

Audit Committee

20th November 2023



Report of: Director Finance, S151

Title: Q2 2023/24 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 the Q2 2023/24 Corporate Risk Report (CRR)

Summary

This report presents the Corporate Risk Report (Appendix A) as at Sept 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 Q2 2023/24 risk review included managers from across the Council. Appendix B - Annual Risk Management Plan for 2023/24

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 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).
- 3.2. 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.

3.3. 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.

3.4. The Q2 23-24 Corporate Risk Report (CRR) as at September 2023 contained:

Threat Risks	Opportunity Risks	External / Contingency Risks
1 Critical 23 High 4 Medium 5 Improving Risks 3 Deteriorating 2 Escalated Risks	1 High	1 High 2 Medium 1 Deteriorating

Please Note – There are 17 other risks scoring between 20 and 28 that have not been escalated to the Corporate Risk Register (CRR). These risks are currently being assessed for assurance, to moderate the scores below 20 or to include in the CRR. The results will be presented during the Q3 review.

3.5. A summary of risks (Threat and Opportunities) for this reporting period are set out below:

Critical Threat Risks

3.6. There is only one critical Threat risks:

- CRR55 - Risk of children placed in unregistered provision which is unlawful: Escalated threat risk from Children Services in Q1. The risk rating is still $4 \times 7 = 28$ Critical threat risk. The numbers have not reduced due to high needs of the children that have required placements and lack of placements.

Improving Risks

3.7. There are five improving Threat risks within the report:

- CRR5 Business Continuity and Operational Resilience May Not Be Effective: This risk score has reduced from $7 \times 3 = 21$ High to $5 \times 2 = 10$ High due to business continuity being in service plans and by working on the quality and adherence across BCC organisation.
- CRR13 - Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure: The risk rating has improved from $4 \times 7 = 28$ Critical to $3 \times 7 = 21$ High due to processes and controls in place to enable the MTFP and budget to be developed and approved are robust.
- CRR41 Capital Portfolio Delivery May Fail: The risk score has reduced from $5 \times 4 = 20$ High to $5 \times 3 = 15$ High as the construction sector, while still challenging, has become less volatile.
- CRR49 – Potential Impact of Weak Workforce Resilience: The risk rating improved $5 \times 4 = 20$ High to $3 \times 3 = 9$ Medium as the internal controls in place are effective; and targeted work is in place to support services at a higher risk around workforce resilience.
- CRR54 Potential Threat of Financial Sustainability of Nursery Schools: The risk score improved from $7 \times 3 = 21$ High to $3 \times 2 = 6$ Medium as Nursery Schools with a deficit have submitted deficit recovery plans that have either been approved by the Section 151 officer or have been rejected requiring further work.

Deteriorating Risks

3.8. There are two deteriorating Threat risks within the report:

- CRR4 – Possible failure to Deliver an effective Corporate Health, Safety and Wellbeing Framework: The risk rating increased from $5 \times 2 = 10$ Medium to $5 \times 3 = 15$ High following a review of the current approach to managing some key areas of health and safety risks, including those in Property and the new Building Safety Act.
- CRR12 Emergency planning measures & resources may be overwhelmed by scope / scale of an emergency or incident faced by the council: This risk score has increased from $7 \times 2 = 14$ High to $5 \times 3 = 15$ High as working on additional resource / budget is required to be able respond as a cat 1 responder under the civil contingencies act.

3.9. There is one deteriorating External Threat risks within the report:

- BCCC4 - Possible Increase in Winter diseases including COVID-19 and Flu (formerly COVID-19 Population Health): This risk score has reduced from $1*3 = \text{Low } 3$ to $3*3 = \text{Medium } 9$ as we have seen a new variant emerge internationally in August 2023.

Escalating Risks

3.10. There are 2 Threat risks recommended for escalation to Corporate Risk Register from Directorate Risk Registers:

- CRR56 – DRR Potential threat to the ASC Care Quality Commissions (CQC) Assurance Preparedness and Rating. The current risk score is $7*3 = \text{High } 21$
- CRR57 – DRR18 - Possible failure to improve compliance with procurement rules which results in procurement breaches. The current risk score is $5*4 = \text{High } 20$

Emerging (In Progress) Risks:

3.11. There is one risk that are currently emerging, and workshops will be held in Q3 to draft these for consideration for inclusion on the corporate risk report:

- Reinforced Autoclaved Aerated Concrete (RAAC)- this an emerging strategic threat risk to the council which we are currently investigating.

Static Risks

3.12. 16 risks have scores that have remained static over the last 3 reporting cycle as at Q2 2023. Risk owners are advised to ensure that controls and mitigations are effective, confirm why it has remained the same and if anything could be done.

Mitigation Actions Update

3.13. There were 45 new mitigation actions created during the reporting period which, when completed, will result in improved risk assurance and improvement towards our tolerances level. Over 70 risk mitigation actions were successfully completed.

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

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

4.2. 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

7.1. 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.

7.2. No equalities assessment necessary for this report.

8 Legal and Resource Implications

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A