

# Audit Committee

Monday 30<sup>th</sup> July 2020



**Report of: Director Finance, S151**

**Title:** Corporate Risk Management Arrangements and the Q4 2019/20 Corporate Risk Report Update.

**Ward:** Citywide

**Officer Presenting Report:** Denise Murray – Director of Finance, S151

**Contact Telephone Number:** 0117 3576255

## Recommendation

The Audit Committee review and comment on progress made on the Councils Risk Management arrangements and the Q4 2019/20 Corporate Risk Report (CRR) Appendix A, as a source of assurance that risk management arrangements are in place and developing.

## Summary

This report presents the progress being made in embedding and maintaining risk management arrangements within Bristol City Council in line with the Risk Management Assurance Policy and the CRR (Appendix A) as at April 2020.

## The significant issues in the report are:

- The risk management arrangements continue to embed with good levels of engagement from the Strategic, Extended and Directorate Leadership Teams. The scrutiny continues to become more embedded during 2019/20.
- 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.
- The CRR is an important tool in managing risk. It aims to provide an overview of the significant risks facing the council and how they are being managed. The CRR attached to this report at Appendix A and is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) in May 2020. The Q4 2019/20 risk review included managers from across the Council.

## 1 Policy

The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS). 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 Management is an integral part of good governance to which the Council is committed. Risk Management provides the framework and processes that enables the Council to manage uncertainty in a systematic way. As part of the Risk Management arrangements the Council reviews the Risk Management Assurance Policy on an annual basis.

It is considered good practice to regularly review and update the Risk Management Assurance Policy to ensure it strengthens the Council's approach to its risk management and assurance arrangements.

Ensuring that the Corporate Risk Report (CRR) is 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.

The CRR provides assurance to management and Members that the Bristol City Council's significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed.

The CRR is a management tool and needs 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 and communicated to minimise the impact.

The CRR has been prepared and presented in line with the Risk Management Assurance Policy that was approved by Cabinet in January 2019.

## 2 Consultation

**Internal** - First to fourth tier managers, Extended Leadership Team, Corporate Leadership Team, Cabinet Member, Finance, Governance and Performance.

**External** - None

## 3 Context

### 3.1 Risk Management Update

**3.1.1** Risk management is the culture, process and structure that are directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives and a key element of the council's governance framework. The Annual Governance Statement (AGS) declaration 2018 -19 highlighted a number of opportunities to enhance Risk Management. Areas for improvement included:

- Increasing the level of engagement and ownership by Service Managers.
- Enhancing the engagement of Members in the risk management process.
- Refreshing the Corporate and Directorate Risk Reports.
- Risk Management training and awareness.

- Risk Management within Business Case approvals, Project Management and Procurement Frameworks.
- Maintaining the focus of the process on reducing risk against the council's Corporate Plan 2018-23.

During 2019/20 activities to further improve the management of risk have included:

- Strengthened the capacity for risk management with appointments to the Risk and Insurance Team additional support.
- Created SharePoint sites for Service Risk Registers and Risk Reporting.
- Risk Management was integrated within Service Planning to aid decision making and to inform on the annual Budget Risk Register this will continue to be a focus for 2020/21 planning.
- Contributed to Corporate Induction.
- Increased levels of engagement and ownership by Service Managers through a series of risk management awareness sessions and workshops.
- Provided Risk Management drop in sessions.

Plans for 2020/21 include:

- Mandatory Risk Management E-Learning for key staff.
- Member training.
- Annual Risk Management Maturity Assessment.
- Review of Risk Management within Decision Making, Business Case approvals, Project Management and Procurement Frameworks.
- Directorate Risk Reports received by Scrutiny.
- Review and relaunch of the Corporate Risk Management Group (CRMG).
- Approach to management of risk reporting to CLB from the CRMG.
- Risk Management system mandate /business case.

The draft 2020/21 Risk Management Plan will be presented to the Audit Committee in August 2020.

## 3.2 The Corporate Risk Register (CRR)

**3.2.1** The Corporate Leadership Board (CLB) reviewed the CRR in May 2020 and accepts it as a working summary report of the critical and significant risks from the Service Risk Registers which will need continued improvement as it embeds. The CRR was presented to Cabinet on June 2020.

The CRR (Appendix A) sets out the significant critical and high rated risks both threats and opportunities. All other business risks reside on the Service Risk Registers and reported in through the Directorate Risk Reports (DRR) and the CRR.

The CRR as April 2020 contained:

Threats	Opportunities	External / Contingency Risks
<ul style="list-style-type: none"> <li>• 1 critical</li> <li>• 19 high</li> <li>• 5 medium</li> <li>• 0 low</li> <li>• 3 new risk</li> <li>• 1 improving</li> </ul>	<ul style="list-style-type: none"> <li>• 1 significant</li> <li>• 2 high</li> <li>• 1 medium</li> <li>• 0 low</li> <li>• 0 new</li> <li>• 0 improving</li> </ul>	<ul style="list-style-type: none"> <li>• 1 critical</li> <li>• 2 high</li> <li>• 0 medium</li> <li>• 0 low</li> <li>• 1 new</li> <li>• 0 improving</li> </ul>

<ul style="list-style-type: none"> <li>• 6 deteriorating</li> <li>• 0 closed</li> </ul>	<ul style="list-style-type: none"> <li>• 0 deteriorating</li> <li>• 0 closed</li> </ul>	<ul style="list-style-type: none"> <li>• 1 deteriorating</li> <li>• 0 closed</li> </ul>
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A summary of strategic risks (Threat and Opportunities) and issues for this reporting period are set out below.

There is one critical threat risk:

- CRR13: Financial Framework and MTFP. The risk rating being 4x7= (28) critical risk. Previously 2x5= (10) medium risk. This risk is managed and monitored within the Resources Service Risk Registers.

There are three new threat risks:

- CRR32: The supply of affordable housing not sufficient to meet community needs. The risk rating being 3x7(21) high risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- CRR31: Failure to deliver Mayor's Climate Emergency Action Plan and One City Climate Strategy. The risk rating being 4x5 (20) high risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- CRR33: Failure to Deliver Joint Spatial Plan (JSP). The risk rating being 4x5 (20) high risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.

There is one improving threat risk:

- CRR30: Failure to deliver Bristol City Council's wider Clean Air Plan. Communication/engagement with stakeholders does not result in sufficient behavioural change (excluding traffic clean air zone). The risk rating being 2x3 (6) medium risk. Previously 2x5= (10) medium risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.

Six deteriorating threat risks:

- CRR1: Long Term Commercial Investments and Major projects Capital Investment. The risk rating being 3X7=(21) high risk. Previously 2x7= (14) medium risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- CRR6: Fraud and Corruption. The risk rating being 4x5= (20) high risk. Previously 3x5= (15) high risk. This risk is managed and monitored within the Resources Service Risk Registers.
- CRR27: Capital Transport Programme Delivery. The risk rating being 4X5 (20) high risk. Previously 3x3= (9) medium risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- CRR18: The risk of failing to deliver the range of housing to meet Bristol's needs and not realise the ambition to deliver 2000 homes, of which 800 are affordable, per annum by 2020. The risk rating being 3X5 (15) high risk. Previously 2x5= (10) medium risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- CRR15: Financial Deficit. The risk rating being 4x3= (12) medium risk. Previously 2x5= (10) medium risk. This risk is managed and monitored within the Resources Service Risk Registers.
- CRR13: Financial Framework and MTFP is highlighted under the critical risk.

The risks BCCC2/OPP4 - Brexit is an unpredictable external threat and opportunity, and because of this the reporting for these entries may already be out of date. These risks are being managed within the Resources Service Risk Registers via a council-wide Brexit Project Board (for general preparedness) and Brexit Coordination Group (a tactical response group to manage any immediate issues presented in a 'no deal' scenario).

The external / contingency risk BCCC3: COVID -19 reflects the positive action and pace of change the Council has adapted to delivering its services. This risk is being overseen by the Corporate Leadership Team, Gold Meetings and within the Growth and Regeneration Director by the Resilience Director.

All risks on the CRR have management actions in place. The CRR will continue to be subject to a refresh during 2020/21.

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 threat risks are set out on pages 1 to 16, opportunity risks pages 17 to 18, and external and civil contingency risks on page 19 and 20 all including controls and management actions. A summary of risk performance on pages 21 and 22 by level of risk, the risk matrix on page 23 and the risk scoring criteria on page 24. More detail is available on request.

#### **4 Proposal**

- The Audit Committee are requested to receive and note the Risk Management update.
- The Audit Committee review and comment upon the Corporate Risk Report (CRR) as a source of assurance that risk management arrangements are in place.

#### **5 Other Options Considered**

None necessary. Having robust risk management processes in place is a requirement of the City Council. The CRR has been developed in line with the Risk Management Assurance Policy.

#### **6 Risk Assessment**

The Risk Management Assurance Policy and the CRR will further develop risk management assessment within the City Council, and help the management of risk arrangements embed.

#### **7 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) No equalities assessment necessary for this report.

## 8 Legal and Resource Implications

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A

## 9 Appendices:

Appendix A - Corporate Risk Report.

The summary of the threat risks are set out on pages 1 to 16, opportunity risks pages 17 to 18, and external and civil contingency risks on page 19 and 20 all including controls and management actions. A summary of risk performance on pages 21 and 22 by level of risk, the risk matrix on page 23 and the risk scoring criteria on page 24. More detail is available on request.

## LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

### Background Papers:

Risk Management Assurance Policy.