

Governance, Risk and Best Value Committee

10.00am, 23 June 2016

Corporate Leadership Team Risk Update

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive summary

The risk information attached is the Corporate Leadership Team's (CLT) prioritised risks as at May 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 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 Senior Management Team (SMT) Risk Committees.

Corporate Leadership Team Risk Update

Recommendations

- 1.1 To review the attached prioritised risk information for the CLT and to invite relevant officers to discuss key risks as required.

Background

- 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 (GRBV) Committee on the key corporate level risks facing the Council.
- 2.2 The CLT last presented its Corporate Risk Register to the GRBV Committee in March 2016.

Main report

- 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 The Risk Committee in May 2016 discussed renewed arrangements for assessing risk under the new Locality model. It was agreed that an engagement by the central risk management team with the 4 Locality Managers and 4 IJB Managers on a quarterly basis was appropriate to ensure that risks were aggregated and escalated to the CLT Risk Committee.
- 3.3 A new risk was identified with respect to the data migration programme from the legacy BT data centre to the new CGI data centre. This was noted as a high residual risk and the Committee would have a detailed brief of the transition and associated communications to affected individuals. This risk would replace the previous 'Service Provider Degradation' risk.
- 3.4 Specific risks relating to PPP1 were discussed. It was agreed that a risk should be captured in relation to the timeline for return to schools, which is exacerbated due to reliance on a third party: Edinburgh Schools Partnership (ESP).
- 3.5 Good progress was noted in relation to improvements in essential learning throughout the Council.

- 3.6 The CLT discussed the benefits of the Schools Assurance project and the learning points that it identified for the Schools estate. It was noted that Internal Audit will be making a number of enhancements to the process for the 2016/17 school visits, including bringing in officers from the Records Management team to act as specialists alongside the existing Health and Safety personnel involved in the project. CLT noted that there will be a broader scope of establishments visited to include early years provision and community centres. CLT also noted the need to move this from a 3rd line of defence to a 2nd line of defence. Communities & Families are considering how they may be able to facilitate a transition to self/peer assessment for the 2017/18 cycle.
- 3.7 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.
- 3.8 The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Council.

Measures of success

- 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

- 5.1 None.

Risk, policy, compliance and governance impact

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

Equalities impact

- 7.1 None.

Sustainability impact

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

Consultation and engagement

- 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

None.

Hugh Dunn

Acting Executive Director of Resources

Contact: Richard Bailes, Chief Risk Officer










E-mail: richard.bailes@edinburgh.gov.uk Tel: 0131 469 3144

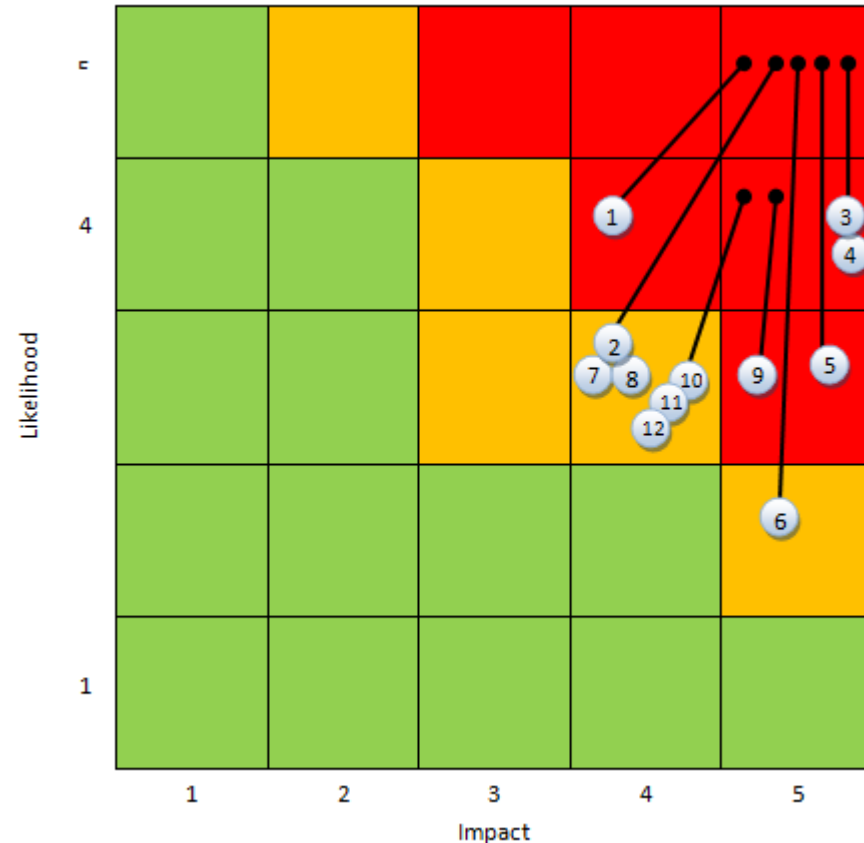
Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 – CLT Prioritised Inherent risks at May 2016


Appendix 1 - CLT prioritised inherent risks heat map

Profile


1. **PPP1 (New)**
Risk that timelines to return to establishments are not met or are partially met resulting in continued disruption for pupils, staff and parents. The primary management of this risk is in the hands of a third party: ESP. 
2. **Data Centre Migration (New)**
Risk of ICT disruption and outages as a result of Data Migration from BT to CGI data centre. This could impact the Council's ability to deliver critical services as expected. 
3. **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. 
4. **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. 
5. **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. 
6. **ICT Infrastructure**
Risk that the ICT infrastructure is not fit for purpose and doesn't meet the present or future needs of the Council impacting the Council's ability to deliver services as expected and to meet savings targets. 
7. **Transformational Change Agenda**
Risk that the Council's transformational change agenda is not implemented effectively and that during the change process business continuity plans are no longer fit for purpose could result in the Council failing to meet service delivery outcomes. 
8. **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. 
9. **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. 




10. 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. 

11. 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. 

12. 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. 

CLT prioritised inherent risks with mitigating actions

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
1	Operational PPP1 Risk that timelines to return to establishments are not met or are partially met resulting in continued disruption for pupils, staff and parents. The primary management of this risk is in the hands of a third party.	5	5	<ul style="list-style-type: none"> Daily contact with ESP to ensure progress Regular incident management meetings (chaired by Chief Executive) and service level incident management meetings Regular liaison between service area, corporate communications, schools and media 	4	4	<ul style="list-style-type: none"> Ongoing reassessment of approach to and levels of communication and management
2	Operational Data Centre Migration Risk of ICT disruption and outages as a result of Data Migration from BT to CGI data centre. This could impact the Council's ability to deliver critical services as expected.	5	5	<ul style="list-style-type: none"> Regular meetings between CGI and CEC include notable expertise in data centre migrations Process includes in-built controls and resilience inc multiple contingency options Sizeable testing planned and in progress 	4	3	<ul style="list-style-type: none"> Continue constant process of probe, double check and debrief
3	Operational 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.	5	5	<ul style="list-style-type: none"> Property Management (IPFM) report to CLT Condition surveys performed routinely Property Rationalisation work-stream 	5	4	<ul style="list-style-type: none"> Consistent response to condition surveys across portfolio Reassess the level of the budget for repairs Risk based framework to manage the capital portfolio
4	Operational 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.	5	5	<ul style="list-style-type: none"> Laptop and media encryption Data awareness campaign Service automation controls in place Dedicated review session supported by industry experts Leavers process includes removal of access to IT applications 	5	4	<ul style="list-style-type: none"> Assess priority and exposure of systems across the whole ICT environment Early engagement with new ICT supplier on cyber security to review testing regime. Rolling Internal Audit of system
5	Strategic 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.	5	5	<ul style="list-style-type: none"> Integration Scheme Strategic Commissioning Plan Establishment of Shadow Board Establishment of Leadership Group 	5	3	<ul style="list-style-type: none"> Integrate organisational arrangements across NHS and Social Care, clarifying roles and responsibilities of all parties

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions		
		I	L		I	L			
6	Operational	ICT Infrastructure 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"> • Consultation with staff to design correctly • Output specifications clearly identified • Engagement with staff, management & service providers • Change controls built into new contract • Single provider has been selected 	5	2	<ul style="list-style-type: none"> • A single centre of excellence for ICT in the Council • Business Continuity/ICT report on criticality of systems
7	Strategic	Transformational Change Agenda Risk that the Council's transformational change agenda is not implemented effectively and that during the change process business continuity plans are no longer fit for purpose could result in the Council failing to meet service delivery outcomes.		5	5	<ul style="list-style-type: none"> • Transformational governance with full time resource • External assurance and skills utilised as required • CLT monitoring & reporting on Council projects • Governance of major projects/CPO status reports • Council performance dashboards • Ongoing consultations with Trade Unions 	4	3	<ul style="list-style-type: none"> • Dialogue by CLT with Elected Members • Encourage collegiate interactions between officers and elected members • Provide resilient advice to Elected Members to support decision making process and risk exposure
8	Financial	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.		5	5	<ul style="list-style-type: none"> • Service Area budget proposals include a cost pressure contingency • Savings MI reported monthly to CLT • External assistance to help drive the benefits realisation programme 	4	3	<ul style="list-style-type: none"> • Monthly budget monitoring and challenge meetings • Prioritisation of service spend
9	Strategic	Planning for Increased Demand Risk of lack of strategic planning in relation to increasing demand for critical services, taking into account growth in the City's population and changing demographics, leading to a shortfall in funding and a lower quality of service.		5	4	<ul style="list-style-type: none"> • Demographic funding built into long term financial plans • Provision for demographics • Strategic workforce planning Board reporting to CLT 	5	3	<ul style="list-style-type: none"> • Continuing agenda item for CLT's consideration • Improved MI to deliver stronger business case for support
10	Operational	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.		5	4	<ul style="list-style-type: none"> • Established multi-agency public protection procedures • Infrastructure of multi-agency governance through protection committees and Edinburgh's Chief Officers' Group - Public Protection • Detailed audit and practice evaluation programmes for each area of risk • Performance & quality assurance frameworks in place, include regular reporting to chief officers, elected members, Scottish Government 	4	3	<ul style="list-style-type: none"> • No current further actions identified

Category	Risk Description	Inherent		Current Key Mitigating Controls	Residual		Further Actions
		I	L		I	L	
11 Organisation and people	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.	5	4	<ul style="list-style-type: none"> Workforce Strategy to support design of a flexible, motivated and high performing workforce with the right capabilities, capacity and culture Line by line funded establishment Transformation workforce workstream 	4	3	<ul style="list-style-type: none"> No current further actions identified
12 Service Delivery	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.	5	4	<ul style="list-style-type: none"> Service Areas' clearly defined Service delivery plans SMT KPI's to assess progress against objectives Prioritisation of resources through strategic workforce planning initiatives 	4	3	<ul style="list-style-type: none"> Internal Audit reviews annually to track performance against stated service plans

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