

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

Quarterly Risk Update

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell, Head of Finance and Customer Services
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Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Aspiration, work and financial independence
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

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

2. RECOMMENDATIONS

The Committee is asked to consider:

- The present list of Corporate and Departmental Risks and request any additional risks to be considered.

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.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

- 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 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:
- An initial Officer Risk Board to take place on in the first week of April 2022. This happened on the 8th April. Three further rounds of the Officer Board have now taken place on the 22nd June, the 21st September, and the 21st December 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 third update of the Risk Register following that initial re-baselining on the 6th April.
 - That the Audit Committee, which met in the week commencing the 11th April, be verbally updated on Progress. The Audit Committee reviewed Risk Registers in July and October and this Report is the third 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, the end of September, and the end of December to embed the overall process.
 - That updated reports are prepared for next cycle of Audit, Standards and Governance Committee. This cycle is in January 2023 and is the third 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, 28th September, and 21st December.

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.”

- 3.6 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. This report takes account of this requirement being 2 meetings since the original baseline was reported.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

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.

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 which saw the number of risks reduce as follows to 82 Risks

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

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

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

As at the 21st December, Risks and their categorizations have fallen to the levels in the following table with just 55 risks in total.

3.10 December, being the third cycle following the baselining exercise has seen a complete review of all departmental risks. Twenty-seven risks have been removed and a number of others have been re-categorised. This review process has been done in two stages

- All items have been reviewed by Risk Champions and respective DMT's in each Service Area. 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.
- The Risk Board on the 14th December also went through all open risks to assess their validity, to ensure that assessment practices were consistent across service areas. This took account of the view 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. This was tested in the case of all remaining Green Risks

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	10	16
Finance	0	2	2	4
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	1	1	5	7
ICT	0	2	2	4
Planning Services	0	1	0	1
Housing	0	3	4	7
Community Services	0	1	5	6
HR	0	0	1	1
Total	2	21	32	55

Red Risks – 2 in total

REV7 - Revenues - Performance Indicator data is not robust

LED13 - Legal – Bromsgrove Leisure Contracts

The previous two ICT Risks and Housing Risk have been mitigated

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

- 3.11 A new risk will be added in Housing for the various implications of the Damp and Mould issues (which include rectification and also what the Council needs to undertake to ensure that Private Landlords comply with the regulations
- 3.12 Green risks, which have come off this report, if they are now being mitigated as part of “business as usual”.

Corporate Risks

- 3.8 The Officer Risk Board reviewed the risks in the above table at their meetings on the 8th April, 22nd June, 21st September and the 21st December 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.

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

There is no change to the existing Corporate Risks. However, an Overarching Corporate Risk relating to the “cost of living” crisis will need to be added as this impacts numerous services and is specific in nature.

The Risk Management Framework

- 3.9 Risk Management Training. Given the active management of risks by service departments, we have seen numbers of departmental risks reduced by almost 50% although Corporate Risks have increased by 20%. At this time it is felt that a series of Risk Management Training is not required as processes seem to be being embedded in the organisations.

4. Legal Implications

- 4.1 No Legal implications have been identified.

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 19th January 2023

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

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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