

## 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>28<sup>th</sup> July 2020</b>
<b>Subject:</b>	<b>Risk Management</b>
<b>Wards Affected:</b>	<b>All</b>

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

- 1.1 To update Members on the development of a Strategic Risk Register 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 and top operational 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. The Framework, and supporting documentation, has been reviewed and updated to ensure that sufficient focus is given to the strategic direction of the Council.

### **4. Strategic Risk Register**

- 4.1 Using a 'PESTLE' analysis, the Council Leadership Team (CLT) have undertaken a major review to identify the strategic risks faced by the Council together with potential development opportunities. The management of these risks will help to support the ongoing improvement of the Council and delivery of strategic priorities and outcomes.

- 4.2 The previous corporate risks, which had become increasing operational in their nature, have been removed from the corporate register for management at directorate level.
- 4.3 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:

	High	Medium	Low	Total
SR1 - Political	1	2		3
SR2 - Economical	4	2		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	2		3
<b>Total</b>	<b>18</b>	<b>12</b>	<b>1</b>	<b>31</b>

- 4.4 Three strategic 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)

- 4.5 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 A network of directorate risk representative is in place. These representatives facilitate the review of strategic risks and support each directorate in developing and maintaining appropriate directorate risk registers.
- 5.2 Directorate risk registers contain operational risks, managed at a local level.
- 5.3 The top operational risks have been extracted from directorate risk registers and are detailed within Appendix C.

<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.

**Sarah Dunlavey**  
**Assistant Director, Audit & Risk Management**

**Telephone No:** 0121 675 8714  
**e-mail address:** [sarah.dunlavey@birmingham.gov.uk](mailto:sarah.dunlavey@birmingham.gov.uk)

## Risk Heat Map

Strategic Risk Map – July 2020					
Likelihood	High			<div>SR1.1 Relevance to citizens</div> <div>SR3.4 Counter Terrorism / emergency incidents</div> <div>SR4.3 Cyber attacks</div> <div>SR5.1 Health &amp; Safety / Inadequate property portfolio</div>	
	Significant	<div>SR3.3 Equality representation</div> <div>SR2.6 Future Financial Resilience</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>SR3.7 Public Health interventions</div> <div>SR6.1 Climate change / air pollution</div> <div>SR7.2 Rising pressure of demand</div>	<div>SR2.2 Homelessness &amp; housing</div> <div>SR3.2 Localisation / personalisation</div> <div>SR3.5 Lack of engagement</div> <div>SR3.1 Community Leadership quality</div> <div>SR5.6 Safeguarding Children</div>	
	Medium	<div>SR5.3 Brexit impact on legislation</div> <div>SR1.2 Officer / Member roles</div> <div>SR7.3 Achieving desired culture change</div>	<div>SR4.2 Harnessing technology opportunities</div> <div>SR2.5 Development of local urban centres</div> <div>SR2.4 Leading the regional agenda</div> <div>SR1.3 Opportunities of devolution</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
		Impact			
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.				

## Appendix B

### Strategic Risk Register Summary

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Action Plan
<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	Officer / Member Roles	Director of Legal Services	Severe	Material	Tolerable	Partially
SR1.3	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	No
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	Severe	Material	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
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	Risk of Cyber Attacks	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	Material	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

## Appendix B

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Action Plan
SR5.6	Safeguarding Children	Directors of Education and Skills	Severe	Severe	Tolerable	Yes
<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

## Top Operational Risks

Directorate	Service Area	Risk
Digital & Customer Services	The Application Platform Modernisation (APM) Programme has been established to exit the Capita data centres.	There is a risk that the project will not complete by March 2021, jeopardising the contractual exit
Education & Skills	Education	Managing the safe return of children and young people to educational settings.
Finance & Governance / HR	1B Programme (ERP Implementation)	There is a risk that the programme is unable to deliver within the expected costs and timeframe and doesn't deliver the required benefits.
Neighbourhoods	Housing	Failure to respond positively and effectively to the required outcomes of the Grenfell Tower enquiry
Neighbourhoods	Housing	The impact of homelessness on the citizens of Birmingham
Inclusive Growth	Commonwealth Games Village	Slippage and cost overruns
PIP	Public Health	COVID-19 <ul style="list-style-type: none"> <li>• Impact on staff – surge support required, resilience of team; burnout of staff</li> <li>• Impact of focus on Covid on business as usual activities</li> <li>• Compounded effect of Covid on health inequalities making these much wider</li> </ul>