

# Audit Committee

22nd July 2016



**Report of:** Strategic Director – Business Change (Interim)/ Chief Internal Auditor

**Title:** Corporate Risk Register Update - July 2016

**Ward:** Citywide

**Officer Presenting Report:** Melanie Henchy-McCarthy/ Alison Mullis,  
Chief Internal Auditor (Job Share)

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## Recommendation

The Committee review the Corporate Risk Register which is attached to this report at Appendix 3. This report was presented to the Cabinet Member for Finance, Governance and Performance on 18<sup>th</sup> July 2016.

## Summary

This report presents the Corporate Risk Register after its latest update. The register demonstrates that the council is facing some big risks currently with risk levels increasing in many areas. Going forward, it is anticipated that the register will be reviewed quarterly by the Strategic Leadership Team with the Audit Committee receiving it twice a year.

## The significant issues in the report are:

- Integration of risk with Corporate Planning processes (para 4.6 – 4.7)
- A Summary of significant amendments made to the CRR (para 4.8 – 4.10)
- Emerging risks (para 4.11)
- The Corporate Risk Register detailing the risks and how they are managed (Appendix 3)

- The Corporate Risk (Appendix 2)

- The Council's Risk Management Policy (Appendix 3)



## Policy

1. This report is submitted in accordance with the Audit Committee's Terms of Reference which requires the Committee to provide independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The Corporate Risk Register is administered in accordance with the Council's Risk Management Policy.

## Consultation

2. **Internal**  
Strategic Leadership Team (SLT) / Officers
3. **External**  
None

## Context

- 4.1 The Corporate Risk Register (CRR) is an integral element of the Council's Strategic Risk Management arrangements and aims to support the delivery of the Council's objectives by setting out the strategic high level risks facing the Council in delivering its plans and how they are ensuring these risks are effectively managed.
- 4.2 The CRR is used by the SLT to monitor risk levels and take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them. The CRR is underpinned by Directorate and operational risk registers. Directorate risk registers are reported quarterly to Scrutiny Committees and annually to the Audit Committee.
- 4.3 The Audit Committee last received the CRR to review and scrutinise at their meeting on 29th January 2016. The updated CRR can be seen at Appendix 3 to this report. The Council's Risk Management Policy is provided at Appendix 4. This provides members with details of the Council's risk management framework and also details of how risk levels are assessed in terms of impact and likelihood.

## The Review Process

- 4.4 The review was facilitated and co-ordinated by Internal Audit staff who have provided an element of independent verification and challenge concerning the status of mitigations and further actions included in the register. Each officer named as a Responsible Officer has reviewed the entries to confirm, or otherwise, that the current mitigations remain effective; provide a progress report for implementation of action plans previously agreed and identify new relevant mitigations and actions.
- 4.5 Each Risk Owner, or acting Risk Owner, has overviewed their updated risk to ensure it accurately reflects the position and risk level. The Strategic Leadership Team have reviewed the register to ensure it is reflective of their views of the Council's Strategic Risks and ensures priority actions are in place to manage the risks. It is usual for the Extended Leadership Team (ELT) to have input to the risk register review and also for the Executive Board to have considered the fully reviewed register. On this occasion, focus for ELT has been targeted at risk

6 rather than fully reviewing the risk register. Additionally, changes to Mayoral/Cabinet membership has made a review of the register at Executive Board untimely (ref paragraphs 4.7/8 below) and thus these elements of the review/challenge process have yet to occur. The full review process will take place at the next review of the corporate risk register.

- 4.6 A summary of the movements of the corporate risks and the direction of travel is provided at Appendix 1. The corporate risks are shown plotted together on the Council’s Risk Matrix at Appendix 2.

### **Integration of Risk with Corporate Planning**

- 4.7 The update of the CRR has taken place at the same time as the review of Council objectives following the change of Mayor and the refreshing of the Council’s corporate planning process. The new Mayoral priorities are likely to see significant change in the Council’s objectives and consequently to the corporate risks associated with achieving those objectives. The new corporate planning process requires risk to be identified and assessed at the same time as objectives are identified and plans developed to achieve them.
- 4.8 The timescale for the development of new corporate objectives and risks and their cascade into directorate, service and team plans mean that new corporate risks, mitigations and next actions are not fully formed for this report. This report therefore summarises the position against the current corporate risks and provides an indication of emerging new risks.

### **Summary of Significant Amendments Made to the CRR**

- 4.9 The current risk levels for the following risks have increased:
- Risk 2 - Organisational achievement and resilience – the risk of failing to deliver and achieve the Mayoral and corporate objectives while closing the 2016/17 funding gap has increased
  - Risk 3 - Governance – the change in administration requires the refresh of the Council’s governance framework to ensure it is fit for purpose; a number of senior and statutory officer posts are vacant or interim
  - Risk 6 - Finance – the risk that robust financial plans will not be delivered in 2016/17 has increased; the Council has had a high turnover of s151 officers and a number of interim managers in the finance team
  - Risk 9 - Devolution – the decision by the Council and Bath & North East Somerset Council and South Gloucestershire Council in June 2016 to progress the Government’s devolution proposals brings significant challenge to maximise the opportunities available; detailed plans and the risk associated with this are still being formulated and assessed. The EU referendum outcome has increased uncertainty.
- 4.10 The current risk levels for the following risks have stayed the same:
- Risk 1 - Safeguarding – improvements in structures and systems have been achieved; however the demand for services has increased

- Risk 4 - Infrastructure – major projects including the Arena and MetroBus remain high profile, although monitoring arrangements are in place, there are likely to be funding pressures
- Risk 5 - Community resilience – work has continued to promote communities’ ability to develop themselves through partnership working; however the impact of leaving the European Union has yet to be seen.
- Risk 8 - Demographic and service pressures - a new tendering system has been implemented but it is not yet evident that the Council is obtaining best value from its contracts and commissioned services
- Risk 11 - Trading Company Operations - the development of the companies has progressed although arrangements for their financing and monitoring are still being implemented.

4.11 The current risk levels for the following risks have decreased:

- Risk 7 - Educational attainment – structures and systems for monitoring and improving schools have been developed
- Risk 10 - Delivering democracy – the delivery of the 4 year cycle of elections earlier in 2016 means that this may no longer be a corporate risk.

### Emerging Risks

4.12 The following risks have been identified as potential emerging risks. They are not yet properly reflected in the CRR but work is ongoing with management to determine the risk and how the Council is managing them:

- Exiting the European Union - the impact across the Council of the EU referendum outcome; a cross sector group is reviewing the short and medium term economic and social impact and will prepare a co-ordinated response.
- Corporate and strategic planning – there is a risk that robust strategic, directorate and service plans and processes for monitoring them will not be in place in sufficient time to deliver service objectives and required savings in 2016/17.
- Impact of restructuring and savings on service delivery and Council staff – there is a risk that required savings will significantly impact service delivery and staff morale resulting in reputational damage, poor service delivery, savings not being achieved and staff underperforming.
- Universal Credit/Welfare Reform – the impact on communities and on Council services means that this may be a corporate risk in its own right. Financial aspects of it are currently recorded in the register but the risks are wider.
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**Proposal**

5. The Audit Committee is recommended to review the Corporate Risk Register.

**Other Options Considered**

6. None necessary

**Risk Assessment**

7. Robust and effective strategic risk management arrangements are essential in helping the Council manage its business and deliver its priorities.

**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) None required for this report.

## **Legal and Resource Implications**

### **Legal**

None sought

**(Legal advice provided by N/A)**

### **Financial**

#### **(a) Revenue**

None required for this report.

#### **(b) Capital**

None required for this report.

### **Land**

Not applicable.

### **Personnel**

Not applicable

## **Appendices:**

Summary of Corporate Risk Movement/Direction of Travel (Appendix 1)

Corporate Risks Plotted on Risk Matrix (Appendix 2)

The Corporate Risk Register (Appendix 3)

The Council's Risk Management Policy (Appendix 4)

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

### **Background Papers:**

Directorate Risk Registers

Council's Risk Management Policy