# ABERDEEN CITY COUNCIL

| COMMITTEE | Audit, Risk and Scrutiny Committee |
|---|---|
| DATE | 8th May 2025 |
| EXEMPT | No |
| CONFIDENTIAL | No |
| REPORT TITLE | Corporate Risk Register, Cluster Assurance Maps, and Inspections Planner |
| REPORT NUMBER | CORS/25/086 |
| DIRECTOR | Andy MacDonald |
| CHIEF OFFICER | Vikki Cuthbert |
| 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 and the summary of movements in risk scores set out in table at section 3.8;

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 the system of 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 system of risk management within the council and across the wider enterprise of our Arms Length Organisations,   is a key role for the Committee, A proportionate approach to monitoring and reporting of ALEO risks is taken via the ALEO Assurance hub. It is the role of the Council's service Committees to scrutinise the Cluster Risk Registers that are relative to each Committee remit and to receive assurance of the controls in place and the Audit, Risk and Scrutiny Committee's role to scrutinise the Corporate Risk Register.

3.2     The Council's Corporate Risk Register (CRR) provides a high-level overview of the Council's operational risk environment and captures the risks which, at this

time, pose the most significant threat to the achievement of our organisational outcomes and which have the potential to cause failure of service delivery. Risks which will face us in the next 12 months are identified through broader horizon scanning, using resources such as the government publications, the National Risk Register, inspection and audit reports (of our own authority as well as others') and the Corporate Risk Registers of our peers in local government. The impact of financial uncertainty, geo-political events and risks being managed by UK and Scottish governments, all help to inform this risk profile for the council. At local authority level, the corporate level risks are very similar when compared amongst councils

3.3    The CRR is scrutinised by the Risk Board after being updated by risk managers and owners. The Chief Executive has designated the Chief Officer Governance, as lead for the organisations approach to risk management and therefore chairs the Risk Board. The Chief Officer has sufficient seniority to undertake this role, and through reporting to the Director of Corporate Services, can influence effective decision making.

3.4    The Risk Board reviews the Corporate Risk Register at each of its Risk and Compliance based meetings and in addition to these reviews, each Corporate level risk is selected for a "Deep Dive" review on an annual basis. This review places particular focus on the adequacy and effectiveness of the control actions in place and the progression towards risk mitigation and/or de-escalation.

3.5    The CRR was last reported to the Committee in February 2024. An updated version is attached to the report at Appendix A.

3.6    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 |

3.7 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. 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 | Reinforced Autoclaved Aerated Concrete Panels and Planks (RAAC) | Cautious | Yes |
| | Cyber Security: External Threats | Cautious | Yes |
| | Cyber Security: Organisational Environment | Averse | No |
| | Cyber Security: Supply Chain | Cautious | Yes |
| | Pace of unplanned resettlement and asylum demand and risk of harm | Cautious | Yes |
| Financial | Financial Sustainability | Averse | Yes |
| Environment/Climate | Climate Change (Place) | Cautious | Yes |

3.8 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.

3.9 Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR if deemed necessary. The escalation of the risks associated with the discovery of RAAC materials within council houses from the Corporate Landlord Cluster Risk Register to the CRR where it remains, is a good example of the escalation of risks. When the Risk Board receives the required assurance that escalated 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.

3.10 Below is a comparison with the corporate risks reported to Committee in February 2024:

De-escalated to Cluster level:

1. Supply Chain – Commodity Risks – This risk was de-escalated to Cluster level as inflation had stabilised to a degree and less requests for price increases on contracts were coming through the system. Given the announcement on National Insurance increases and the impact that tariffs may have on the competitive landscape this risk will be closely monitored and regular assessments carried out on potential controls/mitigations and to assess scale of impact, all of which will support limiting the exposure for the Council. Assessment will also determine whether this risk should be escalated to the CRR.

Escalated to Corporate level:

1. The Cyber Security risk previously reported has been redesigned to better reflect the risks and potential impacts in this area and differing mitigations required.

Remaining on Corporate Risk Register:

| Risk Title | Current Risk Score 2024 | Current Risk Score 2025 | Movement |
|---|---|---|---|
| Civil Contingencies | 9 | 9 | → |
| Climate Change (Place) | 12 | 12 | → |
| Cyber Security: External Threats | N/A | 12 | N/A |
| Cyber Security: Organisational Environment | N/A | 12 | N/A |
| Cyber Security: Supply Chain | N/A | 12 | N/A |
| Resettlement and Asylum | 12 | 12 | → |

| | | | |
|---|---|---|---|
| Financial Sustainability | 16 | 16 | ➡️ |
| Health and Safety Compliance | 9 | 9 | ➡️ |
| RAAC | 12 | 9 | ⬇️ |
| Workforce Resilience | 12 | 12 | ➡️ |

**Risk Overview**

3.11   The movement in these risks is explained in some further detail below by risk owners:

Civil Contingencies

3.12   Additional control actions were progressed this year to further mitigate the impact of emergency incidents. In particular, it was identified that further work was needed on our volunteer pool to enable the Council to stand up a rest centre. Efforts will continue to build the pool however we are reassured that we have adequate cover. As a further additional control, the impact of budget options on emergency response is built into the budget setting process and the risks identified during incidents are logged and reviewed regularly to ensure that all reasonable actions are taken to mitigate these. More critically, the focus is on ensuring our Persons at Risk Database is upgraded before Winter 2025, and that the next draft of our corporate National Power Outage Plan will be available to be tested and exercised in 2026. These are significant pieces of work which need to be completed in order to reduce the risk score.

Climate Change (Place)

3.13   In the context of climate and nature emergency and in light of the pace and implications of evolving legislative requirements on climate change, this risk has continued to be kept under regular review, with control actions strengthened and updated. Although systems are in place, the risk rating reflects the inherent nature of current and future changes in climate; the assessment of local risks and vulnerabilities as a result of global climate change; as well as the implications for cascading place-based risks. Helping to mitigate risks, a range of control actions in relation to climate strategy, governance, decision making, engagement, capacity, monitoring are in place, and these are reflected in the Place Assurance Map. Control actions completed in the last year include the establishment of a stakeholder Net Zero and Adaptation Board; delivery of climate training; and the roll out of national tools and data mechanisms to support climate planning.

Cyber Security (External Threats / Organisational Environment / Supply Chain

3.14   The separation of the cyber risks has allowed greater focus on specific areas of risk and their impact. Within these the risk in this area remains higher than the risk appetite as the organisation continues to modernise its estate and remove technical debt. Recent global incidents have also demonstrated the

difficulty in providing complete assurance over supply chain due to the distributed nature of services. The current risk level accurately reflects the current position and the delivery programmes within digital will continue to address both likelihood and impact.

Resettlement and Asylum Demand

3.15 The risk in this area has remained high due to the on-going pressures of both increased and continuous levels of inward migration as a result of mandatory and planned programmes and it is anticipated that will continue to create a challenging and demanding environment for housing support, homelessness, education and health services. The mitigating control actions on-going and completed, are viewed as being sufficiently robust to offer safeguards to mitigate against the risks of the known programmes and it is anticipated that these in addition to regular monitoring of the risk will prevent any further escalation of the risk score. In addition, the adoption of the Resettlement Delivery Programme has increased oversight and scrutiny of our work in this area.

Financial Sustainability

3.16 Financial Sustainability has never been as important as it is now. The Council's finances are under pressure from new and enduring financial risks. The General Fund Revenue Budget and Capital Programme 2025/263 to 2029/30 [CORS/25/048], Budget Protocol and Budget Update report to Council [CORS/24/357] and the quarter 3 financial performance report to Finance and Resources Committee [CORS/25/036] drew attention to the key risks and the erosion of the Council's financial resilience..

It is even more important that the Council remain vigilant and pro-active in the management of these financial risks, ensuring that the Council is prepared to address what is continuing to be a very volatile and complex financial environment.

Health and Safety Compliance

3.17 Compliance with health and safety legislation is reliant upon sound governance i.e. a Health and Safety Policy and related procedures in combination with training for staff and communications to staff on their responsibilities, and compliance with this governance is key. The risk register reflects that the right governance arrangements are in place and that staff have the toolkits available to them to support compliance. Occasional lapses in reporting and gaps in controls are compliance issues for all organisations, particularly those with scale and complexity of a local authority, however we must grow our capability to identify these early and take corrective action. Methods for doing so, over and above compliance checks by the Corporate Health and Safety team, continue to be developed; these include the introduction of Compliance Dashboards for the highest risk health and safety areas. These will allow data on Cluster compliance with eg fire safety actions, health and safety audit actions, to be reviewed at Chief Officer level and monitored at Director level and corrective action taken where necessary. The target risk score will become more achievable with an increased focus on compliance.

Reinforced Autoclaved Aerated Concrete Panels and Planks (RAAC)

3.18    The Council response to RAAC continues to be overseen and directed by the Officer RAAC Board, who routinely review and mitigate risks. Considerable progress has been made in supporting tenants to relocate to new homes not impacted by RAAC. As of the end of March 2025, the 10 remaining tenants not yet signed for a new tenancy are in receipt of an offer. This movement is reflected in the slightly reduced risk score.

Work progresses to explore the alternative options for owners presented by community groups and the outcome will be presented to Committee in due course. In the meantime, owners continue to take advantage of the voluntary acquisition process.

RAAC panels have been fully removed from St Machar Academy, and mitigation measures are effective at both Northfield and Hazlehead Academies whilst work progresses on the delivery of new buildings. Surveys on the commercial estate will conclude over the next period. Appropriate next steps will be determined when the structural engineers report has been considered.

Mitigation actions are successfully reducing the level of risk, and it is anticipated that this risk will move to cluster level in due course.

Workforce Resilience

3.19    There are a number of both local and national issues which may impact on our workforce and our Industrial Relations at a local level. These include but are not limited to – national pay awards, budget pressure and a requirement for continuous improvement or response to changing external and statutory requirements leading to a need to redesign, potential changes to local terms and conditions, changing legislation at a national level. In response, we have relied heavily on our well-developed employee communication and voice channels to keep the workforce informed and engaged about any such changes locally or nationally, we are working closely with Chief Officers and their SMTs to effectively lead their services through challenging financial times and ensure they are equipped with the skills, resources and support they need. The recently approved Flexible Working Policy provides employees and their service managers with increased flexibility to adapt to new ways of working, the success in our absence improvement plans is evident in our latest reduced sickness absence figures. We continue to address the workforce risk as a pressing priority for People Services and Aberdeen City Council more widely.

3.20    Continued Improvement

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.

- Regular review and updates to "Managing Risk" pages published on the Council's intranet pages. These pages contain information and links for officers and elected members on the Council's RAS, Risk Management Policy, Guidance and Training.
- Review of the Council's Risk Management Policy
- 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.
- Work to complete the recommendations from the internal audit of the Council's Risk Management arrangements.

Assurance Maps

3.21 The risk registers which are reviewed by the Council's service 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 in place 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.
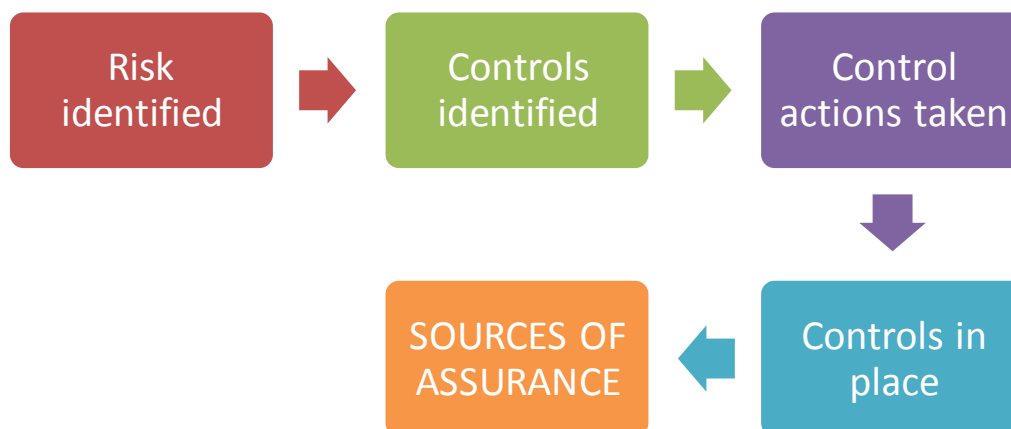
3.22 Each Assurance Map provides a breakdown of the sources of assurance within "three lines of defence", the different levels at which risk is managed. Within a large and complex organisation like the Council, risk management takes place in many ways. The Assurance Map is a way of capturing the sources 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 | Oversight of risk management and ensuring compliance with standards, in our case including ARSC as well as CMT and | Internal and external audit, inspection and regulation, thereby offering independent assurance of the first and |

| and managing risk as part of business as usual; these are the business owners, referred to as the "do-ers" of risk management | management teams; setting the policies and procedures against which risk is managed by the do-ers, referred to as the "helpers" of risk management. | second lines of defence, the "do-ers" and "helpers", referred to as the "checkers" of risk management. |
|---|---|---|

3.23 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. In addition, the assurance rating presented in Internal Audit reports, relative to the risk rating, assists us in fully defining the controls in place and the extent to which they are acting as a defence against a risk manifesting.

Inspections Planner

3.24 The Inspections Planner provides Committee with a timetable of known external/internal audits and third-party 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.

3.25 The Inspections Planner, together with the Assurance Maps, will continue to be kept under review throughout the year in light of any changes to the risk environment of the council.

## 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 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 | It is confirmed by the Interim Chief Officer – Governance (Assurance) that no Integrated Impact Assessment is 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


## 12.    REPORT AUTHOR CONTACT DETAILS

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