

## AUDIT & STANDARDS COMMITTEE

6 December 2022

<b>Title:</b> Corporate Risk Register Update	
<b>Report of the Head of Assurance</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
<b>Report Author:</b> Christopher Martin, Head of Assurance	<b>Contact Details:</b> Tel: (020) 8227 2174 E-mail: <a href="mailto:Christopher.Martin@lbbd.gov.uk">Christopher.Martin@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Philip Gregory - Strategic Director, Finance & Investments	
<b>Summary:</b> This report provides an update on the Corporate Risk Register.	
<b>Recommendation:</b> Assurance Group 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 17<sup>th</sup> September 2019.
- 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 outside of his direct service remit.
- 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. The Corporate Assurance Board 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.

### **3. Corporate Risks**

- 3.1. The Head of Assurance led a Risk Management Workshop with the Council's Senior Leadership Team in September to fundamentally review the strategic corporate risks that may prevent LBBB from achieving our objectives. This section sets out the revised wording for each risk and provides a summary of progress being made in moving towards the desired level of risk for each entry in the Corporate Risk Register.
- 3.2. There were 14 Corporate Risks at the last review and 13 this time. The wording of most risks has been updated to remain current but the themes remain fundamentally similar. There has been one risk removed from the Corporate Risk Register (CR.14 – Enterprise Resource Planning system) as the new system has now in the whole been implemented and is no longer considered a corporate risk.
- 3.3. Each Risk Owner has reviewed their wording for accuracy and relevance and 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).
- 3.4. There are 13 Corporate Risks with results as follows:

**CR.1 Population Change** (Alex Powell - Chief Strategy Officer) An inability to understand how the population of Barking and Dagenham is changing and developing, could mean LBBB 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
Amber	Green	Green

**CR.2 Financial Management** (Philip Gregory – Strategic Director, Finance & Investment) Unrealistic financial modelling of demand, inflation and income and a failure to manage within budget 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
Red	Amber	Green

**CR.3 Significant Incident in the Community** (Fiona Taylor – Acting Chief Executive) A significant incident in the local community, may lead to significant disruption and impact on Council services and property, leading to financial and reputational loss.

Gross Risk	Net Risk	Target Risk
Amber	Green	Green

**CR.4 Safeguarding Failures** (Elaine Allegretti – Strategic Director, Children & Adults) - Inappropriate application of protocol and procedures, could result in 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
Red	Red	Red

**CR.5 Civil Society** (Rhodri Rowlands - Director of Community, Participation and Prevention) An unsupported Civil Society may mean the Authority is unable to sufficiently reduce demand for its own services, leading to dissatisfied residents, increased costs and ultimately a failure to meet performance targets.

Gross Risk	Net Risk	Target Risk
Amber	Amber	Green

**CR.6 Investment Decisions** (Philip Gregory - Strategic Director, Finance & Investment) Numerous factors could lead to unviable investment decisions being made, resulting in both financial and reputational damage to the Council, in addition to affecting the progress of developments to the council’s physical infrastructure.

Gross Risk	Net Risk	Target Risk
Amber	Green	Green

**CR.7 Economic Downturn** (Philip Gregory - Strategic Director, Finance & Investment) 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 companies, reduce income from other sources leading to constraints on its available funding and having an impact the pension fund. Risk Direction of Travel – no change

Gross Risk	Net Risk	Target Risk
Red	Amber	Green

**CR.8 Contract Management** (Abi Gbago – Strategic Director, Inclusive Growth) - The lack of the right 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
Amber	Green	Green

**CR.9 Information Security** (Philip Gregory - Strategic Director, Finance & Investment) 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
Red	Amber	Amber

**CR.10 Recruitment & Retention of Staff** (Fiona Taylor – Acting Chief Executive) Conditions in the labour market may make it difficult to recruit and retain suitable experienced staff across all levels of the organisation. This could potentially lead to impacts on service delivery, statutory responsibilities, 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
Amber	Green	Green

**CR.11 Vision & Cultural Change** (Fiona Taylor – Acting Chief Executive) LBBD leadership not clearly articulating and communicating the Council's new

Corporate Plan and vision to staff may lead to confusion amongst officers and partners resulting in the Council being unable to deliver on its priorities.

Gross Risk	Net Risk	Target Risk
Amber	Green	Green

**CR.12 Cyber Security Compromise** (Philip Gregory - Strategic Director, Finance & Investment) A successful cyber security attack on the Council’s systems could disrupt the Council’s ability to deliver its service commitments and result in a large-scale data loss, breach or compromise with significant financial consequences.

Gross Risk	Net Risk	Target Risk
Red	Amber	Green

**CR.13 Statutory Health and Safety Requirements** (Lone Menville – Strategic Director, My Place) - Failure to comply with all relevant statutory health and safety requirements could lead to unsafe living conditions for tenants, resulting in potential injury or death.

Gross Risk	Net Risk	Target Risk
Red	Red	Green

- 3.5. The Net Risk for each of the 14 corporate risks (i.e. the impact and likelihood of the risk with current controls in place) has been plotted on the matrix below for identification of their relative current concern:

LIKELIHOOD	High				
	Medium		5	7	4 13
	Low		1 6 8 10	2	9 12
	Very Low	11		3	
		Minor	Major	Significant	Critical
		IMPACT			
		<b>Net Risks</b>			

#### 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.

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

**7. Appendices:** None