

**Decision Maker:**       **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Date:**                   **Tuesday 4 June 2024**

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

**Title:**                   **RISK MANAGEMENT**

**Contact Officer:**     Francesca Chivers, Head of Audit and Assurance  
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**Chief Officer:**        Director of Finance

**Ward:**                   (All Wards);

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1. Reason for decision/report and options

This report provides Members of the Audit and Risk Management Committee with the most recent iteration of the Corporate Risk Register for review, including additional commentary on net 'High' risks.

It also provides summary heat maps for Departmental Risk Registers.

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2. **RECOMMENDATION**

**Members are asked to review and comment on the Corporate Risk Register and Departmental Heat Maps.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The Adult Care and Health Risk heat map is attached as Appendix D. The Children, Education and Families Risk heat map is attached as Appendix E.
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### 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.
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### 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
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### Personnel

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

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

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

1. Summary of Property Implications: Where applicable, the risk category is reflected as 'Physical', which includes hazards/risks associated with buildings.
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### Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Where applicable, the risk category is reflected as Environmental.
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### Impact on the Local Economy

1. Summary of Local Economy Implications: None
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### Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
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### Customer Impact

1. Estimated number of users or customers (current and projected): This report is intended primarily for the benefit of members of the Audit and Risk Management Committee.
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### 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 forms part of the standard six-monthly risk reporting to Audit and Risk Management Committee. The Corporate Risk Register is presented in full as **Appendix B** whilst the departmental risk registers are summarised as heat maps (**Appendices D to K**). The risk assessment guidance is attached at **Appendix A**.
- 3.2 Each heat map shows the net score for each risk (after controls have been applied). The individual risks and their gross and net scores are listed underneath for reference, alongside changes to net rating since the previous quarter. Departmental Risk Registers are also presented to the relevant Policy, Development and Scrutiny (PDS) Committees.
- 3.3 As requested at the Audit and Risk Management Committee meeting of 4th July 2023, risk owners have provided additional commentary for all risks on the Corporate Risk Register with a net 'High' rating. This commentary is attached as **Appendix C**.
- 3.4 Whilst Internal Audit coordinates the risk management process and reports to Audit and Risk Management Committee, each Director retains responsibility for the risks and controls within their division. Similarly, the Corporate Risk Register is owned by Chief Officer Executive (COE) and the Corporate Leadership Team (CLT) as a collective and each risk has an accountable owner. The Corporate Risk Register is reviewed on a quarterly basis by Chief Officer Executive and Corporate Leadership Team and was last reviewed by COE and CLT in March 2024.
- 3.5 Key changes to the Corporate Risk Register (**Appendix B**) from the last review are as follows:
- One new risk has been added: *Deleterious Materials*. This has been scored as gross 12 (significant), net 9 (medium)
  - No risks have been removed
  - The gross and net scores for the 'Temporary Accommodation' risk have increased although overall the risk remains high. This reflects increased pressures on the Housing service and the increased cost of securing accommodation. Officers have also updated the causes, effects, controls and commentary. (Housing / Homelessness is also this year for the first time listed as a significant governance issue within the Annual Governance Statement, provided as a separate agenda item.)

	November 2023	June 2024
<b>Gross Score</b>	20	25
<b>Net</b>	16	20

- 3.6 The Corporate Risk Management Group (CRMG) meets three times per year to scrutinise the risk registers and discuss cross-cutting risk areas. CRMG is made up of representatives from each division together with officers in key risk-related roles, such as Information Governance, Health and Safety, Business Continuity and Insurance. The CRMG met most recently in January 2024 and focused on risk strategy and policy.

## **Risk Strategy, Policy and System**

3.7 The Council's Risk Strategy was last updated in 2018 and is therefore now due a further update. Recent (external) reviews have found that ineffective risk management has contributed to governance failures. For example, Grant Thornton's report 'Preventing Failure in Local Government' published in December 2023 cited weak risk management as a cause of poor decision making and 'incremental failure'. The best value review into Thurrock also listed several specific weaknesses in risk management arrangements as a cause of failure.

3.8 We have now commenced the Risk Strategy review and have compared the Council's arrangements to HM Treasury's 'Orange Book: Management of Risk – Principles and Concepts'. Using this gap analysis as a basis, we have also drafted a new strategy and policy for the Council. Before we complete this work and bring it to Audit and Risk Management Committee for approval, we are using a risk improvement bursary from our liability insurers to obtain assistance with further developing specific aspects of the strategy. This will be undertaken in June and July 2024.

3.9 Alongside the Strategy, we are also reviewing the Council's system for managing risks. Members will be aware that risks are currently recorded and managed using spreadsheets which do not lend themselves to high quality presentation of risk information. Some members of the Corporate Risk Management Group have drawn up a list of requirements and we are currently liaising with IT colleagues to identify possible solutions. These requirements include enhanced risk reporting.

### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

4.1 The Adults Care and Health risk heat map is attached as Appendix D. The Children, Education and Families risk heat is attached as Appendix E.

### **5. TRANSFORMATION/POLICY IMPLICATIONS**

5.1 Where applicable, the risk category is reflected as 'Financial, Operational'.

### **6. FINANCIAL IMPLICATIONS**

6.1 The Finance risk heat map is attached as Appendix H. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

### **7. PERSONNEL IMPLICATIONS**

7.1 The Human Resources risk heat map is attached as Appendix J. Where applicable, the risk category in all risk registers is reflected as 'Personnel, Operational'. The Council takes seriously the health and safety of its staff and third parties' staff on Council premises and hence every reasonable/proportionate step will be taken to fulfil the Council's moral and legal duty of care.

### **8. LEGAL IMPLICATIONS**

8.1 Where applicable, the risk category is reflected as 'Legal, Operational'.

### **9. PROCUREMENT IMPLICATIONS**

9.1 Where applicable, the risk category 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.

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