

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	30 th September 2021
Title of report:	Risk Register
Report by:	Sam Evans Executive Director of Finance
Decision Type:	Non Key
Ward(s) to which report relates	All

Executive Summary:

Risk Management is a key part of Bury Council's Code of Corporate Governance and underpins its system of internal control.

This report provides an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

The Audit Committee are tasked with the responsibility of reviewing and scrutinising risks where the impact has the potential to disrupt achievement of the Council's Priorities. This report identifies those risks which are on departmental risk registers. Further work is required by the Executive team to produce a corporate risk register from not only those risks which are identified on individual departmental risk registers but also those of a genuine corporate nature. The corporate risk register will be brought to a future Audit Committee.

Recommendation(s)

That the Audit Committee:

- Note the update provided.
- Support the approach progressed to date to update the departmental risk registers into meaningful and dynamic documents.

- Support the approach that a further corporate risk register will be developed which will incorporate not only departmental risks but overarching organisational risks
- Review the Risk Matrix (in Appendix A) and the Risk Register in the main report.

Key Considerations

At the previous meeting of the Audit Committee, it was agreed that a refreshed approach to the identification, analysis and review of risk would be rolled-out across all departments in order to implement a cohesive, uniformed approach to the management of organisational risk.

The work progressed to date reflects progress on the embedding of good risk management practice as part of routine day-to-day delivery, however there is more work to be done to provide adequate assurance to the Audit Committee that risk remains dynamic within the Council.

1. Introduction

- 1.1. This report provides an updated position in respect to the management of risk review, analysis and reporting across departments of the Council.
- 1.2. The report presents the risk position and status as at **September 2021**.

2. Background

- 2.1. Over the last 2 years, the Council has reviewed its approach to Risk Management.
- 2.2. In late 2019, a revised Risk Management Strategy was introduced, which reinforced the use of a 5x5 matrix (see Appendix A) and provided some descriptors of risk to aid quantification of both impact and likelihood, however the advent of Covid-19 in March 2020 meant that the strategy was not fully rolled out.
- 2.3. In 2020, CIPFA were commissioned to create a Corporate Risk Register and also develop a simple framework that could be adopted across all departments for the capture, monitoring and management of departmental risks. This work has significantly progressed, with each directorate / department risk register collated into a single Master Risk Register.
- 2.4. At the Audit Committee in June 2021, it was agreed that some further work would be undertaken to collate and refresh the Council's risk registers and to support the embedding of risk as a core aspect of good strategic and operational management through a process of regular review and oversight.
- 2.5. The development of the risk management arrangements will also enable Bury Council to move from the self-assessed 'risk aware' organisation with a scattered, silo-based approach to risk management through standalone and reactive processes to one that

is inclusive, holistic and proactive. Not only will it enable corporate oversight, it also ensures review and scrutiny of the process, consistency in application and supports regular review, reporting and strengthening of risk management in practice.

- 2.6. All departmental risk registers have now been pulled into one Master repository, from which the "Red Risk" Register has been extracted.
- 2.7. The Red Risk Register, which is presented to Audit Committee for review and scrutiny, captures risks across the Council that have been assessed at a level of 15 or above.
- 2.8. Further work will be performed by the Executive Team to discuss and identify those risks that will eventually constitute the "Corporate Risk Register". The first iteration of this register will be presented to Audit Committee at the November meeting.
- 2.9. When reviewing the attached Red Risk Register, Audit Committee are requested to note that there is further specific work to be performed in providing guidance to Risk Owners, not limited to the definition of mitigating actions and inclusion of relevant dates, to enable timeframes to be considered in the analysis of organisational risk.
- 2.10. These issues will be addressed as a priority and evidenced in the forthcoming quarterly report to the Audit Committee.
- 2.11. There are currently a total of 114 risks on the departmental risk register, of which 26% (30 risks) are included within the Red Risk Register, split across the departments of the Council as follows:

Department	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)
BGI	26	2	8	14	2
CC	34	0	3	20	11
CYP	4	0	0	2	2
Finance	22	0	0	16	5
OCO	11	0	0	7	4
Operations	18	1	4	7	6
TOTAL	114	3	15	66	30

3. Red Risk Register

- 3.1 The following heat maps reflects the current and target risk profile in respect to those risks on the register:

Current

Impact	5			8	6	1
	4				12	2
	3					1
	2					
	1					
		1	2	3	4	5
		Likelihood				

Target

Impact	5	2	5	1	1	
	4		6	4	4	
	3			2	2	1
	2		1		1	
	1					
		1	2	3	4	5
		Likelihood				

3.2 All departments have been asked to review their risks and update accordingly, including the addition of a number of new fields. Further work is required in children's services following the peer review and we anticipate that the number of risks on the departmental register will increase following this piece of work.

3.3 The updated position is therefore presented as:

Risks that have remained static:

3.4 The following **21** risks have not seen any change in their assessed level at the last review:

- BGI/PAM/3 - Reduced revenue income to the Council due to COVID-19 – impacting on programme of rent reviews and lease renewals, and effects on businesses that lease our commercial portfolio
- CC/DS/1 - Failure to meet the requirements of data protection legislation and good information governance practice / serious data breach
- CC/HOUSING/1 - Failure to meet Homelessness Statutory Function & Delivery
- CC/HR/1 - Workforce capability and capacity is insufficient to deliver against the Council's ambitious priorities
- CC/HR/2 - The Council's Pay Structure and JE approach impacts on delivery
- CC/HR/3 - Inability of HR to provide robust advice and support
- CC/HR/4 - Opportunities for improvement and to assure compliance through the development of iTrent are not realised
- CC/IT/1 - Failure of infrastructure
- CC/IT/3 - Failure of Town Hall Data Centre
- CC/IT/4 - Failure to deliver new Digital Strategy
- CC/IT/5 - Cyber attack
- CC/1- Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations
- CYP/1 – Ofsted Inspection
- CYP2 - Recruitment and retention of Social Workers and Managers (added as a new risk in May 2021, second risk assessment saw no change to the risk score)
- FIN/3 - Dedicated Schools Grant (DSG) Deficit increases significantly
- FIN/4 – Capital Schemes not delivered in line with programme
- FIN/5 Financial Resilience and Sustainability not achieved therefore Section 151 Officer compelled to issue a Section 114 Notice
- OCO/1 - Covid-19 Global Pandemic – Future waves and new variants
- OCO/4 – Health and Care Transformation
- OPS/1 - Continued provision of Leisure Services
- OPS/13 - Springwater Park landslip

New Risks:

3.5 The following 9 risks are reported as new, as they have not been included on previous departmental risk registers at the last review:

- BGI/SPED/1 - Failure to adopt an up to date statutory development plan
- OCO/2 Disruption to the health and care system caused by the Integrated Care System (ICS) and winter pressures leading to demands on the Adult Social Care budget
- OCO/3 Market failure of care providers and or risk of reduced workforce availability
- OPS/14 - Carbon Neutrality / Climate Agenda
- OPS/16 - Shortage of staff, particularly LGV Class II drivers required to drive RCVs, sweepers and tippers, also Vehicle Workshop staff from Manager to Mechanics. In addition, national shortage of HGV drivers because of Brexit impacting on waste collection and high market rate and also potential fuel disruption may impact on service deliver
- OPS/17 - Provision of Public Protection services
- OPS/18 - Impact on the taxi trade from the introduction of Minimum Licensing Standards
- Fin/1 Public sector spending cuts from the next Comprehensive Spending Review and then the Local Government Settlement
- Fin/2 Inflation

4.0 Next Steps

4.1 The work progressed to date reflects progress on the embedding of good risk management practice as part of routine day-to-day delivery, however there is more work to be done and therefore the audit Committee is advised that the following actions will be progressed so that risk remains dynamic:

- Additional information sharing and guidance sessions to be delivered to risk owners on a department by department basis, to support the full population of the risk register template;
- Consideration as to whether the domains review and potential re-basing of risks based on new descriptors should be completed at this time;
- Areas where information not yet captured to be updated as a priority;
- Risks due for review in October completed accordingly;
- Quality Assurance exercise to be undertaken on risks, actions and assessment to ensure register is complete and 'tells the story';
- Risk to be a standing item on department team meetings and Executive Team agenda (monthly);
- Corporate Risk Register extracted and presented to Audit Committee on quarterly basis from November 2021;
- Audit Committee to identify a number of risks for 'deep dive' analysis discussion at each meeting.

Community impact/ Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to

-

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
-

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
<ul style="list-style-type: none">• Failure to identify and own major risks that may prevent the Council from achieving one or more of its objectives.• Failure to ensure that the major risks are being managed.	<ul style="list-style-type: none">• Review of risk management arrangements at Corporate level.• Review of the Council's risk management strategy and arrangements for the maintenance of risk registers.• Review the associated information management system and reporting arrangements.

Consultation:

N/A

Legal Implications:

The Council constitution sets out that the Audit Committee is responsible for providing assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme.

Under the Account and Audit Regulations 2015, Authorities must undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes. Consideration must be given to the Public Internal Audit Standards (PIAS) and sector specific guidance.

Financial Implications:

Mitigating some of the risks may require financial resources and a number of risks are around organisational and services financial resilience and loss of income following the pandemic.

Report Author and Contact Details:

Sam Evans, Executive Director of Finance

sam.evans5@nhs.net

Glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
CPFA	Independent Consultancy
BGI	Business Growth and Infrastructure department
CC	Corporate Core department

CYP	Children and Young People's department
OCO	One Commissioning Organisation

Appendix A – Risk Matrix

Quantitative Measure of Risk – Impact / Consequence Score

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
EXAMPLES : NEW POLITICAL ARRANGEMENTS, POLITICAL PERSONALITIES, POLITICAL MAKE-UP					
POLITICAL Associated with the failure to deliver either local or central government policy or meet the local administrations manifest commitment	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : COST OF LIVING, CHANGES IN INTEREST RATES, INFLATION, POVERTY INDICATORS					
ECONOMICAL Affecting the ability to meet financial commitments. These include budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or proposed investment decisions	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STAFF LEVELS FROM AVAILABLE WORKFORCE, AGEING POPULATION, HEALTH STATISTICS					
SOCIAL Relating to the effects of changes in demographic, residential or social economic trends on council's ability to meet its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
TECHNOLOGICAL Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. May also include consequences of internal technological failures on the Council's ability to deliver its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : HUMAN RIGHTS, TUPE REGULATIONS, DATA PROTECTION					
LEGISLATIVE/LEGAL Associated with current or potential changes in national or European law	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : LAND USE, RECYCLING, POLLUTION, WASTE MANAGEMENT					

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
ENVIRONMENTAL Relating to the environmental consequences of progressing the council's strategic objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
EXAMPLES : STAFF RESTRUCTURE, CAPACITY, TRAINING, WORKFORCE NEEDS					
PROFESSIONAL / MANAGERIAL Associated with the particular nature of each profession, internal protocols and managerial abilities	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : BUDGET OVERSPENDS, LEVEL OF COUNCIL TAX, LEVEL OF RESERVES					

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
EXAMPLES : STAFF RESTRUCTURE, CAPACITY, TRAINING, WORKFORCE NEEDS					
FINANCIAL Associated with financial planning and control	Small Loss>£100 The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	Loss>£1,000 The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	Loss>£10,000 The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	Loss>£100,000 The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	Loss>£1,000,000 The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : SECURITY, ACCIDENTS, HEALTH & SAFETY, HAZARDS, FIRE					
PHYSICAL Related to fire, security, accident prevention and health and safety	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	Very Low	Minor	Moderate	High	Severe
EXAMPLES : CONTRACTOR FAILS TO DELIVER, PARTNERSHIP AGENCIES WITH CONFLICTING GOALS					
PARTNERSHIP/CONTACTUAL Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed costs and specification	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STANDARDS NOT MET, ACCREDITATION,					
COMPETITIVE Affecting the competitiveness of the service (in terms of cost or quality) and /or its ability to deliver best value	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : MANAGING EXPECTATIONS, COMPLAINTS, CONSULTATION, COMMUNICATION EXTERNALLY					
CUSTOMER/CITIZEN Associated with failure to meet the current and changing needs and expectations of customers and citizens	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

Qualitative measure of risk – Likelihood Score

Descriptor	1	2	3	4	5
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	Rare	Unlikely	Possible	Likely	Almost certain
Frequency Time framed descriptors	Not expected to occur for years	Expected to occur annually	Expected to occur monthly	Expected to occur weekly	Expected to occur daily
Frequency Broad descriptors	Will only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	Likely to occur	More likely to occur than not occur
Probability	1-9% chance	10-24% chance	25-50% chance	51-80% chance	81% or higher

Quantification of the Risk – Risk Rating Matrix

			Likelihood				
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost certain
Impact / Consequence	5	Severe	5	10	15	20	25
	4	High	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Very Low	1	2	3	4	5