

# Audit Committee

Tuesday 24<sup>th</sup> July 2023



## Report of: Director Finance, S151

**Title:** Q1 2023/24 Corporate Risk Report Update.

**Ward:** Citywide

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

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### Recommendation

- The Audit Committee review and comment the Q1 2023/24 Corporate Risk Report (CRR)

### Summary

This report presents the Corporate Risk Report (Appendix A) as at June 2023.

### 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 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) and Cabinet. The Q1 2023/24 risk review included managers from across the Council.



## 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)

- 1.8. 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).
- 1.9. Ensuring that the Service Risk Registers (SRR), Directorate Risk Reports (DRR) and the Corporate Risk Reports (CRR) are 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.

1.10. 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.

1.11. The Q1 23-24 Corporate Risk Report (CRR) as at June 2023 contained:

Threat Risks	Opportunity Risks	External / Contingency Risks
<ul style="list-style-type: none"> <li>▪ 2 Critical</li> <li>▪ 24 High</li> <li>▪ 3 Medium</li> <li>▪ 1 Low</li> <li>▪ 1 Improving</li> <li>▪ 2 Deteriorating</li> <li>▪ 1 Escalated from service risk register</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1 High</li> <li>▪ 1 Deteriorating</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1 High</li> <li>▪ 1 Medium</li> <li>▪ 1 Low</li> <li>▪ 2 Improving</li> </ul>

1.12. A summary of risks (Threat and Opportunities) for this reporting period are set out below with full detail available in Appendix A

### Threat Risks

1.13. There are two critical threat risks:

- 'CRR13 - Financial Framework and Medium-Term Financial Plan (MTFP)' The risk rating being  $4*7 = 28$  critical threat risk. This risk is managed on the Resources Service Risk Register.
- 'CRR55 - Children placed in unregistered provision may be at risk'. This is an escalated threat risk from Children Services. The risk rating being  $4*7 = 28$  critical threat risk. (New). We are still exploring the insurance position, waiting for feedback from Zurich Municipal Underwriting Services.

1.14. There is one improving threat risks within the report:

- 'CRR15 – Possible In-Year Financial Deficit' The risk has a rating of  $4*7 = 28$  critical, downgraded during P1 to a rating of  $2*7=14$ , following setting a balanced budget for the year, and then re-assessed and increased to  $3*7=21$  following P2/Q1 forecast financial position now being reported. This risk is managed on the Resources Service Risk Register.

1.15. There are two deteriorating threat risks within the report:

- 'CRR10 - Safeguarding Adults may be at Risk with Care and support needs.' The risk rating is  $7*3 = 21$  High Risk Level, deteriorating from a  $5*3 = 15$  High Risk Level.
- 'CRR5 - Business Continuity and Operational Resilience may not be effective'. The risk is  $7*2 = 14$  High Risk Level, deteriorating from a  $5*2 = 10$  High Risk Level.

### Opportunity Risks

1.16. There is one deteriorating opportunity risks within the report:

- 'OPP1 - Possible Impact of One City Approach' The risk rating is  $7*2 = 14$  High Risk Level, deteriorating from a  $7*3 = 21$  High Risk Level.

### External and Civil Contingency Risks

1.17. There are two improving external threat risks within the report:

- 'BCCC5 - Cost of Living Crisis may have major impact on Citizens and Communities'. This risk has a risk rating of  $4*7 = 28$  Critical threat risk to  $3*4 = 12$  Medium threat risk
- BCCC4 - Possible Increase in Winter diseases including COVID-19 and Flu (formerly COVID-19 Population Health). This risk has a risk rating of  $3*3 = 9$  Medium threat risk to  $1*3 = 3$  Low threat risk

Additional Information:

- For more detail on individual risks and their management, please see the attached Appendix A.
- The closed risks are now reflected within individual risks across the Council's Service Risk Registers.

- All risks on the CRR have management actions in place.
- 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.
- Risks are escalated to the Corporate Risk Report (CRR) if the risk scores higher than a 20 or if a risk is determined by CLB to remain on the corporate risk report due to monitoring its significance to the councils aims and objective.

#### **4 Proposal**

1.18. The Audit Committee are requested to receive and note the Risk Management update.

1.19. 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**

1.20. 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.

1.21. No equalities assessment necessary for this report.

**8 Legal and Resource Implications**

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A