This approach will be rolled out to the wider organisation as part of the performance and talent management refresh. There have been regular internal communications with staff, members and key stakeholders to keep everyone up to date with developments. The senior management restructures are scheduled for completion by end of July 2018. This risk is managed and monitored on the Resources Risk Register.

4) **Finance Service Risks**

Financial Framework & Medium Term Financial Planning: Failure to reasonably estimate and agree the financial 'envelope' available, both annually and in the medium-term and the council is unable to set a balanced budget improved from 2x7 (14) high risk to 2x5 (10) medium risk. The council has developed a strong rolling Medium-term financial planning process and is working to ensure a rigorous structure exists to oversee the budgetary control process from budget setting through to monitoring, oversight & scrutiny. This risk is managed and monitored on the Resources Risk Register.

5) **Legal and Democratic Service Risks**

Information Governance - Introduction of the General Data Protection Regulations (GDPR): The council has made significant progress on compliance with the General Data Protection Regulations (GDPR). The risk improved from 2x7 (14) high risk to 2x5 (10) medium risk. The next steps are to deliver a Business Case to the Statutory and Policy Board (SPB) in June 2018. This risk is managed and monitored on the Resources Risk Register.

New risk

6) **Procurement and Commercial Service**

The risk that procurement and commercial practices on the supply and buy side not being efficient and effective.

All identified risks were reviewed in light of the revised scoring and set the performance for future reviews. All risks on the RDRR have management actions in place. The RDRR is currently subject to a refresh during 2018.

As with all risks, 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.

Further details are contained in Appendix A: The summary of the risks are set out on pages 1 to 13 including controls and management actions, a summary of risk performance on page 14 and 15, the risk matrix on page 16 and the risk scoring criteria on page 17. A more in-depth risk register is available on request.

5. Public Sector Equality Duties

5a)   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.

5b)   No equalities assessment necessary for this report.

Appendices:

   Appendix A – Resources Directorate Risk Register - The summary of the risks are set out on pages 1 to 13 including controls and management actions, a summary of risk performance on page 14 and 15, the risk matrix on page 16 and the risk scoring criteria on page 17.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Risk Management Policy