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**Democratic Services Section
Chief Executive's Department
Belfast City Council
City Hall
Belfast
BT1 5GS**



**Belfast
City Council**

6th January, 2017

MEETING OF BELFAST WATERFRONT AND ULSTER HALL LTD SHAREHOLDERS' COMMITTEE

Dear Alderman/Councillor,

The above-named Committee will meet in the Lavery Room - City Hall on Thursday, 12th January, 2017 at 5.15 pm, for the transaction of the business noted below.

You are requested to attend.

Yours faithfully,

SUZANNE WYLIE

Chief Executive

AGENDA:

1. **Routine Matters**
 - (a) Apologies
 - (b) Minutes
 - (c) Declarations of Interest
2. **Restricted Item**
 - (a) 2017/18 Business Plan (Pages 1 - 80)
3. **Audit, Governance and Risk**
 - (a) Corporate Risk Management Update (Pages 81 - 86)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 6
of the Local Government Act (Northern Ireland) 2014.

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Subject:	Corporate Risk Management Update
Date:	12 th January 2017
Reporting Officer:	Donal Durkan, Director of Development
Contact Officers:	Lynda Baillie, Improvement Consultant

1.0	Purpose of Report or Summary of main Issues
1.1	The purpose of this report is to provide Members with an update on the progress being made to manage the corporate risk that is of direct relevance to the Belfast Waterfront and Ulster Hall (BWUH) Ltd Shareholders' Committee.
2.0	Recommendation
2.1	That the Committee notes the arrangements in place to manage this risk and the progress being made to implement controls / measures to reduce the level of risk further and the proposed six monthly process for reporting.
3.0	Main report
3.1	The new corporate risk management process
3.1.1	Members will recall that the corporate risk register and related processes were subject to a fundamental review in 15-16. This included a review and re-score of all the corporate risks, including target risk scores. For each corporate risk a "Risk information form" was produced, detailing relevant controls, proposed actions (including timescales) and responsible officers. It was also agreed that management would begin to report to the relevant Committees on the progress being made to manage these key risks.
3.2	Managing Corporate Risks to an Acceptable Level
3.2.1	CMT have reviewed and, where appropriate, have updated the assessment of the corporate risks, the results of which are plotted on to the corporate risk map (see Appendix A). The corporate risk map shows the progress that is being made to manage the corporate risks down to an acceptable level.
3.2.2	The risk of particular relevance to the Belfast Waterfront and Ulster Hall (BWUH) Ltd Shareholders' Committee is as follows:

	<p>“Inability to effectively manage business performance as set out in the contract in order to meet the terms and conditions of the Letter of Offer.”</p>
3.2.3	<p>Progress in managing this risk is set out below.</p>
3.3	<p>Risk assessment</p>
3.3.1	<p>Following detailed review of the corporate risks, this risk was assessed in terms of ‘impact’ and ‘likelihood’ (using the Council’s risk scoring system, see Appendix A) as follows:</p> <p>Impact – 5 (severe) Likelihood – 3 (possible)</p>
3.3.2	<p>This assessment reflects that ineffective performance management would have significant financial and reputational consequences. Performance management at BWUH Ltd is a key strand of the Belfast Agenda and the ability to achieve some of the anticipated strategic outcomes will require the support of key stakeholders and a number of external partners. Failure to meet agreed objectives and achieve targets would have financial consequences for the Council and impact on the rate setting process.</p>
3.3.3	<p>While it is difficult to reduce the potential impact if the risk materialises, we are committed to doing all we can to reduce the likelihood of the risk occurring.</p>
3.4	<p>Current measures in place to manage the risk</p>
3.4.1	<p>There are a variety of controls in place to help manage the risk:</p> <ul style="list-style-type: none"> • <u>Legal agreements</u> (Shareholders Agreement and Services Contract) are in place with BWUH Ltd which were developed and finalised with independent legal advice. • <u>A Shareholders’ Committee</u> has been established and meets quarterly. Capacity building and induction training has been completed and the Committee is now well established. The Committee holds the BWUH Ltd to account on contract and business performance issues; they scrutinise the quarterly finance and performance reports ensuring social and financial return on the Council and other funders investments; they control and make decisions on reserved matters; authorise the annual business plan; they also agree and monitor performance framework targets, including decreasing dependency on Council subsidy. BWUH Ltd provides risk assurance on a quarterly basis to the Shareholders Committee. • The <u>Standing Orders</u> have been amended to reflect the establishment of this new Committee with a review of governance arrangements taking place after 3 years. • A <u>Business Plan</u> for 2016/17 was presented to and agreed at Committee in June 2016 with the 2017/18 Business Plan due to be presented at Committee in

	<p>January 2017. Member briefings on the business plan were facilitated in December 2016 where the draft business plan for 2017/18 was presented and discussed with Members.</p> <ul style="list-style-type: none"> • The <u>BWUH Ltd Board</u> has been set up and meets bi-monthly. Capacity and induction training has been delivered to the Board. The Board is collectively responsible for ensuring the success of the BWUH Ltd and ensuring compliance with all legal and regulatory obligations; they set and monitor the strategic direction of the organisation. The Councils Chief Executive and Director of Finance sit as observers to the Board. The BWUH Board has also established its own Audit and Risk Committee of which two Board Members sit on and an external Auditor has been appointed. A Strategic Change Committee has also been established and again is governed by two Members of the Board. • <u>SLA's</u> have been set up with internal BCC providers and are in operation. • <u>Project governance</u> is in place and a calendar of scheduled and appropriately sequenced meetings is in place up to August 2017. Monthly meetings with the SRO and BWUH Ltd take place in which finance, performance, risk and relationship management is reviewed and scrutinised. These meetings support the quarterly Shareholders Committee. A benefits realisation and governance workshop is due to be held in January 2017 with Tourism NI and other key partners to support the delivery of the project's objectives and ensure appropriate governance with our funders going forward. • A handover process from the SRO of the construction phase to the SRO of the operational phase has been finalised and is due at CMT for sign-off in Quarter 4. • A Venue Event Management System (VEMS) is now in place within BWUH Ltd and has been operational since 1st October 2017, and a time & attendance system is now also in place. These systems will support the performance of the BWUH Ltd and help inform the management of this risk.
3.4.2	<p>In addition to the above controls a Gateway Review (Gate 4 Readiness for Service) was conducted by an independent review team over a 3 day period in August 2016. The 'Delivery confidence assessment' was determined as Amber by the reviewers. They highlighted that the journey to success is not over and made a number of recommendations which have either been implemented already or are underway. The review team were generally very positive about the work to date which has allowed the Waterfront Hall to transition to BWUH Ltd and about the ongoing work to ensure the successful delivery of the aims and objectives of the project. A further Gateway Review (Gate 5) will take place in 2017.</p>
3.5	Areas for future consideration
3.5.1	<p>To ensure future management of this risk, the relationship, performance and risk management between the Council and BWUH Ltd needs to continue with the governance arrangements being reviewed as appropriate to ensure they are operating effectively. It is important the projections for year end and future years are monitored closely and that any longer term challenges are dealt with effectively along with any future uncertainties that may arise in the market. Financial performance and future projections will be considered in terms of the potential impact on funding received for</p>

	the project and any potential future financial claw back if the Letter of Offer conditions in relation to the funding are not fully met.
3.6	Progress Updates to Committee
3.6.1	In order to ensure that members have an understanding of the corporate risks that relate to their Committees and have clear information on how they are being managed, we propose that Committee is provided with progress update reports on a six monthly basis, unless of course reports are required more urgently.
4.0	<u>Financial & Resource Implications</u>
4.1	None.
5.0	<u>Equality or Good Relations Implications</u>
5.1	None.
6.0	Appendices – Documents Attached
	Appendix A – Corporate Risk Map – Current Risk Assessment

Risk Assessment Guidance

Likelihood	5	Significant	Major	High	Severe	Severe
	4	Moderate	Significant	Major	High	Severe
	3	Low	Moderate	Significant	Major	High
	2	Trivial	Low	Moderate	Significant	Major
	1	Trivial	Trivial	Low	Moderate	Significant
		1	2	3	4	5
		Impact				

IMPACT	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Severe
Objectives / Service Delivery	The risk will not substantively impede the achievement of the objective.	Some impact on objectives resulting in slight but redeemable deviation.	The risk will cause some elements of the objective to be delayed or not be achieved.	The risk will cause several elements of the objective to be delayed or not achieved.	The risk will cause the objective to not be achieved
Financial	Minimal financial implications	Minor financial implications (e.g. within agreed year-end budget variance tolerance levels for Departments of 2% underspend and 0.5% overspend)	Moderate financial implications (e.g. within agreed in-year budget variance tolerance levels of 2% underspend and 1% overspend)	Major financial implications (e.g. outside the agreed budget variance tolerance levels by up to 5%)	Severe financial implications (e.g. outside the agreed budget variance tolerance levels by more than 5%)
H&S	Minimal injury requiring no/minimal intervention; informal investigation; very low level impact on staffing / service delivery impact; minimal financial loss; potential for rumours / public concern	Minor injury / illness requiring medical intervention and little time off; low level impact on staffing / service delivery; risk of short term loss of public confidence; small financial loss	Moderate injury requiring medical intervention and time off; formal complaint and investigation likely; moderate impact on staff / service delivery; local public / media interest; moderate financial loss	Major injury leading to longer term incapacity / disability; multiple complaints / external agency investigation; major impact on staffing and service delivery; national public / media interest; major financial loss	Major injuries leading to death and irreversible health effects; high profile investigation and enforcement; significant impact on staff and service delivery; sustained national public / media interest; significant financial losses
Reputation	Little interest	Some interest possible but likely to be localised and short term	Adverse coverage, probably on a one off basis	Significant adverse coverage, likely to recur on several occasions	Very significant adverse coverage, sustained over a considerable period.
LIKELIHOOD	1. Very Low	2. Low	3. Possible	4. Likely	5. Almost Certain
	<5%	5% - 20%	20%-50%	50%-75%	>75%
	Has not occurred before or has happened rarely.	Although unlikely, there is a chance that the risk may materialise.	The outcome is in the balance, and is almost as likely to occur as not	More likely to occur than not occur	Significantly more likely to occur than not occur

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