

# Audit Committee

Monday 30<sup>th</sup> January 2023



## Report of: Director Finance, S151

**Title:** Q3 2022/23 Corporate Risk Report Update.

**Ward:** Citywide

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

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## Recommendation

.1 The Audit Committee review and comment on the Q3 2022/23 Corporate Risk Report (CRR)

## Summary

This report presents the Corporate Risk Report (Appendix A) as at December 2022.

## The significant issues in the report are:

- 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 is 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).

## 1 Policy

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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.
- 1.5. The CRR provides assurance to management and Members that Bristol City Council's significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed.
- 1.6. 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.
- 1.7. 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, City Economy, Finance and Performance.

**External** - None

## 3 Context

### Corporate Risk Register (CRR)

- 3.1. The registers and reports are a management tool. They need 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.

- 3.2. The Q3 22-23 Corporate Risk Report (CRR) as at December 2022 contained:

Threat Risks	Opportunity Risks	External / Contingency Risks
<ul style="list-style-type: none"> <li>• 1 critical</li> <li>• 21 high</li> <li>• 2 medium</li> </ul>	<ul style="list-style-type: none"> <li>• 1 high</li> </ul>	<ul style="list-style-type: none"> <li>• 1 critical</li> <li>• 1 high</li> <li>• 1 medium</li> </ul>

<ul style="list-style-type: none"> <li>• 2 new registers</li> <li>• 1 escalating from service risk registers</li> <li>• 3 improving</li> <li>• 1 closing/replaced</li> <li>• 3 de-escalating to service risk registers</li> </ul>		
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3.3. A summary of risks (Threat and Opportunities) for this reporting period are set out below with full detail available in Appendix A:

### Threat Risks

3.4. There is one critical threat risk:

- 'CRR13 - Financial Framework and Medium-Term Financial Plan (MTFP)' The risk rating being  $4*7 = 28$  critical threat risk.

3.5. There are two new threat risks:

- 'CRR51 - Risk that ASC financial unsustainability due to national and local pressures leads to a failure to deliver statutory duties and budgetary control'. The risk rating is  $3*7 = 21$  high risk.
- 'CRR53 - Risk that increased social worker and occupational therapist vacancies and sickness rates will result in vulnerable adults' care being compromised'. The risk rating is  $3*7 = 21$  high risk.

3.6. There is one risk that have been proposed for escalation from service risk registers:

- 'CRR52 - Fire Safety in High Rise residential buildings'. The risk rating is  $3*7 = 21$  high risk. This risk has escalated from Growth and Regeneration service risk registers.

3.7. There is one closing Threat Risks:

- 'CRR23 - Adult and Social Care (ASC) Transformation Programme 2020/21-2021/22'. Following a risk workshop with an external risk consultant it was concluded that the Adult Social Care Transformation Programme is a mitigation to respond to a number of issues faced within Adult Social Care. Therefore, this risk has been closed and replaced with new/existing risks such as CRR39, CRR10, CRR51 and CRR53.

3.8. There are three de-escalating threat risks due to improving risk ratings:

- 'CRR50 - Impact of Adult Care Charging Reforms Legislation'. This risk has improved in Q3 from  $3*7 = 21$  high risk to  $1*7 = 7$  medium risk and such has been proposed for de-escalation to be managed within the People Service Risk Registers.
- 'CRR36 - Risk to delivering required improvements from Ofsted/CQC SEND Inspection.' This risk has improved in Q3 from  $2*5 = 10$  medium risk to  $2*3 = 6$  medium risk and as such has been proposed for de-escalation to be managed within the People Service Risk Registers.
- 'CRR46 - Increased costs, restrictions and uncertainty of future sufficient insurance cover for higher risk properties'. The risk rating improved from  $4*7 = 28$  critical threat risk to  $3*5 = 15$  high risk. This risk has been proposed for de-escalation to be managed on the Resources Service Risk Register.

## External and Civil Contingency Risks

3.9. There is one critical external risk:

- 'BCCC5 - Cost of Living Crisis impact on Citizens and Communities'. This risk has a risk rating of  $4 \times 7 = 28$  Critical risk.

3.10. For more detail on individual risks and their management, please see the attached Appendix A.

3.11. The closed risks are now reflected within individual risks across the Council's Service Risk Registers.

3.12. All risks on the CRR have management actions/controls in place.

3.13. 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.

### Additional Information:

3.14. An assessment of the Council's Risk Maturity, Risk Culture and Risk Appetite has been drafted which will feed into a review of the Council's Risk Assurance Policy and Framework over the coming quarters.

### Risk Management Framework

3.15. Risk management is the culture, process and structures 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.

3.16. The risk management framework and process continue to be developed. During 2021/22 and 2022/2023 we have:

- Implemented a new Risk Management Database and risk data migration to the new system. New risk dashboards have been created for every division and directorate of the council to provide detail of their risks and actions in place to mitigate these. In addition, guidance documents and workshops has been provided on the systems' use.
- Workshops and system training provided to all risk owners. All Corporate Risk Owners have had a risk workshop to review their risks, with the majority of corporate risk owners having a risk workshop with an external Risk Consultant.
- Rolled out mandatory Risk Management eLearning for over 100 responsible officers and risk owners.
- The risk process continues to be embedded within the council with Risk and Insurance Colleagues attending where possible all DMTs, EDMs and CLB quarterly to review the identification and management of the council's significant threat and opportunity risks utilising risk dashboards created on our risk management database.
- Quarterly Risk Reporting - The reporting template has been amended for Q4 2021/2022. Internal Controls and Actions have been added to the CRR Appendix

template, replacing the 'What we have done' and 'What we are doing' section – there is ongoing work to accurately capture and review these controls and actions. Actions will include a due date and progress status. In addition, a 'summary of progress' has been included to capture the quarterly update in the management of the Corporate risks.

- The forming of a Corporate Risk Management Group has been agreed at Resources EDM in February 2022.
- An assessment of the Council's Risk Maturity, Risk Culture and Risk Appetite has been drafted which will feed into a review of the Council's Risk Assurance Policy and Framework over the coming quarters. The council's Risk Appetite will be reviewed with senior leadership in January 2023.
- The Decision Pathway risk register will be updated in Q4 linking to the updated council risk appetite.

#### **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**

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.

7b) No equalities assessment necessary for this report.

## **8) Legal and Resource Implications**

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A