



**TO: Audit & Governance Committee**

**FROM: Head of Audit & Assurance**

**DATE: 29 November 2022**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

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**TITLE OF REPORT: Risk Management – 2022/23 Half-year Update**

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**1. PURPOSE**

To provide the Committee with details of the risk management activity that has taken place in the period from 1 April 2022 to 30 September 2022.

**2. RECOMMENDATIONS**

The Committee is asked to:

- Discuss and review the Corporate Risk Register as at the end of September 2022;
- Note the risk management activity that has occurred during the period; and
- Consider the selection of a Corporate Risk for the Committee to undertake a review of its assessment, control and monitoring at its next meeting.

**3. BACKGROUND**

The Council recognises that risk management is not simply a compliance issue, but rather it is a process to help ensure the successful delivery of the Council's Corporate Plan priorities and service plan objectives. Effective risk management arrangements should be embedded in the Council's culture and decision making processes as well as being an inherent part of the operational and financial management arrangements operating within the Council. Risk management helps to demonstrate openness, integrity and accountability in all of the Council's activities.

**4. RATIONALE**

The Audit & Governance Committee terms of reference require it to review progress on risk management at least annually and to promote risk management throughout the Council. The Corporate Risk Management Strategy & Framework requires that the Audit & Governance Committee will receive regular reports setting out progress against corporate risk management action plans. This report satisfies both these requirements.

**5. KEY ISSUES AND RISKS**

The Corporate Risk Register contained 20 open risks at 30 September 2022. A summary of the corporate risk details is set out in Appendix 1 of this report. The following changes have been made to the risk register during the period:

- The residual risk score for risk corporate risk 14 (High profile serious/critical safeguarding incident/case that is known to Council services) has been reduced. Whilst the impact on the Council remains high if a serious safeguarding incident occurs, management considers that the level and strength of the controls in place to manage this risk effectively are good and therefore the likelihood of such an event occurring has reduced because of this. The reduced score better reflects this.
- Corporate Risk Number 18 (Insufficient budget for service delivery if MTFS income targets from the Growth Agenda are not met). The residual score for this risk has been increased from medium to high. This is considered a high risk area given the prevailing market conditions of high inflation and increasing interest rates, as well as the Bank of England signalling a recession next year. Income generation is directly linked to securing capital receipts from the disposal of sites for house building and for commercial developments. If the predicted recession does occur it is likely to significantly impact this area.
- Corporate Risk Number 22 (Failure to recruit, adequately develop and retain an adequately experienced and appropriately qualified workforce ...). The residual score for this risk has reduced from medium to low. All four work streams of the Organisational Development programme are contributing to reducing the risk, although there is still have a way to go on cultural change. Appropriate actions are all in place and by taking different strategies towards recruitment and retention it is considered that we can continue to mitigate this risk effectively. However, it is should be noted that there are some areas where there are national shortages. It may be more impactful if those departments affected add these to their own risk register showing the actions they are taking to address the issues e.g. children's social work.
- A new risk has been added relating to the impact of cost of living increases on the local community and the implications of this on Council services and budgets. Increases in the cost of energy and the high inflation rate have seen the cost of living significantly increase for most residents of the borough. Coupled with high deprivation and low disposal incomes, this issue is expected to adversely impact Blackburn with Darwen residents, businesses and Council budgets and services over the medium term. There is particular concern regarding the overall health and wellbeing of residents and potential increase in safeguarding matters. Any increase in these areas would add increased pressure on Council services and potentially increase costs. It is also expected that the Council's income will also be impacted following the cost of living pressures on households and businesses
- A new risk has been included relating to the implications for the Council if it fails to implement the Government's planned Adult Social reforms including charging, care cap, cost of care and regulatory reforms as required by the Health and Care Act 2022. Failure in this area could result in the Council's statutory requirements not being fulfilled. There is a risk that funding could be reduced, care sector settings may not be financially sustainable or Government intervention could occur as a result.
- A new risk has been added relating to the potential impact on the Council's as a result of the Public Inquiry into the Covid-19 pandemic.

As at 30 September 2022 the Council's top corporate risks were:

- Risk Ref 1 - Failure to deliver a balance budget and Medium Term Financial Strategy, which may result in a Government Commission taking control of the Council's finances;
- Risk Ref 14 - A high profile serious or critical safeguarding case that is known to the Council services, in light of Covid-19 working arrangements;
- Risk Ref 18 - Insufficient budget for service delivery if MTFS income targets from the Growth Agenda are not met; and
- Risk Ref 24 - Failure to respond effectively and proportionately to develop and implement plans/adaptations, within the scope of the Council's control and influence, in pursuit of its ambition to be a Carbon Neutral borough.

As part of the Council's Risk Management process corporate risks are reviewed and monitored on a regular basis to ensure that we have appropriate, properly assessed corporate risks identified going forward. The Corporate Leadership Team (CLT) review the risk details as part of the Management Accountability Framework reporting arrangements, as well as the on-going review and update of the risks by the designated risk owners and key contacts.

During the period colleagues from Zurich Risk Engineering have provided a tailored package of risk management training and awareness sessions to the senior officers, following the implementation of the Corporate Risk Management Policy Statement and updated Risk Management Strategy & Framework. A Member risk management training session is scheduled for 7 December.

Zurich Cyber Risk consultants have also recently completed a Cybersecurity Health Check. The review assessed the Council's cyber maturity and considered risks across three dimensions, exposure, hazards and controls, and graded the results across 23 risk factors. The overall cyber risk grading score was 145, which indicates that the Council's present setup and cyber controls are fair but close to the poor zone. This score is neither better nor poorer than other councils in UK which Zurich have assessed, being in the 50th percentile. This benchmarking is based upon all councils that have been graded, which will include councils of a larger size and budget.

Following the risk analysis, the two main cyber risks faced by the Council are:

- targeted attacks leading to business interruption; and
- privacy breach leading to regulatory fines as well as loss of public trust.

Management are developing an action plan to implement the recommendations set out in the report. Once implemented the overall residual cyber risk could reduce significantly, and would move further into the fair zone.

A review of the Council's arrangements for the control of vibration at work and manual handling have been agreed with colleagues from Zurich Risk Engineering. This will be carried out during January 2023. It will consider policies, training, risk assessments and other arrangements in place to manage/monitor Hand Arm Vibration (HAVS) and the arrangements for undertaking manual handling assessments, staff training and occupational health support relating to this area.

We have also continued to liaise with departments and our underwriter to respond to policy related queries relating to a variety of topics, including Covid related matters, as well as to arrange additional insurance cover where required.

**6. POLICY IMPLICATIONS**

There are no policy implications arising from this report.

**7. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

**8. LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

**9. RESOURCE IMPLICATIONS**

There are no direct resource implications arising from this report.

**10. EQUALITY AND HEALTH IMPLICATION**

There are no equality or health implications arising from this report.

**11. STATEMENT OF COMPLIANCE**

The recommendations in this report are made further to advice from the Monitoring Officer. The Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

**12. CONSULTATIONS**

The Corporate Risk Register has been reviewed by Risk Owners and Key Contacts, and agreed by Corporate Leadership Team.

Contact Officer: Colin Ferguson Head of Audit & Assurance – Ext: 5326

Date: 18 November 2022

Background Papers: Corporate Risk Management Strategy 2021/2026,  
2020/21 Annual Risk Management Report (including  
Quarter 4 Review)



# Summary Risk Register

Update

Create

Insert

Directorate: \_\_\_\_\_  
 Department: Corporate Risk Register  
 Service: \_\_\_\_\_  
 Quarter and Year: Quarter 2 - 2022/23 Date of last review: 30-Jun-22  
 Date: 30-Sep-22 Date of next review: 31-Dec-22

Risk No	Risk Description	Date Raised	Strength of Existing Controls	Inherent			Residual			Target			Risk Owner(s)	Key Contact(s)	Risk Status	Last Risk Review Date	Previous Residual			Change in Score
				L	I	Risk Rating	L	I	Risk Rating	L	I	Risk Rating					L	I	Risk Rating	
1	Failure to deliver a balanced budget and Medium Term Financial Strategy may result in a Government-appointed Commission taking control of the Council	26-Jan-15	Fair	5	5	HIGH	3	5	HIGH	1	3	LOW	Dean Langton	Simon Ross	Open	28-Oct-22	3	5	HIGH	-
2	Failure of the Council's assets or failure to manage these in a proactive and co-ordinated way (Assets include Buildings, Infrastructure)	25-May-11	Fair	3	5	HIGH	2	4	MEDIUM	2	2	LOW	Martin Kelly/ Martin Eden	Rob Addison, Dwayne Lowe, Michael Hardman	Open	20-Apr-22	2	4	MEDIUM	-
4	The Council is not able to effectively influence and shape new partnership structures to respond to changes occurring in the public sector.	07-Feb-12	Good	3	3	MEDIUM	2	3	LOW	2	2	LOW	Denise Park	Mohsin Mulla / Katherine White	Open	28-Oct-22	2	3	LOW	-
5	There is a risk that governance and decision making arrangements fail	25-May-11	Good	2	4	MEDIUM	2	2	LOW	1	1	LOW	Asad Laher	Asad Laher	Open	27-Jul-22	2	2	LOW	-
7	Ensure BwD delivers its CCA statutory functions of risk assess, emergency planning, response, recovery, to protect the Community/enhance the Council's resilience, mitigate reputational and financial damage. Corporate Objectives at risk - 1,2,5,6.	25-May-11	Good	4	5	HIGH	1	5	LOW	1	5	LOW	Denise Park	Corinne McMillan, Jenna Russett-Knott, Sarah Riley	Open	19-Oct-22	1	5	LOW	-
7b	Ensure the delivery of the CCA Business Continuity Management (BCM) and Business Continuity Promotion (BCP) arrangements are in place. Incorporating preparedness, validating training/exercising of procedures and plans in order to protect BwD and enhance community resilience. Corp Obj 1,2,5,6 link	22-Sep-16	Good	3	4	MEDIUM	2	4	MEDIUM	1	3	LOW	Denise Park	Paul Fleming, Corinne McMillan, Jenna Russett-Knott, Sarah Riley	Open	19-Oct-22	2	4	MEDIUM	-
10	Due to the breakdown of community relations or a deterioration of community cohesion, greater risk of hate crime, extremism, radicalisation or polarisation of communities.	07-Feb-12	Good	4	5	HIGH	2	3	LOW	1	3	LOW	Denise Park	Katherine White /Mark Aspin	Open	24-Apr-19	2	3	LOW	-
11	Failure to improve the education and skills for our young people	20-Aug-13	Good	4	4	HIGH	3	3	MEDIUM	2	3	LOW	Jayne Ivory	Jo Siddle	Open	03-Oct-22	3	3	MEDIUM	-
13	Failure to prevent data loss and privacy incidents (Information Governance) leading to financial/Data loss, disruption or damage to the reputation of the Council	26-Sep-14	Good	5	4	HIGH	3	3	MEDIUM	2	2	LOW	Paul Fleming	Sarah Critchley	Open	24-Jun-22	3	3	MEDIUM	-
14	High profile serious/critical safeguarding incident/case that is known to Council services	20-Aug-13	Fair	4	5	HIGH	3	5	HIGH	2	5	MEDIUM	Mark Warren (DASS) / Jayne Ivory (DCS)	Katherine White/Lynn Fields	Open	04-Oct-22	4	5	HIGH	Down
15	Failure, at a corporate level, to comply with Health & Safety legislation and provide both a safe working environment for employees and the provision of a safe environment for service users.	01-Apr-20	Fair	4	4	HIGH	3	3	MEDIUM	2	3	LOW	Corinne McMillan	Jenna Russett-Knott	Open	19-Oct-22	3	3	MEDIUM	-
17	Cyber Risk - Risk of financial/Data loss, disruption or damage to the reputation of an organisation from compromise of its IT systems.	15-Mar-16	Good	5	5	HIGH	3	4	MEDIUM	2	4	MEDIUM	Paul Fleming	Michael Ahern	Open	28-Jul-22	3	4	MEDIUM	-
18	Insufficient budget for service delivery if MFTS income targets from the Growth Agenda are not met.	29-Nov-16	Good	4	5	HIGH	3	5	HIGH	3	4	MEDIUM	Martin Kelly	Simon Jones	Open	27-Jul-22	3	4	MEDIUM	Up
21	The Council is unable to recover its critical functions, core services and income generating functions during the transition and recovery phases of a COVID-19 outbreak, due to financial impacts, high staff absences and a failure of effective business continuity management.	04-May-20	Fair	5	4	HIGH	4	3	MEDIUM	1	3	LOW	Denise Park/Corinne Mcmillan (Resilience & Emergency Planning Service)	Richard Brown / Jenna Russett-Knott	Open	19-Oct-22	4	3	MEDIUM	-
22	Failure to recruit, adequately develop and retain an adequately experienced and appropriately qualified workforce may lead to the Council failing deliver its corporate plan priorities and to fully meet the needs of services users, the community and other stakeholders.	27-Jan-22	Fair	3	4	MEDIUM	2	3	LOW	2	2	LOW	Corinne McMillan/Mandy Singh/Jill Readfern	Mandy Singh/Jill Readfern	Open	25-Oct-22	2	4	MEDIUM	Down

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23	Failure to have an inclusive public health Covid-19 recovery plan that focusses on those most impacted by the pandemic and plan effectively on COVID and influenza.	12-Jan-22	Fair	4	5	HIGH	3	4	MEDIUM	2	3	LOW	Abdul Razaq	Laura Wharton / Catherine Taylor	Open	03-Nov-22	3	4	MEDIUM	-
24	Failure to respond effectively and proportionately to develop and implement plans/adaptations, within the scope of the Council's control and influence, in pursuit of its ambition to be a Carbon Neutral borough.	07-Apr-22	Good	5	5	HIGH	4	4	HIGH	3	3	MEDIUM	Martin Eden	Gwen Kinloch	Open	17-Oct-22	4	4	HIGH	-
25	The impact that the cost of living crisis may have on local businesses and the residents and the implications that this may have on Council staff, services and budgets.	05-Apr-22	Fair	5	5	HIGH	3	4	MEDIUM	2	3	LOW	Paul Fleming	Beth Wolfenden, Andy Ormerod	Open	22-Sep-22				-
26	Failure to implement the Government's planned Adult Social reforms including : charging, care cap, cost of care and regulatory reforms as required by the Health and Care Act 2022 will result in the Councils statutory requirements not being fulfilled.	17-Aug-22	Fair	5	5	HIGH	3	3	MEDIUM	3	3	MEDIUM	Mark Warren	Katherine White/Zoe Evans	Open	14-Nov-22				-
27	BwDBC response to the LGA (Inquiry core participant) with the necessary evidence in relation to the Covid-19 Public Inquiry. Encouraging preparedness for future asks by the LGA and also directly from the Covid-19 Public Inquiry.	02-Nov-22		4	4	HIGH	2	2	LOW	2	2	LOW	Corinne McMillan	Mohsin Mulla	Open	01-Nov-22				-

The following risks are currently closed:

Risk 3: IT Infrastructure (Resilience) – Old Town Hall.

Risk 6: Failure to deliver the management, workforce and organisational objectives for workforce reviews within the agreed budget.

Risk 8: Failure to contribute effectively to economic growth within Blackburn with Darwen.

Risk 9: Failure to improve health outcomes within Blackburn with Darwen could result in the communities' health and wellbeing position or conditions deteriorating.

Risk 12: The Council does not effectively capitalise on potential opportunities to improve housing quality or build more houses in the Borough to maximise the income available from the new homes bonus and increased council tax.

Risk 16: Failure to deliver a robust Medium Term Financial Strategy (MTFS) with adequate reserves to meet unforeseen circumstances and with the resource capacity to deliver statutory services.

Risk 19: EU Exit - Risk of inadequate planning/preparedness at a national & local level for a "no deal" exit from the EU arrangements.

Risk 20: The Council is unable to deliver its critical and core services and functions during the response and mitigation phase of a COVID-19 outbreak, due to high staff absences and a failure of effective business continuity management.