ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources Committee
DATE	21 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Cluster Risk Registers and Assurance Maps
REPORT NUMBER	COM/22/113
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	Jonathan Belford – Chief Officer, Finance Fraser Bell, Chief Officer, Governance David Dunne, Interim Chief Officer, Strategic Place Planning Richard Sweetnam – Chief Officer, City Growth
REPORT AUTHOR	Fraser Bell
TERMS OF REFERENCE	2.1.4

1. PURPOSE OF REPORT

1.1 To present the Cluster Risk Registers and Assurance Maps in accordance with City Growth and Resources Committee Terms of Reference to provide assurance that risks are being managed effectively within each Cluster.

2. RECOMMENDATION(S)

That the Committee:-

2.1 Note the Cluster Risk Registers and Assurance Maps set out Appendices A–I.

3. CURRENT SITUATION

3.1 The Audit, Risk and Scrutiny Committee is responsible for overseeing the system of risk management and for receiving assurance that the Extended Corporate Management Team (ECMT) are effectively identifying and managing risks. Reviewing the strength and effectiveness of the Council's system of risk management as a whole is a key role for the Committee.

3.2 The Risk Management Policy 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:-

- Finance Risk Register
- Governance Risk Register
- Strategic Place Planning Risk Register
- City Growth Risk Register

Risk Registers

3.3   The Council's Risks Registers are tools used by Functions and Clusters to capture and manage the risks which could prevent achievement of organisational outcomes and service delivery.

3.4   The Council's Corporate Risk Register (CRR) 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. The CRR scrutinised annually by the Audit, Risk and Scrutiny Committee.

3.5   The Cluster Risk Registers are set out in appendices A, C, E and G and reflect the risks which may prevent each Cluster area from delivering on organisational outcomes and services, these risks may be escalated to the CRR where deemed necessary.

3.6   The risks contained within the Risk Register for each Cluster are grouped below by risk category and show the Council's corresponding risk appetite for each category as set within the Council's Risk Appetite Statement (RAS) which was approved by the Audit, Risk and Scrutiny Committee in February 2022.

The Clusters are working towards a target risk score which aligns with the risk appetite.

Finance			
Risk Category	**Risk Title**	**Target Risk Appetite**	**Aligned with RAS?**
Operational	Failure to deliver key financial services in the event of the failure of plans, capabilities, systems and processes	Cautious	Yes

Governance			
Risk Category	**Risk Title**	**Target Risk Appetite**	**Aligned with RAS?**
Financial	Risk that Legal Services Income is impacted due to Covid-19 and Inflation pressures	Averse	Yes

Strategic Place Planning			
Risk Category	**Risk Title**	**Target Risk Appetite**	**Aligned with RAS?**
Operational	Strategic Plan Delivery - SPP	Averse	Yes

City Growth			
Risk Category	**Risk Title**	**Target Risk Appetite**	**Aligned with RAS?**
Strategic	Concurrent Economic Events	Open	Yes

3.7 The Cluster Risk Register provides the organisation with the detailed information and assessment for each risk identified including;

- **Current risk score** – this is current assessment of the risk by the risk owner and reflects the progress percentage of control actions required in order to achieve the target risk score.
- **Target risk score** – this is the assessment of the risk by the risk owner after the application of the control actions. This is aligned with the risk appetite for this particular category of risk.
- **Control Actions** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
- **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.

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		Almost Impossible	Very Low	Low	Significant	High	Very High

3.8 Development and improvement of the Cluster Risk Register and associated risk management processes has continued since the Cluster Risk Registers were last reported to the Committee:

- The Council's Risk Appetite Statement (RAS) was reviewed and updated.
- Risk Management Guidance – the complementary documentation which supports the Risk Management Policy was updated and approved by the Risk Board.

- Committee Report Template and Guidance – risk sections were reviewed and updated to reflect RAS and enhanced to provide additional guidance on management of risk.
- Assurance Maps – were updated to include the Corporate and/or Cluster Risks that are being managed by each Cluster to provide an overview of both the risk/s being managed and the sources of assurance which includes completed risk control actions for each of the three-lines of defence.
- The Corporate Risk Lead has continued to provide support to Risk Owners and Managers to review and update Risk Registers to improve monitoring and reporting across the organisation.

Assurance Maps

3.9 The Risk Registers that are reviewed by the Council's Committees list the risks identified within each of the relevant Functions and Clusters and provides detail of the risk, the potential impact and consequence of the risk materialising and the control actions and activities required to management and mitigate the risk. Assurance Maps provide a visual representation of the sources of assurance associated with each Cluster so that Committee can consider where these are effective, following the completion of control actions. Presentation of each Cluster's Assurance Map provides full sight of the defences that the organisation has in place to manage the risks facing local government.

Risk identified → Controls identified → Control actions taken ↓ Controls in place → SOURCES OF ASSURANCE
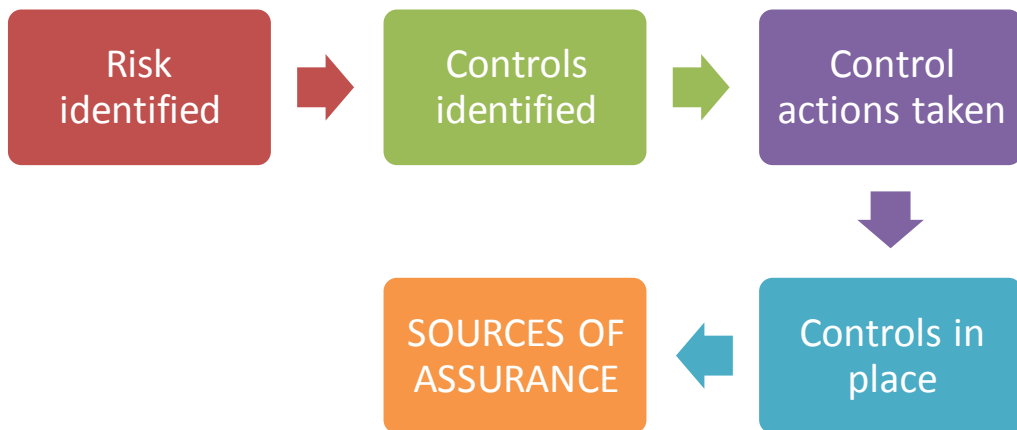
3.10 The Assurance Maps provide a breakdown of the "three lines of defence", the different levels at which risk is managed. Within a large and complex organisation like the Council, risk management takes place in many ways. The Assurance Map is a way of capturing these and categorising them, thus ensuring 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	Oversight of risk management and ensuring	Internal and external audit, inspection and regulation,

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.	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.	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.

Risk Overview

3.11 Recruitment and retention of staff remains the most significant aspect of managing the Finance cluster risks, as turnover and the associated loss of experience and capacity takes time to replace. Positive steps have been achieved in managing the Pension Funds with an increased level of staffing being retained in the last year. The Accounting team continue to work effectively with lower levels of staff than has historically been the case. A business case is being prepared, in consultation with the Digital and Technology and Data and Insights Chief Officers, to support the control of our financial systems and use of data following the recent retirement of a senior member of the team. This will facilitate the completion of control actions for the cluster.

3.12 Licensing income has reduced in some areas following the imposition of national restrictions to manage the impact of the pandemic. Income has not yet recovered to pre-pandemic levels and it is anticipated that income will not recover to pre-pandemic levels for the foreseeable future. The impact to licensing income is likely to be a medium-term impact of Covid-19. Governance will continue to monitor the situation and make budget adjustments as necessary to manage the reduction in income. Pandemic related income reductions have been incorporated into the current Medium Term Financial Strategy for the General Fund and will continue to be revised based on the latest data as part of the refresh process.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. This report deals with risk management at Cluster level 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. The Council's Risk Registers serve to manage many risks with implications for the legal position and statutory responsibilities of the Council.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 There are no risks arising from the recommendations in this report. The Committee is provided with assurance that the risks presented within the Cluster Risk Register are those that may affect achievement of organisational outcomes and delivery of services for each Cluster are identified, appropriately managed and that the Council's activities are compliant with its statutory duties.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	The Council is required to have a management system in place to identify and mitigate its risks.	The Council's risk management system requires that risks are identified, listed and managed via Risk Registers.	L	Yes
Compliance	As above.	As above.	L	Yes
Operational	As above.	As above.	L	Yes
Financial	As above.	As above.	L	Yes
Reputational	As above.	As above.	L	Yes
Environment / Climate	As above.	As above.	L	Yes

8. OUTCOMES

8.1 The recommendations within this report have no direct impact on the Council Delivery Plan however, the risks contained within the Council's risk registers could impact on the delivery of organisational outcomes.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Other	Not applicable

10. BACKGROUND PAPERS

10.1 None

11.   APPENDICES

11.1   Appendix A – Finance Cluster Risk Register

11.2   Appendix B – Finance Cluster Assurance Map

11.3   Appendix C – Governance Cluster Risk Register

11.4   Appendix D – Governance Cluster Assurance Map

11.5   Appendix E – Strategic Place Planning Cluster Risk Register

11.6   Appendix F – Strategic Place Planning Cluster Assurance Map

11.7   Appendix G – City Growth Cluster Risk Register

11.8   Appendix H – City Growth Cluster Assurance Map

12.   REPORT AUTHOR CONTACT DETAILS

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