

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

17 JANUARY 2019

REPORT OF THE INTERIM HEAD OF FINANCE

CORPORATE RISK ASSESSMENT, CORPORATE RISK MANAGEMENT POLICY AND INCIDENT AND NEAR MISS REPORTING PROCEDURE

1. Purpose of Report.

- 1.1 The purpose of the report is to provide the Audit Committee with the outcome of the Corporate Risk Assessment 2019-20 in **Appendix A** and inform the Committee of the changes to the Council's Risk Management Policy in **Appendix B** and Incident and Near Miss Reporting Procedure in **Appendix C**.

2. Connection to Corporate Plan / Other Corporate Priority.

- 2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

3. Background.

- 3.1 Good governance requires the Council to develop effective risk management processes.
- 3.2 The Audit Committee's Terms of Reference requires the committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Board, Senior Management Team, Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework, and is used to inform the Overview and Scrutiny Committees' Forward Work Programme and the budget process.
- 3.4 The Corporate Risk Assessment 2019-20 is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.
- 3.5 The Healthy Organisation review which was carried out by SWAP Internal Audit Services was reported to the Audit Committee on 28 June 2018. This review indicated that more than one risk scoring mechanism was being used within the Council and advocated that the same risk matrix should be utilised consistently throughout the Council.

- 3.6 The review also made a recommendation that “to improve the guidance to staff further, the Council should consider setting a numerical risk appetite value, which could be included within the Risk Management Policy’s risk matrix to act as a visual aid to staff when considering risks. This numerical appetite value should be taken to Audit Committee as part of the current risk register review schedule”.
- 3.7 Each year the Council agrees a risk management timeline. This is shown as Appendix 2 within the Corporate Risk Management Policy attached as **Appendix B**.
- 3.8 The Council, at present, does not have in place a procedure for the collection of information about incidents and near misses and the investigation of them in order to ensure that relevant lessons are learnt.
- 3.9 The Council’s proposed Incident and Near Miss Reporting Procedure was reported to Senior Management Team on 10 April 2018. It was subsequently presented to Audit Committee on 28 June 2018. The Audit Committee requested that the scoring mechanism be reviewed and that a greater role for Members be considered.
- 3.10 Corporate Management Board requested that the procedure be cross referenced with existing Health and Safety department procedures to ensure that there was no duplication.

4. Current situation / proposal.

- 4.1 The risk assessment at **Appendix A** has been reviewed in consultation with Corporate Management Board and the Senior Management Team. It identifies the main risks facing the Council, their link to the priority themes, the likely impact of these on Council services and the wider County Borough, what is being done to manage the risks and where responsibility lies for the Council’s response. The risk assessment is aligned with the Medium term Financial Strategy.
- 4.2 The Corporate Risk Management Policy at **Appendix B** has been changed to incorporate a 5 x 5 risk scoring matrix which will be used as standard across the Council.
- 4.3 The Corporate Risk Management Policy has been amended to define risk appetite as “the amount of risk that the organisation is prepared to accept, tolerate or be exposed to before it takes protective action”.
- 4.4 The Corporate Management Board has considered the level that the Council’s risk appetite should be set at. It has agreed that using the 5 x 5 risk scoring matrix, those with a score of 10 or above exceed the Council’s risk appetite. These being the risks which are designated as high or medium and are coloured red and amber in the risk scoring matrix.
- 4.5 The Corporate Risk Management Policy timeline at Appendix 2 has been amended for 2019-20 and this has been agreed by Corporate Management Board.
- 4.6 The Incident and Near Miss Reporting Procedure at **Appendix C** has been changed to incorporate the 5 x 5 scoring matrix.

- 4.7 The Incident and Near Miss Reporting Procedure scoring matrix has been changed to acknowledge that when likelihood is assessed it must be done with the benefit of hindsight. Those using the policy must assess what was the likelihood of the incident or near miss happening.
- 4.8 Once a year it is proposed that the Committee will consider a report summarising the incidents and near misses recorded and the action taken to prevent a reoccurrence. This is currently not a function of the Committee and therefore will need to be included in the Committee's Terms of Reference. A further report will be presented to Council seeking an amendment to the Terms of reference within the Constitution to include this function.
- 4.9 The Incident and Near Miss Reporting Procedure has been shared with the Health and Safety Department and confirmation has been received that there are no concerns about duplication of procedure and that no changes are needed.
- 4.10 The Incident and Near Miss Procedure has been agreed by the Corporate Management Board.
- 4.11 The Incident and Near Miss Reporting Procedure will be publicised in a Bridgend e-mail with a hyper link to the procedure and also be the subject of an article in the Bridgend Newsletters.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 This Incident and Near Miss Procedure has links with the Council's Corporate Risk Management Policy which has been amended to take it into account.

6. Equality Impact Assessment

- 6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are undertaken within the process of approving the mitigating actions.

7. Wellbeing of Future Generations (Wales) Act 2015 Implications.

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial Implications.

- 8.1 There are no financial implications directly associated with the risk assessment, Corporate Risk Management Policy or Incident and Near Miss Reporting Procedure. Implementation actions will be progressed within approved budgets.

9. Recommendation.

It is recommended that Members:-

- 9.1 consider the Corporate Risk Assessment 2019-20 (**Appendix A**) and the updated Corporate Risk Management Policy (**Appendix B**), including the timeline at Appendix 2
- 9.2 note the Incident and Near Miss Reporting Procedure (**Appendix C**) and that a report will be presented to Council seeking an amendment to the Committee's Terms of Reference to include the procedure as a function of the Committee.

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Background documents

None