

Risk Management

The following provides a summary of the council's risk management framework and provides information on the key arrangements in place together with initiatives to manage or further develop the council's approach to managing risk.

ROLES AND RESPONSIBILITIES

The council's risk management function forms part of Risk and Insurance Services which is part of the Finance and Commercialisation Directorate, noting that the Cabinet Member for Resources is responsible for, and leads on, Risk Management.

The Risk & Insurance Manager is responsible for:

- Facilitating the continuing development of the Council's risk management arrangements including developing appropriate guidance and information;
- Supporting services in the management of operational and strategic risk;
- Facilitating and supporting the Council's Executive Management Board ('EMB') in respect of the periodic review of the Council's key risks;
- Arranging appropriate risk financing measures and providing advice and guidance on the extent of insurance or self-insurance arrangements;
- Where appropriate, arranging the placement of cover with insurers including the negotiation of premium rates and policy terms.

RISK MANAGEMENT FRAMEWORK

The risk management framework comprises the arrangements in place within key business processes that are intended to ensure that proper consideration is taken of risk. The key elements of this framework are as follows:

- **Strategic Risk Register**

The council's Strategic Risk Register (See Appendix 1) is a key document in terms of understanding and assessing the most significant risks that the council needs to manage in order to support the delivery of its key priorities and objectives as well as being able to exploit potential opportunities.

The Strategic Risk Register is developed in consultation with Service Directors who are also provided with information on 'Core Cities' strategic risks in order to sense check against the council's strategic risks. There is a robust process in place in respect of the review and update of the strategic risks which is undertaken quarterly. The end of quarter position is then reported to and reviewed by the Executive Management Board (Chief Executive and Service Directors).

There are currently 13 Strategic Risks noting that, at the End Q2 review, it was considered that the risk in respect of *"Failure to respond appropriately or sufficient quickly to significant changes in service demand arising from changes in the welfare system"* no longer needed to feature on the Strategic Risk

Register. This was on the basis that most of the changes have now come in, with the impacts managed as 'business as usual'. It should also be noted that Risk No 13 was originally added at the End Q1 however it was agreed that the risk description needed to be reworded. The amended version was approved at the End Q2 review.

- **Risk Management Policy**

The council has in place a 'Risk Management Policy' which provides an overview of the framework, arrangements and responsibilities for managing risk and is intended to assist officers in applying sound risk management principles and practices across their areas of responsibility.

In early 2019, our insurers and brokers were invited to review and comment on this document with the intention of ensuring that it remained aligned with good practice. There were no significant comments however some minor changes were incorporated into the updated document.

- **Decision Taking – Corporate Report Template**

The council's standard corporate report template includes a 'risk management implications' section that requires the report author to consider and provide the decision taker with relevant and proportionate information regarding the risks associated with the project or initiative that is the subject of the report. The inclusion of the 'risk management implications' paragraph is intended to support informed decision taking.

- **Project and Programme Management**

The need to identify and manage risk runs throughout the project and programme management process from initiation to implementation. Guidance is available to assist both project managers and project sponsors/boards in understanding the importance of managing risk.

- **Partnerships**

All key service delivery partnerships (such as the Highways Service Partnership with Balfour Beatty) and major contracts have risk registers in place which are jointly reviewed with the supplier and include any 'shared risks'.

- **Medium Term Financial Plan**

The Council's Medium Term Financial Strategy includes a financial risk register, which is reviewed on a quarterly basis, and identifies the key risks to the council's financial position over the short to medium term together with a summary of the mitigating actions in place and/or planned.

- **Outcome Based Planning and Budgeting / Performance Management**

As part of the business planning process Service Directors and their management teams are required to consider the risks that may impact on delivery of their key priorities and outcomes and the necessary mitigations.

- **Fraud Risk Management**

An Anti-Fraud, Bribery and Corruption Policy is published on the intranet and applies to all employees, elected members and others who work for or on behalf of the Council. Internal control systems are intended to minimise the opportunity for fraud or misappropriation of assets.

RISK MANAGEMENT ACTIONS AND INITIATIVES

- **Operational Risk Management**

- The management of 'day to day' or 'operational risk' is the responsibility of individual service areas with support and guidance being provided by Risk and Insurance Services as required including, where necessary, access to specialist advice.

Housing – Fire Safety

- The single most significant operational risk management initiative undertaken in recent years by the council is the investment in improving fire safety within the housing stock. This has seen sprinklers installed into approximately 2,000 flats together with other fire safety improvements including fitting around 500 new fire doors and a programme to review, and where necessary take action, to ensure effective 'fire stopping' between flats and corridors.
- Although the main focus has been on the high rise blocks there has also been an ongoing programme to replace fire doors, replace door closers (circa 1000 completed) and improve fire stopping in lower rise blocks. This is being progressed by the council's Capital Assets Team using a risk based approach.
- A 'Housing Risk Management Bulletin – *Risky Business*' has been issued on a quarterly basis since 2017. This bulletin is well received by both Housing and Capital Assets and is intended as useful and informative update in respect of insurance claims and related matters specifically relevant to Housing as well as reflecting on learning points or points to consider.

- **Insurable risk**

- The council's corporate insurance programme is out to tender for 1st April 2020. A range of pre tender actions were undertaken in conjunction with the council's insurance broker and included an actuarial review of the council's self-insurance fund, an exercise to review all outstanding claims and claim reserve figures and a detailed critical review of the current insurance programme.
- In early 2019 insurers were commissioned (at no cost to the council) to undertake a desktop valuation of the Council's housing stock. This exercise, which looked at circa 16,000 individual dwellings, was a repeat of an exercise originally carried out in 2016. The intention was to ensure that the sums insured remained adequate particularly those in respect of the high risk tower blocks.

- **Risk Management Training**

- A 'Risk Management Essentials' guidance, together with an associated 'e-learning' module, is in place and available to all staff. This covers the key principles of risk management and provides foundation learning resource.
- In July 2019 a session on risk management was provided to new members as part of their induction training with training for new Members of the council's Governance Committee having taken place in July 2018.
- A 'Risk in Decision Taking' session was presented to the council's Leadership Team (all Service Directors and Heads of Service) in October 2019. The session was a reminder in terms of how

report authors should look to populate the 'risk management implications' section that forms part of the standard corporate report template.

- **Property Fire and Security surveys**

- An annual programme of fire and security surveys has been undertaken by the property insurers and involves site visits to 6-8 properties across the portfolio. All actions arising from these surveys have been actioned. Insurers have slightly delayed the proposed property survey programme for 2019-20

- **Motor Risk Management**

- There is a continued programme of either retrofitting where possible, or ensuring that new Refuse Collection Vehicles have the benefit of 360° cameras. The cameras, together with the 'bartec' tracker system have proved to be beneficial in terms of being able to quickly and easily investigate and refute spurious allegations

Proposed new risk management activities being considered:

- Joint training session with the Supplier Management Team and Legal (Contracts and Procurement Team) around developing a better understanding of 'insurance and indemnity clauses in contracts'
- Desktop review of motor claims to be undertaken by insurers (at no cost to SCC) and to include a review of SCC loss experience against peer authorities.
- Information Governance Health check – insurers are able to offer a 'health check' type exercise. This is being explored in terms of the scope and potential benefit.

Strategic Risk Assurance Report 2019-20

Appendix 1

Period	Report Date	Report Version
End Q2: 19-20	Oct-19	15

Risk No	Risk Description	Target Risk Score		Current Risk Score - End Q2		Quarterly movement			
		Likelihood	Impact	Likelihood	Impact	2018-19		2019-20	
						Q3	Q4	Q1	Q2
01	Failure to address the significant and ongoing financial pressures in a sustainable way and to enable service provision to reflect key strategic outcomes and be aligned with the associated budget envelopes.	Unlikely	Major	Possible	Major	↔	↔	↔	↔
02	Major incident or service disruption (including serious health protection threats) leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions	Unlikely	Major	Unlikely	Major	↔	↔	↔	↔
03	Major IT incident or IT service disruption leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions.	Unlikely	Major	Possible	Major	↔	↔	↔	↔
04	Failure to safeguard vulnerable adults resulting in a preventable incident	Possible	Extreme	Possible	Extreme	↔	↔	↔	↔
05	Failure to ensure an effective and sustainable adult social care system	Unlikely	Major	Likely	Major	↔	↔	↔	↔
06	Failure to safeguard children resulting in a preventable incident	Possible	Extreme	Possible	Extreme	↔	↔	↔	↔
07	Failure to ensure an effective and sustainable children's social care system	Unlikely	Major	Possible	Major	↔	↔	↔	↔
08	Failure to meet our health and safety responsibilities	Unlikely	Major	Possible	Major	↔	↔	↔	↔
09	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures	Very Unlikely	Significant	Possible	Significant	↔	↔	↔	↔
10	Failure to maintain good governance whilst delivering organisational change and service redesign solutions	Unlikely	Significant	Possible	Significant	↔	↔	↔	↔
11	Failure to improve air quality to legal levels by 2020	Unlikely	Significant	Unlikely	Significant	↔	↓	↔	↔
12	Failure by service areas to adhere to and comply on a consistent basis with the council's 'Contract Procedure Rules'	Unlikely	Significant	Possible	Significant	↔	↔	↔	↔
13	Failure to have in place up to date skills audits across all service areas to identify the range of skills and technical / professional expertise required to deliver services	Unlikely	Significant	Likely	Significant	-	-	-	NEW

LIKELIHOOD	5 Almost Certain	11	16	20	23	25
	4 Likely	7	12	13. Workforce skills audit	5. Sustainable Adult social care	24
	3 Possible	4	8	9. Info Governance 10. Change Mgmt 12. Procurement Compliance	1. Sustainable Budget delivery 2. Major Incident 8. Health & Safety 7. Sustainable Childrens social care	4. Adult Safeguarding 6. Childrens Safeguarding
	2 Unlikely	2	5	11. Air Quality	3. Major IT Incident	19
	1 Very Unlikely	1	3	6	10	15
		1 - Minor	2- Moderate	3 - Significant	4 - Major	5 - Extreme
IMPACT						

LIKELIHOOD	
5 - Almost certain > 95%	Is expected to occur in most circumstances
4 - Likely ↑	Will probably occur in most circumstances
3 - Possible 50%	Might occur at some time
2 - Unlikely ↓	Could occur at some time
1 - Very Unlikely < 5%	May only occur in exceptional circumstance

IMPACT	1 - Minor	2 - Moderate	3 - Significant	4 - Major	5 - Extreme
Service delivery / key priorities	No noticeable effect	Some temporary disruption to a single service area/ delay in delivery of one of the council's objectives	Regular disruption to one or more services/ a number of corporate objectives would be delayed or not delivered	Severe service disruption on a directorate level / many corporate priorities delayed or not delivered	Unable to deliver most priorities / statutory duties not delivered
Financial Impact	Loss or loss of income < £10k	Loss or loss of income £10k - £499k	Loss or loss of income £500k - £4.99m	Loss or loss of income £5m < £9.99m	Loss or loss of income >£10m
Reputation	Internal review	Internal scrutiny required to prevent escalation	Local media interest. Scrutiny by external committee or body	Intense public, and media scrutiny	Public Inquiry or adverse national media attention