

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management – Corporate Risk Register Update
Meeting date	9 March 2023
Status	Public Report
Executive summary	<p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none">• The reporting of the Register continues in the updated format for this quarter;• Material updates to the risks are summarised at sections 11-15.
Recommendations	<p>It is RECOMMENDED that:</p> <p>Members of the Audit and Governance Committee note the update provided in this report relating to Corporate Risks.</p>
Reason for recommendations	<p>To provide assurance that corporate risks are being managed effectively and continue the development of the council's arrangements for Risk Management and enhance its governance framework.</p>

Portfolio Holder(s):	Councillor Philip Broadhead, Leader of the Council
Corporate Director	Graham Farrant – Chief Executive
Report Authors	Fiona Manton Risk & Insurance Manager ☎01202 127055 fiona.manton@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Update and Information

Background

1. Risk can be broadly defined as the possibility that an action, issue or activity (including inaction) will lead to a loss or an undesirable outcome. It follows that Risk Management is about the identification, assessment and prioritisation of risks followed by co-ordinated control of the probability and impact of that risk.
2. In accordance with the Financial Regulations and the Risk Management Policy, the Audit and Governance Committee are specifically responsible for ensuring appropriate and effective risk management processes. In practice, this means that the committee members must assure themselves that the council's Risk Management framework is appropriate and operating effectively. The council's Corporate Risk Register is an important element of this framework and is reviewed and updated on a quarterly basis.
3. In line with the decision-making framework in place for BCP Council it was agreed that effective from day one BCP Council would, as an interim measure, adopt the legacy Bournemouth Risk Management framework. The scoring matrix in this framework was adjusted to reflect the increased remit of the new authority. A revised Risk Management framework for BCP Council is being finalised.
4. In addition to the quarterly reviews, in immediate practical terms, the Corporate Management Board (CMB) continues to monitor risks and ensure appropriate and proportionate mitigating actions continue and evolve as risks change.

Corporate Risk Review

5. Members will recall from the previous updates that the Corporate Risk Register was established at the commencement of BCP Council. It has been routinely reviewed on a quarterly basis.
6. Following feedback from the April 2022 meeting of this committee an alternative format for the reporting of risk is included at Appendix 1. The new format contains identical information to that provided previously but seeks to include a clearer quarterly update and a direction of travel for risk scoring.
7. In addition to the above points, the risk response strategy is now included in the risk summary. This defines the strategies being adopted to deal with a particular risk and the four categories are shown below:

Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.

Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.

Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.

Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.

8. Work is on-going to refine risk strategies in the consideration of the Corporate Risk Register and in future you may see a combination of strategies being reported against risk mitigations and controls.
9. Members will be aware that each risk is given a unique identifying number so where risks have been removed from the register the numbers will no longer run sequentially. To assist the committee a table of the full risks is shown at the beginning of Appendix 1.
10. In order to consider the risks sitting just below corporate level, those risks considered as Key Assurance Risks are reviewed. These include Information Governance, Emergency Planning and Business Continuity and Health and Safety and Fire Safety.

Changes in Risk During Quarter 4 – 2022/2023

11. The reporting of this quarter is an interim position as the quarter is not yet complete. The majority of the risks have been reviewed but some are on-going. The available updates are included in the summary provided at Appendix 1. Material changes are noted as follows:
 - CR4 – Failure to provide adequate IT and cyber security – This risk has been reviewed and comprehensively updated. The scoring has been increased to represent the ongoing threat.
 - CR8 – Inability to run a fair and open election/referendum – The risk has been updated to reflect the additional burdens brought in by the Elections Act 2022 for elections in May 2023.
 - CR9 – Failure to maintain a safe and balanced budget for the delivery of services – An update is provided to this risk following the approval of the 2023/24 Budget and Medium-Term Financial Plan covering the period to 31 March 2027.
 - CR14 – Continuity of Public Health arrangements for health protection – The title of this risk has been updated. The scoring is also currently under review at this time. This reflects the management of this risk settling into a business-as-usual pattern. The risk will continue to be monitored and adjusted as necessary.
 - CR17 – Risk to Reputation of Place & Council if summer arrangements are not managed – has been removed from the Corporate Risk Register and has reverted to service level. This risk will be reviewed again in the next quarter to determine if it should be escalated to corporate level.
12. Whilst it may be noted that many of the risk scores have not changed, this is not reflective of management action or inaction. Risks will continue to be influenced by a number of factors including national impacts and operational environment changes. During each quarter risk owners routinely review the allocated scores along with further discussion by CMB.

13. During this quarter in addition to the review of individual risks, the connectivity of risks was also considered in relation to the Corporate Risk Register. CMB will continue to be mindful of the accumulation of risk. New risk causes, such as inflation, may impact across several risks and in turn compound the overall risk position for the council in a negative way.
14. As part of the continuing development in terms of the reporting of risk registers, the format of the report for this committee now includes a section for each risk which outlines the link to the relevant Corporate Objective(s).
15. Full details of the updates for this quarter can be found in Appendix 1.

Dynamic Risk Review Process

16. Recognising the rapidly changing environment and the increasingly complex interaction between some of the Corporate Risks, a standard agenda item has been added to CMB to add a further layer to the risk review process.
17. This process allows for more dynamic consideration of the immediate responses required to some of the corporate risks, which will help the Corporate Risk Register to be considered, managed and communicated through the organisation.
18. The consideration of the risks in this way will also inform the regular quarterly reviews that continue to take place in a more timely manner, by flagging changes in risk profile ahead of the regular reviews with risk owners, which will continue to take place in individual meetings.
19. As part of this process, CMB will, during the next few weeks, undertake a strategic review of the Corporate Risks. This will look at each risk in terms of the way it is described, determine if it continues to be a Corporate Risk and consider if any additional risks need to be included.
20. As part of these considerations and to support a comprehensive review, the Corporate Risk Officer has undertaken a survey of 6 other local authority risk registers, professional publications, and other relevant risk registers. The purpose of this survey is to consider risk areas that may also be relevant to the council and to feed this into the strategic review process.
21. This review is scheduled to take place on 15 March 2023 and the updates and revised Corporate Risk Register will be reported to the next meeting of this Committee.

Service Development

22. In addition to the reviews of Corporate Risks, the Risk Management Team continues to be engaged in the refresh of service risk registers. This includes engaging with services to understand their current risk arrangements, how these can be improved to deliver a proactive and dynamic Risk Management environment and how the Risk Management Team can support them in this to deliver a consistent and embedded approach to Risk Management throughout the council. This work is progressing well.
23. In conjunction with IT a project has been underway for the last 12 months to develop an application for the collation of all risk registers. This process is nearing conclusion with a soft launch of initial functionality. Utilising the soft launch process, some minor system updates are in progress to allow the process of the addition of all risk registers to commence. This test process continues. This will provide an increased ability to monitor and report on the risk registers and provide greater oversight of service level risks.
24. As part of the role of the team, continuous “horizon scanning” is undertaken to identify issues that may give rise to risk for the council. When matters are identified, these are raised with the relevant Corporate/Service Director for review and consideration of any necessary action. Examples during this quarter include:
 - Routinely reviewing the outcomes of internal audit reports to raise risk issues with the relevant service risk champion to ensure, if appropriate, they are suitably reflected and captured in the service risk register.

Summary of financial implications

Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

There are no direct legal implications from this report.

Summary of human resources implications

There are no direct human resources implications from this report.

Summary of sustainability impact

There are no direct sustainability implications from this report.

Summary of public health implications

There are no direct Public Health implications from this report.

Summary of equality implications

There are no direct equality implications from this report.

Summary of risk assessment

The risk management implications are set out within the content of this report.

Background papers

Risk Management – Corporate Risk Register Update Report to the Audit and Governance Committee on 12 January 2023

Appendices

Appendix 1 – Corporate Risk Register Update Q4 – 2022/2023