

# Policy and Sustainability Committee

10.00am, Thursday 23 July 2020

## Risk Management: Managing Risk Through Covid-19

Item number

Executive/routine

Executive

Wards

Council Commitments

### 1. Recommendations

---

It is recommended that the Committee notes:

- 1.1 the original and current risk assessment ratings for the Covid-19 strategic for the Council;
- 1.2 that it is not possible to fully mitigate risks in an ongoing resilience situation given the rapidly changing risk environment associated with the ongoing emergency that is being managed;
- 1.3 that the full population of original Adaptation and Renewal Programme (Programme) risks are currently being identified; assessed; and recorded, with appropriate controls and actions being designed to manage and mitigate these risks.

**Stephen S. Moir**

**Executive Director of Resources**

Contact: Nick Smith, Head of Legal and Risk,

Legal and Risk Division, Resources Directorate

E-mail: [nick.smith@edinburgh.gov.uk](mailto:nick.smith@edinburgh.gov.uk) | Tel: 0131 529 4377

## Risk management: Managing Risk Through Covid-19

### 2. Executive Summary

---

- 2.1 The purpose of this paper is to provide the Committee with an update upon:
- 2.2 the original and current risk assessment profiles associated with the new population of nine strategic risks currently being managed across the Council; and
- 2.3 progress with identification; assessment; recording; and ongoing management of Programme risks.

### 3. Background

---

#### **Covid-19 Risk Management Plan (RMP)**

- 3.1 The Council's three key Covid-19 objectives are detailed in the Covid-19 response update paper that was presented to the Policy and Sustainability Committee on 14 May 2020. These are to seek to ensure that the Council:
  - i) protects the most vulnerable in our City;
  - ii) minimises the risks to our colleagues; and,
  - iii) continues to provide services in challenging circumstances
- 3.2 In order to achieve these objectives, it is important that the unique risks associated with the pandemic are identified; assessed; recorded; and effectively managed.
- 3.3 On 3 April, the Council's Incident Management Team (CIMT) agreed on the approach to be applied to the ongoing management, assessment, and recording of new and emerging Covid-19 risks and associated mitigating actions in a risk management plan (RMP).
- 3.4 The initial Covid-19 baseline RMP was presented to CIMT on Friday 10 April for review and feedback, and continues to be updated to reflect any new and emerging Covid-19 risks together with relevant mitigating actions. The RMP is discussed at the weekly Risk Forum and reviewed fortnightly at the CIMT.
- 3.5 A workshop will be held with members of Policy and Strategy Committee to discuss the risk methodology applied and to provide some further detail on key risks.

### **Covid-19 RMP risk assessment methodology**

- 3.6 It is important to note that the Covid-19 risks included in the RMP were initially assessed on an “original” risk (i.e. pre-implementation of controls) basis as it is not possible to fully evaluate the effectiveness of mitigating actions in a dynamic resilience environment.
- 3.7 The RMP comprises a hierarchy of nine strategic or high level Covid-19 risks that are currently underpinned by 75 sub risks.
- 3.8 The original risk rating for each risk has been assessed based on the likelihood that the risk would crystallise and its potential impact on the Council, with an assessment of either Critical; High; Medium; or Low allocated to each sub risk.
- 3.9 Sub risk rating assessments have then been consolidated to provide a risk assessment for each of the nine strategic risks. Further information on the risk assessment methodology applied is included at Appendix 1.

### **Covid-19 RMP current risk assessment**

- 3.10 Following implementation and a move towards stabilisation of the Council’s resilience activities, and recognising that the Covid-19 risks recorded in the RMP are likely to impact the Council for the foreseeable future, an assessment of current risk (the current level of risk with controls in place) has now been performed. This assessment is based on management’s confirmation that identified mitigating actions have been implemented and sustained.
- 3.11 It is important to note that this confirmation has not yet been independently validated, however, a number of Covid-19 Internal Audit reviews are planned for completion between July and September 2020 that will confirm whether processes implemented to manage a number of the Covid-19 risks included in the RMP are appropriately designed.
- 3.12 The same methodology (as described at 3.5 to 3.8 above) has been applied to determine Covid-19 current risk assessment ratings by assessing the likelihood that the risk would crystallise and its potential impact on the Council following implementation of mitigating actions.
- 3.13 It is expected that the current Covid-19 RMP will continue to be used until the unique risks associated with the pandemic no longer adversely impact the health and wellbeing of citizens and Council employees, and ongoing delivery of Council services.

### **Adaptation and renewal risk management plan (RMP)**

- 3.14 A similar approach has been developed to support the ongoing management, assessment, and recording of new and emerging Programme risks that are also discussed and reviewed fortnightly at CIMT.

- 3.15 The Programme RMP comprises a hierarchy of four strategic or high level risks that are currently underpinned by a number of sub risks.
- 3.16 Recognising that the Programme has only recently been established, risks are being assessed on an original risk (pre implementation of controls) basis as mitigating controls are currently being designed and implemented.

## 4. Main report

### Covid-19 RMP

- 4.1 The baseline Covid-19 RMP presented to CIMT on 10 April 2020 included a total of nine strategic or high level Covid-19 risks, underpinned by 55 sub risks.
- 4.2 As at 29 June 2020, no new strategic or high level Covid-19 risks had been identified, however, a further 20 sub risks have been identified; assessed; and recorded during the course of the pandemic. Where relevant original strategic risk ratings have been reassessed and updated to reflect the inclusion of the new sub risks.
- 4.3 The original and current risk assessment ratings for each of the Covid-19 strategic risks are detailed below. This assessment demonstrates that actions implemented by management have been effective in mitigating eight of the nine strategic risks.

Covid-19 Strategic Risks	Original Risk	Current Risk
1. Health and Safety of Citizens and Service Users	Critical	High
2. Council response and governance	High	Medium
3. Health and availability of employees to deliver critical services	Critical	High
4. Council premises and physical security	Critical	Medium
5. Supply chain risk	Critical	Medium
6. Technology and information	Critical	Medium
7. Financial and economic risk	Critical	Critical
8. Fraud and Serious Organised Crime Risk	Medium	Low
9. Legal and Commercial Risk	Medium	Low

- 4.4 It is important to note that it is not possible to fully mitigate or eliminate risks in an ongoing resilience situation, given the rapidly changing risk environment associated with the emergency that is being managed, in this case the global Covid-19 pandemic.
- 4.5 It is also important to note that the Covid-19 current risk assessments detailed above may be subject to further change, for example, an increase in response to further waves or peaks of the virus or to new UK and Scottish Government

legislation and guidance; or a decrease in response to identification and implementation of new mitigating actions.

- 4.6 The financial and economic current risk “Critical” rating remains unchanged from the original risk assessment. This reflects the fact that despite implementation of rigorous financial monitoring controls, there are a number of risks that the Council cannot influence that will almost certainly adversely impact on the Council’s financial position and its ability to deliver a balance budget in line with statutory requirements. These include the inability to confirm the full extent of the current and future financial and economic impacts of the pandemic on the Council and the city; and whether sufficient additional funding or savings can be identified to cover all additional Covid-19 costs incurred or income lost by the Council.

### **Adaptation and Renewal RMP**

- 4.7 Risk management has supported the Programme and its five workstream leads with the design of a framework to enable the identification, assessment, and recording of Programme risks, and the following four strategic Programme risks have been identified:
- Programme and workstream governance
  - Stakeholder engagement and communication
  - Service / system design and implementation
  - Project delivery
- 4.8 Original risk assessments for these Programme risks have not yet been fully completed as the Programme and its workstreams are currently defining their governance; engagement and communication; service design solutions; and project delivery arrangements, together with relevant actions to ensure that the original risks are effectively managed and mitigated.
- 4.9 It is expected that as the Programme progresses, Original; Current; and Target (the acceptable level of risk that we are aiming for) risks will be identified, assessed and recorded for each workstream and consolidated and reported at Programme level.
- 4.10 The Programme team will maintain the risk register for the Programme and Programme risks will be discussed at the Programme Board, and relevant risks will be escalated and recorded as appropriate in the Corporate Leadership Team Risk Register that is presented quarterly to the Governance, Risk, and Best Value Committee for review and scrutiny.
- 4.11 Risk Management will continue to provide ongoing support guidance and constructive challenge to the Programme Management Office and workstream leads in relation to the ongoing identification; assessment; and recording of Programme risks.

## **5. Next Steps**

---

- 5.1 Covid-19 risks will continue to be identified; assessed (on an original and current risk assessment basis); recorded together with appropriate mitigating actions and presented fortnightly to CIMT.
- 5.2 Programme risks will continue to be identified; assessed; recorded; managed; and reported in line with the process outlined above.

## **6. Financial impact**

---

- 6.1 There is no direct financial impact arising from this report but good risk management should have a positive impact on Council finances.

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

---

- 7.1 Provision of assurance that both Covid-19 and Programme risks are being identified; assessed; recorded and managed.

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

---

- 8.1 [Covid-19 Response Update](#)

## **9. Appendices**

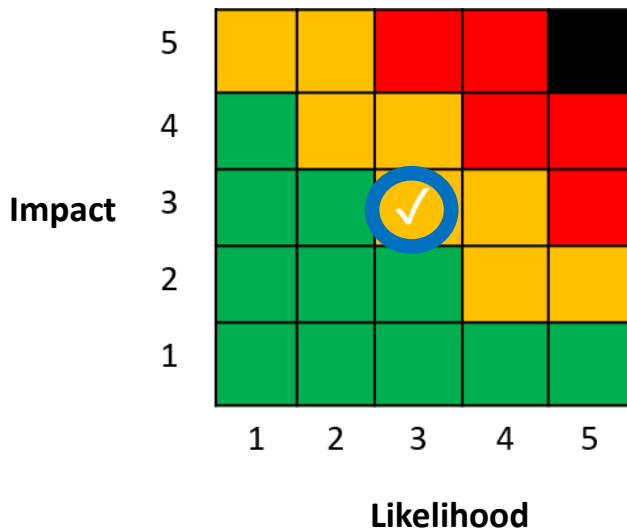
---

- 9.1 Appendix 1 – Covid-19 risk assessment methodology

# Appendix 1 – Covid-19 Sub Risk Assessment Methodology

1. Sub risks are assessed based on their impact and likelihood, using the process illustrated below to determine a risk assessment rating.

	1	2	3	4	5
<b>Impact</b>	Limited	Minor	Moderate	Major	Extreme
<b>Likelihood</b>	Remote	Possible	Reasonable	Likely	Almost certain



Risk Assessment Ratings	
Black	<b>Critical</b> – immediate action required
Red	<b>High</b> – action required within three business days
Yellow	<b>Medium</b> – action required within one business week
Green	<b>Low</b> – no immediate action required / action required post Covid-19

2. Sub risks are then consolidated to determine a risk assessment rating for the strategic risks that they underpin