

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is a shield divided into four quadrants. The top-left quadrant shows a saltire (an X-shaped cross). The top-right quadrant shows a stag's head facing left. The bottom-left quadrant shows a three-masted sailing ship on wavy lines representing water. The bottom-right quadrant shows a grizzly bear standing on its hind legs, facing left. Above the shield is a crown with four maple leaves. A banner at the bottom of the shield contains the motto "A NE FOR A".

Agenda Item

7

Council of the Future Update

Falkirk Council

Title: Council of the Future Update
Meeting: Audit Committee
Date: 9 April 2018
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 The Audit Committee previously requested updates on the Council of the Future change programme.

2. Recommendation

- 2.1 **The Audit Committee is asked to note the update on the Council of the Future change programme, and in particular, the further development of the risk register and a Risk Strategy to govern this.**

3. Background

- 3.1 Following the approval of the Council of the Future change programme on 20 September 2017, considerable work has been undertaken to progress the actions agreed by Council. Since last reporting in November, the Council of the Future Board has met on two occasions to consider progress on projects, the engagement plan and the risk register for the programme (the March meeting of the Board is required to be re-scheduled due to the severe weather situation).

4. Considerations

- 4.1 Progress on Council of the Future projects is currently on track. This is being monitored by the Council of the Future Board, who have received presentations on various projects. In addition, quarterly reports are submitted to the Executive.
- 4.2 The Council of the Future Board has updated the risk register to include a target risk level if all controls and mitigations are being managed appropriately. This is attached as appendix 1 for information.

- 4.3 In addition, the Board has agreed a Strategy to govern how risk will be managed. This includes a commitment to monitor the risk register by exception at each meeting of the Board. In addition, the risk register will be reviewed at 6 monthly intervals. The Strategy also provides clarity on how project lead officers should be monitoring risk and when they should escalate this and to whom. The Strategy is attached as appendix 2 for information.
- 4.4 All project lead officers will be considering the operational risks for their specific projects using the template included in the Strategy, and will continue to monitor these as part of their on going project management arrangements.

5. Consultation

- 5.1 No consultation was carried out in the preparation of this report.

6. Implications

Financial

- 6.1 There are no specific financial implications arising as a result of this report.

Resources

- 6.2 There are no specific resource implications arising as a result of this report.

Legal

- 6.3 There are no specific legal implications arising as a result of this report.

Risk

- 6.4 The risks associated with the Council of the Future programme of change are set out in the attached risk register.

Equalities

- 6.5 There are no specific equality implications arising as a result of this report.

Sustainability/Environmental Impact

- 6.6 There are no specific environmental or sustainability implications arising as a result of this report.

7. Conclusions

- 7.1 The Council of the Future change programme is now being implemented following its approval by Council on 20 September 2017. The Council of the Future Board is monitoring progress on implementation and the risk register has now been agreed by the Board as attached as appendix 1.

Director of Corporate & Housing Services

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Date: 26.3.18

Appendices

Appendix 1 – Council of the Future Risk Register

Appendix 2 – Council of the Future Risk and Opportunities Management Strategy

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

None

COTF – Programme Risk Register

Risk Statement	Likelihood (1 – 5)	Impact (1 – 5)	Overall Score	Worst Case Consequences	Controls / Mitigation	Target risk after controls / mitigation		
						Likelihood (1 – 5)	Impact (1 – 5)	Overall Score
<u>Political and Policy Decisions:</u> Such as elections, political change, and changes in vision or policy, delay progress.	4	5	20	Failure to deliver the planned programme of Council of the Future work and to achieve the required savings in the required timescales, leading to: <ul style="list-style-type: none"> absence of required skills or expertise to deliver services; service failure (including delivery of statutory services); and external intervention in the running of the Council. 	Key controls as follows: <ul style="list-style-type: none"> COTF Board in place (comprising elected Members and Chief Officers); Programme of COTF work agreed and being progressed; Change Manager and Project Management Office team appointed to ensure good practice and drive pace of change; Framework for COTF reporting, timelines, outcomes, and benefits developed and subject to constant review. 	3	3	9
<u>Partners / stakeholders (partner projects only):</u> Insufficient support, funding, or resource capacity to deliver shared outcomes.	4	4	16			3	3	9
<u>Short-Term / Low Value issues:</u> Delivery of strategic vision and financial targets hampered by focus on short-term, less significant, deliverables or issues.	4	4	16			3	3	9
<u>Information:</u> Insufficient to support options generation, options appraisal, or effective decision making.	3	5	15			2	4	8
<u>Outcomes and benefits:</u> Including financial savings (or income generation targets) are not realised, or are insufficient to meet overall budget gap.	3	5	15			2	4	8

Risk Statement	Likelihood (1 – 5)	Impact (1 – 5)	Overall Score	Worst Case Consequences	Controls / Mitigation	Target risk after controls / mitigation		
						Likelihood (1 – 5)	Impact (1 – 5)	Overall Score
<u>People:</u> Staff do not have sufficient skills, experience, support, or authority to manage the required transformational change.	3	5	15	<p>Failure to deliver the planned programme of Council of the Future work and to achieve the required savings in the required timescales, leading to:</p> <ul style="list-style-type: none"> absence of required skills or expertise to deliver services; service failure (including delivery of statutory services); and external intervention in the running of the Council. 	<p>Key controls as follows:</p> <ul style="list-style-type: none"> COTF Board in place (comprising elected Members and Chief Officers); Programme of COTF work agreed and being progressed; Change Manager and Project Management Office team appointed to ensure good practice and drive pace of change; <p>Framework for COTF reporting, timelines, outcomes, and benefits developed and subject to constant review.</p>	3	3	9
<u>COTF leadership:</u> Lack of COTF programme ownership, engagement, or capacity at senior level, or failure to provide strategic direction and ensure accountability / progress.	2	5	10			2	4	8
<u>Programme management and governance:</u> Arrangements nor clear, embedded, or effective.	2	4	8			2	3	3
<u>Communication and Engagement:</u> Strategy is not effective, either internally (eg lack of a shared vision, pace, or ambition), or externally (eg understanding of customer needs).	2	4	8			2	3	6
<u>Legal challenge:</u> Challenge, complaints, or enquiries result in delays to individual projects and, consequently, on overall programme delivery.	2	4	8			2	3	6

Risk Statement	Like- lihood (1 – 5)	Impact (1 – 5)	Overall Score	Worst Case Consequences	Controls / Mitigation	Target risk after controls / mitigation		
						Like- lihood (1 – 5)	Impact (1 – 5)	Overall Score
<u>Interdependencies:</u> Knock-on impacts between parts of the programme are not adequately recognised and managed.	2	4	8			2	3	6



FALKIRK COUNCIL

**COUNCIL OF THE FUTURE
PROGRAMME**

**RISK AND OPPORTUNITIES
MANAGEMENT STRATEGY**

November 2017

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DOCUMENT HISTORY

Document Title:	COTF Programme Risk and Opportunities Management Strategy	Lead Reviewer:	COTF Programme Manager
Owner:	COTF Change Board	Superseded Version:	V1.4, 25 July 2017
Version No:	V1.5, 08 November 2017	Next Review Date:	November 2018

1. POLICY STATEMENT – THE COUNCIL’S APPROACH TO MANAGING COTF RISKS AND OPPORTUNITIES

- 1.1 Council of the Future aims to deliver a programme of change over the next 5 years. It will take a more structured, benefits focused, approach to radically redesigning how services are delivered, and will make a significant contribution towards the 2018/19 (and future) budget process.
- 1.2 The purpose of this Risk and Opportunities Management Strategy is to provide a proportionate, systematic, and effective method by which risks and opportunities can be managed across the COTF Programme. The strategy supports, and should be read in conjunction with, the over-arching Corporate Risk Management Policy and Framework.
- 1.3 Risk means an **uncertainty**, which has a **possibility** of resulting in positive (opportunity) or negative (threat) consequences for the Council, our citizens, or partners.
- 1.4 COTF Programme risks and opportunities will be reviewed as outlined at **Section 2**.
- 1.5 The roles and responsibilities of Elected Members and Officers in relation to COTF risks are outlined at **Section 3**.
- 1.6 Risk affects every activity / project to a greater or lesser degree, and failure to acknowledge this can have serious consequences. These consequences include, but are not limited to, financial loss, delays, impact on health, service disruption, reputation, and litigation. If risks are managed effectively, the Programme outcomes can be improved.
- 1.7 Measures of success include:
 - successful delivery of COTF objectives, outcomes, and savings;
 - a clearer understanding of the risks (uncertainties) and potential consequences;
 - clear, agreed, and measureable actions to mitigate risks / maximise benefits;
 - well informed decisions - fewer unexpected problems and adverse incidents; and
 - successful outcomes from external scrutiny, e.g. audits and best value reviews.

2. RISK ASSESSMENT, MONITORING, REPORTING, AND ASSURANCE

2.1 Risk / opportunity should be considered for all COTF projects (as appropriate) and for the programme as a whole. This should include:

- risk(s) of inaction, e.g. rising costs of maintaining assets;
- risk(s) of actions, e.g. inter-dependencies / knock on effects, short-term uncertainty, interruption, or additional costs;
- worst case consequences, i.e. what's the worst that could happen, e.g. death, running out of money to deliver vital Services, or statutory breach;
- opportunities, i.e. what's the benefit to e.g. Council, staff, service users, wider population;
- risk rating, i.e. what's the level of (un)certainty in managing risks / meeting deliverables;
- mitigating actions, i.e. what actions are being taken to mitigate the risk. There should be a link to the key actions that are recorded on Covalent.

2.2 Examples of the types of risk and impact / consequence to consider are set out at **Appendix 1** (but note this is not an exhaustive list).

2.3 The COTF Board should oversee the development and monitoring of Programme risk management arrangements:

- an overarching **Programme Risk Register** has been developed and will be monitored by the COTF Board with support from the PMO. It will be reviewed by exception at each meeting of the COTF Board and fully considered by the Board every c6 months. This should include an assessment of the (un)certainities relating to the delivery of the overall programme outcomes; and
- **Project Risk Register(s)** should be developed and maintained for each COTF project (as appropriate to the scale of the project), setting out the risks that could affect that project's success. Any relevant project risks should be reviewed on an ongoing basis by those responsible and accountable for the delivery of individual projects. High risks should be escalated as appropriate.

2.4 Suggested guidance on scoring and escalating risks and opportunities is provided at **Appendix 2**. A suggested Project Risk Template is at **Appendix 3**, and suggested

overarching Highlight Report at **Appendix 4**. Use of these templates should be as appropriate to the type of project, and should be driven by the scale of each project and associated risk. Risk details should be maintained on Covalent (and linked to measurable actions).

3. ROLES AND RESPONSIBILITIES FOR COTF RISKS

3.1 The roles and responsibilities for COTF risks are similar to the broad risk management responsibilities set out within the CRM Policy and Framework (available on the [intranet](#)).

3.2 In relation to the COTF Programme, specific roles and responsibilities include:

- Members are responsible for scrutinising and reviewing risks and opportunities, to help inform their decision making process;
- the COTF Board is responsible for identifying and scrutinising COTF programme risks, providing risk reports to Members, and monitoring the effectiveness of the COTF Risk and Opportunities Management Strategy; and
- Project Managers / Lead Officers are responsible for assessing project risks and opportunities, and ensuring that the COTF Risk and Opportunities Management Strategy is applied effectively.

APPENDIX 1: PROGRAMME / PROJECT RISKS - EXAMPLES

1. **Leadership:** insufficient ownership, engagement, or capacity at Chief Officer and / or Member level, e.g. failure to provide strategic direction, briefs for Managers, and ensure accountability / progress.
2. **Programme management and governance arrangements:** are not effective, or not sufficiently embedded, to deliver or evidence progress and outcomes.
3. **Information:** is insufficient to support options generation, evaluation of deliverables and risks, and effective decision making, e.g. at planning, options, evaluation, or review stages. In particular, there is no or ineffective project planning in place to support project delivery.
4. **All benefits:** including financial savings (or income generation targets) are not realised, or are insufficient to meet overall budget gap.
5. **Political and Policy Decisions:** such as elections, political change, and changes in vision or policy, delay progress.
6. **Communication and Engagement:** strategy for the programme is not effective, either internally (e.g. lack of a shared vision, pace, or ambition), or externally (e.g. understanding of customer needs).
7. **Partners / stakeholders:** insufficient support, funding, or resource capacity to deliver shared outcomes.
8. **Legal challenges:** complaints or enquiries result in delays to individual projects.
9. **Interdependencies:** knock-on impacts between parts of the programme are not adequately recognised, and this could lead to issues with delivery and / or lost opportunities for future-proofing.
10. **Short-Term / Low Value issues:** the delivery of the strategic vision and financial targets for the Programme and, therefore, wider economic / service benefits, is hampered by the predominance of short-term, less significant issues.
11. **People:** staff do not have sufficient skills, experience, or support to manage transformational change, e.g. lack of project management experience, or inability to recruit and retain sufficiently skilled and experienced staff / advisors.

APPENDIX 2: INDICATIVE SCORING AND ESCALATION GUIDANCE

Risk Scoring Matrix	
Likelihood	
	Impact

Risk and Opportunity Reports – Review and Escalation				
		Programme Report (Highlights) (See Appendix 4)	Project Risk Templates (Overview) (See Appendix 3)	Approach
High	Members	As Required	As Required	High Risks may be either: <ul style="list-style-type: none">• within the Project risk tolerance (mitigation is proportionate and effective); or• above the Project risk tolerance (additional mitigation actions are required).
	COTF Board	Y	As Required	
	Change Group	Y	As Required	
	Service Change Boards	Y	Y	
Medium	Members	As Required	N	Medium risks are within Project risk tolerance: <ul style="list-style-type: none">• controls / mitigation are proportionate and effective; and• Target Risk Level and actions are not required
	COTF Board	Y	N	
	Change Group	Y	As Required	
	Service Change Boards	Y	Y	
Low	Low risks do not need to be recorded on the Programme or Project Risk Register.			
	Project Managers should monitor these at an operational level and, if risks increase materially, add them to Project Risk Registers.			

Likelihood /
1 Almost Impossible
2 Unlikely
3 Possible
4 Likely
5 Almost Certain

Impact / Consequences (if outcomes are not met)					
Score	Outcomes, Savings, or Timescales	Reputational	Harm to People or Assets	Interruption to Service or Project	Audit/ / Legal / Compliance
1 Negligible	Negligible impact on project outcomes.	None, or little, media interest; information is in the public domain, but managed.	None or very minor injury and / or damage.	None or little disruption to one service, or project delay.	Little interest from audit body / regulator; but no criticism or action required.
2 Minor	Some impact on project, but not programme, outcomes.	Local media interest and / or customer complaints.	Minor injury and / or damage.	Minor disruption to multiple services, or project delay.	Action required; but unlikely to result in criticism and / or penalty.
3 Moderate	Moderate impact on project and / or programme outcomes.	Regional media interest and / or multiple complaints.	Moderate injuries and / or damage.	Some disruption to service, or project delay.	Action required, and may result in criticism and / or penalty.
4 Major	Major variance in project and / or programme outcomes.	National media interest and / or serious loss of confidence.	Major injury, death, and / or assets destroyed.	Major service disruption, loss of multiple services, or project delay.	Major legal action, penalty, and / or criticism.
5 Severe	Major variance in programme outcomes.	Sustained media interest, complaints, and / or loss of confidence.	Multiple deaths and / or assets destroyed.	Extended disruption or loss of service, or project delay.	Severe penalty, criticism and / or legal action.

APPENDIX 3: SUGGESTED (Example) PROJECT RISK TEMPLATE

PROJECT REF / NAME	MD5 Strategic Property Review	Lead / Sponsor	DS – Head of Economic and Environmental Services		
Total Savings (Net £m)	Issue / Deliverables	Portfolio Holder (and / or Group)		Current Risk Rating	
	The Council's property portfolio is unsustainable in terms of the numbers of properties operated, efficiency and purpose, the level / costs of backlog of repairs, and fitness for purpose.	Resources		High	
Description of Risks and Opportunities		Current Controls / Mitigation: What is currently being done?			
Financial: <ul style="list-style-type: none">Receipts will be affected / reduced by demolition costs.Asbestos and may negate some land values and estimates.Provide clarity of budget impact. There is a need to ensure:<ul style="list-style-type: none">a) there is no double counting of savings, andb) that these are actual savings and not spend to save / spend to invest projects.		<ul style="list-style-type: none">A financial plan will accompany the Strategic Property Review findings as a basis for determining investment priorities and any efficiencies.			
Assets: <ul style="list-style-type: none">Uncertainty around strategy for properties with expiring leases in 2018, e.g. Call Sq OSS Jan 18, Camelon OSS Mar 18, 84 Grahams Rd June 18, Abbotsford House, Sep 18.					
Interdependencies: <ul style="list-style-type: none">Services may continue to work on a silo basis, “owning” / planning their property for their own needs without sufficient regard to the corporate direction, efficiency, or budget savings.		<ul style="list-style-type: none">Engagement - fully embrace a corporate / one Council culture.Interdependencies, potential savings, and options to be thoroughly assessed.			
Information <ul style="list-style-type: none">lack of robust and timely information, e.g. delay in completion of asset utilisation templates.		<ul style="list-style-type: none">Asset utilisation templates have been provided, for Services to complete.For feasibility studies, Services require to ensure that appropriate input is provided, especially in areas where service transformation is occurring.			
Worst Case Consequences		Associated Corporate Risk(s)			
<ul style="list-style-type: none">Death or serious injury due to unsafe buildings (if no change), or during demolition / new build.Statutory breach - buildings aren't compliant with e.g. buildings, fire, or, equalities regulations.Litigation and legal challenges on proposals – may result in costs, delays, reputation damage.Financial – unanticipated build costs, or ineffective spend (poor assessment of need / design).		Assets		Medium	
		Equalities		High	
		Health and Safety		Medium	
ADDITIONAL MITIGATION ACTIONS / MILESTONES: What More Needs to be Done?					
Covalent Ref.	Task	Lead	Progress	Time Scale	
COTFP-MD5.1	Carry out an appraisal of quick wins and develop a list of priority locations for Members' consideration.	C Isdale			
COTFP-MD5.2	Services to complete asset utilisation templates	Chief Officers			
COTFP-MD5.3	Accommodation needs and Options to be thoroughly assessed.	C Isdale			
COTFP-MD5.4	Environmental and Carbon Tax implications to be fully assessed and costed.	R Millard			
Latest Note – Emerging Issues, Key Issues, and Progress					Review Date
If Services do not provide timely asset utilisation information to Officers there may be a delay in putting options to Members and getting a decision on quick wins. This could lead to substantial delays in realising savings, and avoidable ongoing costs (e.g. maintenance, carbon tax, and running costs in buildings that are not fit for purpose.					

APPENDIX 4: SUGGESTED OVER-ARCHING HIGHLIGHT REPORT

Summary of High Risk Projects			
Project Ref / Name	Description of Risks / Opportunities	Risk Profile (RAG)	Lead Service
MD5 - Strategic Property Review	The Council's property portfolio is unsustainable in terms of the numbers of properties operated, efficiency and purpose, the level / costs of backlog of repairs, and fitness for purpose.		DS
MD7 - Grey Fleet			DS
EEC7 - Employment and Training Unit review			DS

Summary of Medium (Service / Operational) Risk Projects			
Project Ref / Name	Description of Risks / Opportunities	Risk Profile (RAG)	Lead Service