Governance, Risk and Best Value Committee

10:00am, Tuesday, 13 August 2019

Corporate Leadership Team Risk Register

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 Members of the Governance, Risk and Best Value Committee are asked to:

1.1.1 review and scrutinise the CLT Risk Register 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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EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Corporate Leadership Team Risk Register

2. Executive Summary

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 17th July 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

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 7 May 2019.

4. Main report

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 17 July 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 remains the 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 The items on the register 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.

Key changes

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, increased supply chain/contractor risk in the medium term, and the effects of changes upon workforce recruitment and retention in the medium/long term. The effects of a no deal Brexit are difficult to predict but could include significant price increases for e.g. food supplies or shortages in key supplies. CLT, Directorates and Divisions 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 The following changes have also been made this quarter:

4.7.1 Given the Edinburgh Integration Joint Board budget has yet to be agreed and the wider implications of the delayed UK Government Spending Review are, as yet, unknown a further action about prioritising expenditure around core Council outcomes has been added to Risk 5 (medium term financial planning).

4.7.2 Given recent HSE involvement in relation to Council operations, the likelihood score has been increased for Risk 9 (Health and Safety).

4.7.3 Risk 10 (public safety) has been updated to include the outcome of the recent tram cycling court decision.

4.7.4 Risk 13 (sustainability) has been amended to reflect the fact that the Council has taken recent decisions on climate emergency, aims to be carbon neutral and plans to be more sustainable, e.g. Passivhaus design, which will now be implemented.

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.

5. Next Steps

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

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

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

8.1 Corporate Leadership Team Risk Update: report to GRBV 7th May 2019

8.2 Enterprise Risk Management Policy

8.3 Council's Risk Appetite Statement

9. Appendices

Appendix 1 – CLT Top Risks with Key Controls and Further Actions as at 17th July 2019

Appendix 1 CLT Risk Register as at 17 July 2019

Top risks prioritised on current score *(previous position)*		Original		Key controls in place	Current		Key further actions	Target		Change in current score
		I	L		I	L		I	L	
1 *(1)*	**Health and Social Care** 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.	**4**	**5**	Regular scrutiny of health and social care performance by Governance, Risk and Best Value Committee (GRBV) Partnership working across NHS Lothian, the Council and the IJB ensures planning for demand and finance is taken into account. IJB Audit Programme in place (outside direct Council control) Scrutiny of IJB risks by IJB Audit and Risk Committee (outside direct Council control) Interim Head of Strategic Planning in post with responsibility for longer-term planning Review of governance arrangements carried out with support from the Good Governance Institute	**4**	**4**	Work in progress to establish effective risk management and escalation processes within localities Implementation of actions following the governance review Strategic Plan for 2019-2022 to be issued and implemented this month Enhanced financial controls to be developed and introduced EIJB budget to be agreed with Council.	**2**	**3**	⬌
2 *(5)*	**Medium-term financial planning (to 2022)** 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	**4**	**5**	Engagement and lobbying with other local authorities through COSLA (Convention of Scottish Local Authorities) to Scottish Government and Ministers Commitment from Scottish Government to set a 3-year budget (outside the Council's control) Budget-setting protocol agreed at IJB and HSCP level Good financial control in accordance with legislation and the Council's Financial Regulations to deliver planned capital and revenue budgets.	**4**	**4**	Consider opportunities to integrate risk analysis into budget planning Achieve the outcomes and savings as detailed in the Council's Change Strategy Align Council and EIJB budget setting processes to have approved budgets by start of financial year Prioritise budgets in line with key council objectives	**3**	**2**	⬆

	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.						Address underlying service pressures on a sustainable basis.			
3 *(2)*	**Asset management (property assets)** Due to the age, condition and size of 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 close and dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that closure decisions may not be 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.	**5**	**5**	Asset Management Works programme with 5 year investment to achieve improved safety and sustainability for Council operational properties. Planned preventative maintenance (PPM) regimes Progress against the Asset Management Strategy reported regularly to Finance and Resources Committee. H&S inspections undertaken regularly. Cyclical condition surveys every 3-5 years. Corporate Health and Safety Policy Asbestos, Fire Safety and Water Safety Policies Public and employers' liability insurance policies Statutory compliance testing in place Fire Safety, Asbestos and Water Safety Standing Groups chaired by Head of Property and Facilities Management meets regularly to discuss issues Asset Management Board (operational group) meetings monthly and is chaired by the Executive Director of Resources, with senior representation from all directorates. Service Design change programme underway. Gracemount approximately 50% through the process. Lessons learned to date are being assessed and applied to next engagement at Pentlands and Trinity.	**4**	**3**	Continued delivery of the 5-year Asset Management Works programme. Asset Management Strategy (2015-2019) to be developed into new Council Property Strategy detailing how Council's property will be managed, maintained and used to deliver savings. This new Council Property Strategy will be a subset of the overall Corporate Asset Strategy 2014-2019 (currently being refreshed). Procurement of major, estate wide, PPM contracts underway. Full deployment and implementation of CAFM (computer-aided facility management) and opportunities to converge other asset management systems into CAFM, along with a business case for sufficient resource to exploit CAFM fully is being developed. Edinburgh Partnership Land Commission approach, led by the Chief Executive and supported by SfT continues to develop broader approach to public asset mapping and consolidation across the City.	**2**	**2**	⬌

							Service Design programme to significantly change approach to community engagement with single site community hubs.			
4 *(3)*	**Programme and Project Delivery** 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 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.	**5**	**5**	Oversight of major programmes and projects by the relevant Executive Committees and the Governance, Risk and Best Value Committee (every six months) CLT Change Board provides robust monthly portfolio management and oversight for all programmes and projects, including review of business cases and project closedown benefits realisation and evaluation reports. Internal Audit recommendations relating to Change Management delivered, and project management training rolled out. Integrated impact assessments in place Additional project management resource appointed to develop and enable delivery of Change Strategy business cases.	**4**	**3**	All significant change programmes are required to have an approved business case detailing resources and skills required to deliver. Further Internal Audit of Portfolio Governance Framework planned for 2019/20.	**3**	**2**	⬆
5 *(4)*	**Information and data** 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	**4**	**4**	Cyber and Information Security Steering Group (CISSG) established, chaired by the Executive Director of Resources, to deliver against the Scottish Government's Public-Sector Action Plan on Cyber Resilience. Management of information security risks through a CISSG risk register. Cyber Essentials certification achieved. Information Technology Disaster Recovery (IT DR) arrangements in place Quarterly scrutiny of CGI performance by GRBV	**3**	**3**	Plan for the achievement of Cyber Essentials Plus certification. PSN Code of Connection accreditation submission for 2019 being finalised. Implementation of SharePoint technology as part of the device/hardware 12-month refresh project to improve security and storage arrangements across the ICT estate. Completion of device refresh programme across the Council's IT	**3**	**2**	⬌

	compliance requirements under the General Data Protection Regulation and Data Protection Act 2018.			Suite of information governance and security policies, procedures and e-learning in place supported by Cybersecurity campaigns and refreshed ICT Acceptable Use Policy Laptop and media encryption 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 Leavers process includes removal of access to IT applications GDPR implementation tracked by the Information Governance Unit Information sharing agreements in place between partner organisations. Revised Password Guidance aligned to National Cyber Security Centre guidelines approved and being rolled out.			estate is continuing. Migration from Windows 7 to Windows 10 OS and implementation of Office 365 will significantly improve security arrangements. Recruitment underway to appoint a dedicated Cybersecurity Manager within the restructured Digital Services management team.			
6 *(6)*	**Response to a major incident** 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.	**5**	**3**	Council Business Continuity and Emergency Plans in place All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities and an effective on-call rota system operates throughout the year. Information Technology Disaster Recovery (IT DR) arrangements in place with regular testing undertaken. Regular liaison and partnership working between the Council and other responder organisations at a local and national level including contingency planning for major events Externally contracted services include DR and business continuity provisions. Lessons learned from key events including winter weather.	**3**	**3**	Consider opportunities to improve command, control and communication structures in relation to incident response both by the Council and in tandem with multi-agency partners	**3**	**2**	

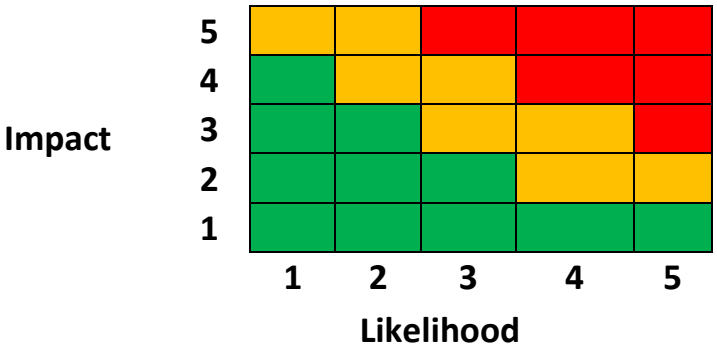
7 *(7)*	**Housebuilding programme** Due to longer term funding constraints, capacity levels within the house-building industry, the availability of suitable land and uncertainties around planning assumptions used in financial models (demographics, demand, economics) there are risks to the delivery of 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.	**4**	**3**	Short, medium and long-term planning through the Housing Revenue Account (HRA) planning process involving input from appropriate functions including Finance, Legal and Risk 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	**3**	**3**	Development of the new Local Development Plan ("City Plan 2030") in accordance with timetable outlined in the Development Plan Scheme. Adoption anticipated May 2021.	**2**	**1**	
8 *(11)*	**Brexit** Due to the national political environment and ongoing preparations for Brexit, there are uncertainties around potential impacts upon the Council, particularly in the event of a "no deal" Brexit. 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.	**4**	**5**	Contingency planning taking in place at CLT, Directorate, Service, function and project levels, including identifying relevant impacts, contract and third-party supplier risks Communications aimed at staff who may be potentially impacted Multi-agency preparation at a regional level with input from the Resilience team. Scottish Resilience Partnership monitoring readiness of all Category 1 responders (which includes local authorities) Cross-party Brexit Working Group meets to consider potential impacts to the wider city e.g. business continuity and employment gaps Council's workforce implications arising from Brexit continue to be closely reviewed and monitored via Services, HR, and Employment Law. Contingency planning with NHS Lothian Funding released in support of EU Settlement Scheme	**3**	**3**	Ongoing monitoring and participation in appropriate Local and National Resilience arrangements. Joint working on Local Government Brexit Preparedness via COSLA with other Local Authorities.	**3**	**2**	

9 *(13)*	**Sustainability** Due to the Councils agreed position on Climate Emergency and the decision to go Carbon Neutral by 2030, coupled with potential changes in legislation, increased media attention and public focus upon global issues, the Council will need to undertake significant changes and these will have significant financial and practical consequences. 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.	**4**	**4**	Strategy and Communications provide continuous monitoring of legislative changes and communication to managers through regular updates Well-established planning and strategy-setting processes Public engagement (formal and informal)	**3**	**3**	Plans put in place to implement Council decisions	**2**	**2**	⬆
10 *(9)*	**Health and Safety (H&S)** 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.	**5**	**4**	Health and Safety Policy Asbestos, Fire Safety, Water Safety Policies 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 Plans in place Corporate H&S Training programme available across the whole organisation. Completion figures 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 Corporate Policy and Strategy Committee.	**4**	**2**	Progress implementation of Corporate Health and Safety Strategy 2018-2020 Progress implementation of Directorate level Health and Safety Plans. Continued delivery of Health and Safety Audit Programme.	**4**	**1**	⬆

				IOSH Leading Safely courses delivered to Wider Leadership Team H&S guidance/advice available on Council's intranet Online reporting tool to record incidents and near misses Public and employer's liability insurance in place						
11 *(10)*	**Public safety (pedestrian/vehicle collision)** Due to increasing footfall in key locations and number of cyclists on the road, combined with the volume of traffic on the city's roads, there is an increased possibility of a collision between a pedestrian, cyclist and/or vehicle. This could result in serious injury (mental and/or physical) or death, liability claims against the Council, and associated negative publicity for the city.	**4**	**5**	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 Corporate Health and Safety Policy Public liability insurance policy Working with festival and event organisers on event location and planned footfall distribution Continue to incorporate lessons learned from relevant events	**4**	**2**	Continue to monitor and consider whether any additional actions are required Work being undertaken following recent tram case judgements involving cyclists. Certain roads will be closed during the Festival.	**4**	**2**	⬌
12 *(8)*	**Electoral events** 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 pressures.	**3**	**4**	Contingency planning taking in place at CLT, Directorate, Service and project levels, including identifying potential impacts of this and key staff requirements Ongoing liaison with other local authorities through Elections Scotland forum (outside the Council's direct control). Successful delivery of the Leith Walk By-Election and European Elections within Edinburgh. A review and evaluation of opportunities for improvement has been undertaken. Successful use of the EICC for a Count venue in the absence of Meadowbank stadium has now been undertaken.	**2**	**4**	Identify and train additional staff as reserves in readiness for future scheduled elections is being actively considered. A core elections team capability has remained 'stood up' following the European Elections to ensure the Council is able to respond to short notice events in the coming months.	**2**	**2**	⬌

				The Council has experienced Returning Officers and Depute Returning Officers, as well as Count Supervisors and Count Assistants in place.						
13 *(12)*	**Public response to political decisions** As a result of the requirement to take challenging long-term decisions in line with budgets and forecasts, combined with the increased use of social media across society, there is a chance that legal and legitimate decisions end up being changed due to public opinion altering. This could result in decisions being made quickly and out with long-term strategies, plans and targets, with associated impacts upon budgets, performance, and ability to meet legislative requirements.	**3**	**3**	Robust, evidence-based decision making in line with Council procedures Proper planning and integrated impact assessments in place Public engagement through formal consultation processes Social media accounts providing a more informal means of engagement with citizens	**3**	**2**	Improve social media scanning for potential issues. Enhanced consultation, for example as part of budget setting.	3	**2**	⇔

Risk assessment and scoring guidance



	1	2	3	4	5
Impact	Limited	Minor	Moderate	Major	Extreme
Effect on outcomes	Minimal	Minor, short term	Part failure to achieve	Significant failure to achieve	Unable to achieve

	1	2	3	4	5
Likelihood	Remote	Possible	Reasonable	Likely	Almost certain
Frequency	Less than once in 10 years	Once in 5-10 years	Once in 3-5 years	Once in 1-3 years	In the next year