BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	**Audit Committee**
Report of:	**Assistant Director, Audit & Risk Management**
Date of Meeting:	**19 July 2023**
Subject:	**Risk Management Update**
Wards Affected:	**All**

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 The Strategic Risk Register is reviewed monthly. CLT have proposed:

- Increasing the residual risk rating to a high likelihood and impact for Risk 2.3 Financial Resilience.
- Adding a Strategic Risk for Oracle (in addition to a whole suite of risks managed by the recovery team)
- Adding a Strategic Risk for Equal Pay / Job Evaluation

4.2 The latter 2 risks are currently in draft and proposed changes will be considered by the Corporate Leadership Team at their next assurance focused meeting.

4.3 The revised strategic risks have been plotted 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	Severe	Material	Tolerable	Total
SR1 - Political				
SR2 - Economical	1		1	2
SR3 - Social		5		5
SR4 - Technological		2		2
SR5 – Legal	4		1	5
SR6 - Environmental	3	1		4
SR7 - Cross Cutting	1	4		5
totals	9	12	2	23

4.4 Risk SR5.1 Inadequate Property Portfolio (including Health & Safety and Working conditions) remains with a High / High residual likelihood and impact score

4.5 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.

4.6 Risks are assigned weightings according to the definitions set out in the Strategic Risk Management Framework as follows:

Measures of likelihood:

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of impact:

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs

		and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant		Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium		Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low		Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

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.

6. Role of the Audit Committee

6.1 Members have a key role within the risk management and internal control processes.

6.2 The Audit Committee terms of reference, sets out its responsibilities and in relation to risk management these are:

- providing independent assurance to the Council on the effectiveness of the risk management framework and the associated control environment;

- whether there is an appropriate culture of risk management and related control throughout the Council;

- 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

- 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.

7. Legal and Resource Implications

7.1 The work carried out is within approved budgets.

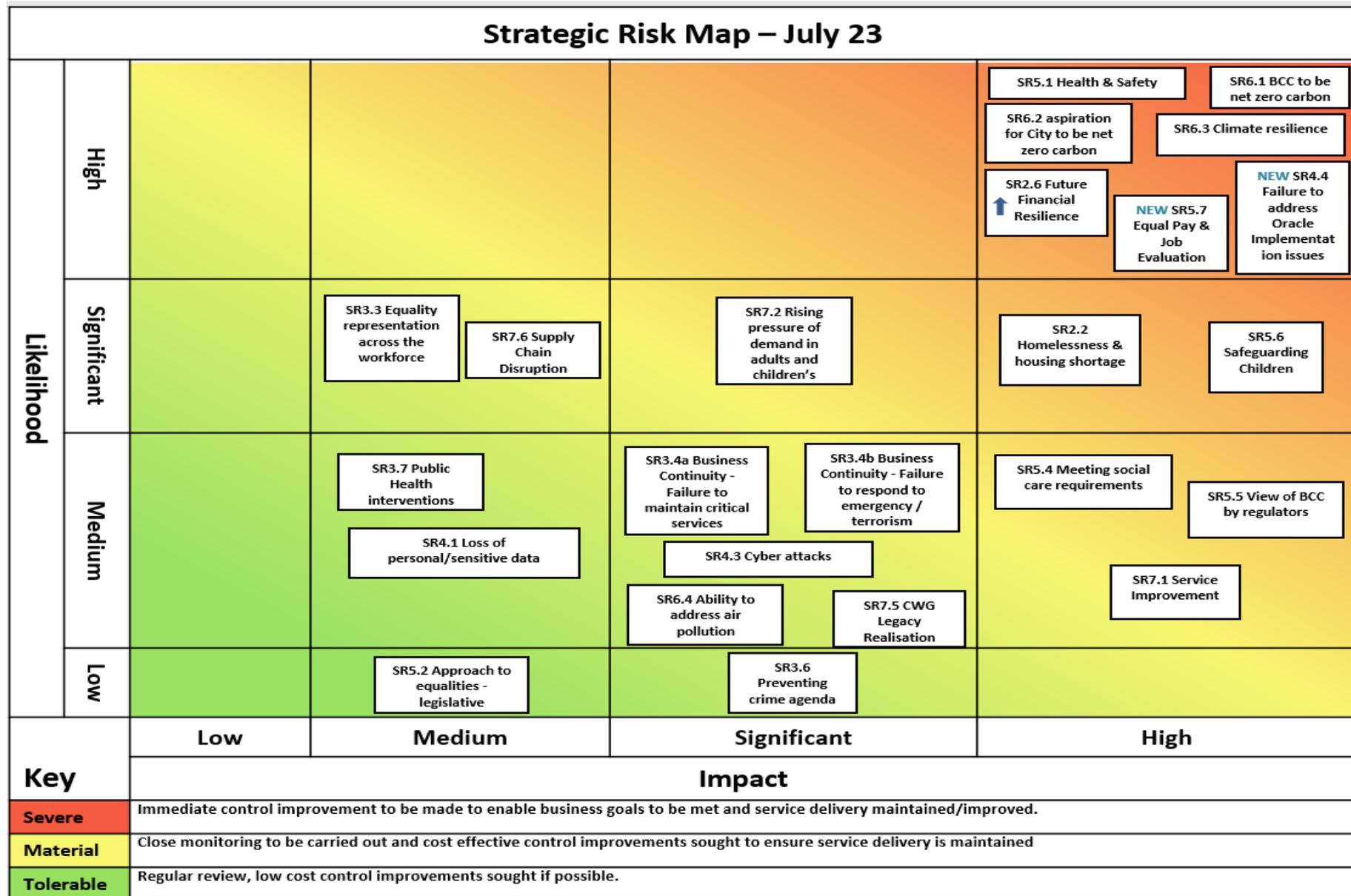|	
8.	**Equality Impact Assessment Issues**
8.1	Risk management forms an important part of the internal control framework within the Council.
8.2	The Council's risk management framework has been Equality Impact Assessed and was found to have no adverse impacts.
9.	**Compliance Issues**
9.1	Decisions are consistent with relevant Council Policies, Plans and Strategies.

Sarah Dunlavey
Assistant Director, Audit & Risk Management
Telephone No: 0121 675 8714
e-mail address: sarah.dunlavey@birmingham.gov.uk

Risk Heat Map, Changes February – June 2023

Strategic Risk Map – July 23

Likelihood ↓ / Impact →	Low	Medium	Significant	High
High				SR5.1 Health & Safety; SR6.1 BCC to be net zero carbon; SR6.2 aspiration for City to be net zero carbon; SR6.3 Climate resilience; SR2.6 Future Financial Resilience ↑; NEW SR5.7 Equal Pay & Job Evaluation; NEW SR4.4 Failure to address Oracle Implementation issues
Significant		SR3.3 Equality representation across the workforce; SR7.6 Supply Chain Disruption	SR7.2 Rising pressure of demand in adults and children's	SR2.2 Homelessness & housing shortage; SR5.6 Safeguarding Children
Medium		SR3.7 Public Health interventions; SR4.1 Loss of personal/sensitive data	SR3.4a Business Continuity - Failure to maintain critical services; SR3.4b Business Continuity - Failure to respond to emergency / terrorism; SR4.3 Cyber attacks; SR6.4 Ability to address air pollution; SR7.5 CWG Legacy Realisation	SR5.4 Meeting social care requirements; SR5.5 View of BCC by regulators; SR7.1 Service Improvement
Low		SR5.2 Approach to equalities - legislative	SR3.6 Preventing crime agenda	

Impact

Key

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	Direction of Travel	Action Status				
							Red	Amber	Green	Not Rated	Total
SR2 Economic											
SR2.2	Homelessness and less affordable housing with rising housing requirements	Director – PPS & Director City Housing	Severe	Severe	Material	↔	0	6	1	0	7
SR2.6	Future Financial Resilience	Director Council Management	Severe	Tolerable	Tolerable	↑	0	0	3	0	3
SR3 Social											
SR3.3	Equality representation	Director of People Services	Material	Material	Tolerable	↔	0	1	1	0	2
SR3.4a	Significant disruption to Council services (Business continuity) and failure to effectively maintain critical services	Chief Executive	Severe	Material	Material	↔	0	0	2	0	2
SR3.4b	Disruption to Council services (Business continuity) and failure to effectively manage and respond to emergency incidents, including acts of terrorism.	Chief Executive	Severe	Material	Material	↔	0	1	0	0	1
SR3.6	Inability to effectively influence the preventing crime agenda	Director City Operations	Severe	Material	Tolerable	↔	0	2	3	0	5
SR3.7	Public Health approach to early interventions ineffective	Director of Public Health	Severe	Material	Tolerable	↔	0	4	0	0	4
SR4 Technological											
SR4.1	Loss of personal and sensitive data	Assistant Director for IT&D & CIO	Material	Material	Tolerable	↔	0	0	4	0	4
SR4.3	Risk of Cyber Attacks	Assistant Director for IT&D & CIO	Material	Material	Material	↔	0	0	3	0	3

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Action Status				
							Red	Amber	Green	Not Rated	Total
SR4.4	Failure to address Oracle implementation issues	CLT / SRO	Severe	Severe	Tolerable	NEW					
SR5 Legal											
SR5.1	Health and Safety factors associated with property, assets, and activities use to delivery services	CLT / Directorate Leads / Managers / Employees	Severe	Severe	Material	↔	3	6	3	0	12
SR5.2	Ineffective approach to Equalities	Director Strategy, Equality and Partnerships	Severe	Tolerable	Tolerable	↔	0	2	1	0	3
SR5.4	Inability to fully meet social care requirements	Director of Children and Families	Severe	Severe	Tolerable	↔	0	2	0	0	2
SR5.5	View of BCC by Regulators	Directors of Children and Families and Adult Social Care	Severe	Severe	Tolerable	↔	0	5	2	0	7
SR5.6	Safeguarding Children	Directors of Children and Families	Severe	Severe	Tolerable	↔	0	1	3	0	4
SR5.7	Equal Pay / Job Evaluation	CLT / Director of Council Management	Severe	Severe	Tolerable	NEW					
SR6 Environmental											
SR6.1	Birmingham City Council to be net zero carbon by 2030	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	0	0	4	4
SR6.2	Council aspiration for the City to be net zero carbon by 2030	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	4	0	0	4
SR6.3	A climate resilient and adapted Council and city	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	4	3	0	7

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Action Status				
							Red	Amber	Green	Not Rated	Total
SR6.4	Ability to address air pollution	Director of Planning, Transport & Connectivity	Material	Material	Material	↔	0	3	1	0	4

SR7 Cross Cutting

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Red	Amber	Green	Not Rated	Total
SR7.1	Service Improvement	Director of Council Management	Severe	Material	Tolerable	↔	0	3	1	0	4
SR7.2	Rising pressure of demand	Directors of Children and Families / Adult Social Care	Severe	Severe	Tolerable	↔	0	8	5	0	13
SR7.5	Birmingham 2022 Commonwealth Games Legacy Realisation	Chief Executive	Material	Material	Tolerable	↔	1	2	2	0	5
SR7.6	Supply Chain Disruption	Director of Council Management	Severe	Material	Tolerable	↔	0	4	1	0	5

Residual Risk Direction of Travel Index

↔ Risk Unchanged

↓ Risk Decreased

↑ Risk Increased