

Resources Scrutiny Commission

28th February 2019



Report of: Director Finance, S151

Title: Resources Directorate Risk Report 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 the key risks for Resources as at December 2018:

Threats

- 1) ICT Resilience (Previously IT infrastructure)
- 2) Asbestos Management
- 3) Corporate Health, Safety and Wellbeing
- 4) Cyber-Security(Previously Cyber-Attack)
- 5) Procurement and contract management compliance
- 6) ICT Line of Business (LOB) (Previously IT infrastructure)
- 7) Partnerships Governance
- 8) Information Governance
- 9) Fraud and Corruption
- 10)Brexit

Opportunities

- 11)Corporate Strategy
- 12)One City Plan
- 13)Devolution



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 Report and Directorate Risk Report.
- 1.2. Whilst the Corporate Risk 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 Reports are in place and effectively scrutinised.

2. Risk Management and the Corporate Risk Report (CRR)

- 1.3. As part of good governance, the Council manages and maintains a register of its significant risks within the Service Risk Registers (SRR) assigning named individuals as responsible officers for ensuring the risks and their treatment measures are monitored and effectively managed.
- 1.4. The Corporate Risk Report (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 report sets out a summary from the SRRS which the working documents. 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 organisation 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 Report was last reported to Cabinet on 22nd January 2018 and the Audit Committee on 21st January 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 Report (DRR)

- 4.1. The DRR 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 DRR 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 DRR 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 DRR 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 December 2018. The risk review has included managers from across the Council.

4.3. The DRR was reviewed by the Resources EDM in November 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 DRR 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 Report 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 20 and 21 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 DRR sets out the significant critical and high rated risks. All other business risks reside on the Resource Service Risk Registers (SRR). The Resources Directorate Risk Report (DRR) as December 2018 contains: No Critical risks, 1 significant opportunity, 12 high risks, 6 medium risks, 3 new risks, 4 risks improved and 3 deteriorating risks in quarter 3. 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 threat risks

- **Service Review.** The risk that the organisation is not able to redesign its leadership team quickly enough, which may result in a reduction in staffing levels. The loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff. The risk rating being 2x5 (10) medium risk. This risk is managed and monitored on the Resources Risk Register.
- **Financial Deficit.** The council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's reserves policy. The risk rating being 1x5 (5) medium risk. This risk is managed and monitored on the Resources Risk Register.

New threat risks

- **Procurement and contract Management Compliance.** Failure in the awarding and management of contracts with key suppliers of the Council leads to poor service performance and increased costs. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.
- **Suitability of Line of Business (LOB) systems:** The Councils reliance on legacy systems. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.
- **ICT Resilience:** The Councils ability to deliver critical and key services in the event of ICT outages, and be able to recover in the event of system and/or data loss. The risk rating being 3x7 (21) high risk. This risk is managed and monitored on the Resources Risk Register.

Improving opportunity risks:

- **One City Plan:** The One City Approach will offer a new way to plan strategically with partners as part of a wider city system. The risk rating being 4x5 (20) high risk. This risk is managed and monitored on the Resources Risk Register.
- **Corporate Strategy:** The approved Corporate Strategy presents an opportunity to fundamentally refresh and strengthen our business planning, leadership and performance frameworks. The risk rating being 4x7 (28) Significant risk. This risk is managed and monitored on the Resources Risk Register.

Closed risk:

- **IT Infrastructure:** IT Infrastructure does not meet service delivery requirements then there could be serious implications for the organisation and the people it serves. The risk has been replaced with 2 new risks - Suitability of Line of Business (LOB) systems and ICT Resilience.

Deteriorating threat risks:

- **Cyber-Security:** The Council's risk level in regards to Cyber-security is higher than should be expected. The risk rating being 3x7 (21) high risk. This risk is managed and monitored on the Resources Risk Register.
- **Information Governance:** If the Council fails to maintain a defensible and compliant response to the Data Protection Act 2018 and General Data Protection Regulation (GDPR) then it will fail to fully comply with its statutory requirements. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.

Deteriorating external risk:

- **Brexit:** The risk that Brexit (and any resulting 'deal' or 'no deal') will impact the local economy, local funding and delivery of council services, and that uncertainty around Brexit could impact our ability to accurately assess or plan for potential positive or negative outcomes. The risk rating being 4x5 (20) high risk. This risk is managed and monitored on the Resources Risk Register.

All identified risks were reviewed in light of the revised scoring and set the performance for future reviews. All risks on the DRR have management actions in place. The DRR is currently subject to a refresh during 2019.

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 17 including controls and management actions, a summary of risk performance on page 18 and 19, the risk matrix on page 20 and the risk scoring criteria on page 21. 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 Report - The summary of the risks are set out on

pages 1 to 17 including controls and management actions, a summary of risk performance on page 18 and 19, the risk matrix on page 20 and the risk scoring criteria on page 21. A more in-depth risk register is available on request.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Risk Management Policy