



**PURPOSE:** For reference

**MEETING:** Cabinet

**DATE:** 23 January 2024

<b>TITLE</b>	<b>Corporate Risk Management Report – Q3 2023/24</b>		
<b>Ward(s)</b>	City wide		
<b>Author:</b> Joachim Adenusi	<b>Job title:</b> Senior Risk and Insurance Officer		
<b>Cabinet lead:</b> Cllr C Cheney -Deputy Mayor and Cabinet member for City Economy, Finance and Performance	<b>Executive Director lead:</b> Stephen Peacock - Chief Executive (Head of Paid Service)		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> For noting <b>Decision forum:</b> For noting			
<b>Purpose of Report:</b> The report provides an update on current significant strategic risks to achieving the Council's objectives as set in the Corporate Strategy 2022-2027 and summarises progress in managing the risks and actions being taken as at Quarter 3_2023-24.			
<b>Evidence Base:</b> <b>Context</b>			
<ol style="list-style-type: none"> <li>1. The Corporate Risk Report (CRR) is a key document in the council's approach to the management of risk; it captures strategic risks set out in the Corporate Strategy 2022-2027. It also provides a context through which Directorates construct their own high-level risk assessments and is used to inform decision making about business planning, budget setting, transformation, and service delivery.</li> <li>2. 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. It should be noted that 'risk' by definition includes both threats and opportunities, which is reflected in the CRR.</li> <li>3. The Accounts and Audit Regulations 2015 require that 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). 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.</li> <li>4. 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 effectively to minimise the impact.</li> <li>5. The CRR summary of risks is attached to this report at Appendix A and is the latest position following a review by managers and Directors. The risks in Appendix A are presented in the order of severity, starting with the highest scoring risks followed by lower scoring risks.</li> </ol>			
<b>Summary of Corporate Risks:</b>			
<ol style="list-style-type: none"> <li>6. Cabinet members are asked to note the CRR as a working summary report of the critical and significant risks from the Service Risk Registers as of December 2023.</li> </ol>			

7. The CRR sets out the critical, significant, and high rated threats and opportunity risks. All other business risks reside on the Service Risk Registers.
8. Further programme of work with clear instructions to colleagues was undertaken to review and revise each CRR/DRR risk description, internal controls and mitigation plans and governance. The scope of this work included where possible the identification of new risks and a fresh look to confirm ongoing risks are current along with the actions to mitigate the risks.
9. Members of EDM's reviewed the current CRRs and the DRRs in November/December 2023 to form the current CRR risks was reviewed by CLB on the 19<sup>th</sup> of December 2023. Cabinet members are asked to accept the attached CRR as a working summary report of the critical and significant risks from the Service Risk Registers.
10. 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	1 High	1 High 2 Medium
2 Improving Risks 2 Escalated Risks 9 De-escalated risks		1 Deteriorating 3 De-escalated risks

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

#### Critical Threat Risks

11. 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

12. There are two improving Threat risks within the report:
  - *CRR6 - Potential threat of Fraud and Corruption. The risk score reduced from 5 x 3 = 15 High to 3 x 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 x 3 = 15 to 3 x 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

13. There is one deteriorating External and Civil Contingency Risk risks within the report:
  - *BCCCC - Possible Increase In Winter diseases including COVID-19 and Flu:* The risk score increased from 3 x 3 = 9 to 4 x 3 = 12 as we anticipate a seasonal increase in flu or COVID in the coming quarter.

#### Proposed Escalation to the Corporate Risk Register

14. 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 x 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 x 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

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

#### Threat Risks

- *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)

16. 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**

17. 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:**

18. 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**

19. 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 B of this report.

#### **Non CRR Risks Scoring 20-28 (New)**

20. 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 C 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:**

21. For more detail on individual risks and their management, please see the attached Appendix A.
22. The closed risks are now reflected within individual risks across the Council's Service Risk Registers.
23. All risks on the CRR have management actions in place.
24. 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.

#### **Cabinet Member / Officer Recommendations:**

That Cabinet <ul style="list-style-type: none"> <li>Notes the current strategic risks and mitigating actions being taken to reduce to within tolerance.</li> </ul>
<b>Corporate Strategy alignment:</b> Managing risks are an integral element to the achievement of the BCC Corporate Strategy deliverables.
<b>City Benefits:</b> Risk Management aims to maximise achievement of the council’s aims and objectives by reducing the risks to those achievements and maximising possible opportunities that arise.
<b>Consultation Details:</b> none
<b>Background Documents:</b> <a href="https://democracy.bristol.gov.uk/documents/s28767/10 Appendix A - BD11378 - Risk Management Assurance Policy Jan 2019.pdf">https://democracy.bristol.gov.uk/documents/s28767/10 Appendix A - BD11378 - Risk Management Assurance Policy Jan 2019.pdf</a>

<b>Revenue Cost</b>	£ N/A	<b>Source of Revenue Funding</b>	N/A
<b>Capital Cost</b>	£N/A	<b>Source of Capital Funding</b>	N/A
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The CRR is a live document refreshed regularly following consultation across the organisation and aims to provide assurance that the council’s main risks have been identified and appropriate mitigations are in place to ensure they are managed within agreed tolerances. This includes, as set out in the annual budget report, measures to ensure appropriate financial provision for these risks is made through the budget planning process. The Council should ensure it has sufficient resource available to implement actions required to bring risks down to a tolerable level. This report highlights a few critical financially related risks which will need to continue to be addressed and mitigated through planned improvements collectively owned by the leadership, refresh to the financial outlook through the MTFP, continued robust financial monitoring throughout the financial year, as well as the Council maintaining minimum reserves levels in line with the s151 officer review of financial risk in the budget taken in February 2023.

**Finance Business Partner:** Kathryn Long, Finance Business Partner Resources. 12<sup>th</sup> December 2023

**2. Legal Advice:** The Corporate Risk Register enables the Council to monitor and manage identified risks and mitigations to ensure good governance and compliance with its statutory and other duties. Advice will be given separately in relation to any specific legal issues that may arise from the risks identified.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service. 12<sup>th</sup> December 2023

**3. Implications on IT:** The Digital Transformation Team remain committed to undertaking and/or supporting the mitigation activities pertaining to the service risks. We provided identified those LOB systems that pose the greatest risk and made their details available to be incorporated on the risk registers of the area that own them, this includes details inherent in the risk such as; Cyber Security, and IT Resilience whereby ownership and mitigation activity should be led by the responsible service areas and reported individually.

**IT Team Leader: IT Team Leader:** Gavin Arbuckle, Head of Service Operations. 12<sup>th</sup> December 2023

**4. HR Advice:** No HR implications of the recommendation.

**HR Partner:** James Brereton, Head of HR. 12<sup>th</sup> December 2023

<b>EDM Sign-off</b>	Resources EDM	13/12/2023
<b>Cabinet Member sign-off</b>	Cllr Cheney, Deputy Mayor and Cabinet member for City Economy, Finance and Performance	15/12/2023
<b>For Key Decisions - Mayor’s Office sign-off</b>	Mayor’s Office	04/01/2024

<b>Appendix A – Further essential background / detail on the proposal</b> Appendix A1 – Q3 Corporate Risk Report 2023-2024 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	<b>Yes</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>No</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>No</b>
<b>Appendix D – Risk assessment</b>	<b>No</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>No</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>No</b>
<b>Appendix G – Financial Advice</b>	<b>No</b>
<b>Appendix H – Legal Advice</b>	<b>No</b>
<b>Appendix I – Exempt Information</b>	<b>No</b>
<b>Appendix J – HR advice</b>	<b>No</b>
<b>Appendix K – ICT</b>	<b>No</b>
<b>Appendix L – Procurement</b>	<b>No</b>