

BROMSGROVE DISTRICT COUNCIL

Audit, Standards & Governance Committee 21 July 2022

Quarterly Risk Update

Relevant Portfolio Holder	Councillor – Geoff Denaro Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

2. RECOMMENDATIONS

The Committee is asked to consider:

- The revised definition of a Corporate Risk.
- The present list of Corporate Risks and request any additional risks to be considered.
- That the use of the Risk Management Framework devised by Zurich is appropriate.

3. KEY ISSUES

Background

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.
- 3.3 CMT, on the 16th March 2022, acknowledged that there is a risk management system in place, and there are areas of good practice however this was not uniform across the

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Councils. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. It recommended that:

- A initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. The next round of Officer has now also taken place on the 22nd June.
- Each department nominate a representative to a Risk Board. This happened on the 8th April.
- Each department to complete an updated Risk Register by Wednesday 6th April (linked to the Zurich Recommendations). These were reviewed at the meeting on the 8th April.
- That both Audit Committees, who both met in the week commencing the 11th April be verbally updated on Progress.
- CMT were updated at their meeting on 13th April on progress and were presented with a draft Corporate Risk Register for approval. A further updated took place on the 29th June following the Risk Group meeting on the 22nd June. The updated position is contained in this report.
- That updated reports are prepared for next cycle of Audit Committees. This cycle is in July 2022.
- That the Officer Group update the Risk Register and formally report for CMT on a quarterly basis.

The Definition of a Corporate Risk

- 3.4 The Council has existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.
- 3.5 The following definition of a of how Risks move from being “departmental” to being “corporate” in nature was recommended by the Risk Group and approved by CMT.

“For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it **must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage**. The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings.”

The 4Risk System

- 3.6 The Council procured the 4Risk system to manage its risks. Risks are subdivided into Corporate Risks and then Departmental Risks.
- 3.7 Each individual risk has an individual record applied to it to ensure all the pertinent information is captured. This is shown in Appendix A. This always includes a field which sets out when records need to be reviewed.
- 3.8 It was the view of the Risk Board that the system is fit for use, and with the updated definition of Corporate Risks, that Risks can be properly allocated. However, the Board felt that at a Departmental level that they should not be too prescriptive on the number of

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risks included as that will relate to how individual departments are being managed and the nature of their services. **The data below shows that there has been risk management taking place at a departmental level.** However, there was the requirement to ensure more uniformity and consistency of reporting.

The baseline risks are included in the following table – this is prior to any Risk Board meetings.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	0	4	5	9
Community Services	1	1	5	7
HR	0	0	1	1
Total	15	35	55	105

After the Risk Board on the 22nd June, the following changes have been made.

All items have been reviewed by Risk Champions and respective DMT's in each Service Area – as per the requirements of the last Risk Board. Risks are being reviewed departmentally on a monthly basis now across all services. Overall, the number of risks on departmental risk registers have reduced by 23 items, with the most significant reductions being around “Red” departmental risks.

There are two areas where more work is required following review at the Risk Board, based on criterion being used in other areas. These are the ICT and Property areas.

In addition, there are significant Risks in the delivery of Regeneration Schemes across both Councils through NWEDR and these also need to be added as their own Category.

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Another area where Service representatives will challenge individual items, is on the data in the following Tabs, to ensure that all controls and assurances are properly monitored and assured:

- Existing Controls.
- Action Required.
- Assurance Record.

A view was taken that “Green” Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	0	3	4	7
Community Services	0	2	6	8
HR	0	0	1	1
Total	2	29	51	82

The two departmental red risks are:



- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

Corporate Risks

3.9 The Officer Risk Board reviewed the risks in the above table at their meetings on the 8th April and 22nd June using the new definition of “Corporate Risks”. The Board thought that Corporate Risks should be “High” in nature and therefore be red. The table below sets out the updated Corporate Risk Register that the Risk Board took to CMT and gained their approval.

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Risk Ref	Risk Title	Risk Status
 COR 9	Non Compliance with Health and Safety Legislation	Open View
 COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Open View
 COR 14	Non adherence with Statutory Inspection Policy	Open View
 COR 15	Impact from Changes to Partner Funding Arrangements	Open View
 COR 16	Management of Contracts	Open View
 COR 17	Resolution of the Approved Budget Position	Open View
 COR 18	Protection from Cyber Attack	Open View
 COR 19	Adequate Workforce Planning	Open View
 COR 20	Financial Precision Rectification	Open View
 COR 21	BROMSGROVE DC Being placed into special measures due to quality of planning application decisions	Open View

The Risk Management Framework

- 3.10 In 2019, the Council commissioned work with Zurich on Risk Management. A Risk Management Framework was created although this was not approved by CMT at the time. This Risk Management Framework is attached as Appendix B. This Framework was approved for use at the meeting of CMT on the 13th April. The Board can design Risk Training based on its content to managers.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

- 5.1 The Council spend significant sums insuring itself and must also hold Reserves to mitigate the costs of risks should they happen. A comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

6. Strategic Purpose Implications

Relevant Strategic Purpose

- 6.1 A comprehensive Risk Management approach ensures **Risk and its Consequences** is minimised for the Council.

Climate Change Implications

- 6.2 The green thread runs through the Council plan. This includes risks linked to activities and actions that link to our climate.

7. Other Implications

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Customer / Equalities and Diversity Implications

- 7.1 If risks are not mitigated it can lead to events that have Customer/Equalities and Diversity implications for the Council.

Operational Implications

- 7.2 Risks are inherent in almost all the Councils operational activities and therefore significant risks need to be identified, monitored and mitigated.

8. RISK MANAGEMENT

- 8.1 This report is about Risk Management.

9. APPENDENCES

Appendix A – Information Captured on the 4Risk System
Appendix B – Risk Management Framework

AUTHOR OF REPORT

Name: Pete Carpenter– Interim Financial Services Manager (Deputy S151)
E Mail: Peter.Carpenter@bromsgroveandredditchbc.gov.uk

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Appendix A - Information Captured on the 4Risk System

FIN 1 - Fail to provide adequate support to managers to manage their budgets

Record Last Reviewed: 29 Mar 2019 11:13 Record Last Updated: 29 Mar 2019 11:12

Cause and Effect Existing Controls Action Required Contingency Details Assurance Record History

Risk Ref: FIN 1

Risk Owner: Chris Forrester [Details]

Risk Status: Open

Corporate Objective: N/A

Risk Area: 02. Finance

Sub Risk Area: Financial Services

Risk Category: N/A

Risk Level: Corporate Operational

Project Risk: Project

Cause(s):

- Managers unaware of what is required
- Maverick behaviour unchecked / unchallenged
- Priorities lying elsewhere (transformation, systems implementation)

Effect(s):

- Insufficient funds to deliver service objectives
- Overspends (or underspends) on budgets
- Reputational damage
- Service quality issues

Linked Risks: [View Linked Risks](#)

Review Required From: 31 Jan 2022

[Review Risk Record](#) [View Risk Review Records](#)