Governance, Risk and Best Value Committee

10.00am, Tuesday, 14 December 2021

Corporate Leadership Team Risk Report as at 26 October 2021

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 current enterprise risk profile; and

    1.1.2 progress with the ongoing operational risk management framework pilot and enterprise risk management system procurement.

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EDINBVRGH
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Report

Corporate Leadership Team Risk Report as at 26 October 2021

2. Executive Summary

2.1 The purpose of this paper is to present the Council's current enterprise risk profile, as at 26 October 2021, 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 Two new enterprise risks in respect of workforce and fraud and serious organised crime have been included in alignment with the refreshed Risk Appetite statement (which is subject to Policy and Sustainability Committee approval in November 2021).

2.4 Current enterprise risks have been assessed in comparison with both the Council's operational and increased Covid-19 risk appetite ranges as detailed in the refreshed risk appetite statement.

2.5 Five of the Council's thirteen enterprise risks are presently outwith the Council's approved operational risk appetite ranges, with all thirteen risks within the increased Covid-19 ranges.

2.6 Whilst the Council's current enterprise health and safety and workforce risks are both assessed as high, and are within the Council's increase Covid-19 risk appetite ranges, these two risks for the Partnership currently exceed the Council's increased Covid-19 risk appetite ranges as these have been assessed by the Partnership as 'critical'.

2.7 There have been changes to four current enterprise risk assessments in the last quarter, with Service Delivery risk increased from moderate to high, and the Strategic Delivery; Resilience; and Technology and Information risks reduced from high to moderate.

2.8 The Council's most significant current risks are Workforce; Health and Safety (including Public Safety); Service Delivery; and Supplier, Contractor and Partnership Management.

2.9 These changes reflect the critical challenges currently impacting the Health and Social Care Partnership, despite the improved public health position with the removal of restrictions and progress with the vaccination programme; finalisation of clear long term strategic plans for the Council; reduced resilience risks in relation to the likelihood of local restrictions, potential national industrial action, and the potential death of the Monarch in Scotland; and ongoing improvements in the Council's technology and information security arrangements.

2.10 The Council's refreshed operational risk management framework has been designed and is currently being piloted across a number of Council services and projects. The pilot is expected to complete by December 2021, with the outcomes shared with the Corporate Leadership Team (CLT) in January 2022, together with a request for approval and implementation of the framework across the Council. A new enterprise risk management system is also currently being procured to support implementation of the framework.

3. Background

Covid-19 impacts on the Council's Risk Management Arrangements

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.

Covid-19 Impacts on the Council's Risk Appetite

3.4 The Covid-19 pandemic presented a number of unplanned and unexpected original risks that have adversely impacted the City; its residents; and the Council.

3.5 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. An update on the Council's increased risk appetite profile was provided to the Committee in September 2021.

3.6   Recognising that Covid-19 risks will continue to affect the Council at levels that may exceed approved operational 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, it was agreed that any longer term Covid-19 risk implications would be reflected in the refreshed Risk Appetite Statement recommended for approval by the Policy and Sustainability Committee in November 2021. Consequently, the refreshed Risk Appetite Statement now includes an operational risk appetite range that services should aim to achieve, and an increased Covid-19 risk appetite range.

Refreshed Operational Risk Management Framework

3.7   The Council's Enterprise Risk Management Policy (ERMP) and Risk Appetite Statement were refreshed and recommended for approval by the Policy and Sustainability Committee in November 2021, and are also being presented to the Governance, Risk, and Best Value (GRBV) Committee in December 2021 for information.

3.8   Plans for the phased implementation of the Council's refreshed operational risk management framework across the next three years were 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.

3.9   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).

3.10   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 that has been approved by management and was discussed at the August and November 2021 GRBV Committees.

3.11   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

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   The Council's enterprise risk profile also includes the two new workforce and fraud and serious organised crime risks that are included in the refreshed Risk Appetite Statement.

4.4   Details of enterprise risk descriptions and their potential impacts are included at Appendix 1.

4.5   A summary of the Council's current enterprise risk profile and its movement across the last three quarters is included at Appendix 2. This profile includes an assessment of current risk in comparison with both the Council's operational and increased Covid-19 risk appetite ranges as detailed in the Risk Appetite Statement.

4.6   The summary also 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.

4.7   The current enterprise risk profile highlights five of the thirteen enterprise risks are presently out-with the Council's approved operational risk appetite ranges, and that all thirteen risks are within the increased Covid-19 ranges. 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.

4.8   It is important to note that two specific Partnership current risks (health and safety and workforce) that contribute to the Council's enterprise risks currently exceed the Council's increased Covid-19 risk appetite ranges as these have been assessed by the Partnership as 'critical'. These risks have been recorded in the partnership risk register and are being managed to the fullest extent possible by the Partnership management team.

4.9   The current strategic risk heatmap included at Appendix 3 illustrates the significance of each of the Council's thirteen enterprise risks and confirms that the Council's most significant current risks are Workforce; Health and Safety (including Public Safety; Service Delivery; and Supplier, Contractor, and Partnership Management.

4.10   The rationale supporting the current risk assessment ratings for the Council's thirteen 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 (⬇) the agreed operational and Covid risk appetite ranges included in the Risk Appetite Statement.

Governance, Risk, and Best Value Committee, 14 December 2021

4.10.1 🟠↔ **(Operational and Covid) Strategic Delivery**– this current risk has decreased from high to moderate in the last quarter and is within both the operational and Covid risk appetite ranges. This decreased risk reflects that a number of clear, long term strategic plans have now been approved, and ongoing work to confirm the adequacy of both capacity and funding available to support delivery of Business Plan priorities.

4.10.2 It is also acknowledged that ongoing management of the Council's Covid-19 risks and focus on safe reinstatement of services could potentially impact progress with strategic delivery. These risks and their impacts continue to be closely monitored and, where necessary, strategic plans will be adjusted with their implementation phased across a longer time period.

4.10.3 CLT continues to recognise the intensity of the ongoing 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 resident awareness, whilst longer term solutions are defined and considered.

4.10.4 🟠↔ **(Operational and Covid) Financial and Budget Management** – this medium current risk remains unchanged from the last quarter and is within both the operational and Covid risk appetite ranges.

4.10.5 This current risk assessment reflects that a balanced budget is projected and should be achieved for financial years 2021/22 and 2022/23, and the outcomes of the unqualified external audit annual opinion for the 2020/21 financial year. 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.

4.10.6 It is also recognised that the Edinburgh Integration Joint Board (EIJB) currently has a significant projected budget overspend, with the associated risk that additional funds may be required from the Council to support ongoing delivery of Health and Social Care Partnership services. However, it is considered likely that this position will be addressed through receipt of additional national funding by the end of the current financial year.

4.10.7 Other ongoing financial pressures reflected in this current risk assessment include the funding required to implement the recommendations arising from independent inquiries led by Susanne Tanner QC and Pinsent Masson; ongoing homelessness budget pressures; and challenges in relation to the Local Government pay award.

4.10.8 🔴 ↔ **(Operational and Covid) Programme and Project Delivery** – this high rated current risk remains unchanged from the previous quarter and is within both the operational and Covid risk appetite ranges. 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 continues to experience shortages in commodities and materials required for construction projects, not only due to Covid-19 but also (increasingly) due to the impact of Brexit.

4.10.9 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.

4.10.10 Actions in progress to mitigate these risks are ongoing and 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.

4.10.11 🔴⬇**(Operational)**↔ **(Covid) Health and Safety (including Public Safety**) – this high rated current risk remains unchanged from the previous quarter and is currently outwith operational, but within the increased Covid, risk appetite ranges, and is mainly attributable to the increased critical health and safety risk within the Health and Social Care Partnership associated with ongoing workforce challenges and increased demand for services that is currently impacting delivery of the expected care levels.

4.10.12 This risk also reflects the increasing volume of public events being reintroduced 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. It is expected that this aspect of the health and safety risk will decrease as vaccination rates increase, and also with the wider introduction of the vaccination passport scheme.

4.10.13 This risk also continues to reflect the capacity challenges associated with the safe resumption of Council services, most notably the Council's capacity to continue to support enhanced cleaning and infection control requirements; the risks associated with safe use of community centres; and the potential reintroduction of out of hours school lets.

4.10.14 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.

4.10.15 Immediate mitigations that have been implemented to manage this risk include ensuring ongoing review and approval of all planned event by the Council's Incident Management Team (CIMT), and confirmation that test and protect and vaccination passport scheme requirements are consistently applied where relevant. Further detail is included at Appendix 2.

4.10.16 🔴 ⬇ (**Operational**) ↔ **(Covid) Resilience –** this current risk remains high, and is currently outwith operational, but within the increased Covid-19, risk appetite ranges.

4.10.17 Whilst Council services are now unlikely to be significantly impacted by the threat of national industrial action associated with ongoing local government pay award negotiations; the reduced likelihood of localised restrictions and outbreak control measures at the direction of the Scottish Government, it is acknowledged that risks associated with the following resilience events that could occur simultaneously would significantly impact the Council as it continues to operate in the current Covid-19 resilience environment:

- a further Covid-19 wave or local outbreak, including emergence of new variants;

- severe winter weather 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;

- potential civil disorder as people are permitted to gather in larger groups, and a number of large events are planned across the City prior to Christmas; and,

- Brexit – ongoing supply chain challenges.

4.10.18 It is also important to note that both city-wide and Council resilience plans have been prepared to manage potential COP 26 resilience risks.

4.10.19 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.

4.10.20 🔴 ↔ (**Operational and Covid) Supplier, Contractor and Partnership Management** – this high rated current risk remains unchanged from the last quarter and is within both the operational and Covid risk appetite ranges. This high rated current risk assessment reflects the ongoing local and global supply chain risks currently impacting council operations as both prices and the rate of inflation continue to increase.

4.10.21 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.

4.10.22 🟠↔️ (**Operational and Covid) Technology and information** - this current risk has reduced from high to moderate in the last quarter and is currently within both the operational and Covid risk appetite ranges.

4.10.23 This reduction reflects that whilst cybersecurity and data quality risks associated with homeworking and ongoing use of manual records remain high in the current operating environment, no significant issues or breaches have occurred. Additionally, the Council has again successfully obtained Cyber Essentials Plus accreditation, providing independent assurance on corporate digital network security controls, and the learning and teaching digital network is have significant infrastructure upgrades implemented.

4.10.24 This risk also reflects the known Learning and Teaching digital network 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 across the Council.

4.10.25 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 to address the performance and stability of the Learning and Teaching digital network, complementary to the school digital connectivity health check being undertaken as part of the Empowered Digital Learning programme.

4.10.26 🟠⬇️ (**Operational**) ↔️ (**Covid) Governance and decision making** - this moderate current risk remains unchanged from the last quarter and is and is currently outwith operational, but within the increased Covid risk appetite ranges. 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; and the need for effective assurance processes across the three lines within the Council.

4.10.27 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, as appropriate.

4.10.28 This assessment also reflects the risks associated with delayed implementation of the refreshed operational risk management framework; ongoing challenges with delivery of the Internal Audit annual plan; 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.

4.10.29 🔴 ↔️ **(Operational and Covid) Service delivery** – this current risk has been increased from moderate to high and is currently within both the operational and Covid risk appetite ranges.

4.10.30 This high rated risk is mainly attributable to ongoing critical service delivery challenges within the Partnership, reflecting ongoing pressure from the NHS to support timely hospital discharges; challenges with third party service providers who are transferring care packages back to the Partnership; and a general increase in demand for adult social care services post lockdown. This combined demand for services significantly exceeds the Partnership's current delivery capacity given ongoing workforce supply challenges.

4.10.31 This critical Partnership risk is partially offset by the Council's ongoing ability to deliver essential services in addition to resuming delivery of other less critical services that have been closed.

4.10.32 Other service delivery challenges across the Council include ensuring sufficient ongoing 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 new vaccination passport enforcement requirements, whilst working hard to address a number of licencing backlogs; and other Council areas that are either working with reduced capacity, or have redirected resources to focus on other priorities and cannot currently meet all service demands.

4.10.33 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.

4.10.34 🔴⬇️ **(Operational)** ↔️ **(Covid) Workforce –** This new enterprise risk has been assessed as high for the current quarter, with this current risk assessment outwith operational, but within the increased Covid risk appetite ranges.

4.10.35 This risk reflects the Council's ability to recruit and retain a capable and skilled workforce whilst the external employment market experiences significant pay growth (for example hospitality salaries post Covid in comparison to some current Council pay rates); vacancies in the

Governance, Risk, and Best Value Committee, 14 December 2021

employment market at record highs; and changing candidate expectations in relation to seeking job security and choices of careers and sectors, in addition to ongoing challenges in relation to the local government pay award.

4.10.36 This risk is currently prevalent across a number of Council services and roles, most notably in the Health and Social Care Partnership.

4.10.37 🟠⬇ **(Operational)**⬌ **(Covid) Regulatory and Legislative Compliance** – This moderate current risk remains unchanged from the last quarter and is outwith operational, but within increased Covid risk appetite ranges. 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.

4.10.38 🔴⬇ **(Operational)** ⬌ **(Covid) Reputational** – This current risk has remained unchanged from the last quarter and is outwith operational, but within the increased Covid risk appetite ranges. 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.

4.10.39 This increase also reflects the expected political and public interest in the outcomes from the independent inquiries into Sean Bell that was finalised in October 2021 and the Council's whistleblowing and organisational culture that is expected by December 2021.

4.10.40 🟠 ⬌ **(Operational and Covid) Fraud and Serious Organised Crime** This new enterprise risk has been assessed as high for the current quarter and is currently within both the operational and Covid risk appetite ranges. This assessment reflects that whilst the risk of fraud and serious organised crime remains high in the current operating environment, no significant issues have been identified that directly impact the Council.

Refreshed Operational Risk Management Framework

4.11 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).

4.12 The refreshed framework is designed to enhance the current risk management processes applied across the Council; reduce 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.

4.13 The pilot is currently scheduled for completion by December 2021, with a paper detailing pilot outcomes and approval for implementation of the framework across remaining Council services currently due to be provided to the CLT in January 2022. Further detail on progress with completion of the pilot is included at Appendix 5.

4.14 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.

4.15 The specification for a new enterprise risk management system that is aligned with the design of the new operational risk management framework has been prepared, and procurement is underway.   It is likely that to fully implement the new Framework, the new system will require to be in place first.

5.   Next Steps

5.1 Complete the pilot of the operational risk management framework by December 2021.

5.2 Update the CLT on pilot outcomes in January 2022 and (if approved) request approval of the framework; and progress implementation of the framework across the Council.

5.3 Progress procurement of a Council wide risk management system solution.

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 resilience events.

8.   Background reading/external references

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

Governance, Risk, and Best Value Committee, 14 December 2021

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 Current Enterprise Risk Heatmap

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

9.5 Appendix 5 Progress with the Operational Risk management Framework Pilot as at 26 October 2021

Governance, Risk, and Best Value Committee, 14 December 2021

Appendix 1: Strategic 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 Strategic Risk Summary and Trends

Risk	Original Risk	Current Risk Trend				Operational Current Risk Appetite Range	Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
		Q4	Q1	Q2	Q3			Op. Range	Covid Range		
R1. Strategic Delivery	● (black)	● (red)	● (red)	● (red)	● (orange)	● (green) ● (orange)	● (red)	↔	↔	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
										Monitor and adapt strategic implementation plans as required	Ongoing
R2. Financial and Budget Management	● (black)	● (orange)	● (orange)	● (orange)	● (orange)	● (green) ● (orange)	● (red)	↔	↔	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
										Operational property planned preventative maintenance programme finalised and costs have been established	Complete
										Costs associated with independent inquiry (Sean Bell) are being determined	Ongoing
										EIJB budget position closely monitored with further review scheduled once the financial settlement and Barnett model allocation has been announced	Ongoing
R3. Programme	● (red)	● (red)	● (red)	● (red)	● (red)	● (green) ● (red)	● (red)	↔	↔	Consolidation of all major projects into the A&R Programme	Ongoing
										Review project resources to confirm delivery capacity	Ongoing

| Risk | Original Risk | Current Risk Trend | | | | Operational Current Risk Appetite Range | | Covid Increase | Action Required | | Actions in Progress to Mitigate Current Risk | Target Date |
		Q4	Q1	Q2	Q3				Op. Range	Covid Range		
and Project Delivery											Monitor availability and costs of construction materials for capital projects	Ongoing
											Monitor availability of funding	Ongoing
											Implementation of IA First Line Project Management actions	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
											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
											Implementation of test and protect vaccine passport scheme requirements at all relevant Council events	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	Ongoing

Governance, Risk, and Best Value Committee 14 December 2021

Risk	Original Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
		Q4	Q1	Q2	Q3				Op. Range	Covid Range		
											Implement new preventative maintenance framework with new suppliers	Complete
											Review adequacy of capital budgets for infrastructure assets and prioritise urgent repairs	Ongoing
											Committee paper being prepared to revisit Council's approach to drivers.	Ongoing
R5. Resilience	● (black)	● (red)	● (orange)	● (red)	● (red)	● (green)	● (orange)	● (red)	⬇ (down arrow)	↔ (left-right arrow)	Ongoing horizon scanning by Corporate Resilience	Ongoing
											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
											COP26 Council and Citywide planning / identification of risks	Ongoing
											Service planning for concurrent risks	Ongoing
											Understand impacts of the new Brexit legislation on significant (Tier 1 and 2) contracts	Ongoing
R6. Supplier, Contractor, and Partnership Management	● (black)	● (red)	● (red)	● (red)	● (red)	● (green)	● (red)	● (red)	↔ (left-right arrow)	↔ (left-right arrow)	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
											Refreshed ALEO governance and oversight framework and implementation of ALEO Internal Audit actions	Ongoing
R7. Technology and Information	● (red)	● (red)	● (red)	● (red)	● (orange)	● (green)	● (orange)	● (red)	↔ (left-right arrow)	↔ (left-right arrow)	Resolution of vulnerability scanning outcomes (all networks)	Ongoing
											Implementation of ongoing phishing simulation	Ongoing
											Review of flexible VPN arrangements	Ongoing
											Protection of established Council domain names	Ongoing
											Enhanced data loss prevention through Office 365	Ongoing
											Prevent use of non-approved devices on Council networks	Ongoing

Governance, Risk, and Best Value Committee 14 December 2021

Risk	Original Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
		Q4	Q1	Q2	Q3				Op. Range	Covid Range		
											Enhanced network password controls for Learning and Teaching Network	Ongoing
											Implementation of Council wide refreshed user access management framework	Ongoing
											Threat Intelligence Monitoring	Ongoing
											Learning and Teaching Network Penetration Testing	Ongoing
											Restrictions on forwarding e mails eternally	Ongoing
											Implementation of findings from 2020/21 Internal Audit reviews	Ongoing
R8. Governance and Decision Making	red	orange	orange	orange	orange	blue	green	orange	↓	↔	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	Ongoing
											Implementation of first line governance and assurance model	January 22
R9. Service Delivery	red	red	red	orange	red	green	red	black	↔	↔	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 Ongoing
R10. Workforce	red	N/A			red	green	orange	red	↓	↔	Workforce Monitoring and Planning	Ongoing
											Additional funding for the H&SC Partnership to support recruitment	Ongoing
											Refreshed recruitment strategies and plans	Ongoing
											Established sickness absence process with reporting to CLT and Council Committees	Ongoing

Governance, Risk, and Best Value Committee 14 December 2021

Risk	Original Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
		Q4	Q1	Q2	Q3				Op. Range	Covid Range		
											Ongoing engagement with colleagues across the Council on the 'Our Future Work Programme'	Ongoing
											Workforce supply chart provided to Headteachers	Ongoing
											Ongoing engagement with trade unions	Ongoing
R11. Regulatory and Legislative Compliance	red	orange	orange	orange	orange	blue	green	orange	down arrow	left-right arrow	Policy and Insight and Legal Services communications on regulatory updates	Ongoing
											Attendance at SOLAR meetings	Ongoing
											Regular communications from law firms on	Ongoing
R12. Reputational	red	orange	orange	red	red	green	orange	red	down arrow	left-right arrow	Implementation of diversity and Inclusion framework	Ongoing
											Implementation of Social Media Internal Audit actions	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
											Preparation and implementation of action plans in response to Culture review recommendations	Ongoing
R13. Fraud and Serious Organised Crime	orange	N/A			orange	blue	orange	red	left-right arrow	left-right arrow	Involvement in the ongoing National Fraud Initiative Exercises	Ongoing
											Ongoing engagement with Partners through the Response to Serious Organised Crime Group	Ongoing

Governance, Risk, and Best Value Committee 14 December 2021

Appendix 3: Current Strategic Risk Heatmap

As at 26 October 2021
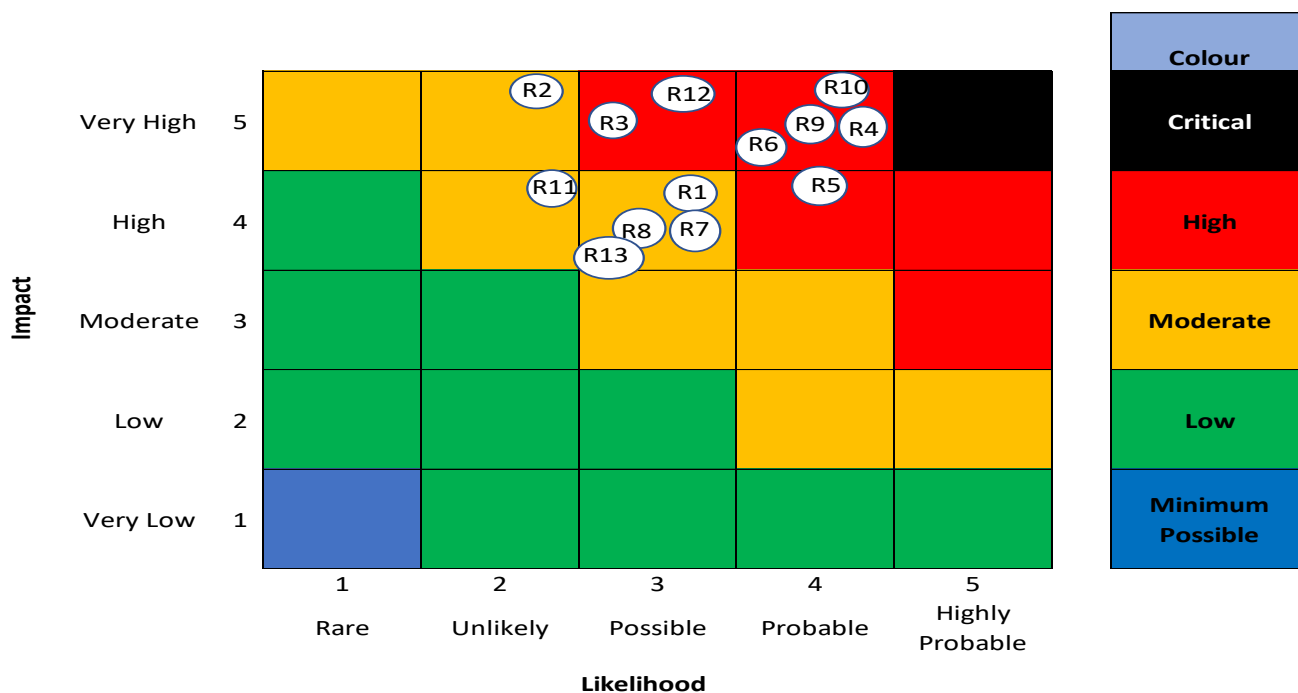
As At 23 August 2021
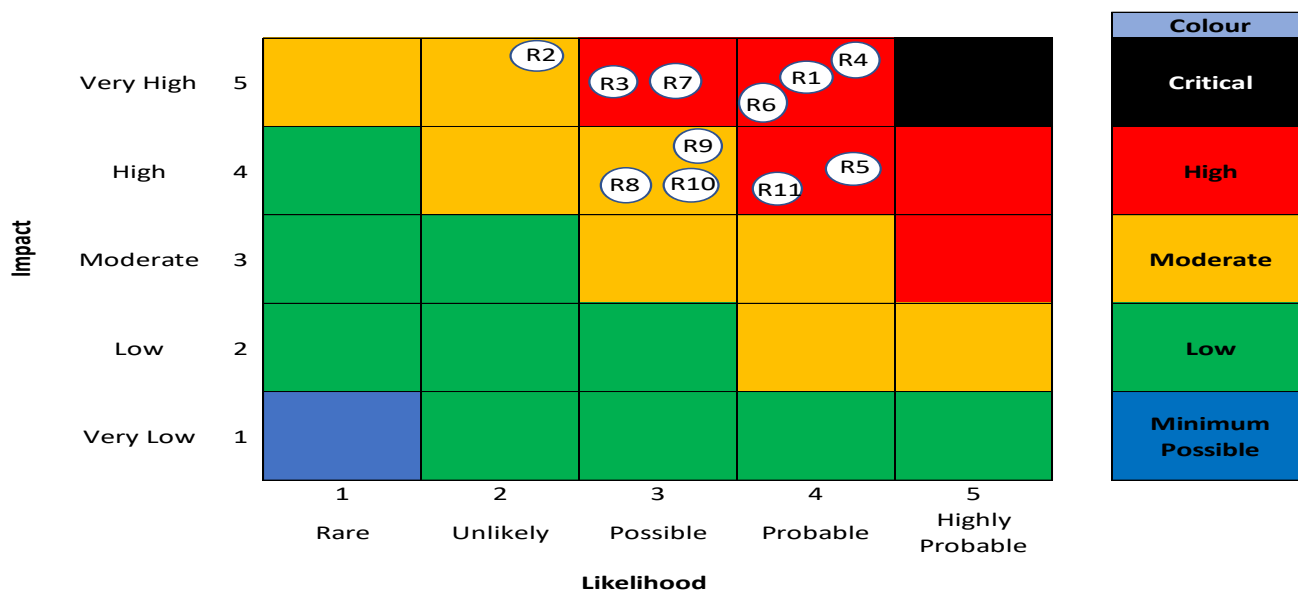
Enterprise Risks			
R1	Strategic Delivery	R8	Governance and Decision Making
R2	Financial and Budget Management	R9	Service Delivery
R3	Programme and Project Delivery	R10	Workforce
R4	Health and Safety (including Public Safety)	R11	Regulatory and Legislative Compliance
R5	Resilience	R12	Reputational
R6	Supplier, Contractor, and Partnership Management	R13	Fraud and Serious Organised Crime
R7	Technology and Information		

Governance, Risk, and Best Value Committee 14 December 2021

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

	Activity	Target Date	Status	Completion Date	
1	**High Level Operational Risk Management Framework Design Approved by CLT**	**Mar-21**	**Not Started**		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	
2	**CLT Risk Committee Terms of Reference**	**Oct-20**	**Complete**	**Jan-21**	
3	**Head of Legal and Risk attendance at CLT and Change Board**	**Oct-20**	**Complete**	**Dec-20**	
4	**Refresh Enterprise Risk Management Policy**	**Sep-20**	**Complete**	**Oct-20**	Next refresh scheduled for October 2021
5	**Refresh Risk Appetite Statement**	**Oct-20**	**Complete**	**Oct-20**	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	
6	**Corporate Risk Team Attendance at HSCP Risk Committees**	**Dec-20**	Complete	**Aug-21**	
7	**Identification and Escalation of Risks through Risk Forum**	**Dec-20**	**In Place**	**Apr-20**	
8	**Publish quarterly Risk Matters newsletter**	**Dec-20**	**In Place**	**Jan-21**	
9	**Design and Implement Refreshed Operational Risk Management Framework**	**Mar-21**	**In Progress**		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	
10	**Refresh Divisional and Directorate Risk Registers (incl target risk)**	**Jun-21**	**In Progress**		
11	**Implement 2nd Line Risk Management Assurance across 1st Line Risk Activities**	**Oct-21**	**Not Started**		Process designed for implementation following framework implementation.
12	**Risk Management System**	**Mar-23**	**In Progress**		
12a	Specification	Sep-21	Complete		
12b	Procurement	Dec-21	In Progress		
12c	Implementation	Jun-22	Not Started		
13	**Assurance Mapping**	**Mar-23**	**Not Started**		

Appendix 5: Progress with the Operational Risk management Framework Pilot as at 26 October 2021

Servics / Teams	Introduction	Transfer Risk Reg	Stage 1 Risks	Stage 2 Original Risk	Stage 3 Controls	Stage 4 Aggregation
Corporate Health & Safety	Completed	Not in Place	Green	Yellow	Green	Yellow
Legal Services	Completed	Not in Place	Green	Green	Yellow	Green
Internal Audit	Completed	Received	Green	Green	Green	Green
Corporate Risk Management	Completed	Received	Green	Green	Green	Green
Information Governance	Completed	Not in Place	Green	Green	Yellow	Green
Resilience and SOC	Completed	Received	Yellow			
Elections	Completed	Received	Green	Green	Green	Green
Corporate Governance	Completed	Received	Green	Green	Green	Green
Lord Provost Office	Completed	Not in Place	Green	Orange		
Strategic Change and Delivery	Completed	Not in Place	Green	Green		
Major Projects	Completed	Not in Place	Green	Green	Yellow	Green
Communications and Media	Completed	Not in Place	Green	Green	Green	Green
Policy & Insight	Completed	Not in Place	Green	Orange		
Fleet Services	Completed	Received	Green	Green	Green	
Waste & Cleansing	Completed	Not in Place	Green	Orange		
Transport Network and Enforcement	Completed	Received	Green	Orange		
Parks, Greenspace and Cemeteries	Completed	Received	Green	Yellow		
Roads and Transport Infrastructure	Completed	Received	Green	Green	Green	Green
Scientific Services	Completed	Received	Green	Green	Yellow	Green
Bereavement	Completed	Received	Green	Orange		
Registration	Completed	Received	Green	Green	Yellow	Green
Homelessness and Housing Support	Red	Received	Red			
Homelessness Tranformation Prevention Programme	Red	Received	Red			

Complete	Green
In Progress with CRMT	Yellow
Next stage planned	Orange
Awaiting response	Red

Governance, Risk, and Best Value Committee 14 December 2021