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| Report Title: | RBWM Risk Management |
| Contains Confidential or Exempt Information | No - Part I |
| Cabinet Member: | Councillor Jones, Deputy Leader and Cabinet Member for Finance |
| Meeting and Date: | Audit and Governance Committee – 20 July 2023 |
| Responsible Officer(s): | Andrew Vallance, Deputy Director of Finance and Interim S151 Officer |
| Wards affected: | None |

REPORT SUMMARY

1. *This report sets out how adequate risk management is in place for RBWM as a fundamental element of its governance arrangements.*
2. *It includes:*
 - *The council's "Approach to Management of Risk 1 April 2023 – 31 March 2024". This document describes the nature and use of the risk management techniques used by RBWM along with its risk financing strategy.*
 - *The key strategic risks to the council.*

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Audit and Governance Committee notes the report and:

- i) Approves the "Approach to Management of Risk 1 April 2023 – 31 March 2024".

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

| Option | Comments |
|--|--|
| To note the report. This is the recommended option | The council is required to publish an annual governance statement in which a fundamental requirement is to demonstrate how it manages risk. |
| Do Nothing | Without any risk management structure it is far more likely that the council will have insufficient awareness of its risks and be exposed to impact of unnecessary levels of risk. |

- 2.1 Risk management is a governance process open to scrutiny from councillors and the public at RBWM's Audit and Governance Committee meetings. Making sound use of risk management processes supports good strategy setting, operational performance and effective service delivery to residents.
- 2.2 The purpose of risk analysis is to help all decision-makers get a better understanding of a realistic array of possibilities, what drives the associated uncertainty and hence where efforts can be best concentrated to manage this uncertainty.
- 2.3 RBWM's risk register records the risks relating to the council's objectives. The risk registers are appropriate at the point in time at which they are produced and require consideration to be given to a broad range of potential risks and outcomes. Anything that could inhibit the way in which such risks are expressed would weaken the quality of decision making when determining the most appropriate response to a risk.
- 2.4 Those risks carrying the most damaging potential impacts as defined by our measurement scale are classified as key risks. The inclusion of risks of any impact level does not mean there is an immediate problem but instead it signifies that officers are aware of potential risks and have devised strategies for the implementation of any relevant mitigating controls.
- 2.5 The strategic risks were last presented to Members at the meeting of the Audit and Governance Committee on 20 October 2022. Senior management subsequently undertook a comprehensive re-evaluation and revision of the entire strategic risk register during December 2022 and January 2023. Appendices C and D illustrate the outcomes of this exercise.
- 2.6 Elected Members are notified of the key risks where they are named as the risk owner typically as part of a Member briefing. Officers are tasked with ensuring that any comments by Members are reflected in the assessment.
- 2.7 Risks are reviewed and debated by senior management to give ample opportunity for challenge and discussion. If any risks are of such low impact that there is no good reason to continue including them in this dialogue then they are removed from the risk register or re-categorised with a lower risk assessment. This is also an opportune moment to identify and incorporate any new risks.

3. KEY IMPLICATIONS

Table 2: Key Implications

| Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date of delivery |
|--|---|--------------------|--|---|------------------------------|
| Officers and Members are engaged in regular risk reviews of the key risk | Risks are left without officer or Member attention. | Quarterly reviews. | Risks are reviewed more frequently than quarterly. | Risks are constantly assessed and not necessarily led by the review frequency on the risk register. | Ongoing by quarterly review. |

| Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date of delivery |
|---|---|--|--------------------------------|-------------------------------|---|
| register - the nature of the threat and the progress on mitigations. | | | | | |
| Officers and Members make strategic, operational and investment decisions around projects with the risks in mind. | Risks are left without officer or Member attention. | Risk reviews undertaken at every key stage of the project. | Risks are constantly assessed. | None. | Ongoing until conclusion as part of project management. |

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 There are no explicit financial consequences arising from this report. However, risk owners need to contemplate resource implications when devising their mitigation strategies.

5. LEGAL IMPLICATIONS

- 5.1 There are potential legal implications should a risk occur that RBWM is not prepared for. The purpose of risk management is to provide awareness of these so that management can make a risk-based judgement.
- 5.2 The council must comply with Regulation 6 (2) of the Accounts and Audit Regulations 2015 by publishing an Annual Governance Statement which demonstrates how it manages risk.

6. RISK MANAGEMENT

Table 3: Impact of risk and mitigation

| Threat or risk | Impact with no mitigations in place or if all mitigations fail | Likelihood of risk occurring with no mitigations in place. | Mitigations currently in place | Mitigations proposed | Impact of risk once all mitigations in place and working | Likelihood of risk occurring with all mitigations in place. |
|--|--|--|-------------------------------------|---------------------------------|--|---|
| There is a risk that the council fails to make | Major 3 | High | Officers and members are engaged in | Complete outstanding actions of | Moderate 2 | Low |

| | | | | | | |
|--|--|--|--|--------------------|--|--|
| <p>good use of risk management processes because of sufficient attention given to the activity. This could result in management and elected members having insufficient awareness of those risks carrying the potential to severely damage the organisation and affect residents</p> | | | <p>regular risk reviews of the key risk register.</p> <p>Non-key risks are reviewed according to the scheduled frequency.</p> <p>Audit and Governance provides a mechanism for examination of the process.</p> | <p>SWAP audit.</p> | | |
|--|--|--|--|--------------------|--|--|

7. POTENTIAL IMPACTS

- 7.1 Equalities. An Equality Impact Assessment is available as Appendix A.
- 7.2 Climate change/sustainability. None directly but note that one of our key strategic risks concerns the council's response to the threat of climate change and our objective of net zero carbon emissions by 2050¹.
- 7.3 Data Protection/GDPR. None directly but note that one of our key strategic risks concerns the potential for cyber-crime and/or the corruption of data or breach of privacy/confidentiality caused by inadequate information security.

8. CONSULTATION

- 8.1 This matter was last presented to the Audit and Governance Committee on 20 October 2022. Consultations have taken place with the (then) corporate leadership team, heads of service, directorate management teams and SWAP Internal Audit.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 This section is not applicable.

10. APPENDICES

- 10.1 This report is supported by four appendices:
- Appendix A – Equality Impact Assessment

¹ The Environment and Climate Strategy was approved by Cabinet 17 December 2020.

- Appendix B – Approach to Management of Risk 1 April 2023 – 31 March 2024
- Appendix C – heat map of current key strategic impact/likelihood risk assessments and summary of the threat wordings
- Appendix D – detailed key strategic risk wordings

11. BACKGROUND DOCUMENTS

11.1 This report is not supported by any background documents.

12. CONSULTATION

| Name of consultee | Post held | Date sent | Date returned |
|-------------------|--|--------------------------------------|---------------|
| <i>Mandatory:</i> | | <i>Statutory Officer (or deputy)</i> | |
| Andrew Vallance | Deputy Director of Finance/ interim S151 Officer | 23/06/23 | 6/7/23 |
| Elaine Browne | Deputy Director of Law & Governance/Monitoring Officer | 6/7/23 | 10/7/23 |

| | | |
|---|----------------------------|-----|
| Confirmation relevant Cabinet Member(s) consulted | Cabinet Member for Finance | Yes |
|---|----------------------------|-----|

REPORT HISTORY

| Decision type: | Urgency item? | To follow item? |
|------------------|---------------|-----------------|
| Non-key decision | No | No |

Report Author: Steve Mappley, Insurance and Risk Manager, 01628 796202

Equality Impact Assessment

For support in completing this EQIA, please consult the EQIA Guidance Document or contact equality@rbwm.gov.uk

1. Background Information

| | |
|--------------------------------|-----------------------------|
| Title of policy/strategy/plan: | <u>RBWM Risk Management</u> |
| Service area: | <u>Finance</u> |

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| Directorate: | <u>Resources</u> |
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Provide a brief explanation of the proposal:

- What are its intended outcomes?
- Who will deliver it?
- Is it a new proposal or a change to an existing one?

To inform members of the audit and governance committee of the council's approach to managing its risks.

Head of finance, supported by the insurance and risk manager.

Continual update to ongoing procedures as required by this committee.

2. Relevance Check

Is this proposal likely to directly impact people, communities or RBWM employees?

- If No, please explain why not, including how you've considered equality issues.
- Will this proposal need a EQIA at a later stage? (for example, for a forthcoming action plan)

No – it concerns the council's internal risk management processes.
No.

If 'No', proceed to 'Sign off'. If unsure, please contact equality@rbwm.gov.uk

3. Evidence Gathering and Stakeholder Engagement

Who will be affected by this proposal?

For example, users of a particular service, residents of a geographical area, staff

Among those affected by the proposal, are protected characteristics (age, sex, disability, race, religion, sexual orientation, gender reassignment, pregnancy/maternity, marriage/civil partnership) disproportionately represented?

For example, compared to the general population do a higher proportion have disabilities?

What engagement/consultation has been undertaken or planned?

- How has/will equality considerations be taken into account?
- Where known, what were the outcomes of this engagement?

What sources of data and evidence have been used in this assessment?

Please consult the Equalities Evidence Grid for relevant data. Examples of other possible sources of information are in the Guidance document.

4. Equality Analysis

Please detail, **using supporting evidence**:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'

More information on each protected characteristic is provided in the Guidance document.

| | Details and supporting evidence | Potential positive impact | Potential negative impact |
|--|---------------------------------|---------------------------|---------------------------|
| Age | | | |
| Disability | | | |
| Sex | | | |
| Race, ethnicity and religion | | | |
| Sexual orientation and gender reassignment | | | |
| Pregnancy and maternity | | | |
| Marriage and civil partnership | | | |
| Armed forces community | | | |
| Socio-economic considerations e.g. low income, poverty | | | |
| Children in care/Care leavers | | | |

5. Impact Assessment and Monitoring

If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.

What measures have been taken to ensure that groups with protected characteristics are able to benefit from this change, or are not disadvantaged by it?

For example, adjustments needed to accommodate the needs of a particular group

Where a potential negative impact cannot be avoided, what measures have been put in place to mitigate or minimise this?

- For planned future actions, provide the name of the responsible individual and the target date for implementation.

How will the equality impacts identified here be monitored and reviewed in the future?

See guidance document for examples of appropriate stages to review an EQIA.

6. Sign Off

| | |
|-------------------------------------|-----------------------|
| Completed by: Steve Mappleby | Date: 23/06/23 |
| Approved by: Andrew Vallance | Date: |

If this version of the EQIA has been reviewed and/or updated:

| | |
|---------------------|--------------|
| Reviewed by: | Date: |
|---------------------|--------------|