

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	23 March 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Corporate Risk Register, Cluster Assurance Maps, and Inspections Planner
REPORT NUMBER	COM/23/070
DIRECTOR	Gale Beattie
CHIEF OFFICER	Jenni Lawson
REPORT AUTHOR	Ronnie McKean
TERMS OF REFERENCE	Remit 1.1

1. PURPOSE OF REPORT

- 1.1 To present the Corporate Risk Register, Cluster Assurance Maps and Inspections Planner and to provide assurance on the Council's overall 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. CURRENT SITUATION

- 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 scrutinise the Cluster Risk Registers that are relative to each Committee remit to receive 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 February 2022

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 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.

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

Risk Category	Risk Title	Target Risk Appetite	Aligned with RAS?
Strategic	Workforce Capacity and Organisational Resilience	Averse	Yes
Compliance	Civil Contingencies Compliance	Averse	Yes
	Health & Safety Compliance	Averse	Yes
Operational	Excessive resettlement and asylum demand and risk of harm	Averse	Yes
	Cyber Security	Cautious	Yes
	Industrial Action – Pay Negotiations	Averse	Yes
Financial	Supply Chain - Commodity Risks	Averse	Yes
	Financial Sustainability	Averse	Yes
Environment/Climate	Climate Change (Place)	Cautious	Yes

- 3.5 Committee is asked to note that the risks contained in the CRR are those which ECMT and the Risk Board consider the most significant at the time of writing. These must be read alongside the Assurance Maps for each risk, where the completed control actions for these risks are documented – in each case, there are controls already in place, and those yet to be completed.

- 3.6 Below is a comparison with the corporate risks reported to Committee in February 2022:

De-escalated to Cluster level:

1. Information Governance to reflect progress and assurance provided by effective risk mitigation and controls. The risk will continue be monitored by the Cluster and the Information Governance Group.

2. Climate Duties – Council Compliance to reflect progress and level of assurance provided by effective risk mitigation and controls. The risk will continue to be monitored by the Cluster and the Climate Change Oversight Group.

Escalated to Corporate level:

1. Resettlement and Asylum Demand to reflect the in-year increase in demand following the war in Ukraine, concurrent with populations from Afghanistan and Syria.

Remaining on Corporate Risk Register:

1. Financial Sustainability
2. Health and Safety Compliance
3. Civil Contingencies Compliance
4. Cyber Security
5. Climate Change (Place)
6. Industrial Action – Pay Negotiations

Redrafted:

1. Workforce Capacity and Capability has been recast as Workforce Capacity and Organisational Resilience to reflect the impact of growing budget pressures on the workforce.

3.7 Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR if deemed necessary. When the Risk Board receives the required assurance that significant risks are being managed, they will agree to de-escalate them back to Cluster level. This will generally be the case when the target risk score is achieved, and the residual risk is aligned with the Risk Appetite Statement.

3.8 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

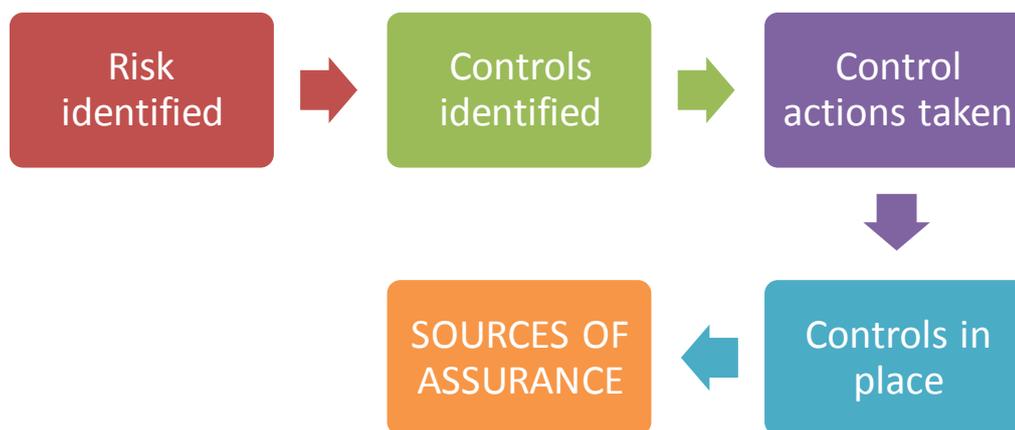
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6
Likelihood		Impossible	Almost Very Low	Low	Significant	High	Very High

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

- The Council's Risk Appetite Statement (RAS) has been reviewed and updated and is before the Committee for approval today.
- "Managing Risk" pages were published on the Council's intranet pages which contains information and links for officers and elected members on the Council's RAS, Risk Management Policy, Guidance and Training. This is a positive step forward in embedding our risk management culture and ensuring everyone knows the part they play in managing risks within the wider system.
- Training was provided to officers on the updated Committee report template risk sections that were reviewed and updated to reflect RAS, ensuring that officers fully align their proposals to elected members with the Council's agreed risk appetite statement.
- Risk owners and leads continue to review and update risk registers to improve monitoring and reporting across the organisation. These are mechanisms which reflect the day to day business of assessing and mitigating the risks and opportunities inherent in delivering public services.

Assurance Maps

3.10 The risk registers which are reviewed by the Council's Committees detail the risks identified within each of the relevant Functions and Clusters and provide 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.



3.11 Each Assurance Map provides a breakdown of the sources of assurance within “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.

3.12 Clusters will continue to review and update assurance maps to support their Risk Registers, and these will be reported to the operational committees over the course of the year.

Inspections Planner

3.13 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.

3.14 The Inspections Planner, together with the Assurance Maps, will continue to be kept under review throughout the year and updated as control actions are completed and become sources of assurance.

3.15 In previous years, the Local Area Network (LAN) produced a local report for this Committee to advise on inspections to be carried out in the coming year by external scrutiny bodies. Audit Scotland have confirmed that this report is no longer produced, but that the body incorporate any areas of concern from the LAN into the annual external audit report. This will be submitted to the Committee in June.

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. 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 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 operate. The system ensures that all risks attaching to the Council's business and strategic priorities are identified, appropriately managed and are compliant its statutory duties.

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

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	The council's risk management system requires that risks are identified,	L	Yes

	to identify and mitigate its risks.	listed and managed via Risk Registers.		
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 – Corporate Risk Register

11.2 Appendix B – Cluster Assurance Maps

11.3 Appendix C – Inspections Planner

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