

# Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 March 2022

## Corporate Leadership Team Risk Report as at 24 January 2022

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	

### 1. Recommendations

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- 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.

**Andrew Kerr**  
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## Corporate Leadership Team Risk Report as at 24 January 2022

### 2. Executive Summary

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- 2.1 The purpose of this paper is to present the Council's current enterprise risk profile, as at 24 January 2022, and highlight those risks where further action is required (where realistic and possible) to ensure that they are brought within approved enterprise risk appetite levels.
- 2.2 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.
- 2.3 Five of the Council's thirteen enterprise risks are presently outwith the Council's approved operational risk appetite ranges, with one risk outwith the increased Covid-19 ranges.
- 2.4 The Council's most significant current risks are Workforce (critical); Health and Safety (including Public Safety); Resilience; Supplier, Contractor and Partnership Management.; and Service Delivery (all high).
- 2.5 There have been changes to three current enterprise risk assessments in the last quarter, with Workforce risk increased from high to critical; and Reputational and Programme and Project Delivery risks both decreased from high to moderate.
- 2.6 These changes reflect the critical workforce challenges currently impacting the Council (most notably the Health and Social Care Partnership) and their associated impact on service delivery; the outcomes of the inquiry into the Council's whistleblowing and organisational culture and preparation of the implementation plan presented at Council in February 2022; and the current status of the Council's major projects portfolio.
- 2.7 It is important to acknowledge that despite the improved public health position with the removal of Omicron restrictions and ongoing progress with the vaccination programme, the Council will continue to manage a number of significant Covid-19 specific risks (for example workforce and health and safety) that will have a longer term impact on service delivery following the return to more normal activities both in Edinburgh and across Scotland. This challenge is particularly evident in the

Partnership and other services that changed how they deliver services to support the Covid resilience response, and are currently facing backlogs of service requests.

- 2.8 Additionally, the Council's Covid-19 risk profile is likely to change significantly if a new variant emerges, and either local or national restrictions are applied.
- 2.9 Whilst the Council's current enterprise health and safety and service delivery 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'.
- 2.10 The Council's refreshed operational risk management framework has been designed and piloted across a number of Council services and projects. Pilot outcomes will be shared with the CLT in March 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**

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#### **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 approved 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 approved by the Policy and Sustainability Committee in November 2021, and were also presented to the Governance, Risk, and Best Value (GRBV) Committee in December 2021.
- 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 risk framework pilot was approved to be performed across a sample of divisions within each of the directorates to confirm the effectiveness and ease of implementation of the framework.

## **4. Main report**

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### **Current Enterprise Risk Profile**

- 4.1 This paper currently presents a predominantly 'top down' Corporate Leadership Team (CLT) view of the Council's current enterprise risk profile, as processes that will support comprehensive and combined both 'top down' (CLT) and 'bottom up' (service; divisional; and directorate) reporting will be implemented as part of the refreshed operational risk management framework.
- 4.2 Consequently, there may be some risk exposures across the Council that have not been reflected in this current assessment of the Council's most significant risks.

- 4.3 Details of enterprise risk descriptions and their potential impacts are included at Appendix 1.
- 4.4 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.
- 4.5 The summary also includes all current Covid-19 strategic 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.
- 4.6 The current enterprise risk profile highlights that five of the thirteen enterprise risks are presently outwith the Council's approved operational risk appetite ranges, with one risk (Workforce) in excess of both the operational and the increased Covid-19 risk appetite range. Supporting rationale for those risks outwith appetite is noted below, and details of actions currently being taken (where possible) to address these risks are also included at Appendix 2.
- 4.7 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.
- 4.8 The current enterprise 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).
- 4.9 The rationale supporting the current risk assessment ratings for the Council's thirteen enterprise 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.
- 4.9.1 ● ↔ **(Operational and Covid) Strategic Delivery**– this current risk remains moderate and is within both the operational and Covid risk appetite ranges. This assessment reflects approval of a number of clear, long term strategic plans, and ongoing work to confirm the adequacy of both capacity and funding available to support delivery of Business Plan priorities.
- 4.9.2 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. As the impacts of the Omicron variant are now reducing, this presents more opportunity for focus on strategic delivery,

combined with new ways of working across the Council. The most significant threat to progress would be the introduction of a new Covid-19 variant and the impact of any new restrictions. These risks and their potential impacts continue to be closely monitored and, where necessary, strategic plans will be adjusted with their implementation phased across a longer time period.

- 4.9.3 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.
- 4.9.4  **(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.
- 4.9.5 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 (2023/24) and medium term financial position, with particular focus on identification of revenue savings proposals which (if not identified and successfully delivered) could create pressure.
- 4.9.6 It is now recognised that the capital position must be reviewed annually and managed dynamically in the current economic climate, whilst maintaining a view of the longer term (ten year) capital forecast to support overall delivery of the Council's strategic plans. It is acknowledged that some capital commitments are currently unfunded, however work is ongoing to source appropriate funding. These challenges were outlined in the capital budget strategy paper presented to the Finance and Resources committee in February 2022.
- 4.9.7 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. It is not yet fully clear whether this position will be addressed through receipt of additional national funding by the end of the current financial year, and this position continues to be closely monitored.
- 4.9.8 Other ongoing financial pressures reflected in this current risk assessment include the funding required to implement the recommendations arising from the independent inquiries led by Susanne Tanner QC and Pinsent

Masons as detailed in the implementation plan presented to Council in February 2022; ongoing homelessness budget pressures; and challenges in relation to the Local Government pay award.

- 4.9.9 **● ↔ (Operational and Covid) Programme and Project Delivery** – this moderate rated current risk has been reduced from high in the last quarter, and is within both the operational and Covid risk appetite ranges. This assessment reflects the current status of the Council’s major projects portfolio (circa 40 projects with the majority at an overall amber RAG status as) reported to the Committee in September 2021, which demonstrates that whilst some projects continue to be impacted by current market conditions resulting in overspends and completion delays, these challenges are generally being managed across the portfolio.
- 4.9.10 This risk assessment also reflects the ongoing challenges associated with identification and delivery of savings initiatives to support achievement 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.
- 4.9.11 **● ↓ (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. This assessment remains 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 expected care levels.
- 4.9.12 This risks associated with the increasing volume of public events being reintroduced resulting in increased numbers of large public groups remains high, reflecting the challenges associated with ensuring effective protection from vehicles in pedestrian areas. The Covid-19 risks associated with increased numbers of public events is decreasing in line with the increasing numbers of vaccinations across the city and consistent application of the Covid-19 vaccination passport scheme.
- 4.9.13 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.
- 4.9.14 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.
- 4.9.15 Immediate mitigations that have been implemented to manage this risk include ensuring ongoing review and approval of all planned events 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.

- 4.9.16 ● ↓ **(Operational)** ↔ **(Covid) Resilience** – this current risk remains high, and is currently outwith operational, but within the increased Covid-19, risk appetite ranges.
- 4.9.17 This current risk assessment reflects the Council's current operational resilience capacity to support the ongoing workforce challenges in the Health and Social Care Partnership; and the potential risks associated with the following resilience events that could occur simultaneously and 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
  - Brexit – ongoing supply chain challenges.
- 4.9.18 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.
- 4.9.19 ● ↔ **(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.
- 4.9.20 This 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. This is evident in the challenges faced by care service providers who continue to hand back packages of care to the Council, and feedback from Arm's Length External Organisations who support service delivery.
- 4.9.21 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.

- 4.9.22  **(Operational and Covid) Technology and information** - this current risk remains amber, and is currently within both the operational and Covid risk appetite ranges.
- 4.9.23 This assessment 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 having significant infrastructure upgrades implemented.
- 4.9.24 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. However, established security arrangements have successfully prevented an increased volume of recent ransomware attacks.
- 4.9.25 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.
- 4.9.26 A new Information Strategy for the Council has also been prepared and was shared with the CLT in January 2022.
- 4.9.27  **(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.
- 4.9.28 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 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.

- 4.9.29 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.
- 4.9.30 ●↔ **(Operational and Covid) Service delivery** – this current risk remains high and is currently within both the operational and Covid risk appetite ranges.
- 4.9.31 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. This combined demand for services significantly exceeds the Partnership's current delivery capacity given ongoing workforce supply challenges. To address this risk, all Council employees have been contacted and asked to consider being repurposed to support work in care homes, or work additional hours in care homes in addition to their current roles.
- 4.9.32 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.
- 4.9.33 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; the impacts of redirecting resources to support distribution of the latest tranche of Scottish Government grants; 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.
- 4.9.34 Consequently, it remains 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.
- 4.9.35 ●↓ **(Operational and Covid) Workforce** – This risk has been increased from high to critical in the current quarter, with this current risk assessment outwith both operational and increased Covid risk appetite ranges.
- 4.9.36 This current risk assessment mainly reflects the ongoing workforce challenges in the Partnership; the Council's general 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 employment market at record highs; and changing candidate expectations in relation to seeking job security and choices of careers and sectors.

- 4.9.37 Additionally, the local government pay award, which (at 3%) is significantly less than the anticipated increase in inflation, could result in a number of employees leaving the Council to achieve higher salaries in other sectors.
- 4.9.38 Sickness absence also remains a concern as employees working from home continue to experience the impacts of social isolation, with all employees demonstrating signs of stress and fatigue as the pandemic continues.
- 4.9.39 This risk is currently prevalent across a number of Council services and roles, most notably in the Partnership.
- 4.9.40   **(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.
- 4.9.41 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 across the Council.
- 4.9.42 The Partnership has also highlighted a specific concern in relation to their capacity to meet statutory obligations given the workforce and service delivery challenges highlighted above, as waiting lists continue to increase. This has been recorded as a high current risk in the Partnership risk register and continues to be closely managed.
- 4.9.43   **(Operational and Covid) Reputational** – This current risk has been reduced from high to medium in the last quarter and is within both the operational and increased Covid risk appetite ranges.
- 4.9.44 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.
- 4.9.45 This decrease also reflects the political and public interest in the outcomes from the independent inquiries into Sean Bell (October 2021) and the Council's whistleblowing and organisational culture (December 2021). A detailed implementation plan in response to both inquiries has now been prepared and was presented to full Council in February 2022.
- 4.9.46   **(Operational and Covid) Fraud and Serious Organised Crime** This risk remains amber 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.

- 4.9.47 There has also been a recent increase in phishing e mails and ransomware attacks that have been effectively identified and managed to mitigate this risk.

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

- 4.10 The refreshed operational risk management framework has now been designed and piloted with 22 teams across each of the 4 directorates, (circa 15% of the Council's service areas that should be maintaining risk registers).
- 4.11 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 proposed framework and have provided positive feedback on its design.
- 4.12 A paper detailing pilot outcomes and requesting approval for implementation of the framework across remaining Council services is currently due to be provided to the CLT in March 2022.
- 4.13 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.
- 4.14 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 implementation of the new system will be necessary to support full implementation of the new framework as this should reduce the time required and improve the efficiency of the implementation process.

## **5. Next Steps**

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- 5.1 Update the CLT on pilot outcomes in March 2022 and (if approved) request approval of the framework; and progress implementation of the framework across the Council.
- 5.2 Progress procurement of a Council wide risk management system solution.

## **6. Financial impact**

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

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

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

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

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- 8.1 [Enterprise Risk Management Policy – Policy and Sustainability Committee November 2021 – item 7.17](#)
- 8.2 [Risk Appetite Statement - Policy and Sustainability Committee November 2021 – item 7.18](#)
- 8.3 [Operational Risk Management Framework – Governance, Risk, and Best Value Committee November 2020 – item 8.6](#)

## **9. Appendices**

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- 9.1 Appendix 1 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

# Appendix 1: Enterprise Risk Descriptions and Impact Statements

Ref	Risk	Risk Description	Impact Statement
R1	<b>Strategic Delivery</b>	Inability to design and / or implement a strategic plan for the Council.	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions
R2	<b>Financial and Budget Management</b>	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	Council is unable to continue to deliver services and implement change in line with strategic objectives; inability to meet EIJB financial directions; adverse external audit opinion; adverse reputational consequences
R3	<b>Programme and Project Delivery</b>	Inability to 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	<b>Health and Safety (including public safety)</b>	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	<b>Resilience</b>	Inability to respond to a sudden high impact event or major incident	Disruption across the City; to service delivery; and serious injury or harm to employees and / or citizens.
R6	<b>Supplier, Contractor, and Partnership Management</b>	Inability to effectively manage the Council's most significant supplier and partnership relationships	Inability to deliver services and major projects within budget and achieve best value
R7	<b>Technology and Information</b>	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R8	<b>Governance and Decision Making</b>	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R9	<b>Service Delivery</b>	Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts
R10	<b>Workforce</b>	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	<b>Regulatory and Legislative Compliance</b>	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R12	<b>Reputational Risk</b>	Adverse publicity as a result of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to the Council's reputation in the public domain
R13	<b>Fraud and Serious Organised Crime</b>	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

Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
	Q1	Q2	Q3	Q4				Op. Range	Covid Range		
R1. Strategic Delivery	●	●	●	●	●	●	●	↔	↔	New performance framework developed and implementation in progress	Ongoing
										Post Covid service redesign and implementation of new ways of working	Ongoing
										Monitor alignment between budgets and business plan	Ongoing
										Ensure sufficient capacity to support business plan delivery	Ongoing
										Implementation of senior management restructure	Ongoing
										Confirm adequacy of resources to support business plan delivery	Ongoing
										Monitor and adapt strategic implementation plans as required	Ongoing
R2. Financial and Budget Management	●	●	●	●	●	●	●	↔	↔	Ongoing monitoring of the financial position with focus on financial years 2023/2024 onwards.	Ongoing
										Continue to explore all potential externally available funding sources	Ongoing
										Ongoing monitoring of capital costs in comparison to budget	Ongoing
										Improved governance and focus on identifying and delivering savings	Ongoing
										Operational property planned preventative maintenance programme finalised and costs have been established	Complete
										Costs associated with both Tanner reviews 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 and Project Delivery	●	●	●	●	●	●	●	↔	↔	Review project resources to confirm delivery capacity	Ongoing
										Monitor availability and costs of construction materials for capital projects	Ongoing
										Monitor availability of funding	Ongoing

Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
	Q1	Q2	Q3	Q4				Op. Range	Covid Range		
										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										
Implement new preventative maintenance framework with new suppliers	Complete										
Review adequacy of capital budgets for infrastructure assets and prioritise urgent repairs	Ongoing										

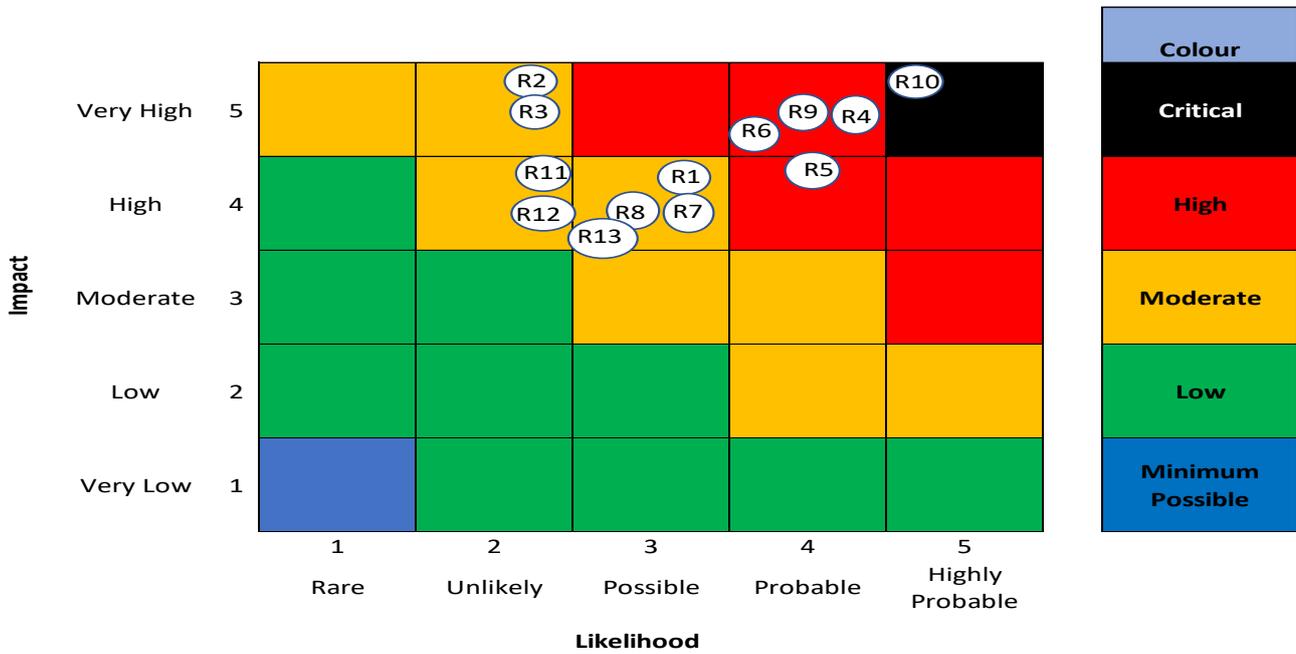
Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
	Q1	Q2	Q3	Q4				Op. Range	Covid Range		
										Committee paper being prepared to revisit Council's approach to drivers.	Ongoing
R5. Resilience										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
										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										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										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
										Enhanced network password controls for Learning and Teaching Network	Ongoing
										Implementation of Council wide refreshed user access management framework	Ongoing
										Threat Intelligence Monitoring	Ongoing

Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
	Q1	Q2	Q3	Q4				Op. Range	Covid Range		
										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										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	●	●	●	●	●	●	●	↔	↔	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	N/A		●	●	●	●	●	↓	↓	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
			●	●	●	●	●	↓	↓	Ongoing engagement with colleagues across the Council on the 'Our Future Work Programme'	Ongoing
			●	●	●	●	●	↓	↓	Workforce supply chart provided to Headteachers	Ongoing
			●	●	●	●	●	↓	↓	Strategic workforce plan for Council currently being piloted in Human Resources	Ongoing
			●	●	●	●	●	↓	↓	Ongoing engagement with trade unions	Ongoing

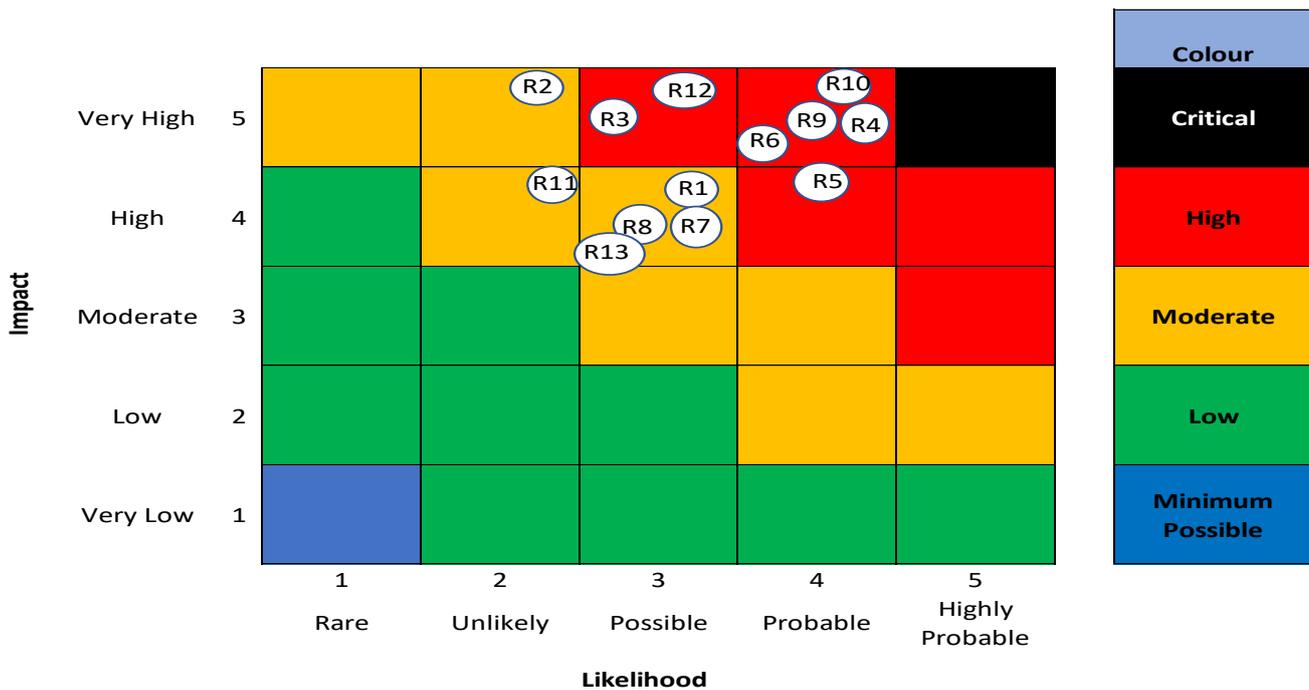
Risk	Current Risk Trend				Operational Current Risk Appetite Range		Covid Increase	Action Required		Actions in Progress to Mitigate Current Risk	Target Date
	Q1	Q2	Q3	Q4				Op. Range	Covid Range		
R11. Regulatory and Legislative Compliance								↓	↔	Policy and Insight and Legal Services communications on regulatory updates	Ongoing
										Attendance at SOLAR meetings	Ongoing
										Regular communications from law firms on	Ongoing
R12. Reputational								↔	↔	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
R13. Fraud and Serious Organised Crime	N/A							↔	↔	Involvement in the ongoing National Fraud Initiative Exercises	Ongoing
										Ongoing engagement with Partners through the Response to Serious Organised Crime Group	Ongoing

# Appendix 3: Current Enterprise Risk Heatmap

As at 24 January 2022



As At 26 October 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		

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

		Target		Completion	
	<u>Activity</u>	<u>Date</u>	<u>Status</u>	<u>Date</u>	<u>Comments</u>
<b>1</b>	<b>High Level Operational Risk Management Framework Design Approved by CLT</b>	<b>Mar-21</b>	<b>In Progress</b>	<b>Mar-22</b>	Paper to CLT 18 March 22 detailing pilot outcomes and requesting implementation
1a	Refresh First and Second Line Risk Management Responsibilities	Sep-20	Complete	Jun-20	
1b	High Level Operational Risk Management Framework Design approved by GRBV	Nov-20	Complete	Nov-20	
1c	High Level Operational Risk Management Framework Shared Across the Council	Nov-20	Complete	Nov-20	
<b>2</b>	<b>CLT Risk Committee Terms of Reference</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Jan-21</b>	
<b>3</b>	<b>Head of Legal and Risk attendance at CLT and Change Board</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Dec-20</b>	
<b>4</b>	<b>Refresh Enterprise Risk Management Policy</b>	<b>Sep-20</b>	<b>Complete</b>	<b>Nov-21</b>	Next annual refresh scheduled for October 2022
<b>5</b>	<b>Refresh Risk Appetite Statement</b>	<b>Oct-20</b>	<b>Complete</b>	<b>Nov-21</b>	Next annual refresh scheduled for October 2022
5a	Wider Leadership Team (WLT) Risk Appetite Training	N/A	Complete	Jan-21	
5b	Elected Member Risk Appetite Training	N/A	Complete	Oct-20	
<b>6</b>	<b>Corporate Risk Team Attendance at HSCP Risk Committees</b>	<b>Dec-20</b>	<b>Complete</b>	<b>Aug-21</b>	Quarterly HSCP Risk Committees in place
<b>7</b>	<b>Identification and Escalation of Risks through Risk Forum</b>	<b>Dec-20</b>	<b>In Place</b>	<b>Apr-20</b>	
<b>8</b>	<b>Publish quarterly Risk Matters newsletter</b>	<b>Dec-20</b>	<b>In Place</b>	<b>Jan-21</b>	
<b>9</b>	<b>Design and Implement Refreshed Operational Risk Management Framework</b>	<b>Mar-21</b>	<b>In Progress</b>		Pilot has now been completed.
9a	Risk hierarchy / library - consistent definition of risks across the Council	Mar-21	Complete	<b>Apr-21</b>	
9b	Standard risk register structure for divisions and directorates		Complete	<b>Apr-21</b>	
9c	1st Line guidance /criteria to assess and score risk incl target risk / risk appetite	Mar-21	Complete	<b>Apr-21</b>	
9d	Risk accumulation and escalation process	Mar-21	Complete	<b>Apr-21</b>	this will be built into new system functionality
9e	Risk management methodology for projects	Mar-21	Complete	<b>Apr-21</b>	
9f	Identify training attendees	Mar-21	Complete	<b>Apr-21</b>	Refresh required post pilot
9g	Deliver operational risk management framework training	Apr-21	Not Started		On hold - will be delivered during
9h	Refresh structure of CLT and GRBV risk reports	Mar-21	Complete	Mar-21	
<b>10</b>	<b>Refresh Divisional and Directorate Risk Registers (incl target risk)</b>	<b>Jun-21</b>	<b>In Progress</b>		implemented for pilot teams
<b>11</b>	<b>Implement 2nd Line Risk Management Assurance across 1st Line Risk Activities</b>	<b>Oct-21</b>	<b>In Progress</b>		Process designed - will be implemented following framework implementation.
<b>12</b>	<b>Risk Management System</b>	<b>Mar-23</b>	<b>In Progress</b>		
12a	Specification	Sep-21	Complete	<b>Apr-21</b>	
12b	Procurement	Dec-21	In Progress		Expected to complete by June 2022
12c	Implementation	Jun-22	Not Started		Working towards implementation by Sept 2022
<b>13</b>	<b>Assurance Mapping</b>	<b>Mar-23</b>	<b>Not Started</b>		<b>Dependent on implementation of new Governance and Assurance model</b>