

Governance, Risk and Best Value Committee

10:00am, Tuesday, 17 September 2024

Corporate Leadership Team Risk Report as at 1 August 2024

Executive/routine
Wards

1. Recommendations

- 1.1 It is recommended that the Committee notes:
- 1.1.1 The Council's risk profile as at 1 August 2024, the most significant risks facing the Council and the key actions being taken in response to those risks.
 - 1.1.2 The enterprise risks which currently exceed Risk Appetite the Council's Risk Appetite levels and the measures being taken in these areas specified within the Council Leadership Team risk profile.
 - 1.1.3 Recent changes have been made to the Council's risk reporting format. Service risk registers are currently being managed on Excel and include risk profiles (the list of risks in current order with heatmap to show the risk qualification). The purpose of this is to provide clarity in terms of where the risks currently sit. The risk register includes information in respect of action ownership and timelines. Moving the risks to Excel paves the way for the move to Pentana risk management software to manage the risk information.

Paul Lawrence

Chief Executive

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Corporate Leadership Team Risk Report

Corporate Leadership Team Risk Report as at 1 August 2024

2. Executive Summary

- 2.1 The purpose of this report is to present the Council's risk profile as at 1 August 2024, highlight the most significant risks facing the Council, and identify key actions being taken in response to those risks.
- 2.2 Risk assessments within this paper are based on management's view of the internal and external environments within which the City of Edinburgh Council operates, with subsequent actions considered in the context of the Council's risk appetite.
- 2.3 The Council's overall risk profile is set out in Section 4.4 of this report, with appendix 2 setting the organisational response to enterprise risks out with risk appetite, the context around each of these risks and the current response.

3. Background

- 3.1 This report is to provide the Governance, Risk and Best Value Committee with an update on the most significant risks the City of Edinburgh Council has identified and assessed as at 1 August 2024.

4. Main report

- 4.1 This report contains the most significant risks discussed at the CLT Risk Committee on 1 August and the risk assessment of the Council's enterprise risks. This is based on the aggregated risk scores from directorates, overlaid with council-wide risks.
- 4.2 The Council's enterprise risk descriptions and potential impacts are set out within the Council's Risk Appetite Statement. An overview of the Council's current enterprise risk profile and trending overtime is set out in Appendix 2. The key drivers for current risk ratings and associated mitigations are set out in Appendix 1.
- 4.3 Risk assessments within this paper are based on management's view of the internal and external environments within which the Council operates, with subsequent actions considered in the context of the Council's risk appetite.
- 4.4 The Council's enterprise risks have been rated as follows:

CEC Risk Profile				CLT risk ratings
	Q4 2023	Q1 2024	Q2 2024	Risk Appetite
01 Strategic Delivery	High	High	Moderate	Moderate
02 Financial and Budget Management	High	High	Moderate	Moderate
03 Programme and Project Delivery	Moderate	Moderate	Moderate	High
04 Health & Safety	Moderate	Moderate	Moderate	Low
05 Resilience	Moderate	Moderate	High	Moderate
06 Supplier, Contractor, and Partnerships Management	Moderate	Moderate	Moderate	High
07 Technology and Information	High	High	High	Moderate
08 Governance and Decision Making	Moderate	Moderate	Moderate	Low
9 Service Delivery	High	High	High	High
10 Workforce	High	High	Moderate	Moderate
11 Regulatory and Legislative Compliance	Moderate	Moderate	Moderate	Low
12 Reputational Risk	Moderate	Moderate	Moderate	Moderate
13 Fraud and Serious Organised Crime	Moderate	Moderate	High	Moderate

Critical	High	Moderate	Low
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4.5 Since last quarter the overall risk profile has changed with Resilience increasing to red. This is due to work currently taking place as a priority on the Council's Health and Safety framework.

The Council's Resilience team are reviewing the organisations contingency plans for issue in March 2025 (hence the increase to red while this is in progress). This includes Business Continuity arrangements. Fraud and Serious Organised Crime is red as work is being undertaken to finalise the Council's fraud policy and Serious Organised Crime framework.

The Financial and Budget Management risk has decreased. This is primarily due to the high levels of budget planning taking place throughout the organisation. The Workforce risk has decreased from red to amber. This is primarily around the work undertaken on organisational culture.

- 4.6 A summary of the drivers for being outwith risk appetite and actions being taken to bring risks back within risk appetite is set out in Appendix 1. The longer-term risk trend position across the council's Enterprise risks is set out in Appendix 2.
- 4.7 The factors driving the current risk ratings and actions are not an exhaustive list of issues affecting, or which could affect, the City of Edinburgh Council. Those factors are often referenced and detailed within for example other Council Committee reports.
- 4.8 The Corporate Risk Management Team have been supporting colleagues with the revised Council Risk Management Framework. This includes facilitating directorate Risk and Assurance Committee's as well as running workshops and supporting colleagues with risk registers and risk management advice. The team are currently finalising proposals on the Council's Risk Tolerance and Appetite. A workshop is taking place with Elected Members on 19 August. A final overview of the Council's approach to Risk Appetite and Tolerance will be taken through the Council Risk Management Policy update to the Policy and Sustainability Committee in October. An additional action will be edits to the Council's committee report proforma to ensure risk framing/appetite and tolerance are a key focus within reports to support decision making applying the risk methodology.

The Risk Management team have appointed an additional Senior Risk Advisor starting post in October 2024. This will mean the team is now at full complement. A key objective for the team is to add value through the application of Risk Management methodologies to manage risk and support decision making. Risk Management tools such as the Bow Tie (risk cause and effect model), Horizon Scanning, Scenario Planning and Lessons Learned are included in the support the team can provide alongside risk register and workshop support.

Risk registers will be uploaded to Pentana risk software in Autumn 2024.

In January 2025 a risk maturity assessment will take place focusing on progress made including a gap analysis from January 2023.

5. Next Steps

- 5.1 Resultant actions from the risks identified in this report are being acted on as reported and will continue to be monitored within Directorate and CLT risk committees and will be subject to further scrutiny by GRBV committee.

6. Financial impact

- 6.1 There are no direct financial impacts arising from this report, although there may be resource implications associated with managing individual risks. Effective management of risks is part of good financial management and failure to manage them appropriately may have a range of financial consequences, including potentially serious negative financial consequences.

7. Equality and Poverty Impact

- 7.1 This report does not directly impact on equalities or poverty impact, although not suitably identifying and responding to these risks could cause an impact. This report and the approach to risk management more generally should support these important areas.

8. Climate and Nature Emergency Implications

- 8.1 This paper does not directly impact the climate or nature emergency, although not suitably identifying and responding to some risks would likely cause an impact. The Risk Management Policy and the approach to risk management more generally should support the effective management across these important areas.

9. Risk, policy, compliance, governance and community impact

- 9.1 This report highlights the Strategic risks for the City of Edinburgh Council, as it seeks to set out the current assessment of risk against the Enterprise Risk Categories and response specifically where risks are assessed as out-with appetite.

10. Background reading/external references

- 10.1 [Risk Management Policy](#)
- 10.2 [Risk Appetite Statement](#)
- 10.3 [Sustainable Capital Budget Strategy 2023-2033](#)
- 10.4 [Revenue Budget Framework and Medium-Term Financial Plan \(MTFP\) 2024/29 – progress update](#)
- 10.5 [Adult Support and Protection and Social Work & Social Care Inspection Improvement plans](#)
- 10.6 [Sustainable Procurement Strategy Annual Report - 2023](#)
- 10.7 [Revenue Monitoring 2023-24 Month Eight Report](#)
- 10.8 [2022-23 Internal Audit Annual Report and Opinion](#)

11. Appendices

- 11.1 Appendix 1 – Enterprise Risk outwith risk appetite – context and Response/Mitigation
- 11.2 Appendix 2 - Current Enterprise Risks status and risk trend

Appendix 1

Enterprise Risk outwith risk appetite – context and response/mitigations

High Rated Risks

Update required from Richard – reminder send 08.08.24

Service: Customer & Digital Services	
Service Director – Nicola Harvey	
Manager: Heather Robb & Mike Brown	
Risk context – cause, risk and impact (please consider internal and external causes/drivers)	<p>Cyber Security Training - The City of Edinburgh Council is currently facing an elevated level of risk from targeted cyberattacks, which have been assessed as high-risk due to a combination of factors. These factors include a heightened threat level in the cybersecurity landscape, the critical nature of the services provided by the council, and the recent success of cyberattacks on other local councils throughout the UK, most recent St Helens Council in Aug 2023, Western Isles Council in November 2023, Leicester City Council Jan 2024 and NHS Dumfries & Galloway in March 2024.</p> <p>Cyber Security Ecosystem - The cyber security ecosystem needs to be continually developed and matured to address the heightened threat landscape. The Council has controls and mitigations in place around cyber security as it pertains to people, infrastructure, desktop and mobile assets - these will continue to be monitored.</p>
Current controls in place to manage the risk	<p>Cyber Security Training – desired 85% - 95% completion</p> <ol style="list-style-type: none"> 1. All managers to ensure staff and elected members are completing monthly cyber security training – this is mandatory and is tracked regularly and reported monthly through various forums. 2. In order to improve completion rates the use of the Metaengage application to ‘push’ training after multiple failed attempts to complete is being considered. The risk of implementing vs impact on critical operational services has been independently assessed by the Risk team and has been categorised as

'low'. CLT have approved in principle the roll out of the Metaengage application, with costs for adoption being gathered before final approval is sought.

3. Training is monitored on an ongoing basis after the monthly issue.
4. The change request to incorporate the Metaengage application into the current Metacompliance platform is working through the process with aim of moving into rollout planning for year end / start of 2025. The vendor has upgraded their application and discussions have been taking place with CEC and the Vendor to understand the changes and how these will benefit.

Cyber Security Ecosystem

1. Digital Services meet monthly with CGI to review the Currency Plan (tracking systems/hardware version management) and report back to DS Senior Management Team.
2. The Council and CGI teams are collaboratively managing Security Risks continuously across the estate. The Security Risk Management Plan (RMP) has continued its quarterly reviews and risk owners have been asked to provide regular updates to improve on the risk appetite by both partners in this framework, the Council and CGI. Enhanced reporting has been developed between key stakeholders within CGI and the Council
3. CGI have obligations around the cyber security ecosystem and have agreed a baseline plan with CEC. Progress is monitored and reviewed monthly.
4. Action/investigate improvements identified from the review of the effectiveness of Cyber Security user training.

	<ol style="list-style-type: none"> 5. Regular audit coverage of cyber security with related improved actions tracked.
Actions	<ol style="list-style-type: none"> 1. CLT have provided approval in principle to move forward with the Metaengage application. A risk register and impact assessment will be produced as part of the roll out plan. 2. The change request for this technology is currently working through the process with the aim of moving into rollout towards the year end or early in the new year, following changes that MetaCompliance have made to this application. 3. MetaCompliance ongoing awareness campaigns (Council wide) 4. Regular reminders and check that training is taking place (Managers and Teams) 5. Exercise in a Box (Cyber scenario testing exercise being rolled out across the Council) 6. Simulated Phishing Exercises carried out monthly 7. Technical Cyber controls managed and maintained by CGI and Council Digital Services team
Any impacts to actions for example budget	<ol style="list-style-type: none"> 1. Provision should be made within the Capital and Revenue budgets for dealing with a cyber-attack. 2. Provision should be made within the Capital and Revenue budgets to continue to strengthen the controls and monitoring of our technology infrastructure and systems. 3. Scenario testing of cyber operational resilience should be factored into all service plans over the next 6 - 12 months
The timeline for when the risk should be back within appetite	<ol style="list-style-type: none"> 1. The current threat level to the Council remains heightened by the conflicts taking place across the world. Communications have been sent to all Council staff asking them

	<p>to remain vigilant and to report any suspicious events. The Council and CGI are constantly monitoring threat intelligence feeds through various channels and applying controls where appropriate.</p> <ol style="list-style-type: none"> 2. The risk should remain red, and the Council should remain vigilant. The reason for this is even with the additional controls, monitoring and colleague understanding, external threats still remain high. 3. This risk rating should be reviewed within 6 months.
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Risk: Service Delivery (but will also impact on legislative and regulatory and financial risks EIJB)	
Service: Health and Social Care Partnership	
Manager: Pat Togher	
Risk context	<p>Due to the financial situation facing the EIJB (Edinburgh Integrated Joint Board) with £60m of savings (with £48m attributed to a savings programme) to be delivered in this financial year, there is a risk that the EIJB will have to make decisions about what services are no longer commissioned / delivered and / or reduced. The nature of these decisions may impact on the ability to the delivery of statutory and legislative duties which sit within the Council.</p> <p>Alongside this, the recent closure of Braidhills care home has placed considerable pressure on the Edinburgh Health and Social Care Partnership (the Partnership) and a requirement to review and re provision care for Edinburgh residents and this will increase financial pressures of circa £1.5m. This pressure was not anticipated within existing savings plans and will require further savings proposals to mitigate risk.</p> <p>There are several factors that are driving the service delivery risk within the Partnership including:</p> <ul style="list-style-type: none"> • a high number of people waiting for an assessment and access to services across the system. • Increased demand for health and social care services. • workforce vacancies across the system. • not enough residential capacity with the system and there is a good level of care at home support, but demand is not being met at the rate required.

	<ul style="list-style-type: none"> the ability of staff to manage a range of conflicting priorities including, implementing the recommendations from two improvement plans, service improvement identified within the change portfolio, disinvestments to achieve budget savings and demands on Senior Responsible Officers.
Current controls	<p>In relation to the Partnership, a series of workstreams are in place to address these factors and mitigate the risks including:</p> <ul style="list-style-type: none"> Increased financial grip and control in relation to care package spending, increased focus on budget spend (e.g. overtime, discretionary spend etc). Increased scrutiny and oversight of the savings programme. a range of improvement actions identified within the Adult Social Work and Social Care and the Adult Support and Protection Inspection improvement programme. improvement activity related to the workforce, including recruitment and retention and succession planning and is linked to the delivery of the EIJB workforce strategy. work underway related to the Older Peoples Pathway which had a number of recommendation which the EIJB agreed at its meeting in June, which will redesign the bed base for Edinburgh
Actions	<p>The draft Strategic Plan was presented to the EIJB in June, and it reflects a redefined set of priorities, aligned with the EIJB Medium Term Financial Strategy and the significant improvement work required and the Change programme.</p> <p>The Partnership are having ongoing conversations with partners in relation to the savings for this year and how this will impact on the Partnership's ability to deliver on its statutory duties. An analysis of statutory duties and costs associated with demographic growth is currently underway and will assist budget projections.</p> <p>A governance review of health and social meeting structures is nearing completion. This work has been led by Principal Officer Social Work and Chief Allied Health Professional and will inform improvements in promoting greater oversight of integrated services.</p> <p>The Partnership continue to restructure the operations management division, and this will provide the organisation with stability as currently several Service Managers have been in seconded posts for a significant period which exposes the Partnership to additional risk.</p> <p>Work has started to develop options to reengineer the front door of the Partnership, with more focus on early intervention and</p>

	<p>prevention, rather than crisis prevention and managing demand in a more cohesive way.</p>
<p>Impacts</p>	<p>It should be noted that if the savings programme doesn't achieve the level of savings anticipated, further savings plans will have to be developed and agreed by the EIJB. It is also highly likely these proposals will have detrimental impact on individuals who require a health and social care service.</p> <p>Taking that level of savings out of the health and social care system will have a detrimental impact to a greater or lesser degree on people who require a service from the Partnership. However, the EIJB have tried to mitigate these proposals as far as possible.</p> <p>Challenges do continue in relation to recruiting to key critical posts within the Edinburgh Health and Social Care Partnership which continues to have an impact on service delivery, However, this is not occurring across the totality of the Partnership and recruitment to social work posts continues to improve. Therefore, this risk has reduced in terms of likelihood (from almost certain to likely) and consequence (from extreme to moderate) based on the increased controls and scrutiny in relation to our workforce position.</p>
<p>The timeline for when the risk should be back within appetite</p>	<p>Risk appetite is being reviewed on a continuous basis, however it is unlikely to be back within appetite until the following actions have been delivered or key elements of these workstreams are implemented:</p> <ul style="list-style-type: none"> • Completion / implementation of the Older People's pathway. • Implementation of the redesign of the front door. • Financial sustainability within the Partnership. • Delivery of those actions arising from the Adult Social Work and Social Care and Adult Support and Protection improvement plan.

Medium Rated Risks

Service: Human Resources (All)	
Manager: Nareen Turnbull, Service Director, Human Resources	
Risk context – cause, risk and impact (please consider internal and external causes/drivers)	Hard to fill posts, market competition, increased levels of sickness absence.
Current controls in place to manage the risk	Approval of refreshed People Strategy 2024-2027
Actions	Development of Workforce Plan 2024-2027 underway and will be presented to Committee in August 2024. Will set out workforce requirements and actions to achieve these. Will be accompanied by new Recruitment and Attraction Plan and introduction of Directorate Workforce Dashboards to focus on hotspot areas and commission activity and services to address/mitigate. Review of Total Reward will be commenced in 2024 to consider overall reward offering from CEC, as well as benchmarking against other local authorities and market rates.
Any impacts to actions for example budget	Will be considered following compilation of Workforce Plan.
The timeline for when the risk should be back within appetite	End March 2025.

Risk: Finance and Budget	
Service: Finance	
Manager: Richard Lloyd-Bithell, Service Director, Finance and Procurement	
Risk context	<p>This risk has two dimensions, one of which is the in-year budget position managed mainly at service level.</p> <p>The first in-year revenue monitoring report, based on analysis of the first three months' data and projections to the end of the year, will be considered by the Finance and Resources Committee on 19 September. It is anticipated that this report will reflect significant additional expenditure across a number of demand-led areas, including homelessness services, as well as net pressures within Council-delegated services falling within the remit of the Edinburgh Integration Joint Board. In contrast to 2023/24, due to the incorporation of significant corporate savings within the budget baseline and only a small prior-year underspend, the extent of available corporate mitigations is limited.</p> <p>Failure of the Council to break even in 2024/25 would increase the savings requirement in 2025/26.</p>

<p>Current controls</p>	<p>Given this position, CLT has initiated a series of measures to mitigate these pressures, including development of prioritised action plans in overspending areas, exploring opportunities to accelerate future years' savings and/or income plans and freezing earmarked departmental reserves, with release subject to explicit Section 95 Officer authorisation.</p> <p>The Chief Officer of the EIJB has also commissioned an urgent review of implementation and delivery plans for the measures comprising the Board's Savings and Recovery Programme, with the aim of addressing this projected shortfall, alongside controls on expenditure and wider management of demand.</p>
<p>Actions</p>	<p>While the Council has set a balanced overall budget for 2024/25, due to the continuing gap between projected service expenditure and available income, current planning assumptions identify significant incremental funding gaps exist in subsequent years, with a cumulative gap of at least £109m by 2028/29. This re-emphasises the importance of developing a financial plan to deliver the annual budget and integrate key processes into the budget development such as the Medium-Term Financial Plan (MTFP) and planning performance framework.</p> <p>The MTFP currently indicates an estimated incremental savings requirement, subject to management of other risks and pressures, of £30m in 2025/26. An update on development of proposals to address this requirement will be presented to the Committee on 19 September.</p>
<p>Impacts</p>	<p>The impacts of not balancing the budget are being managed as per the controls and actions. Both CLT and elected members will continue to be apprised on a regular basis.</p>
<p>The timeline for when the risk should be back within appetite</p>	<p>Risk appetite is being reviewed on a continuous basis.</p>

Service: Health and Safety	
Manager: Chris Lawson	
Risk context	<p>Recent Health and Safety Surveys relating to the application of Workplace Inspections and Fire Alarm response arrangements highlighted that some developed routines were not being implemented consistently, which could impact local health and safety standards.</p> <p>The Council is observing a persistently high level of incidents relating to Unacceptable Behaviour (Violent incidents), which can have an impact on those directly and indirectly affected by these incidents. The high level of incidents is not unique to the City of Edinburgh Council but is reflective of experience in other public sector organisations.</p> <p>There are health and safety areas where managers are directed by health and safety policy and management arrangements. There are other areas where they are guided on standards which can leave the detail of action required by specific individuals open to interpretation.</p>
Current controls	<p>Detailed guidance is in place relating to the arrangements required in response to fire alarm activations, supported by bespoke on-line training resource and access to specialist advice. The workplace inspection template and guidance published on the Orb and referenced within the Duty Holder guide support the completion of workplace inspections to a specified standard.</p> <p>Unacceptable Behaviour Policy and supporting guidance. Workplace risk assessment, service user specific assessments/plans, staff training, regular monitoring of incidents and Service follow up and ongoing engagement with the trade unions. Significant effort has been made in recent years to ensure the Council captures an accurate picture of incident experience, which in part contributes to the higher number of reported incidents.</p> <p>The Council currently has a range of health and safety policies and guidance published on the Orb setting out the approaches to manage this risk.</p>
Actions	<p>The Council Health and Safety team are engaging with those Duty Holders where action is required to support them to address points highlighted and to develop an understanding of any obstacles to completing tasks. A new Duty Holder Survey is being run in August to check standards again. This will include Officer Audit work.</p> <p>A short-life working group has been operating with trade unions to review arrangements relating to Behaviours of Concern. This has resulted in the production of an agreed action plan.</p> <p>The Council's Health and Safety Strategy 2023-2028 sets out a plan to ensure all significant aspects of health and safety management are set out in a prescribed manner, delivery of this has been reported in the latest Health and Safety Annual Report, further development work is set out through 2024/25.</p>
Impacts	There are no issues preventing action at this point.

The timeline for when the risk should be back within appetite	This risk is likely to remain out-with appetite through 2024 while the actions already identified are implemented.
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Appendix 2 - Current Enterprise Risks status and risk trend

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

CEC Risk Profile	trending						CLT risk ratings		
	Q2 2022	Q3 2022	Q4 2022	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Risk Appetite
01 Strategic Delivery	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Yellow
02 Financial and Budget Management	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Yellow
03 Programme and Project Delivery	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red
04 Health & Safety	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Green
05 Resilience	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow
06 Supplier, Contractor, and Partnerships Management	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red
07 Technology and Information	Red	Red	Red	Red	Red	Red	Red	Red	Yellow
08 Governance and Decision Making	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green
9 Service Delivery	Red	Red	Black	Black	Red	Red	Red	Red	Red
10 Workforce	Red	Red	Black	Black	Red	Red	Red	Yellow	Yellow

11 Regulatory and Legislative Compliance											
12 Reputational Risk											
13 Fraud and Serious Organised Crime											

