

## BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

<b>Report to:</b>	<b>Audit Committee</b>
<b>Report of:</b>	<b>Assistant Director, Audit &amp; Risk Management</b>
<b>Date of Meeting:</b>	<b>27<sup>th</sup> April 2021</b>
<b>Subject:</b>	<b>Risk Management Update</b>
<b>Wards Affected:</b>	<b>All</b>

### **1. Purpose of Report**

- 1.1 To update Members on the management of strategic risks and implementation of the Risk Management Framework.

### **2. Recommendation**

Audit Committee Members:

- 2.1 Note the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- 2.2 Review the strategic risks and assess whether further explanation / information is required from risk owners in order to satisfy itself that the Risk Management Framework has been consistently applied.

### **3. Risk Management Framework**

- 3.1 The Risk Management Framework sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all organisational levels.
- 3.2 The framework is implemented through a network of Directorate Risk Representatives. Risk representatives assist directorate management teams in producing and maintaining up-to-date risk registers and supporting action plans.
- 3.3 Strategic risks are reviewed and challenged through the Corporate Leadership Team.

#### 4. Strategic Risk Register

4.1 Strategic risks have been reviewed and updated on a monthly basis by Directorate Risk Representatives. Risk SR7.1 Service Improvement has been restated and a revised action plan established.

4.2 The strategic risks have been piloted on a heat map within Appendix A and are summarised within Appendix B. The profile of the strategic risks, against each 'PESTLE' category is given below:

Residual Risk Exposure	High	Medium	Low	Total
SR1 - Political	1	1		2
SR2 - Economical	3	3		6
SR3 - Social	5	3		8
SR4 - Technological	1	2		3
SR5 – Legal	4	1	1	6
SR6 - Environmental	2	0		2
SR7 - Cross Cutting	1	4		5
<b>Total</b>	<b>17</b>	<b>14</b>	<b>1</b>	<b>32</b>

4.2 Three risks have been identified with a high residual impact and likelihood score:

- SR3.4 Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism
- SR4.3 Risk of Cyber Attacks
- SR5.1 Inadequate Property Portfolio (including Health & Safety and Working conditions)

Assurance on the management of these risks has been provided, or is scheduled on the Committee's work programme, via the Cabinet Member Assurance Sessions.

4.3 The strategic risk register is updated and reviewed on a monthly basis by CLT to ensure robust oversight and that appropriate action is being taken.

#### 5. Directorate Risks

5.1 Each Directorate maintains their own risk registers. These Directorate risk registers contain the operational risks facing the Council and are managed at a local level.

5.2 The top operational risks are being captured as part of the ongoing corporate business planning process and will be subject to a similar level of scrutiny as Strategic Risks. This will include reporting all significant operational risks to the Audit Committee.

<b>6.</b>	<b>Role of the Audit Committee</b>
6.1	Members have a key role within the risk management and internal control processes.
6.2	<p>The Audit Committee terms of reference, sets out its responsibilities and in relation to risk management these are:</p> <ul style="list-style-type: none"> <li>• providing independent assurance to the Council on the effectiveness of the risk management framework and the associated control environment;</li> <li>• whether there is an appropriate culture of risk management and related control throughout the Council;</li> <li>• to review and advise the Executive on the embedding and maintenance of an effective system of corporate governance including internal control and risk management; and</li> <li>• to give an assurance to the Council that there is a sufficient and systematic review of the corporate governance, internal control and risk management arrangements within the Council.</li> </ul>
<b>7.</b>	<b>Legal and Resource Implications</b>
7.1	The work carried out is within approved budgets.
<b>8.</b>	<b>Equality Impact Assessment Issues</b>
8.1	Risk management forms an important part of the internal control framework within the Council.
8.2	The Council's risk management framework has been Equality Impact Assessed and was found to have no adverse impacts.
<b>9.</b>	<b>Compliance Issues</b>
9.1	Decisions are consistent with relevant Council Policies, Plans and Strategies.

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## Risk Heat Map

## Strategic Risk Map – April 2021

Strategic Risk Map – April 2021					
Likelihood	High			<div>SR1.1 Relevance to citizens</div>	<div>SR4.3 Cyber attacks</div> <div>SR5.1 Health &amp; Safety / Inadequate property portfolio</div> <div>SR3.4 Counter Terrorism / emergency incidents</div>
	Significant	<div>SR2.6 Future Financial Resilience</div> <div>SR3.3 Equality representation</div> <div>SR4.1 Loss of personal/sensitive data</div> <div>S3.8 Effective Public Hubs</div>	<div>SR6.2 Health &amp; wellbeing</div> <div>SR6.1 Climate change / air pollution</div> <div>SR3.7 Public Health interventions</div> <div>SR7.2 Rising pressure of demand</div>	<div>SR2.2 Homelessness &amp; housing</div> <div>SR3.5 Lack of engagement</div> <div>SR2.3 Financial insecurity for citizens</div> <div>SR3.2 Localisation / personalisation</div> <div>SR3.1 Community Leadership quality</div> <div>SR5.6 Safeguarding Children</div>	
	Medium	<div>SR5.3 Brexit impact on legislation</div> <div>SR7.3 Achieving desired culture change</div> <div>SR7.4 CWG Delivery</div>	<div>SR4.2 Harnessing technology opportunities</div> <div>SR2.5 Development of local urban centres</div> <div>SR1.2 Opportunities of devolution</div> <div>SR2.4 Leading the regional agenda</div> <div>SR7.4 CWG Legacy Realisation</div>	<div>SR5.4 Meeting social care requirements</div> <div>SR7.1 Service Improvement</div> <div>SR5.5 View of BCC by regulators</div> <div>SR2.1 National politics</div>	
	Low	<div>SR5.2 Approach to equalities</div>	<div>SR3.6 Preventing crime agenda</div>		
	Key	Low	Medium	Significant	High
Severe	Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved.				
Material	Close monitoring to be carried out and cost effective control improvements sought to ensure service delivery is maintained				
Tolerable	Regular review, low cost control improvements sought if possible.				

## Strategic Risk Register Summary

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Action Plan	Direction of Travel
<b>SR1 Political</b>							
SR1.1	The Quality of Services impacting on the relevance of the Council to the Citizens of Birmingham	Director of Digital & Customer Services	Severe	Severe	Tolerable	Yes	↔
SR1.2	Failure to realise the opportunities of devolution and the Combined Authority	Assistant Chief Executive	Severe	Material	Tolerable	Yes	↔
<b>SR2 Economic</b>							
SR2.1	Impact of National politics on jobs	Acting Director – Inclusive Growth	Severe	Severe	Tolerable	Yes	↔
SR2.2	Homelessness and less affordable housing with rising housing requirements	Acting Director – Inclusive Growth & Acting Director -Neighbourhoods	Severe	Severe	Material	Yes	↔
SR2.3	Increased financial insecurity and inequality for citizens	Assistant Chief Executive	Severe	Severe	Tolerable	Yes	↔
SR2.4	Leading on the Regional Agenda	Acting Director – Inclusive Growth	Severe	Material	Tolerable	Yes	↔
SR2.5	Development of Local Urban Centres	Acting Director – Inclusive Growth	Material	Material	Tolerable	Yes	↔
SR2.6	Future Financial Resilience	Interim Chief Finance Officer	Severe	Material	Tolerable	Yes	↔
<b>SR3 Social</b>							
SR3.1	Quality of Community Leadership, at Member and Officer level	Director of Neighbourhoods	Severe	Severe	Tolerable	Yes	↔
SR3.2	Localisation and personalisation being delivered effectively	Director of Neighbourhoods	Severe	Severe	Tolerable	Yes	↔
SR3.3	Equality representation within the Council does not represent the city	Director of Human Resources	Severe	Material	Tolerable	Yes	↔

## Appendix B

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Action Plan	Direction of Travel
SR3.4	Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism	Assistant Chief Executive	Severe	Severe	Tolerable	Yes	↔
SR3.5	Lack of Engagement	Directors of Adult Social Care and Education and Skills	Severe	Severe	Tolerable	Yes	↔
SR3.6	Inability to effectively influence the preventing crime agenda	Assistant Chief Executive	Severe	Material	Tolerable	Yes	↔
SR3.7	Public Health approach to early interventions ineffective	Director of Public Health	Severe	Severe	Tolerable	Yes	↔
SR3.8	Creation of effective public hubs in line with local needs	Director of Inclusive Growth	Severe	Material	Material	Yes	↔
<b>SR4 Technological</b>							
SR4.1	Loss of personal and sensitive data	Assistant Director for IT&D & CIO	Severe	Material	Tolerable	Yes	↔
SR4.2	Failure to take advantage of new ways of working enabled by technology	Assistant Director for IT&D & CIO	Severe	Material	Tolerable	Yes	↔
SR4.3	Risk of Cyber Attacks	Assistant Director for IT&D & CIO	Severe	Severe	Material	Yes	↔
<b>SR5 Legal</b>							
SR5.1	Inadequate Property Portfolio (including Health & Safety and Working conditions)	Assistant Director Property Services	Severe	Severe	Tolerable	Yes	↔
SR5.2	Ineffective approach to Equalities	Assistant Chief Executive	Severe	Tolerable	Tolerable	Yes	↔
SR5.3	Future Brexit agenda and impact on legislation	Director of Legal Services	Severe	Material	Material	Yes	↔
SR5.4	Inability to fully meet social care requirements	Director of Adult Social Care	Severe	Severe	Tolerable	Yes	↔
SR5.5	View of BCC by Regulators	Directors of Adult Social Care and Education and Skills	Severe	Severe	Tolerable	Yes	↔
SR5.6	Safeguarding Children	Directors of Education and Skills	Severe	Severe	Tolerable	Yes	↔

## Appendix B

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Action Plan	Direction of Travel
<b>SR6 Environmental</b>							
SR6.1	Ability to address air pollution and full delivery of the climate change agenda	Acting Director, Inclusive Growth	Severe	Severe	Material	Yes	↔
SR6.2	Health & Wellbeing	Director HR	Severe	Severe	Tolerable	Yes	↔
<b>SR7 Cross Cutting</b>							
SR7.1	Service Improvement	Assistant Chief Executive	Severe	Material	Tolerable	Yes	↔
SR7.2	Rising pressure of demand	Directors of Adults Social Care / Education and Skills	Severe	Severe	Tolerable	Yes	↔
SR7.3	The organisational culture change needed to become a modern council is not achieved	Chief Executive re organisational culture	Severe	Material	Tolerable	Yes	↔
SR7.4	Birmingham 2022 Commonwealth Games Delivery of Core Services and Infrastructure	Chief Executive	Material	Material	Tolerable	Yes	↔
SR7.5	Birmingham 2022 Commonwealth Games Legacy Realisation	Chief Executive	Material	Material	Tolerable	Yes	↔