

# Governance, Risk and Best Value Committee

10.00am, Thursday 3 March 2016

## Corporate Leadership Team Risk Update

Item number	7.5
Report number	
Executive/routine	
Wards	

### Executive summary

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The risk information attached is the Corporate Leadership Team's (CLT) prioritised risks as at January 2016. It reflects the current highest priority risks of the Council along with the key controls in place to mitigate these risks.

The attached risk summary paper has been challenged and discussed by the CLT and a plan has been developed for further review and scrutiny.

The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

The Council's Risk Management Policy has recently been reviewed in accordance with the Council's policy framework to ensure that it is current, relevant and fit for purpose.

The work to refresh the risk management process will be continued to further enhance the capture and treatment of risk in the Council through the quarterly CLT and SMT Risk Committees.

## Corporate Leadership Team Risk Update

### Recommendations

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- 1.1 To review the attached prioritised risk information for the CLT and to invite relevant officers to discuss key risks as required.
- 1.2 To note that the Risk Management Policy has been reviewed by the Chief Risk Officer in accordance with the Council's policy framework and other than a few minor changes to update current team names is considered current, relevant and fit for purpose.

### Background

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- 2.1 The Council's Governance, Risk and Best Value Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements, including monitoring internal financial control, corporate risk management and key corporate governance areas. The purpose of this report is to provide a quarterly update to the Governance, Risk and Best Value Committee on the key corporate level risks facing the Council.
- 2.2 The CLT last presented its Corporate Risk Register to the GRBV in December 2016.

### Main report

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- 3.1 The CLT risk summary attached in Appendix 1 reflects the current priority inherent risks of the Council and demonstrates the controls to mitigate the risks.
- 3.2 A further presentation was made to the CLT Risk Committee on the ICT infrastructure. Further risks were considered concerning the current governance arrangements, policies and key control processes in place. Steps were agreed to further enhance oversight arrangements round information security.
- 3.3 The Risk Committee in January 2016 discussed an update on the action included in the Internal Audit Leavers report from 2015. Improved controls around leavers through completion of a new single online leavers form will ensure that payroll and ICT will be informed immediately. The new process is due to go live in February and will improve overall asset management of ICT devices. In addition, the new CGI contract will ensure that such assets are

registered and managed centrally via a hub. A further update will be provided to the next quarter's CLT Risk Committee meeting.

- 3.4 In response to issues being escalated from Service Areas around completion levels of mandatory training an update was provided to the CLT risk committee to review current management information. CLT will continue to monitor mandatory training statistics until the direction and control environment has been embedded.
- 3.5 The risk assessment work for the Edinburgh Partnership is being concluded in February 2016 and will be considered at next quarters CLT risk committee meeting to explore opportunities for engagement on key issues across the Edinburgh Partnership's family member organisations.
- 3.6 Each CLT risk reported in Appendix 1 has been assigned an indicator to show whether the risk is escalating or decreasing in profile as a result of activity in the quarter.
- 3.7 The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

## **Measures of success**

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- 4.1 Fully embedded risk management practices should ensure that key risks of the Council are prioritised and relevant action plans are put in place to mitigate these risks to tolerable levels.

## **Financial impact**

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- 5.1 None.

## **Risk, policy, compliance and governance impact**

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- 6.1 Risk registers are a key management tool to help mitigate risks and to implement key strategic projects of the Council.

## **Equalities impact**

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- 7.1 None.

## **Sustainability impact**

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- 8.1 There is no direct sustainability impact arising from the report's contents

## Consultation and engagement

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9.1 The attached risk summary has been challenged and discussed by the CLT and a plan has been developed for further review and scrutiny.

## Background reading/external references

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None.

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## Links

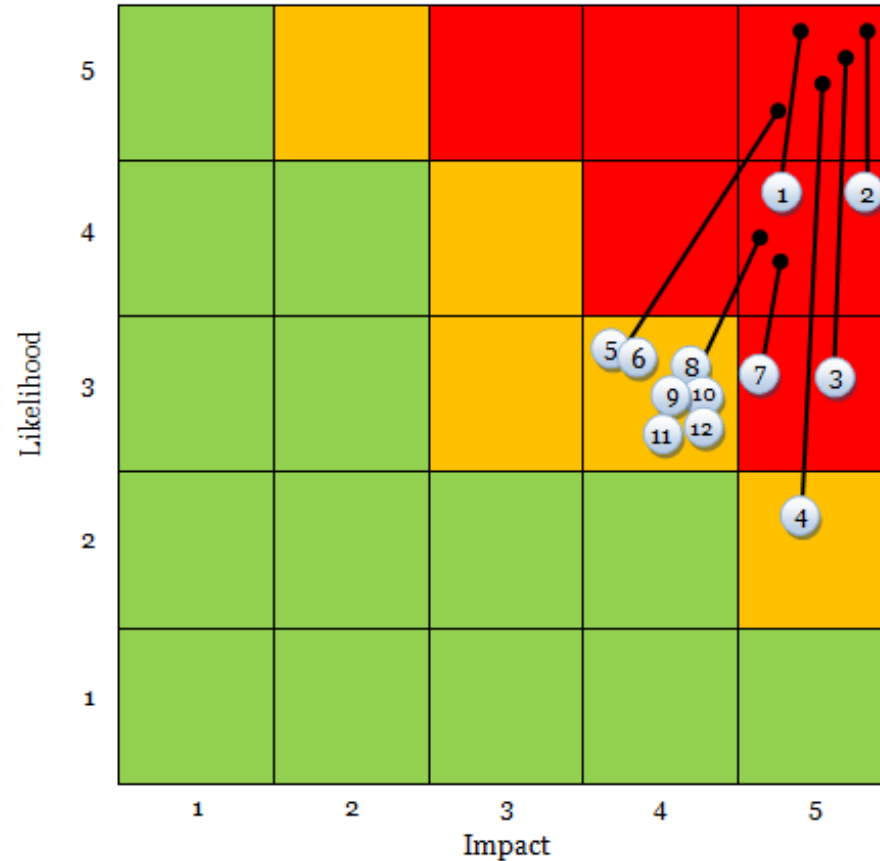
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<b>Coalition pledges</b>	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
<b>Council outcomes</b>	CO25 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 – CLT Prioritised Inherent risks at November 2015

# Appendix 1 - CLT prioritised inherent risks heat map

- 1. Maintenance of Capital Assets**  
Risk that the Council does not have sufficient resources to structure and maintain a capital portfolio that is fit for purpose and meets health and safety standards now and in the future. 
- 2. Cyber Security and Data Privacy**  
Risk that the Council's ICT infrastructure is overly exposed to cyber-attacks by external parties or former employees who may still have access to Council systems resulting in loss of data and significant reputational damage. 
- 3. Integrated Care Programme**  
Risk over the affordability and delivery of the Adult Social Care, particularly in light of expected demographic changes, could impact the outcomes and care for the people of Edinburgh. 
- 4. ICT Infrastructure**  
Risk that the ICT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council through the transition phase to the new ICT provider impacting the Council's ability to deliver services as expected. 
- 5. Transformational Change Agenda**  
Risk that the Council's transformational change agenda is not implemented effectively with support from Elected Members and Trade Unions resulting in the Council failing to meet service delivery outcomes impacting cost reductions and staff morale. 
- 6. Savings Targets**  
Risk that the Council does not generate sufficient savings to meet budgets in the short and longer term resulting in under delivery of key services. 
- 7. Planning for Increased Demand**  
Risk of a lack of strategic planning in relation to increasing demand for critical services, taking into account the growth in the City's population as well as changing demographics, leading to a shortfall in funding and a lower quality of service. 
- 8. Public Protection**  
Risk that the public in general and service users in particular experience harm and/or negative outcomes through either a lack of adequate resource or process failure. 
- 9. Workforce Planning**  
The organisational model to deliver critical services is not optimised to allow the Council to build a flexible, motivated and high performing workforce, resulting in inefficient service delivery and budget overspend. 

Profile



- 10. Service Provider Degradation**  
Risk of ICT disruption and outages for the remainder of the existing outsourced provider contract impacts 'business as usual' and the Council's ability to deliver all requirements as expected. 
- 11. Delivering Council Commitments**  
Risk that the Council does not appropriately prioritise resource to meet its statutory, legal and other stated delivery commitments resulting in potential harm to service users and significant reputational damage. 
- 12. Health and Safety Management**  
Risk that Health and Safety policy and culture are not clearly understood and embedded in a consistent manner within the organisation, leading to a lack of accountability and responsibility which could result in avoidable harm. 

# CLT prioritised inherent risks with mitigating actions

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions		
		I	L		I	L			
1	Operational	<b>Maintenance of Capital Assets</b> Risk that the Council does not have sufficient resources to structure and maintain a capital portfolio that is fit for purpose and meets health and safety standards now and in the future.		5	5	<ul style="list-style-type: none"> <li>Property Management (IPFM) report to CLT</li> <li>Condition surveys performed routinely</li> <li>Property Rationalisation work-stream</li> </ul>	5	4	<ul style="list-style-type: none"> <li>Consistent response to condition surveys across portfolio</li> <li>Reassess the level of the budget for repairs</li> <li>Risk based framework to manage the whole capital portfolio</li> <li>Clarity in articulation of issues to all stakeholders</li> </ul>
2	Operational	<b>Cyber Security and Data Privacy</b> Risk that the Council's ICT infrastructure is overly exposed to cyber-attacks by external parties or former employees who may still have access to Council systems resulting in loss of data and significant reputational damage.		5	5	<ul style="list-style-type: none"> <li>Laptop and media encryption</li> <li>Data awareness campaign</li> <li>Service automation controls in place</li> <li>Dedicated review session supported by industry experts</li> <li>Leavers process includes removal of access to IT applications</li> <li>Implemented recommendations from Internal Audit Leavers Report</li> </ul>	5	4	<ul style="list-style-type: none"> <li>Assess priority and exposure of systems across the whole ICT environment</li> <li>Early engagement with new ICT supplier on cyber security to review testing regime.</li> <li>Rolling role for Internal Audit to audit system access for key systems</li> </ul>
3	Strategic	<b>Integrated Care Programme</b> Risk over the affordability and delivery of the Adult Social Care, particularly in light of expected demographic changes, could impact the outcomes and care for the people of Edinburgh.		5	5	<ul style="list-style-type: none"> <li>Integration Scheme</li> <li>Strategic Commissioning Plan</li> <li>Establishment of Shadow Board</li> <li>Establishment of Leadership Group</li> </ul>	5	3	<ul style="list-style-type: none"> <li>Integrate organisational arrangements across NHS and Social Care, clarifying roles and responsibilities of all parties</li> <li>Formal risk review being performed in February</li> </ul>
4	Operational	<b>ICT Infrastructure</b> Risk that the IT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council through the transition phase to the new ICT provider impacting the Council's ability to deliver services as expected.		5	5	<ul style="list-style-type: none"> <li>Consultation with staff to design correctly</li> <li>Output specifications clearly identified</li> <li>Engagement with staff, management &amp; service providers</li> <li>Change controls built into new contract</li> <li>Single provider has been selected</li> </ul>	5	2	<ul style="list-style-type: none"> <li>A single centre of excellence for ICT in the Council</li> <li>Business Continuity/ICT report on criticality of systems</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions		
		I	L		I	L			
5	Strategic	<b>Transformational Change Agenda</b> Risk that the Council's transformational change agenda is not implemented effectively with support from Elected Members and Trade Unions resulting in the Council failing to meet service delivery outcomes impacting cost reductions and staff morale.		5	5	<ul style="list-style-type: none"> <li>Transformational governance with full time resource</li> <li>External assurance and skills utilised as required</li> <li>CLT monitoring &amp; reporting on Council projects</li> <li>Governance of major projects/CPO status reports</li> <li>Council performance dashboards</li> <li>Ongoing consultations with Trade Unions</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Collective, consistent and strategic dialogue by CLT with Elected Members</li> <li>Encourage collegiate interactions between officers and elected members</li> <li>Provide resilient advice to Elected Members to support decision making process and risk exposure</li> <li>Maintain profile on Service Area SMT risk registers</li> </ul>
6	Financial	<b>Savings Targets</b> Risk that the Council does not generate sufficient savings to meet budgets in the short and longer term resulting in under delivery of key services.		5	5	<ul style="list-style-type: none"> <li>Service Area budget proposals include a cost pressure contingency</li> <li>Savings MI reported monthly to CLT</li> <li>External assistance to help drive the benefits realisation programme</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Monthly budget monitoring and challenge meetings</li> <li>Prioritisation of service spend</li> </ul>
7	Strategic	<b>Planning for Increased Demand</b> Risk of a lack of strategic planning in relation to increasing demand for critical services, taking into account the growth in the City's population as well as changing demographics, leading to a shortfall in funding and a lower quality of service.		5	4	<ul style="list-style-type: none"> <li>Demographic funding built into long term financial plans</li> <li>Provision for demographics</li> <li>Strategic workforce planning Board reporting to CLT</li> </ul>	5	3	<ul style="list-style-type: none"> <li>Continuing agenda item for CLT's consideration</li> <li>Improved MI to deliver stronger business case for support</li> </ul>
8	Operational	<b>Public Protection</b> Risk that the public in general and service users in particular experience harm and/or negative outcomes through either a lack of adequate resource or process failure.		5	4	<ul style="list-style-type: none"> <li>Established multi-agency public protection procedures</li> <li>Agreed infrastructure of multi-agency governance through protection committees and Edinburgh's Chief Officers' Group - Public Protection</li> <li>Detailed audit and practice evaluation programmes for each area of risk</li> <li>Performance and quality assurance frameworks in place, which include regular reporting to chief officers, elected members and Scottish Government</li> </ul>	4	3	<ul style="list-style-type: none"> <li>No current further actions identified</li> </ul>

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
9 Organisation and people	<b>Workforce Planning</b> The organisational model to deliver critical services is not optimised to allow the Council to build a flexible, motivated and high performing workforce, resulting in inefficient service delivery and budget overspend.	5	4	<ul style="list-style-type: none"> <li>Workforce Strategy to support design of a flexible, motivated and high performing workforce with the right capabilities, capacity and culture</li> <li>Line by line funded establishment</li> <li>Transformation workforce workstream</li> </ul>	4	3	<ul style="list-style-type: none"> <li>No current further actions identified</li> </ul>
10 Operational	<b>Service Provider Degradation</b> Risk of ICT disruption and outages for the remainder of the existing outsourced provider contract impacts 'business as usual' and the Council's ability to deliver all requirements as expected.	5	4	<ul style="list-style-type: none"> <li>Daily conference calls with provider to escalate issues</li> <li>Increased management of key systems in-house</li> <li>Additional support from other 3rd parties as required</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Monthly ICT update of ICT providers performance to CLT</li> </ul>
11 Service Delivery	<b>Delivering Council Commitments</b> Risk that the Council does not appropriately prioritise resource to meet its statutory, legal and other stated delivery commitments resulting in potential harm to service users and significant reputational damage.	5	4	<ul style="list-style-type: none"> <li>Service Areas' clearly defined Service delivery plans</li> <li>SMT KPI's to assess progress against objectives</li> <li>Prioritisation of resources through strategic workforce planning initiatives</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Internal Audit reviews annually to track performance against stated service plans</li> </ul>
12 Hazard	<b>Health and Safety Management</b> Risk that Health and Safety policy and culture are not clearly understood and embedded in a consistent manner within the organisation, leading to a lack of accountability and responsibility which could result in avoidable harm.	5	4	<ul style="list-style-type: none"> <li>H&amp;S assurance reviews</li> <li>New management structure for H&amp;S</li> <li>Service Area H&amp;S reporting and oversight at CLT</li> <li>Effective engagement with staff and Trade Unions</li> <li>Risk and Assurance quarterly reporting to CLT</li> <li>Analysis and reporting of accident investigations and lessons learnt</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Implement new H&amp;S governance structure</li> <li>Communication to improve H&amp;S culture</li> <li>H&amp;S standing agenda at Partnership at Work meetings</li> <li>H&amp;S conference to take place for senior managers</li> <li>Further development of H&amp;S metrics/KPI's</li> <li>Review H&amp;S assurance approach</li> <li>Programme to enhance the H&amp;S governance framework</li> </ul>



## Guidance for assessing Impact and Likelihood of risk

Likelihood	1 – Rare	2 – Unlikely	3 – Possible	4 – Likely	5 – Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of Occurrence	Hard to imagine, only in exceptional circumstances	Not expected to occur, unlikely to happen	May happen, reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 10 years	Between 5-10 years	Likely between 3-5 years	Likely between 1-3 years	Likely within 1 year

Impact	1 – Negligible	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
Effect on outcomes	Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations
Financial effect	Corporate: up to £250k Services: up to £100k	Corporate: £250k - £750k Services: £100k - £300k	Corporate: £750k - £5m Services: £300k - £1m	Corporate: £5m - £20m Services: £1m - £5m	Corporate: £20m + Services: £5m +
Reputational damage	None	Minor	Moderate loss of confidence and embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

Likelihood	5 – Almost Certain	Low	Medium	High	High	High
	4 – Likely	Low	Low	Medium	High	High
	3 – Possible	Low	Low	Medium	Medium	High
	2 – Unlikely	Low	Low	Low	Low	Medium
	1 – Rare	Low	Low	Low	Low	Low
		1 – Negligible	2 – Minor	3 – Moderate Impact	4 – Major	5 - Catastrophic