

ABERDEEN CITY COUNCIL

COMMITTEE	Operational Delivery Committee
DATE	12 November 2019
REPORT TITLE	Cluster Risk Registers
REPORT NUMBER	OPE/19/409
DIRECTORS	Andy McDonald and Rob Polkinghorne
CHIEF OFFICERS	Jacqui McKenzie, Andrew Howe, Derek McGowan, Mark Reilly, Graeme Simpson
REPORT AUTHOR	Chief Officers
TERMS OF REFERENCE	General 7.4

1. PURPOSE OF REPORT

To present the Cluster Risk Registers and Assurance Maps in accordance with Committee Terms of Reference and to provide assurance on the Council's system of risk management.

2. RECOMMENDATION(S)

That the Committee note the Cluster Risk Registers and Assurance Maps set out in Appendices A – C.

3. BACKGROUND

Committee Roles and Responsibilities

3.1 The Audit, Risk and Scrutiny Committee is responsible for overseeing the system of risk management and for receiving assurance that the Corporate Management Team (CMT) are effectively identifying and managing risks. To this end, it reviews the Council's Corporate Risk Register annually, as well as an annual report on the system of risk management which is included in the Annual Governance Statement.

3.2 The Risk Management Framework states that all other committees should receive assurance on the risk management arrangements which fall within their terms of reference. This is provided through the risk registers for the relevant Clusters which fall within the remit for this Committee. These are:-

1. Customer Risk Register by Cluster:

- Customer Experience
- Digital and Technology

- Early Intervention and Community Empowerment
2. Operations and Protective Services
 3. Integrated Children's Services

Risk Registers

- 3.3 The Corporate Risk Register captures the risks which pose the most significant threat to the achievement of the Council's organisational outcomes and have the potential to cause failure of service delivery.
- 3.4 The Cluster Risk Registers set out in appendices A-D and reflect the risks which may prevent each Cluster area from delivering on strategic outcomes.
- 3.5 Chief Officers and Directors have sought to ensure that Cluster Risk Registers link to organisational outcomes as set out in the LOIP and (where applicable) commissioning intentions within the Corporate Delivery Plan.
- 3.6 Over the coming twelve months, further work will be done to:-
 - Embed the Cluster Risk Register within the organisations risk management system which is currently being reviewed.
 - Reflect and implement internal audit recommendations on the risk management system.
 - Continue to review and improve the development of the Cluster Risk Registers and Assurance Maps.
 - Aim to demonstrate clear linkages with the Internal Audit Plan to ensure a risk-based approach to the Council's audit programme.
- 3.7 The Cluster Risk Register provides the organisation with the detailed information and assessment for each risk identified including;
 - **Current risk assessment (score)** – this is initial assessment of the risk by the risk owner prior to the application of any controls, mitigating actions and activities.
 - **Residual risk assessment (score)** – this is the assessment of the risk by the risk owner after the application of the controls.
 - **Controls** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
 - **Control Assessment** – assessment of the controls identified will determine the control assessment. There are three categories of assessment:
 1. Not effective – less than 50% effective
 2. Partially effective – between 50% and 99% effective
 3. Fully effective – 100% effective
 - **Risk score** – each risk is assessed using a 4x6 risk matrix as detailed below. The 4 scale represents the impact of the risk and the 6 scale represents the likelihood of the risk event occurring.

Impact Score

Very Serious	4	4	8	12	16	20	24
Serious	3	3	6	9	12	15	18
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6

Likelihood

Very High
High
Significant
Low
Very Low
Almost Impossible

3.8 Development and improvement of the Cluster Risk registers has continued since the Cluster Risk Registers were last reported to Committee:

- Cluster Risk Registers have been reviewed in conjunction with the LOIP and (where applicable) Commissioning Intentions within the Corporate Delivery Plan
- Cluster Risk Registers are regularly reviewed by Risk Owners and Managers
- Assurance Maps have been created and are incorporated into each Cluster Risk Register.

Assurance Maps

3.9 The Assurance Map provides a visual representation of the sources of assurance associated with each Cluster. This evidences the breadth and depth of assurance sources, so that the Committee and Senior Management Teams can determine where these are insufficient, whereas the Cluster Risk Register demonstrates how effectively risk is being managed through the controls which flow out of those sources of assurance.

3.10 The Assurance Map provides a breakdown of the “three lines of defence”, the different levels at which risk is managed. Within a large and complex organisation like the Council, risk management takes place in many ways. The Assurance Map is a way of capturing these and categorising them, thus ensuring that any gaps in sources of assurance are identified and addressed:

First Line of Defence “Do-ers”	Second Line of Defence “Helpers”	Third Line of Defence “Checkers”
The control environment; business operations performing day to day risk management activity; owning and managing risk as part of business as usual; these are the business owners, referred to as the “do-ers” of risk management.	Oversight of risk management and ensuring compliance with standards, in our case including ARSC as well as CMT and management teams; setting the policies and procedures against which risk is managed by the do-ers, referred to as the “helpers” of risk management.	Internal and external audit, inspection and regulation, thereby offering independent assurance of the first and second lines of defence, the “do-ers” and “helpers”, referred to as the “checkers” of risk management.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report. The report deals with risk to the achievement of strategic outcomes and this process serves to identify controls and assurances that finances are being properly managed.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report. Cluster Risk Registers serve to manage many risks with implications for the legal position and statutory responsibilities of the Council.

6. MANAGEMENT OF RISK

- 6.1 The Committee is provided with assurance from the Cluster Risk Registers presented that there are effective controls identified to manage the risks which would present achievement of strategic outcomes relevant to its terms of reference. There are no risks arising from the recommendations in the report.

7. OUTCOMES

- 7.1 Each risk on the Cluster Risk Registers is aligned to one or more of the themes within Local Outcome Improvement Plan.

Design Principles of Target Operating Model	
	Impact of Report
Organisational Design	The completion of Cluster Risk Registers aligned to the interim transitional structure supports the principles of organisational design.
Governance	Reporting to Committees on the Corporate Risk Register and Cluster Risk Registers allows members to scrutinise the system of risk management to help ensure its effectiveness. The

	registers also provide a tool by which to better manage achievement of our strategic outcomes.
Process Design	In reviewing our risk management processes, there is an opportunity to make sure that the risk to the Council's achievement of the strategic objectives, including those which external organisations and other stakeholders contribute to, is appropriately managed and mitigated.
Technology	It is anticipated that risk registers will be updated using digital methods in the medium term and in the longer term they will become integrated within a wider Assurance Framework.
Partnerships and Alliances	Risks to the delivery of organisational objectives can at times be related to arms-length external organisations. These will be reflected in the appropriate risk register(s). Furthermore, risk is overseen by the Assurance Hub which reports to the Audit, Risk and Scrutiny Committee on a regular basis.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix A Customer Risk Register by Cluster:

- Customer Experience
- Digital and Technology
- Early Intervention and Community Empowerment

Appendix B Operations and Protective Services

Appendix C Integrated Children's Services

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