

# **Report of the Strategic Director Corporate Services to the meeting of Corporate Overview and Scrutiny Committee to be held on 25th January 2018.**

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## **Subject:**

**Risk Management**

## **Summary statement:**

This report provides an outline of the purpose, objectives and developments in the Council's approach to risk management.

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**Portfolio: Leader of the Council**

**Overview & Scrutiny Area:**

**Corporate**

## **1. SUMMARY**

- 1.1 The purpose of the report is to update CMT on progress made in relation to risk management and to detail a new risk structure to support the Council's position. This report looks to establish a number of actions which should enhance the Council's risk management outcomes.

- 1.2 The Governance and Audit Committee has recently approved a new code of corporate governance which states the importance of:

"Managing risks and performance through robust internal control and strong public financial management"

This reaffirmed the need for risk management to be a central component of the Council's management arrangements.

- 1.3 At the Corporate Overview and Scrutiny Committee of the 11<sup>th</sup> January 2017 it was resolved –

- (1) That the Executive ensures that Portfolio Holders review Departmental Risk Registers in their respective areas of responsibility.
- (2) That this Committee requests that all Overview and Scrutiny Committees consider Departmental Risk Registers relevant to their area of responsibility.
- (3) That a progress report be presented to this Committee in 12 months time.

## **2. Background**

- 2.1 Work to update the strategic and departmental risk registers is ongoing, however despite small levels of additional resource being allocated, progress is still slow to establish them with sufficient quality. There has correspondingly been limited opportunity to share their contents with either Portfolio Holders or the relevant Overview and Scrutiny Committee

- 2.2 From a management perspective the most important outcome from risk management is that internal controls are put in place which reduce the likelihood or the impact of a risk event. It is also important that the Council is aware of what its key risks are and is focusing realistically on the issues that create barriers for effective service delivery. As an organisation accountable to the local community, it is also important that we can demonstrate how the risks to our citizens are managed by reporting publicly on our risk management processes.

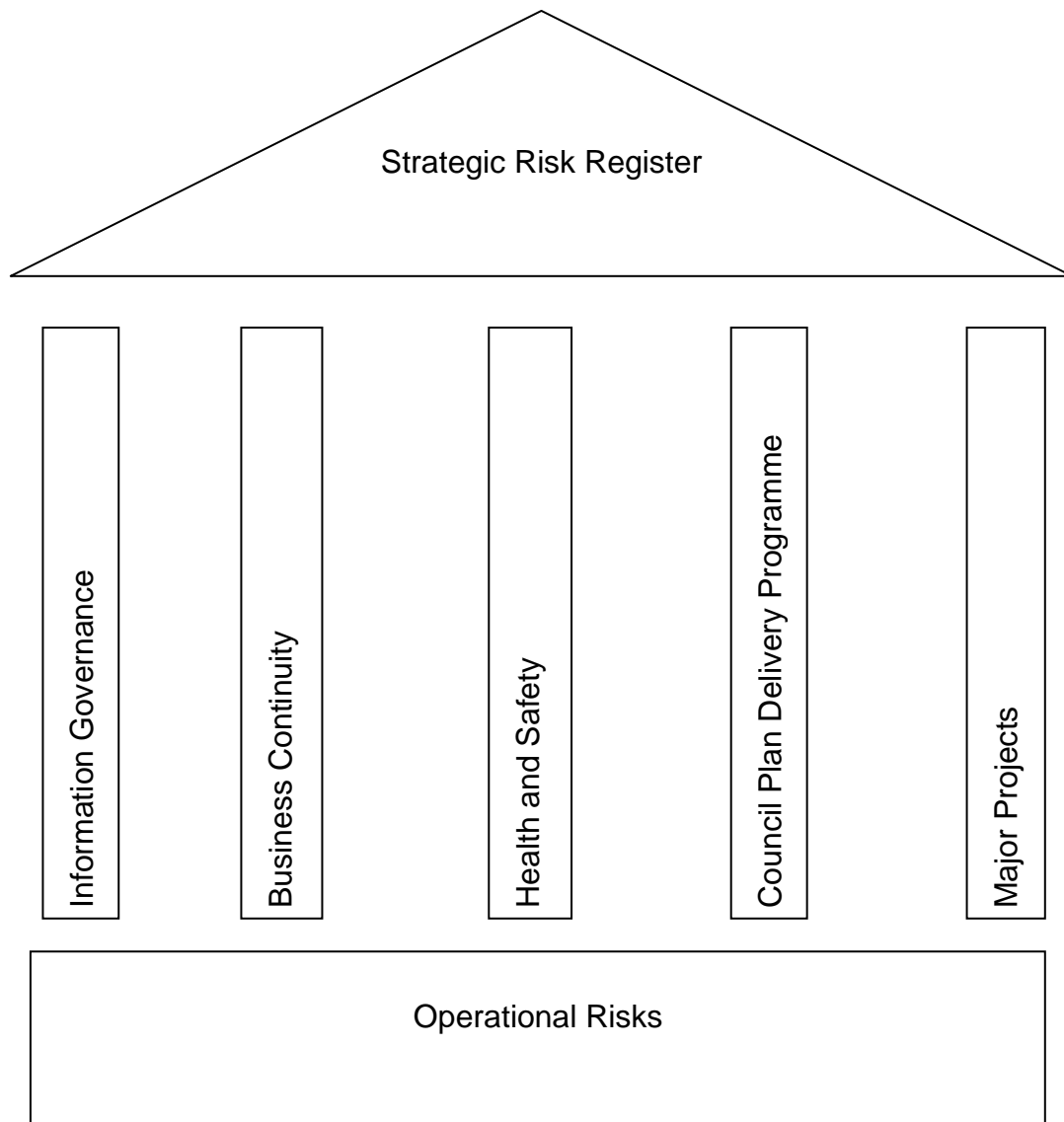
- 2.3 One positive aspect of the current Council risk register is that the identification of risks remains focused and relevant. When the Council has benchmarked its register against other local authorities, there have been no risks identified which the Council has not recognised. Indeed one of the benefits of the Council's risk evaluation, has been to realistically appraise the likelihood and potential impact of risks against a more speculative approach.

- 2.4 When the Council originally adopted its risk strategy in 2005, a number of staff were allocated the role of risk coordinator. They were located within departments to support the implementation of risk management within their service. With both the decline in staffing levels and changing responsibilities, the network requires a refresh. This would

make it possible to further embed risk management, however there is an issue of resources and whether appointments can be made with the required skills and capacity to deliver on improvements.

- 2.5 The Council has a new risk register from the Council Plan Delivery Programme. A number of the risks are duplicates of the Strategic Risk however others reflect key operational risks that the delivery boards are looking to manage. This is linked into both budgetary pressures and service demands. A revised draft Council Risk Management Organisational Framework incorporating these changes is outlined below.

### **Council Risk Management Framework**



The core feature is the Council's Strategic Risk Register being supported by the risk management processes of Information Governance, Business Continuity, Health and Safety, the Council Plan Delivery Programme and risk registers that support the Council's major projects including capital. The advantage of using the Council Plan Delivery Programme is that the risks within this will remain up to date. Below the pillars of the main processes will be the operational risks which will include the departmental risk registers supporting service delivery.

- 2.6 One issue of concern within the current risk management approach is its complicated e scoring matrix which classified risks according to the likelihood and impact. Whilst the overall principal is satisfactory there is an argument that the Council moves to a more simpler classification with a four by four grid or even three by three grid. This would make the Councils risk register template easier to complete and analyse.
- 2.7 The Council operates Covalent to record its performance information and has been used for the Council's Strategic Risk Register and other departmental risks. However it is the case that other risks registers across the authority are being kept on stand alone systems. The use of stand alone systems means that there is no corporate oversight on the risk environment of the Council and there is no mechanism for the escalation of risks to enable appropriate management intervention. If Covalent was to be made compulsory then the Council could capture all of its risks in one place. As a reporting tool Covalent could then be used to promote a more transparent approach to risk. It should be noted that some Council functions are required to report externally on risks on other proformas. In such cases Covalent should only be used as a summary record.
- 2.8 The quarterly reporting of risk along with finance and performance data is normally viewed as good practice in relation to risk management. The Council has yet for this to be successfully adopted either at CMT or through the Executive. If Covalent was used to capture all the risks and these were maintained properly, it would be possible not only to deliver regular reporting but also to produce specific reports. These could identify new and emerging risks or those at an operational level which have a high impact if they materialised. A further improvement would be a clearly specified reporting timetable so that CMT are aware of significant changes to the risk register and where and to whom risks are reported.
- 2.9 One West Yorkshire Council has a process where they report two strategic risks in detail to every meeting of the Audit Committee. This report is accompanied by a talk from the key officers managing the risk. This has the benefit of incorporating senior management contributions into the risk management process and delivering effective oversight into the management of key risks across the Council. This could be adopted by Bradford Council, through for instance a regular report to the relevant Overview and Scrutiny Committee.

### **3. OTHER CONSIDERATIONS**

None

### **4. OPTIONS**

#### **4.1 Corporate Overview and Scrutiny Committee may -**

- Endorse the risk management proposals outlined in this report.
- Comment or seek further information on its application.
- Make recommendations on the content, timing and format of risk management reporting for Members

### **5. FINANCIAL & RESOURCE APPRAISAL**

There are no financial issues arising from this report

## **6. RISK MANAGEMENT AND GOVERNANCE ISSUES**

There are no additional risks arising out of the implementation of the proposed recommendations in this report.

## **7. LEGAL APPRAISAL**

There are no legal issues arising from this report.

## **8. OTHER IMPLICATIONS**

## **9. EQUAL RIGHTS**

Risk management assists in ensuring barriers to the delivery of services are reduced which in turn supports the achievement of equality and diversity.

## **10. GREENHOUSE GAS EMISSIONS IMPACTS**

There are no impacts on Gas Emissions.

## **11. SUSTAINABILITY IMPLICATIONS**

Risk Management examines the sustainability of the activity and ensures that mechanisms are in place to deliver business continuity.

## **12. COMMUNITY SAFETY IMPLICATIONS**

Community safety implications are considered when identifying strategic risks such as safeguarding.

## **13. HUMAN RIGHTS ACT**

The Strategic Risk Register will take into account any Human Rights Act implications.

## **14. TRADE UNION**

There are no specific implications for the Trade Unions arising from the report.

## **15.. WARD IMPLICATIONS**

In general Strategic Risks by their nature do not focus on individual ward issues.

## **16. NOT FOR PUBLICATION DOCUMENTS**

None

## **17. RECOMMENDATIONS**

- 17.1 That the recommendations of the Overview and Scrutiny Committee of the 11<sup>th</sup> January 2017 are implemented by the 30<sup>th</sup> June 2018.
- 17.2 That the Overview and Scrutiny Committee considers an improvement plan which incorporates the following features
  - 17.2.1 That the Risk Coordinator Network is refreshed with all Directors required to nominate key managers within their service as the Risk Coordinator for their Department.
  - 17.2.2 That monthly reports are tabled at CMT, identifying progress made on the identification and recording of departmental risks. This should include applying any developments to the Council's risk management process.
  - 17.2.3 Covalent is to be used for the recording of all risks across the Council including the Council Plan Delivery Programme risks.
  - 17.2.4 Quarterly Risk Management reports to be produced for CMT and the Executive.

## **18. APPENDICES**

None

## **19 BACKGROUND DOCUMENTS**