

AUDIT & STANDARDS COMMITTEE

January 2024

Title: Corporate Risk Register Update	
Open Report	For Discussion & Noting
Wards Affected: None	Key Decision: No
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Accountable Strategic Leadership Director: Jo Moore, Strategic Director, Finance & Investments	
Summary: This report provides an update on the Corporate Risk Register.	
Recommendation: Audit & Standards 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.
- 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 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 Board 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 Executive Team in September 2022 to fundamentally review the strategic corporate risks that may prevent LBBD from achieving our objectives. This latest review has been undertaken by Strategic Directors themselves as per the Risk Management Strategy, with some changes to risk wording having been identified and changes to the levels of risk reported.
- 3.2. There were 13 Corporate Risks at the last review and a proposed 12 this time. There has been one proposal to have a risk removed from the Corporate Risk Register (CR.3 – Significant Incident in the Community) as the organisation and our partners are now better equipped to deal with any incident than previously.
- 3.3. There have been no suggestions of additional risks that may warrant addition to the register but wording has changed for CR.2 (Financial Management), CR.6 (Investment Decisions) and CR.7 (Economic Downturn).
- 3.4. 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).
- 3.5. There are 13 Corporate Risks with results as follows:

CR.1 Population Change (Sal Asghar – Director of Strategy) 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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.2 Financial Management (Jo Moore – Interim Strategic Director, Finance & Investment) Inaccurate forecasting and a failure to identify financial risk may lead to an inability to operate within in-year budget and balance future budgets, resulting in an inability.

Net Risk Direction of Travel: risk level increased

Gross Risk	Net Risk	Target Risk
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CR.3 Significant Incident in the Community (Fiona Taylor – 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 – PROPOSED REMOVAL.

Net Risk Direction of Travel: risk level reduced

Gross Risk	Net Risk	Target Risk
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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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.6 Investment Decisions (Jo Moore – Interim Strategic Director, Finance & Investment) Changes in interest rates and construction costs could lead to sound investment decisions becoming unviable through factors beyond the Council’s control, resulting in both financial and reputational damage to the Council, in addition to affecting the progress of developments to the council’s physical infrastructure.

Net Risk Direction of Travel: risk level increased

Gross Risk	Net Risk	Target Risk
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CR.7 Economic Downturn (Jo Moore – Interim 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 adverse cost impact the pension fund.

Net Risk Direction of Travel: risk level increased

Gross Risk	Net Risk	Target Risk
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CR.8 Contract Management (James Coulstock – Interim 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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.9 Information Security (Jo Moore – Interim 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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.10 Recruitment & Retention of Staff (Fiona Taylor – 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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.11 Vision & Cultural Change (Fiona Taylor – 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.

Net Risk Direction of Travel: no change

Gross Risk	Net Risk	Target Risk
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CR.12 Cyber Security Compromise (Jo Moore – Interim 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.

Net Risk Direction of Travel: no change

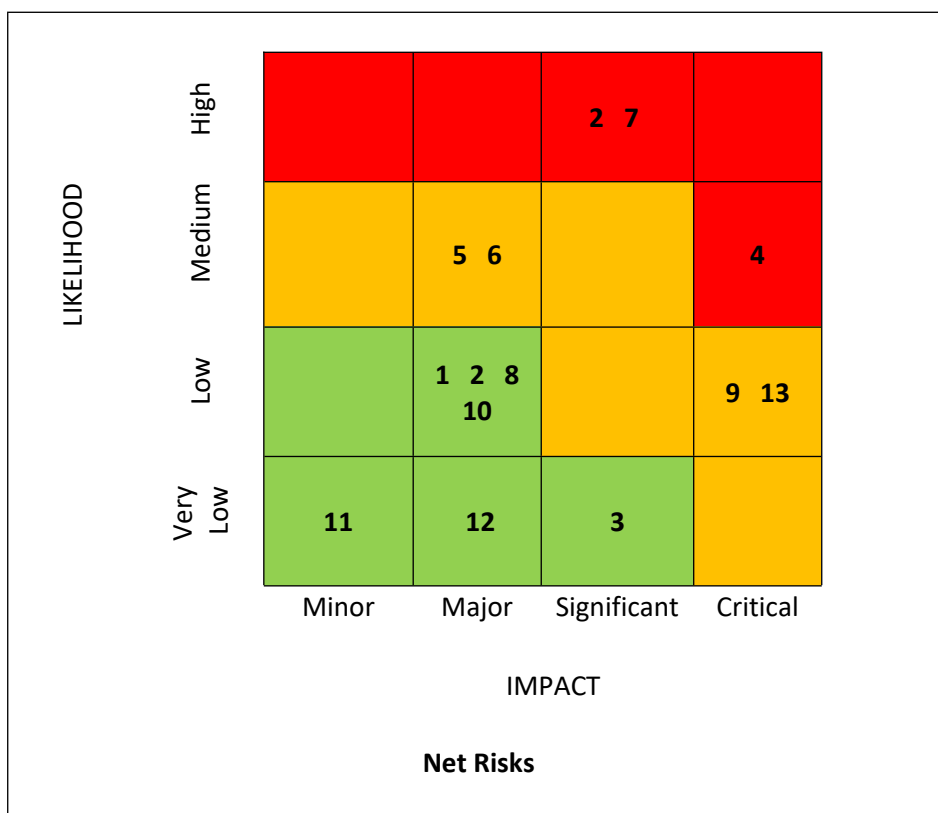
Gross Risk	Net Risk	Target Risk
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CR.13 Statutory Health and Safety Requirements (Leona Menville – Strategic Director, My Place) - Failure to comply with all relevant statutory health and safety requirements could lead to unsafe living conditions for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

Net Risk Direction of Travel: risk level reduced



3.6. The Net Risk for each of the 13 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:



4. Financial Implications

Implications completed by: Nish Popat, Deputy S151 Officer

- 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.
- 4.2. All costs are covered by existing budgets and there are no additional costs.

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