

# **REDDITCH BOROUGH COUNCIL**

## **Audit, Governance and Standards Committee 28 July 2022**

### **Quarterly Risk Update**

Relevant Portfolio Holder	Councillor – Karen Ashley Portfolio Holder for Finance and Enabling
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 meeting take place on the 22<sup>nd</sup> June.
- Each department nominate a representative to a Risk Board. This happened on the 8<sup>th</sup> 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 8<sup>th</sup> 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. This took place and these are 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 risks included as that will relate to how individual departments are being managed and

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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.

<b>Service Area</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
Customer Access and Financial Support	12	20	13	<b>45</b>
Finance	0	0	4	<b>4</b>
Environmental Services	0	2	11	<b>13</b>
Leisure & Cultural Services	0	3	3	<b>6</b>
Legal, Equalities and Democratic Services	0	0	7	<b>7</b>
ICT	2	4	5	<b>11</b>
Planning Services	0	1	1	<b>2</b>
Housing	1	11	11	<b>23</b>
Community Services	1	1	5	<b>7</b>
HR	0	0	1	<b>1</b>
<b>Total</b>	<b>16</b>	<b>42</b>	<b>61</b>	<b>119</b>

### Corporate Risks

3.9 The Officer Risk Board reviewed the risks in the above table at their meeting on the 8th April 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.

<b>Risk Ref</b>	<b>Risk Title</b>	<b>Action</b>	<b>Narrative</b>
COR9	Non-Compliance with Health & Safety Legislation	Remain	Is an issue across all Departmental Risk Registers
COR10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence	Remain	High Risk Projects are brought to CMT on a quarterly basis and CMT also need to monitor those Projects.

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COR11	Manage the impart of National Changes	Replace	Replaced by New01 below
COR12	Business Continuity Plans fail to operate effectively in an incident	Closed	Council has worked effectively over the past 2 years. Impact is Cyber attacks affecting Business Continuity – see New02 below
COR13	IT Systems and Infrastructure has a major failure	Closed	Council's Systems and Infrastructure has worked effectively given the changes due to C-19. Biggest issue to this is now Cyber Attacks – see New02
COR14	Non-Adherence with Statutory Inspection Policy	Remain	Is an issue across all Departmental Risk Registers
COR15	Impact to changes in Partner Funding Arrangements	Remain	This was in relation to both Leisure Providers and WRS. Risk should remain but closely tied to New01
COR16	Management of Contracts (should not be Conveyances reading the backing documents)	Remain	CMT on 30/3 had a report on levels of non-compliance on contracts. This risk needs to be updated to reflect that Audit Report.
New01	Resolution of the approved Budget Position in both Councils	New	Both Councils have approved budget plans which reduce reserve levels to dangerous levels over the MTFs period. Budgets need to be balanced and reflect national changes and the funding envelope and associated pressures Councils now find themselves in
New02	Protection from Cyber Attack	New	Councils are under increasing danger of Cyber attack which affects service delivery and associated recovery plans. It has taken Hackney over 18 months to recover from such an incident. It is imperative that the Council has defences in place to minimise the risk of such an attack.
New03	Adequate Workforce Planning	New	That the Council have an available workforce to discharge its duties to the public.
New04	Financial Position Rectification	New	The Council is presently over a year behind in financial returns and this potentially affects service delivery and reputation. That the Council rectify this position in a timetable agreed with all major stakeholders.

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### 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 13<sup>th</sup> 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**

#### 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.

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### **9. APPENDENCES**

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

### **AUTHOR OF REPORT**

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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](#)