REPORT TO: POLICY & RESOURCES COMMITTEE – 27 JANUARY 2020

REPORT ON: RISK MANAGEMENT UPDATE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 29-2020

1.0   PURPOSE OF REPORT

To update Committee on:

- Progress achieved in implementing the Risk Management Improvement Plan (RMIP);
- Stage reached in development of service level risk registers;
- Analysis of service level risk registers relative to the Council's Corporate Risk Register (CRR);
- Introduction of a Risk Management Procedural Guide;
- Ongoing risk management activity.

2.0   RECOMMENDATIONS

It is recommended that Committee:

i.   note the content of this report and the progress made with the RMIP; and
ii.   remit this report to the Scrutiny Committee for further consideration.

3.0   FINANCIAL IMPLICATIONS

None.

4.0   BACKGROUND

4.1   Article III of the Minute of Meeting of the Policy and Resources Committee of 10 December 2018, Report No 378-2018, refers. This report provided Committee with a RMIP progress update, review of the Council's CRR and revised Risk Management Policy and Strategy document.

4.2   Reference is also made to a previous CRR report submitted to the Council's Policy and Resources Committee meeting on 23 April 2018 (Article IV, Report No 143-2018), which included at Appendix 3 a RMIP.

4.3   A considerable amount of time and effort has since gone into addressing the outstanding items in the RMIP, in particular development of:

- Service level risk registers;
- Pentana as the Council's key tool for risk management; and
- A procedural guide, covering both general risk management and the use of Pentana.

The up-to-date position in respect of the above is set out in this report, and in Appendix A.

5.0   RISK MANAGEMENT IMPROVEMENT PLAN

5.1   The current position in relation to the 21 required actions on the RMIP, as set out in the attached Risk Management Dashboard at Appendix A, is that 18 are complete and three are progressing as follows (numbering is from the RMIP):

6.b Reporting of Risks Associated to Decisions:
This is presently incorporated into the Council's Integrated Impact Assessment (IIA) toolkit for reporting to Committees. Whilst the Corporate Risk Management Working Group (RMWG) believes that the toolkit in general is an appropriate means of reporting risks associated to decisions, it was recognised that the Corporate Risk section of the toolkit required to be enhanced. A new Corporate Risk section has since been developed utilising Excel and it is hoped that this will be endorsed by the RMWG and incorporated into the refreshed IIA toolkit in time for its launch.

8.a Comprehensive Training Programme:
Whilst a considerable amount of work has been carried out on this, including discussions with the Council's insurer Zurich, who have offered their assistance, it has not yet been possible to finalise a comprehensive risk management training programme. That said, the basic framework of an e-learning package has been devised in conjunction with Learning and Organisational Development and a programme of 11 Pentana Risk Module training sessions has been delivered to 53 officers representing all Council services. Attendees at these sessions have primarily been senior officers, equipping them to undertake comprehensive risk discussions and Pentana updates during their management team meetings. Further 'sweep-up' sessions will be delivered for those who were unable to attend the initial run, following which it is proposed that training will be given on an 'as required' basis.

Now that the other RMIP actions have been concluded, development of the additional required training resources will be taken forward as a matter of priority. A revised target implementation date of 31 March 2020 is being proposed.

8.b - Risk Management Session in Induction:
This will be developed in conjunction with Human Resources and Business Support as part of 8.a 'Comprehensive Training Programme' referred to above.

5.2   The main reason that the three areas above are, to date, not complete, is that priority has been given to the development of service level risk registers.

6.0   SERVICE LEVEL RISK REGISTER DEVELOPMENT

6.1   Work commenced in December 2018, with a pilot programme of risk workshops across Corporate Services. Following the success of those workshops, the programme was expanded to cover all service areas, aimed at identifying the Council's 'Risk Universe' and, from this, highlighting the key areas of risk.

6.2   The programme has been a major undertaking, involving:

- 15 workshops;
- Around 50 follow-up meetings with Executive Directors, Heads of Service and other senior officers;
- Input from around 100 Council officers.

6.3   Having now identified what are considered to be the key service level risks, and although some additional work remains to be undertaken to finalise these and complete the input to Pentana, risk registers are now in place for all service areas at both Executive Director and Head of Service levels across the Council.

6.4   It should be noted that all service level residual risks (Appendix A – Dashboard section 4) have been assessed as moderate, high or very high. This is as a result of two main reasons, firstly that the risks on the registers are the key service risks, predominantly assessed as being inherently high or very high, and secondly that, having considered the control measures in place to mitigate those risks, none of the residual risks were assessed as low.

6.5   The fact that the service level risk registers have only just been completed, and there remains a need to further refine some of them, means that meaningful reports from Pentana have not yet been produced. However, an overview is provided in the attached Dashboard (Appendix A), at section 4 'Key Service Area Risks'. The red lines connecting to section 3 'Corporate Risk Register' signify how the risks at Executive Director level map to the CRR. Further analysis of this is included below in section 7.0 'Corporate Risk Register'.

7.0 CORPORATE RISK REGISTER

7.1 The Council's CRR has now been established for over 18 months, with an interim review of the constituent risks also having been undertaken. A further review is now required, however, to date this has been held in abeyance pending completion of the service level risk registers.

7.2 Now that the service level risk registers are largely complete and preliminary analysis is possible, a mapping exercise has been carried out between the service level risk registers and the CRR and vice versa. Results from that exercise, which have been summarised in the Dashboard at Appendix A, demonstrate that, in general, the service level risk registers support the risks in the CRR, which had been independently identified by the CMT in conjunction with KPMG in the early part of 2018. Additional work is now being undertaken to analyse this further.

7.3 During the mapping exercise described above, one of the CRR risks, DCC005 'Governance' did not directly map to any of the service level risks. It is considered reasonable, however, for corporate governance to be a high level strategic risk for the Council that does not necessarily need to feature in the same way at service level.

7.4 The following three service level risks were also identified during the mapping exercise as not being specified on the CRR:

- ICT (Information & Communication Technology) – this risk is present in **all** service level risk registers, and reflects the essential nature of ICT in relation to the day-to-day work of the Council and delivering against objectives. Consideration has been given to whether this risk requires to be added to the CRR as a specific risk, however it was concluded that DCC003 'Resilience' on the CRR covers this adequately.
- Fraud & Corruption (F&C) – once again, this risk is present across **all** services and, whilst touched on in certain CRR risks, is not specifically covered. F&C arguably does not fall into the category of a 'strategic' risk at a corporate level and, whilst the impact can be major, it is not proposed to add this to the CRR at this time.
- Premises / Property Assets (PPA) – these have been identified as key risks within both Children & Families (C&F) and Neighbourhood Services (NS), in addition to both services identifying Resilience / Critical Incidents as areas of risk. This appears reasonable, bearing in mind the significant property risks of both Services: C&F with responsibility for school premises, and NS for social housing (12,425 council owned around the city as at the last financial year end, 31 March 2019). Consideration will now be given to whether this should be added as a specific risk on the CRR.

8.0 PENTANA

8.1 It has been decided that Pentana will be used across the Council to manage the risk registers at all levels including, where appropriate, for projects.

8.2 There are a number of benefits in using Pentana, including:

- Central database of the Council's risk registers;
- The ability to set regular scheduled reviews;
- Automation of reminders that reviews are due / overdue;
- Consistency of data extraction and analysis; and
- Centralised monitoring and reporting.

8.3 The set-up of new risk registers is being undertaken centrally. This was considered essential in order to ensure the integrity of initial input, maintain consistency across the Council and provide a framework for future local input / update by services.

8.4 A significant amount of work has already gone into setting up the risk registers on Pentana, and this will be completed by the end of January 2020, following which ongoing input and general maintenance will primarily be the responsibility of individual services, subject to central oversight and support.

9.0 RISK MANAGEMENT PROCEDURAL GUIDE

9.1 A new comprehensive Risk Management Procedural Guide ('Guide') has been developed for use across the Council, and is about to be launched. A copy of the Guide will be circulated to key members of staff and accessible to all Pentana users via the system for ease of reference.

9.2 Part One of the Guide concentrates on the general risk management procedures to be adopted across the Council, including:

- Process
- Risk Identification
- The need for, and use of, control measures
- Risk in decision making
- Project risk

9.3 Part Two provides detailed guidance on the use of the Pentana risk module, and is aimed at ensuring the continued integrity of the data held within it, thereby enabling production of regular, standardised and reliable reports.

9.4 The Guide is undergoing final review and is expected to have been launched prior to this report being presented to Committee.

10.0 ONGOING RISK MANAGEMENT ACTIVITY DURING 2020

10.1 In addition to general day-to-day risk management activity and strategic and administrative considerations placed before the RMWG, the following key tasks will be completed during the first quarter of the 2020 calendar year:

- Review the CRR;
- Completion and launch of risk management training packages for inductees and longer standing Council officers;
- Finalisation of the revised and expanded Corporate Risk section of the IIA;
- Completion of service level risk register input to Pentana;
- Achieving the 'bedding in' of risk management arrangements, and managing a move to 'business as usual' use of Pentana as a risk management tool;
- Development of central risk management oversight, monitoring and support arrangements to assist services in achieving the above;
- In conjunction with Internal Audit, development of a risk assurance database and procedures for the regular ongoing update and maintenance of this.

11.0 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.

12.0 CONSULTATIONS

The Council Management Team was consulted in the preparation of this report.

13.0 BACKGROUND PAPERS

None.

GREGORY COLGAN, EXECUTIVE DIRECTOR OF CORPORATE SERVICES   DATE: 08/01/2020

1. 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	Complete	
5	Develop & introduce risk mgt. procedures	31/12/2018	Complete	
6a	Develop risk mgt. reporting dashboard	31/12/2018	Complete	
6b	Reporting of risks associated to decisions	31/12/2018	30/09/2019	31/03/2020
7a	Use of Pentana / associated training	31/03/2019	Complete	
7b	Service level risk registers incl. controls	31/12/2018	Complete	
7c	Review corporate risk register	31/03/2018	Complete	
7d	Regular risk review and update arrangements	31/03/2019	Complete	
8a	Comprehensive training programme	31/03/2019	30/09/2019	31/03/2020
8b	Risk management session in induction	31/03/2019	30/09/2019	31/03/2020
9a	Risk Management Champions	31/03/2019	Complete	
9b	Add risk to agendas for mgt team meetings	31/03/2019	Complete	

2. Service Level Risk Registers – Current Overview

Comprehensive exercise of risk identification workshops and significant follow-up work undertaken across all Services has identified the following risk spread

SERVICE \ RISK	V High	High	Moderate	Low
Chief Executives (CE)	1	4	9	-
Children & Families (CF) High Level	3	7	3	-
Education	2	6	5	-
ICS & CJ	4	7	1	-
City Development (CD) High Level	1	10	1	-
Design & Property	1	11	2	-
Planning & Economic Development	-	9	6	-
Roads & Transportation	-	9	5	-
Corporate Services (CS) High Level	2	5	2	-
Corporate Finance	1	12	-	-
Customer Services & Council Advice Service	-	6	3	-
Democratic & Legal Services	2	5	-	-
HR & Business Support	-	7	1	-
ICT	-	2	13	-
Neighbourhood Services (NS) High Level		9	2	
Community Safety & Protection	-	4	7	-
Environment	-	11	3	-
Housing & Communities	-	6	6	-
Construction Services	workshop arranged for February			

3. Corporate Risk Register (CRR)   (residual scores)

Risk Code	Risk Title	Risk Score	Risk Level
DCC001	Financial Sustainability	10	High
DCC002	Effectiveness of Partnerships	10	High
DCC003	Resilience	10	High
DCC004	City Vision (incl. Children & Young People Development)	10	High
DCC005	Governance	10	High
DCC006	Corporate Health & Safety	6	Moderate
DCC007	Information Governance	10	High
DCC008	Workforce	9	Moderate
DCC009	Statutory & Legislative Compliance	10	High
DCC010	Major Project delivery	10	High
DCC011	Transformation	10	High
DCC012	IJB / DHSCP	20	Very High

4. Key Service Area Risks (mapped to the CRR as appropriate)   (residual scores)

Risks Directly Mapped to the CRR	CE	CF	CD	CS	NS
Finance		16	16	20	12
Partners / Suppliers / Procurement		15	15	12	8
Resilience / Critical Incidents / Critical Services		9			12
Children & Young People Development		10			
Health & Safety		20	10		12
Information Governance / Data Protection	10	12	12	20	12
Workforce		12	16	16	9
Statutory / Legislative Compliance		12	12	10	12
Transformation/Change/Major Project Delivery	15	15		6	
Key Risks NOT Directly Mapped to the CRR	CE	CF	CD	CS	NS
ICT (incl. CS – "Protection of IT Assets")	6	12	16	16	12
Fraud & Corruption	4	12	12	12	12
Premises / Property Assets		10			12