

Governance, Risk and Best Value Committee

10.00am, Tuesday 2 May 2023

Present

Councillors Campbell (Convener), Bandel, Biagi, Faccenda, Jenkinson, Macinnes (substituting for Councillor McVey), Miller, Mitchell (substituting for Councillor Rust), Mowat, Thornley and Younie.

1. Minutes

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 14 March 2023 as a correct record.

2. Outstanding Actions

Details were provided of the Outstanding Actions arising from decisions taken by the Committee.

Decision

- 1) To agree to close:
 - Action 2(2) – CLT Risk Report – Report Template
 - Action 2(3) – CLT Risk Report – Implementation of Best Value Audit Reporting
 - Action 4 – Annual Governance Statement
 - Action 7 – Gas Services Improvement Plan Closure Report
 - Action 12(1) – SWIFT Application Technology Controls
 - Action 13 – CLT Risk Report – Session for Members on Risk Appetite and Ratings
 - Action 14 – Quarterly Status Update – Digital Services
 - Action 18(2) – Change Portfolio
 - Action 19 – Annual Assurance Schedule – Corporate Services
 - Action 21 – Capital Monitoring 2022/23 – Briefing on Capital Budgeting for the Edinburgh Health and Social Care Partnership
- 2) To note action 6 (Annual Assurance Schedule – Edinburgh Health and Social Care Partnership) would remain open until the requested briefing note was circulated.

- 3) To note action 9(4) (Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment) would remain open until the Policy and Sustainability Committee had considered the report.
- 4) To otherwise note the remaining outstanding actions.
(Reference – Outstanding Actions May 2023, submitted.)

3. Work Programme

The Committee Work Programme was presented.

Decision

To note the Work Programme.

(Reference – Work Programme May 2023, submitted.)

4. Business Bulletin

The Committee Business Bulletin was presented.

Decision

- 1) To note the Business Bulletin.
- 2) To note the letter sent to the Minister for Business, Trade, Tourism and Enterprise regarding procurement procedures and to agree that the Convener progress the actions suggested by the Minister in his reply.

(Reference – Business Bulletin May 2023, submitted.)

5. Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard at 31 March 2023

Details of the status and progress towards closure of open and overdue management actions as of 31 March 2023 were presented.

Decision

- 1) To note the status of open and overdue Internal Audit actions as at 31 March 2023.
- 2) To refer the report to the Council Executive committees for ongoing scrutiny of the overdue internal audit actions relevant to their respective remits.
- 3) To refer the report to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.
- 4) To request an additional column showing the date of each audit be added to Appendix 2 in future reports.

(Reference – report by the Head of Internal Audit, submitted.)

6. Internal Audit Update Report – 5 December 2022 to 31 March 2023

The report provided an update on the delivery of Internal Audit (IA) reviews. A summary of overall progress and outcomes was provided.

Decision

- 1) To note progress with delivery of the 2022/23 Internal Audit plan and reviews the outcomes of IA reviews completed in the last quarter.
- 2) To approve a revision to the Committee work programme to allow the annual activity report and audit opinion to be presented to Committee in September 2023.
- 3) To agree the deferment of two 2022/23 IA reviews into the 2023/24 IA plan.
- 4) To note commencement of the 2023/24 IA plan approved by Committee in March 2023.
- 5) To note progress with recommendations and improvement actions arising from the 2021/22 External Quality Assessment.
- 6) To note the outcomes and feedback from audit surveys.
- 7) To note the current IA risk profile and action being taken to mitigate risks.
- 8) To note progress with delivery of IA key priorities and ongoing areas of focus.
- 9) To request a timeline of audit activity to be added to future quarterly reports and to request future quarterly reports were separated to each audit year.

(Reference – report by the Head of Internal Audit, submitted.)

7. Audit Scotland – City of Edinburgh Council Annual Audit Plan 2022-2023

Audit Scotland had been appointed as the Council's external auditor for the five-year term covering financial years 2022/23 to 2026/27 inclusive. The external audit plan for review year 2022/23 was presented for the Committee's information, outlining the main proposed areas of scrutiny and associated reporting timescales over the coming year.

Decision

- 1) To note the Annual Audit Plan for 2022/23.
- 2) To note the periodic updates on the work set out therein would be provided to the Committee.

(Reference – report by the Executive Director of Corporate Services, submitted.)

8. Corporate Leadership Team Risk Report at 20 March 2023

The Council's risk profile at 20 March 2023 was presented and the most significant risks were highlighted. Risk assessments presented were based on management's view of internal and external environments within which the Council operated.

Decision

- 1) To note the Council's risk profile as at 20 March 2023, the most significant risks facing the Council, and key actions being taken in response to those risks.
- 2) To note several risks currently exceeded the Council's agreed Risk Appetite levels.
- 3) To request the 'workforce deep dive' report being submitted to the Finance and Resources Committee in June be referred to the Governance, Risk and Best Value Committee for scrutiny.
- 4) To note the discrepancies in the report, such as differing risk ratings in the charts and text, and to agree officers would review and make any corrections. An amended report to be circulated and published following the meeting. (Note: the revised report is appended to this minute for information.)
- 5) To agree the upcoming risk workshop would include discussion on the format of reports, the level of detail required and reporting timelines.
- 6) To request the Council Leader write to the appropriate Cabinet Secretary regarding the financial pressures in health and social care requesting support.
- 7) To request a report on the Council's budget process with recommendations on how it could be improved and what safeguards were in place to ensure any risks were identified during the process.

(Reference – report by the Chief Executive, submitted.)

9. Quarterly Status Update – Digital Services

A report provided a progress update on the Council's Digital Services programme of works. The Council and its technology partner, CGI UK Limited, continued to work in partnership to increase the pace of delivery to improve core digital services, achieve further improvement and progress the associated major systems changes and developments.

Decision

- 1) To note the report.
- 2) To agree future reports would be streamlined to remove some narrative and focus on the risks the Committee needed to be aware of in order to perform its scrutiny function.
- 3) To request key information on project progress is included in a dashboard format with notes on progress and issues encountered.
- 4) To agree a closure report on the digital roll out in schools would be presented to the Governance, Risk and Best Value Committee in addition to the Finance and Resources Committee.

(Reference – report by the Executive Director of Corporate Services, submitted.)

10. Annual Treasury Management Strategy 2023-24 – referral from the City of Edinburgh Council

The City of Edinburgh Council had referred a report on the Annual Treasury Management Strategy 2023/24 for scrutiny.

Decision

- 1) To note the report.
- 2) To note the Head of Internal Audit was conducting a skills audit of the Committee and would consider training on treasury management as part of this.

(References – City of Edinburgh Council of 16 March 2023 (item 14); referral from the City of Edinburgh Council, submitted.)

11. Capital Strategy 2023-2033 – Annual Report – referral from the Finance and Resources Committee

The Finance and Resources Committee had referred a report on the Capital Strategy 2023-33 – Annual Report for scrutiny. The proposed capital strategy provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens.

Decision

To note the report.

(References – Finance and Resources Committee of 10 March 2023 (item 3); referral from the Finance and Resources Committee, submitted.)

12. Risk Management Policy – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on the Council's refreshed Risk Management Policy for information. The Policy superseded the existing policy dated 30 November 2021 and described the Council's overarching risk management approach.

Decision

To note the report.

(References – Policy and Sustainability Committee of 21 March 2023 (item 14); referral from the Policy and Sustainability Committee, submitted.)

13. Best Value Assurance Audit – Update – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on progress with the implementation of actions from the key recommendations for the Council from the Council's Best Value Assurance Audit Report for scrutiny.

Decision

- 1) To note the report.
- 2) To agree the Governance, Risk and Best Value Committee would continue to receive updates on the progress against the recommendations of the Best Value Audit following consideration by the Policy and Sustainability Committee.

(References – Policy and Sustainability Committee of 21 March 2023 (item 27); referral from the Policy and Sustainability Committee, submitted.)

14. Edinburgh Leisure Annual Report 2021-22 – referral from the Culture and Communities Committee

The Culture and Communities Committee referred the Edinburgh Leisure Annual Report for 2021/22 for scrutiny. The report detailed the performance of Edinburgh Leisure as it began the process of recovering its business following the second Covid-19 lockdown in January 2021.

Decision

To continue consideration of the report to the next meeting and to request the Chief Executive of Edinburgh Leisure attended the meeting to answer questions.

(References – Culture and Communities Committee of 7 March 2023 (item 5); referral from the Culture and Communities Committee, submitted.)

15. Edinburgh Living Annual Update 2022 – referral from the Housing, Homelessness and Fair Work Committee

The Housing, Homelessness and Fair Work Committee referred a report on the activities carried out by Edinburgh Living in 2022 for scrutiny. The report comprised of the financial statement for the previous year (2021) as agreed by the Corporate Body, and the interim financial position at the end of 2022.

Decision

- 1) To note the report.
- 2) To note the upcoming audits on procurement and contract management and that elected member engagement and adherence to existing policy during the contract award process could be included as part of this.

(References – Housing, Homelessness and Fair Work Committee of 9 March 2023 (item 8); referral from the Housing, Homelessness and Fair Work Committee, submitted.)

16. CGI Security Operations Centre Audit Progress

The Committee in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 1 of Schedule 7A of the Act.

An update on progress against the actions from the CGI Security Operations Centre Audit was provided.

Decision

To note the progress against the audit actions to date.

(Reference – report by the Executive Director of Corporate Services, submitted.)

Appendices

Appendix 1 Revised Corporate Leadership Team Risk Report at 20 March 2023

Governance, Risk and Best Value Committee

10:00am, Tuesday, 2 May 2023

Corporate Leadership Team Risk Report as at 20 March 2023

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Committee notes:
- 1.1.1 The Council's risk profile as at 20 March 2023, the most significant risks facing the Council, and key actions being taken in response to those risks.
 - 1.1.2 Several risks currently exceed the Council's agreed Risk Appetite levels.

Andrew Kerr
Chief Executive

Contact: Chris Lawson, Head of Health and Safety and (Interim) Risk
Legal and Assurance Division, Corporate Services Directorate
E-mail: chris.lawson@edinburgh.gov.uk | Tel: 07732 405 330

Report

Corporate Leadership Team Risk Report as at 20 March 2023

2. Executive Summary

- 2.1 The purpose of this paper is to present the Council's risk profile as at 20 March 2023, highlight the most significant risks facing the Council, and identify key actions being taken in response to those risks.
- 2.2 Risk assessments within this paper are based on management's view of the internal and external environments within which the City of Edinburgh Council operates, with subsequent actions considered in the context of the Council's risk appetite.
- 2.3 The Council's overall risk profile is viewable in Section 4.4 and Appendix 2 of this report.

3. Background

- 3.1 The purpose of this report is to provide the Governance, Risk and Best Value Committee with an update on the most significant risks the City of Edinburgh Council has identified and assessed as at 20 March 2023.

4. Main report

Current Risk Profile (as at 20 March 2023)

- 4.1 This report contains the most significant risks discussed at the CLT risk committee on 20 March 2023 and the risk assessment for the Council's thirteen enterprise risks. This is based on the aggregated risk scores from divisions, overlaid with council-wide risks.
- 4.2 The Council's enterprise risk descriptions and potential impacts are included in Appendix 1, and a summary of the Council's current enterprise risk profile and trending is included at Appendix 2. The key the drivers for current risk ratings and associated mitigations are set out in Appendix 3.

4.3 Risk assessments within this paper are based on management’s view of the internal and external environments within which the Council operates, with subsequent actions considered in the context of the Council’s risk appetite.

4.4 The Council’s 13 enterprise risks have been rated as follows:

CEC Risk Profile	trending					CLT risk ratings	
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Risk Appetite
01 Strategic Delivery	Yellow	Yellow	Yellow	Red	Red	Yellow	Yellow
02 Financial and Budget Management	Yellow	Yellow	Yellow	Red	Red	Red	Yellow
03 Programme and Project Delivery	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Red
04 Health & Safety	Red	Red	Yellow	Yellow	Yellow	Yellow	Green
05 Resilience	Red	Red	Red	Red	Red	Yellow	Yellow
06 Supplier, Contractor, and Partnerships Management	Red	Red	Red	Yellow	Yellow	Yellow	Red
07 Technology and Information	Yellow	Yellow	Yellow	Red	Red	Red	Yellow
08 Governance and Decision Making	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
09 Service Delivery	Red	Red	Red	Red	Red	Black	Red
10 Workforce	Red	Black	Red	Red	Red	Black	Yellow
11 Regulatory and Legislative Compliance	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
12 Reputational Risk	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
13 Fraud and Serious Organised Crime	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow

4.5 Rationale for the Council's 13 enterprise risk ratings, and associated actions

The factors driving the current risk ratings and actions are not an exhaustive list of issues affecting or which could affect the City of Edinburgh Council. Those factors are often referenced and scrutinised within existing committees as part of business-as-usual activity e.g. budget management within Finance & Resources Committee.

Section 8 of this report contains links to the relevant committees, which can be used for further contextual information and detail if needed. The Council's Annual Assurance Statements also provide details of the current control environment, for scrutiny by GRBV Committee.

As noted in Appendix 3 some risks have Council-wide implications, while others relate to specific parts of the organisation.

4.5.1 **Strategic Delivery** risk is rated as **moderate** and within the Council's current risk appetite (also moderate).

The Council has an ambitious programme of strategic delivery. This rating is predominately driven by need to dedicate resources to deliver the Council's key strategic priorities. The Council is unable to deliver some of these priorities in isolation and officers are continuing to work with partner organisations to secure additional funding and to support to progress some of these key priorities. The prioritisation and planning of delivery will continue to be assessed throughout 2023. It is likely this rating will remain outwith the Council's risk appetite beyond 2023. Management of this risk will continue as outlined above, alongside regular progress updates on individual priorities into the relevant committees. Progress will continue to be reported corporately on the Council Business Plan and performance monitoring.

4.5.2 **Financial and Budget Management** risk is rated as **high** and outwith the Council's current risk appetite of moderate.

This is mainly due to inflationary pressures, alongside reduced budgets, and limited options for immediate savings. The Council also has a share of the substantial budget gap within the Edinburgh Integrated Joint Board (EIJB). Budget monitoring and potential savings are being scrutinised across the Council, alongside monitoring of reserves and public expenditure forecasts. Throughout 2023, robust financial planning will continue to be developed and embedded locally within services, as well as strategically within the Council's relevant policies and business planning. Opportunities for external funding will continue to be sought, alongside reprioritisation of existing budgets where needed. It is likely this rating will remain outwith the Council's risk appetite beyond 2023, due to the challenges outlined above and adverse economic forecasts.

4.5.3 **Programme and Project Delivery** is rated as **moderate** and within the Council's current risk appetite (also moderate).

The moderate rating reflects the size and scale of the current programme of works and recognises that the Council faces significant financial and resourcing challenges in delivering key programmes and projects.

The Council's Change Portfolio is reported regularly to GRBV and Executive Committees are kept up to date with programme and project delivery (which doesn't form part of the Council's Change Portfolio) at appropriate times. These controls will remain in place beyond 2023, as will the likelihood of a moderate risk rating, based on the consistent and understood reliance the Council places on project delivery in pursuit of its objectives.

4.5.4 **Health and Safety** is rated as **moderate** and outwith the Council's current risk appetite of low.

The requirement to have Fire Risk Assessments for all operational sites completed by a competent fire risk assessor, as well as the requirement for fire alarm activation response to change in light of the Scottish Fire and Rescue decision to stop responding to fire alarm activations for non-sleeping accommodation from 1 July 2023 unless a fire is confirmed. The Fire Risk Assessments process is ongoing and a procedure for the identification, monitoring and prioritisation of financial and resource implications has been put in place. New Fire Safety Guidance, information and training is being developed and will be rolled out through April/May. The Council has a Fire Evacuation Working Group co-ordinating the preparations for this change in The risk rating is expected to reduce as the programme of Fire Risk Assessments are completed and Fire Evacuation Arrangements are revised. In addition, the Council is currently working on financial and delivery plans to introduce permanent hostile vehicle mitigation measures in the city.

4.5.5 **Resilience** is rated as **moderate** and is within risk appetite (also moderate).

While the potential impacts of disruptive events remains high, this rating reflects the Council's responsiveness to crises throughout the last 12 months, notably during Project Unicorn, Industrial Action, and Edinburgh's response to the illegal invasion of Ukraine.

While recognising Council staff's ability to respond to such events, it was agreed in CLT Risk Committee (20 March 2023) that further proactive business continuity / contingency plan testing should be completed, to ensure preparedness across the Council for potential crises in future. A schedule for future testing can be expected in Q4 2023, with ongoing monitoring to take place within the existing quarterly Council-wide Resilience Group meeting.

Given the likelihood of diverse events occurring across the city in future, it is expected that this risk will likewise remain as Moderate, managed through contingency planning, and in response to a live incident when needed.

4.5.6 **Supplier, Contractor, and Partnership Management** is rated as **moderate** and is within risk appetite (high).

This rating reflects the continued reliance on suppliers and partnership working to deliver services and projects, most notably the substantive work carried out by the Council's technology partner, CGI. The rating also represents the challenges in delivering consistent and effective contract and supplier management across the Council, and also within complex Insurance Markets.

Services continue to receive Contract Management Training, support and compliance monitoring from the Commercial and Procurement Services team.

CGI performance updates feature quarterly within GRBV, and insurance updates form part of reporting into Finance & Resources Committee. Given the dependency on key suppliers will likely continue for the foreseeable future, it is expected that this risk will remain as Moderate, and continue to be managed accordingly.

4.5.7 **Technology and Information** is rated as **high** and is outwith the Council's current risk appetite of moderate.

This rating reflects reliance on essential legacy systems, including but not limited to iTrent and SWIFT, and the continued risk of cyber-threats.

The acquisition of a new HR system has been approved by Council, and is scheduled to be implemented by April 2025. A replacement for the SWIFT system is still currently being scoped, with a full business case paper scheduled for consideration at Finance and Resources committee in June. Ongoing functionality challenges with SWIFT continue to be managed tactically under the Swift Recovery Plan, with oversight from the Swift Governance Group.

Completion rates of mandatory cyber-security training are monitored on a regular basis, with non-compliance highlighted to services by the Cyber and Information Security Steering Group (CISSG). Service responsiveness to a successful cyber-attack is scheduled to be reviewed as part of the 2023/2024 audit plan, and is expected to have business continuity oversight from the Council Resilience Group. Is it likely this risk will remain outwith appetite until all necessary systems have adequate funding and have been successfully implemented. Further details can be found within the GRBV Digital Services Quarterly Status Update.

4.5.8 **Governance and Decision Making** has been rated as **moderate** and outwith the Council's current risk appetite of low.

This rating has a number of contributing factors.

Several frameworks are in the process of being developed or improved, or require further embedding within the organisation.

Areas of improvement have been identified within the Information Governance and Legal frameworks, to support decision making from officers which may have regulatory compliance or legal implications. The Resilience framework requires further embedding throughout 2023, and the need to strengthen governance over the Council's Arm's Length External Organisations (ALEOs) has been recognised.

Unplanned demands for officer time is also a contributing factor, while balancing competing priorities.

4.5.9 **Service Delivery** is rated as **critical** and is out with risk appetite.

The Council continues to experience challenges in service delivery due to demand and also, as noted above, in attracting and retaining people (particularly in some statutory services). Significant challenges are noted within the Health & Social Care Partnership.

Officers continue to monitor service demand and delivery pressures and, where necessary, plans are put in place to address significant challenges. These plans are reported regularly to the appropriate Executive Committee, with ad-hoc updates on particular challenges provided if necessary.

Given the challenges key services are facing, it is likely this rating will remain High beyond 2023.

As these key services often support the needs of Edinburgh's most vulnerable citizens, the appropriateness of the current Risk Appetite Statement for Service Delivery is recommended for review within the next reporting cycle.

4.5.10 **Workforce** is rated **critical** and outwith the Council's current risk appetite of moderate.

This rating reflects significant challenges in recruitment and retention of staff across the Council, while demand for services continues to rise.

Services continue to drive recruitment for their own needs locally, while looking to optimise existing capacity as efficiently as possible. Where possible, services are using partnership support for recruitment of specialist roles. Centrally, the HR Workforce plan, including succession planning, is an ongoing piece of work which is expected to continue throughout 2023. Directorates will continue to prioritise key services, while setting expectations against those demands which exceed capacity.

It is unlikely that this rating will improve within 2023, given challenging recruitment markets and high demands on services.

4.5.11 **Regulatory and Legislative Compliance** is rated as **moderate** and outwith the Council's current risk appetite of low.

The use of temporary accommodation in response to the Ukraine crisis continues to be reviewed under the statutory Unsuitable Accommodation Order. Performance reporting of statutory care and education services is being monitored closely due to workforce pressures versus demand. The Council also identified that the records for some of our equipment were not up to date and, in a number of cases items of equipment were taken out of service until the Council was satisfied that they were safe to be used. Remedial work has been underway to address the inspection of equipment. Work is underway to review the arrangements around work equipment to give confidence going forward.

It is hoped that further forbearance will be granted under the Unsuitable Accommodation Order while demand for accommodation continues to be high. The work to review and develop clear guidance on work equipment is expected to be completed in quarter 2 of 2023.

4.5.12 **Reputational Risk** is rated as **moderate** and within risk appetite (also moderate).

Reputational risk is the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by the City of Edinburgh Council itself, our employees or those with whom we are associated, that may cause stakeholders to form a negative view of the Council.

The performance and delivery of services continue to be scrutinised within existing Council committees, with consideration given to citizen impacts. In relation to recent concerns regarding events held within a Council venue, officers are working to update venue contracts and produce policy in relation to use of public buildings.

It is likely this rating will remain as Moderate due to the complex nature of services, and critical focus the City of Edinburgh operates under.

4.5.13 **Fraud and Serious Organised Crime** is rated as **moderate** and within risk appetite (also moderate).

No new significant instances have been recorded. Those areas of improvement identified in a recent Internal Audit are being taken forward throughout 2023. Staff training & awareness continues to be promoted due to the heightened threat of cyber-attacks.

On the understanding that no significant instances of fraud take place, it is likely this rating will improve by year-end 2023, once the remedial internal audits actions are completed and controls improved.

5. Next Steps

- 5.1 Resultant actions from the risks identified in this report will continue to be monitored within directorate and CLT risk committees, and are subject to further scrutiny by GRBV committee.

6. Financial impact

- 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

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

8. Background reading/external references

- 8.1 [Enterprise Risk Management Policy – Policy and Sustainability Committee November 2021 – item 7.17](#)
- 8.2 [Risk Appetite Statement - Policy and Sustainability Committee November 2021 – item 7.18](#)
- 8.3 [Policy and Sustainability Committee](#)
- 8.4 [Transport and Environment Committee](#)
- 8.5 [Finance and Resources Committee](#)
- 8.6 [Edinburgh Integration Joint Board](#)
- 8.7 [Education, Children and Families Committee](#)
- 8.8 [Housing, Homelessness and Fair Work Committee](#)

9. Appendices

- 9.1 Appendix 1 Enterprise Risk Descriptions and Impact Statements
- 9.2 Appendix 2 Current Enterprise Risk Summary and Trends
- 9.3 Appendix 3 Enterprise Risk – Key drivers and mitigations

Appendix 1: Enterprise Risk Descriptions and Impact Statements

Ref	Risk	Risk Description	Impact Statement
R1	Strategic Delivery	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	Financial and Budget Management	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	Programme and Project Delivery	Inability to deliver major projects and programmes effectively, on time and within budget	Inability to deliver Council strategy; achieve service delivery improvements; and deliver savings targets
R4	Health and Safety (including public safety)	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	Resilience	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	Supplier, Contractor, and Partnership Management	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	Technology and Information	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	Governance and Decision Making	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	Service Delivery	Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts
R10	Workforce	Insufficient resources to support delivery of quality services that meet citizen needs effectively and in line with statutory requirements	Ongoing employee health and wellbeing; increased trade union concerns; censure from national government and regulatory bodies; and adverse reputational impacts
R11	Regulatory and Legislative Compliance	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R12	Reputational Risk	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
R13	Fraud and Serious Organised Crime	Isolated or systemic instances of internal and / or external fraud and / or serious organised crime	Financial consequences; loss of systems; loss of data; inability to deliver services; regulatory censure and penalties; and adverse reputational impacts

Appendix 2: Current Enterprise Risk Summary and Trends

CEC Risk Profile	trending					CLT risk ratings	
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Risk Appetite
01 Strategic Delivery	Yellow	Yellow	Yellow	Red	Red	Yellow	Yellow
02 Financial and Budget Management	Yellow	Yellow	Yellow	Red	Red	Red	Yellow
03 Programme and Project Delivery	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Red
04 Health & Safety	Red	Red	Yellow	Yellow	Yellow	Yellow	Green
05 Resilience	Red	Red	Red	Red	Red	Yellow	Yellow
06 Supplier, Contractor, and Partnerships Management	Red	Red	Red	Yellow	Yellow	Yellow	Red
07 Technology and Information	Yellow	Yellow	Yellow	Red	Red	Red	Yellow
08 Governance and Decision Making	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
09 Service Delivery	Red	Red	Red	Red	Red	Black	Red
10 Workforce	Red	Black	Red	Red	Red	Black	Yellow
11 Regulatory and Legislative Compliance	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
12 Reputational Risk	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
13 Fraud and Serious Organised Crime	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow

Critical	High	Moderate	Low
----------	------	----------	-----

Appendix 3 Enterprise Risk – Drivers and mitigations

Enterprise Risk	Driver for being out with risk appetite	What will change external to CEC to reduce this risk	What action is being taken	Action owner	Date
01 Strategic Delivery	Within risk appetite	External funding; Partnership support; Rebased target dates.	Prioritisation of workload against competing demands.	Place ; Corporate Services.	2024
02 Financial and Budget Management	Inflationary pressures (e.g. energy, pay awards, supplies); Flat lined government funding; Homelessness and demography pressures; Covid impact on fees and charges (including ALEO income); and EIJB unbalanced revenue budget.	External funding.	Change Programme established with £2m funding; Quarterly Capital and Revenue budget monitoring; Directorate Revenue savings proposals being developed; Prioritisation / recasting of Capital Programme; and Robust medium term financial plan being developed.	Finance	February 2024
03 Programme and Project Delivery	Within risk appetite	n/a	Prioritisation of projects;	Place ; Corporate Services.	Ongoing
04 Health & Safety	Hostile Vehicle Mitigation; Fire Risk Assessments;	n/a	Proposals to be put forward; Planning and resourcing.	TBC; Place	TBC; May 2023
05 Resilience	Within risk appetite	n/a	Further council-wide business continuity testing.	Resilience	Q4 2023
06 Supplier, Contractor, and	Within risk appetite	n/a	Contract Management Training; Compliance Monitoring.	Commercial and Procurement	Ongoing

Partnerships Management					
07 Technology and Information	Legacy systems; Cyber-awareness.	n/a	New HR system; SWIFT replacement business case; Compliance Monitoring.	HR; HSCP; Digital Services.	April '25; June '23; Ongoing.
08 Governance and Decision Making	Several council-wide frameworks require improvement / embedding; ALEO governance; Unplanned demands.	n/a	Continual development and embedding of frameworks	SLT	Ongoing
09 Service Delivery	Service demand Ability to recruit and retain particularly in regulated areas.	Partnership support; External funding.	Prioritisation of critical services; Operational efficiencies; Targeted recruitment.	SLT	Ongoing
10 Workforce	Recruitment and staff retention against high demands	Partnership support for specialist recruitment.	HR Workforce plan and succession planning; Robust capacity planning.	HR; CLT; SLT.	Ongoing
11 Regulatory and Legislative Compliance	Unsuitable Accommodation Order; Strain on care and education services to remain compliant; Backlog of statutory inspections.	n/a	Continued legislative forbearance on unsuitable accommodation; Remediation of inspections	Housing Insurance / SLT	Ongoing Q4 2023
12 Reputational Risk	Within risk appetite	n/a	Ongoing monitoring within committees	All	Ongoing
13 Fraud and Serious Organised Crime	Within risk appetite	n/a	Control improvements as per 2022 audit; Cyber-awareness training	Resilience	2023 Ongoing.