ITEM No …3…..……..

REPORT TO: **POLICY AND RESOURCES COMMITTEE – 10 December 2018**

REPORT ON: **RISK MANAGEMENT POLICY AND STRATEGY, CORPORATE RISK REGISTER AND RISK MANAGEMENT IMPROVEMENT PLAN**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **378-2018**

1.0 PURPOSE OF REPORT

- To update Committee on the work undertaken to review and revise the Council's Risk Management Policy and Strategy document;
- To inform Committee about the appointment of Service Risk Management Champions (RMCs) and establishment of a new Corporate Risk Management Working Group (RMWG);
- To provide Committee with an update on the current status of risks within the Council's high level Corporate Risk Register; and
- To update Committee on the implementation status of actions within the Risk Management Improvement Plan.

2.0 RECOMMENDATIONS

It is recommended that Committee:

i Approves the Council's new Risk Management Policy and Strategy document, incorporating Risk Appetite and Risk Assessment Matrices (Appendix A);

ii Approves the Council's high level Corporate Risk Register following its recent review (Appendix B);

iii Notes and agrees the revised target dates for actions remaining within the Risk Management Improvement Plan (Appendix C); and

iv Notes that further Risk Management updates will be provided to Committee in 2019.

3.0 FINANCIAL IMPLICATIONS

There are no direct financial implications.

4.0 BACKGROUND

4.1 The Council's Risk Management Strategy was last reviewed in 2013, and prior to that 2005, and did not include a Policy Statement or Risk Appetite. A revised Policy and Strategy document incorporating Risk Appetite and Risk Assessment Matrices has been developed (Appendix A) by all members of the Council Management Team and is being presented to the Policy and Resources Committee for approval.

4.2 Reference is made to a previous Corporate Risk Register 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 Risk Management Improvement Plan. The Risk Management Improvement Plan includes a requirement to review risk governance, including strategy, appetite and review arrangements. An update of the Risk Management Improvement Plan has been undertaken and is included at Appendix C to this report.

5.0   RISK MANAGEMENT POLICY AND STRATEGY

5.1   Risk Management Policy and Strategy

5.1.1   The new Risk Management Policy and Strategy (RMPS) document now incorporates Policy, Strategy, Governance Arrangements, Risk Appetite and a Risk Assessment Matrix, and is attached as Appendix A.

5.1.2   The recently developed Risk Appetite and revised Risk Assessment Matrix are covered in more detail below at 5.3 and 5.4 respectively.

5.2   Risk Governance

5.2.1   Governance arrangements incorporating regular review arrangements and roles and responsibilities for risk management are included at sections 3.0 and 4.0 of the RMPS respectively.

5.2.2   Terms of Reference for the newly created RMWG are also incorporated into the RMPS, and the current membership of the Group is detailed at Appendix D to this report.

5.3   Risk Appetite

5.3.1   The Risk Appetite, which was developed by the RMWG at its inaugural meeting, is now incorporated into Section 6.0 of the new RMPS and sets out the proposed levels of appetite which the Council has for risk across the key Corporate / Strategic Risk areas, as detailed in the Council's Corporate Risk Register.

5.3.2   In arriving at levels of appetite, care has been taken to reflect the Council's desire to be risk aware, as opposed to risk averse. The 'zoned' approach to appetite supports this aim and provides scope in some cases to take increased risk, as well as highlighting instances of over exposure that require to be addressed.

5.3.3   The following three zones have been utilised in the Risk Appetite to assist with the decision making process:
   • the 'Opportunity Zone'
   • the 'Target Zone'
   • the 'Warning Zone'

5.3.4   The zone definitions are set out in section 6.0, Figure 2, of the RMPS. These have been structured to encourage exploitation of opportunities as well as highlight areas where enhanced control measures or alternative strategies need to be considered.

5.3.5   By establishing Risk Appetite in this manner, it is intended to encourage a positive attitude towards risk, whereby it is embraced and managed rather than avoided.

5.4   Risk Assessment Matrix

5.4.1   It has been identified that the Risk Assessment Matrix used to score the Council's Corporate Risk Register differs from the one used in the Council's risk management software 'Pentana'. This position has been considered by the RMWG, and a proposed new combined matrix is contained at Appendix C of the RMPS.

5.4.2   The new matrix is based on the PESTELO model, but with individual areas of assessment expanded to accommodate a wider range of impacts. It is considered that this approach gives adequate scope to undertake a meaningful impact assessment while at the same time naturally maps over to Pentana, which is where the risk assessments will ultimately be carried out. The descriptions within the matrix for each rating have been developed to provide users with a clear illustration of impact at each level, in turn assisting the scoring process.

5.5 **Risk Management Champions / Risk Management Working Group**

5.5.1 Risk Management Champions (RMCs) have now been appointed, and are detailed at Appendix D.

5.5.2 Following on from the appointment of RMCs, the first meeting of the RMWG was held on 23 October 2018 and was considered highly productive, with key outputs being the proposed Risk Appetite and Risk Assessment Matrices, both of which are incorporated into Appendix A.

5.5.3 Among other things, the RMCs will be fundamental to establishing Service level risk registers, and for ensuring the maintenance and reporting of these going forward.

5.5.4 The RMWG will meet on a quarterly basis.

6.0 **THE COUNCIL'S CORPORATE RISK REGISTER**

6.1 **Background**

6.1.1 The Council's Corporate Risk Register, which was developed by all members of the CMT, with facilitation assistance provided by KPMG, was approved at Policy and Resources Committee on 23 April 2018 (Article IV, Report No 143-2018).

6.1.2 At that point there were 13 key risks to the Council at a corporate level, three of which were grouped under the heading 'City Vision' but which were subject to *individual* risk assessments.

6.1.3 Council Partners were also grouped together as one area of risk entitled 'Effectiveness of Partnerships'. These included: Dundee Health & Social Care Partnership, Leisure & Culture Dundee, Tayside Contracts etc. The risk to the Council associated with these partners was assessed on a *consolidated* basis.

6.1.4 Each area of risk within the Corporate Risk Register was assessed for its likelihood of occurring and the impact it would have if it did. The scores for each were then multiplied together to determine the combined level of risk, as described in the new RMPS.

6.1.5 When the Corporate Risk Register was originally compiled, the Council's inherent (uncontrolled) risk profile (Figure 1 below) was assessed as 9 High level risks (Amber) and 4 Very High (Red).

6.1.6 After taking account of the mitigating controls in place at that time, the risk profile was then revised (Figure 2) to a position of 4 Moderate (Yellow) and 9 High.
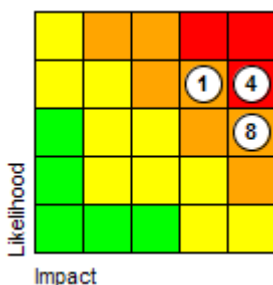
Figure 1.

Inherent Risk

Figure 2.

Controlled/Residual Risk
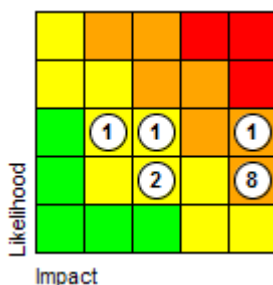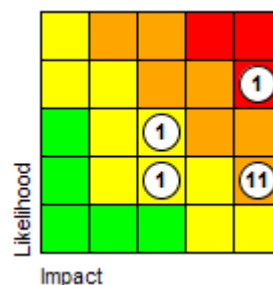(as at 23/04/18)

Figure 3.

Controlled Risk
(current)

6.1.7   Figure 3 sets out the current controlled / residual risk position and is provided above for ease of comparison. It should be noted that there are now 14 risks, and the reason for this increase is covered at 6.3.7 below.

6.2   Pentana

6.2.1   At the time of initial compilation, the Corporate Risk Register was produced in paper and basic electronic (MS Word / Excel) format.

6.2.2   The Corporate Risk Register has since been loaded into the risk module of Pentana, in order to support effective ongoing control, monitoring and reporting to take place.

6.2.3   This has included the input of scores for 'Inherent Risk', and the scores assessed in April 2018 taking account of the control measures in place at that time (Controlled / Residual Risk). This now allows the commencement of Pentana generated reporting, from which the extracts shown at Figures 1 to 3 above were produced.

6.2.4   Risk control measures have been input to Pentana, and are included in Appendix B to this report. Each control has also been assessed for its effectiveness and considered in relation to whether its existence influences Likelihood or Impact or both. The outcome of this exercise has resulted in the movement of certain risk scores as detailed at 6.3 below.

6.3   Current Risk Assessment Status

6.3.1   During October 2018, the Council's Corporate Risk Management Coordinator met with the individual Corporate Risk Register 'risk owners' (primarily Executive Directors and Heads of Service), with a view to assessing the effectiveness of existing control measures, considering whether other controls are in place but have not previously been formally identified, and re-assessing the risk scores as per 6.2 above.

6.3.2   A number of additional control measures were identified during these discussions, which have subsequently been incorporated into the Corporate Risk Register against the associated risk. Whilst none of these have *individually* influenced the risk scores, they enhance the position and give a more accurate reflection of how risks are mitigated.

6.3.3   The discussions outlined at 6.3.1 above have resulted in the following changes, which are discussed in more detail in the forthcoming paragraphs:
   • Increased scores for two risks (Paras 6.3.4 and 6.3.5);
   • A decreased score for one risk (Para 6.3.6); and
   • One partnership risk being highlighted for separate consideration (Para 6.3.7).

6.3.4   Increased Risk Score - Risk DCC005 'Governance'
   • As can be seen from Figure 4, following consideration of controls in place this risk was reassessed in April 2018 from an Inherent Risk of 20 (5 'Extreme' : 4 'Likely') to a Controlled / Residual Risk of 6 (2 'Minor' : 3 'Possible'). On further reviewing the controls in place, it is evident that these primarily affect likelihood, with little or no effect on the level of impact.
   • It is therefore considered that an impact rating of 5 'Extreme' holds good in line with the Uncontrolled / Inherent Risk score.
   • However, subject to appropriate implementation, the controls do give a good degree of comfort against the likelihood of a risk event. Hence the further reduced likelihood score to 2 'Unlikely'.
   • It is believed that this now represents a fair assessment of the risk presented.

Figure 4.
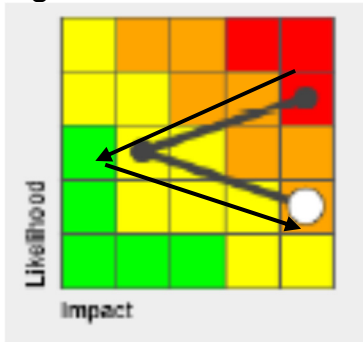
6.3.5   Increased Risk Score - Risk DCC007 'Information Governance'
- The position here (Figure 5) is similar to that portrayed at 6.3.4 in relation to Risk DCC005 'Governance', whereby the initial view on the effect of control measures was overstated in relation to the level of impact.
- By way of example, with the introduction of GDPR a significant data breach would be likely to result in serious consequences for the Council, both reputational and financial in terms of potential penalties, regardless of the noted control measures.
- However, effective implementation of the controls noted does go some way to reducing the likelihood.
- The newly revised score of 10 (5 'Extreme' : 2 'Unlikely') is therefore considered a more realistic reflection of the risk.

Figure 5.
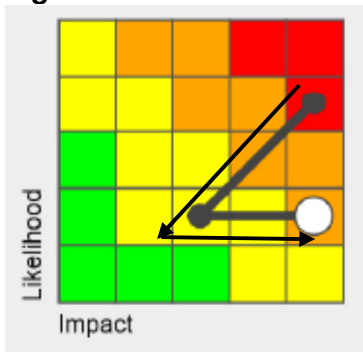
6.3.6   Decreased Risk Score – Risk DCC009 'Statutory & Legislative Compliance'
- Further discussion surrounding the control measures in place identified these to be highly effective in reducing the likelihood of a risk event occurring and, on balance, it was considered appropriate that the likelihood be reduced to 2 'Unlikely' from 3 'Possible' (Figure 6)

**Figure 6.**
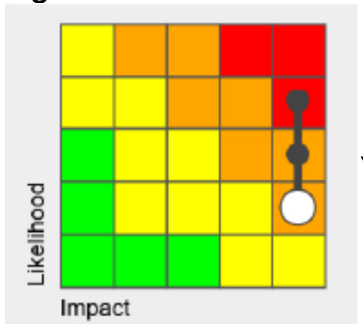
6.3.7   Treatment Requires Consideration – DHSCP
- DHSCP was originally grouped with other partnerships as a consolidated area of risk: DCC002 'Effectiveness of Partnerships'. The consolidated Inherent Risk score was assessed as 15 (5 'Extreme' : 3 'Moderate') on this basis (Figure 7).
- This consolidated risk score was then assessed at the reduced Controlled / Residual Risk level of 10 (5 'Extreme' : 2 'Unlikely') with control measures in place. However, discussions around the risks specific to the DHSCP, centred largely on financial constraints and staffing, indicated that this score did not reflect the DHSCP specific risk.
- Difficulties in managing risk against a background of demand-led pressures, finite financial resources, staff resources and limited reserves were noted; with the potential for this to have a significant knock-on impact on the Council. A Controlled / Residual Risk score of 20 (5 'Extreme' : 4 'Likely') is deemed appropriate in relation to the DHSCP as a stand-alone entity.

At a national level, a report prepared by Audit Scotland on health and social care integration was published on 15 November 2018. Whilst there are some positive messages within this, the following are the key messages highlighted:
- Against combined Integration Authority (IA) budgets of £9bn, savings of £222.5m (c2.47%) required to be made in 2017/18 against prior year. This marked a ramping up in the level of savings by 8.4% year-on-year;
- Financial planning is not integrated, lacks long term reach and is not appropriately focused;
- Financial pressures are referenced as a barrier to meaningful change;
- IA's which are effectively tackling the impediments to strategic planning, are making better progress in this area; and
- Significant changes are required in the way that health and care services are delivered.

- The DHSCP maintains its own risk registers using Pentana, and the most recent re-assessment during October 2018, highlighted Very High Risk scores in relation to finance and in relation to maintaining staffing at a level adequate to achieve planned performance management improvements, while maintaining core reporting and business critical work.
- Taking the above into account, it is considered appropriate that the DHSCP is recorded and assessed separately from the other partnership risks in the Council's Corporate Risk Register.
- It is considered appropriate to reference risk appetite in relation to the DHSCP in line with that of other Council partnerships. On this basis, the current assessed level of DHSCP risk sits beyond appetite and consideration requires to be given to how this can be mitigated.

Figure 7.
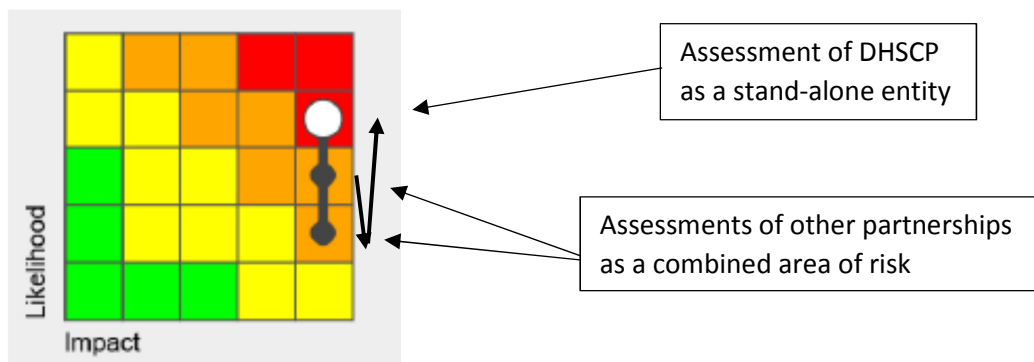
6.3.8   The other risks in the Council's Corporate Risk Register are considered to have remained at the previous Controlled / Residual Risk levels as presented to Policy and Resources Committee in April 2018.

6.4   Future Reporting

6.4.1   With the Corporate Risk Register having now been loaded into Pentana, regular updating and associated reporting of this is now possible, and it is proposed to produce a standardised report from Pentana in line with Appendix B for presentation to the Policy and Resources Committee on a six-monthly basis.

6.4.2   Once Services' High Level Risk Registers have been established, it is also intended to provide a six-monthly update to senior officers within the Council.

6.4.3   Integrated Impact Assessments (IIAs) are used in order to provide information in a standardised format within appropriate reports. These IIAs include a section on risk. However, it is considered that both the format and the content of this section can be greatly enhanced to provide more detailed and meaningful information on the risks associated to proposals, in order to assist Members in the decision making process. This is presently under consideration and proposals will be presented to Members at a future Policy and Resources Committee.

6.5   Future Initiatives

6.5.1   **Setting risk score targets** – the following 4 risks contained in the Corporate Risk register presently sit within the proposed Risk Appetite:
   - DCC002 'Effectiveness of Partnerships' (although this is caveated in relation to the DHSCP);
   - DCC008 'Workforce';
   - DCC010 'Major Project Delivery'; and
   - DCC011 'Transformation'.

   In the case of DCC010 and DCC011, there may be scope for increased risk exposure to take the benefit of suitable opportunities. All other risks in the Corporate Risk Register currently sit beyond the proposed Risk Appetite to varying degrees. Further consideration should, therefore be given as to whether there are additional controls required / available that would, if successfully implemented, reduce the residual risk scores for those risks to a level aligned with the corresponding Risk Appetite.

6.5.2   **Further grading of control measures** – whilst the controls currently in place have now been largely assessed for their effectiveness, they add varying degrees of value. It is therefore intended to weight them on this basis, in order to gain a better picture of just how effective they are as a whole.

7.0   RISK MANAGEMENT IMPROVEMENT PLAN

7.1   The Risk Management Improvement Plan has been updated to reflect the current implementation status for each of the various actions contained within it. This is attached as Appendix C.

7.2   Revised target implementation dates have been proposed for a number of the actions to reflect the reality of when these are likely to be completed.

8.0 POLICY IMPLICATIONS

8.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management**.**

8.2 The proposed new Risk Management Policy and Strategy document will bring more structure to how risks are managed across the Council.

9.0 CONSULTATION

The Council Management Team has been consulted and is in agreement with the content of this report.

10.0 BACKGROUND PAPERS

None

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES   **10 December 2018**

RISK MANAGEMENT POLICY AND STRATEGY

Version Control						
Version No.	Review Date	Effective Date	Reason for Update	Lead Reviewer	Agreed CMT	Approved P+R C'tee
2.0	11/2018		Full review	Colin Carmichael	20/11/18	

Author: Colin B Carmichael, Corporate Risk Management Coordinator

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1.0   INTRODUCTION

1.1   This document sets out Dundee City Council's Risk Management Policy, Strategy and Risk Appetite. It replaces the previous strategy document, first published in 2005 and last reviewed in 2013.

1.2   The purpose of the Policy and Strategy is to effectively mitigate risks which may otherwise impact on achievement of the Council's objectives, by implementing comprehensive risk management arrangements. These arrangements include, among others: development and maintenance of comprehensive risk registers; setting out of responsibilities for the management and escalation of risks; and responsibility for regular review and updating of Policy and Strategy.

1.3   The Policy and Strategy have been framed in recognition of the requirements for effective corporate governance and the benefits of risk management as an organisational management tool. It will assist managers in ensuring that risks which may impact on the achievement of objectives are effectively managed.

1.4   Through implementation of the Policy and Strategy, effective risk management arrangements will be progressively embedded within the culture of the Council.

2.0   BACKGROUND

2.1   Risk can be defined as the combination of the likelihood of an event occurring and the level of impact on the Council's ability to achieve its objectives if it does occur.

2.2   Under the Local Government (Scotland) Act 1994, Dundee City Council must meet certain governance requirements. These include maintaining a strong control environment and a robust risk management strategy.

2.3   The Scottish Public Finance Manual also stresses the need for comprehensive and effective risk management, risk ownership, and regular review and monitoring in relation to the Council's key risks.

2.4   An effective Risk Management Policy and Strategy is considered to be an integral part of the Council's Best Value regime.

3.0   REGULAR REVIEW ARRANGEMENTS

3.1   The **Council's Risk Management Policy and Strategy** will be subject to at least one formal review during each administrative term, at intervals not exceeding five years.

3.2   Amendments to the Risk Management Policy and Strategy will be presented to the Council's Policy and Resources Committee for approval following review, as appropriate, by the Corporate Risk Management Working Group, Executive Director of Corporate services and Council Management Team.

3.3   The Corporate Risk Management Coordinator is responsible for ensuring the Council's Risk Management Policy and Strategy are reviewed in accordance with the above, and more regularly where required in order to reflect changes in Council policy, legislation, regulation and best practice.

4.0   OWNERSHIP – ROLES AND RESPONSIBILITIES

4.1   Elected Members

The Council's Elected Members are responsible for directing Council risk management policy and understanding the strategic risks faced by the Council and how these are managed. Elected Members are also required to:

a) Monitor the reporting of risk management activity at the Policy and Resources Committee, Scrutiny Committee and other Council Committees as appropriate;
b) Approve the Council's Risk Management Policy and Strategy;
c) Approve an annual report on Risk Management performance across the Council.

4.2   Chief Executive

As the most senior appointed officer within the Council, the Chief Executive is ultimately responsible for ensuring risks, to which the Council is exposed, are effectively managed through a scheme of delegation.

4.3   Executive Director of Corporate Services

At a corporate level the Executive Director of Corporate Services is the Council's Senior Responsible Officer, and is responsible for:

a) Promoting the operation of effective risk management arrangements across the Council at all levels;
b) Adequate resourcing to ensure the identification, evaluation and control of risks faced by the Council;
c) Ensuring sufficient financial support is available to undertake risk management projects designed to mitigate and control risk; and
d) Chairing the Corporate Risk Management Working Group.

4.4   Executive Directors

Each Executive Director is responsible for strategic and operational risk management in their own Service area, and will nominate one or more Service Risk Management Champion to oversee and promote risk management within their Service / functional area. Executive Directors are also responsible for oversight of the Corporate Risk Register.

4.5   Heads of Service

In most instances, it is expected that Heads of Service will be the nominated Risk Management Champions. However, Executive Directors may determine that an alternative nomination would be more appropriate. In these circumstances, the Head of Service will still promote and influence risk management, and ensure implementation of effective risk management arrangements throughout their Service area.

4.6   Service Risk Management Champions

Service Risk Management Champions will be responsible for communicating the benefits of effective risk management and for oversight of the risk management effort within their Service. They will attend the Corporate Risk Management Working Group, act as the key point of contact for risk management related matters within their Service, and be responsible for:

a) Promoting and influencing risk management throughout their service;
b) Ensuring their Service area risk registers are maintained, including coordinating regular reviews of the content within them;
c) Liaising with Heads of Service (as appropriate) and other managers to ensure action plans are implemented and risks mitigated;
d) Escalating:
   • deteriorating risks
   • horizon / evolving risks
   • overdue actions
   • weak or ineffective controls
   • other risk related matters as appropriate
e) Ensuring relevant staff undertake risk related training as this is rolled out;
f) Recommending risks for inclusion in the internal audit programme.

4.7 Corporate Risk Management Coordinator

The Corporate Risk Management Coordinator is responsible for establishing formal corporate and service level risk management arrangements that are aligned to good practice. This will include:

a) Maintaining the Council's Risk Management Policy and Strategy;
b) Raising awareness of risk management throughout the Council;
c) Providing support with the integration of risk management into operations;
d) Monitoring strategic risk events and coordinating responses to these;
e) Coordinating the ongoing development and maintenance of the Council's corporate, service and project level risk registers;
f) Promoting adoption and ongoing use of Pentana, the Council's performance and risk management system;
g) Undertaking horizon scanning in conjunction with Service Risk Management Champions, and the Corporate Risk Management Working Group;
h) Supporting the escalation of risks as appropriate;
i) Developing and leading training and awareness programmes for delivery at all levels across the Council;
j) Providing briefings to, and support for, Elected Members and Senior Management on risk management related matters.

4.8 Corporate Risk Management Working Group

The Corporate Risk Management Working Group will be comprised of the:

a) Executive Director of Corporate Services (Chair) or appropriate depute i.e. Head of Corporate Finance
b) Corporate Risk Management Coordinator
c) Service Risk Management Champions
d) Any other participant as may be deemed appropriate by the Corporate Risk Management Working Group

The Terms of Reference for the Corporate Risk Management Working Group are attached at Appendix A.

5.0   RISK MANAGEMENT POLICY

GENERAL

5.1   Dundee City Council does not generally have an appetite for exposure to high levels of risk which could lead to significant adverse impact being sustained; financial, reputational or otherwise.

5.2   However, it is also recognised that risk is inherent in every area of service provision, and the Council is committed to promoting a culture where risk is effectively managed, not necessarily avoided. It is the Council's policy to be risk aware, not risk averse.

5.3   The management of risk in the Council is undertaken within a control framework comprising:

- Governance processes, largely set out in the Council's Standing Orders
- Risk Management Policy and Strategy, incorporating a defined risk appetite
- Identification, evaluation and management of key risks
- Assurance and audit process
- Underlying systems of control / control environment

5.4   Assessment of risk and the ability to manage it will be an integral part of strategic and operational decision making.

5.5   The Council's Committee reporting process includes a requirement for completion of an 'Integrated Impact Assessment' (IIA) for relevant reports. Where completion of an IIA is required, this will include a risk assessment in order to provide outline information to Committee on the risks associated with the proposal being presented, and the specific control measures proposed to mitigate those risks.

5.6   Adopting this Policy enables the Council to encourage innovation and service improvement, and at the same time:

- Safeguard its stakeholders
- Protect its property
- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Maintain effective stewardship of public funds
- Protect its reputation and promote a favourable corporate image

5.7   By managing risk effectively, the Council will be enabled to implement the Local Development Plan, the Council Plan and the City Plan, to manage project risk and deliver key strategic priorities.

STRATEGIC RISK MANAGEMENT

5.8   The Corporate Risk Management Working Group will coordinate the management of strategic risks that could impact on the Council's objectives (ref: 4.8 & Appendix A). Individual Heads of Service will retain ownership of those risks that fall within their Service area.

OPERATIONAL RISK MANAGEMENT

5.9   It is an integral part of the role of managers across the Council to actively manage risks encountered in the daily course of performing their duties.

5.10   All members of staff across the Council are expected to assist with risk management, and are actively encouraged to participate in the identification, assessment, review and mitigation of risks that could affect the achievement of objectives.

6.0 RISK APPETITE

6.1 The need to minimise risks to life and limb, and to effectively control excessive exposure to reputational, financial and compliance risks will take priority across the Council.

6.2 However, the Council is prepared to accept risk where this enables opportunities to be taken, it can be adequately managed by the deployment of effective control measures and is in line with the Council's risk appetite.

6.3 The Council's risk appetite in relation to its key areas of strategic risk is set out in Figure 1 below, with details on how this should be interpreted set out in Figure 2.

Figure 1.

Risk Score (using standard 5x5 Pentana matrix) Strategic Risk Area	Low (Score 1 - 3)	Moderate (Score 4 - 9)	High (Score 10 - 16)	Very High (Score 20 - 25)
Financial Sustainability				
Effectiveness of Partnerships ★				
Resilience				
City Vision				
Governance				
Corporate Health & Safety				
Information Governance				
Workforce				
Statutory Compliance				
Major Project Delivery				
Transformation				

★ NB: Dundee HSCP is recognised as a specific risk area in its own right but, for the purposes of risk appetite, is considered under 'Effectiveness of Partnerships'

Figure 2.

Colour Coding Key	
	OPPORTUNITY ZONE - Appetite exists to consider taking additional risk where appropriate, to benefit from opportunities arising.
	TARGET ZONE - The target range in which our risk is expected to sit. Opportunities may be available where our current risk sits at the bottom (green) end of the range. Conversely, it would be appropriate to consider introducing additional / more effective controls where our risk currently sits at the top (red) end of the range.
	WARNING ZONE - The level of risk is higher than we would normally want to take. Consideration should be given to enhancing our control measures. It may also be appropriate to consider whether we can transfer our risk or potentially terminate it altogether.

6.4 The Council would not normally have an appetite for risks falling into the red zone. Where risks at this level are unavoidable, steps must be taken to ensure that effective control and monitoring arrangements are established. Opportunities should be taken wherever possible to mitigate the risk through the implementation of control measures designed to reduce impact and / or likelihood.

7.0   RISK MANAGEMENT STRATEGY

7.1   The Council's Risk Management Strategy has been developed to enable effective delivery of objectives in accordance with the Council's Risk Management Policy.

7.2   The Council will operate 'three lines of defence' in order to manage risk:

- The Council's 'front line' – deployment and management of operational procedures, processes and controls.
- Active Risk Management – identification, control and ongoing monitoring of risk across the Council.
- Internal Audit – acts independently undertaking focussed activity to provide assurance; auditing risk and escalating critical issues to appropriate levels including Council committees.

7.3   The Council's Risk Management Strategy will involve a continual process in order to effectively manage / mitigate risk as detailed in Figure 1. Identified risks will be:

- Assessed for potential impact and likelihood, and graded accordingly (ref: Appendices B and C);
- Managed / mitigated through the implementation of controls;
- Monitored on an ongoing basis.

7.4   Risk based internal audits will be undertaken, to determine whether controls are being effectively deployed and ensure the control environment is effective. Where an internal audit results in action(s) being recommended, implementation of the audit recommendations will be monitored in line with the standard follow-up / progress review process.

Figure 1.
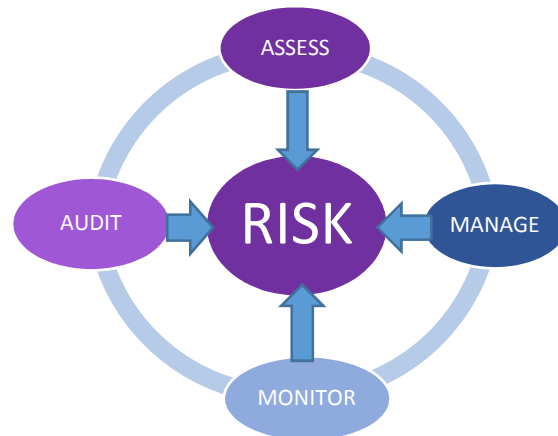
7.5   The above process will apply equally, whether at a corporate / strategic level or at an operational / Service or project level

7.6   A key element of the Council's strategy for managing the above process is for the development and maintenance of comprehensive risk registers. These will be actively maintained using Pentana.

7.7   Risk registers to be maintained include:

- The Council's high level **Corporate Risk Register**. This will incorporate the strategic risks which may impact on overall delivery of the Council's strategic objectives;

- **Service / Operational Risk Registers**. These will reflect risks at individual Service / operational level, where the impacts are predominantly operational e.g. interruptions to service delivery, finance, staffing, personal safety etc.;
- **Project Risk Registers**. A risk register is required for all major projects, setting out risks specific to the project and taking account of consequential impacts on other Council services;
- **Partner Risk Registers** (examples of these include: the Dundee Integration Joint Board, Leisure & Culture Dundee, Tayside Contracts). Consideration will be given to the potential impact on the Council of partner risks, both strategically and operationally. Where feasible / appropriate, partner risk registers will be maintained in conjunction with the Council, using Pentana. Otherwise, ongoing access to partner risk registers will be sought in order to enable effective monitoring / escalation.

7.8   In order to ensure consistency of assessment, each risk will be considered for both impact and likelihood using an assessment matrix (ref: Appendices B and C).

7.9   A standard framework will be used for effective monitoring of ongoing risk mitigation. This will be based on assessing risk at the following key stages (ref: Appendix D):

- Inherent Risk
- Residual Risk
- Target Risk

7.10   Controls will be established, to manage risk at a level aligned to the Council's risk appetite and with the aim of arriving at the target risk level. These controls will be recorded in Pentana against each risk.

7.11   In order to maintain effective control of the Council's risks and to monitor risk mitigation and control measures, the risk registers at all levels will be subject to regular review and reporting.

7.12   Maintenance of the Corporate Risk Register will be facilitated by the Corporate Risk Management Coordinator and reported:

- Quarterly to the Corporate Risk Management Working Group
- Six monthly to CMT and Policy and Resources Committee, or earlier in the event of meaningful adverse movement
- Annually to Scrutiny Committee, and more frequently where directed by CMT or Policy and Resources Committee

7.13   Service / Operational Risk Registers will be maintained within each Service / Operational area by delegated members of staff under reference to the Service Risk Management Champions, and the Corporate Risk Management Coordinator as required.

7.14   Service Risk Management Champions will report on their Service / Operational Risk Registers quarterly to the Corporate Risk Management Working Group.

7.15   Internal audit will undertake risk-based audits to provide independent assurance on the effective deployment of control measures associated to individual risks.

CORPORATE RISK MANAGEMENT WORKING GROUP

Membership

- The Corporate Risk Management Working Group (the Group) will comprise:
    - The Executive Director of Corporate Services or appropriate depute i.e. Head of Corporate Finance
    - The Corporate Risk Management Coordinator (CRMC)
    - All nominated Service Risk Management Champions (RMCs)
- In the event of a RMC no longer being available to fulfil their role, the CRMC will seek nomination of a replacement from the Service
- The Group will be Chaired by the Executive Director of Corporate Services
- In the event of the absence of the Executive Director of Corporate Services, the Head of Corporate Finance will act as Chair

Meeting Schedule

- Meetings will be held on a quarterly basis
- In the event of postponement of a meeting, an alternative date will be arranged in order to ensure there are no fewer than four meetings in each financial year

Terms of Reference

- Provide oversight on Corporate Risk Management
- Coordinate management of strategic risks
- Consider and recommend revisions to the Council's risk appetite as appropriate
- Monitor and report on the completeness of the Council's risk registers including the integrity of data in Pentana
- Report on key risk management activities being undertaken across the Council
- Identify common areas of risk across Services, to include
    - horizon / evolving / deteriorating risks
    - overdue actions
    - weak or ineffective controls
    - other risk related matters as appropriate
- Share good practice in risk management
- Scope risk related learning and development needs and direct communication activity

RISK ASSESSMENT MATRIX
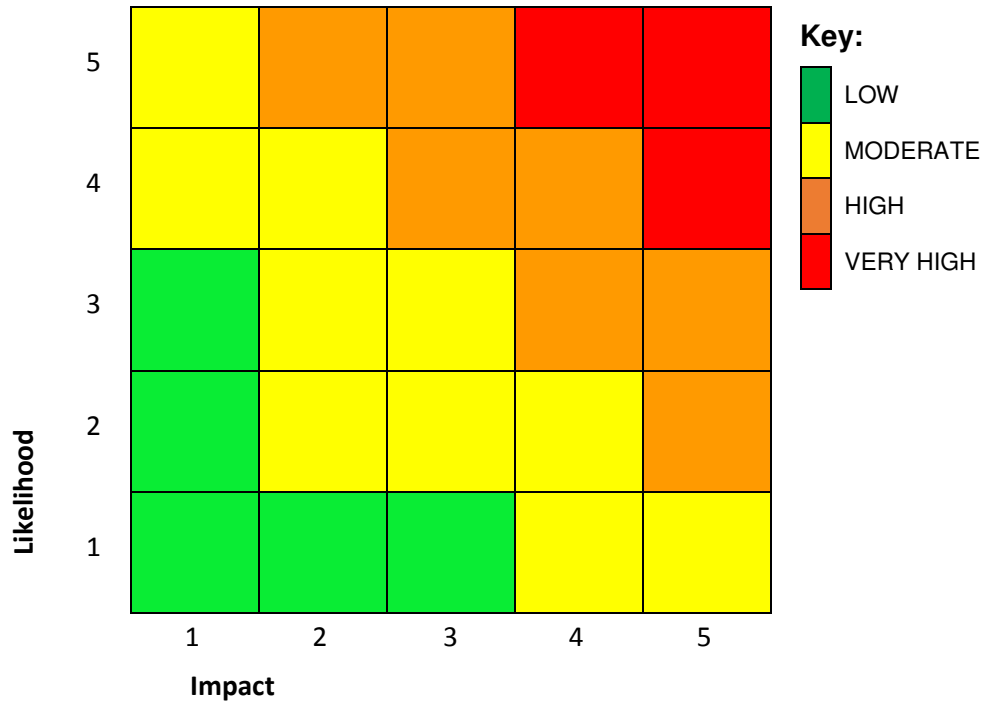
This is the Council's standard risk assessment matrix, providing a graphic representation of where risk sits. The underlying suite of risk assessments require to be completed in Pentana for all risks across the Council. The assessment process is straightforward and intuitive. The assessments and 'scoring' are detailed in Appendix C.

Risk Impact Assessment Matrix

Impact ⟍ Domain	1 None / Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
Political / **Reputational**	No media coverage / no impact on staff morale	Local media short term / minor impact on staff morale and / or reputation	Local media longer term / clear impact on staff morale and / or reputation	National media (<3 days) / public confidence undermined / service usage affected	National media (3+ days) MP / MSP concern – questions asked in parliament
Economic / **Financial** / **Security & Equipment**	Loss / theft / damage / claim <£10k	Loss / theft / damage / claim £10k - £100k	Loss / theft / damage / claim >£100k - £500k	Loss / theft / damage / claim >£500k - £2m	Loss / theft / damage / claim >£2m
Social Impact / **Safety of Staff & Clients**	No / insignificant community impact Minor injury not requiring first aid	Highly localised community impact / small scale Minor injury or illness, first aid required. No staff absence necessary.	Community impact in a number of the City's localities / restricted repercussions for Council Significant injury requiring medical treatment and / or counselling. Potential for staff absence	Community impact contained within City / serious repercussions for Council Major injury / long term incapacity / loss of limb. Medical treatment and / or counselling required	Widespread community impact, beyond City boundary / serious repercussions for Council Death / major injury leading to permanent incapacity
Technological / **Business or Service Interruption**	No or negligible interruption	Some impact but only minor interruption	Noticeable interruption and client inconvenience	Sustained service interruption and serious client impact – major contingency plans invoked	Permanent loss of core service / facility, significant 'knock-on' effect / inability to achieve key objectives
Environmental	No or negligible environmental impact No / low Council involvement No / low cost to Council	Minor environmental impact May be some Council involvement Minimal cost to Council	Noticeable environmental impact Council implicated, largely responsible for clean-up Potential moderate cost to Council	Significant environmental impact Council implicated and responsible for clean up Likely major cost to Council	Catastrophic environmental impact Council solely / heavily implicated and responsible for clean-up Considerable cost to Council
Legal / **Statutory Obligations**	No / negligible or marginal deviation / breach / non-compliance – contained within Council No penalty likely	Minor deviation / breach / non-compliance – contained within Council. Potential for minor penalty	Deviation / breach / non-compliance reported to regulatory authority. Reprimand likely, potential for moderate penalty	Deviation / breach / non-compliance reported to regulatory authority. Public reprimand and significant penalty	Deviation / breach / non-compliance reported to regulatory authority. Public statement and apology by the Council. Significant penalty & operational impact
Organisational / **Staffing & Competence**	No impact on objectives / service unaffected No or barely noticeable reduction in project scope / quality / schedule Short term low staffing / no disruption	Minor impact on objectives / minimal service disruption Minor reduction in project scope / quality / schedule - impact restricted Ongoing low staffing / minor service impact / potential for minor training related errors	Noticeable impact on objectives / noticeable service disruption Noticeable reduction in project scope / quality / objectives or schedule Ongoing staffing level problems / late delivery of key objective(s) / moderate training related errors	Significant impact on objectives / considerable service disruption Significant reduction in ability to meet project objectives / schedule Lack of staff / uncertain delivery of key objective / major training related errors	Unable to meet objectives / extended loss of service Inability to meet project objectives, serious reputational damage Critical training related errors

Risk Likelihood Assessment

	1 Remote	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Probability	Will only occur in exceptional circumstances	Unlikely to occur, but definite potential exists	Reasonable chance of occurring – has happened before within DCC or elsewhere	Likely to occur – strong possibility	The event will occur in most circumstances

DEFINITIONS

Risk Management

Control Measures	Measures put in place to influence the likelihood of a risk event happening and / or to mitigate the level of impact of a risk event if it does occur
Inherent Risk	The level of risk in the absence of all but the most basic of control measures
Residual Risk	The level of risk at the current stage of implementation of control measures (also referred to as controlled risk)
Target Risk	The level of risk which it is expected to be achieved with full and effective implementation of available control measures
Risk Universe	Refers to all of the Council's risks
Risk Register	Comprehensive database containing the Council's risks at both Corporate / strategic and Service / operational levels
Pentana	The software solution used to maintain the Council's Risk Registers. Also used for some partner and project Risk Registers and for performance management.

Risk Type

Strategic Risks	Risks which have the potential to impact the high level / strategic objectives of the Council
Operational Risks	Risks that may impact on the day to day delivery of Council services
Project Risks	Risks which impact directly on the delivery of individual projects

Risk Assessment

Risk Matrix	The Council uses a standard '5x5' Impact / Likelihood matrix to assess and 'score' each risk (ref: Appendices B and C)
Impact	The level of impact which will be sustained if a risk event occurs, assessed on a scale of 1-5 (ref: Appendix C)
Likelihood	The likelihood of a risk event occurring assessed on a scale of 1-5 (ref: Appendix C)

The risk matrix and scoring system is incorporated into Pentana

DCC Corporate RR - reporting to CMT

Report Type: Risks Report
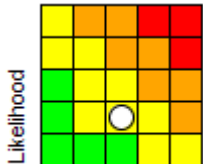**Report Author:** Colin Carmichael
Generated on: 20 November 2018

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
1. COUNCIL CORPORATE RISKS – DCC Corporate Level Risk Register	The Council's high level Corporate Risk Register. Risks held directly within this register are the key high level risks to delivery of the Council's strategic goals.					
DCC001 Financial Sustainability	Risk that the Council is unable to deliver priorities and meet financial obligations due to financial constraints arising from funding pressures and demand pressures Impact / Consequences – Fail to deliver objectives – Maintaining sufficient revenue and capital resources to meet ambitions – Reputational damage of going concern issues – Lack of funding for capital and change programmes – Need to resort to short-term reactive measures – Failure to achieve Best Value			08-Oct-2018	– Budget setting and approval process.	Fully Effective
					– Capital Plan setting and approval process.	Fully Effective
					– Capital Investment Strategy approval.	Fully Effective
					– Capital and revenue monitoring.	Fully Effective
					– Approval of 3 year revenue budget.	Fully Effective
					– Option Appraisals/business cases requirements and approval process.	Partially Effective
					– Finance and Support Manager embedded in services.	Fully Effective
					– Capital Strategy Group scrutiny.	Fully Effective
					– Formal Timetable for revenue and capital monitoring	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
					– CMT approval and actions regarding revenue monitoring.	Fully Effective
					Reserves Policy	Partially Effective
DCC002 Effectiveness of Partnerships	Risk that partnerships are not effectively commissioned, contracted and monitored and fail to deliver expected results. Key partnerships include: • L&CD • Tayside Contracts • Tayside Procurement Consortium – Tayside Scientific Services • Tayside Plan for Children, Young People and Families • Employability Partnership • Alcohol and Drugs Partnership **NB: IJB /DH&SCP is considered separately as risk DCC012 as detailed below** Impact / Consequence: • Reputational damage • Risk of dispute arising between partners • Partnership breakdown causes or is caused by failure to deliver outcomes / priorities • Needs are not met in accordance with approved strategies and policies • Potential overspends / additional costs			09-Oct-2018	Statutory Consultation Process	Fully Effective
					Joined vision & defined objectives	Fully Effective
					Performance Management Framework	Fully Effective
					Partnership Risk Strategy / Plan	Fully Effective
					Governance Structure	Fully Effective
					Partnership contract / SLA	Fully Effective
					Benchmarking / Market Testing	Fully Effective
					Financial Monitoring	Fully Effective
					Governance Structure	Fully Effective
					Due Diligence & Financial Governance	Fully Effective
					Monitoring Meetings	Fully Effective
					Review Meeting & Reporting	Fully Effective
					Quarterly Lead Officer Review Meeting	Fully Effective
					'Follow The Public Pound' Reporting	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
	incurred • Partnerships do not deliver value for money					
DCC003 Resilience	Risk that the Council is unable to deliver critical services due to inadequate business resilience or cyber security arrangements. Risk that the Council cannot respond to or support emergencies in its area, or meet requirements of the Civil Contingencies Act 2004 Impact / Consequences – Allow physical, financial or emotional harm to come to citizens or stakeholders – Unable to deliver frontline services following disaster, failure or cyber security incident – Loss of information / records – Reputational impact – Unlawful disclosure of sensitive information – Financial cost and penalties			10–Oct–2018	Senior Officer Resilience Group.	Partially Effective
					Emergency response procedures	Fully Effective
					Local Resilience Partnership	Fully Effective
					Corporate Generic Emergency and Business Continuity Plans.	Partially Effective
					Care Provision Impact Analysis	Fully Effective
					Debriefs to Learn Lessons	Fully Effective
					Appointment of Resilience Officer	Fully Effective
					ICT Disaster Plan	Fully Effective
					Data Centre Back–Up	Partially Effective
					Safety & Alarm Response Centre	Partially Effective
					Weather Response Plans	Fully Effective
					Communication Strategy	Fully Effective
					Membership of Govt Cyber Security Team	Fully Effective
					Scottish Government Cyber Essentials framework	Partially Effective
					Cyber security Protection	Fully Effective
					Cyber Penetration Testing	Fully Effective
					Phishing testing / awareness procedures	Partially Effective
					PCI Standards Adherence	Partially Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
					PSN Accreditation	Fully Effective
					Network Data Security	Fully Effective
DCC004 City Vision						
DCC004a Children & Young People Development Risk	Risk that our children and young people will not have the best start in life.\n\nRisk that Dundee will not be the best place in Scotland to grow up.			05-Oct-2018	Children and Families Executive Board	Fully Effective
					Tayside Collaborative & Tayside plan	Fully Effective
					Established Child Protection Committee	Fully Effective
					Annual Reporting by Chief Social Worker	Fully Effective
					Self Evaluation Framework	Fully Effective
					Corporate Parenting Strategy and established Champions Board	Fully Effective
					Establishment of Revised Framework For Attainment Outcomes	Fully Effective
					Educational Services Management Group	Fully Effective
DCC004b Lack of Economic Productivity / Sustainability	Risk that the local economy, which is part of the Tay Cities Region, is not developed to become strong, sustainable and connected.\n\nRisk that the local economy is not more productive, smarter and fairer\n\nImpact / Consequences:\n– Constant or deteriorating early years			17-Oct-2018	Active Monitoring of Local Economic Performance	Fully Effective
					Regular reviews of Council Economic Strategy	Fully Effective
					Adequate Resourcing	Partially Effective
					Participation In Business Community	Partially Effective
					Active participation in Tay Cities Deal	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
	outcomes. – Attainment gap remains the same or is widening. – No improvement to physical, mental and emotional health for children & young people. – No improvement to health and wellbeing outcomes for children and young people who experience inequalities. – No improvement to the safety and protection of young people.				Influencing of Government Policy	Partially Effective
					Participation in Developing Scotland's Young Workforce	Fully Effective
					Proactive Pursuit of New Business in Key Sectors	Fully Effective
					Working With Skills Providers To Match Local Labour Demands	Partially Effective
					Active Identification of Future Skills Needs	Partially Effective
DCC004c Lack of Neighbourhood & Community Improvement	Risk that stronger, more resilient, influential and inclusive communities and neighbourhoods are not created. Impact / Consequences – Unable to improve quality of neighbourhoods – Unable to increase the level of community empowerment. – No improvement to the quality of housing, choice and affordability. – Unable to improve access to healthy, green and open spaces. – Transport connections to communities are not improved. – Unable to reduce levels of domestic abuse, crime and re-offending. – Unable to improve road safety.			03–Oct–2018	Violence against Women Partnership	Fully Effective
					Strategic Oversight Group	Fully Effective
					Links to Chief Officers Group	Fully Effective
					Systems In Place To Learn From Significant Incidents	Fully Effective
					Well established Community Safety and Justice Executive Board	Fully Effective
					Community Justice Outcome Improvement Plan	Fully Effective
					CSWO Annual Report	Fully Effective
					Community Safety Outcome Improvement Plan in place	Partially Effective
					Local MATAC Arrangements	Partially Effective
					MATAC Oversight Group	Partially Effective
					Community Safety Team Partnership	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
	– Anti-social behaviour levels increase.				Working	
					Road safety Forum reinvigorated	Partially Effective
					Fire Related Anti Social Behaviour Group	Fully Effective
DCC005 Governance	Risk that the Council's governance arrangements do not operate effectively in order to meet stakeholder and legislative requirements. Impact / Consequence – Fail to deliver objectives – Unable to demonstrate Best Value – Inappropriate use of resources (from fraud or error) – Inadequate transparency – Poor decision making – Increased scrutiny			24-Oct-2018	Publication of Governance Documents	Fully Effective
					Integrated Impact Assessments	Partially Effective
					Public Meetings Where Possible	Fully Effective
					Report Checking Procedures	Fully Effective
					Whistleblowing Policy	Fully Effective
					Leader of Opposition Chairs Scrutiny Committee	Fully Effective
					Annual Governance and Assurance Statement	Fully Effective
					Chief Financial Officer checklist completion and review	Fully Effective
					Integrity Group	Fully Effective
DCC006 Corporate Health & Safety	Risk that the Council has inadequate arrangements to protect those for whom it has a duty of care. Impact / Consequence – Allow harm to come to citizens, tenants, staff or stakeholders – Reputational impact of failure – Legal intervention – Financial cost and liabilities – Impact on staff wellbeing			15-Oct-2018	H&S Policy & Training	Partially Effective
					Risk Assessments	Partially Effective
					Benchmarking	Fully Effective
					Four Year H&S Plan & Actions	Fully Effective
					Annual H&S Reporting	Fully Effective
					Induction Training	Fully Effective
					H&S Team Outposting	Fully Effective
					Trade Unions Liaison	Fully Effective
					Individual Service H&S Procedures	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
DCC007 Information Governance	Risk that the Council information is not governed in line with legislative requirements, including GDPR and FOI legislation. Impact / Consequences – Allow confidential or sensitive information to be shared unlawfully – Reputational impact of failure – Legal intervention – Prosecution – Financial cost and liabilities – No suitable information available to support decision making			24-Oct-2018	Appropriate Policies In Place	Fully Effective
					Annual accreditation to PSN framework	Fully Effective
					Cyber Essentials framework	Fully Effective
					Cyber security Protection	Fully Effective
					External Penetration Testing	Fully Effective
					PCI Standards Adherence	Partially Effective
					Data Centre Back-Up	Partially Effective
					Network Data Security	Fully Effective
					Information Governance Manager Appointed	Fully Effective
					Training	Partially Effective
DCC008 Workforce	Risk that there is inappropriate or insufficient staff resources to meet service demands and deliver the Council vision Impact / Consequences – Fail to deliver objectives – Increased sickness absence – High vacancy level / inability to recruit – Reliance on contractors / agency staff – Loss of corporate knowledge from departures – Inadequate skills / experience – Lack of resources to deliver priorities – Impact on personal wellbeing – Loss of specialist skills to competitors			15-Oct-2018	Management Training	Fully Effective
					Employee Support	Fully Effective
					Recruitment Procedures	Fully Effective
					Consistent Terms & Conditions	Not Effective
					Sickness Absence Monitoring	Fully Effective
					Employee Reviews	Fully Effective
					Talent Management	Fully Effective
					Developing Young Workforce	Fully Effective
					Strategic Frameworks	Fully Effective
					Strategy Linkages	Fully Effective
					Leadership Development	Partially Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
DCC009 Statutory & Legislative Compliance	Risk that the Council fails to operate in accordance with law, regulation and statutory guidelines Impact / Consequences – Non compliance and legal challenge – Financial cost and liabilities – Obligations to vulnerable groups not met – Reputational impact – Ministerial or Regulatory action/censure – Failure to achieve Best Value			24-Oct-2018	Appointment of Legally Qualified Officers	Fully Effective
					Monitoring Officer Appointed	Fully Effective
					Monitoring of Legislative developments	Fully Effective
					Professional Expertise	Fully Effective
					Oversight Teams / Committees	Fully Effective
DCC010 Major Project Delivery	Risk that major projects are not delivered on time, to budget and do not provide the designed benefits. Impact / Consequences – Fail to deliver objectives – Essential services not delivered – Financial cost and liabilities – Reputational impact			12-Oct-2018	Continued use of Project Boards	Fully Effective
					Regular Project Reviews	Fully Effective
					Project Management Resourcing	Fully Effective
					Option Appraisals / Approval Process	Fully Effective
					Procurement Route Selection Process	Fully Effective
					Management Systems in Place	Fully Effective
					Statutory consultation	Fully Effective
					Capital Strategy Group Scrutiny	Fully Effective
					Capital Plan setting and approval process	Fully Effective
					Capital Investment Strategy approval	Fully Effective
					Capital and revenue monitoring	Fully Effective
DCC011 Transformation	Risk that transformation and change impacts on business as usual activities, fails to deliver objectives and benefits or is insufficient in response to the changing			09-Oct-2018	Programme Review	Fully Effective
					PMO Established	Fully Effective
					CMT Sponsorship & Scrutiny	Fully Effective
					Review Procedures & Methodologies	Fully Effective

Code & Title	Description	Inherent Risk Matrix	Current Risk Matrix	Date Reviewed	Control Measure	Control Assessment
	external environment. Impact / Consequences – Fail to deliver objectives/implement agreed changes – Financial cost and liabilities – Demand and expectations not met – Fail to achieve required savings – Reputational impact – Impact on staff wellbeing and culture				Alignment With Council & City Plan Priorities	Fully Effective
					Budget Monitoring & Benefit Realisation In Place	Fully Effective
					Capital Plan Management	Fully Effective
					Workforce Plan Reporting & Scrutiny	Fully Effective
DCC012 IJB / DHSCP	Risk that the Dundee HSCP is unable to deliver statutory / essential services due to financial, workforce or governance issues Impact / Consequences • Unable to meet aims within anticipated timescales • Unable to maintain spend within allocated resources • staffing issues impact on organisational priorities and operational delivery • adverse impact on staff engagement / buy-in • impact on staff morale and potential exposure to claims			26-Sep-2018		

RISK MANAGEMENT IMPROVEMENT PLAN

	Action (Linked to Internal Audit Report No. 2016/31)	Senior Responsible Officer(s)	Significance Level	Implementation Target Date / Status	UPDATE
1a	Provide updates on the implementation of this improvement plan to the CMT and, where appropriate, Scrutiny Committee.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30/06/2018 Ongoing	20/11/2018 Reporting to CMT commenced - two reports to date, and further updating reports on plan progress will be regularly submitted
1b	Develop governance arrangements to support the revised risk management arrangements e.g. 1) Consider existing working groups within the organisation and establish whether or not it would be sensible to expand current remit to incorporate risk management agenda e.g. new resilience group. 2) Establish corporate risk management group if answer to the above is not sensible to expand remit of an existing group. 3) Identify key members of staff within each service who will become risk management champions and represent their service on the relevant group (existing or new corporate risk management group). 4) Develop the remit for the corporate risk management group or equivalent. 5) Review Scrutiny Committee and other Council committee remits for risk management approval, monitoring and reviewing responsibilities. 6) Develop formal risk management activity and performance reporting framework – CMT and Committee level.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30-Jun-18	20/11/2018 1) complete - use of existing group considered inappropriate - would not provide the focus required; 2) complete - group proposed to comprise of Risk Management Champions, Risk Management Coordinator and the Council's Transformation & Performance Manager; 3) complete; 4) needs committee approval - Terms of Reference developed & incorporated into the new Risk Management Policy & Strategy, and presented to CMT; 5) Reviewed - these both reference risk management in terms appropriate to their functions, and are considered acceptable; 6) needs committee approval - reporting framework is included in the new Policy & Strategy for Risk Reporting.Updates on development of procedures etc more regularly
1c	Discuss and agree budget allocations for risk management budget.	Executive Director of Corporate Services / Executive Director of Neighbourhood Services / Head of Corporate Finance / Senior Manager – Internal Audit	Significant	31 March 2018 – In progress	20/11/2018 Initial discussions have taken place with the Community Safety & Resilience Manager previously been responsible for the budget, and some preliminary cost analysis has also been undertaken. However, further work is required to separate out the true risk management costs from others which are presently being passed against the risk management cost code - e.g. insurance, security etc. A target date of March 2019 would be appropriate for decision on future budget, so that new / agreed arrangements are in place for the start of the 2019/20 financial year

Ref	Action	Owner	Priority	Target date	Update
1d	Recruit corporate risk management co-ordinator following development and evaluation of a new job description and person specification.	Head of Corporate Finance / Senior Manager – Internal Audit	Critical	31 March 2018 – Complete	6/9/2018 Complete - in role 23 July 2018
2a	Decide on the positioning of the risk management function within the organisation.	Executive Director of Corporate Services / Executive Director of Neighbourhood Services / Head of Corporate Finance / CMT	Critical	31 March 2018 - Complete	6/9/2018 Complete - sits within Internal Audit and Counter Fraud Team
2b	Map existing risk management related tasks and corresponding officers.	Head of Corporate Finance / Service Manager – Community Safety and Resilience	Critical	31 March 2018 - Complete	6/9/2018 Complete - details as set out in this improvement plan, and in the Council's new Policy and Strategy for day-to-day risk management governance purposes
3a	Define the Council's risk management appetite and incorporate this into the revised risk management strategy.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30-Sep-18	6/11/2018 Has now been considered by the Risk Management Working Group, and a proposed framework prepared for presentation to CMT as an integral part of the Council's Risk Management Policy & Strategy. To be presented to P&R Committee - **revised target date of January 2019 considered appropriate**
3b	Review and revise the Council's risk management strategy, ensuring it: - Details the governance structures in place. - Defines escalation routes. - Sets out the level of risk the Council is willing to take in the form of risk appetite. - Is clearly linked to other key Council processes such as the strategic planning and budget setting processes.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30-Sep-18	6/11/2018 Proposed Policy & Strategy re-presented to CMT 20/11/2018, complete with Risk Appetite and Risk Assessment sections following consideration of these by the new Risk Management Working Group. To be presented to P&R Committee - **revised target date of January 2019 considered appropriate**

Ref	Action	Responsible	Priority	Target Date	Update
3c	Introduce a formal programme of review for the risk management strategy.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30/09/2018 Complete	6/11/2018 Complete (subject to acceptance) -Proposed Policy & Strategy re-presented to CMT 20/11/2018, complete with Risk Appetite and Risk Assessment sections following consideration of these by the new Risk Management Working Group. To be presented to P&R Committee - revised target date of January 2019 considered appropriate
4a	Develop a risk universe setting out the full range of risks that the Council is exposed to and utilise this to help inform the development of risk registers. *Link to assurance maps being developed through Internal Audit.*	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	30-Sep-18	6/11/2018 This is a major task which will require considerable time to identify: - risks - controls in place / required - the effectiveness of controls and to undertake the assurance mapping, which will be an ongoing process Propose to a pilot programme in Corporate Services A revised target date of March 2019 would not be unreasonable - 7a & 7b refer
5a	Develop and implement risk management procedures to support the revised risk management strategy. The procedures should incorporate the following key stages of the risk management process: - Recognition or identification of risks. - Ranking or evaluation of risks. - Responding to risks (i.e. tolerate, treat, transfer, terminate). - Resourcing controls. - Reaction planning. - Reporting and monitoring risk performance. - Reviewing the risk management framework.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31-Dec-18	6/11/2018 Not yet commenced- a logical progression from adoption of the new Policy & Strategy - refer 7b
6a	Management should consider the different reporting options available to it and decide, in conjunction with the client, how certain types of risk management information should be presented.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Routine	31-Dec-18	06/11/2018 For initial discussion at Risk Management Working Group A revised target date of March 2019 would not be unreasonable - next RMWG meeting is scheduled for February 2019
6b	Consideration should be given to how potential risks associated with actions / decisions could be incorporated into reports to CMT, service management teams and committees.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Routine	31-Dec-18	6/11/2018 The Risk section of the Integrated Impact Assessment represents a good vehicle for this. However, it is considered that the current format of the risk section is not fit for purpose and requires substantial modification. This is under consideration at present. A revised target date of March 2019 would not be unreasonable - next RMWG meeting is scheduled for February 2019

Ref	Recommendation	Responsible	Significance	Deadline	Update
7a	The Risk Central module within Pentana should be fully utilised throughout the organisation to record, assess and manage risks. To facilitate this, training on the use of the system should be provided to key members of staff as appropriate.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31-Mar-19	6/11/2018 Confirmed that the Risk module of Pentana will be used, and preliminary work has already been undertaken to deactivate historic / stale risks previously input. Others remain in place, but a new risk register structure has already been established in Pentana as a framework for future use. Training will be considered in conjunction with the Risk Management Working Group refer 4a
7b	Service – level risk registers should be aligned to the revised Council structure and, once available, informed by the Risk Universe. In order to achieve consistency, definitions for mandatory values and data fields in the risk registers should be communicated to key members of staff along with examples. Risk registers should include details of the current controls in place and actions that are planned. These actions should be recorded as auditable actions with a defined timescale for implementation and named responsible owners.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31-Dec-18	6/11/2018 Rationalisation of Pentana Risk module being undertaken to achieve this - surplus (misleading) assessment matrices, stale risks etc. to be removed. A new guide to the Pentana Risk module outlining required input, standards etc. will be developed. Consideration will be given to developing this as an integral part of a wider Risk Management Procedural Guide - refer 5a
7c	The current corporate risk register should be reviewed, ensuring, as part of that exercise, that due consideration is given to the Council's strategic objectives, service-level and relevant partners' risks. The revision of the corporate risk register should be undertaken through a series of senior management workshops and include engagement with Elected Members where appropriate.	Head of Corporate Finance / Corporate Risk Management Co-ordinator / KPMG / CMT	Significant	31 March 2018 - **Complete**	6/9/2018 Complete - new Corporate Risk Register has now been loaded into Pentana together with existing Controls. Consideration now requires to be given to ongoing reviews, need for additional controls / cross referencing audit actions etc.
7d	Arrangements should be put in place to ensure that risk registers are live documents and regularly reviewed and updated.	Corporate Risk Management Co-ordinator	Significant	31-Mar-19	6/9/2018 For further consideration, but will include active use of the tools available within Pentana to schedule reviews and issue automatic reminders for review of existing risks, and escalation of new / horizon risks via Risk Management Working Group
8a	A comprehensive and targeted training programme, including e-learning where appropriate, should be developed for staff at all levels within the organisation, including strategic and operational level management, staff and Elected Members. The existing Managing Risk in Dundee City Council e-learning course should be reviewed as part of this exercise. A decision should also be made surrounding whether or not the training should be mandatory.	Head of Corporate Finance / Corporate Risk Management	Significant	31-Mar-19	6/9/2018 Ongoing training requirements to be reviewed within the Risk Management Working Group
8b	The staff induction process should be reviewed with a view to incorporating a risk management session, in particular for new starts in management roles.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31-Mar-19	6/9/2018 Yet to be considered

	Recommendation	Responsible	Priority	Target Date	Update
9a	Key members of staff from throughout the Council should be identified as risk management advocates / champions to assist the CMT and service management teams.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31/03/2019 **Complete**	6/9/2018 Refer 1b(3) Additionally, it is proposed to discuss at the Risk Management Working Group the arrangements surrounding risk administration within Services, with a further layer of responsibility being appropriate to undertake Pentana Risk module administration
9b	Risk management should become a standing agenda item at management team meetings.	Head of Corporate Finance / Corporate Risk Management Co-ordinator	Significant	31-Mar-19	6/9/2018 Yet to be considered

Risk Management Working Group		
Corporate / Service / Partner	**Member**	**Title**
DCC – Corporate (Senior Responsible Officer)	Greg Colgan	Exec Director
DCC - Corporate Services	Sandy Flight	Head of Corporate Finance
DCC - Corporate Services	Bill McCleary	IT Services Manager
DCC - Children & Families	Paul Clancy	Exec Director
DCC - Chief Exec's Services	Andrea Calder	Head of Chief Exec Services
DCC - Chief Exec's Services	Paul Carroll	Transformation & Performance Manager
DCC - City Development	Neil Gellatly	Head of Roads & Transportation
DCC - Neighbourhood Services	Tom Stirling	Head of Community Safety & Protection
Partner - DHSCP	Dave Berry	CFO
Partner - L&CD	Paul Henehan	Head of Support Services
DCC - Risk	Colin Carmichael	Risk Management Coordinator