

BROMSGROVE DISTRICT COUNCIL

**Audit, Standards and Governance Committee
2022**

13th Oct

Quarterly Risk Update

Relevant Portfolio Holder	Councillor – Geoff Denaro Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Pete Carpenter
Report Author	Job Title: Acting Director of Finance Contact email:peter.carpenter@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY

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

2. RECOMMENDATIONS

Audit, Standards and Governance Committee are asked to:

- Note the present list of Corporate Risks.
- Note the progress made on the Action Plan approved by CMT on the 16th March 2022.

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 that acknowledged that the embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Council. It recommended that:
- An initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. Two further rounds of the Officer Board have now taken place on the 22nd June and the 21st September to embed processes.
 - Each department nominate a representative to a Risk Board. These representatives meet on a quarterly basis and report back to management teams.
 - Each department to complete an updated Risk Register by Wednesday 6th April. This Report is the second update of the Risk Register following that initial re-baselining on the 6th April.
 - That the Audit Committee, who both met in the week commencing the 11th April, be verbally updated on Progress. The Audit Committee reviewed Risk Registers in July and this Report is the second round of updates being reported to embed that process. These reports have also been presented to Cabinet.
 - CMT be updated at their meeting on 13th April on progress and ongoing on progress. CMT were presented with an initial draft Corporate Risk Register for approval, and further updates were presented to Cabinet at the end of June and the end of September to embed the overall process.
 - That updated reports are prepared for next cycle of Audit Committees. This cycle is in October 2022 and is the second series of updates.
 - That the Officer Group update the Risk Register and formally report for CMT on a quarterly basis. These quarterly updates happened on the 29th June and the 28th September

The Definition of a Corporate Risk

- 3.4 The definition of a Corporate Risk remains unchanged. The Officer Risk Board review at their quarterly meetings risks that should be raised to Corporate Risks and those that should be reduced to Departmental Risks. This definition is below:

“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 them to Corporate Risks at their quarterly meetings.”

- 3.5 At the June Officer Risk Board it was agreed 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 for them.

The 4Risk System

- 3.6 The Council have reviewed the use of the 4Risk system to manage its risks. It was the view of the Officer Risk Board, and endorsed by CMT, that this was fit for purpose but like any system it needed to be properly completed and updated. The Officer Risk Board reviews this on a quarterly basis.

The baseline Departmental Risks are included in the following table – this was prior to any Risk Board meetings in April which started to actively challenge, mitigate and remove/add where relevant Risks.

Original Baseline April 2022

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

- 3.7 The Report presented in July saw the overall number of Departmental Risks reduce from 105 to 82. This included a significant reclassification of those Risks categorised as Red from 15 to 2.

BROMSGROVE DISTRICT COUNCIL

**Audit, Standards and Governance Committee
2022**

13th Oct

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 were:

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

3.8 The Update as at the end of September sees that Departmental total reduce to 75

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	13	19
Finance	0	2	2	4
Environmental Services	0	1	11	12
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	1	1	10	12
ICT	2	4	4	10
Planning Services	0	1	0	1
Housing	0	2	5	7
Community Services	0	2	6	8
HR	0	0	1	1
Total	4	19	52	75

Red Departmental Risks are now

- REV7 - Revenues - Performance Indicator data is not robust
- LED13 - Legal – Bromsgrove Leisure Contracts

- **ICT7 - IT - Failure to identify, maintain and test adequate disaster recovery arrangements**
- **ICT11 - IT – System functionality to manage records**

The Bromsgrove Leisure Centre Risk is due to the present state of the Economy and the linkages to income levels.

3.9 This report sets out the revised listing, following departmental reviews submitted to Risk Board on the 21st September. All items have been reviewed by Risk Champions and respective DMT's in each Service Area – as per the requirements of the last two Risk Boards. Risks are being reviewed departmentally on a monthly basis now across all services (with one exception in August). Service representatives continue to challenge individual items, which is on the data in the following Tabs underneath each Risk, to ensure that all controls and assurances are properly monitored and assured:

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

3.10 Worcester Regulatory Service (WRS) were at the meeting for the first time on the 21st September. They highlighted that a complete Risk List is provided to their Board twice a year. A Departmental Risk has been raised as LED14 as Bromsgrove are the host for WRS and as such if for any reasons contracts do not cover liabilities, which is very unlikely, Bromsgrove would be liable to fund any difference.












Corporate Risks

3.11 The Officer Risk Board reviewed the risks in the above table at their meetings on the 8th April and 22nd June and the 21st September using the new definition of "Corporate Risks". The table below sets out the updated Corporate Risk Register that the Risk Board took to CMT and gained their approval. There is one additional Corporate Risk added, which is the delivery of Levelling UP, UK Shared Prosperity Fund and Towns Fund Projects due to resource implications and the requirement to spend all funding before April 2025 and April 2026 respectively.

BROMSGROVE DISTRICT COUNCIL

**Audit, Standards and Governance Committee
2022**

13th Oct

Risk Ref	Risk Title	Risk Status
 COR 9	Non Compliance with Health and Safety Legislation	Open
 COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Open
 COR 14	Non adherence with Statutory Inspection Policy	Open
 COR 15	Impact from Changes to Partner Funding Arrangements	Open
 COR 16	Management of Contracts	Open
 COR 17	Resolution of the Approved Budget Position	Open
 COR 18	Protection from Cyber Attack	Open
 COR 19	Adequqate Workforce Planning	Open
 COR 20	Financial Provision Rectification	Open
 COR 21	BROMSGROVE DC Being placed into special measures due to quality of planning application decisions	Open
 COR 22	Delivery of Levlling Up, Towns Fund, UK SPF Initiatives	Open

The Risk Management Framework

3.12 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's next task is to 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** are 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

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

None

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BROMSGROVE DISTRICT COUNCIL

**Audit, Standards and Governance Committee
2022**

13th Oct

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		