

Resources Scrutiny Commission

30th November 2020



Report of: Executive Director Resources

Title: Resources Directorate Risk Report Update

Ward: Citywide

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Recommendation

The Resources Commission are asked to note the quarter 1 2020-21 review of the Resources Directorate Risk Report and comment on any areas of interest.

Summary

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

The following represent the most the key risks for Resources as at June 2020:

Threats

- 1) Financial Framework and MTFP
- 2) Organisational Resilience
- 3) Cyber-Security
- 4) Fraud and Corruption
- 5) Suitability of Line of Business Systems (LOB)
- 6) Information Security Management System

Opportunities

- 7) Corporate Strategy
- 8) One City

External Risk

- 9) Brexit



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 Assurance 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. The Corporate Risk Report is scrutinised by the Audit Committee on a quarterly basis, it was agreed at Overview and Scrutiny Management Board, that the Directorate Risk Registers will also be scrutinised by each Directorate scrutiny quarterly. The Directorate Risk Reports will also be available to the Audit Committee 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 attached Directorate Risk Report sets out a summary from the Service Risk Registers (SRR) which are the working documents. The data within the SRRs 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 1st September 2020 and was reported to the Audit Committee on 28th September 2020.

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) in June 2020. The risk review has included managers from across the Council.
- 4.3. The DRR was reviewed by the Resources EDM in June 2020. The directorate reports quarterly to Members, ensuring that they are aware of the 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 strategies to manage risk are in place to ensure the risk is identified and interventions planned,
- Review by EDM to ensure risk levels are correctly identified; and tolerance risk levels where stated are acceptable.

4.6. The Resources Directorate Risk Report is attached at Appendix A. The register is presented in the standard format agreed by CLB and uses the risk management methodology in the Risk Management Assurance Policy agreed by Cabinet in January 2019.

4.7. Appendix A the risk matrix, guidance parameters used to measure likelihood and impact and the supporting scoring criteria are set out on pages 14 and 15 will assist Members in understanding risk levels recorded in the report.

4.8. The DRR sets out the critical and high rated risks. All other business risks reside on the Resources Service Risk Registers (SRR). The Resources Directorate Risk Report (DRR) as June 2020 contains:

Threat Risks	Opportunity Risks	External / Contingency Risks
<ul style="list-style-type: none"> • 1 critical • 8 high • 2 new • 2 improving • 0 deteriorating • 0 closed risk 	<ul style="list-style-type: none"> • 1 significant opportunity • 2 high • 0 new • 0 improving • 0 deteriorating • 0 closed 	<ul style="list-style-type: none"> • 0 critical • 1 high • 0 new • 0 improving • 0 deteriorating • 0 closed

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

There is one critical threat risks:

- CRR13: Financial Framework and MTFP. The risk rating being 4x7 (28) critical risk. This risk is managed on the Finance Service Risk Registers.

There are two new threat risks:

- CRR35: Organisational Resilience. The risk rating being 3x7 (21) high risk. This risk is managed on the Policy and Strategy Service Risk Register.
- CRR34: Corporate Equalities. The risk rating being 2x7 (14) high risk. This risk is managed on the Policy and Strategy Service Risk Register.

There are two improving threat risks:

- CRR7: Cyber-Security. The risk rating being 4x5 (20) high risk. This risk is managed on the Digital Transformation Service Risk Register.
- CRR24: Procurement and Contract Management -failure to deliver value for money. The risk rating being 2x5 (10) medium risk. This risk is managed on the Procurement Service Risk Register.

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 Policy and Strategy Service Risk Register 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).

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 12 including controls and management actions, a summary of risk performance on page 13, the risk matrix on page 14 and the risk scoring criteria on page 15. 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 Resources who do not share it (in relation to disabled Resources, 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 12 including controls and management actions, a summary of risk performance on page 13, the risk matrix on page 14 and the risk scoring criteria on page 15.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Risk Management Assurance Policy