

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 26 January 2023

Quarterly Risk Update

Relevant Portfolio Holder	Councillor – Karen Ashley Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	-
Relevant Head of Service	Michelle Howell – Head of Finance and Customer Services
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Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	An effective and sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

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

1. RECOMMENDATIONS

Audit, Governance and Standards Committee are asked to:

- Review the present list of Corporate and Departmental Risks for completeness and request any additional risks to be considered.

2. KEY ISSUES

Background

- 2.1 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.
- 2.2 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.
- 2.3 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:

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- 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 Executive.
- 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 Executive 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, Governance and Standards 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

- 2.4 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 then to Corporate Risks at their quarterly meetings.”

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

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The 4Risk System

- 2.6 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	1	11	11	23
Community Services	1	1	5	7
HR	0	0	1	1
Total	16	42	61	119

- 2.7 The Officer Meetings at the end of June, **which was not reported to Committee due to timing differences** saw the number of risks reduce as follows to 96 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	1	10	10	21
Community Services	0	2	6	8
HR	0	0	1	1
Total	3	36	57	96

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The Three departmental red risks were:

- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records.
- HOU 26 - Failure to deliver a service to QCQ requirements at St David's House.

2.8 The Update as at the end of September sees that Departmental total reduce to 83

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	0	1	9	10
ICT	2	4	4	10
Planning Services	0	1	0	1
Housing	1	9	7	17
Community Services	0	2	6	8
HR	0	0	1	1
Total	4	26	53	83

Red Departmental Risks were:

- REV7 - Revenues - Performance Indicator data is not robust.
- ICT7 - IT - Failure to identify, maintain and test adequate disaster recovery arrangements.
- ICT11 - IT – System functionality to manage records.
- Hou26 - Housing – Failure to deliver a service to QCQ requirements at St David's House.

2.9 As at the 21st December, Risks and their categorizations have fallen to the levels in the following table with just 62 risks in total.

2.10 December, being the third cycle following the baselining exercise has seen a complete review of all departmental risks. Twenty 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.

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- 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	0	1	5	6
ICT	0	2	2	4
Planning Services	0	1	0	1
Housing	0	9	6	15
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	27	34	62

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust.

The previous two ICT Risks and the Housing Risk have been mitigated.

- 2.11 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 the HRA and Private Landlords comply with the regulations).
- 2.12 Green risks, which have come off this report are and how they are getting mitigated.

Corporate Risks

- 2.13 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.

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Risk Ref	Risk Title	Action	Narrative
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.
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.
COR17	Resolution of the approved Budget Position in both Councils	Remain	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
COR18	Protection from Cyber Attack	Remain	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.
COR19	Adequate Workforce Planning	Remain	That the Council have an available workforce to discharge its duties to the public.
COR20	Financial Position Rectification	Remain	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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COR22	Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work	Remain	Delivery of Levelling UP, UK Shared Prosperity Fund and Towns Fund Projects are a high risk due to status, level of external funding, resource implications and the requirement to spend all funding before April 2025 and April 2026 respectively
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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

2.14 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.

3. Legal Implications

3.1 No Legal implications have been identified.

4. Financial Implications

4.1 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.

5. Strategic Purpose Implications

Relevant Strategic Purpose

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

6. Climate Change Implications

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

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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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