

Governance, Risk and Best Value Committee

10.00am, Tuesday, 8 May 2018

Corporate Leadership Team Risk Update

Item number	7.5
Report number	
Executive/routine	
Wards	All
Council Commitments	

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 4 April 2018. These risks and the associated controls have been scrutinised and challenged by the CLT and are presented to the Governance, Risk and Best Value Committee ("GRBV") for oversight and review.

Corporate Leadership Team 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 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. This [policy was approved in 2015](#) and has been reviewed annually since (as reported to Corporate Policy and Strategy Committee in August 2017).
- 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, for example government policies and police activity in relation to counter-terrorism. 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 16 January 2018.

3. Main report

- 3.1 During the last quarter, risks have been reviewed at Risk Management Groups, Service Management Teams, and Risk and Assurance Committees within each Directorate. 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 and presented in the appendices reflects the Council's top risks and the key controls in place to mitigate them, as at 4 April 2018.

- 3.3 Three new risks have been added to the CLT Risk Register since the last CLT Risk Update. These are 'Tram extension project', 'Housebuilding programme' and 'ICT capabilities'. The Council's current top risks are considered to be 'Health and social care', 'Capital asset management' and 'ICT capabilities'.
- 3.4 In January, the CLT risk register was reported to GRBV. It contained two distinct risks ("Transformation and Change agenda" and "Maintaining services with less resource"). From discussion at CLT, given the inherent link between the two risks, it was decided to merge these into a single risk "Change" and this is reflected in the attached risk register.
- 3.5 Due to the way the risks are scored, a number appear in the 'red zone'. 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 Since the last CLT Risk Update on 16 January 2018 the City was affected by periods of severe winter weather. This has been considered in a risk management context and discussed at the CLT Risk and Assurance Committee, and noted in the risk register as part of the 'Major incident' risk.
- 3.8 The Corporate Risk Team is currently undertaking work to implement risk management software to harmonise and streamline the escalation and reporting of risk across the Council.

Internal Audit Validation

- 3.9 Committee will note that a separate report on this agenda identifies a concern about effective closure of historic audit actions.
- 3.10 The specific issue around audit risk has already been added to the Resources risk register and mitigating measures are already in place to ensure that the Council is Public Sector Internal Audit Standards compliant.
- 3.11 The full extent of the service delivery risk to the Council as a result of historic management actions remaining unimplemented is being actively assessed by all service areas. A risk around process failure in relation to implementation of management actions will be added to all Directorate risk registers. In addition, where appropriate, specific additional risks will be added to Directorate risk registers to reflect ongoing risks from specific audit findings pending closure of the relevant audit findings and associated actions.

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 the appendices has been discussed, challenged and agreed by the CLT.

10. Background reading/external references

- 10.1 [Corporate Leadership Team Risk Update: report to GRBV 16 January 2018](#)
- 10.2 [Policies Assurance Statement](#) – Legal and Risk, report to Corporate, Policy and Strategy Committee, 8 August 2017

10.3 [City of Edinburgh Council's Policy Register](#)

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11. Appendices

Appendix 1 – CLT Top Risks with Key Controls and Further Actions as at 4 April 2018

Appendix 2 – CLT Top Risks Heatmap

Appendix 1 - CLT Top Risks with Key Controls and Further Actions as at 4 April 2018

	Risk description	I	L	Key Controls	I	L	Key Further Actions
1	Health and Social Care Increased demand for services and associated demographic changes results in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, creates a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required by 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 or insufficient care packages being offered and significant reputational damage to the Council with additional impact on funding of other Council budgets.	5	4	<ul style="list-style-type: none"> Scrutiny of health and social care performance, delivery and risk management by Governance, Risk and Best Value Committee (GRBV) and Corporate Policy and Strategy Committee (CP&S) A detailed health and social care improvement plan has been developed by the Interim Chief Officer for the Health and Social Care Partnership which will ensure focus on improvements, reducing risk and achieving better outcomes for service users. Access to external experts for capacity and capability and knowledge sharing Partnership working with service areas and IJB (IJB Procurement Board) The Council's Chief Internal Auditor is also the Chief Internal Auditor for the IJB thereby ensuring auditing of key risks 	5	4	<ul style="list-style-type: none"> A series of key senior appointments have been made to strengthen and enhance the leadership capacity and capability within the Health and Social Care Partnership and Integration Joint Board, to drive the improvement plan and address risks. These appointments include a new Chief Officer, a substantive Chief Financial Officer and a Head of Operations. The appointees will all be in post in June 2018. Implementation of Health and Social Care Improvement Programme initiated in December 2017
2	Capital 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.	5	5	<ul style="list-style-type: none"> Committee approved Asset Management Strategy and Asset Management Works budget in place and regular oversight and reporting of progress to the Finance and Resources Committee takes place Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety. General Inspections carried out annually as part of rolling condition surveys Wider inspections following Professor Cole report Increased scrutiny of PPP1 estate and contractual delivery Corporate Health and Safety Policy Asbestos, Fire Safety and Water Safety Policies Initial Condition Survey of all premises completed Public and employers' liability insurance policies Significant additional funding committed to property repair through budget process Commissioned first year of programme of upgrade works, focussing on areas of greatest need Statutory compliance testing 	4	4	<ul style="list-style-type: none"> Procurement underway for contract to inspect all boundary walls. Complete by December 2018. Further activities as approved at Finance and Resources (F&R) Committee on 27 March 2018, including: <ul style="list-style-type: none"> Programme of ceiling inspections Programme of high level inspections Introduction of Planned Preventative Maintenance regime Programme of fire door inspections Condition management works at potential Wave 4 schools
3	ICT capabilities Despite increased scrutiny, and robust performance and contract management arrangements within the Council, there is a risk that the level of ICT service provided to the Council by its external partner remains below that required for the Council to transform and enable its services digitally in an effective, efficient, and secure manner, or in line with planned savings. This risk includes reliability and availability of the network, applications, and software, as well as maintaining necessary security accreditation required to deliver Council services.	5	5	<ul style="list-style-type: none"> Governance arrangements for the performance, delivery and assurance of the contract for ICT Services and Transformation includes: weekly, monthly and quarterly contract management reviews. Specific improvement plans for Security, Service and Change are in operation and being scrutinised by the Council regularly. The Change Portfolio and Change Board reporting arrangements as part of revised approach to Major Programmes and Projects ensures monthly oversight and review of the ICT Programme key projects relating to Customer Transformation and Business Transformation (such as ESP). The Council is ensuring that appropriate commercial and contractual levers are being applied to the delivery of the contract to both incentivise and penalise external suppliers of ICT related services appropriately. The Governance, Risk and Best Value Committee now receives regular status updates on the ICT Programme to ensure member oversight, scrutiny and challenge of both Council and CGI staff in respect delivery. The Council is taking appropriate professional and technical advice to ensure it is managing the contract robustly. 	4	4	<ul style="list-style-type: none"> A new weekly risk review and escalation process has been introduced by the Council's ICT Service to ensure that matters are escalated to the weekly Executive Review meeting on a timely basis. The Council has increased the resource allocation to the in-house ICT Service to create greater capacity and capability to manage the contract effectively. Additional external Audit support for reviewing the progress of CGI ICT Cybersecurity arrangements and contract management of the Council's ICT provision has been commissioned. The Council has established an action plan and steering group to deliver the Public Sector Cyber Security Action Plan provisions from the Scottish Government
4	Change Key deliverables, benefits and timescales for achieving change across the Council and third party suppliers may not be achieved in line with business expectations, governance and assurance requirements, budgets and resources. This may result in adverse impacts on service delivery, the Council's finances and reputation. The anticipated need for further savings to deliver balanced budgets may create additional material financial and service delivery pressure on our infrastructure,	5	5	<ul style="list-style-type: none"> Council Change Strategy being further developed/refined and aligned to the Business Plan Improved programme and project governance being applied through the CLT Change Board and new Business Case gateways process Plans for the key projects in terms of scoping and resources being reviewed Key transformation programmes supported by Programme / Project Management expertise Effective Long-Term Financial Planning in place, aligned to the Council's Business Plan and Performance Framework Provision for demographic change built into long term financial planning assumptions 	4	4	<ul style="list-style-type: none"> Implementation of Change Strategy and enhanced programme governance and business case approvals Clear and robust programme/project plans Greater focus on delivery assurance and benefits realisation Refreshed Directorate Business Plans to be produced Revised Council Performance Dashboard/Framework to be considered by Council Annual External Audit of Council's Financial Planning and Long-Term assumptions to be reported

	capital and revenue budgets and the execution of the Council's business plan, with the associated adverse reputational impact.			<ul style="list-style-type: none"> Regular review of financial challenges and assumptions with Members Budget Core Group and Finance and Resources Committee Monthly Performance Dashboard reporting to Directorates Savings and implementation plans are monitored and reviewed, monthly budget reporting GRBV scrutinises Council Finance and Performance outcomes, assumptions and delivery 			
5	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	5	<ul style="list-style-type: none"> Council Business Continuity and Emergency Plans are in place All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities Appropriate expertise and capability in place via the Council Resilience Team Information Technology Disaster Recovery (IT DR) arrangements are in place and being tested for core ICT services. 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 Business Impact Assessments being put in place for all Services Externally contracted services include DR and business continuity provisions Lessons learned from key events including recent winter weather 	4	4	<ul style="list-style-type: none"> Council participation in multi-agency scenario testing of emergency plans Rolling programme of IT disaster recovery tests being undertaken. Work to assess shadow IT Disaster Recovery arrangements is being progressed.
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.	5	5	<ul style="list-style-type: none"> Refreshed Information security policy introduced Laptop and media encryption Service automation controls in place 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 Leavers process includes removal of access to IT applications GDPR Implementation Plan and actions in place, led by Strategy and Insight. Cybersecurity campaigns Internal Audit testing of cybersecurity. Suite of information governance policies and procedures GDPR compliance audits undertaken by Information Governance between January to March 2018. 	3	5	<ul style="list-style-type: none"> Assess impact of delays in delivery of IT systems Monthly MI demonstrating any threats. Implementation of management actions following GDPR compliance audits Implementation of SharePoint technology to improve security and storage arrangements. The Council has increased the resource allocation to the in-house ICT Service to create greater capacity and capability to manage the contract effectively. Additional external Audit support for reviewing the progress of CGI ICT Cybersecurity arrangements has been commissioned. The Council has established an action plan and steering group to deliver the Public Sector Cyber Security Action Plan provisions from the Scottish Government
7	Customer experience and expectations Customer dissatisfaction around delivery of citizen facing services (e.g. waste management, roads, etc.) may lead to an increase in complaints with consequential financial pressures and reputational damage.	4	5	<ul style="list-style-type: none"> Waste Services Improvement Plan in place and being progressed Roads Service Improvement Plan in place and being delivered Customer Transformation Programme being delivered in partnership with front-line services, with appropriate external support. Customer Skills Training being deployed across all Customer Contact Centre staff Improved social media skills and capability being jointly delivered by Communications and Customer Channel Shift and Process Automation aspects of the Customer Transformation Programme are being delivered to improve accessibility and responsiveness of services Corporate Policy and Strategy Committee receives regular reports and updates on Customer Transformation and Customer Contact Centre improvements and service delivery A review of risks around contractor failure as reported to GRBV in February 2018 highlights no current significant risk exposure based on known information. 	3	4	<ul style="list-style-type: none"> Improvements to Council Complaints and Feedback Policy and handling arrangements Citizen Panel to provide feedback on customer experience and service improvements Enhancements to Council social media responses to issues and proactive campaigns, such as during the Edinburgh Festivals Delivery of improved customer contact service performance Review of complaints policy and complaints management undertaken by Strategy and Insight.
8	Health and Safety (H&S) 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 which could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory breaches, fines and associated reputational damage.	5	4	<ul style="list-style-type: none"> Progress on Corporate H&S Strategic Plan is reported annually to CLT and Finance and Resources Committee. Rolling H&S audit programme identifies areas for improvement H&S performance is measured and reported to CLT Risk and Assurance Committee quarterly, Council H&S Group and Directorate -level H&S Groups H&S risks and issues reported to CLT on a weekly basis and H&S is a standing CLT agenda item Corporate H&S Training programme available across the whole organisation and completion figures are reported quarterly to CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups H&S is part of the Council's Induction Programme Asbestos Policy was approved by Committee and published on 1 November 2017 Fire Safety Policy was approved by Committee and published on 1 November 2017 Significant improvement demonstrated over last 3 years as set out in March 2018 F&R Committee report 	4	3	<ul style="list-style-type: none"> Greater uptake and attendance at H&S training sessions. Roll out of IOSH accredited Leading Safely course to CLT and WLT members. Implementation of phase 1 of the new FM Service Delivery of 3-year Corporate H&S Strategy 2018-2020 Improvements to H&S pages on the Orb Water Safety Policy updated and endorsed by CLT prior to consideration by Committee in May 2018. Corporate Health and Safety providing expert advice and input into key areas of potential risk, including the transition to the new Occupational Health contract and focussed attention on issues of Health Surveillance across the Council's workforce.
9	Homelessness	5	5	<ul style="list-style-type: none"> Homelessness Task Force established and meeting monthly. Extending private sector leasing scheme into 2019 	3	4	<ul style="list-style-type: none"> Discussion with Scottish Government to access funding from National Task Force

	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.			<ul style="list-style-type: none"> Progress reporting and oversight via the Housing and Economy Committee each cycle 			<ul style="list-style-type: none"> Implementation of the plan to be set by the Homelessness Task Force
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.	4	4	<ul style="list-style-type: none"> Delivery of major programmes and projects to be given oversight via the relevant Executive Committees and the Governance, Risk and Best Value Committee. CLT Change Board to provide monthly portfolio management and oversight for all programmes and projects, supporting by a clear project dashboard. Ongoing review of project management capacity and capability within Strategy and Insight. All significant change to have an approved business case detailing resources and skills required to deliver 	3	3	<ul style="list-style-type: none"> Ongoing Implementation of Internal Audit recommendations relating to Change Management. Implementation of recommendations from change management reform report agreed at committee Completion of the Strategy and Insight Service review, to provide dedicated programme and project management capacity and support
11	Tram extension project There are risks to the delivery of the proposed tram extension project, including reputational risks to the Council. Although the Council has not yet committed to this project it is now considered appropriate to report it as a risk.	3	5	<ul style="list-style-type: none"> Governance arrangements in place as appropriate to the current status of the project Council due to consider updated Business Case in advance of vote Lessons learned from the Edinburgh Tram Inquiry to be considered at all appropriate opportunities Public consultation underway 	3	3	
12	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. There is a risk that the Council does not have adequate arrangements in place for the support and monitoring of Armed Forces reservists within the workforce	3	5	<ul style="list-style-type: none"> Council People Strategy provides strategic priorities for workforce management and development. People Plans developed for each Directorate of the Council. Deployment of effective learning and development, including staff induction and new line manager induction sessions. Commitment to Living Wage Use of a new candidate portal. Support for the Armed Forces Reservists Project and an update to the Armed Forces Reservists Policy and Guidance has been completed, 	2	4	<ul style="list-style-type: none"> Implementation of new recruitment campaign for teaching staff. Further development and review of HR policies and procedures to ensure these are agile, enabling and support recruitment and retention. Finalisation of leadership development approach for the Council. Employee Survey to be undertaken in 2018 to identify underlying issues to improve engagement and advocacy levels. An organisational review of the HR Service is being undertaken to ensure a more flexible resource exists to support the delivery of the People Strategy.
13	Housebuilding programme Due to capacity within the house-building industry, the availability of suitable land, uncertainties around planning assumptions used in financial models (demographics, demand, economics etc) there are risks to the delivery of the Council's housebuilding programme, including subsequent knock-on impacts in relation to Council income and reputation.	4	3	<ul style="list-style-type: none"> Short, medium and long-term planning through the Housing Revenue Account (HRA) planning process involving input from appropriate functions including Finance, Legal and Risk, Risk management workshops undertaken with the HRA, the Granton project, 'Edinburgh Homes'/Scottish Futures Trust to identify key risks to delivery City Region Deal Executive Board meets regularly Housing stock investment strategy 	4	2	

Appendix 2 – CLT Top Risks Heatmap as at 4 April 2018

- 1 Health and Social Care
- 2 Capital asset management
- 3 ICT capabilities
- 4 Change
- 5 Major incident
- 6 Information Governance
- 7 Customer experience and expectations
- 8 Health and Safety
- 9 Homelessness
- 10 Major Programme and Project Delivery and Assurance
- 11 Tram extension project
- 12 Workforce Capacity and Capability
- 13 Housebuilding programme

