

# Crawley Borough Council

## Report to the Audit Committee

8 November 2022

### Risk Management Update

Report of the Head of Corporate Finance – FIN/602

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#### 1. Purpose

- 1.1 The Committee is asked to review the action taken by the Corporate Management Team and staff to mitigate Strategic Risks.

#### 2. Recommendations

- 2.1 The Committee is requested to consider the contents of this report and confirm it is satisfied with risk management arrangements.
- 2.2 Review the Strategic Risk register (Appendix A) and determine whether there are any matters that it wishes to draw to the attention of the Chief Executive or to Cabinet.

#### 3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to ensure that action has been taken by relevant Managers on risk based issues identified by Internal Audit.

#### 4. Background

- 4.1 The Corporate Management team regularly review the Strategic Risks of the Council and look at the mitigations of those risks. The updated risks are presented to the Audit Committee at its meetings. The internal audit service (SIAP) will give an annual report and opinion on the organisation's framework of governance, risk management and contra based on the audit work conducted in the year. The Audit Plan looks at these Strategic risks.
- 4.2 The Corporate Management Team made a commitment to amend the strategic risks from a long list to one in tabular format; with risk scores without controls in place; what mitigations are in place which gives residual scores.
- 4.3 The focus of effective risk management is the identification and management of risks and opportunities. It increases the probability of success, reduces the likelihood of failure and the uncertainty of achieving objectives. Risk management should be a continuous and evolving process which runs throughout the Council's strategies and service delivery.
- 4.4 This enables the Audit Committee to meet its responsibilities to provide the Council with independent assurance of the adequacy of the risk management framework and associated control environment.

## 5. Risk Management Arrangements

5.1 The Council's approach to risk management is set out in its Risk Management Strategy which an updated version is shown elsewhere on this Agenda. The objectives of a risk management strategy are to:

- Integrate risk management into the culture of the Council by engendering a positive attitude and understanding to risk throughout service areas
- Manage risk in accordance with best practice
- Prevent injury, damage and financial loss to those connected with the Council's delivery of services.

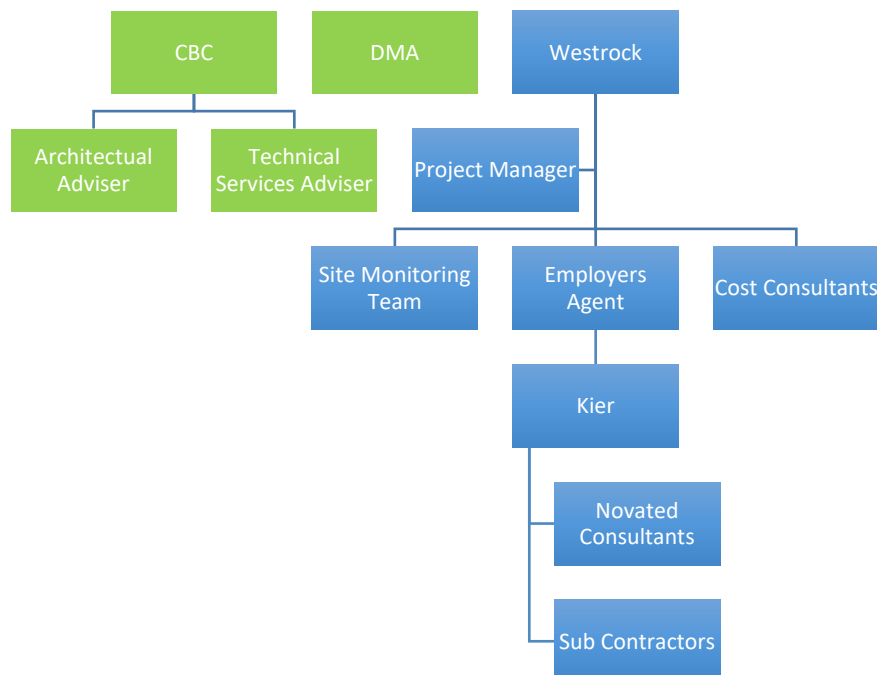
## 6. Strategic Risk Register

6.1 A strategic risk is defined as an event or action that will affect an organisation's overall ability to achieve its corporate objectives and execute strategies successfully. By their nature, strategic risks are generally not service or objective specific; they are areas of risk that cut across service and objective boundaries.

6.2 The Strategic Risk Register is reviewed by The Corporate Management Team and is shown in Appendix A, it includes a summary of the current analysis of residual risk as well as detail on each Strategic Risk. One of the key risks is the New Town Hall.

6.3 Now that the project has moved onto the next stage, the risk register for the New Town Hall will be thoroughly reviewed and refreshed by the project board, this will be reported to the next Audit Committee in February 2023.

## Contractual Arrangements



## Internal Governance

### Member Oversight

- Updates to Cabinet Briefing & regular liaison with Portfolio Holders
- Reporting as requested to Overview & Scrutiny Committee
- Member Working Group advising with particular interest in Groups 2, 4 and 6

## Town Hall Board

| Group 1:<br>Design & Build   | Group 2:<br>Moving into NTH   | Group 3:<br>Commercial Space  | Group 4:<br>Facilities Management  | Group 5:<br>District Heat Network   | Group 6:<br>Benefits Realisation   |
|--|---|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Construction monitoring</li> <li>• Car Park works</li> <li>• Contractor liaison</li> <li>• Financial monitoring</li> <li>• Communications</li> <li>• Interface with other developments</li> </ul> | <ul style="list-style-type: none"> <li>• Cat C design and procurement</li> <li>• Link Transformation Programme</li> <li>• Layout and accommodation</li> <li>• Decant planning and moving</li> </ul> | <ul style="list-style-type: none"> <li>• Appointment of commercial agent</li> <li>• Marketing of building</li> <li>• Tenancy agreements</li> <li>• Occupancy arrangements</li> <li>• Interface with FM</li> </ul> | <ul style="list-style-type: none"> <li>• Commissioning &amp; training for M&amp;E and plant equipment</li> <li>• Plant maintenance contracts etc</li> <li>• Emergency planning</li> <li>• Risk assessments</li> <li>• Car Parking</li> <li>• Front of house</li> </ul> | <ul style="list-style-type: none"> <li>• Procurement of O&amp;M contractor</li> <li>• Billing &amp; Client arrangements</li> <li>• Test &amp; Commission plant</li> <li>• Switch over A2D &amp; Kilnmead</li> <li>• Phase 2 planning and business case</li> </ul> | <ul style="list-style-type: none"> <li>• Public Square and 4th Plinth moment</li> <li>• Public spaces within town hall</li> <li>• Sustainability benefits</li> <li>• CSR benefits</li> </ul> |

- 6.4 Appendix A shows the remaining Strategic Risks, this includes the cost of living and the impact that this will have on residents in Crawley. A webpage has been created to direct people to places for help, this webpage is being constantly updated.
- 6.5 A key element to the Risk Management Strategy is to confirm the Council's risk tolerance. The risk tolerance level is the threshold above which the level of risk is not acceptable and requires further action to reduce risk. The new Strategy to be presented in November will have an agreed level, this is likely to be 15. Risks around provision of affordable housing, cost of living, homelessness and water neutrality are exceeding this score together with climate change emergency. In these cases there are external factors that are affecting the score, these risks are being constantly reviewed and updates will be provided to future Audit Committees.

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