

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

**Item**

**8**

---

**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 07<sup>th</sup> 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			
<u>S17 crime and disorder act 1998</u>	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			

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

**Recommendations from impact assessment**

**Positive**

**Negative**

**Neutral**

**Issues**

## New Norwich City Council

Risk		01. Failure to fulfil statutory or legislative responsibilities, including safeguarding										
Likelihood	5											
	4											
	3											
	2											
	1											
		1	2	3	4	5						
	Consequence											
Risk Owners							Current Score		12		Last Review	
							Target Score				Next Review	
							Previous Score				31/12/2019	
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.	



**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										
Likelihood	5											
	4											
	3											
	2											
	1											
		1	2	3	4	5						
Consequence												
Risk Owners							Current Score		15		Last Review	
							Target Score				Next Review	
							Previous Score				31/12/2019	
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														
Likelihood	5															
	4															
	3															
	2															
	1															
		1	2	3	4	5										
		Consequence														
		Risk Owners							Current Score		12		Last Review			
									Target Score				Next Review			
									Previous Score				31/12/2019			
		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										
Likelihood	5						Risk Owners		Current Score		Last Review	31/12/2019
	4								Target Score		Next Review	
							Previous Score					
	3						Triggers		Likelihood Factors (Vulnerability)		Potential Consequences	
	2											
	1											
		1	2	3	4	5						

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										
Likelihood	5						Risk Owners	Anton Bull	Current Score	15	Last Review	
	4								Target Score		Next Review	31/12/2019
	3						Triggers		Likelihood Factors (Vulnerability)		Potential Consequences	
	2						1LGSS, NPS Norwich, NpLaw, Norwich Norse environmental and building, CNC building control partners not delivering.		oChange of strategic direction of partner organisation		oThe council does not get VfM	
	1						2Poor relationship management		oChange in political direction		oBenefits of partner and contract arrangement not realised	
							3Partnerships not managed effectively and key service outcomes not achieved				oConstant negotiation around the service delivery agreement	
		1	2	3	4	5	4Contracts not managed effectively due to lack of contract management skills				oSpecification not adhered to	
							5Contracts not flexible enough to meet council changing requirements				oServices not provided at an acceptable level	
							6Partner organisation becomes insolvent				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																
Likelihood	5											Risk Owners		Current Score	Target Score	Last Review	Next Review	31/12/2019
	4																	
	3																	
	2																	
	1																	
		1	2	3	4	5												
Consequence											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									
Likelihood	5						Risk Owners Anton Bull	Current Score Target Score Previous Score	12	Last Review Next Review	31/12/2019
	4										
	3										
	2							Triggers	Likelihood Factors (Vulnerability)	Potential Consequences	
	1										
		1	2	3	4	5					
	Consequence							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			
						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