

## ABERDEEN CITY COUNCIL

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| <b>COMMITTEE</b>          | Strategic Commissioning Committee         |
| <b>DATE</b>               | 8 December 2021                           |
| <b>EXEMPT</b>             | No  |
| <b>CONFIDENTIAL</b>       | No  |
| <b>REPORT TITLE</b>       | Cluster Risk Registers and Assurance Maps |
| <b>REPORT NUMBER</b>      | COM/21/306                                |
| <b>DIRECTOR</b>           | Gale Beattie                              |
| <b>CHIEF OFFICER</b>      | Craig Innes                               |
| <b>REPORT AUTHOR</b>      | Mel MacKenzie                             |
| <b>TERMS OF REFERENCE</b> | 5.1.4                                     |

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### 1. PURPOSE OF REPORT

To present the Cluster Risk Register and Assurance Map in accordance with Strategic Commissioning Committee Terms of Reference to provide assurance that risks are being managed effectively within the Commercial and Procurement Cluster.

### 2. RECOMMENDATION

That the Committee note the Cluster Risk Register and Assurance Map set out in Appendices A and B.

### 3. BACKGROUND

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.

#### **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 Register set out in Appendix A reflects the risks which may prevent the Cluster from delivering on strategic outcomes.

3.5 The risks contained within the Cluster Risk Register are grouped below by risk category and show the Council's corresponding risk appetite for the risk category as set within the Council's Risk Appetite Statement (RAS).

| Risk Category             | Risk Title   | Risk Appetite   |
|---------------------------|--|---|
| Strategic                 | <ul style="list-style-type: none"> <li>• Scotland Excel - Membership does not deliver anticipated benefits</li> <li>• Shared Service - Service Level Agreement - Delivery of KPI's</li> <li>• Shared Procurement Service Partner Withdrawal</li> </ul> | <p>The Council is averse to risks which may threaten the delivery of critical services, our outcomes and commissioning intentions.</p> <p>However, the Council is hungry for taking well managed risks when opportunities provide clear benefits allowing for improvement, innovation and transformation.</p> <p>The Council has an open appetite for risks that provide and contribute to the economic prosperity of the City.</p> |
| Operational               | <ul style="list-style-type: none"> <li>• EU Exit – Commodity Supply Chain Risks</li> </ul>   | <p>The Council is averse to any risks that may have a negative effect on the health and safety, diversity and equality of its staff, elected members and members of the public.</p> <p>The Council has an open appetite to the risks that allows it to manage service demand, continuously improve service delivery and performance.</p>  |
| Compliance                | <ul style="list-style-type: none"> <li>• Procurement Fraud</li> </ul>  | <p>The Council is averse to any risks that may result in non-compliance or breaches in statutory obligations, regulations and law.</p> <p>The Council is cautious when giving legal advice and considers the likelihood of any legal challenge and the likely success of any legal challenge.</p>   |
| Environmental/<br>Climate | <ul style="list-style-type: none"> <li>• Climate Change and severe weather affect the costs and</li> </ul>   | <p>The Council has an averse appetite for any risks that may have a long-term detrimental impact upon the environment</p>   |

|  |                                    |  |
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|  | availability of goods and services | but is hungry for well managed risks in pursuit of our long-term sustainable development and net zero ambitions and economic growth. |
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3.6 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.
- **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   |       | Impossible | Almost<br>Very Low | Low | Significant | High | Very High |

3.8 Development and improvement of the Cluster Risk Register and associated processes has continued since the Cluster Risk Register was last reported to the Committee:

- The Cluster Risk Registers have been reviewed and updated in accordance with the updated Risk Management Policy and supporting documentation approved by Audit Risk and Scrutiny Committee in December 2019.
- The format of the Council's risk registers was updated to incorporate a risk category to allow alignment of each risk with the Council's Risk Appetite Statement which was approved by the Audit Risk and Scrutiny Committee in December 2020.

## Assurance Maps

- 3.9 The Assurance Map (Appendix B) provides a visual representation of the sources of assurance associated with the Cluster. This evidences the breadth and depth of assurance sources, so that the Committee 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<br>“Do-ers”   | Second Line of Defence<br>“Helpers”   | Third Line of Defence<br>“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 AR&SC 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. |

- 3.11 In the last year the EU Exit Risk previously being managed at Operational level has been moved to Cluster level, this is due to increased level of risk associated with particular commodities including Construction Materials, Food, Waste. The Commercial & Procurement Shared Service continue to monitor the risk and liaise with Services and Corporate Risk Lead as appropriate, further control actions to support mitigation against this risk are planned to be implemented by the end of the calendar year.
- 3.12 Procurement Fraud and Climate Change Risks have been added to the Cluster Risk Register, a Procurement Fraud Risk Assessment has been created and embedded in procurement processes with further updates planned for training and guidance prior to 31 March 2021, training and guidance updates are also planned for implementation by the same date for the Climate Change Risk.

## 4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report. The report deals with the highest level of risk 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. MANAGEMENT OF RISK

6.1 The Committee is provided with assurance that the risks presented within the Cluster Risk Register affecting the strategic priorities and service delivery for each Cluster are identified and that the risks are appropriately managed in in compliance with the Council's legislative duties.

6.2 There are no risks arising from the recommendations in the report.

| Category                   | Risk  | Low (L)<br>Medium (M)<br>High (H) | Mitigation   |
|----------------------------|---|-----------------------------------|--|
| <b>Strategic Risk</b>      | The Council is required to have a management system in place to identify and mitigate its risks | L                                 | The Council's risk management system requires that risks are identified, listed and managed via risk registers |
| <b>Compliance</b>          | As above  | L                                 | As above   |
| <b>Operational</b>         | As above  | L                                 | As above   |
| <b>Financial</b>           | As above  | L                                 | As above   |
| <b>Reputational</b>        | As above  | L                                 | As above   |
| <b>Environment/Climate</b> | As above  | L                                 | As above   |

## 7. OUTCOMES

7.1 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 objectives.

## 8. IMPACT ASSESSMENTS

| Assessment               | Outcome                             |
|--------------------------|-------------------------------------|
| <b>Impact Assessment</b> | Full Impact Assessment not required |

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| <b>Data Protection Impact Assessment</b> | Not required |
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## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES

Appendix A – Cluster Risk Register  
Appendix B – Cluster Assurance Maps

## 11. REPORT AUTHOR CONTACT DETAILS

|                      |  |
|----------------------|--|
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