

REPORT TO: SCRUTINY COMMITTEE – 26 JUNE 2019

REPORT ON: RISK MANAGEMENT ANNUAL REPORT

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 222-2019

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the status of actions within the Risk Management Improvement Plan, an outline of the stage reached in developing Service-level Risk Registers, and proposals to further develop the Council's Corporate Risk Register.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note:

- The target dates for actions which remain outstanding within the Council's Risk Management Improvement Plan (RMIP) (section 5.0);
- The stage reached in developing Service-level Risk Registers (section 6.0), the schedule for completion of these as detailed in the Roll-out Plan and that these will be progressively added to Pentana;
- The proposed actions to further develop the Council's Corporate Risk Register (section 7.0): and
- Additional relevant information, including an update on the Corporate Risk Management Working Group (CRMWG) meetings, the recent Internal Audit of the Council's Risk Management Arrangements and cross-referencing to risk within the 2019/20 Internal Audit Plan (section 8.0).

3.0 FINANCIAL IMPLICATIONS

None.

4.0 BACKGROUND

- 4.1 Reference is made to two risk management reports, which were submitted to the Council's Policy and Resources Committee (Article III, Report No 378-2018 refers) and Scrutiny Committee (Article IV, Report No 58-2019 refers) on 10 December 2018 and 5 February 2019 respectively. These reports included progress updates on the RMIP, originally presented to the Council's Policy and Resources Committee on 23 April 2018 (Article IV, Report No 143-2018 refers).
- 4.2 A new combined Risk Management Policy and Strategy was approved by Policy and Resources Committee at its 10 December 2018 meeting (Article III, Report No 378-2018 refers) and incorporates comprehensive risk management governance arrangements, including a requirement for reporting quarterly to CMT, six monthly to Policy and Resources Committee and annually to Scrutiny Committee.
- 4.3 The development of a risk universe incorporating Service-level risk registers was a key element of the RMIP, and represents a major undertaking. As such, an update on progress being made towards achieving this is included at Section 6.0 of this report, including a formal Roll-out plan which is included within a new Risk Management Dashboard.
- 4.4 To supplement the foregoing and provide a summary overview to accompany this report, a Risk Management Dashboard has been prepared and is attached as Appendix A. The content of this will be adapted as the risk management maturity of the Council develops.

5.0 RISK MANAGEMENT IMPROVEMENT PLAN

- 5.1 The RMIP is updated on an ongoing basis. It contains nine key areas for improvement, although a number of these are sub-divided leading to a total of 21 actions. Of these, 13 have now been fully completed, or completed subject to ongoing implementation, with the remaining eight under way, one with a completion date of 30 June 2019 and the other seven scheduled for completion by 30 September 2019.
- 5.2 The action scheduled for completion by 30 June, which relates to the development and introduction of procedural guidance, is being tackled individually. However, there are inter-dependencies in relation to some of the other outstanding actions resulting in these all being scheduled for September completion.
- 5.3 Target implementation dates have been revised for a number of the actions to reflect when these are now forecast to be completed. Taking the outstanding or ongoing actions in turn (numbers refer to actions set out in Appendix A – Item 3):
4. **Development of a Risk Universe and Risk Registers** – this is the most significant action in terms of work remaining, and is covered in greater depth at 6.1 to 6.8 below – *completion by 30 September;*
 5. **Develop and Implement Procedures** – a procedures guide is being developed covering both risk management and use of the Pentana risk module. This is presently in draft stage – *completion by 30 June, then to be rolled out as Pentana training delivered;*
 - 6a. **Reporting Options** – whilst there is some scope for personalisation of content, Pentana report layouts are only available in a narrow range of formats and it is intended to adapt these for Committee reporting. In addition, and to enable report recipients to gain a quick overview of salient points, a ‘Risk Management Dashboard’ has been developed for inclusion as an appendix to reports (refer Appendix A). Dashboard content will be adapted as the Council’s risk management maturity develops – *completed subject to ongoing content review as appropriate;*
 - 6b **Incorporation into Reports, of Risks Associated to Actions / Decisions** – changes to the content of the Integrated Impact Assessment (IIA) section on risk have been proposed and are currently under consideration – *completion by 30 September;*
 - 7a **Pentana Training** – training material has been developed and programme established. A schedule is in place to roll this out in line with development of the Service-level risk registers – *completion by 30 September;*
 - 7b **Service-level Risk Registers** – covered in depth at 6.1 to 6.8 below – *completion by 30 September;*
 - 7d **Keeping the Risk Registers ‘Live’** – this will be achieved by utilisation of the review scheduling capabilities built into Pentana, in conjunction with central monitoring and report production, with review schedules to be introduced as risks are loaded to Pentana – *completion by 30 September;*
 - 8a **Comprehensive and Targeted Training Programme** – an e-learning module is in course of development as a framework. This can then be adapted to target different audiences across the Council. Additionally, per action 7a above, Pentana specific training has already been developed and is being rolled out to appropriate officers – *completion by 30 September;*
 - 8b **Risk Management Session as Part of Induction Process** – yet to be considered, but may be appropriate to use an adaptation of the e-learning module referred to for action 8a above – *completion by 30 September;*
- 5.4 An overall summary position is detailed within the attached Risk Management Dashboard (Appendix A – Item 3).

6.0 SERVICE LEVEL RISK REGISTERS / PENTANA

- 6.1 The development of Service-level risk registers is a major task. However, this has also provided the opportunity to develop risk registers on a coordinated basis using a standard process, facilitated through risk management workshops attended by senior management (the workshops).
- 6.2 The workshops were piloted across Corporate Services between December 2018 and February 2019, with four having taken place involving senior management and representatives from their teams.
- 6.3 The Corporate Services pilot resulted in individual risk registers being developed for:
- Corporate Finance
 - Democratic and Legal Services
 - Human Resources and Business Support
 - Customer Services and Council Advice Services
- 6.4 The above risk registers will be loaded into Pentana and, together with the longer established ICT risk register, will be used to inform the content of a high level Corporate Services risk register.
- 6.5 Meantime, they have been consolidated into a single spreadsheet and mapped as appropriate to their associated risk(s) in the Council's Corporate Risk Register and corresponding risk appetite.
- 6.6 The pilot is now being rolled out across the Council, as detailed in the Roll-out Plan (Appendix A – item 4), with only three workshops remaining within Council services.
- 6.7 The Roll-out Plan sets out a timetable for workshops, Pentana input and training (see 6.9), and assurance mapping across all Council service areas. Completion of this work stream will enable enhanced reporting using Pentana generated reports, and assist with central monitoring. There are major benefits from this, including:
- the provision of assurance that regular risk assessment updates are taking place
 - the ability centrally, to quickly assess the overall risk profile across the whole Council, by individual Service or at sub-Service level
 - quick and straightforward identification of risk movements and trends
 - confirmation of where the Council's key risks sit and what controls are in place to mitigate them
 - the ability to monitor implementation of improvement actions
 - standardised outputs for management team and committee reporting purposes
 - risk profiles can be displayed in Pentana portals alongside performance indicators
- 6.8 The three remaining risk management workshops have been scheduled. On this basis, there is a realistic expectation that Service-level risk registers will be finalised and loaded into Pentana by September this year, in line with both the Roll-out Plan and the RMIP.
- 6.9 On conclusion of each workshop, officers from each Service are being identified to undertake training in the use of the Pentana Risk module. This is aimed at ensuring individual competence and reinforcing the need for high quality data input, with a view to ensuring high quality output for reporting purposes. A recommendation from the RMWG is that management teams, at their regular team meetings, schedule a standing agenda item to discuss and update risks live in Pentana. In addition to ensuring ongoing updates, this would have the added benefit of reinforcing the requirement for active consideration of risk across the Council.
- 6.10 It will be noted from the Roll-out Plan that, on completion of the Services' workshops it is proposed to assist both the Dundee IJB / HSCP and Leisure and Culture Dundee (L&CD) with their risk registers. Lines of communication in relation to risk management are already open with these bodies, also with NHS Tayside and our neighbouring local authorities. Assistance and advice has also been provided regarding the development of risk registers for the protecting people agenda.

7.0 THE COUNCIL'S CORPORATE RISK REGISTER

- 7.1 The Council's Corporate Risk Register was reviewed and reported to Policy and Resources Committee in December 2018 (Article III, Report No 378-2018 refers) and Scrutiny Committee in February 2019 (Article IV, Report No 58-2019 refers), and a further review of this is scheduled to be undertaken this year over the Summer period.
- 7.2 Individual responsibility for these risks sits primarily with members of the Council Management Team, who will be contacted directly for input.
- 7.3 In addition to re-assessing risk scores as part of that exercise, it is also intended to:
- consider the effectiveness of individual control measures and, where appropriate, what arrangements are in place to provide assurance over their ongoing application;
 - introduce target risk levels reflecting the Council's corporate level risk appetite (refer Appendix A – Item 2);
 - determine the most appropriate management approach (from the '5 T's' model - Tolerate, Treat, Transfer, Terminate or Take opportunities) to be taken for each risk;
 - consider the need to introduce further control measures, as appropriate; and
 - agree scheduling of regular reviews for each risk, aligned to the assessed level of risk. These will be supplemented by interim reviews where risk events arise, or where other information comes to hand that suggests an interim review would be appropriate.

8.0 ADDITIONAL INFORMATION

8.1 Corporate Risk Management Working Group

- 8.1.1 The CRMWG has met on three occasions since its inception during 2018.
- 8.1.2 Standing agenda items include:
- service risk register progress reviews;
 - new / escalating risks;
 - horizon scanning;
 - the RMIP.
- 8.1.3 Attendance at the meetings has been good, with no fewer than nine of the eleven members (or substitutes) having attended on each occasion ensuring lively debate and input from all Service areas, including Dundee IJB / HSCP and L&CD.
- 8.1.4 It has proved to be a good forum, and developments from the CRMWG have included:
- a draft tool to establish which projects require a risk register, taking the subjectivity out of this;
 - development of a draft revised risk management section for the Integrated Impact Assessment tool;
 - a proposal that risk registers are discussed and updated 'live' during Services' management team meetings, rather than placing reliance on individuals to take control of the process.

8.2 Internal Audit of Risk Management

- 8.2.1 As part of the Council's 18/19 Internal Audit Plan, a review of the progress made towards improving the Council's risk management arrangements at a corporate and service level against recognised good practice was carried out by KPMG, the Council's existing Internal Audit co-sourcing partner.
- 8.2.2 The Executive Summary from the Internal Audit review is reported separately to Scrutiny Committee today (Report No 220-2019 refers) and is, therefore, not covered in detail in this report. However, the internal audit is welcomed by the Council and provides independent assurance to Senior Management and Elected Members surrounding recent developments. The report specifically confirms that good progress has been made towards completion of the RMIP actions, and embedding of risk management in general across the organisation.

8.3 2019/20 Internal Audit Plan

- 8.3.1 The maturity level of the Council's risk management arrangements has historically meant that referencing associated risks within the Internal Audit Plan has proved difficult. However, with the establishment of the Council's Corporate Risk Register during 2018 and its subsequent loading into Pentana, the Internal Audit Plan for 2019/20 (Article VI, Report No 154-2019 refers) has been cross-referenced to the associated corporate risk(s).
- 8.3.2 The cross-referencing is viewed as a highly positive development, which will provide greater levels of assurance.

9.0 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

10.0 CONSULTATIONS

The Council Management Team was consulted in the preparation of this report. Additional consultations were undertaken with the Corporate Risk Management Working Group, Head of Corporate Finance and Senior Manager – Internal Audit.

11.0 BACKGROUND PAPERS

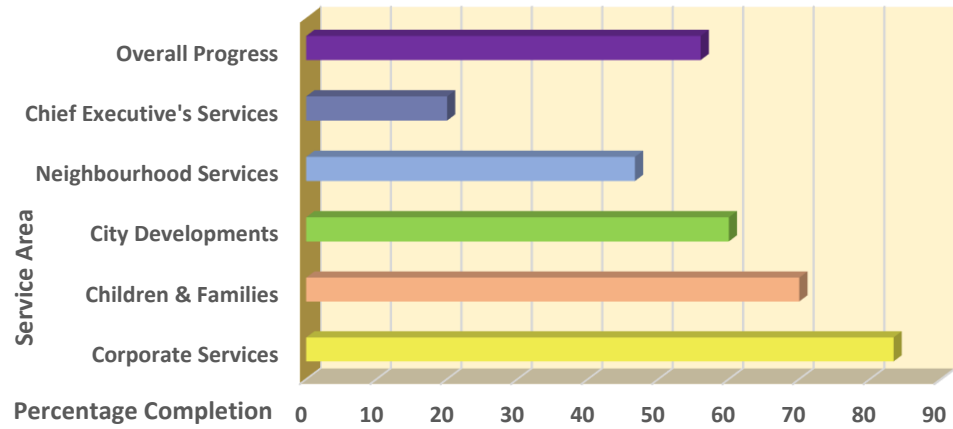
None.

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

24 May 2019

Risk Management Dashboard

1. Progress Made in Developing Service Level Risk Registers



2. Corporate Risk Register

CORPORATE RISK		INHERENT RISK	CURRENT RISK	RISK APPETITE
City Vision	Financial Sustainability	20	10	3 - 8
	Effectiveness of Partnerships	15	10	8 - 12
	Resilience	20	10	2 - 3
	Children & Young People Development	15	10	5 - 8
	Economic Productivity / Sustainability	15	10	5 - 8
	Neighbourhood & Community Improvement	15	10	5 - 8
	Governance	20	10	2 - 3
	Corporate Health & Safety	15	6	2 - 3
	Information Governance	20	10	2 - 3
	Workforce	16	9	5 - 8
Operational	Statutory & Legislative Compliance	20	10	2 - 3
	Major Project Delivery	15	10	8 - 12
	Transformation	15	10	8 - 12
	IJB / DHSCP	15	20	8 - 12

3. Improvement Plan - Action Status Summary

No.	Action	Original Target Date	Current Target Date	Proposed Target Date
1a	Improvement Plan updates	30/06/2018	Complete	
1b	Governance arrangements	30/06/2018	Complete	
1c	Agree risk management budget	31/03/2018	Complete	
1d	Recruit risk management coordinator	31/03/2018	Complete	
2a	Position of risk management within Council	31/03/2018	Complete	
2b	Map risk management tasks to officers	31/03/2018	Complete	
3a	Incorporate risk appetite in risk mgt. strategy	30/09/2018	Complete	
3b	Review risk management strategy & policy	30/09/2018	Complete	
3c	Formal strategy & policy review programme	30/09/2018	Complete	
4	Develop risk universe and risk registers	30/09/2018	30/09/2019	No change
5	Develop & introduce risk mgt. procedures	31/12/2018	30/06/2019	No change
6a	Develop risk mgt. reporting dashboard	31/12/2018	Complete	
6b	Reporting of risks associated to decisions	31/12/2018	30/06/2019	30/09/2019
7a	Use of Pentana / associated training	31/03/2019	30/09/2019	No change
7b	Service level risk registers incl. controls	31/12/2018	30/09/2019	No change
7c	Review corporate risk register	31/03/2018	Complete	
7d	Regular risk review and update arrangements	31/03/2019	30/09/2019	No change
8a	Comprehensive training programme	31/03/2019	30/09/2019	No change
8b	Risk management session in induction	31/03/2019	30/09/2019	No change
9a	Risk Management Champions	31/03/2019	Complete	
9b	Add risk to agendas for mgt team meetings	31/03/2019	Complete	

4. Roll-Out Plan - Workshops

Management Workshops	2018		2019									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Corporate Services	Workshops & Follow-Up					Pentana Input & Training	Assurance Mapping					
Corporate Finance												
Democratic & Legal Services												
HR & Business Services												
Customer Services & Advice Service												
ICT					N/A							
Children & Families					W & F-Up	Pentana I & T	Assurance Mapping					
ICS & CJ												
Education												
City Development						W & F-Up	Pentana I & T	Assurance Mapping				
Design & Property Services												
Planning & Economic Development												
Roads & Transportation												
Neighbourhood Services							W & F-Up	Pentana I & T	Assurance Mapping			
Community Safety & Protection												
Environment												
Housing & Communities												
Construction Services												
Chief Executive's Service								W & F-Up	Pentana I & T	Assurance Mapping		
Community Planning												
Transformation & Performance												
Communications												
Partner	2019											
	Jul	Aug	Sep	Oct	Nov	Dec						
IJB / DHSCP												
L&CD												

