TO:	**Audit & Governance Committee**
FROM:	**Head of Audit & Assurance**
DATE:	**14 January 2020**

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF REPORT: Risk Management – 2019/20 Quarter 2 Review

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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 July 2019 to 30 September 2019.

2.   **RECOMMENDATIONS**
      The Committee is asked to:
      - Discuss, review and challenge the progress made on the Corporate Risk Register as at the end of Quarter 2 2019/20;
      - 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**
3.1   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 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**
4.1   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**
5.1   The Corporate Risk Register contained 21 open risks at 30 September 2019.
5.2   The Corporate Risk Register summary is set out in Appendix 1 of this report. The residual risk score for a data loss or privacy incidents any of the risks

identified has reduced since the previous quarter. The risk score has been reduced to medium. After existing controls are applied (technical and organisational), the majority of data breaches are down to human error. The likelihood and impact assessments have been reduced from 4 to 3 as the Council can demonstrate that controls to prevent incidents are continuously monitored, applied at policy level and training is mandatory for all users. The risk associated with the planning and preparation for an exit from the European Union has been re-opened. The risks relating to key areas that may be impacted by this process have been identified and assessed. These are included summary details set out in the appendix.

5.3   As at 30 September 2019 the Council's highest corporate risk is the risk of a high profile serious or critical safeguarding case that is known to the Council.

5.4   As part of the Council's Risk Management process we review and monitor the Corporate Risks on a regular basis to ensure that we have appropriate, properly assessed corporate risks identified going forward. Management Board review the 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.

5.5   During the year, we have also continued to liaise with colleagues across the Council to identify areas to make use of the risk management support that is available from Zurich Municipal as part of the current long term insurance agreement. Colleagues from Zurich Risk Engineering (ZRE) have recently completed reviews of Lone Working arrangements and Inspection Regimes.

5.6   The Lone Working Review was a targeted review of existing procedures, as well as the arrangements for dealing with incidents of violence and aggression. It considered existing policy, procedures and working practices to mitigate lone working risks, with a particular focus on work undertaken by the Children's Social Work Department. It also considered the potential for incidents of violence and aggression within public reception areas at the Town Hall and the use of meeting rooms at this location by third party organisations.

5.7   Four risk improvement actions (RIAs) were identified. These were considered necessary to improve procedures to a good standard or to improve claims defensibility. Three related to lone working procedures and monitoring incidents of violence and aggression and one related to procedures for the management of meetings involving third parties and members of the public at the Town Hall. The report findings and recommendations have been discussed, and actions agreed, by the Council's Health & Safety Committee.

5.8   The Inspections Regime Review considered the systems in place for the inspection and maintenance of the Council's physical assets that are used or accessed by the public and other third parties. The review considered internal procedures, systems and working practices to assist in managing risks associated with these assets in order to address defects before an incident occurs and better defend liability claims.

5.9 Nine RIAs were identified. Two of these relate to the overall inspection regime and therefore apply across different service areas included in the review. One related to defects noted during site walkovers. A number of RIAs aimed at enhancing inspection arrangements in specific areas were also included. The findings and recommendations will be reported to Management Board for consideration.

5.10 The report noted that, across most of the services sampled, inspections were carried out to some extent. There is a reasonably robust central system for monitoring building maintenance and statutory compliance requirements and the system for reporting and repairing defects appeared to work effectively. Some of the expected elements of an effective inspection regime were missing in certain service areas. ZRE recommended that one person be appointed to co-ordinate action on the RIAs to ensure a consistent approach to improvements, where this was appropriate. A risk-based approach was also encouraged for asset management in general. This would allow resources to be focused on the areas and assets that present the most significant relative risk to third parties.

5.11 The Road Risk Management Group continues to meet regularly to consider the risk management arrangements in place for the Council's motor fleet and drivers and staff use of private vehicles for Council business. The Group also reviews a range of management reports to identify and monitor themes and trends in fleet driving behaviour and insurance claims to consider any training needs.

6. POLICY IMPLICATIONS
There are no policy implications arising from this report.

7. FINANCIAL IMPLICATIONS
There are no direct 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. CONSULTATIONS
The Corporate Risk Register has been reviewed by Risk Owners and Key Contacts and agreed by Management Board.

Contact Officer:	Colin Ferguson Head of Audit & Assurance – Ext: 5326
Date:	3 January 2020
Background Papers:	Corporate Risk Management Strategy 2015/2020, 2018/19 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 - 2019/20   Date of last review: 30-Jun-19
Date: 30-Sep-19   Date of next review: 31-Dec-19

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 Governement Commission taking control of the authority's finances	26-Jan-15	Good	5	5	HIGH	2	3	LOW	1	2	LOW	Louise Mattinson	Simon Ross, Zoe Evans	Open	23-Apr-19	2	3	LOW	-
2	Failure of the 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	Lee Kinder, Dwayne Lowe	Open	07-Oct-19	2	4	MEDIUM	-
4	The Council is not able 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	Alison Schmid / Heather Taylor	Open	19-Nov-19	2	3	LOW	-
7	Ensure BwD delivers its statutory function- Emergency Preparedness, Planning, Response, Recovery & BC Promotion (small & med businesses) 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	David Fairclough, Rachel Hutchinson, Sarah Riley	Open	17.04.2019	1	5	LOW	-
7b	Ensure delivery of statutory Civil Contingencies function - Business Continuity Management arrangements in place,planning, training testing & validating & execising procedures & plans: to protect Council's resilience, protect the community,& mitigate financial & reputational damage. Corpo Obj 1,2,5,6 link	22-Sep-16	Good	3	4	MEDIUM	2	4	MEDIUM	1	3	LOW	Denise Park	David Fairclough, Paul Fleming, Rachel Hutchinson, Sarah Riley	Open	17.04.2019	2	4	MEDIUM	-
9	Failure to improve health outcomes within Blackburn with Darwen could result in the communities' health and wellbeing position or conditions deteriorating.	25-May-11	Good	3	4	MEDIUM	3	4	MEDIUM	1	3	LOW	Dominic Harrison	Gifford Kerr	Open	16-Jul-19	3	4	MEDIUM	-
10	Due to the breakdown of community relations or a deterioration of community cohesipn, greater risk of hate crime, extremism, radicalisation or polarisation of communities.	07-Feb-12	Good	4	5	HIGH	2	3	LOW	1	3	LOW	Sayyed Osman	Heather Taylor/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	02-May-19	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	08-Oct-19	4	4	HIGH	Down
14	High profile serious/critical safeguarding incident/case that is known to Council services.	20-Aug-13	Good	4	5	HIGH	3	5	HIGH	3	5	HIGH	Sayyed Osman (DASS) / Jayne Ivory (DCS)	Paul Lee	Open	03-Oct-19	3	5	HIGH	-
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.	19-Mar-15	Fair	4	4	HIGH	3	3	MEDIUM	2	3	LOW	David Fairclough	Fiona Eastwood	Open	30-Apr-19	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	4	HIGH	3	4	MEDIUM	2	4	MEDIUM	Paul Fleming	Steve Rowe	Open	28-Oct-19	3	4	MEDIUM	-
18	Insufficient budget for service delivery if MTFS income targets from the Growth Agenda are not met.	29-Nov-16	Good	4	5	HIGH	3	4	MEDIUM	3	4	MEDIUM	Martin Kelly	Simon Jones	Open	15-Oct-19	3	4	MEDIUM	-

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				L	I	Risk Rating	L	I	Risk Rating	L	I	Risk Rating					L	I	Risk Rating	
19	EU Exit - Risk of inadequate planning/preparedness at a national & local level for a "no deal"exit from the EU arrangements on the 29.03/12.04/31.10.19	05.02.2019	Good	3	1	LOW	3	1	LOW	3	1	LOW	Martin Kelly (Brexit Lead Officer)	David Fairclough Rachel Hutchinson, Adam Patel	Open	17.04.2019	3	1	LOW	-
19b	Food - Consumer behaviour leading to retailers running short of products	13-Sep-19	Good	3	4	MEDIUM	3	4	MEDIUM	3	4	MEDIUM	Martin Kelly (Brexit Lead Officer) & Martin Eden	Gary Johnston	Open	15-Oct-19				-
19c	Immigration, borders and EU students	13-Sep-19	Good	3	3	MEDIUM	3	3	MEDIUM	3	3	MEDIUM	Martin Kelly (Brexit Lead Officer)	Martin Kelly	Open	15-Oct-19				-
19d	Pharmaceutical Services: Essential medicines in short supply	13-Sep-19	Good	3	3	MEDIUM	3	3	MEDIUM	3	3	MEDIUM	Martin Kelly (Brexit Lead Officer) & Prof Dominic Harrison	Dr Gifford Kerr	Open	15-Oct-19				-
19e	Import / Export & Businesses	13-Sep-19	Good	3	4	MEDIUM	3	4	MEDIUM	3	4	MEDIUM	Martin Kelly (Brexit Lead Officer)	Martin Kelly	Open	15-Oct-19				-
19f	Housing Market	13-Sep-19	Good	3	4	MEDIUM	3	4	MEDIUM	3	4	MEDIUM	Martin Kelly (Brexit Lead Officer)	Martin Kelly	Open	15-Oct-19				-
19g	Transportation - ports and motorway delays	13-Sep-19	Good	3	4	MEDIUM	3	4	MEDIUM	3	4	MEDIUM	Martin Kelly (Brexit Lead Officer)	Martin Kelly	Open	15-Oct-19				-
19h	Data protection	18-Sep-19	Good	3	3	MEDIUM	2	2	LOW	1	1	LOW	Martin Kelly (Brexit Lead Officer) & Paul Fleming	Sarah Critchley	Open	10-Oct-19				-

The following corporate risks are closed:

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

Risk 5: The risk that governance and decision-making arrangements fail.

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 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.