



Subject:	Corporate Risk Management Update
Date:	12 th January 2017
Reporting Officer:	Donal Durkan, Director of Development
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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	Progress in managing this risk is set out below.
3.3	Risk assessment
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	Current measures in place to manage the risk
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

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.

- The BWUH Ltd Board 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.
- SLA's have been set up with internal BCC providers and are in operation.
- Project governance 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

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.

3.5

Areas for future consideration

3.5.1

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

	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