

# Governance, Risk and Best Value Committee

10:00am, Tuesday, 7 May 2019

## Corporate Leadership Team Risk Report

Executive/routine	8.4
Wards	
Council Commitments	

### 1. Recommendations

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- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
  - 1.1.1 review and scrutinise the CLT Risk Report and be assured by the risk management framework, controls and mitigations in operation; and
  - 1.1.2 request, where appropriate, further updates from relevant officers in relation to any of the risks, controls or actions described.

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## Corporate Leadership Team Risk Report

### 2. Executive Summary

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- 2.1 The Council's risk management framework seeks to ensure that risks to, and within, the Council are effectively managed, reviewed and updated through quarterly Risk and Assurance Committees held at both Directorate and Corporate Leadership Team (CLT) levels.
- 2.2 The information presented in this report reflects CLT's view of the Council's top risks and the key controls in place to mitigate them as at 11 April 2019. These risks and the associated controls have been scrutinised and challenged by the CLT and are presented to the GRBV Committee for oversight and review.

### 3. Background

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- 3.1 The Governance, Risk and Best Value (GRBV) Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements.
- 3.2 The Council has an Enterprise Risk Management Policy and operational procedures in place that describe why, when and how risk management should take place. The Policy and associated Risk Appetite Statement were reviewed and approved by the Corporate Policy and Strategy Committee on 7 August 2018.
- 3.3 The purpose of this report is to provide an update to the Committee on the key risks currently facing the Council and the work being undertaken to reduce the level of risk to, and within, the Council.
- 3.4 Risk can be defined as "*an uncertain event (or set of events) that, should it/they occur, will have an effect upon our objectives*". Risk, therefore, must involve some degree of uncertainty. Reporting on aspects of the Council's performance, or on issues which are currently occurring, are, by definition, outside the scope of this report.
- 3.5 Some risk and associated mitigation measures lie outside the control of the Council. The Council's risk management framework seeks to reduce the Council's exposure to risk where practicable and proportionate, recognising that some mitigation measures may be the responsibility of third parties.

- 3.6 The CLT Risk Update was last presented to the GRBV Committee on 19 February 2019.

## 4. Main report

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- 4.1 The information in this report and presented in the appendix reflects the Council's top risks and the key controls in place to mitigate them, as at 11 April 2019.
- 4.2 During the last quarter, risks have been reviewed at Risk Management Groups, Service Management Teams, and Risk and Assurance Committees within each Directorate. The top risks have been escalated to the CLT Risk and Assurance Committee for oversight and scrutiny, in accordance with the Council's risk management framework.
- 4.3 In addition to those risks on the CLT Risk Register, the CLT Risk and Assurance Committee also considers new and emerging threats and uncertainties. As part of normal 'business as usual' activities, teams and groups are monitoring, managing and reporting these areas as appropriate. These themes (and any others which may arise) are kept under review and considered for inclusion in the CLT Risk Register where appropriate.
- 4.4 The Council's current top risk is considered to relate to increased demand for health and social care services and the associated impacts of this. The GRBV and Corporate Policy and Strategy Committees receive regular information on performance and progress in this area. It is recognised that this risk requires the sustained implementation of long-term actions undertaken in partnership and by third parties, and due to the timescales involved, it is likely that this risk will remain as one of the Council's top risks for the short to medium term.
- 4.5 Following a review of the CLT Risk Register, a number of changes (additions, de-escalations, and deletions) have been made to ensure that items on the risk register are up-to-date, correctly articulated, and accurately describe *risks* (where there is an element of uncertainty) rather than *issues* (where something has happened, or is happening now, and action is taking place to address the situation), which are outside the scope of this report.
- 4.6 Significant uncertainty remains around Brexit, with discussion around national, political and economic impacts evolving on a daily basis. The national political environment is being closely monitored, and current assessments suggest that the main potential impacts to the Council are increased uncertainty about the timing and impact of electoral events in the short term (particularly European Parliament elections currently due to be held in the UK on 23 May 2019), increased supply chain/contractor risk in the medium term, and the effects of changes to workforce legislation in the medium/long term. CLT, Directorates and Services are actively considering potential impacts upon their respective areas, and the Council's cross-party Brexit Working Group meets to consider impacts to the Council and city.

- 4.7 Due to the way that risks are articulated and escalated to the CLT risk register, the scoring matrix and colour scheme is only able to provide an indication as to how CLT views a risk. A new column called 'Target Risk' has been added to the risk register in this report. This is intended to show the level of risk that CLT considers it wishes to achieve. If the 'current score' is higher than the 'target score', further work will be required to reduce the score.
- 4.8 Improvements to the risk management framework, based upon good practice in both the public and private sector, are being constantly reviewed and considered for implementation as part of a continuous improvement approach. These enhancements are designed to refine and enhance several areas of the risk management framework and will be recommended for inclusion in the next update of the Policy and procedure documents as appropriate.

## **5. Next Steps**

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- 5.1 Continuous and consistent ongoing use of the Council's risk management framework aims to ensure that risks to, and within, the Council are effectively managed, reviewed and updated.
- 5.2 The Corporate Risk Team will continue to introduce improvements designed to improve elements of the risk management framework where appropriate.

## **6. Financial impact**

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- 6.1 Although each risk may have an associated financial impact, there is no direct financial impact arising specifically from this report.
- 6.2 Control measures to mitigate risk may have an associated cost which is to be funded from existing budgets in the first instance.

## **7. Stakeholder/Community Impact**

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- 7.1 Taking decisions while understanding all relevant risks helps to improve performance across the whole Council, helping ensure better outcomes for all our citizens and communities.
- 7.2 Considering and managing risks appropriately aims to ensure that resources are used effectively, while aiming to ensure the Council remains compliant with all applicable legislation.

## **8. Background reading/external references**

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- 8.1 [Corporate Leadership Team Risk Update: report to GRBV 19 February 2019](#)
- 8.2 [Enterprise Risk Management Policy](#)
- 8.3 [Council's Risk Appetite Statement](#)

## **9. Appendices**

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Appendix 1 – CLT Top Risks with Key Controls and Further Actions as at 11 April 2019

## Appendix 1 - CLT Top Risks with Key Controls and Further Actions as at 11 April 2019

Risks are sorted based on highest to lowest 'Current score'

	Risk description	Original		Key Controls in place	Current		Key Further Actions	Target		Change of Current Score since last GRBV risk report
		I	L		I	L		I	L	
1	<p><b>Health and Social Care</b></p> <p>There is a risk that increased demand for services and associated demographic changes outside planned forecasts result in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, could result in the Council failing to deliver its responsibilities under the Public Bodies (Joint Working) (Scotland) Act 2014 in relation to health and social care services delegated from the Integration Joint Board (IJB). Potential impacts could include harm to people, safeguarding breaches, inappropriate or insufficient care packages being offered and significant reputational damage to the Council with additional impact on funding of other Council budgets.</p>	4	5	<p>Regular scrutiny of health and social care performance by Governance, Risk and Best Value Committee (GRBV)</p> <p>Partnership working across NHS Lothian, the Council and the IJB</p> <p>IJB Audit Programme in place (outside direct Council control)</p> <p>Scrutiny of IJB risks by IJB Audit and Risk Committee (outside direct Council control)</p> <p>Interim Head of Strategic Planning in post with responsibility for longer-term planning</p> <p>Review of governance arrangements carried out with support from the Good Governance Institute</p>	4	4	<p>Work currently in progress to implement the actions in the Health and Social Care Improvement Plan</p> <p>Work in progress to establish effective risk management and escalation processes within localities</p> <p>Implementation of actions following the governance review</p> <p>Revise and issue Strategic Plan for 2019-2022</p>	2	3	↓
2	<p><b>Asset management (property assets)</b></p> <p>Due to the age and condition of a number of properties across the Council's operational estate, there is risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that disposal decisions are not made in a timely manner, resulting in additional cost pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded to adequately by the property portfolio, particularly for education and health and social care services.</p>	5	5	<p>Asset Management Works programme</p> <p>Shift from 'reactive' to 'planned preventative maintenance' (PPM) regimes</p> <p>Progress against the Asset Management Strategy reported regularly to Finance and Resources Committee. Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety</p> <p>General Inspections carried out annually as part of rolling condition surveys</p> <p>Corporate Health and Safety Policy</p> <p>Asbestos, Fire Safety and Water Safety Policies</p> <p>Public and employers' liability insurance policies</p> <p>Statutory compliance testing</p> <p>Fire Safety, Asbestos and Water Safety Standing Groups chaired by Head of Property and Facilities Management meets regularly to discuss issues</p> <p>Shift from 'reactive' to 'planned preventative maintenance' (PPM) regimes</p> <p>Corporate Asset Management Board meets regularly</p>	4	3	<p>Continued progress of the 5-year Asset Management Works programme with a specific focus on properties assessed as having overall condition C status from the estate wide condition survey.</p> <p>Refresh of current Asset Management Strategy (2015-2019)</p> <p>Completion of CAFM (computer-aided facility management) software deployment</p>	2	2	=
3	<p><b>Programme and Project Delivery</b></p> <p>Due to availability of appropriately-skilled project and programme management resource, there is a risk that the Council is unable to ensure the effective management and successful delivery, on time</p>	5	5	<p>Oversight of major programmes and projects by the relevant Executive Committees and the Governance, Risk and Best Value Committee (every six months)</p>	3	3	<p>All significant change to have an approved business case detailing resources and skills required to deliver</p> <p>Further Internal Audit of Portfolio Governance Framework planned for 2019</p>	3	1	=

	<p>and budget, of major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity. The Council has a large number of projects and programmes in various stages of progress – these include the Granton waterfront development, the housebuilding programme, IT Device Refresh programme, and trams to Newhaven.</p>			<p>CLT Change Board provides robust monthly portfolio management and oversight for all programmes and projects</p> <p>Internal Audit recommendations relating to Change Management delivered, and project management training rolled out</p> <p>Integrated impact assessments in place</p> <p>Additional project management resource appointed to develop and enable delivery of Change Strategy business cases</p>						
<p><b>4</b></p>	<p><b>Information and data</b></p> <p>As a result of a failure of information security and/or information governance processes, procedures or systems, a major loss of data from the Council's control - either accidental or deliberate - could result in fines, claims, loss of public trust and reputational damage. 'Data' includes both physical records and electronic data, and includes data lost (or made inaccessible) as a result of cyberattack. This risk encompasses compliance requirements under the General Data Protection Regulation and Data Protection Act 2018.</p>	<p><b>4</b></p>	<p><b>4</b></p>	<p>Cyber and Information Security Group (CISG) established, chaired by the Executive Director of Resources, to deliver against the Scottish Government's Public-Sector Action Plan on Cyber Resilience. Management of risks through a CISG risk register.</p> <p>Information Security policy</p> <p>Cyber Essentials certification achieved</p> <p>Business Impact Assessment agreed and in place</p> <p>Information Technology Disaster Recovery (IT DR) arrangements in place</p> <p>Internal audit of CGI contract management completed</p> <p>Internal audit testing of phishing</p> <p>External vulnerability scan of complete Council ICT estate completed</p> <p>Quarterly scrutiny of CGI performance by GRBV</p> <p>Suite of information governance policies and procedures</p> <p>Laptop and media encryption</p> <p>Service automation controls in place</p> <p>IT Security Managed Service procured with requirements to adopt CESG (Communications Electronics Security Group – now part of the National Cyber Security Centre) and ISO (international standards) best practice approaches and improve the security defences, monitoring and awareness of the security threat landscape</p> <p>Leavers process includes removal of access to IT applications</p> <p>Cybersecurity campaigns</p> <p>GDPR implementation tracked by the Information Governance Unit</p> <p>Information sharing agreements in place between partner organisations</p>	<p><b>3</b></p>	<p><b>3</b></p>	<p>Achievement of Cyber Essentials Plus certification</p> <p>Refresh of IT Acceptable Use Policy</p> <p>Implementation of SharePoint technology as part of the device/hardware 12-month refresh project to improve security and storage arrangements across the ICT estate.</p> <p>Completion of the device refresh project (currently in delivery phase) to replace hardware across the Council's ICT estate</p> <p>Review of Public Sector Cyber Action Plan commitments and delivery, with an on-time status update submitted to the Deputy First Minister.</p> <p>Achievement of Public Sector Network (PSN) re-certification</p>	<p><b>3</b></p>	<p><b>2</b></p>	<p><b>New</b></p> <p>Re-wording of previous risk</p>



5	<p><b>Medium-term financial planning (to 2022)</b></p> <p>Due to reduced funding available for Local Government, increasing demand for health social care services, challenges in achieving planned revenue and/or capital savings, public perception of (and reaction to) proposed changes, competing priorities, the requirement to ring-fence particular budgets, and potential legislative changes following Brexit, the Council could find it more difficult to successfully undertake medium-term financial planning. The effects of this could include additional unplanned in-year financial pressures, and failure to achieve the Council's medium-to-long term objectives across all areas of service delivery.</p>	4	5	<p>Engagement and lobbying with other local authorities through COSLA (Convention of Scottish Local Authorities) to Scottish Government and Ministers</p> <p>Commitment from Scottish Government to set a 3-year budget (outside the Council's control)</p> <p>Budget-setting protocol agreed at IJB and HSCP level</p> <p>Good financial control in accordance with legislation and the Council's Financial Regulations to deliver planned capital and revenue budgets</p>	3	3	<p>Consider opportunities to integrate risk analysis into budget planning</p> <p>Achieve the outcomes and savings as detailed in the Council's Change Strategy</p>	3	2	New
6	<p><b>Response to a major incident</b></p> <p>A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. This could be as a result of weather, electronic or physical attack or accident. Impacts could include buildings, staff and/or systems being non-operational for a time, resulting in a reduced ability to deliver services. Also part of this risk is that a failure to deliver an appropriate level of service in response to a sudden operational requirement may lead to harm to people and reputational damage to the Council.</p>	5	3	<p>Council Business Continuity and Emergency Plans are in place</p> <p>All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities</p> <p>Information Technology Disaster Recovery (IT DR) arrangements in place</p> <p>Regular liaison and partnership working between the Council and other responder organisations at a local and national level including contingency planning for major events</p> <p>Externally contracted services include DR and business continuity provisions</p> <p>Lessons learned from key events including winter weather</p> <p>Rolling programme of IT disaster recovery tests being delivered</p>	3	3	<p>Consider opportunities to improve command, control and communication structures particularly with multi-agency partners</p>	3	2	↓
7	<p><b>Housebuilding programme</b></p> <p>Due to capacity levels within the house-building industry, the availability of suitable land, uncertainties around planning assumptions used in financial models (demographics, demand, economics) there are risks to the delivery of the Council's housebuilding programme, including subsequent knock-on impacts in relation to Council income and reputation. A reduction in the delivery of affordable housing could reduce the Council's ability to effectively tackle the homelessness and/or temporary accommodation situations.</p>	4	3	<p>Short, medium and long-term planning through the Housing Revenue Account (HRA) planning process involving input from appropriate functions including Finance, Legal and Risk</p> <p>Risk management workshops undertaken with the HRA, the Granton Development project, 'Edinburgh Homes'/Scottish Futures Trust to identify key risks to delivery. Risks being managed by appropriate teams</p>	3	3	<p>Development of the new Local Development Plan ("City Plan 2030") in accordance with timetable outlined in the Development Plan Scheme:</p> <ul style="list-style-type: none"> <li>○ Pre-Main Issues Report engagement</li> <li>○ Release of Main Issues Report</li> <li>○ Main Issues Consultation</li> <li>○ Proposed Plan</li> <li>○ Receive representations</li> <li>○ Submission to Scottish Ministers</li> <li>○ Examination and Report of Examination</li> <li>○ Plan as Modified</li> <li>○ Adoption (anticipated May 2021)</li> </ul>	2	1	↓
8	<p><b>Electoral events</b></p> <p>Due to the national political situation and the current status of Brexit, there is an increased likelihood in the short-term of a requirement to hold a General Election or referendum in addition to currently planned elections. Potential effects include pressure on service delivery due to short-notice redeployment of trained and/or experienced staff to election activities, management time and effort being diverted from other priorities, and additional ICT resource</p>	3	4	<p>Contingency planning taking in place at CLT, Directorate, Service and project levels, including identifying potential impacts of this and key staff requirements</p> <p>Planning by the Elections team within Strategy &amp; Communications including considerations around staff requirements and venues</p>	2	4	<p>Identify and train additional staff in readiness for future scheduled elections</p> <p>Incorporate any relevant lessons learned following Leith Walk By-election on 11 April 2019</p>	2	2	New



	pressures. Following the current extension agreed with the EU on 10 April 2019, the UK is currently due to take part in European Parliamentary elections on 23 May 2019, though this may change should the UK leave the EU on or before 22 May 2019.			Ongoing liaison with other local authorities through Elections Scotland forum (outside the Council's direct control)						
<b>9</b>	<b>Health and Safety (H&amp;S)</b>  As a result of potential gaps in training or understanding, and deliberate or accidental actions, there is a risk of non-compliance with legislative requirements, the Council's health and safety policies or operational procedures. This could lead to an incident resulting in regulatory breaches, harm to staff, service users or members of the public, subsequent liability claims, fines and associated reputational damage.	<b>5</b>	<b>4</b>	Health and Safety Policy  Asbestos Policy  Fire Safety Policy  Water Safety Policy  Progress on Corporate H&S Strategic Plan is reported annually to CLT and Finance and Resources Committee.  Rolling H&S audit programme identifies actions for improvement  H&S performance is measured and reported to the CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups and actions for improvement agreed as appropriate  H&S risks and issues reported to CLT on a weekly basis, H&S is a standing CLT agenda item  Directorate Health and Safety Plan in place in each Directorate  Corporate H&S Training programme available across the whole organisation and completion figures are reported quarterly to CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups  Health and Safety included in the Council's induction programmes for all staff and new leaders  3-year Corporate H&S Strategy approved by the Corporate Policy and Strategy Committee.  IOSH Leading Safely courses delivered to the Council's Wider Leadership Team  Health and Safety guidance and advice available on the Council's intranet  Online reporting tool to record all incidents and near misses  Public liability insurance in place  Employers liability insurance in place	<b>4</b>	<b>2</b>	H&S conference 17 May 2019 organised by the Corporate H&S Team	<b>4</b>	<b>1</b>	↓
<b>10</b>	<b>Public safety (pedestrian/vehicle collision)</b>  Due to increasing footfall in key locations, particularly during certain times of the year (primarily the Festivals, Christmas and Hogmanay) combined with the volume of traffic on the city's roads, there is an increased possibility of a collision between a pedestrian and vehicle. This could result in serious injury (mental and/or	<b>4</b>	<b>5</b>	Use of Temporary Traffic Regulation Orders as necessary  Public Safety team provide public safety advice and information internally and externally  Multi-agency planning for delivery of events through an Events Planning and Operations Group	<b>4</b>	<b>2</b>	Continue to monitor and consider whether any additional actions are required	<b>4</b>	<b>2</b>	<b>New</b>

	physical) or death, liability claims against the Council, and associated negative publicity for the city.			<p>Corporate Health and Safety Policy</p> <p>Public liability insurance policy</p> <p>Working with festival and event organisers on event location and planned footfall distribution</p> <p>Continue to incorporate lessons learned from relevant events</p>						
11	<p><b>Brexit</b></p> <p>Due to the national political environment and ongoing preparations for Brexit, there are uncertainties around potential impacts upon the Council. Impacts could include the requirement for additional elections in the short-term, increased supply chain risks and employment pressures in the medium-to-long term, with subsequent impacts on particular areas of service delivery.</p>	3	5	<p>Contingency planning taking in place at CLT, Directorate, Service, function and project levels, including identifying relevant impacts, contract and third-party supplier risks</p> <p>Communications aimed at staff who may be potentially impacted</p> <p>Multi-agency preparation at a regional level with input from the Resilience team.</p> <p>Scottish Resilience Partnership monitoring readiness of all Category 1 responders (which includes local authorities)</p> <p>Cross-party Brexit Working Group meets to consider potential impacts to the wider city</p> <p>Council's workforce implications arising from Brexit continue to be closely reviewed and monitored via Services, HR, and Employment Law.</p> <p>Contingency planning with NHS Lothian</p> <p>Funding released in support of EU Settlement Scheme</p>	3	2	Continue to monitor and consider whether any additional actions are required	3	2	New
12	<p><b>Changes to decisions</b></p> <p>As part of proper long term planning, and following appropriate consultation, difficult choices about services and other priorities may be made through the Council decision making process. There is a risk that public reaction to such decisions may change over time, particularly with the increased use of social media across society, leading to such legitimately taken decisions requiring to be revisited and potentially altered. This could result in decisions being made out with long-term strategies, plans and targets, with associated impacts upon budgets, performance, and ability to meet legislative requirements.</p>	3	3	<p>Proper planning and integrated impact assessments in place</p> <p>Public engagement through formal consultation processes</p> <p>Social media accounts providing a more informal means of engagement with citizens</p>	3	2	Continue to monitor and consider whether any additional actions are required	3	2	New
13	<p><b>Sustainability and Corporate Social Responsibility (CSR)</b></p> <p>Due to potential changes in legislation, increased media attention and public focus upon global issues such as climate change, environmental and corporate social responsibility, the Council could be required to alter its planning arrangements and assumptions to incorporate additional requirements, for example in relation to the use of diesel vehicles and fossil fuels etc. This could result in increased budget pressures, increased media interest, and reputational damage if the Council is perceived to be acting in a non-sustainable manner.</p>	4	4	<p>Policy &amp; Insight provide continuous monitoring of legislative changes and communication to managers through regular updates</p> <p>Well-established planning and strategy-setting processes</p> <p>Public engagement (formal and informal)</p>	2	2	Continue to monitor and consider whether any additional actions are required	2	2	New