

AUDIT & STANDARDS COMMITTEE

3 February 2020

Title: Corporate Risk Register Update	
Open Report	For Discussion & Agreement
Wards Affected: None	Key Decision: No
Report Author: Christopher Martin, Head of Assurance	Contact Details: Tel: (020) 8227 2174 E-mail: Christopher.Martin@lbbd.gov.uk
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: This report provides an update on the Corporate Risk Register.	
Recommendation: The Committee is asked to note the contents of the report.	

1 Background

- 1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2. Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure the Council's assets and to ensure the Council's continued financial and organisational wellbeing.
- 1.3. Risk offers both significant potential positive and negative impacts on delivery and reputation and it therefore follows that a key organisational challenge facing the Council is embedding risk as part of the organisation's decision making process both in day to day operational situations and at the strategic level.

2. Risk Management

- 2.1. The LBBB Risk Management vision is that the Council will have a robust system of risk management in place to identify, assess and manage the key risks in the Borough that may prevent it achieving the priorities identified in the Corporate Plan. Effective risk management is a key management tool for LBBB that is used to understand and optimise the benefits it can generate from calculated risk taking, as well as helping to avoid and manage unwanted surprises.
- 2.2. This report provides an update on how strategic risk continues to be monitored and managed. Details of the process are set out in the LBBB Risk Management Approach which was approved by Cabinet on 17th September 2019 and is appended to this report as Appendix 1.

- 2.3. The Council’s approach to corporate risk management is to embed risk ownership across the organisation so that it is the responsibility of all managers and teams to manage risk. The Council’s Head of Assurance is responsible for Risk Management strategy, advice and support but is not responsible for managing risks.
- 2.4. Directors and Heads of Service ensure that risks within their area are recorded and managed appropriately, in line with the risk management framework. Assurance Group regularly review and monitor the approach to risk management.
- 2.5. Risk Registers will form part of the service plans and are designed to be dynamic documents, being updated regularly. The Corporate Risk Register covers risks which affect our ability to achieve long-term Council objectives. Risks can be escalated from service risks up to the Assurance Group for inclusion in the Corporate Risk Register or moved down as required. Risks within the Corporate Risk Register state the cause, event and **consequence**. For example, “as a result of bad weather, there is a risk that *staff will not be able to get to the office* and undertake their work which will result in **unhappy service users and increased complaints**.”

3. Corporate Risks

- 3.1. The Senior Leadership Team have reviewed all their current key risks to achieving the Council’s objectives. This section provides a summary of progress being made in moving towards the desirable level of risk for each entry in the Corporate Risk Register.
- 3.2. Each Risk Owner has assessed their risk for the following:
 - Gross Risk (the impact and likelihood of the risk with no controls in place);
 - Net Risk (the impact and likelihood of the risk with current controls in place); and
 - Target Risk (the impact and likelihood of the risk, once all further actions have been implemented).
- 3.3. There are 14 Corporate Risks with results as follows:

1. Population Change - An inability to understand how the population of Barking and Dagenham is changing and developing, could mean LBBD does not having the required social infrastructure to meet the needs of its community, resulting in unsatisfied residents and reputational damage.

Gross Risk	Net Risk	Target Risk
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2. Financial Management - Unrealistic financial modelling of grant or company income and benefits may lead to the Authority’s funding model no longer being sufficient, resulting in an inability to provide key services and severe reputational damage.

Gross Risk	Net Risk	Target Risk

3. Significant Incident in the Community - A significant incident in the local community, in the context of the current high level of community tensions or a major public catastrophe, may lead to an eruption of civil disobedience, resulting in harm to residents, significant damage to council property, financial loss and a loss of confidence in the council.

Gross Risk	Net Risk	Target Risk
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4. Safeguarding Failures - Staff not properly following safeguarding processes, for example due to the pressure of high caseload levels, could ultimately result in the death or serious injury of a child or vulnerable adult, resulting in loss of public faith, reputational damage, high financial costs and challenge and scrutiny from governing bodies.

Gross Risk	Net Risk	Target Risk
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5. Development of the Third Sector - A small Third sector may mean the Authority is unable to sufficiently reduce demand for its own services, leading to unsatisfied residents, increased costs and ultimately a failure to meet performance targets.

Gross Risk	Net Risk	Target Risk
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6. Investment Decisions - A high number of investment decisions requiring quick turnarounds, coupled with a constraint on the level of relevant skills and resources to properly review these, could lead to inappropriate investment decisions being made, resulting in both financial and reputational damage, in addition to affecting the progress of developments to the council's physical infrastructure.

Gross Risk	Net Risk	Target Risk
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7. Economic Downturn - A large shock to the UK economy or a significant economic downturn could impact the Authority's ability to obtain the ambitious financial returns it requires from its wholly owned companies (such as BeFirst), leading to constraints on its available funding.

Gross Risk	Net Risk	Target Risk
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8. Contract Management - The current lack of resources and skills in the Authority to manage its major contracts may mean that the contracts do not deliver on the agreed objectives, leading to a failure to deliver services to residents and significant financial loss.

Gross Risk	Net Risk	Target Risk
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9. Information Security - A data handling error by a member of staff or a contractor, could lead to the exposure of a substantial amount of residents' information to unauthorised individuals, resulting in significant reputational damage, investigations by the ICO and other bodies and potential fines.

Gross Risk	Net Risk	Target Risk
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10. Recruitment & Retention of Staff - A lack of perceived investment in staff and wider remuneration, due to increasing financial pressure on the Authority, may make it difficult to recruit and retain sufficiently. This may be more likely at Director and senior management level, as well as hard to recruit roles. This potentially could lead to impacts on service delivery, financial costs if roles have to be covered by interims and could lead to a significant loss of knowledge within the Authority.

Gross Risk	Net Risk	Target Risk
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11. Vision & Cultural Change - LBBDD's leadership not clearly articulating the benefits of the current strategy and required transformation as detailed in the Corporate Plan, could lead to pressure from Councillors or residents to adjust the Authority's priorities and objectives, which may lead to sub-optimal allocation of resources and a failure to meet performance targets as well as staff not making the required cultural changes, resulting in the council being unable to deliver on its priorities.

Gross Risk	Net Risk	Target Risk
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12. Data Centre Failure - A catastrophic failure of the data centre where LBBDD's data is stored could prohibit the Authority from carrying out its day-to-day operations, resulting in residents not receiving services, significant financial implications and severe reputational damage.

Gross Risk	Net Risk	Target Risk
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13. Brexit - Rapid population change, acute deprivation and inequality of outcomes compared to the rest of London, in addition to the Borough supporting Leave in the referendum, could lead to significant resident dissatisfaction if the final outcome of Brexit is not in line with resident expectations, resulting in increasing community tensions and potentially increasing the demand for services if it leads to an economic downturn.

Gross Risk	Net Risk	Target Risk
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14. Damage to Physical Assets - A significant incident within Barking and Dagenham, such as a major fire or terrorist incident, may lead to damage to the Authority's physical assets, resulting in incident management and repair costs, temporary loss of services and inconvenience to residents.

Gross Risk	Net Risk	Target Risk
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3.4 All Risk Owners are provided with a 'Risk on a Page' template to record their risk, controls and actions. Each of these is attached at Appendix 1.

4. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager - Finance

4.1. Risk Management is an integral part of good management and should be embedded in the day to day work of all Council officers and managers and delivered within existing resources. In addition, there are specific fully funded posts within the Finance service that support this work. There are no further financial implications arising from this report.

5. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

5.1. To reiterate the main body text of this report, risk management is a key role for the organisation across the board for Members, Chief Officers and the teams. As an example, local authorities have a specific leadership role to plan for, be prepared and able to take action to respond to an emergency under the Civil Contingencies Act 2004.

5.2. Furthermore, if a risk is identified and reasonable measures are not taken to mitigate its likelihood of occurrence and if it is preventable, such as for example a tree on the highway was dangerously leaning over, the Council should take action and cut it down before it causes harm. To fail to do so could lead to legal liability to pay compensation for negligence and the reputational damage in not having taken steps to reduce the risk of occurrence and the magnitude of an event. To carry out risk assessments and to devise and implement risk occurrences, elimination and mitigation is therefore a core activity for management.

Public Background Papers Used in the Preparation of the Report: None.

List of Appendices

Appendix 1 Risk Management Approach