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



Belfast
City Council

16th August, 2016

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 Monday, 22nd August, 2016 at 4.45 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. **Quarter 1 Finance and Performance Report (Pages 1 - 10)**
3. **Corporate Risk Management Process (Pages 11 - 22)**

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

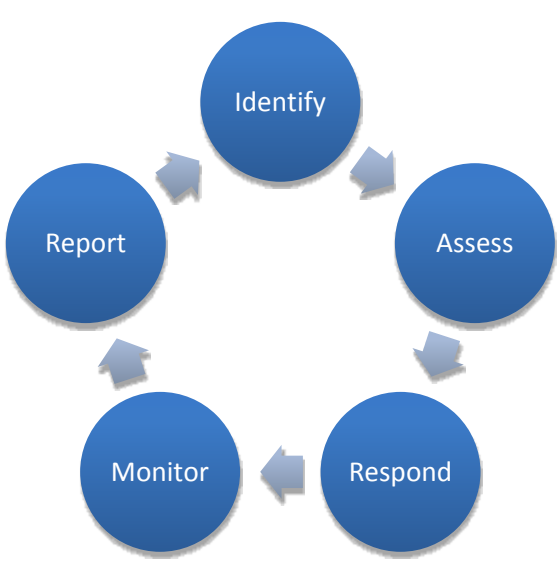
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Subject:	Corporate Risk Management
Date:	22 August 2016
Reporting Officer:	Andy Harrison, Head of AGRS, ext 4641
Contact Officer:	Claire O'Prey, AGRS Manager, ext 4643

1.0	Purpose of Report or Summary of main Issues
1.1	The Chief Officers have recently undertaken a comprehensive review to identify and assess the main risks that could prevent the Council from realising its objectives. Following on from this, CMT have agreed key actions that need to be taken in order to manage these risks to an acceptable level. These important risks are captured in the Councils corporate risk register.
1.2	The purpose of this report is to: <ul style="list-style-type: none"> a) Brief Committee Members on the Council's corporate risk management process. b) Present the corporate risk register, highlighting those corporate risks that are of direct relevance to the Committee c) Advise the Committee of the proposed process for risk reporting, including the role of the Committee in relation to the monitoring of these risks.
2.0	Recommendations
2.1	The Committee notes the attached report and the proposed process for risk reporting.
3.0	Main report
3.1	Introduction to Risk Management

3.1.1	The Corporate Plan for 2016-17 sets out the corporate priorities and strategic programmes which are needed to work towards achieving the Council’s vision for Belfast. In the light of this plan, the emerging Belfast Agenda and ongoing responsibilities, Chief Officers have identified the key risks facing the organisation.
3.1.2	These risks are set out at Appendix 1. Risk management is a formal process to ensure that these risks are effectively managed.
3.1.3	The goal of risk management is to manage these risks to an acceptable level, not to eliminate risk altogether. When risks are managed effectively, our objectives and priorities are more likely to be achieved. When risk management fails the consequences can be significant and high profile.
3.1.4	Risk management processes are required by legislation and form an important part of the Council’s governance and assurance arrangements.
3.2	The Council’s Risk Management Process
3.2.1	<p>There are 5 main stages to the Council’s risk management process, which are displayed below:</p>  <pre> graph TD Identify((Identify)) --> Assess((Assess)) Assess --> Respond((Respond)) Respond --> Monitor((Monitor)) Monitor --> Report((Report)) Report --> Identify </pre>
3.2.2	Assessing risk allows the level of exposure to be understood and involves taking account of both the likelihood of the risk occurring and also the impact that the risk would have, if it

were to occur.

3.3 **Managing Corporate Risks to an Acceptable Level**

3.3.1 CMT have comprehensively reviewed, updated and undertaken an initial assessment of the corporate risks, the results of which are plotted on to a corporate risk map (see Appendix 1) which has been approved by the Audit & Risk Panel.

3.3.2 As many of the risks are 'new' and in some cases, reflect new responsibilities and aspirations, a number of the current risk assessments are in the 'red zone' and, viewed as a whole, the current overall corporate risk profile is considerable.

3.3.3 In order to manage the corporate risks down to an acceptable level, for each risk, CMT have set a Target Risk Rating and have identified the key actions that should be taken in order to achieve this rating by the 31 March 2017 (i.e. to either reduce the likelihood of the risk happening and / or to reduce the impact should the risk materialise). The Target Risk ratings have also been plotted on to the corporate risk map (page 3 of Appendix 1) and this illustrates the intended direction of travel of the corporate risks from the red zone to the amber and green zones on the map.

3.3.4 The risk of particular relevance to the Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee is as follows:

3.3.5	Ref.	Risk
	4	Managing Performance at BWUH - 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.

3.3.6 Appendix 2 includes a summary of this risk outlining the key controls and also the key actions that are required.

3.4 **Monitoring and Reporting on the Management of Corporate Risks**

3.4.1 The fundamental responsibility for managing these risks lies with Chief Officers. They and their senior managers are responsible for ensuring the:

	<ul style="list-style-type: none"> ▪ continued operation of controls ▪ prompt implementation of actions in order to reach the target risk rating by the end of March 2017 ▪ reviewing the corporate risks / progress on actions at least quarterly ▪ reporting regularly to Committee on the progress being made to manage the risks.
3.4.2	<p>Committees also have an important role to play in the oversight of the management of the key risks, including:</p> <ul style="list-style-type: none"> ▪ seeking assurances from senior management in order to hold them to account regarding the management and mitigation of these corporate risks, covering both the continued operation of key controls and also the progress that is being made to implement agreed actions within the agreed timeframe ▪ seeking assurances from senior management over the process for timely identification of any new corporate risks
3.4.3	<p>To assist Committee in exercising this role, management will report to Committee on the progress being made to manage this key risk. It is proposed that management will report in December 2016 / January 2017.</p>
3.4.4	<p>In addition to the above, the Council's Audit, Governance and Risk Services Section (AGRS) are responsible for:</p> <ul style="list-style-type: none"> ▪ reporting to the Audit & Risk Panel on compliance with the quarterly review of corporate risks and key updates (including the completion of assurance statements) ▪ in line with the agreed Audit Strategy and Plan for 2016/17, undertaking specific reviews to provide independent assurance that risks are being managed in line with the agreed action plan in order to achieve the target risk rating within the required timeframe. AGRS will report the results of these reviews to the relevant Director, the Assurance Board and the Audit and Risk Panel.
3.4.5	<p>The Audit & Risk Panel is responsible for:</p> <ul style="list-style-type: none"> ▪ monitoring the effective development and operation of risk management in the Council ▪ monitoring progress in addressing risk-related issues reported to the Panel, including the corporate risk register and information on the management of key corporate risks.

4.0	Finance and Resources Implications
4.1	Any actions relating to the management of corporate risks are contained within the Director's plans and financed through agreed revenue estimates.
5.0	Equality and Good Relations
5.1	There are none associated with this report.
6.0	Appendices – Documents Attached
6.1	Appendix 1 – Corporate Risk Register (June 2016) Appendix 2 – Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee – Corporate Risk

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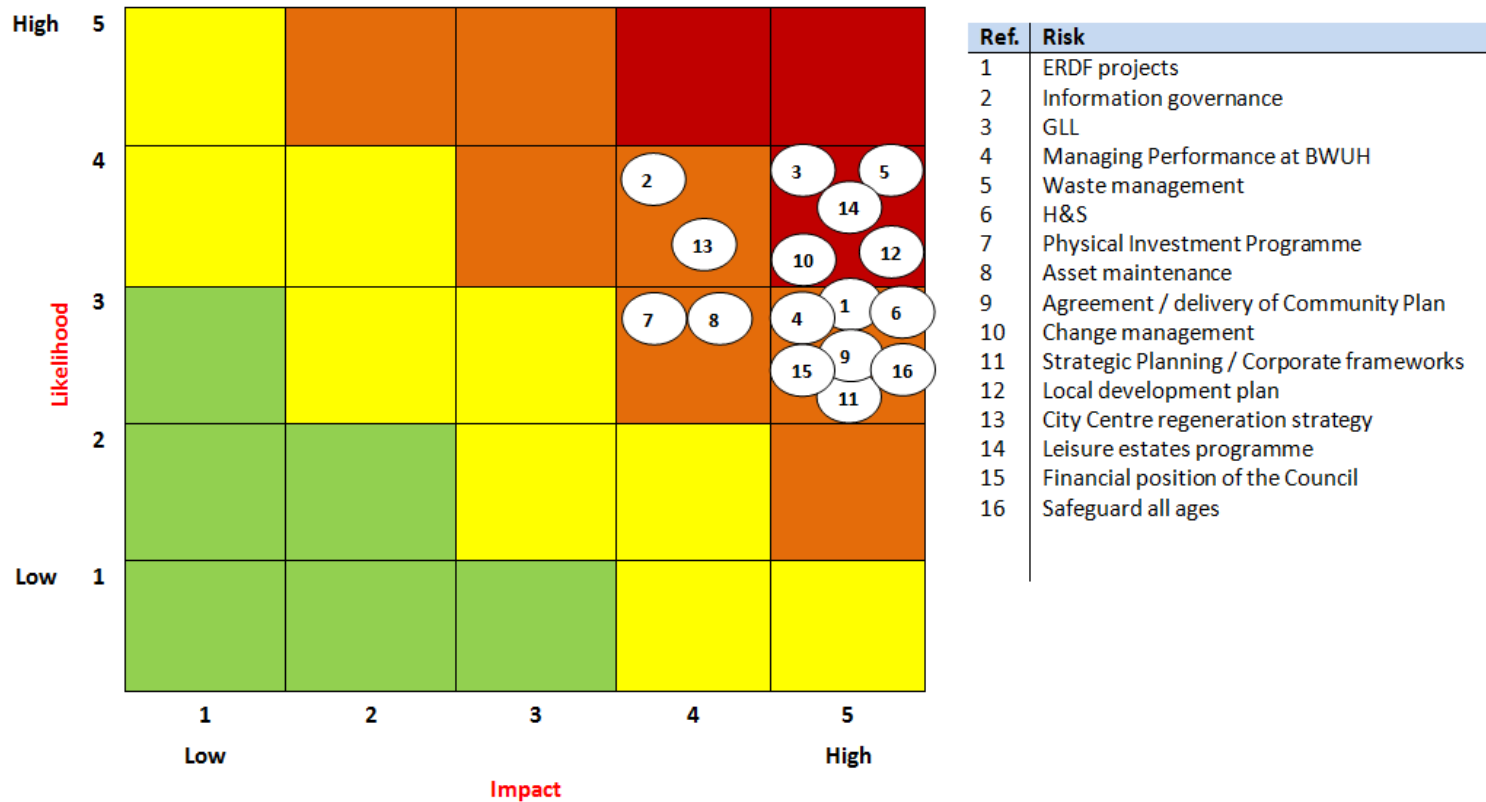


Appendix 1

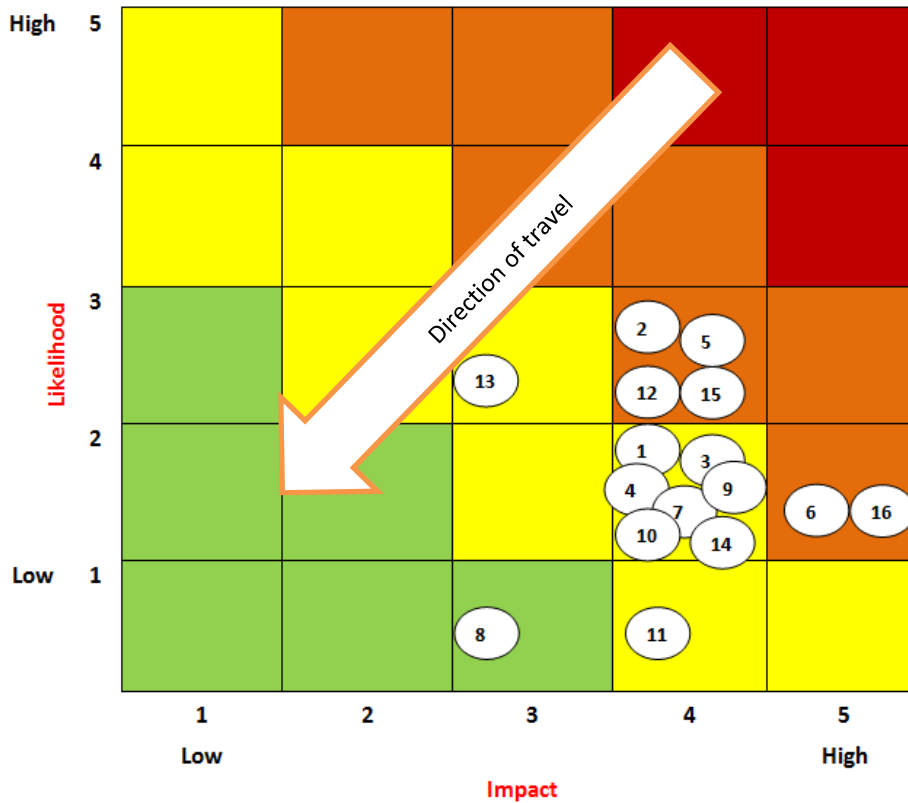
Corporate Risk Register



Corporate Risk Map – Current Risk Assessment



Corporate Risk Map – Target Risk Assessment



Ref.	Risk
1	ERDF projects
2	Information governance
3	GLL
4	Managing Performance at BWUH
5	Waste management
6	H&S
7	Physical Investment Programme
8	Asset maintenance
9	Agreement / delivery of Community Plan
10	Change management
11	Strategic Planning / Corporate frameworks
12	Local development plan
13	City Centre regeneration strategy
14	Leisure estates programme
15	Financial position of the Council
16	Safeguard all ages

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



Appendix 2

Belfast Waterfront and Ulster Hall Ltd Shareholders' Committee - Corporate Risk



4. Performance Management at BWUH

RISK	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.		RISK OWNER	Donal Durkan (Eve Bremner)
			COMMITTEE	BW&UH Ltd Shareholders' Committee
CONTROLS IN PLACE	<ul style="list-style-type: none"> ▪ Legal agreement in place with BW&UH Ltd and expert independent legal advice has been provided by Trowers and Hamlin ▪ Shareholders' Committee has been established and capacity building delivered ▪ Standing Orders have been amended ▪ A Business Plan for 16/17 has been agreed by BWUH Shareholders' Committee ▪ BW & UH Board has been set up and key activities such as Business Planning scheduled ▪ SLA's have been agreed with internal BCC service providers ▪ Ongoing project governance arrangements have been agreed and a calendar of scheduled, and appropriately sequenced meetings, is in place ▪ A handover process from the SRO of the construction phase to the SRO of the operational phase is in place 			
CURRENT RISK ASSESSMENT:	Impact:	5	<i>Ineffective performance management would have significant financial and reputational consequences. The current assessment of the risk is High because performance management at BWUH Ltd is a key strand of the Belfast Agenda and 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 the rates setting process.</i>	
	Likelihood:	3		
	Rating:	High		
PROPOSED ACTIONS	1. Review governance arrangements to ensure they are operating effectively.		DELIVERY MECHANISM FOR THESE ACTIONS i.e. indicate the relevant Corporate Programme / Directorate Plan	
	2. Determine the delegated authority being granted to Interim Director of Development re Waterfront & Ulster Hall and ensuring this is captured in his scheme of delegation .			
	3. Clarifying, (in consultation with Finance), financial management arrangements from the client perspective.			
	4. Develop a contract management plan and an agreed approach to relationship management.		Development Directorate Plan	
	5. Deliver capacity training to new Board members.			
	6. Business Plan for 17/18 to be agreed by Board and Committee; followed by an annual review of the Business Plan.			
	7. Implement the Venue Event Management System.			
	8. Performance Monitoring and reporting.			
TARGET RISK RATING	Impact:	4		
	Likelihood:	2		
	Rating:	Significant		