

# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Risk Management – Corporate Risk Register Update</b>
Meeting date	26 October 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"><li>• CR4 – Loss or disruption to IT Systems and Networks from cyber attack – The score of this risk has been updated;</li><li>• CR14 – Continuity of Public Health arrangements for health protection – The risk has been updated and consideration will be given in the next quarter to its continuation as a Corporate Risk</li><li>• No new risks were added;</li><li>• No risks were removed during the quarter.</li></ul> <p>Material updates to the risks are summarised at section 8.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.</b></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>

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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.
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. 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.
7. 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 2 – 2023/2024

8. During the quarter, the risks on the risk register have been reviewed and in addition to the updates to each risk, the material updates to the register are as follows:

CR4 – Loss or disruption to IT Systems and Networks from cyber attack – The risk has been updated for the quarter and as part of this update the Net risk score has been increased. This is reflective of the external environment and the reliance on systems.

CR14 – Continuity of Public Health arrangements for health protection – The risk has been updated to reflect the current position. Consideration will be given during the next quarter as to whether this needs to be re-framed around the continuity of health projection statutory responsibilities or whether any residual risk can be managed at a service level.

9. 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.
10. During this quarter in addition to the review of individual risks, the connectivity of risks continues to be 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.
11. As part of the continuing development in terms of the reporting of risk registers, the format of the report for this committee continues to include a section for each risk which outlines the link to the relevant Corporate Objective(s).
12. Full details of the updates for this quarter can be found in Appendix 1.

#### **Changes in Risk Scores – last 12 months**

13. In addition to the usual reporting of risk, information on the changes in risk scores was requested for the last 12 months.
14. A summary document is included at Appendix 2 which provides details of each risk and the tracking of the gross, net and target scores over the last 12 months.
15. As set out in paragraph 9 above, it is not unusual for risk scores not to change materially due to both the nature of the risks and the significant number of factors that may determine the scoring.

#### **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.
19. As the new Corporate Strategy Framework develops and moves forward the corporate risks will be reviewed in the context of this framework and aligned to the updated Key Objectives.

#### **Service Development**

20. 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.

21. 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;
  - Circulating information from a risk management perspective on various topics including legislative matters, construction regulations, Health and Safety Executive statistics and other risk related issues;
  - Sharing training opportunities on areas of risk.

### **Summary of financial implications**

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

### **Summary of legal implications**

23. There are no direct legal implications from this report.

### **Summary of human resources implications**

24. There are no direct human resources implications from this report.

### **Summary of sustainability impact**

25. There are no direct sustainability implications from this report.

### **Summary of public health implications**

26. There are no direct Public Health implications from this report.

### **Summary of equality implications**

27. There are no direct equality implications from this report.

### **Summary of risk assessment**

28. 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 27 July 2023

### **Appendices**

Appendix 1 – Corporate Risk Register Update Q2 – 2023/2024

Appendix 2 – Changes in Corporate Risk Scores

Appendix 3 - Risk CR4 - Loss or disruption to IT Systems and Networks from cyber attack - October 2023 Update - Mandatory ICT Training Completion Rates