

# Governance, Risk and Best Value Committee

10.00am, Tuesday, 16 January 2018

## Corporate Leadership Team Risk Update

Item number	7.6
Report number	
Executive/routine	
Wards	

### Executive summary

---

The Council's risk management framework seeks to ensure that risks to and within the Council are effectively managed, reviewed and updated through quarterly Risk and Assurance Committees held at both Directorate and Corporate Leadership Team (CLT) levels.

The information presented in this report reflects the Council's top risks and the key controls in place to mitigate them as at 6 December 2017. These risks and the associated controls have been scrutinised and challenged by the CLT and are presented to the GRBV Committee for oversight and review.

## Corporate Leadership Team (CLT) Risk Update

### 1. Recommendations

---

- 1.1 To review and scrutinise the CLT risk update and be assured by the risk management framework, controls and mitigations in operation.
- 1.2 To request, where appropriate, further updates from relevant officers to discuss the key risks and mitigating actions identified.

### 2. Background

---

- 2.1 The Governance, Risk and Best Value (GRBV) Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements.
- 2.2 The Council has an Enterprise Risk Management Policy and Risk Management Procedure in place which describe why, when and how risk management should take place. These documents are reviewed and updated annually.
- 2.3 The purpose of this report is to provide an update to the Committee on the key risks currently facing the Council and the work being undertaken to reduce the level of risk within the Council.
- 2.4 Some risk and associated mitigation measures lie outside the control of the Council. The Council's risk management framework seeks to reduce the Council's exposure to risk where practicable and proportionate, recognising that some mitigation measures may be the responsibility of third parties.
- 2.5 The CLT Risk Update was last presented to the GRBV Committee on 26 September 2017.

### 3. Main report

---

- 3.1 During the last quarter, risks have been reviewed at Risk Management Groups, Directorate Management Teams, and the Risk and Assurance Committees which cover all Directorates and the Chief Executive's Services. The top risks have been escalated to the CLT Risk and Assurance Committee for oversight, scrutiny and confirmation of scoring, in accordance with the Council's risk management framework.
- 3.2 The information in this report reflects the Council's top risks and the key controls in place to mitigate them, as at 6 December 2017. Appendices 1 and 2 reflect the current top risks to the Council and the key controls in place.

- 3.3 The risks set out in the appendix are not in any rank order given the differences in 'inherent' and 'residual' risk scores and the variables in the levels of tolerability, control and/or proximity to an event occurring. However, CLT consider that 'Health and social care delivery', 'Health and Safety' and 'Capital asset management' are the Council's current top focus areas from a risk perspective. .
- 3.4 Three new risks have been added to the CLT Risk Register. These are: 'Workforce capacity and capability, 'Major Programme and Project delivery and assurance' and 'Homelessness'.
- 3.5 Due to the scoring system used, by definition the Council's top risks will tend to appear toward the top right of the 'heatmap' graphic in Appendix 1. It should be noted that it may not always be practicable or proportionate to undertake mitigation measures which reduce the scoring to a level that risks move out of the 'red zone'.
- 3.6 Improvements to the risk management framework, based upon good practice in the public and private sector, are being continually reviewed and considered for implementation as part of continuous improvement. These are designed to refine and enhance several areas of the risk management framework and will be documented in the next update of the Policy and Procedure documents.
- 3.7 The Risk Management Team is currently considering options to introduce risk management software to better harmonise and streamline the escalation and reporting of risk across the Council.

## **4. Measures of success**

---

- 4.1 Effective risk management aims to ensure that key risks to the Council are identified, managed, and communicated appropriately and that suitable controls are put in place to mitigate risks to acceptable levels.

## **5. Financial impact**

---

- 5.1 There is no direct financial impact arising from this report.
- 5.2 Control measures to mitigate risk may have an associated cost which is to be funded from existing budgets in the first instance.

## **6. Risk, policy, compliance and governance impact**

---

- 6.1 Effective risk management aims to improve performance against objectives by contributing to more efficient use of resources, reduction in management time spent dealing with sudden shock events and more focus internally on doing the right things properly.

- 6.2 By its very nature risk management cannot guarantee to protect against every possible negative consequence. Even with a perfectly-functioning risk management framework, events considered significant or untoward with a low likelihood may still occur, resulting in significant negative consequences.

## **7. Equalities impact**

---

- 7.1 There are no direct impacts upon equalities arising from this report.

## **8. Sustainability impact**

---

- 8.1 There are no direct impacts upon sustainability arising from this report.

## **9. Consultation and engagement**

---

- 9.1 As part of the Council's risk management framework the information in Appendices 1 and 2 has been discussed, challenged and agreed by the CLT.

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

---

- 10.1 [Corporate Leadership Team Risk Update: report to GRBV 26 September 2017](#)  
10.2 [City of Edinburgh Council's Policy Register](#)

### **Stephen S. Moir**

Executive Director of Resources

Contact: Duncan Harwood, Chief Risk Officer, Legal and Risk, Resources Directorate

E-mail: [duncan.harwood@edinburgh.gov.uk](mailto:duncan.harwood@edinburgh.gov.uk) Tel: 0131 469 3193

## **11. Appendices**

---

Appendix 1 – CLT Top Risks as at 6 December 2017

Appendix 2 – CLT Top Risks with Mitigating Actions

## Appendix 1 - Corporate Leadership Team (CLT) Top Risks

### 1. Health and Social Care

Due to increased demands for services and associated demographic changes, leading to significant financial pressures, compounded by historic funding arrangements and traditional service models, there is a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required under the terms of the Edinburgh Integration Joint Board (EIJB). The potential impact of failure to manage this risk effectively could include direct harm to people, safeguarding breaches, inappropriate care packages being offered and significant reputational damage to the Council with additional calls for funding from other Council budgets.

### 2. Capital and asset management

Due to the age of a number of properties across the Council's operational estate, there is risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that disposal decisions are not made in a timely manner, which results in additional costs pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded adequately to by the property portfolio, particularly for education and health and social care services.

### 3. Transformation and change agenda

Key deliverables, benefits and timescales for achieving change across the Council may not be achieved in line with business expectations, requirements, budgets and resources. This may result in adverse impacts on service delivery, the Council's finances and reputation.

### 4. Major incident

A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. Buildings, staff and/or systems are non-operational for a time, resulting in a reduced ability to deliver services. Failure to deliver an appropriate level of service in the event of a sudden operational requirement may lead to harm to people and reputational damage to the Council.

### 5. Maintaining service with less resource

Funding reductions, legislative changes, and increased demographic pressures, as well as the requirements of the City Deal and the Local Development Plan, mean that the legal requirement to deliver balanced budgets may be placed at risk. In addition, the anticipated need for further savings to deliver balanced budgets may create additional material pressure on our infrastructure, capital and revenue funding, the execution of the Council's business plan, with the associated adverse reputational impact.

### 6. Information Governance

A loss of data from the Council's control could result in fines, claims, loss of public trust and reputational damage. This risk takes into account the new requirements arising from the New General Data Protection Regulation due to take effect in May 2018.

### 7. Customer experience and expectations

Customer dissatisfaction around delivery of citizen facing services (e.g. waste management, roads, etc.) may lead to increased complaints with consequential financial pressures and reputational damage.

### 8. Health and Safety

There is a risk of non-compliance with the Council's legislative requirements and associated suite of health and safety policies and/or failure to comply with procedures or applicable legislation could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory fines and associated reputational damage.

### 9. Workforce Capacity and Capability

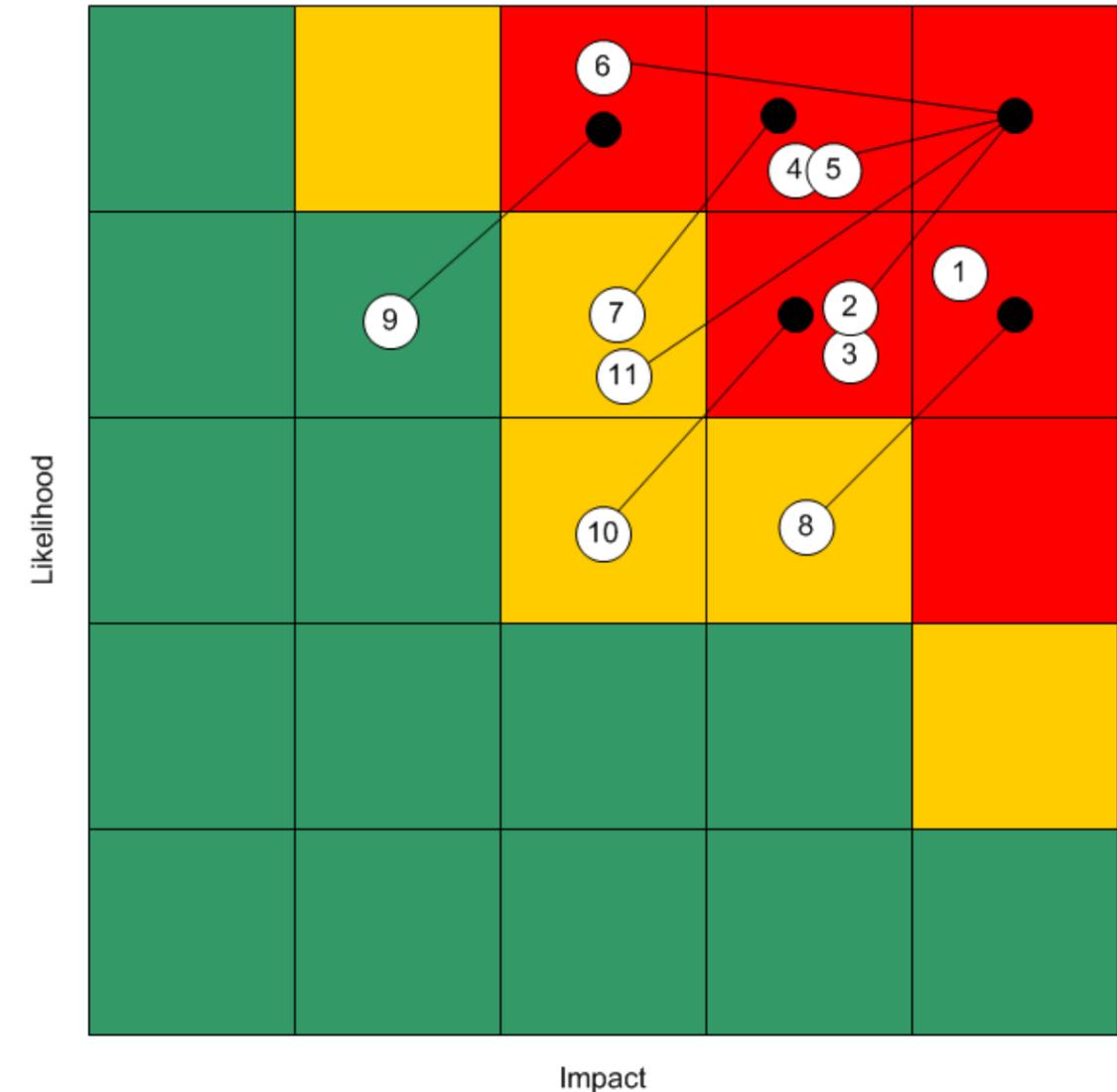
The risk is that the Council is unable to recruit, retain, develop, engage and reward its employees effectively, including those in specialist roles to enable service delivery in a sustainable and affordable manner.

### 10. Major Programme and Project Delivery and Assurance

The Council is unable to ensure the effective management and successful delivery, on time and budget, of major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity.

### 11. Homelessness

Due to planned welfare changes, the introduction of Universal Credit, changes to the benefit payment process, and a buoyant private rented market, greater demands will be placed on homelessness services across the city. Move-on, permanent accommodation for homeless people is not sufficient to meet this demand and there is insufficient capacity in temporary accommodation, leading to



These are the top risks to the Council as at 6 December 2017 and are not presented in any ranked order.

more people rough-sleeping or in sub-standard conditions, and to breaches in the Council's statutory duties. The cost of mitigating both this risk and the reduction in rent collection rates is not accounted for in current budgets.

## Appendix 2 - CLT Top Risks with Mitigating Actions

	Risk description	I	L	Current key mitigating controls	I	L	Further actions
1	<b>Health and Social Care delivery</b> Due to increased demands for services and associated demographic changes, leading to significant financial pressures, compounded by historic funding arrangements and traditional service models, there is a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required under the terms of the Integration Joint Board. The potential impact of failure to manage this risk effectively could include direct harm to people, safeguarding breaches, inappropriate care packages being offered and significant reputational damage to the Council with additional calls for funding from other Council budgets.	5	4	<ul style="list-style-type: none"> <li>Corporate Policy and Strategy Committee to scrutinise health and social care performance, delivery and risk management</li> <li>Recruitment for new full-time Chief Officer of the IJB underway from 24 Nov 17</li> <li>Access to external experts for capacity and capability and knowledge sharing</li> <li>Partnership working with service areas and IJB (IJB Procurement Board)</li> <li>the Council's Chief Internal Auditor is also the Chief Internal Auditor for the IJB thereby ensuring auditing of key risks</li> <li>Implementation of Health and Social Care Improvement Programme initiated in December 2017</li> </ul>	5	4	<ul style="list-style-type: none"> <li>Risk management arrangements of the IJB to be enhanced with appointment of a Chief Risk Officer to come from NHS Lothian (subject to further discussion)</li> <li>Partnership Improvement Programme to be confirmed by IJB on 15 December 2017.</li> <li>Appointment of a permanent Chief Officer for the IJB to be complete in March 2018.</li> </ul>
2	<b>Capital and asset management</b> Due to the age of a number of properties across the Council's operational estate, there is risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that disposal decisions are not made in a timely manner, which results in additional costs pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded adequately to by the property portfolio, particularly for education and health and social care services.	5	5	<ul style="list-style-type: none"> <li>Committee approved Asset Management Strategy in place.</li> <li>Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety</li> <li>General Inspections carried out annually as part of asset management programme</li> <li>Corporate Health and Safety Policy issued 3 April 2017</li> <li>Fire Safety Policy issued 1 November 2017</li> <li>Integrated Property and Facilities Management (IPFM) report to CLT</li> <li>Condition Survey of all premises completed.</li> <li>North Bridge project underway</li> </ul>	4	4	<ul style="list-style-type: none"> <li>Procurement underway for contract to inspect all boundary walls. Complete by December 2018.</li> <li>Council to consider investment in asset management repairs and maintenance requirements as part of the budget setting process in February 2018.</li> <li>Reporting of progress with the Asset Management Strategy delivery to be a regular item for Finance and Resources Committee.</li> <li>Fire Safety action plan for Waverley Court to be delivered following Scottish Fire and Rescue Service inspection.</li> </ul>
3	<b>Transformation and change agenda</b> Key deliverables, benefits and timescales for achieving change across the Council may not be achieved in line with business expectations, requirements, budgets and resources. This may result in adverse impacts on service delivery, the Council's finances and reputation.	5	5	<ul style="list-style-type: none"> <li>Council Change Strategy being developed, aligned to the Business Plan</li> <li>Improved programme and project governance being applied through the CLT Change Board and new Business Case gateways process</li> <li>Plans for the key projects in terms of scoping and resources being reviewed</li> <li>Key transformation programmes supported by Programme / Project Management expertise</li> </ul>	4	4	<ul style="list-style-type: none"> <li>Implementation of Change Strategy and enhanced programme governance and business case approvals</li> <li>Clear and robust programme/project plans</li> <li>Greater focus on delivery assurance and benefits realisation</li> </ul>
4	<b>Major incident</b> A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. Buildings, staff and/or systems are non-operational for a time, resulting in a reduced ability to deliver services. Failure to deliver an appropriate level of service in the event of a sudden operational requirement may lead to harm to people and reputational damage to the Council.	5	5	<ul style="list-style-type: none"> <li>Council Business Continuity and Emergency Plans are in place</li> <li>All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities</li> <li>Appropriate expertise and capability in place via the Council Resilience Team</li> <li>Information Technology Disaster Recovery (IT DR) arrangements in place and being tested</li> <li>Effective and regular liaison and partnership working between the Council and other responder organisations at a local and national level including contingency planning for major events</li> <li>Business Impact Assessments in place for all Services</li> <li>Externally contracted services include DR and business continuity provisions</li> </ul>	4	4	<ul style="list-style-type: none"> <li>Council participation in multi-agency scenario testing of emergency plans</li> <li>Rolling programme of IT disaster recovery tests being undertaken.</li> </ul>
5	<b>Maintaining service with less resource</b> Funding reductions, legislative changes, and increased demographic pressures, as well as the requirements of the City Deal and the Local Development Plan, mean that the legal requirement to deliver balanced budgets may be placed at risk. In addition, the anticipated need for further savings to deliver balanced budgets may create additional material pressure on our infrastructure, capital and revenue funding, the execution of the Council's business plan, with the associated adverse reputational impact.	5	5	<ul style="list-style-type: none"> <li>Effective Long-Term Financial Planning in place, aligned to the Council's Business Plan and Performance Framework</li> <li>Provision for demographic change built into long term financial planning assumptions</li> <li>Regular review of financial challenges and assumptions with Members Budget Core Group and Finance and Resources Committee</li> <li>Monthly Performance Dashboard reporting to Directorates</li> <li>Monthly budget monitoring</li> <li>Savings and implementation plans are monitored and reviewed</li> <li>GRBV scrutinises Council Finance and Performance outcomes, assumptions and delivery</li> </ul>	4	5	<ul style="list-style-type: none"> <li>Refreshed Directorate Business Plans to be produced</li> <li>Revised Council Performance Dashboard/Framework to be considered by Council</li> <li>Annual External Audit of Council's Financial Planning and Long-Term assumptions to be reported</li> </ul>

6	<p><b>Information Governance</b> A loss of data from the Council's control could result in fines, claims, loss of public trust and reputational damage. This risk takes into account the new requirements arising from the New General Data Protection Regulation due to take effect in May 2018.</p>	5	5	<ul style="list-style-type: none"> <li>Refreshed Information security policy introduced</li> <li>Laptop and media encryption</li> <li>Service automation controls in place</li> <li>New IT Security Managed Service procured with requirements to adopt CESG (Communications Electronics Security Group – now part of the National Cyber Security Centre) and ISO (international standards) best practice approaches and improve the security defences, monitoring and awareness of the security threat landscape</li> <li>Leavers process includes removal of access to IT applications</li> <li>GDPR Implementation Plan in place, led by Strategy and Insight.</li> <li>Cybersecurity campaign underway (November 2017)</li> <li>Internal Audit testing of cybersecurity.</li> </ul>	3	5	<ul style="list-style-type: none"> <li>Assess impact of delays in delivery of IT systems</li> <li>ISMS (Information Security Management System)</li> <li>Monthly MI demonstrating any threats.</li> <li>PSN re-accreditation submission to be made in January 2018.</li> <li>GDPR compliance audits to be undertaken by Information Governance between January to March 2018.</li> <li>Implementation of SharePoint technology to improve security and storage arrangements.</li> </ul>
7	<p><b>Customer experience and expectations</b> Customer dissatisfaction around delivery of citizen facing services (e.g. waste management, roads, etc.) may lead to increased complaints with consequential financial pressures and reputational damage.</p>	4	5	<ul style="list-style-type: none"> <li>Waste Services Improvement Plan in place and being progressed</li> <li>Roads Service Improvement Plan in place and has been approved by the T&amp;E Committee and will now be delivered</li> <li>Customer Transformation Programme being delivered in partnership with front-line services</li> <li>Customer Skills Training being deployed across all Customer Contact Centre staff</li> <li>Improved social media skills and capability being jointly delivered by Communications and Customer</li> <li>Channel Shift and Process Automation aspects of the Customer Transformation Programme are being delivered to improve accessibility and responsiveness of services</li> <li>Corporate Policy and Strategy Committee to receive regular reports and updates on Customer Transformation and Customer Contact Centre improvements and service delivery</li> </ul>	3	4	<ul style="list-style-type: none"> <li>Improvements to Council Complaints and Feedback Policy and handling arrangements</li> <li>Citizen Panel to provide feedback on customer experience and service improvements</li> <li>Enhancements to Council social media responses to issues and proactive campaigns, such as during the Edinburgh Festivals</li> <li>Delivery of improved customer contact service performance</li> </ul>
8	<p><b>Health and Safety (H&amp;S)</b> There is a risk of non-compliance with the Council's legislative requirements and associated suite of health and safety policies and/or failure to comply with procedures or applicable legislation could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory fines and associated reputational damage.</p>	5	4	<ul style="list-style-type: none"> <li>Progress on Corporate H&amp;S Strategic Plan is reported annually to CLT and Finance and Resources Committee</li> <li>H&amp;S performance measured and reported to CLT Risk and Assurance Committee quarterly</li> <li>H&amp;S risks and issues reported to CLT on a weekly basis, H&amp;S is a standing CLT agenda item</li> <li>Corporate H&amp;S Training programme available across the whole organisation and completion and update reporting is in operation across Directorate and Council H&amp;S Groups</li> <li>H&amp;S input and awareness raising is part of the Council's Induction Programme</li> <li>Annual H&amp;S conference was held 13 October 2017. Theme of 'Health &amp; Safety is everyone's responsibility'</li> <li>Asbestos Policy issued 1 November 2017</li> <li>Fire Safety Policy issued 1 November 2017</li> </ul>	4	3	<ul style="list-style-type: none"> <li>Greater uptake and attendance at H&amp;S training sessions.</li> <li>Introduction of new IOSH accredited H&amp;S training for senior managers to ensure ownership of H&amp;S responsibilities.</li> <li>Service Level Agreements for new FM Service delivery model makes explicit roles and responsibilities for H&amp;S in Schools and other establishments.</li> <li>Implementation of phase 1 of the new FM Service in February 2018.</li> </ul>
9	<p><b>Workforce Capacity and Capability</b> The risk is that the Council is unable to recruit, retain, develop, engage and reward its employees effectively, including those in specialist roles to enable service delivery in a sustainable and affordable manner.</p>	3	5	<ul style="list-style-type: none"> <li>Council People Strategy provides strategic priorities for workforce management and development.</li> <li>People Plans developed for each Directorate of the Council.</li> <li>Deployment of effective learning and development, including staff induction and new line manager induction sessions.</li> <li>Commitment to Living Wage</li> <li>Development and launch of a new candidate portal.</li> </ul>	2	4	<ul style="list-style-type: none"> <li>Implementation of new recruitment campaign for teaching staff.</li> <li>Further development and review of HR policies and procedures to ensure these are agile, enabling and support recruitment and retention.</li> <li>Finalisation of leadership development approach for the Council.</li> <li>Employee Survey to be undertaken in 2018 to identify underlying issues to improve engagement and advocacy levels.</li> </ul>
10	<p><b>Major Programme and Project Delivery and Assurance</b> The Council is unable to ensure the effective management and successful delivery, on time and budget, of major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity.</p>	4	4	<ul style="list-style-type: none"> <li>Delivery of major programmes and projects to be given oversight via the relevant Executive Committees and the Governance, Risk and Best Value Committee.</li> <li>CLT Change Board to provide monthly portfolio management and oversight for all programmes and projects, supporting by a clear project dashboard.</li> <li>Ongoing review of project management capacity and capability within Strategy and Insight.</li> <li>All significant change to have an approved business case detailing resources and skills required to deliver</li> </ul>	3	3	<ul style="list-style-type: none"> <li>Successful appointment of a new Strategic Change and Delivery Manager as part of the Strategy and Insight restructure.</li> <li>Implementation of Internal Audit recommendations in respect of Change Management.</li> <li>Implementation of recommendations from change management reform report agreed at committee</li> </ul>
11	<p><b>Homelessness</b> Due to planned welfare changes, the introduction of Universal Credit, changes to the benefit payment process, and a buoyant private rented market, greater demands will be placed on homelessness services across the city. Move-on, permanent accommodation for homeless people is not sufficient to meet this demand and there is insufficient capacity in temporary accommodation, leading to more people rough-sleeping or in sub-standard conditions, and to breaches in the Council's statutory duties. The cost of mitigating both this risk and the reduction in rent collection rates is not accounted for in current budgets.</p>	5	5	<ul style="list-style-type: none"> <li>Homelessness Task Force established and meeting monthly.</li> <li>Extending private sector leasing scheme into 2019</li> <li>Progress reporting and oversight via the Housing and Economy Committee each cycle</li> </ul>	3	4	<ul style="list-style-type: none"> <li>Discussion with Scottish Government to access funding from National Task Force</li> <li>Implement the plan to be set by Homelessness Task Force</li> </ul>