

## Interim Corporate Risk Assurance Framework (CRAF) 2017-18

### What does the purpose of the CRAF?

- To map the council's strategic and directorate risks against agreed principles of good governance.
- To provide a visual assessment of where the council has independent assurance on the management of its risks.
- To highlight those risks where controls have not been effective and actions are necessary to improve our governance arrangements.
- To highlight those risks where we don't have independent assurance on the management of strategic and directorate risks, and determine what (if any) action is required to fill these gaps.

### What do the RAG ratings mean?

Green	- There is independent assurance through the work of internal audit or other parties that the first and second level controls are effective
Yellow	- There is independent assurance at first and second level controls are in place but require improvement
Red	- There is evidence that first and second level controls are not operating effectively
White	- There is no independent (third level) assurance available at date of reporting.
Grey	- Independent assurance is in progress or planned as part of the delivery of the internal audit plan or other review processes.

### What does interim assessment below tell us?

- 1) The areas of governance that have the greatest number of risks are;  
D: Determining the interventions necessary to optimise the achievement of the intended outcome (10 risks)  
E: Developing the entity's capacity including the capacity of its leadership and with individuals within it (11 risks)
- 2) The council has not identified any risks relating to governance principle (G): Implementing good practice in transparency, reporting and audit to deliver effective accountability.
- 3) We have (or will have by the year end) independent assurance about the controls over the majority of strategic risks but less so in relation to Directorate risks. (This is to be expected).
- 4) The risk registers includes a large number of risks with a documented 3<sup>rd</sup> line of defence (independent) assurance controls which we have not been able to build into this interim assessment. Further work will be required by the year end by risk owners (in conjunction with internal audit) to incorporate this information. (This is particularly important in relation to the two strategic risks on safeguarding and the new strategic risk relating to health and safety).
- 5) The strategic risks with Red RAG ratings at this point in the year are SR29 Ineffective contract management arrangements leads to sub-optimal service outcomes, financial losses, and reputational damage; and SR10 Corporate Information Assets are inadequately controlled and vulnerable to cyber-attacks.

**A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Overall RAG Rating on Policies

Green

**Strategic Risks**

SR15	Not keeping children safe from harm and abuse	White
SR32	Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage	White
SR13	Not keeping vulnerable adults safe from harm and abuse	White

**Directorate Risks**

NCH DR 03	Unable to meet legislative duties in service delivery, direct or through contractors	Red (1)
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1) *Critical reports on Housing Contract Management*

**B: Ensuring openness and comprehensive stakeholder engagements**

Overall RAG Rating on Policies

Green

**Strategic Risks**

SR20	Inability to integrate health and social care services at a local level and deliver timely and appropriate interventions	Grey (1)
SR26	Not strengthening the council's relationship with citizens	Yellow (2)

**Directorate Risks**

FCL DR 02	Changes in effective partnership working (including their budget pressures) affects our service delivery	White
HASC DR 03	Market capacity of Adult Social Care providers limits delivery (DP 1.4.2.6)	White

- 1) Audit work on Health and Social Care Integration planned for 2017/18.
- 2) 2017/18 audit of Public Consultations has concluded Reasonable Assurance

**C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Overall RAG Rating on Policies

Green

**Strategic Risks**

SR21	Unable to manage housing pressures and deliver new housing supply.	Green (1)
SR23	Unable to develop an effective Investment Strategy for the Seafront	White
SR29	Ineffective contract management leads to sub-optimal service outcomes, financial losses, and reputational damage	Red (2)

**Directorate Risks**

EEC DR 07	Major regeneration & infrastructure projects are not strategically co-ordinated (DP 2.1.1.2.1)	Grey (3)
EEC DR 12	Failing to make a convincing case for investment in city region	White
NCH DR 06	Government Policy prevents delivery of the Corporate Plan	White
SGL DR 05	Not managing directorate activity through substantive changes to the operating environment	White

- 1) Substantial Assurance on Housing New Builds (2016/17 audit)
- 2) Critical opinion on contract management in housing, and Major Projects
- 3) Major Projects audit in progress for 2017/18

**D: Determining the interventions necessary to optimise the achievement of the intended outcome**

Overall RAG Rating on Policies

Green

**Strategic Risks**

SR17	Ineffective school place planning	Green (1)
SR18	Service outcomes are sub-optimal due to the lack of appropriate tools for officers to perform their roles	White
SR30	Failure to demonstrate Place Based Leadership, unable to promote the City-Region's business economy, employment & training opportunities; a poor reputation in delivering value for money for the business rate payer.	White

**Directorate Risks**

EEC DR 01	Digital capability not in place to meet customer expectations (DP 1.1.4.7 and DP 1.1.4.8)	Grey (4)
NCH DR 08	Impact of Universal Credit on Housing Income and Homelessness Services	Grey (2)
EEC DR 05	Loss in resilience of the city's transport infrastructure	White
SGL DR 06	Insufficient resources to deliver a resilient Life Events customer service	Red (3)
FCL DR 01	Service redesigns do not deliver intended outcomes	White
FCL DR 10	Disadvantaged pupils underachieve at schools	White
EEC DR 06	Inability to manage complex supply chain and reliance on contractors	White

- 1) *Substantial Assurance on School Places Planning 2017/18*
- 2) *Welfare Reform audit in progress*
- 3) *Limited assurance report in 16/17 on income collection. Overdue recommendations.*
- 4) *Digital First audit scheduled for 2017/18*

**E: Developing the entity's capacity including the capacity of its leadership and with individuals within it**

Overall RAG Rating on Policies

Yellow (1)

**Strategic Risks**

SR2	The council is not financially sustainable	Grey (2)
SR24	The impact of Welfare Reform increases need and demand for services	Grey (2)
SR25	The lack of organisational capacity leads to sub-optimal service outcomes, financial losses, and reputational damage	Yellow (3)

**Directorate Risks**

SGL DR 07	Changes in working environment negatively impacting the Life Events services and City Office	Red (4)
HASC DR 01	Delivery of statutory services is impacted by a reduction in public sector funding and increasing demand and complexity	White
NCH DR 05	Capacity to address Serious Crimes that cause the most harm is reducing	White
FR DR 01	Failure to integrate effectively into the Orbis partnership leads to sub-optimal service outcomes through a lack of capacity and financial losses.	Yellow (3)
SGL DR 01	Unable to facilitate Change, Capacity and Support for staff in Strategy, Governance & Law	Yellow (3)
SGL DR 02	Lack of skills and resources in SGL to lead and support the organisation	Yellow (3)
NCH DR 01	Digital systems do not improve the Customer experience	Grey (5)
NCH DR 04	Unable to manage increasing demand	White

- 1) Awaiting delivery of Workforce Plan
- 2) 2017/18 audit of Financial Pressures
- 3) Partial Assurance report on Organisational Capacity in 2017-18
- 4) Limited assurance report in 16/17. Overdue recommendations.
- 5) Audit of Digital First scheduled for 2017/18.

**F: Managing risks and performance through robust internal control and strong financial management**

Overall RAG Rating on Policies

Green

**Strategic Risks**

SR10	Corporate Information Assets are inadequately controlled and vulnerable to cyber attack	Red (1)
SR31	Greater liability on the council’s budget due to budgetary pressures on schools	Grey (2)

**Directorate Risks**

NCH DR 02	Lack of financial stability to enable directorate service delivery	White
HASC DR 11	Technology not in place to enable modern working practice and effective delivery (DP 1.4.6.2)	White
FCL DR 08	Special Educational Needs and Disability Review recommendations are not implemented	White
FCL DR 09	Budget is unmanageable due to growing demands, market forces, and not able to effectively target those who might in the future meet the social care threshold.	Grey (2)
EEC DR 03	Directorate income and budget targets are not met (DP 1.1.4.5)	Grey (3)

- 1) Limited Assurance 2016/17 Audits of Cyber Security, IT Disposals, Building and System Access and PCI DSS. Partial assurance opinion on 2017/18 Active Directory - User Management.
- 2) 2017/18 audit of Financial Pressures
- 3) Audit in progress of city Clean Commercial processes (2017/18)



**G: Implementing good practice in transparency, reporting and audit to deliver effective accountability**

Overall RAG Rating on Policies

Green

**Strategic Risks**

None

**Directorate Risks**

None

