

Decision Maker: EXECUTIVE, RESOURCES AND CONTRACTS POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Information Briefing – Thursday 2nd February 2023

Decision Type: Non-Urgent Non-Executive Non-Key

Title: RISK MANAGEMENT

Contact Officer: Tasnim Shawkat, Director of Corporate Services and Governance –
Corporate Services Risk Register
Tel: 020 8461 7899 E-mail: tasnim.shawkat@bromley.gov.uk

Peter Turner, Director of Finance – Finance Risk Register
Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk

Charles Obazuaye, Director of Human Resources, Customer Services and
Public Affairs – Human Resources and Customer Services Risk Register
Tel: 020 8313 4335 E-mail: charles.obazuaye@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the Gross 'High' (Red) rated risks extract from the Corporate Services, Finance and, the Human Resources and Customer Services Risk Registers.

2. **RECOMMENDATION**

Members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee are requested to note the attached Risk Register extracts and direct any queries they may have to the relevant Contact Officer.

Impact on Vulnerable Adults and Children

1. Summary of Impact: There are no direct implications for Vulnerable Adults and Children arising from the attached Risk Register extracts, although failure of the Council to meet its commitments in any risk area could directly impact on life chances.
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority
To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Not Applicable
 4. Total current budget for this head: £ Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Where applicable, the risk category is reflected as Contractual and Partnership.
-

Property

1. Summary of Property Implications: Where applicable, the risk category is reflected as 'Physical', which includes hazards/risks associated with buildings.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Where applicable, the risk category is reflected as Environmental.
-

Customer Impact

1. Estimated number of users or customers (current and projected): This report is intended primarily for the benefit of members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1 This report provides members of the Executive, Resources and Contracts Policy, Development and Scrutiny Committee with the Gross 'High' (Red) rated risks for the areas falling within their remit.

- Corporate Services (Appendix A)
- Finance (Appendix B)
- Human Resources and Customer Services (Appendix C)

3.2 Each Director retains responsibility for the risks and controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and the Audit and Risk Management Committee.

3.3 The Corporate Risk Register, together with the Departmental Risk Registers for the areas coming under the remit of the Executive, Resources and Contracts PDS Committee, were last presented, in full, to their meeting of 23rd November 2022.

3.4 Since this report, salient amendments have been made to the Gross 'High (Red) rated risk position as set out in Table 1 and summarised below:-

- Refresh of the 'Capital Financing Shortfall' risk Causes and Controls.
- Refresh of the 'Failure to deliver a sustainable Financial Strategy' risk to reflect the 2023/24 budget position.
- Removal of the 'Failure to comply with Grant conditions and ensure effective utilisation of the significant Government funding received, relating to the Covid pandemic to support businesses' risk.
- Refresh of the 'Ineffective recruitment and retention strategies for hard to fill posts e.g. Adults' Social Workers, Children's Social Workers, Housing, Planning, Building Control' risk. Both the Gross and Net Risk Ratings have been increased to 'High'.
- Refresh and expansion of the Health and Safety suite of risks, incorporating an increase in both Gross and Net Risk Ratings.

Table 1

Finance Risk Register (For full risk narrative, please see Appendix B)	
Risk 3	Capital Financing Shortfall Inability to finance the Capital programme Refresh of Cause 'Significant additional costs arising from expected outcome of condition survey', to include the impact of future liabilities across the Council's operational estate.

	<p>Addition of Cause 'Only limited earmarked reserves available to support the capital programme, once other pressures (inc revenue budget gap) are factored in'.</p> <p>Addition of Controls:-</p> <ul style="list-style-type: none"> - Fundamental review of capital programme undertaken to inform updated Capital Strategy 2023/24 to 2026/27 as reported to Executive in January 2023 - this includes full capital programme, approved asset disposals, mitigations and agreed financing options. - Regular reporting to Members via SAG, FSG and Executive. - Tight control and scrutiny [by finance] of capital spending commitments as they reach the level of business case. - Members have approved PWLB borrowing to refinance existing housing schemes (£50m via PWLB) and the additional option of up to £10m support from the Council's revenue earmarked reserves. <p>These amendments have also been reflected in the Corporate Risk Register (Risk 16).</p>
<p>Risk 5</p>	<p>Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget</p> <p>Refresh of the first two Causes to reflect the 2023/24 budget position:-</p> <ul style="list-style-type: none"> - The 2023/24 Draft Budget report to Executive identified the need to reduce the Council's 'budget gap' of £29.6m per annum by 2026/27. The Council received a one-year financial settlement for 2023/24, with various funding allocations for 2024/25, creates uncertainty on funding levels for the medium term. - The fundamental review of local government funding through the Fair Funding Review and Business Rate review is now expected to be delayed until at least 2025/26 which adds to financial uncertainty in considering the impact on the financial forecast for 2024/25 to 2026/27. Apart from cost/growth pressures relating to SEN, social care and homelessness, the significant cost increases relating to inflation continue for some time and uncertainty on the future timing of the Adult Social Reforms remain. These factors can have a significant impact on the future years' 'budget gap' identified above. More background is included in the Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27 report to Executive on 18th January 2023 and 2023/24 Council Tax report of 8th February 2023. <p>Removal of 'as well as the increase on National Insurance (Employers Costs)' from the Cause 'Increases in national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers)'.</p> <p>Removal of Cause 'Significant increases to inflation which exceeds the 2022/23 budget provision'.</p> <p>Removal of Strategic Control 'Ongoing monitoring of impact of COVID situation and trends re 'new normal''.</p> <p>These amendments have also been reflected in the Corporate Risk Register (Risk 1).</p>
<p>Risk 11</p>	

	<p>Removal of 'Failure to comply with Grant conditions and ensure effective utilisation of the significant Government funding received, relating to the Covid pandemic to support businesses' Risk,</p> <p>Gross Risk Rating 'High'. Net Risk Rating 'Medium'.</p>
--	---

<p>Human Resources and Customer Services Risk Register</p> <p>(For full risk narrative, please see Appendix C)</p>

<p>Risk 4</p>	<p>Ineffective recruitment and retention strategies for hard to fill posts e.g. Adult's Social Workers, Children's Social Workers, Housing, Planning, Building Control</p> <p>Addition of Controls:-</p> <ul style="list-style-type: none"> - Overseas Recruitment - Signed up to the London Pledge – all Councils have a memorandum of understanding to pay social workers same rate - LBB staff present at recruitment fairs/events <p>Addition of Further Action Required 'Recruitment event to take place in January'.</p> <p>Increase in Gross Likelihood, Gross Impact and consequent increase in Gross Risk Rating from 'Significant' to 'High'. Increase in Net Likelihood, Net Impact and consequent increase in Net Risk Rating from 'Low' to 'High'.</p>
----------------------	---

<p>Risk 10</p>	<p>Health and Safety (Council)</p> <p>Ineffective management, processes and systems across all Council departments, including in relation to the following areas:- Lone Working, Violence and Aggression at Work</p> <p>Removal of Fire Safety as an area of inclusion in the Risk.</p> <p>Addition of Cause 'Lack of competency across the workforce to identify, assess and manage health and safety risks'.</p> <p>Refresh of Control 'Property related HSW matters now provided in house' to include 'by Property division'.</p> <p>Increase in Gross Likelihood and consequent increase in Gross Risk Rating (remains 'High'). Increase in Net Likelihood, Net Impact and consequent increase in Net Risk Rating from 'Significant' to 'High'.</p>
-----------------------	--

<p>Risk 11</p>	<p>Failure to comply with H&S related legislative requirements e.g. Health and Safety at Work etc. Act 1974</p> <p>Addition of Control – Information provided from enforcing body shared with colleagues.</p>
-----------------------	--

	Increase in Gross Likelihood, Gross Impact and consequent increase in the Gross Risk Rating from 'Significant' to 'High'. Increase in Net Likelihood, Net Impact and consequent increase in Net Risk Rating from 'Medium' to 'High'.
Risk 12	Addition of ' Insufficient Fire Safety arrangements ' Risk Non compliance with Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021 Gross and Net Risk Ratings 'High'.
Risk 13	Addition of ' Insufficient First Aid arrangements ' Risk Non compliance with Health and Safety (First Aid) Regulations 1981 Gross Risk Rating 'High'. Net Risk Rating 'Significant'. For full risk narrative, please see Appendix C.
Please note that in line with the refresh of the Health and Safety suite of risks, the Corporate 'Health and Safety Fire and First Aid' risk has been updated (Causes, Controls and Further Action required). This has resulted in an increase in Gross Likelihood, Gross Impact and consequent increase in Gross Risk Rating (remains 'High') and an increase in Net Likelihood, Net Impact and consequent increase in Net Risk Rating from 'Significant' to 'High'.	

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There are no direct implications for Vulnerable Adults and Children arising from the attached Risk Register extracts although failure of the Council to meet its commitments in any risk area could indirectly impact on life chances.

5. TRANSFORMATION/POLICY IMPLICATIONS

- 5.1 Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

6. FINANCIAL IMPLICATIONS

- 6.1 The Finance department's Gross Red Risks are attached as Appendix B. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

7. PERSONNEL IMPLICATIONS

- 7.1 The Human Resources' department's Gross Red Risk is attached as Appendix C. Where applicable, the risk category in all risk registers is reflected as 'Personnel, Operational'.

8. LEGAL IMPLICATIONS

- 8.1 Where applicable, the risk category in all registers is reflected as 'Legal, Operational'.

9. PROCUREMENT IMPLICATIONS

- 9.1 Where applicable, the risk category in all registers is reflected as 'Contractual and Partnership'.

10. PROPERTY IMPLICATIONS

10.1 Where applicable, the risk category is reflected as 'Physical, Operational', which includes hazards/risks associated with buildings.

11. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

11.1 Where applicable, the risk category is reflected as Environmental.

Non-Applicable Headings:	Customer Impact Ward Councillor Views
Background Documents: (Access via Contact Officer)	None