Report to	Audit Committee	**Item**
	15 October 2019	8
Report of	Chief Internal Auditor, LGSS	
Subject	Risk Management Report	

Purpose

To provide an update on progress in relation to risk management.

Recommendation

To note the risk management report.

Corporate and service priorities

The report helps to meet the corporate priority healthy organisation.

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Anton Bull, Director of Business Services	01603 212326
Duncan Wilkinson, Chief Internal Auditor, LGSS	01908 252089
Neil Hunter, Deputy Head of Internal Audit, LGSS	01223 715317

Background documents

None

Risk Management Report

Norwich City Council

Update to 07th September 2019

1 Risk Management Update

1. Norwich Council is currently in the process of refreshing Risk Management across the Council.

2. The purpose of this report is to provide an update on the current Risk Register, along with any outstanding actions, and to outline the progress made so far on the refresh of the Risk Management process and a revised Corporate Risk Register.

3. To facilitate a full refresh of the Risk Management process and corporate risk register, the Internal Audit Risk Management Team facilitated a Risk Workshop on with the Corporate Leadership Team. From the workshop, a new set of 7 Corporate Risks has been recommended, and owners have been allocated to each of these Risks.

4. Following the Workshop, the Internal Audit Risk Management Team has scheduled meetings with all of the Corporate Risk Owners in order to agree the full details of each risk and to get the Risk Management system, GRACE, fully populated and operational.

5. At the time of writing this report, the Internal Audit Risk Management Team has met with the Corporate Owners of the following risks, which are now fully populated and held in the GRACE risk management system:

- *01: Failure to fulfil statutory or legislative responsibilities, including safeguarding.*
- *02: Failure to deliver corporate plan objectives: Great Neighbourhoods housing and local environments, inclusive economy; living well.*
- *03: Failure to deliver responsive financial planning*
- *05. Failure to deliver services with/ from partners*
- *07. Major Risks/ emergency planning*

6. Full detail of these populated risks can be found at **Appendix 1** of this report.

7. The final two risks on the Risk Register: *04. Failure to change at the pace required and adapt to change* and *06. Lack of adequate skills and capacity* have yet to be populated by the relevant risk owners.

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete	
Committee:	Cabinet
Committee date:	15/10/2019
Director / Head of service	Neil Hunter, LGSS
Report subject:	Risk Management
Date assessed:	23/01/2019

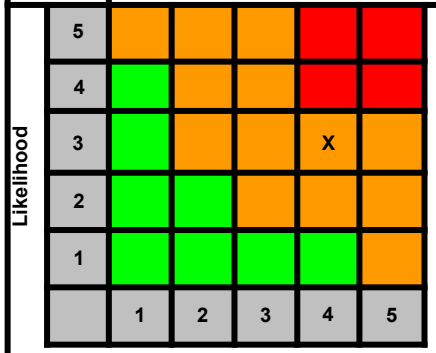
	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	X			
Other departments and services e.g. office facilities, customer contact	X			
ICT services	X			
Economic development	X			
Financial inclusion	X			
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	X			
S17 crime and disorder act 1998	X			
Human Rights Act 1998	X			
Health and well being	X			
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	X			

	Impact			
Eliminating discrimination & harassment	X			
Advancing equality of opportunity	X			
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	X			
Natural and built environment	X			
Waste minimisation & resource use	X			
Pollution	X			
Sustainable procurement	X			
Energy and climate change	X			
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management		X		

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

New Norwich City Council

Risk	01. Failure to fulfil statutory or legislative responsibilities, including safeguarding



Risk Owners		Current Score	12	Last Review	
		Target Score		Next Review	31/12/2019
		Previous Score			

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Lack of understanding the statutory and legislative responsibilities. 2.Lack of awareness of legislative changes and new legislation 3.Failure to implement statutory duties and responsibilities. 4.Lack of required skills knowledge and experience of key officers tasked to fulfil statutory or legislative responsibilities. 5. Insufficient organisational capacity. 6. Ineffective procedures and processes. 7.Lack of clarity of roles and ownership of legislative responsibilities (H&S, safeguarding, equality etc.) 8.Delegation of responsibilities where services are with a contractor.		•Financial costs in compensation and fines. •Intervention if complete failure. •Acting illegally •Negative impact on the Council's reputation. •Wrong decision being made. •Harm, abuse, accident or death linked to failure of the Council to act within safeguarding arrangements. •Being held to account by overseeing organisations (e.g. children safeguarding) maybe included in reputation.

Controls	Adequacy	Critical Success
Communication strategy to ensure implementation	Good	
Corporate governance group in place to oversee compliance	Good	
Legal services in place to provide support	Good	
Mandatory reading of key documents for all officers	Good	
Positive approach for checking compliance to legislations	Good	
Professional leads identify legal requirements	Reasonable	
Quality assurance process in place for contracted services.	Good	

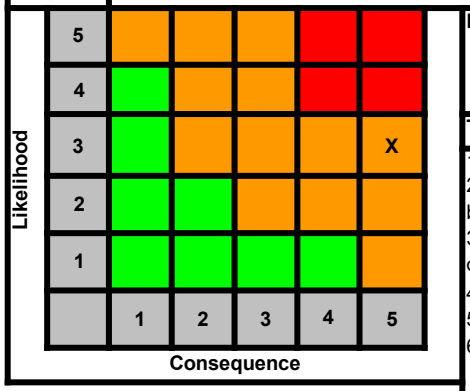
Action Plans	Responsibility	Target Date
Business continuity arrangements		31/10/2019
Clarify ownership of each of the duties and responsibilities.		31/10/2019

Risk Path:

Risk Category:

Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	02. Failure to deliver corporate plan objectives: Great neighbourhoods housing and local environments; Inclusive economy; Live well



Risk Owners		Current Score	15	Last Review	
		Target Score		Next Review	31/12/2019
		Previous Score			

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Ineffective performance and programme management. 2.Ineffective corporate planning, and not aligned with budget and resource restraints. 3.Unexpected event occurring, i.e. delayed the process or using resources. 4. Time pressures. 5. Change(s) in government policy. 6. Fraud and corruption.	• Lack of information from central government about future funding. • Uncertainty of direction of central government.	•Key priorities for the city are not delivered. •Need to cut non statutory services. •Adverse public opinion and decline in Councils' reputation. • Projects/work completed to a lower quality. • Negative impact on outcomes for citizens. • Negative performance ratings for the council .

Controls	Adequacy	Critical Success
Corporate planning and service planning aligned with budget setting to ensure resources are in place to deliver priorities.	Good	
Effective performance and programme management This includes: •Monthly budget meetings to be able to adjust budgets in advance. •Aiming to underspend to keep reserves up and have availability for unforeseen spending.	Good	
Effective preparation for changes in plan/government policy This includes constant monitoring of government decisions and their lobbying.	Good	
Effective transformation programme to ensure savings are delivered.	Good	
Regular review of corporate plan, medium term financial strategy and other key policies and strategies.	Good	

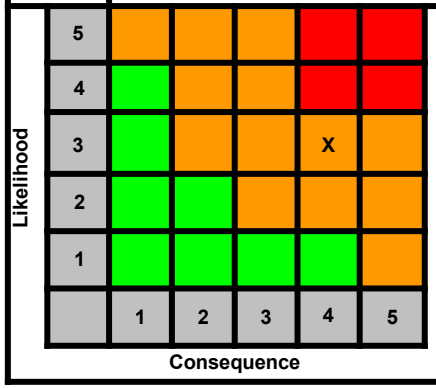
Action Plans	Responsibility	Target Date

Risk Path:

Risk Category:

Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	03. Failure to deliver responsive financial planning



Risk Owners		Current Score	12	Last Review	
		Target Score		Next Review	31/12/2019
		Previous Score			

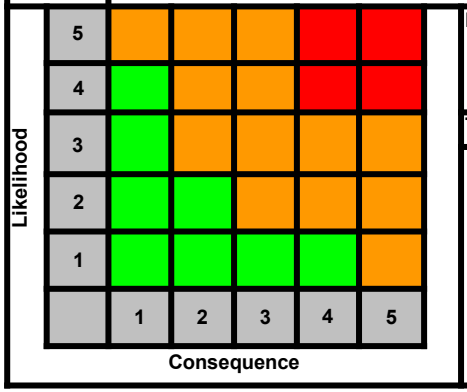
Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1Failure to achieve savings as a result of insourcing JV, NRL. 2Reduced levels of funding by central government and/or restrictions on the ability to raise funding locally 3Failure to address in year and medium term financial pressures in a sustainable way 4Funding insufficient to resource demand and associated plans. 5Increased levels of demand over and above that which is capable of being funded (e.g. increased population, changes in demographics, legislative changes, local expectations and priorities). 6Major failure of IT and/or key systems. 7Inefficient Commissioning cycle including: oIdentification of service need and analysis oIneffective option appraisal/ business case/ financial modelling. 8Fraud and corruption.# 9Housing rates change	oChange in local political direction and priorities oUnclear potential impact of BREXIT on the wider economy, the local environment, the national agenda and public service. oPressure by Stakeholders to add to the scope	1Councils financial position goes into deficit, reducing confidence in financial strength and governance 2Unplanned use of reserves reducing capacity and flexibility and compromising stability. 3Section 114 notice. 4Government intervention. 5Failure to deliver the Council Plan. 6Adverse comments by and poorer perception of NoCC by stakeholders. 7Overspends arising from activity not in service plans. 8Key business systems are unavailable or insufficient for business need. 9Key contracts failing to deliver expected VfM. 10Litigation.

Controls	Adequacy	Critical Success
	Good	
1Financial Governance Framework oThis includes financial procedure rules, contract management procedure rules, budget setting process and monitoring and close-down.	Good	
2Accountability for budget delivery oColleagues recognise and embrace their personal accountability for delivering on time, to standard and within budget and deliver their savings/income objectives. oAccountability letters issued to all budget managers.	Good	
3Budget Development oDeliverable proposals are generated. Those with significant lead-in times or require a change in policy are sufficiently worked up before being subject to political scrutiny and approval.	Good	
4Budget monitoring, forecasting and reporting oRegular monitoring of revenue and capital budget forecasts is undertaken - with corrective action identified and taken to mitigate overspends/underfunding/reduced income at the earliest opportunity oMonthly reports to CLT and quarterly reports to Cabinet (?) on revenue and capital budget forecasts. oExternal Audit oInternal Audit opinion	Good	
5Revenue Generation oDebt Recovery Policy	Good	

Action Plans	Responsibility	Target Date

Risk Path:
Risk Category:
Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	04. Failure to change at the pace required and adapt to change



Risk Owners		Current Score Target Score Previous Score		Last Review Next Review	31/12/2019

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences

Controls	Adequacy	Critical Success

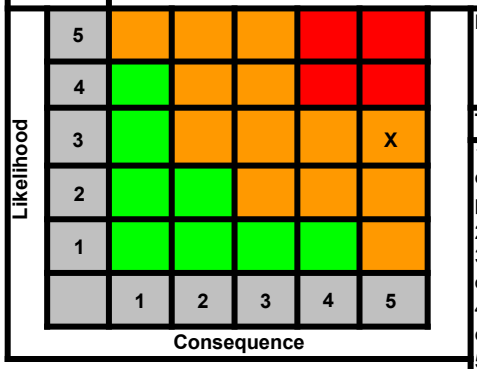
Action Plans	Responsibility	Target Date

Risk Path:

Risk Category:

Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	**05. Failure to deliver services with/from partners**



Risk Owners	Anton Bull	**Current Score**	15	**Last Review**	
		Target Score		**Next Review**	31/12/2019
		Previous Score			

Triggers	**Likelihood Factors (Vulnerability)**	**Potential Consequences**
1LGSS, NPS Norwich, NpLaw, Norwich Norse environmental and building, CNC building control partners not delivering. 2Poor relationship management 3Partnerships not managed effectively and key service outcomes not achieved 4Contracts not managed effectively due to lack of contract management skills 5Contracts not flexible enough to meet council changing requirements 6Partner organisation becomes insolvent	oChange of strategic direction of partner organisation oChange in political direction	oThe council does not get VfM oBenefits of partner and contract arrangement not realised oConstant negotiation around the service delivery agreement oSpecification not adhered to oServices not provided at an acceptable level oCustomer and staff complaints oUnable to deliver corporate plan performance levels

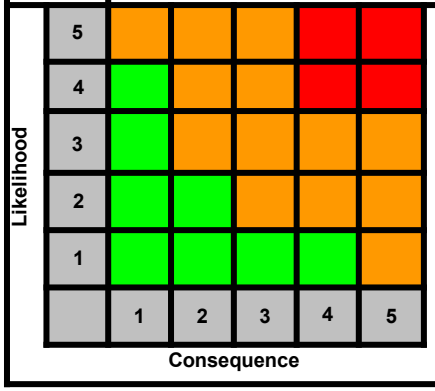
Controls	**Adequacy**	**Critical Success**
1Governance structure is in place to manage the individual partnership agreements (eg NPS Norwich Board, LGSS liaison group, NP Law Board, all major contracts have strategic and operational governance arrangements with officer and member representation	Good	
2A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service.	Good	
3Regular reviews of joint ventures	Good	
4Internal Audit reviews	Good	
5Partnership Risk Registers	Good	
6Business Continuity plans for key partners/contractors	Good	
7Exit strategy	Good	

Action Plans	**Responsibility**	**Target Date**
1. Bringing Services back in house	Anton Bull	01/04/2020
2. Renegotiation with NPLaw	Anton Bull	01/04/2020

Risk Path:

Risk Category:

Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	06. Lack of adequate skills and capacity				
	**Risk Owners**		**Current Score** **Target Score** **Previous Score**		**Last Review** **Next Review** 31/12/2019
	Triggers		**Likelihood Factors (Vulnerability)**		**Potential Consequences**

Controls	Adequacy	Critical Success

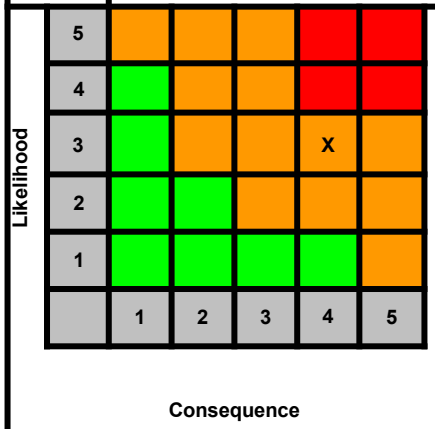
Action Plans	Responsibility	Target Date

Risk Path:

Risk Category:

Linked Objective(s): New Norwich City Council/Norwich City Council

Risk	**07. Major risks/emergency planning**



Risk Owners	Anton Bull	**Current Score**	12	**Last Review**	
		Target Score		**Next Review**	31/12/2019
		Previous Score			

Triggers	**Likelihood Factors (Vulnerability)**	**Potential Consequences**
1Occurrence of a significant event: oLoss of City Hall oICT failure oContractor collapse oSevere weather events – storms, heatwaves, strong winds oFlooding oSea level rise oFuel shortages oCommunications failure oPandemic oLoss of power	Wider effects of climate change	1. Council unable to function 2.Increase in demand on Council services. 3.Vulnerable Service Users unable to access services 4.Reputational Damage
2The council, businesses and members of the public in the city will also be at risk from the local effects of climate change in the medium to long term.		

Controls	Adequacy	Critical Success
1The council is a member of the Norfolk Resilience Forum, which has produced a Norfolk Community Risk Register	Good	
10Insurance policies	Good	
2Business continuity team with access to resources; action plans have been used to deal with actual total City Hall IT failure; alternative site for customer contact team; disaster recovery plan.	Good	
3The council has a major emergency management strategy and emergency planning room established at City Hall. Approach has also been used to test business continuity in the event of the main works contractor changing.	Good	
4Flu pandemic plan.	Good	
5Adaptations to protect the council from the local effects of climate change and address the causes are covered by corporate strategies such as the environmental strategy, together with team plans.	Good	
6A business continuity management policy and framework was approved by cabinet 25 June 2014.	Good	
7A business impact analysis for each service is signed off by the head of service and directors.	Good	
8Overall business continuity plan reviewed by CLT.	Good	
9Periodic business continuity exercises, and lessons learnt communicated through BMG.	Good	

Action Plans	Responsibility	Target Date
Review of Business Continuity Plan	Anton Bull	31/03/2020