ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning
DATE	20th November 2018
REPORT TITLE	Cluster Risk Registers
REPORT NUMBER	COM/18/287
DIRECTOR	Frank McGhee
CHIEF OFFICERS	Martin Murchie and Craig Innes
REPORT AUTHOR	Martin Murchie and Craig Innes
TERMS OF REFERENCE	General 7.4

1.   PURPOSE OF REPORT

To present Cluster Risk Registers in accordance with the Risk Management Framework and Committee Terms of Reference.

2.   RECOMMENDATION(S)

That the Committee note the Cluster Risk Registers presented and the actions identified to control the risks contained therein.

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:-
- Business Intelligence and Performance Management
- Commercial and Procurement

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 previous "Directorate" risk registers have been replaced with "Cluster" Risk Registers. These are 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 meet the following requirements in terms of presentation and content:
   1. Reflect the reallocation of responsibilities within the revised organisational structure
   2. Include SMART (Specific, Measurable, Assignable, Realistic, Time-measurable) actions to ensure that risk controls are fully effective;
   3. Link to organisational outcomes as set out in the LOIP and future refreshed version.

3.6   Over the coming twelve months, further work will be done to:-
   • ensure that actions are SMART and capable of becoming fully effective within a specified timescale
   • identify links between Cluster areas, both in terms of controls and impacts, and
   • identify gaps through assurance mapping.

        The registers will also aim to demonstrate clear linkages with the Internal Audit Plan to ensure a risk-based approach to the Council's audit programme.

Risk Scoring Process

3.7   In order to apply an assessment rating (score) to a risk, the Council implements a 4x6 risk matrix.

3.8   The 4 scale represents the impact of a risk and the 6 scale represents likelihood of a risk event occurring. The assessment of the risk includes establishing the potential impacts (consequences) of a risk as well as the likelihood of occurrence. The two multipliers produce the score and assessed level of risk.

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

3.9   Risk registers include an assessment of both current and residual risks. Current risk represents the risk if no controls are in place. Residual risk represents the remaining risk if the controls identified are effective.

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

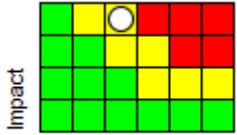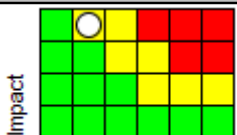| Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS
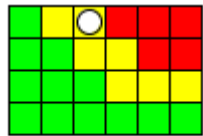
None

10. APPENDICES

Appendix A – Business Intelligence and Performance Management Risk Register
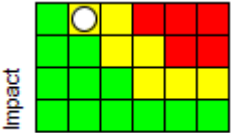Appendix B – Commercial and Procurement Risk Register

11. REPORT AUTHOR CONTACT DETAILS

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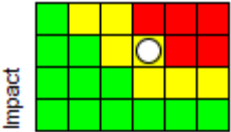cinnes@aberdeencity.gov.uk
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Code	Corp-005	Information Governance		
Definition	Information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture.			

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
• Unlawful disclosure of sensitive information • Individuals placed at risk of harm • Prosecution –penalties imposed • Council exposed to legal action • Reputational damage • Council finances jeopardised • Business Intelligence effectiveness is compromised by underlying data quality issues • Inadequate performance information • Business efficiencies not achieved • Inability to share services and information with partners • Reduced capability to deliver customer facing services Service disruption	• Staff skills / capability • Compliance with information governance policy & procedure • Privacy and data protection by default considered in the design of new processes and systems • Visibility and oversight of emerging information risks • Adherence to consistent approach to information and data governance across the Council	Clear systems and processes in place for ensuring appropriate management, governance and use of information designed and implemented within BAU and change management processes	Fully Effective	Impact / Likelihood
		Information Governance Board led by SIRO provides robust corporate oversight of information assurance arrangements.	Partially Effective	
		Clear roles and responsibilities assigned and embedded for all staff for managing & governing information assets across the Council	Fully Effective	
		Mandatory information governance training for all staff	Fully Effective	
		Data Protection Officer directly influences information governance	Fully Effective	
		Effective monitoring and reporting of corporate and information asset level information governance arrangements is in place.	Fully Effective	
				Very serious
				Low

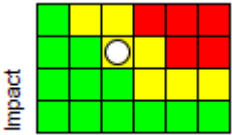| Risk Owner	Martin Murchie	Risk Manager	Caroline Anderson	Residual Risk Assessment
Latest Note	Controls reviewed, revised and updated to reflect closure of GDPR readiness programme and transition to business as usual arrangements for new compliance environment. Progress has been made to progress each of the assurance controls.		1 Nov 2018	Impact / Likelihood
				Very serious
				Very Low

Code	BIPM001	Risk of negative external inspections		
Definition	**There is a risk that we fail to respond effectively, including with partner organisations, to external inspection and scrutiny**			

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
• Increased inspection activity as result of risk-based approach; • Loss of confidence in public services from communities; • Damage to organisational reputation; • Corrective actions required by external bodies.	• Visibility and oversight awareness of demands and requirements of inspections and regulation; • Governance of individual inspections, including escalation of through risk management system; • Mobilisation of resources to prepare for and respond to external inspections; • Effectiveness of self-evaluation; • Management of performance to secure improvement in areas required by external inspections.	Planned approach to all external inspection and regulation	Effective	
		Community Planning and Council Performance Management Frameworks in place and operating effectively.	Partially effective	
		Self-assessment models and assurance mapping in place and regularly undertaken.	Partially effective	Very serious
		Appropriate assessment of all external inspections within risk management system.	Partially effective	Low
		Regular and effective communication with Local Area Network and individual inspection and regulation bodies.	Effective	
		Innovate and Improve programme to build capacity for staff to access the improvement methodology	Partially effective	

Mitigating Actions	Residual Risk Assessment
- Update corporate performance management framework to ensure that the Council can demonstrate progress in the achievement of better outcomes and management of resources; - Innovate and Improve Programme Development Programme to build capacity across the CPA, Council and communities to understand improvement methodology and make a significant impact in achieving improved outcomes; - Completion and maintenance of assurance mapping; - Co-ordination and integration of data collection, analysis and reporting to support ongoing assurance for known inspections.	Impact / Likelihood grid
	Very serious
	Very low

Risk Owner	Very Low	Risk Manager	Reyna Stewart
Latest Note	Best Value annual review has been completed and submitted by External Audit to the Audit, Risk and Scrutiny Committee. The Joint Children's Services Inspection is currently ongoing.		

Code	BIPM002	Risk that Community Planning is not effective		
Definition	There is a risk that we fail to work with public services and communities to achieve improved outcomes			

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
- Financial impact of continuing to meet failure demand on public services - Communities continue to experience inequalities of outcome - Outcomes are not different for communities in 10 years time - Communities are not engaged in identifying solutions to local issues - Loss of confidence in public services from communities	- Understanding of priority issues for people and communities - Commitment to tackling priority issues - Shared vision and aims for improvement - Governance and accountability framework to ensure we are working effectively with public services and communities - Engagement with communities for effective co-production - Mobilisation of resources (people, money, assets for improvement) - Management of performance to secure improvement	Shared leadership with public services and communities through the Community Planning Partnership structure	Fully Effective	Impact / Likelihood Very serious Low
		Population Needs Assessment 2017/18 providing evidence base for policy and strategy development	Fully Effective	
		Local Outcome Improvement Plan 2016-26 sets out how the CPP will help disadvantaged families escape inter-generational cycles of deprivation	Fully Effective	
		Locality Plans for the three priority communities approved setting out how to improve outcomes in those areas	Fully Effective	
		Community Planning Aberdeen Engagement, Participation and Empowerment Strategy	Partially effective	
		Participatory Budgeting used as a mechanism for involving communities in decisions about spending public money	Fully Effective	

		Engagement with Community Groups and Networks in localities to build community capacity to engage in improvement methodology	Fully Effective	
		Performance Management Framework in place to ensure delivery of the LOIP and Locality Plans	Partially effective	
		Innovate and Improve programme to build capacity for staff to access the improvement methodology	Partially effective	

Mitigating Actions	Residual Risk Assessment
- Further development of the Engagement, Participation and Empowerment Strategy by supporting the production of an implementation plan and working with SCDC to engage communities in the establishment of Torry Locality Partnership - Mainstream participatory budgeting as part of the Locality Planning model. - Develop a performance management framework to ensure that the Community Planning Partnership can demonstrate progress in the achievement of better outcomes city wide and in localities. - Innovate and Improve programme Development Programme to build capacity across the CPA and communities to understand improvement methodology and make a significant impact in achieving improved outcomes.	
	Very serious
	Very low

Risk Owner	Martin Murchie	Risk Manager	Michelle Cochlan	
Latest Note	Significant current activity is ongoing to complete a Population Needs Assessment and use this evidence base to inform a refreshed LOIP by 2018/19.			

Code	Corp-007	**Contract Management**		
Definition	There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.			

Potential Impact	**Causes**	**Control Effectiveness**		**Current Risk Assessment**
		Control	Control Assessment	
• Services are not delivered in line with Council requirements and specifications. • Savings targets not met/efficiencies not realised. • Reputational damage. • Disputes/Litigation. • Inability to manage market/respond to urgent issues. • Negative audit outcomes. • Poor supplier relationship management. • Poor performance by the provider. • Difficulties in dealing with changes and issues arising throughout the contract.	• Contract management skill levels. • Officers not robustly or properly contract managing. • Co-design of the specification initially. • Market management resulting in limited range of providers. • Degree of clarity on who is responsible for contract management. • Degree of awareness in the organisation of the importance of robust contract management. • Contract management capacity across the Council. • Maintenance of contracts register. • Contract expectations monitored and managed.	Social Care Contracts and Commissioning Team has a contract management framework, including detailed contract monitoring procedures.	Fully Effective	Impact / Likelihood
		ACC Procurement Regulations - Regulation 13.1-13.3 set requirements in relation to contract management.	Fully Effective	
		Implementation of effective contract management procedures across the organisation clearly stating the need for proper contract administration, relationship management and review of contract performance.	Partially Effective	
		Ensuring that contract managers have effective contract management skills and they have full training where pertinent on the Councils internal procurement regulations.	Partially Effective	
		Clarity on who is the contract manager for a particular contract.	Partially Effective	
		Ensuring that consideration is given to how performance will be monitored e.g. outcomes and KPIs, as part of the co-development of specifications.	Partially Effective	
				Serious
				Significant

Risk Owner	Craig Innes	Risk Manager	Alison Watson	Residual Risk Assessment
Latest Note	Progress has been made to progress each of the assurance controls.		04 Nov 2018	
				Serious
				Low