

# Governance, Risk and Best Value Committee

10.00am, Tuesday, 21 September 2021

## Corporate Leadership Team Risk Report as at 23 August 2021

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
- 1.2 notes the Council's current strategic risk profile;
- 1.3 notes that seven strategic risks are currently outwith agreed risk appetite ranges;
- 1.4 notes the impact that Covid-19 has had on the Council's approved risk appetite statement; and,
- 1.5 notes the timeframes for completion of the operational risk management framework pilot have been extended.

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## Corporate Leadership Team Risk Report as at 23 August 2021

### 2. Executive Summary

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- 2.1 The purpose of this paper is to present the Council's current enterprise risk profile and highlight those risks where further action is required (where realistic and possible) to ensure that they are brought within approved strategic risk appetite levels.
- 2.2 It is important to note that this paper currently presents a predominantly 'top down' Corporate Leadership Team (CLT) view of the Council's current strategic risk profile, pending implementation of the refreshed operational risk management framework.
- 2.3 Seven of the Council's eleven enterprise risks are currently out-with approved risk appetite ranges, mainly due to the ongoing impacts of Covid-19, with Health and Safety (including Public Safety) remaining the most significant high rated current risk for the Council. None of the eleven enterprise risks are currently assessed as critical.
- 2.4 There have been changes to four current enterprise risk assessments in the last quarter, with Health and Safety (including Public Safety) reduced from critical to high; Service Delivery reduced from high to moderate; and Resilience and Reputational risks both increased from moderate to high.
- 2.5 These changes reflect the improved public health position with the removal of restrictions and progress with the vaccination programme; the ongoing challenges associated with delivery of critical and resumption of other Council services and events; potential industrial action in response to the delays with finalising the national pay award and other potential concurrent resilience events; the risks associated with the devolved local authority decision making following the removal of national restrictions; the potential for implementation of local restrictions; and expected political and public interest in and scrutiny of outcomes from the independent inquiry into the Council's whistleblowing and organisational culture.
- 2.6 The Council's approved risk appetite has changed by necessity due to the unplanned Covid-19 risks that have impacted the Council. It is important to note that the majority of these risks could not be fully mitigated by the Council as the

national pandemic response was directed and led by the Scottish Government (SG) together with Public Health Scotland (PHS). Consequently, the Council's response has been limited to accepting a number of these risks; mitigating them (where possible); and ensuring ongoing compliance with applicable legislation, regulations and guidance.

- 2.7 The Council's refreshed operational risk management framework has been designed and is currently being piloted across a number of Council services and projects. Completion of the pilot has now been delayed until December 2021 in response to the ongoing challenges of operating in the Covid-19 resilience environment; availability of Council teams due to annual leave during the summer months; and recent changes in staffing within the Corporate Risk Management team (CRMT).

### **3. Background**

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#### **Covid-19 impacts**

- 3.1 Quarterly Corporate Leadership Team (CLT) and Directorate risk committees were initially paused at the start of Covid-19 to enable focus on the Council's Covid-19 resilience response, with both CLT and Directorate quarterly risk committees being reinstated in late 2020.
- 3.2 Appropriate risk management arrangements were established and are ongoing to support identification; assessment; recording; and management of Covid-19 risks faced by the Council. The Covid-19 Risk Management Plan (RMP) is now reviewed and discussed monthly by the Council's Incident Management Team (CIMT).
- 3.3 Covid-19 risks and controls are discussed, and actions tracked at all CIMT meetings as circumstances changes, including Government guidance, infection rates and progress with the vaccination programme.

#### **Refreshed Operational Risk Management Framework**

- 3.4 The Council's Enterprise Risk Management Policy (ERMP) and Risk Appetite Statement were refreshed and approved by the Policy and Sustainability Committee in October 2020, and presented to the Governance, Risk, and Best Value (GRBV) Committee in November 2020.
- 3.5 Plans for the phased implementation of the Council's refreshed operational risk management framework across the next three years were also presented to GRBV in November 2020. This report highlighted the need to implement a number of actions to ensure effective alignment with the 'Three Lines' model and address the findings raised by Azets in their June 2020 Risk Management IA report.
- 3.6 The CLT decided in April 2021 that implementation of the refreshed risk management framework should be delayed, reflecting the need to prioritise other significant changes across the Council (for example the Council's response to the easing of lockdown restrictions and resumption of services; implementation of the

new senior management restructure; and progressing delivery of the new Business Plan).

- 3.7 The delay also recognised the key dependency upon, and provided time for, the design and implementation of the Council's new governance and assurance model which has recently been approved by management and discussed at the August 2021 GRBV Committee.
- 3.8 In the interim, a pilot was approved to be performed across a sample of divisions within each of the directorates to confirm the effectiveness and ease of implementation of the framework.

## 4. Main report

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### **Current Strategic Risk Profile**

- 4.1 As noted above, this paper currently presents a predominantly 'top down' Corporate Leadership Team (CLT) view of the Council's current strategic risk profile, as processes that will support comprehensive and combined both 'top down' (CLT) and 'bottom up' (service delivery; divisional; and directorate) reporting will be implemented as part of the refreshed operational risk management framework.
- 4.2 Consequently, there may be some risk exposures across the Council that have not been reflected in this current assessment of the Council's most significant risks.
- 4.3 Details of strategic risk descriptions and their potential impacts are included at Appendix 1.
- 4.4 A summary of the Council's current strategic risk profile, and its movement in comparison with the last three quarters is included at Appendix 2. This assessment includes all current Covid-19 strategic risks; Adaptation and Renewal Programme risks; and other relevant current risks identified by the CLT and is based on management's view of the effectiveness of thematic controls established to manage these risks, and consideration of relevant assurance outcomes.
- 4.5 The current strategic risk profile highlights that seven of the eleven strategic risks are presently out-with approved risk appetite ranges. This is mainly due to the ongoing impacts of Covid-19, with the remaining risks being within the set risk appetite range. Supporting rationale for those risks outwith appetite is noted below, and details of actions currently being taken (where possible) to address these risks are also included at Appendix 2.
- 4.6 The current strategic risk heatmap included at Appendix 3 illustrates the significance of each of the Council's eleven strategic risks and confirms that the Council's most significant current risks are Health and Safety (including Public Safety; Strategic Delivery; and Supplier, Contractor and Partnership Management).

- 4.7 The rationale supporting the current risk assessment ratings for the Council's eleven strategic risks is detailed below, together with their current risk ratings (critical ● ; high ● ; moderate ● ; low ● ) and confirmation of whether they are currently within (↔) or outwith (↓) agreed risk appetite ranges.
- 4.7.1 ● ↓ **Strategic Delivery** – this high current risk remains unchanged from the last quarter and is outwith appetite. This assessment reflects the need to confirm that there is sufficient capacity and funding available to support delivery of Business Plan priorities following implementation of the senior leadership restructure, and the need to support current CLT oversight of Business Plan delivery with implementation of the refreshed performance framework.
- 4.7.2 It is also acknowledged that ongoing management of the Council's Covid-19 risks and the requirement to potentially implement local restrictions where significant infection rate increases are evident could impact progress with strategic delivery. Additionally, whilst the Council is in the process of reinstating services safely, it is not yet possible to fully determine when the Council and the City will return to a normal operating environment, enabling management to increase their focus on strategic priorities as the impacts of Covid recede.
- 4.7.3 CLT also recognise the intensity of the challenges associated with the impacts of climate change on the both the City and the Council, and the need for significant and effective medium and longer term solutions to address climate change impacts. In the interim, short term solutions are being applied together with enhanced communications to support both political and citizen awareness, whilst longer term solutions are defined and considered.
- 4.7.4 ● ↔ **Financial and Budget Management** – this medium current risk remains unchanged from the last quarter, reflecting that the Council has confirmed that a balanced budget is projected and should be achieved for financial years 2021/22 and 2022/23. However, it is also acknowledged that ongoing focus is required to address the Council's short (2022/23) and medium term financial position, with particular focus on identification of revenue savings proposals and capital budgets due to potential delays with delivery of capital projects; overall affordability of the capital programme; and to ensure that forecast timeframes for both revenue and capital budgets are more closely aligned.
- 4.7.5 ● ↔ **Programme and Project Delivery** – this high rated current risk remains unchanged from the previous quarter and is within appetite. This assessment reflects the Covid-19 impacts on delivery of major projects as a number of these were put on hold during lockdown in response to Covid-19 legislative changes, and as part of the Council's pandemic response. Additionally, the market is currently experiencing shortages in commodities

and materials required for construction projects, not only due to Covid-19 but also increasingly due to the impact of Brexit.

- 4.7.6 This risk assessment also reflects the ongoing challenges associated with identification and delivery of savings initiatives to support delivery of a balanced budget, and the requirement to address assurance outcomes highlighting the need to consistently and effectively manage first line projects delivered outwith the major projects portfolio.
- 4.7.7 Actions in progress to mitigate these risks include major project reviews to identify resource gaps, and ongoing review by the CLT to ensure that all major projects being delivered across the Council remain aligned with the Council's Business Plan, and remain on track for delivery on time and within agreed budgets.
- 4.7.8 **●↓ Health and Safety (including Public Safety)** – this high rated current risk has been reduced from critical in the last quarter, which remains outwith risk appetite. This reduction reflects the removal of the majority of national restrictions on 9 August 2021; overall improvements in public health; and vaccination programme progress.
- 4.7.9 With the move beyond level 0 restrictions, it is expected that more events will reintroduced and the potential for demonstrations will increase across the City (for example possible demonstrations associated with COP 26 in November 2021), resulting in increased numbers of large public groups, and potentially increased Covid transmission rates, especially in younger age groups that have not yet been fully vaccinated.
- 4.7.10 This risk also continues to reflect the capacity challenges associated with the safe resumption of Council services, most notably the Council's capacity to support enhanced cleaning and infection control requirements; the risks associated with safe use of community centres; arrangements for the safe return of schools; and the potential reintroduction of out of hours school lets.
- 4.7.11 Additionally, this risk highlights the ongoing challenges associated with maintaining the condition of the Council's operational properties and infrastructure, and ensuring that Council drivers continue to be legally and / or medically fit to drive.
- 4.7.12 Some of the immediate mitigations that have been implemented to manage this risk include:
- ongoing testing in care homes and schools;
  - implementation of 'warn and inform' processes in schools with weekly updates for families in line with SG requirements;
  - implementation of carbon dioxide (CO2) monitors for all schools; day care services; and other Council operational properties, also in line with SG requirements;

- the requirement for school children aged 12 and over and staff to wear face coverings during lessons and whilst inside school buildings, again in line with SG requirements;
- ongoing cleaning arrangements across open Council buildings;
- maintenance of 1m social distancing measures for employees in all Council buildings;
- the requirement for employees to wear face coverings when not seated in Council buildings;
- ongoing monitoring of local infection levels to ensure that asymptomatic testing centres are operating in the most relevant locations across the City;
- appropriate measures for all planned events based on completion of risk assessments, with review by and approval from the Council's Incident Management Team (CIMT);
- ongoing employee wellbeing strategy and supporting initiatives;
- ongoing engagement with Police Scotland and other partners; and,
- reviewing the Council's current approach in relation to employee legal and medical fitness to drive.

4.7.13 Whilst the mitigating actions highlighted above support immediate and ongoing management of Health and Safety risks, a number of additional medium to longer term actions are also in progress. These include:

- adopting a risk and priority based approach to service resumption in line with Scottish Government and Public Health Scotland guidance, with the majority of Council employees continuing to work from home;
- refresh of the Council's asset management strategy and the procurement of new Hard Facilities Management framework contractors; and,
- reviewing adequacy of capital budgets for infrastructure assets and prioritising urgent repairs.

4.7.14  **Resilience** – this current risk has been increased from moderate to high in the last quarter and is now outwith risk appetite. Whilst the Council's resilience response to Covid-19 has been effective, this increase reflects the additional challenges detailed below:

4.7.15 The potential risk of national industrial action by local government employees associated with the negotiations relating to the local government pay award, which will potentially affect the Council's ability to support its ongoing Covid-19 resilience response whilst continuing to deliver critical services;

- 4.7.16 The ongoing workforce impacts of Covid-19 with the potential for increased sickness absence levels as services resume; a reduction in overtime hours worked; and the potential impacts of long Covid on employees;
- 4.7.17 The potential for implementation of localised restrictions and outbreak control measures at the request of the SG;
- 4.7.18 The ongoing risks associated with the following resilience events that could occur simultaneously whilst the Council continues to operate in the current Covid-19 resilience environment:
- a further Covid-19 wave or local outbreak, including emergence of new variants;
  - severe weather – whilst generally seasonal and experienced in winter, severe weather can also include heatwaves; flooding; and other extreme unanticipated weather events;
  - care for displaced people – this risk should be further mitigated following implementation of the rest centre plan that is currently being developed by the Health and Social Care Partnership;
  - civil disorder as citizens are now permitted to gather in larger groups
  - Brexit – ongoing supply chain challenges; or,
  - The death of the Monarch in Scotland.
- 4.7.19 Additionally, Internal Audit has recently identified a number of areas where improvements in the Council’s technology resilience arrangements are required, and the Council’s Corporate Resilience Team is continuing to implement actions in response to the outcomes of the Council’s most recent operational resilience audit.
- 4.7.20 ● ↔ **Supplier, Contractor and Partnership Management** – this high rated current risk remains unchanged from the last quarter, reflecting the local and global supply chain risks currently impacting council operations.
- 4.7.21 This assessment also reflects the potential risks associated with open assurance findings highlighting the need to ensure consistent and effective application of the Council’s established supplier management framework by first line contract managers.
- 4.7.22 ● ↓ **Technology and information** - this high current risk remains unchanged from the last quarter and is currently outwith appetite, reflecting the increased technology and information risks associated with remote working, notably cyber and data security risks and the risks associated with manual records; and some connectivity issues in a small number of schools associated with supporting digital learning.

- 4.7.23 This risk also reflects the known learning and teaching security challenges recently highlighted by Internal Audit, and the ongoing security and information challenges associated with use of externally hosted cloud-based applications and end user computing models.
- 4.7.24 A number of actions are currently being implemented by Digital Services, in partnership with CGI, to further enhance the security of the Council's networks and connectivity issues will be addressed as part of a school by school health check being undertaken as part of the Empowered Digital Learning programme.
- 4.7.25  **Governance and decision making** - this moderate current risk remains unchanged from the last quarter and is currently outwith appetite. This assessment reflects the continued requirement for effective and timely decision making following the removal of national restrictions, which have been replaced by local discretion.
- 4.7.26 Across the Council, effective and timely decision making is assured by the continued operation of the CIMT and the service resumption group that is responsible for ensuring that all relevant risks have been considered for service resumption; requests for events; and external use of Council properties. This is supported by ongoing engagement with the Scottish Government, CoSLA, NHS Lothian, and other partner organisations to discuss for any significant planned changes (for example, approval of requests for events). Additionally, all relevant decisions are discussed and agreed with the Leader and Deputy Leader by the Chief Executive and are supported by ongoing reporting to the relevant Council executive committees.
- 4.7.27 This assessment also reflects the risks associated with delayed implementation of the refreshed operational risk management framework, and plans to implement new governance and assurance model arrangements across first and second lines to support improvements in both service delivery and assurance outcomes.
- 4.7.28  **Service delivery** – this moderate current risk has been reduced from high in the last quarter, and is now within risk appetite, reflecting the Council's ability to deliver essential services, including Covid-19 support in addition to resuming delivery of other less critical services that have been closed.
- 4.7.29 The main challenges are ensuring sufficient Facilities Management capacity to deliver enhanced cleaning and infection prevention regimes within schools whilst supporting service resumption in other areas; capacity within Regulatory Services who are supporting the operation of mobile asymptomatic testing centres and working hard to process significant volumes of licences to support the reopening of the hospitality sector and events; and other Council areas that are either working with either reduced

capacity, or have redirected resources to focus on other priorities and cannot currently meet all service demands.

- 4.7.30 Another potential challenge that could impact ongoing service delivery relates to the Council's ability to recruit and retain its workforce as more attractive salaries are offered in other sectors (for example hospitality) post Covid in comparison to current Council pay rates.
- 4.7.31 Consequently, it is considered likely that a number of 'business as usual' service delivery operational controls are not being consistently and effectively applied, as detailed in the outcomes of completed Internal Audit reports.
- 4.7.32 The key actions to mitigate these risks, include ongoing service delivery and workforce planning, with prioritisation of services and resources on a risk basis.
- 4.7.33 ●↓ **Regulatory and Legislative Compliance** – This moderate current risk remains unchanged from the last quarter and is currently outwith appetite. This continues to reflect that whilst no significant breaches have occurred, it is not possible in the current Covid-19 resilience environment to confirm that all regulatory and statutory compliance obligations are being consistently and effectively achieved.
- 4.7.34 ●↓ **Reputational** – This current risk has increased from moderate to high in the last quarter and is currently outwith appetite. This assessment reflects the ongoing risks associated with alignment of the Council's service resumption response with both political and public expectations following the removal of Covid-19 protection levels, and application of local authority discretion for the majority of public health and safety decisions.
- 4.7.35 This increase also reflects the expected political and public interest in the outcomes from the independent inquiry into the Council's whistleblowing and organisational culture that are expected in the next quarter.

### **Refreshed Operational Risk Management Framework**

- 4.8 The refreshed operational risk management framework has now been designed and is being piloted prior to implementation with 22 teams across each of the 4 directorates, (circa 15% of the Council's service areas that should be maintaining risk registers).
- 4.9 The refreshed framework is designed to enhance the current risk management processes applied across the Council; remove subjectivity when assessing risks; improve consistency; and enable aggregation of risks to provide a more comprehensive 'bottom-up' and 'top down' view. Azets has also reviewed the framework and have provided positive feedback on its design.
- 4.10 Reflecting the impacts of the ongoing Covid-19 operational resilience environment; annual leave across Council services in the summer months; and a recent vacancy in the CRMT, completion of the pilot has been extended from September to

December 2021. It is currently expected that a paper detailing pilot outcomes and approval for implementation of the framework across remaining Council services will be provided to the CLT in January 2022.

- 4.11 The risks associated with delayed implementation of the framework (including the inability to address the risk management IA findings raised by Azets within agreed timeframes) are reflected in governance and decision current risk assessment and have been recorded in the CLT risk register.

### **Covid-19 Impacts of the Council's Risk Appetite**

- 4.12 The Covid-19 pandemic presented a number of unplanned and unexpected original risks that have adversely impacted the City; its residents; and the Council. As the majority of local authority responses to Covid-19 was driven nationally by the Scottish Government and the new Covid-19 legislation, the Council has had limited opportunity to influence these risks directly, and has responded by increasing its current risk appetite in relevant areas.
- 4.13 An update on how the Council's approved risk appetite has changed in response to Covid-19 was requested at the August 2021 Committee. Consequently, it was agreed that an update would be provided in this paper, with any longer term implications reflected in the refreshed risk appetite statement that will be presented to the Policy and Sustainability Committee in October 2021.
- 4.14 The impact of Covid-19 resulted in an increase in 9 of the Council's 11 current enterprise risk appetite ranges in comparison to the approved risk appetite statement.
- 4.15 Whilst the majority of risks increased by one level in the risk appetite scale (minimum possible; low; moderate; high; and critical), the most significant movements were evident in the following areas:
- 4.15.1 Financial and Budget Management – the low to moderate appetite range was increased to critical;
  - 4.15.2 Health and Safety (including Public Safety) - the minimum possible to low appetite range was increased to critical; and
  - 4.15.3 Service Delivery – the low to high appetite range was increased to critical.
- 4.16 No changes were made to current risk appetite ranges for the Programme and Project Delivery Supplier and Contractor, and Partnership Management enterprise risks as it was considered that new Covid-19 risks could be managed within existing ranges (both low to high).
- 4.17 Appendix 5 includes a table that highlights all changes to the Council's approved current risk appetite ranges in response to Covid-19 with supporting explanations for the changes.
- 4.18 Whilst further clarity on local authority responses and actions was provided by both the Scottish Government and Public Health Scotland as the pandemic evolved, it is likely that Covid-19 risks will continue to affect the Council at levels that exceed

approved current risk appetite ranges until the City adapts to living with the virus, and the Council adapts to delivering services in the Covid-19 environment and adopts new ways of working.

## **5. Next Steps**

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- 5.1 Complete the pilot of the operational risk management framework by December 2021.
- 5.2 Recruitment for the vacant CRMT role.
- 5.3 Update the CLT on pilot outcomes in January 2021; request approval of the framework; and progress implementation of the framework across the Council (if approved).

## **6. Financial impact**

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- 6.1 There are no direct financial impacts directly arising from this report, although effective management of risks is part of good financial management and failure to manage them appropriately may have financial consequences.

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

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- 7.1 Effective risk management will support achievement of strategic and project objectives; effective service delivery; and appropriate responses to resilience events.

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

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- 8.1 [Enterprise Risk Management Policy – Policy and Sustainability Committee October 2020 – item 7.11](#)
- 8.2 [Risk Appetite Statement - Policy and Sustainability Committee October 2020 – item 7.12](#)
- 8.3 [Operational Risk Management Framework – Governance, Risk, and Best Value Committee November 2020 – item 8.6](#)

## **9. Appendices**

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- 9.1 Appendix 1 Strategic Risk Descriptions and Impact Statements
- 9.2 Appendix 2 Current Strategic Risk Summary and Trends
- 9.3 Appendix 3 Current Strategic Risk Heatmap
- 9.4 Appendix 4 Refreshed Operational Risk Management Framework – Progress with Design and Implementation
- 9.5 Appendix 5 Covid-19 Impacts on the Council’s Approved Risk Appetite

## Appendix 1: Strategic Risk Descriptions and Impact Statements

Ref	Risk	Risk Description	Impact Statement
R1	<b>Strategic Delivery</b>	Inability to design and / or implement a strategic plan for the Council.	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions
R2	<b>Financial and Budget Management</b>	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	Council is unable to continue to deliver services and implement change in line with strategic objectives; inability to meet EIJB financial directions; adverse external audit opinion; adverse reputational consequences
R3	<b>Programme and Project Delivery</b>	Inability to delivery major projects and programmes effectively, on time and within budget	Inability to deliver Council strategy; achieve service delivery improvements; and deliver savings targets
R4	<b>Health and Safety (including public safety)</b>	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	<b>Resilience</b>	Inability to respond to a sudden high impact event or major incident	Disruption across the City; to service delivery; and serious injury or harm to employees and / or citizens.
R6	<b>Supplier, Contractor, and Partnership Management</b>	Inability to effectively manage the Council's most significant supplier and partnership relationships	Inability to deliver services and major projects within budget and achieve best value
R7	<b>Technology and Information</b>	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R8	<b>Governance and Decision Making</b>	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R9	<b>Service Delivery</b>	Inability to deliver quality services that meets citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts
R10	<b>Regulatory and Legislative Compliance</b>	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R11	<b>Reputational Risk</b>	Adverse publicity as a result of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to the Council's reputation in the public domain

## Appendix 2 – Current Strategic Risk Summary and Trends

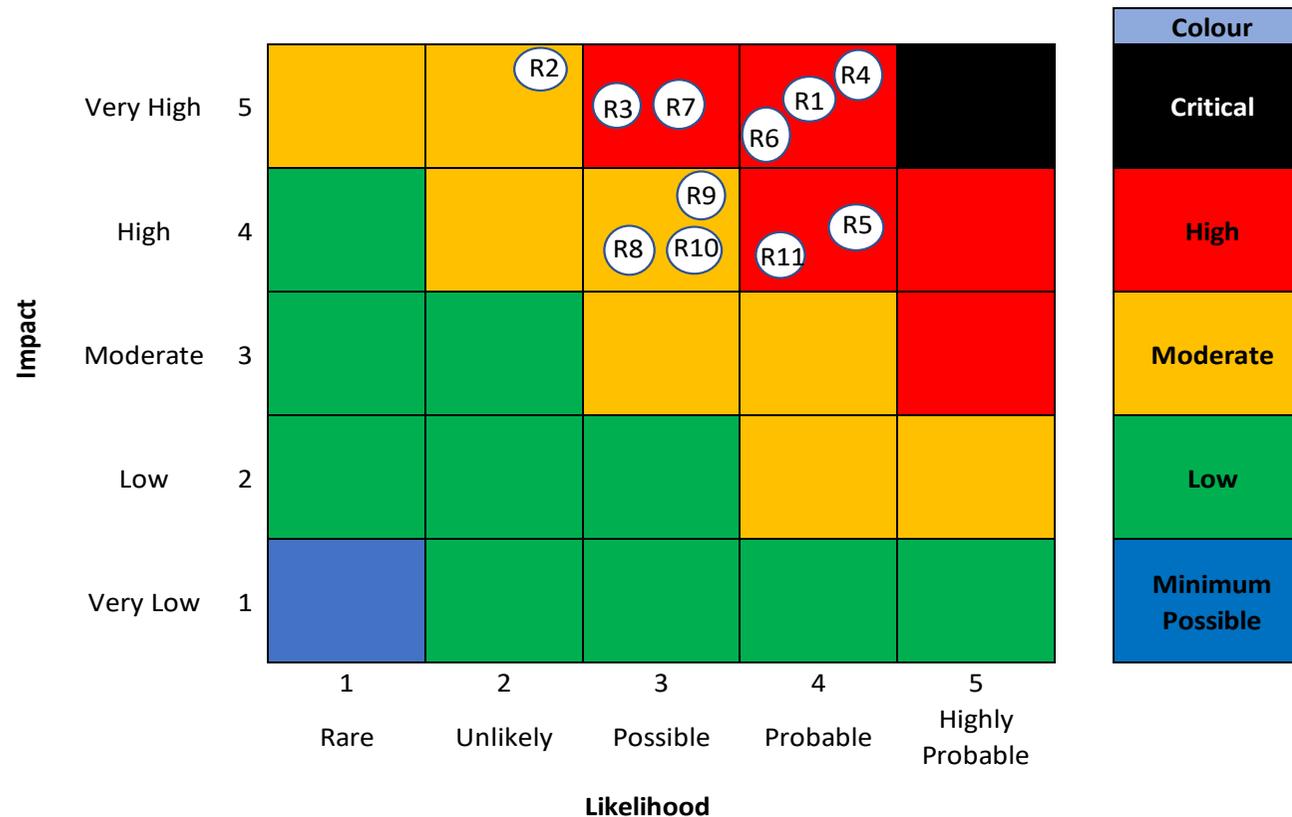
Risk	Original Risk	Current Risk Trend				Risk Appetite Range		Action Required	Actions In Progress	Target Date
		Q3	Q4	Q1	Q2					
R1. Strategic Delivery	●	●	●	●	●	●	●	↓	New performance framework developed and implementation in progress	Ongoing
									Post Covid service redesign and implementation of new ways of working	Ongoing
									Monitor alignment between budgets and business plan	Ongoing
									Ensure sufficient capacity to support business plan delivery	Ongoing
									Implementation of senior management restructure	Ongoing
									Confirm adequacy of resources to support business plan delivery	Ongoing
R2. Financial and Budget Management	●	●	●	●	●	●	↔	Ongoing monitoring of the financial position with focus on financial years 2023/2024 onwards.	Ongoing	
								Continue to explore all potential externally available funding sources	Ongoing	
								Ongoing monitoring of capital costs in comparison to budget	Ongoing	
								Improved governance and focus on identifying and delivery savings	Ongoing	
R3. Programme and Project Delivery	●	●	●	●	●	●	↔	Consolidation of all major projects into the A&R Programme	Ongoing	
								Review project resources to confirm delivery capacity	Ongoing	
								Monitor availability and costs of construction materials for capital projects	Ongoing	
								Monitor availability of funding	Ongoing	
R4. Health and Safety (including Public Safety)	●	●	●	●	●	●	↓	Testing in care homes and schools	Ongoing	
								'Warn and Inform' in schools and weekly updates for families	Ongoing	
								Carbon Dioxide monitors in schools, day care services and other operational properties	Ongoing	
								Face coverings for children and school employees in school buildings	Ongoing	
								Deep cleaning across open Council buildings	Ongoing	

Risk	Original Risk	Current Risk Trend				Risk Appetite Range		Action Required	Actions In Progress	Target Date
		Q3	Q4	Q1	Q2					
									1m Social Distancing for all employees in Council buildings and face coverings when seated	Ongoing
									Monitoring local infection levels and location of mobile asymptomatic testing centres	Ongoing
									Appropriate measures for all events and review and approval by CIMT	Ongoing
									Employee wellbeing strategy and supporting initiatives	Ongoing
									Engagement with Police Scotland and other partners	Ongoing
									Implementation of Life Safety Internal Audit actions	Ongoing
									Improved asbestos management	Ongoing
									Covid-19 employee response including focus on wellbeing	Ongoing
									Corporate (2nd Line) Health and Safety recruitment	Ongoing
									Refresh asset management strategy and implement new preventative maintenance framework with new suppliers	Ongoing
									Review adequacy of capital budgets for infrastructure assets and prioritise urgent repairs	TBC
									Committee paper being prepared to revisit Council's approach to drivers.	TBC
R5. Resilience	●	●	●	●	●	●	●	↓	Ongoing horizon scanning by CIM and Corporate Resilience	TBC
									Refresh of Corporate Resilience Framework, with focus on concurrent risks, and clarity on responsibility and accountability	Ongoing
									Implementation of technology resilience Internal Audit actions	Ongoing
R6. Supplier, Contractor, and Partnership Management	●	●	●	●	●	●	●	↔	Understand impacts of the new Brexit legislation on significant (Tier 1 and 2) contracts	Ongoing
									Monitor potential price inflation and reflect in budgets	Ongoing
									Monitor supplier sustainability and reflect in procurement frameworks.	Ongoing
									Ongoing monitoring of supply chain challenges	Ongoing

Risk	Original Risk	Current Risk Trend				Risk Appetite Range		Action Required	Actions In Progress	Target Date
		Q3	Q4	Q1	Q2					
									Refreshed ALEO governance and oversight framework and implementation of ALEO Internal Audit actions	TBC
R7. Technology and Information									Resolution of vulnerability scanning outcomes	Ongoing
									Implementation of ongoing phishing simulation	Ongoing
									Restricted access to personal e mail via Council networks	Complete
									Review of flexible VPN arrangements	TBC
									Protection of established Council domain names	TBC
									Enhanced data loss prevention through Office 365	TBC
									Prevent use of non-approved devices on Council networks	TBC
									Enhanced network password controls for Learning and Teaching Network	TBC
									Implementation of Council wide refreshed user access management framework	TBC
									Implementation of ongoing cyber security training	Complete
R8. Governance and Decision Making									Service resumption triage with CIMT review and approval of all key decisions	Ongoing
									Engagement with external partners	Ongoing
									Implementation of refreshed operational risk management framework	September 22
									Implementation of new governance and assurance model	Nov 21
									Implementation of GRBV Committee Effectiveness Review Internal Audit findings	TBC
R9. Service Delivery									Implementation of first line governance and assurance models	November 21
									Transition planning for VERA leavers	Ongoing
									Workforce monitoring and planning	Ongoing

Risk	Original Risk	Current Risk Trend				Risk Appetite Range		Action Required	Actions In Progress	Target Date
		Q3	Q4	Q1	Q2					
									Service resumption process being designed that will prioritise based on capacity of resources (operational estate and workforce) and commercial viability and Scottish Government and Public Health Scotland requirements	Ongoing
R10. Regulatory and Legislative Compliance								↓	Actions currently being defined.	
R11. Reputational								↓	Implementation of Social Media Internal Audit actions	Ongoing
									Implementation of diversity and Inclusion framework	Ongoing
									Ongoing engagement with Elected Members and citizens on resumption of services as lockdown restrictions ease	Ongoing
									Implementation of new Consultation policy and supporting processes	Ongoing

## Appendix 3: Current Strategic Risk Heatmap



Strategic Risks			
R1	Strategic Delivery	R7	Technology and Information
R2	Financial and Budget Management	R8	Governance and Decision Making
R3	Programme and Project Delivery	R9	Service Delivery
R4	Health and Safety (including Public Safety)	R10	Regulatory and Statutory Compliance
R5	Resilience	R11	Reputational
R6	Supplier, Contractor, and Partnership Management		

## Appendix 4: Refreshed Operational Risk Management Framework – Progress with Design and Implementation

<u>Activity</u>	<u>Target Date</u>	<u>Status</u>	<u>Completion Date</u>	
<b>1 High Level Operational Risk Management Framework Design Approved by CLT</b>	<b>Mar-21</b>	<b>Not Started</b>		Will be approved following pilot completion
1a Refresh First and Second Line Risk Management Responsibilities	Sep-20	Complete	Jun-20	
1b High Level Operational Risk Management Framework Design approved by GRBV	Nov-20	Complete	Nov-20	
1c High Level Operational Risk Management Framework Shared Across the Council	Nov-20	Complete	Nov-20	
<b>2 CLT Risk Committee Terms of Reference</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Jan-21</b>	
<b>3 Head of Legal and Risk attendance at CLT and Change Board</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Dec-20</b>	
<b>4 Refresh Enterprise Risk Management Policy</b>	<b>Sep-20</b>	<b>Complete</b>	<b>Oct-20</b>	Next refresh scheduled for October 2021
<b>5 Refresh Risk Appetite Statement</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Oct-20</b>	Next refresh scheduled for October 2021
5a Wider Leadership Team (WLT) Risk Appetite Training	N/A	Complete	Jan-21	
5b Elected Member Risk Appetite Training	N/A	Complete	Oct-20	
<b>6 Corporate Risk Team Attendance at HSCP Risk Committees</b>	<b>Dec-20</b>	<b>Complete</b>	<b>Aug-21</b>	
<b>7 Identification and Escalation of Risks through Risk Forum</b>	<b>Dec-20</b>	<b>In Place</b>	<b>Apr-20</b>	
<b>8 Publish quarterly Risk Matters newsletter</b>	<b>Dec-20</b>	<b>In Place</b>	<b>Jan-21</b>	
<b>9 Design and Implement Refreshed Operational Risk Management Framework</b>	<b>Mar-21</b>	<b>In Progress</b>		Pilot in progress with target Dec 21 completion
9a Risk hierarchy / library - consistent definition of risks across the Council	Mar-21	Complete	Apr-21	
9b Standard risk register structure for divisions and directorates		Complete	Apr-21	
9c 1st Line guidance /criteria to assess and score risk incl target risk / risk appetite	Mar-21	Complete	Apr-21	
9d Risk accumulation and escalation process	Mar-21	Complete	Apr-21	
9e Risk management methodology for projects	Mar-21	Complete	Apr-21	
9f Identify training attendees	Mar-21	Complete	Apr-21	Refresh required post pilot
9g Deliver operational risk management framework training	Apr-21	Not Started		
9h Refresh structure of CLT and GRBV risk reports	Mar-21	Complete	Mar-21	
<b>10 Refresh Divisional and Directorate Risk Registers (incl target risk)</b>	<b>Jun-21</b>	<b>In Progress</b>		
<b>11 Implement 2nd Line Risk Management Assurance across 1st Line Risk Activities</b>	<b>Oct-21</b>	<b>Not Started</b>		Process designed for implementation following framework implementation.
<b>12 Risk Management System</b>	<b>Mar-23</b>	<b>In Progress</b>		
12a Specification	Sep-21	In Progress		
12b Procurement	Dec-21	Not Started		
12c Implementation	Jun-22	Not Started		
<b>13 Assurance Mapping</b>	<b>Mar-23</b>	<b>Not Started</b>		

## Appendix 5 – Covid-19 Impacts on the Council’s Approved Risk Appetite

Ref	Risk Category	Risk Appetite Range		Covid-19 Risk Appetite	Change	Explanation
		From	To			
R1	Governance and Decision Making	Minimum possible	Low	Moderate	↑	Implemented Covid-19 emergency decision making and governance requirements through the Council’s Incident Management Team
R2	Strategic Delivery	Low	Moderate	High	↑	Focus on strategic delivery paused to focus on resilience response, and then changed to include service redesign and new ways of working
R3	Programme and Project Delivery	Low	High	High	↔	Main changes were impacts of lockdown and new Covid regulations for capital projects and impacts of workforce. These additional risks were managed within the current risk appetite level.
R4	Financial and Budget Management	Low	Moderate	Critical	↑	Uncertain extent and nature of Covid costs incurred by the Council, and whether these would be recovered through receipt of either Scottish or UK Government funding.
R5	Health and Safety (including public safety)	Minimum possible	Low	Critical	↑	New and significant risks of infection and transmission between employees and citizens receiving Council services.
R6	Resilience	Low	Moderate	High	↑	<ul style="list-style-type: none"> <li>Council now operating in operational resilience environment</li> <li>Risks associated with potential concurrent resilience events.</li> </ul>
R7	Supplier, Contractor, and Partnership Management	Low	High	High	↔	<ul style="list-style-type: none"> <li>Increased supply chain risks for critical supplies and services including agency staff to backfill Council workforce absence.</li> <li>Requirement to support and oversee critical suppliers (e.g. private care homes and school transport services)</li> </ul> <p>These additional risks were managed within the current risk appetite level.</p>
R8	Technology and Information	Low	Moderate	High	↑	<ul style="list-style-type: none"> <li>Increased cyber security risks</li> <li>New information security risks associated with the transition to working from home.</li> </ul>
R9	Service Delivery	Low	High	Critical	↑	<ul style="list-style-type: none"> <li>Services stopped and / or changed in response to new Covid regulations.</li> <li>Workforce availability for delivery of critical services.</li> <li>Implementation of new Covid responses (e.g. shielding and vulnerable groups; grant allocation processes)</li> <li>Increased risk of fraud</li> </ul>
R10	Regulatory and Legislative Compliance	Minimum possible	Low	Moderate	↑	<ul style="list-style-type: none"> <li>Risk of non-compliance with new Covid regulations and guidance</li> <li>Pace of regulatory change</li> </ul>
R11	Reputational Risk	Low	Moderate	High	↑	Council Covid-19 decisions and responses are not aligned with either political and / or public expectations