Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25th November 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 scrutinizing risks where the impact has the potential to disrupt achievement of the Council's priorities.

This report presents the first iteration of the Council's Corporate Risk Register, in accordance with the refreshed Risk Management Strategy initially introduced in late 2019. The risks identified are a collation of strategic risks currently present on the departmental "Red Risk" register, together with additional events determined by the Executive Team to pose a threat to the Council's strategic objectives and service delivery.

A total of 17 risks have been identified as those of a genuine corporate nature and are summarised as follows:

- **17** risks are currently present on the Corporate Risk Register;
- **15** risks are currently rated as Significant (risk score 15-25)
- **2** risks are currently rated as High (risk score 8-12)
- Of these 17 risks:
    - 1 has increased in score
    - 10 have decreased in score
    - 6 have remained static.

Recommendation(s)

That:

The Audit Committee:

- Note the update provided;
- Review the Risk Matrix presented at Appendix A;
- Analyse and discuss the 2 Deep Dive Risk Reports presented at Appendix B;
- Receive the Corporate Risk Register at Appendix C;
- Review the information presented;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Review the Risk Mechanism at Appendix D and support the approach to escalating and de-escalating risks between the Council's departmental and corporate risk registers.

Key Considerations

1.   Background

At the previous meeting of the Audit Committee, it was agreed that work would be undertaken by the Executive Team to produce a Corporate Risk Register that would result in a reduction of the Council's exposure to strategic risks, through identification and effective management.

2. Key Considerations

The work progressed to date reflects progress toward providing the Audit Committee with adequate assurance of dynamic corporate risk management. The Corporate Risk Register represents a collation of risks identified and assessed as significant risks to Bury Council.

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

Current

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

Target

Impact					
5	2	3	1		
4			7	1	
3				1	1
2					1
1					
	1	2	3	4	5
	Likelihood				

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

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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.*

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Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
• 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.	• 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. • Creation of a Corporate Risk Register in alignment with the revised risk management strategy.

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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.
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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.
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Report Author and Contact Details:

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Background papers:

- Risk Matrix at Appendix A;
- Deep Dive Risk Reports presented at Appendix B;
- Corporate Risk Register at Appendix C;
- Risk Mechanism at Appendix D.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
BGI	Business Growth and Infrastructure department
CC	Corporate Core department
CYP	Children and Young People's department
OCO	One Commissioning Organisation
FIN	Finance department
ICS	Integrated Care System

Risk Register Update

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 **November 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. Since June 2020, significant work has been undertaken to implement a robust approach to risk management across Bury Council, commencing with the introduction of a framework that has been rolled out across all directorates. This was later supplemented with information and guidance sessions department by department to further embed a culture of dynamic risk identification and proactive management.

2.4. All departmental risks are now collated, monitored and managed from a single repository, the Master Risk Register. Risk Owners are moving toward a comfortable rhythm of analysing risks due for review in the relevant reporting month and including risk as a standing item on departmental team meetings.

2.5. At the September meeting, the risks assessed at a level 15 or above on the Master Register were captured and presented to the Audit Committee as the "Red Risk Register". From the resulting discussion, the following two risks were identified for "deep dive" analysis discussion at the forthcoming meeting:

- **CC/1**- Council liability for the death of an employee or member of the public.
- **OPS/17** - 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 and high market rate.

2.6.   The corresponding reports at Appendix B provide an increased level of detail on these two selected risks, including existing controls, assurances and mitigating actions to facilitate reduction of the risk to a tolerable scoring.

2.7.   Furthermore, it was agreed at the September meeting that work would be performed by the Executive Team to discuss and identify those risks that would constitute the "Corporate Risk Register".

3.   Corporate Risk Register

3.1   The Corporate Risk Register (Appendix C) captures the Council's key strategic risks, details the existing controls that provide some level of assurance and identifies planned actions being undertaken to mitigate these risks.

3.2   The Corporate Risk Register is not intended to cover all risks, rather those that are cross cutting and strategic. These risks are identified as those with the potential to disrupt the Council's ability to meet its strategic and operational objectives; and as such, have been discussed and agreed by the Executive Team and categorised as warranting regular scrutiny to help the Council minimise future financial risks and adverse implications. Risks such as Aging Vehicles and Continued Provision of Leisure Services are managed at directorate or service level and remain on the Master Risk Register. The document at Appendix D depicts the relationship between Bury Council's risk registers mechanism by which risks are escalated and de-escalated accordingly.

3.3   The live document will be reviewed by the Executive Team on a quarterly basis in alignment with the schedule of meetings for the Audit Committee, where it will be presented for scrutiny and identification of risks for "deep dive" analysis from November 2021.

3.4   For each risk present on the Corporate Risk Register, the following information is given:

- Risk Reference
- Risk Title
- Strategic Outcome
- Current Score (Likelihood x Impact)
- Target Score (Likelihood x Impact)
- Risk Owner
- Key Potential Impacts
- Current Controls
- Departmental Risk Register reference (if applicable)
- Planned Actions
- Responsible Officer
- Risk Action Status, and;
- Trend.

3.5 The following strategic risks have been identified and are presented on the appended register. Each has been aligned to one of the four strategic outcomes, as detailed in the Bury 2030 Community Strategy:

- **CR1/Financial Sustainability** – *Economic Growth and Inclusion*
  - Reduced budgets and public sector cuts impact the Council's ability to deliver services.
- **CR2/COVID-19 Impact** – *Strength-based Approach*
  - Risk of new variants impacting social mobility and further reduced income from commercial portfolio arising from lockdowns.
- **CR3/Security & Resilience** – *Delivering Together*
  - External threats of terrorism and cyber security incidents causing disruption to Bury communities, Councillor's and service delivery I.T systems.
- **CR4/Digital Transformation** – *Delivering Together*
  - Inability to achieve ambition for new ways of working through failed delivery of the Digital Strategy.
- **CR5/Increasing Demand Pressures** – *Economic Growth and Inclusion*
  - Significant increases in demand for services potentially resulting in failure to meet local authority statutory obligations.
- **CR6/Climate Change** – *Local Neighbourhoods*
  - Inability to meet UK 2030 Emissions Target and Bury Climate Manifesto potentially impacting future funding.
- **CR7/ICS Implementation** – *Strength-Based Approach*
  - Potential adverse effect on the health and social system caused by the implementation of the Integrated Care System (ICS).
- **CR8/Elections** – *Delivering Together*
  - Potential reputational damage if Bury Council fails to effectively deliver the May 2022 election.
- **CR9/Workforce Capability and Capability to Deliver** – *Economic Growth and Inclusion*
  - Impact on delivery of Council priorities should the workforce capability and capacity prove insufficient.
- **CR10/EU Exit Impacts** – *Economic Growth and Inclusion*
  - Social and economic programmes at risk as a result of loss of EU funding, increased inflation and further skills gaps due to restrictions on the free movement of people.
- **CR11/Asset Management (Operational Health & Safety**) – *Local Neighbourhoods*
  - Potential of prosecution resulting from a breach of health and safety legislation in relation to safe and effective buildings and facilities used by occupants.
- **CR12/Children's Social Care Services** – *Economic Growth and Inclusion*
  - Adverse impact on children, young people and families due to high Social Worker caseloads and the possibility of receiving a poor Ofsted judgement.

- **CR13/Regulatory Compliance** – *Delivering Together*
  - Failure to meet the requirements of data protection legislation and good information governance practice may result in breach incidents and potential sanctions.
- **CR14/Corporate Health & Safety** – *Economic Growth and Inclusion*
  - Potential adverse effect on service delivery resulting from sickness absence; failure to protect staff wellbeing, welfare and morale.
- **CR15/Regeneration & Development** – *Local Neighbourhoods*
  - Rising construction inflation and a slow housing market create challenges to deliver regeneration and housing programmes.
- **CR16/Special Educational Needs and Disabilities** – *Economic Growth and Inclusion*
  - An increased number of SEND tribunals may erode parental trust in the Council and result in inadequate statutory compliance.
- **CR17/Technical and Legal Compliance with Employment Law and Council Policy Framework** – *Strength-based Approach*
  - Breakdown in employee relations, legal challenge with reputational or financial impacts.

4   Trend Analysis

4.1   There are currently a total of 17 risks on the corporate risk register, split across the departments of the Council as follows. Of the 17 risks 15 (88.2%) are rated as significant:

Department	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)	Risks Not Scored
CC	8	0	0	2	6	0
CYP	2	0	0	0	2	0
FIN	2	0	0	0	2	0
OCO	1	0	0	0	1	0
OPS	4	0	0	0	4	0
TOTAL	17	0	0	2	15	0

4.2   Of the 17 risks:

1 has increased in score:
  - CR3 Security & Resilience.

10 have decreased in score:
  - CR1 Financial Sustainability
  - CR5 Increasing demand pressures
  - CR7 ICS Implementation
  - CR8 Elections
  - CR9 Workforce Capability and Capability to Deliver
  - CR10 EU Exit Impacts

- CR12 School Improvement
- CR13 Regulatory Compliance
- CR14 Corporate Health & Safety
- CR17 Technical and Legal Compliance with Employment Law and Council Policy Framework.

6 have remained static:
- CR2 COVID-19 Impact
- CR4 Digital Transformation
- CR6 Climate Change
- CR11 Asset Management (Operational Health and Safety)
- CR15 Regeneration & Development
- CR16 Special Educational Needs and Disabilities.

4.3 Planned actions to address the risks

Mitigating actions have been identified and are on track to deliver against 16 of the risks however some slippage has occurred in respect of addressing one risk - CR13 Regulatory Compliance.

4.4 Heat Maps

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

Current

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

Target

Impact						
5	2	3	1			
4		7	1			
3			1	1		
2				1		
1						
	1	2	3	4	5	
	Likelihood					

5 Recommendations

5.1 The Audit Committee is asked to:

- Note the update provided;
- Review the Risk Matrix presented at Appendix A;
- Analyse and discuss the 2 Deep Dive reports presented at Appendix B;
- Receive the Corporate Risk Register at Appendix C;

- Review the information presented;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Review the document at Appendix D and support the approach to escalating and de-escalating risks between the Council's departmental and corporate risk registers.