ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	22nd February 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Corporate Risk Register, Cluster Assurance Maps, and Inspections Planner
REPORT NUMBER	COM/22/035
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Ronnie McKean
TERMS OF REFERENCE	1.1

1.   PURPOSE OF REPORT

To present the Corporate Risk Register, Cluster Assurance Maps and Inspections Planner 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:-

2.1   note the Corporate Risk Register set out in Appendix A

2.2   note the Cluster Assurance Maps provided at Appendix B; and

2.3   note the Inspections Planner provided at Appendix C

3.   BACKGROUND

Corporate Risk Register

3.1   The Audit, Risk and Scrutiny Committee is responsible for overseeing risk management on behalf of the Council 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. It is the role of the Council's other Committees to receive the Cluster Risk Registers

that are relative to each Committee remit and scrutinise to ensure assurance of the controls in place.

3.2   The Council's Corporate Risk Register (CRR) captures the risks which pose the most significant threat to the achievement of our organisational outcomes and have the potential to cause failure of service delivery and is a tool with which risk is managed by Clusters and Functions.

3.3   The CRR is scrutinised by the Risk Board after being updated by risk managers and owners. The CRR was last reported to the Committee in October 2020 and the Council's Risk Management Framework requires that the CRR should also be reported here annually. An updated version is attached to the report at Appendix A.

3.4   Committee is asked to note that format of the Council's risk registers was updated to create 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.

3.5   The risks contained within the Corporate Risk Register are grouped below by risk category and show the Council's corresponding risk appetite for the category as set within the Council's Risk Appetite Statement (RAS) which are accurate at time of writing. A separate report contains proposals to amend the existing RAS.

Risk Category	Risk Title	Risk Appetite
Strategic	• Workforce Capacity & Capability	The Council is averse to risks which may threaten the delivery of critical services, our outcomes and commissioning intentions. However, the Council is hungry for taking well managed risks when opportunities provide clear benefits allowing for improvement, innovation and transformation. The Council has an open appetite for risks that provide and contribute to the economic prosperity of the City.
Compliance	• Information Governance • Civil Contingencies • Non-Compliance with Procurement Regulations • Health & Safety Compliance	The Council is averse to any risks that may result in non-compliance or breaches in statutory obligations, regulations and law. The Council is cautious when giving legal advice and considers the likelihood of any legal challenge and the likely success of any legal challenge.

Operational	• Industrial Pay Negotiations 2021/22 • Cyber Security	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. The Council has an open appetite to the risks that allows it to manage service demand, continuously improve service delivery and performance.
Financial	• Financial Sustainability	The Council is averse to risks associated with impairing financial stewardship, internal controls, and financial sustainability. The Council has an open appetite for short-term risks that support financial performance and mitigate negative external factors. It has an open appetite for longer term capital and financial investments provided that the risks are well managed and demonstrate realisable future benefits for delivering the Council's outcomes and commissioning intentions.
Environment/ Climate	• Climate Duties – Council Compliance • Climate Change - Place	The Council has an averse appetite for any risks that may have a long-term detrimental impact upon the environment but is hungry for well managed risks in pursuit of our long-term sustainable development and net zero ambitions and economic growth.

3.6   Committee is asked to note that the risks contained in the CRR are those which ECMT and the Risk Board considers the most significant at the time of writing. Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR where deemed necessary. When the Risk Board is sufficiently assured that significant risks are being managed, they will agree to de-escalate them back to Cluster level.

3.7   The CRR 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.

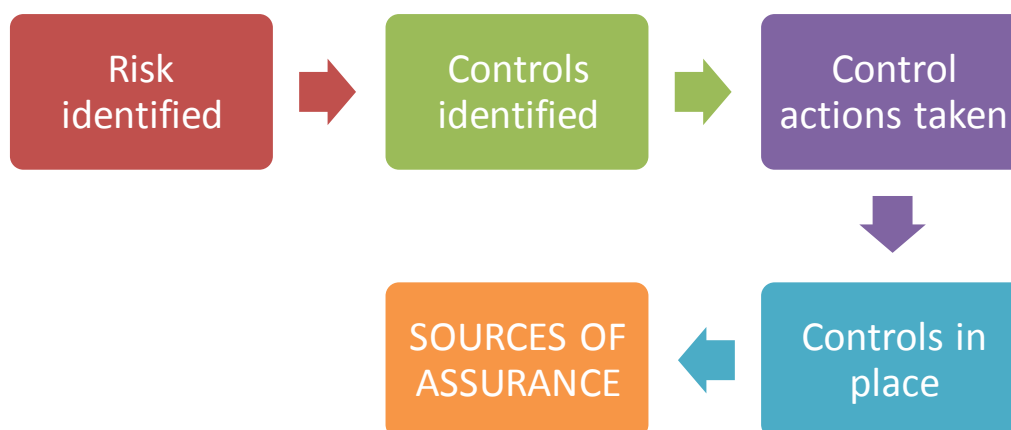| Impact	Score						
Very Serious	4	4	8	12	16	20	24
Serious	3	3	6	9	12	15	18
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6
Likelihood		Almost Impossible	Very Low	Low	Significant	High	Very High

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

- Risk Management Guidance – complementary documentation which supports the Risk Management Policy was updated and approved by the Risk Board in August 2021.
- Committee Report Template and Guidance – risk sections reviewed and updated to reflect RAS and enhanced to provide additional guidance on management of risk.
- The Council's Risk Appetite Statement (RAS) was implemented during 2021. The annual review of the RAS is provided to Committee in a separate report.
- The format of the Assurance Maps has been updated to include the Corporate and/or Cluster Risks that are being managed by each Cluster and provides an overview of both the risk being managed and the sources assurance which includes completed risk control actions for each of the three-lines of defence.
- The Corporate Risk Lead has continued to provided support to Risk Owners and Managers to review and update Risk Registers at Corporate, Cluster and Operational levels 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 manage and mitigate the risk. Assurance Maps provide a visual representation of the sources of assurance associated with each Cluster so that the Committee can consider where these are sufficient. Sources of assurance are controls which are fully effective, following the completion of control actions. Presentation of each Cluster's assurance map provides full sight of the defences we have in place as an organisation to manage the risks facing local government.

```
Risk          →   Controls      →   Control
identified        identified        actions taken
                                         ↓
SOURCES OF    ←   Controls in
ASSURANCE         place
```

3.10   Each 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 the sources of assurance and categorising them, thus ensuring that any gaps in sources of assurance are identifiable and can be 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.

3.11   Clusters will continue to review and update assurance maps to support their Risk Registers, and these will be reported to the operational committees later in the year.

Inspections Planner

3.12   The Inspections Planner provides Committee with a timetable of anticipated and planned external/internal audits and third-part regulatory inspections and

compliance audits that are specified within the "Third Line of Defence" on each Assurance Map. These audits and inspections provide the Council with independent assurance of regulatory compliance and best practice to achieve and maintain accreditation. Where relevant, the improvement recommendations and actions arising from these audits and inspections will continue to be reported to the relevant Committees for review.

3.13 The Inspections Planner, together with the Assurance Maps, will continue to be kept under review throughout the year and updated as required. It is anticipated that the consistency of the approach to the completion of Assurance Maps will be enhanced considering feedback from committee, officers, and other relevant parties.

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 Corporate Risk Register serves to manage many risks with implications for the legal position and statutory responsibilities of the Council.

6. MANAGEMENT OF RISK

6.1 The report provides information on the Council's system of risk management and the improvements designed to make the system robust and fit for the changing social, political and economic environment in which we exist. The system ensures that all risks attaching to the Council's business and strategic priorities are identified, appropriately managed and are compliant with the Council's duties under the Equalities Act. Whilst the Corporate Risk Register records the most significant risks to the Council, the Committee is provided with assurance that from this there are effective controls identified. There are no risks arising from the recommendations in the report.

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	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

Compliance	As above	L	As above
Operational	As above	L	As above
Financial	As above	L	As above
Reputational	As above	L	As above
Environment/Climate	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 register could impact on the delivery of organisational objectives.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

None.

10. APPENDICES (if applicable)

Appendix A – Corporate Risk Register
Appendix B – Cluster Assurance Maps
Appendix C – Inspections Planner

11. REPORT AUTHOR CONTACT DETAILS

Name   Ronnie McKean
Title   Corporate Risk Lead
Email Address   romckean@aberdeencity.gov.uk
Tel   01224 5223412