# Agenda Item 4

## Corporate Risk Management Update

**Falkirk Council**

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| **Title:** | **Corporate Risk Management Update** |
| **Meeting:** | **Audit Committee** |
| **Date:** | **26 September 2016** |
| **Submitted By:** | **Director of Corporate and Housing Services** |

## 1. Purpose of report

1.1 The purpose of this short report is to provide an update on progress with embedding the Corporate Risk Management (CRM) Policy and Framework, and to present a revised Summary of Corporate risks, for approval.

## 2. Recommendations

**The Audit Committee is asked to note that:**

**(1) the Summary of Very High and High Corporate Risks at Appendix 1, and the Summary of Medium Corporate Risks at Appendix 2; and**

**(2) a CRM update will be provided to the Executive, on 18 October 2016.**

## 3. Background

3.1 At its meeting in April 2016, the Audit Committee agreed:

3.1.1 the revised CRM Policy and Framework and Corporate Risk Register (CRR), and agreed to refer these to the Executive for approval (who subsequently approved these in May 2016);

3.1.2 to note progress with embedding the CRM Policy and Framework; and

3.1.3 to receive 6 monthly updates.

3.2 As a result, Services have undertaken a range of work, e.g. risk workshops, to ensure that their Corporate risks are reviewed and remain robust. These are now presented to Committee as Appendices 1 and 2 of this report.

## 4. Considerations

4.1 This paper is provided in line with the CRM Policy and Framework. CRM Group and Corporate Management Team (CMT) will continue to monitor risks and provide Members with regular updates.

4.2 Services are finalising their risk reviews – including the 'worst case' consequences, key controls, and lessons learnt; and details will be provided in the next CRM update to the Audit Committee in March 2017.

4.3 West Lothian Council's Internal Audit Team undertook an audit of the Council's CRM arrangements in early 2016, and provided Substantial Assurance. They will undertake a follow-up audit in early 2017.

4.4 CRM Group and CMT members will (as agreed by Committee in April 2016) review corporate risks on a cyclical basis – including 6 monthly reviews of very high and high risks, and annual reviews of medium risks.

4.5 CRM Group and CMT agreed, in June 2016, that a CRM Training Plan will be implemented (as part of Members' and Officers' development programs) – including Members' Risk Management Training in 2017/18.

4.6 Corporate Working Groups will undertake a review of their arrangements (including their remit, membership, and a self assessment of their effectiveness) during 2016.

4.7 A CMT and Members' Risk Workshop (which was agreed by Committee in April 2016) will take place in early 2017.

4.8 Services are embedding flexible Service Risk Management arrangements, as part of their Service Performance Planning processes.


## 5. Consultation

5.1 CMT have been consulted, and have agreed the recommendations within this paper and the Summary of Corporate Risks (at Appendices 1 and 2).


## 6. Implications


### Financial

6.1 There are no direct financial implications arising from this report. However, failure to manage Corporate risks could have significant financial consequences (as outlined in the Summary of Very High and High Corporate Risks at Appendix 1).


### Resources

6.2 There are no direct resource implications arising from this report. However, there is a need for continued commitment to embedding the CRM Policy and Framework (agreed in May 2016), and managing the risks identified within the Summary of Corporate Risks at (Appendices 1 and 2).

**Legal**

6.3 There are no direct legal implications arising from this report. However, failure to effectively embed the CRM Policy and Framework and manage Corporate risks could have significant legal consequences (as outlined in the Summary of Very High and High Corporate Risks at Appendices 1 and 2).

**Risk**

6.4 The key risks are failure to effectively:

6.4.1 implement the CRM Policy and Framework; and

6.4.2 identify, assess, mitigate, and report on the risks to delivering Corporate, Service, Partnership, and Project Plan outcomes.

6.5 The consequences and mitigating controls and actions for each corporate risk will be set out within a more detailed Corporate Risk Register, to be included within the next CRM Update to the Audit Committee in March 2017.

6.6 Risks will be monitored as part of the Council's governance arrangements - including Service Performance Planning, (Service) self assessments, and reviews of incidents, audits, and lessons learnt.

**Equalities**

6.7 An Equality and Poverty Impact Assessment (EPIA) was not required for this report. However, equality and poverty implications are captured within the Summary of Corporate Risks (at Appendices 1 and 2).

**Sustainability / Environmental Impact**

6.8 An Environmental Impact Assessment (EIA) was not required for this report. However, sustainability and environmental implications are captured within the Summary of Corporate Risks (at Appendices 1 and 2).

## 7. Conclusions

7.1 The CRM Policy and Framework is being embedded across the Council, and the CRM Group and CMT will continue to monitor and progress the actions outlined within this report.

7.2 CRM updates will continue to be provided to the Audit Committee and Executive on a 6 monthly basis.

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**Director of Corporate and Housing Services**

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**Date: 14 September 2016**

### APPENDICES

1. Summary of Very High and High Corporate Risks; and
2. Summary of Medium Corporate Risks.

### List of Background Papers

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

1. CMT Paper: CRM Training Plan, April 2016.

## Appendix 1: Summary of Very High and High Corporate Risks

| Risk Title | Risk Statement | Lead Officer(s) |
|---|---|---|
| **Adult Services** | | |
| Self-Directed Support Reforms (Balancing Enablement and Care) | There is uncertainty around the Council's capacity to deliver change due to resources, processes, skills and budgets; financial constraints, information and governance risks - including IT changes, loss of charging incomes, and potential increased fraud.<br><br>If managed well the reforms will create opportunities for improved enablement / choice and flexibility of support.<br><br>The risks & actions associated with this project are detailed within the SDS Project Risk Register.<br><br>Context:<br>Implementation of SDS will substantially impact on the Council, our partners and vulnerable people - in particular, older people, children and young people and those with physical, mental and learning disabilities. | Head of Adult Services |
| Harm to Vulnerable People / Public Protection: Adults | There is a risk of harm to vulnerable people, due to the Council failing to meet its' statutory public protection duties. This includes risks relating to achieving the Council and Partnerships' Goals and Outcomes, which are set out within e.g. the Corporate, Service, IJB, and Strategic Community plans. | Chief Social Work Officer<br>and<br>Head of Adult Services |
| Health and Social Care Integration | The risk is that Adult Services fail to meet the commitments agreed by the IJB, as set out within the HSCP's Strategic Plan. The HSCP's Strategic Risk Register has been agreed, and will be reviewed regularly, by the IJB - a risk summary is provided below:<br>Short-Term Priorities:<br>a) Financial Stability and Commissioning;<br>b) Leadership, Decision Making, and Scrutiny; and<br>c) Performance of the IJB.<br>Medium-Term Priorities:<br>a) Culture, behaviours, and values;<br>b) HR Management / Workforce Planning;<br>c) Service User and Unpaid Carer Experience;<br>d) Safety of Patients and Service Users, Staff and Volunteers, and<br>e) Unpaid Carers; and<br>f) Information Management and Information Governance.<br>Long-Term Priorities<br>a) Effective Links with Other Partnerships. | Chief Officer, Health and Social Care Partnership<br>and<br>Head of Adult Services |
| **Children's Services** | | |
| Integration of Education and Social Work Services to create Children's Services | The risks / challenges include:<br>a) Ensuring that functional areas of service delivery are mapped out;<br>b) Senior management accountabilities are assigned;<br>c) Senior management is recruited; and<br>d) Relationships with the new integrated health board are embedded in the service delivery approach. | Director of Children's Services |
| Closing the Gap in Attainment | The risks include not:<br>a) Increasing positive destinations/ outcomes;<br>b) Meeting attainment targets;<br>c) Improving pupil attendance; and<br>d) Delivering zero tolerance on literacy & numeracy. | Head of Education |
| Getting It Right For Every Child (GIRFEC) Change Program | The risks / challenges include:<br>a) Implementing "named person" responsibilities (GIRFEC);<br>b) Regulatory compliance in regard to ASN (Additional Support Needs);<br>c) Completing the inclusion review;<br>d) Action plans from the joint Children's Services inspection;<br>e) The information exchange and interface between named person and lead professional; and<br>f) Vacancy management - loss of senior management and associated knowledge through significant downsizing. | Head of Education |

| Risk Title | Risk Statement | Lead Officer(s) |
|---|---|---|
| People / Public Harm to Vulnerable People / Public Protection (Children) | There is a risk of harm to vulnerable children and young people if the Council fails to meet its statutory public protection duties. This includes Adult Support and Protection; Child Protection and both sex offenders and violent offenders (Criminal Justice Service users). In relation to Children's Justice the risk is both the protection of the community from the service user and the protection of the service user from the community.<br><br>The risk in terms of children is twofold:<br>a) The need to keep children safe and avoid child deaths; and<br>b) The reputational risk to the Council in this situation. | Chief Social Work Officer |
| Criminal Justice Review | Offending happens on a daily basis. On occasion very serious crimes will take place and sometimes by people on criminal justice supervision. | Chief Social Work Officer |
| Failure to Meet Pupil Teacher Ratio | Failure to meet pupil teacher ratio as per the Scottish Government Agreement would lead to imposition of financial sanctions, which would impact on the delivery of education in our schools. | Director of Children's Services |
| **Corporate and Housing Services** | | |
| Insufficient funding to deliver services and deliver outcomes. | Budgetary, economic, or demographic pressures, and failure to properly manage and allocate resources to deal with these, mean that the Council is unable to deliver services and meet its statutory and other obligations. | Chief Finance Officer |
| Failure to recognise, and act upon, the need for transformational change and continuous improvement. | The Council fails to plan for, and implement, appropriate transformational change, leading to missed opportunity and failure to deliver the right services, to the right people, in the right way, and within budget. | Head of Human Resources and Business Transformation |
| Failure to monitor, measure, manage, and mitigate the impacts of Welfare Reform and Poverty. | The Council fails to recognise the impacts of the Welfare Reform programme, and the outcomes for stakeholders, leading to increased poverty within communities, higher arrears, and unplanned and unbudgeted impacts / demands on Council services (including housing). | Head of Policy, Technology, and Improvement and Head of Housing |
| Compromised security, or inefficient use, of the Council's data and information asset. | Failure to properly secure data and information may lead to data breach, legal recourse, and reputational damage. Equally, failure to maximise the value of the data and information asset may lead to disjointed and inefficient service delivery, and adverse impact on clients' experience of interacting with the Council. | Head of Policy, Technology, and Improvement and Chief Governance Officer |
| Failures in workforce planning, including absence, vacancy management, and succession planning. | Failures in workforce planning adversely and significantly impact on the quality and consistency of service delivery, and compromise on-going availability. | Head of Human Resources and Business Transformation |
| Flawed or unreliable management information compromises decision making. | Inaccurate, inadequate, or incomplete management information compromises decision making and, therefore, on the allocation of Council budget and assets. This, in turn, compromises delivery of services and the duty of Best Value. | Head of Policy, Technology, and Improvement |
| Failure to undertake proper engagement and consultation with service users, stakeholders, and partners on the delivery of services. | Failure to appropriately engage and consult with service users, stakeholders, and partners on the design and delivery of Council services could lead to flawed decision making, services that do not meet people's needs, poorly targeted expenditure, and adverse impact on communities or individuals. | Head of Policy, Technology, and Improvement |
| Cyber security incident compromises IT infrastructure, corporate application, social media channel, or data / information. | A targeted cyber attack may impact on the availability, integrity and confidentiality of Council systems and data / information, with associated impact on service delivery and financial loss. | Head of Policy, Technology, and Improvement |

| Risk Title | Risk Statement | Lead Officer(s) |
|---|---|---|
| Failure to properly discharge equalities duties. | Failure to comply with equalities duties may lead to disadvantage, poverty, inequality, or harm, and associated reputational, safety, legal, and financial implications. | Head of Policy, Technology, and Improvement |
| **Development Services** | | |
| Development Projects | This includes roads, flood prevention works, town centre regeneration and crematorium refurbishment.  Failure to deliver projects and achieve income targets (or benefits) on time and cost could have an impact on the Council and communities. | Development Services DMT |
| Major Investment: TIF, THI and Regeneration | Failure to deliver project on time and cost, as set out in TIF and THI delivery plans, could lead to budget gaps and harm to the economy and individuals. | Head of Economic Environment and Environmental Services |
| Employment and Training | Need to retain sufficient levels of funding to meet the objectives agreed with Council partners and funders, in order to minimise budget gaps and harm to the economy, businesses, and individuals. | Head of Economic Environment and Environmental Services |

## Appendix 2:  Summary of Medium Corporate Risks

| Risk Cat. | Risk Title |
|---|---|
| **Chief Executive** | |
| G | Leadership, Decision Making, and Scrutiny |
| P | Falkirk Community Trust |
| **Children's Services** | |
| A | Structural Failure to School Buildings |
| **Corporate and Housing Services** | |
| A | Premises Management |
| A | Council Housing Standards |
| C | Pensions Reform |
| F | Financial Controls |
| G | External Appointments and Conflicts of Interest |
| G | Procurement and Commissioning |
| G | Audit Assurance |
| G | Fraud / Corruption / Organised Crime |
| G | Investment Strategy (inconsistent with Political and Social Policies) |
| G | Legal Advisory Service |
| H | Health and Safety |
| H | Payroll and Pension Payment Failures |
| P | Following the Public Pound |
| P | Community Planning Partnership |
| **Development Services** | |
| A | Asset Construction and Design (All Asset Types) |
| A | Assets (excluding Housing): Maintenance, Availability, Reliability |
| A | Environmental Risks: Energy, Waste, and Sustainability |
| C | Resilience: Business Continuity Management |
| C | Resilience: Emergency Planning / Civil Contingencies |
| G | Prohibitions and Loss of Licences (e.g. Operator Licence for vehicles) |
| G | Regulatory Enforcement |

Note: Social Work Adult Services do not currently lead on any medium corporate risks.

### Risk Categories:

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| I - | Failures in proper **information** management (availability, integrity and security); |
| H - | Failures in **human resources** management (e.g. recruitment, retention, safety); |
| A - | Failure to properly manage **assets;** |
| C - | Failure to properly recognise, plan for, and manage significant **change**, both internal and external; |
| G - | Failures in **governance**, leadership, accountability or decision making; and |
| P - | Failures in **partnerships** or contracts with external bodies |