

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: Audit Committee

Report of: Assistant Director, Audit & Risk Management

Date of Meeting: 19th October 2021

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 A deep dive risk workshop was held with the Corporate Leadership Team in August to review, challenge, and reset the strategic risks register. This was to ensure that it correctly focused on the potential events that could prevent the Council achieving its key priorities. This review has led to a number of risks being deleted, reframed, or merged with risk levels being adjusted according. The number of strategic risks recorded on the register has reduced from 32 to 20. The removed risks are detailed in Appendix A.
- 4.2 The revised strategic risks have been plotted on a heat map within Appendix B and are summarised within Appendix C. The profile of the strategic risks, against each 'PESTLE' category is given below:

Residual Risk Exposure	High	Medium	Low	Total
SR1 - Political				
SR2 - Economical	1	1		2
SR3 - Social	2	2		4
SR4 - Technological	1	1		2
SR5 – Legal	4		1	5
SR6 - Environmental		2		2
SR7 - Cross Cutting	2	3		5
Total	10	9	1	20

- 4.2 Three risks remain with 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 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.

- 4.4 The strategic risk register is 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.

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;

<ul style="list-style-type: none"> • 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.
<p>7. Legal and Resource Implications</p> <p>7.1 The work carried out is within approved budgets.</p>
<p>8. Equality Impact Assessment Issues</p> <p>8.1 Risk management forms an important part of the internal control framework within the Council.</p> <p>8.2 The Council's risk management framework has been Equality Impact Assessed and was found to have no adverse impacts.</p>
<p>9. Compliance Issues</p> <p>9.1 Decisions are consistent with relevant Council Policies, Plans and Strategies.</p>

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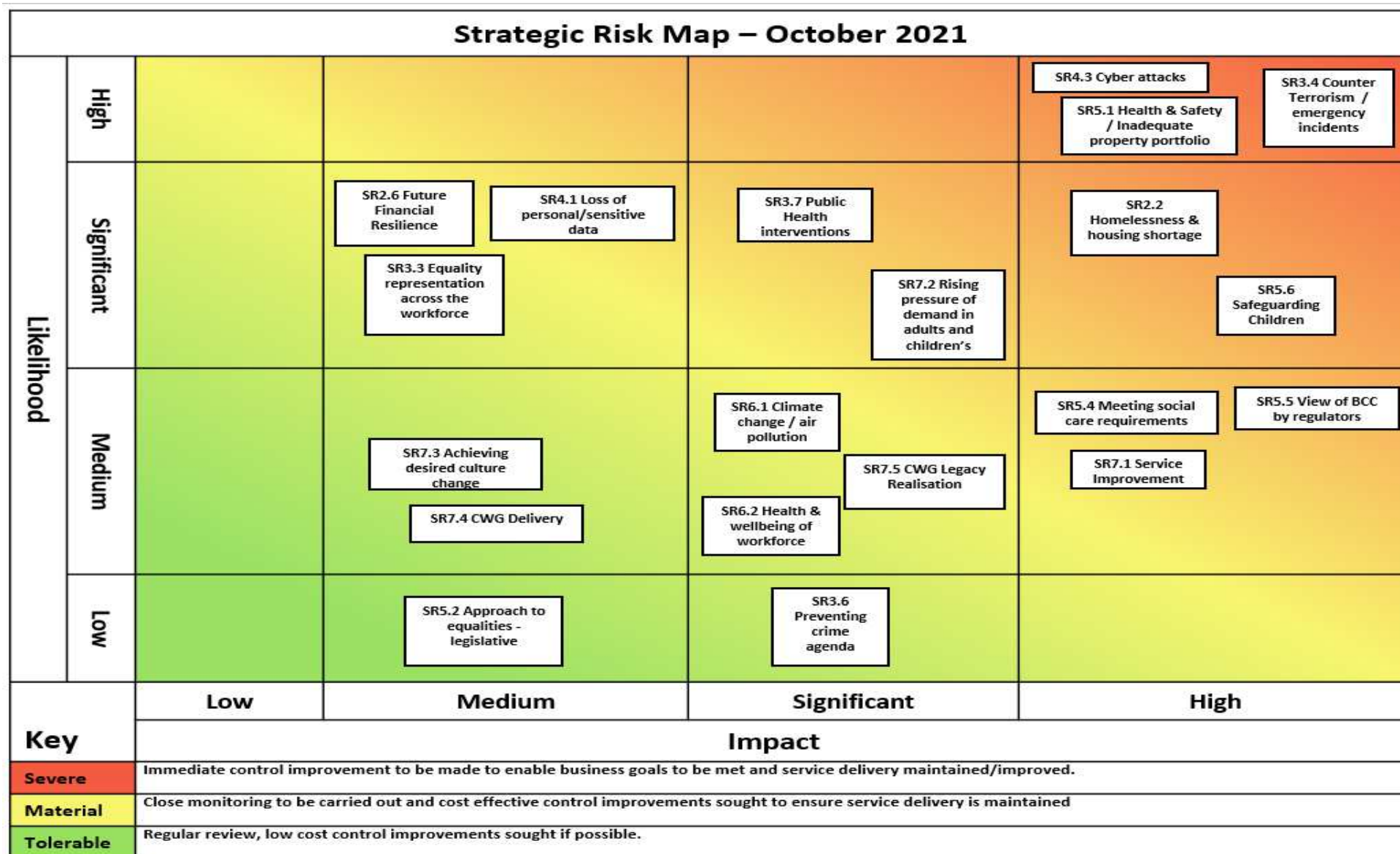
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Appendix A

Removed Strategic Risks

- SR1.1 Relevance of the Council to citizens
- SR1.2 Failure to realise the opportunities of devolution and the Combined Authority
- SR2.1 Impact of national politics on jobs
- SR2.3 Increased financial insecurity and inequality of citizens
- SR2.4 Leading on the Regional agenda
- SR2.5 Development of Local Urban Centres
- SR3.1 Quality of Local Leadership at Member and Officer level
- SR3.2 Localisation and Personalisation being delivered effectively
- SR3.5 Lack of engagement
- SR3.8 Creation of effective public hubs
- SR4.2 Failure to adopt new and innovative models to enable the Council to realise all technological and Programme benefits
- SR5.3 Future Brexit agenda and impact on legislation

Risk Heat Map



Appendix 7 - Strategic Risk Register – Summary

<u>Risk No.</u>	<u>Risk</u>	<u>Risk Owner</u>	<u>Inherent Risk</u>	<u>Residual Risk</u>	<u>Target Risk</u>	<u>Direction of Travel</u>	<u>Action Status</u>				
							Red	Amber	Green	Not Rated	Total
SR2 Economic											
SR2.2	Homelessness and less affordable housing with rising housing requirements	Acting Director – Inclusive Growth & Director City Housing Director Council Management	Severe	Severe	Material	↔	0	5	2	0	7
SR2.6	Future Financial Resilience		Severe	Material	Tolerable	↔	1	0	3	0	4
SR3 Social											
SR3.3	Equality representation	Director of Human Resources	Material	Tolerable	Tolerable	↓	1	2	4	0	7
SR3.4	Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism	Director City Operations	Severe	Severe	Tolerable	↔	0	1	0	0	1
SR3.6	Inability to effectively influence the preventing crime agenda	Director City Operations	Severe	Material	Tolerable	↔	0	0	1	0	1
SR3.7	Public Health approach to early interventions ineffective	Director of Public Health	Severe	Severe	Tolerable	↔	0	4	0	0	4
SR4 Technological											
SR4.1	Loss of personal and sensitive data	Assistant Director for IT&D & CIO	Severe	Material	Tolerable	↔	0	2	0	0	2
SR4.3	Risk of Cyber Attacks	Assistant Director for IT&D & CIO	Severe	Severe	Material	↔	0	0	4	0	4
SR5 Legal											
SR5.1	Inadequate Property Portfolio (including Health & Safety and Working conditions)	CLT / Directorate Leads / Managers / Employees	Severe	Severe	Material	↔	1	7		0	8
SR5.2	Ineffective approach to Equalities	Director City Operations	Severe	Tolerable	Tolerable	↔	0	2	1	0	3

Appendix C

<u>Risk No.</u>	<u>Risk</u>	<u>Risk Owner</u>	<u>Inherent Risk</u>	<u>Residual Risk</u>	<u>Target Risk</u>	<u>Direction of Travel</u>	<u>Action Status</u>				Total
							Red	Amber	Green	Not Rated	
SR5.4	Inability to fully meet social care requirements	Director of Adult Social Care	Severe	Severe	Tolerable	↔	0	2	0	0	2
SR5.5	View of BCC by Regulators	Directors of Adult Social Care and Education and Skills	Severe	Severe	Tolerable	↔	0	3	2	0	5
SR5.6	Safeguarding Children	Directors of Education and Skills	Severe	Severe	Tolerable	↔	0	2	0	0	2
SR6 Environmental											
SR6.1	Ability to address air pollution and full delivery of the climate change agenda	Acting Director, Inclusive Growth	Material	Material	Material	↓	0	0	3	0	3
SR6.2	Health & Wellbeing	Director HR	Material	Material	Tolerable	↓	2	1	1	0	4
SR7 Cross Cutting											
SR7.1	Service Improvement	Director of Council Management	Severe	Material	Tolerable	↔	0	4	0	0	4
SR7.2	Rising pressure of demand	Directors of Adults Social Care / Education and Skills	Severe	Severe	Tolerable	↔	0	6	0	0	6
SR7.3	The organisational culture change needed to become a modern council is not achieved	Chief Executive re organisational culture	Material	Material	Tolerable	↔	0	2	4	0	6
SR7.4	Birmingham 2022 Commonwealth Games Delivery of Core Services and Infrastructure	Chief Executive	Material	Material	Tolerable	↔	0	3	2	0	5
SR7.5	Birmingham 2022 Commonwealth Games Legacy Realisation	Chief Executive	Material	Material	Tolerable	↔	0	4	2	0	6

Residual Risk Direction of Travel Index

