

Audit Committee

29th January 2024



Report of: Director Finance, S151

Title: Q3 2023/24 Corporate Risk Report Update.

Ward: Citywide

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Recommendation

- The Audit Committee review and comment the Q3 2023/24 Corporate Risk Report (CRR)

Summary

This report presents the Corporate Risk Report (Appendix A1) as at Dec 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 A1 and is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) and Cabinet. The Q3 2023/24 risk review included managers from across the Council. Appendix A2 – Static Risks Q3 2023_24 Corporate Risk Report. Appendix A3 – Risks Scoring 20 to 28 but not in Corporate Risk Register Q3 2023

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 Q3 23-24 Corporate Risk Report (CRR) as at December 2023 contained:

Threat Risks	Opportunity Risks	External / Contingency Risks
1 Critical 25 High 5 Medium 2 Improving Risks 2 Escalated Risks 9 De-escalated risks	1 High	1 High 2 Medium 1 Deteriorating 3 De-escalated risks

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

Critical Threat Risks

1.12. There is one Critical Threat risks scoring 28.

- *CRR55 - Risk of children placed in unregistered provision which is unlawful:* The risk remains as we continue to have children placed in unregistered provision.

Improving Risks

1.13. There are two improving Threat risks within the report:

- *CRR6 - Potential threat of Fraud and Corruption. The risk score reduced from $5 \times 3 = 15$ High to $3 \times 2 = 6$ Medium. The setup of a fraud hub and prioritisation of fraud prevention has resulted in the risk score being reduced.*
- *CRR39 - Adult and Social Care major provider/supplier may fail to deliver as expected. The risk score reduced from $5 \times 3 = 15$ to $3 \times 3 = 9$. It continues to be likely that a large supplier could fail but most likely be a planned exit and as market relatively stable, it would be able to cope.*

Deteriorating Risks

1.14. There is one deteriorating External and Civil Contingency Risk risks within the report:

- *BCCC4 - Possible Increase In Winter diseases including COVID-19 and Flu:* The risk score increased from $3 \times 3 = 9$ to $4 \times 3 = 12$ as we anticipate a seasonal increase in flu or COVID in the coming quarter.

Proposed Escalation to the Corporate Risk Register

1.15. The following 2 risks are recommended for escalation from service risk registers to the Corporate Risk Register

- *CRR 58 - Failure to maintain and replace the Highway and Traffic assets may lead to future budget shocks and potential injuries to the public:* The risk score has increased from to $7 \times 3 =$ High 21. Defects on network are increasing as depreciation accelerates; and this may lead to an increase in litigation and settlement payments to network users and motorists.
- *CRR59 - Failure to deliver timely statutory planning decisions:* The risk score has increased to $5 \times 5 =$ High 20 as the backlog in planning applications may lead to delays in delivering development and potentially refund of fees.

De-escalated from the Corporate Risk Register

1.16. The following 12 risks are recommended for de-escalation from the Corporate Risk Register to Directorate and Services Risk Registers.

Threat Risks

- 1.17. *CRR4 – Possible failure to Deliver an effective Corporate Health, Safety and Wellbeing Framework:* This risk has scored between Medium 10 and High 15 since September 2021 and will continue to be actively managed as a Resources Directorate Risk.
- *CRR6 - Potential threat of Fraud and Corruption:* The risk score has reduced to Medium 6 and will continue to be actively managed as a Resources Directorate Risk.

- *CRR18 - Possible failure to deliver enough new homes to meet Mayoral and Annual Business Plan targets:* This risk has scored between Medium 10 and 15 High since December 2022; and will continue to be actively managed as a Growth and Regeneration Directorate Risk.
- *CRR26 - ICT Resilience May Not Be Effective:* This risk has scored High 14 since March 2022 and will continue to be actively managed as a Resources Directorate Risk.
- *CRR27 - We may fail to Deliver the Capital Transport Programme:* This risk has score High 15 since December 2022 and will continue to be actively managed as a Growth and Regeneration Directorate Risk.
- *CRR29 - Information Security Management System (ISMS) May Not Be Effective:* This risk has scored Medium 10 since May 2022 and will continue to be actively managed as a Resources Directorate Risk.
- *CRR41 - Capital Portfolio Delivery May Fail:* This risk has a score of High 15 and will continue to be actively managed as a Growth and Regeneration Directorate Risk.
- *CRR49 – Potential Impact of Weak Workforce Resilience:* This risk has scored Medium 9 since August 2023 and will continue to be actively managed as a Resources Directorate Risk.
- *CRR54 - Potential Threat of Financial Sustainability of Nursery Schools:* This risk has scored Medium 6 since September 2023 and now being actively managed as a Children and Education Directorate Risk.

External and Civil Contingency Risks

- *BCCC1 - Flooding May Impact Public Safety:* This risk has scored High 15 since 2021 and will continue to be actively managed as a Directorate Risk the Growth and Regeneration Directorate.
- *BCCC4 - Possible Increase In Winter diseases including COVID-19 and Flu:* The risk has scored between Low 3 and Medium 12 since August 2022; and will continue to be actively managed as a Service Risk within the Adult and Communities Directorate.
- *BCCC5 - Cost of Living Crisis may have major impact on Citizens and Communities:* This has scored between Medium 9 and Medium 12 since May 2023; and will continue to be actively managed as a Service Risk within the Adult and Communities Directorate.

Interconnective Risks (New)

- 1.18. Some risk, scoring above 20, are interconnected and inform existing corporate risks. These risks will not be escalated to the CRR as they are shown as 'Related to' the interconnected corporate risk in Pentana.
- DRR Possible Hengrove Leisure Centre PFI Budget Deficit is connected to CRR13 Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure.
 - Placement sufficiency for children in care / care leavers is connected to CRR55 Risk of children placed in unregistered provision which is unlawful.
 - CRR18 Possible failure to deliver enough new homes to meet Mayoral and Annual Business Plan targets is connected to CRR48 We may not be able to meet the affordable housing needs of the City by failing to meet the Project 1000 Delivery targets.
 - CRR54 Potential Threat of Financial Sustainability of Nursery Schools is connected to CRR13 Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure.
 - Harbour infrastructure failure: leading to property damage, flooding and injuries is connected to CRR58 Failure to maintain and replace the Highway and Traffic assets may lead to future budget shocks and potential injuries to the public.

Mitigation Actions Update

1.19. There were 10 new mitigation actions created during the reporting period which, when completed, will result in improved risk assurance and improvement towards our tolerances level. Over 9 risk mitigation actions were successfully completed.

Emerging (In Progress) Risks:

1.20. Feedback on RAAC Risk: We have a file with 1877 entries but please note this is not properties, just entries as there may be multiple entries for one asset / site. For the criteria of RAAC potentially being present in a building if built between 1930 to 1990, we have identified – 330 entries (so far) require a RAAC survey. 264 entries are still to be reviewed to ascertain if a survey is required or not. 1283 currently have been identified as not requiring a survey. (Further updated will be provided by Q4)

- Barton House Risk Assessment – analysis of emerging risks ongoing, working with the team.

Static Risks

1.21. 24 risks have scores that have remained static over the last 3 reporting cycle as at Q3 2023: an increase from 17 in Q2. Two risks were mitigated in Q3 after being static in Q2. 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. These risks are summarised in Appendix A2 of this report.

Non CRR Risks Scoring 20-28 (New)

1.22. The Q2 review identified 17 risks scoring between 20 and 28 that had not been escalated to the Corporate Risk Register (CRR). A commitment was made to review these risks and provide feedback. During Q3 some risks were removed from the list for various reasons including – two risks were escalated to the CRR, the risk score reduced below 20, risks were merged with similar risks, or the risk was no longer relevant. The number of risks with scores above 20 has reduced to 16 with a summary contained in Appendix A3 of this report. In most cases it has been agreed that risks will be managed at EDM level, with risk score to be reviewed to reflect EDM level, controls and mitigation actively managed regularly.

Additional Information:

- For more detail on individual risks and their management, please see the attached Appendix A1.
- 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

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

1.24. 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

1.25. 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.

1.26. No equalities assessment necessary for this report.

8 Legal and Resource Implications

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A