



Agenda Item 5

**Referral from Audit Committee –
Corporate Risk Management Update**

Title: Referral from Audit Committee – Corporate Risk Management Update

Meeting: Executive

Date: 11 May 2021

Submitted by: Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 This report refers the Corporate Risk Management Update report from the Audit Committee of 12 April 2021 for consideration and approval.

2. Recommendation

- 2.1 It is recommended that the Executive considers and approves the Corporate Risk Dashboard, Corporate Risk Register and Risk Management Improvement Plan set out at appendices 1-3 of the appended report to the Audit Committee.

3. Background

- 3.1 At its meeting of 12 April 2021 the Audit Committee agreed to refer the Corporate Risk Management Update to the Executive for consideration and approval. The report referred by the Audit Committee is provided as an appendix to this report.
- 3.2 As part of its consideration of the report the Audit Committee was provided with an undertaking that risks in regard to bringing Falkirk Community Trust back in-house would be highlighted in future iterations of the Register and dashboard.

4. Consultation

- 4.1 No consultation was carried out on this report.

5. Implications

Financial

- 5.1 There are no financial implications arising from the report recommendations.

Resources

- 5.2 There are no resource implications arising from the report recommendations.

Legal

- 5.3 There are no legal implications arising from the report recommendations.

Risk

- 5.4 There are no risk implications arising from the report recommendations.

Equalities

- 5.5 There are no equalities implications arising from the report recommendations.

Sustainability/Environmental Impact

- 5.6 No sustainability assessment has been completed as part of compiling the report.

6. Conclusions

- 6.1 The Audit Committee agreed to refer the Corporate Risk Management Update to the Executive for consideration and approval.

Director of Corporate & Housing Services

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Date: 15 April 2021

Appendices:

Appendix 1 - Report to the Audit Committee 'Corporate Risk Management Update'
– 12 April 2021

List of Background Papers:

No papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973.

Falkirk Council

Title: Corporate Risk Management Update
Meeting: Audit Committee
Date: 12 April 2021
Submitted By: Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 This report provides an update on corporate risks and assurance arrangements. It includes the Corporate Risk Dashboards, Corporate Risk Register, and Risk Improvement Plan and Performance indicators.
- 1.2 The Committee is asked to consider the report, and refer it to the Executive for review and approval.

Recommendations

2.1 It is recommended that the Committee:

(1) review, and (where required) seek further assurance on:

**Appendix 1: Corporate Risk Dashboards;
Appendix 2: Corporate Risk Register Summary;
Appendix 3: Risk Improvement Plan and Performance indicators; and**

(2) refer this report to the Executive, for further consideration and approval of Appendix 1-3.

3. Background

- 3.1 The Corporate Risk Management updates in August/September 2020 to the [Audit Committee](#) and [Executive](#), included the Corporate Risk Dashboard, Register, Assurance Plan, and Training Plan. The [interim update to Audit Committee](#) in November 2020 included the Corporate Risk Dashboards and Risk Register.

4. Considerations

Appendix 1: Corporate Risk Dashboards

- 4.1 This section gives the Committee assurance on corporate and operational risk priorities and Governance Groups' effectiveness.

- 4.2 The Committee is asked, in particular, to note areas of Limited Assurance and High Risks – including Resilience (Business Continuity), Equalities, Health and Safety, and Sustainability (Climate Change) - as these are above Target Risk (Appetite). This means that there are weaknesses in key controls and / or slippage on actions.

Appendix 2: Corporate Risk Register Summary

- 4.3 This section includes a summary of Corporate (Strategic) and Service (Operational), and IJB Risks – but the latter is for information only, as it is scrutinised by the IJB.
- 4.4 The Committee is asked to review the risk framework, and refer the Corporate Risk Register to the Executive for review and approval. The Risk Register details are broadly the same as reported to the [Executive in September 2020](#).

COVID-19 Risks

- 4.5 The Corporate Risk Register includes all COVID risks. These reflect the risks identified in Audit Scotland's recent report - [COVID-19 What does it mean for Public Audit?](#) These risks will be prioritised for Corporate Risk Management reviews.
- 4.6 A review of COVID lessons will subsequently be considered by Members; and Services will monitor actions as part of Quarterly Service Assurance Statements.
- 4.7 Audit Scotland have also produced a [COVID-19 Guide for Audit and Risk Committees](#).

Appendix 3: Risk Management Improvement Plan and Performance Indicators

- 4.8 The plan reflects the results of the Improvement Service Risk Survey and Workshop in early 2021. A report will be provided to Members on these in the near future.
- 4.9 The performance indicators are similar to the Corporate Risk Dashboard and will be used to monitor progress on the improvement plan and the CRM Policy.
- 4.10 The Committee is asked to consider the plan and refer it to Executive for approval.

5. Consultation

- 5.1 The Corporate Management Team (CMT) and Corporate Risk Management Group (CRMG) have been consulted.

6. Implications

Financial

- 6.1 There are no direct financial implications arising from this report.

Resources

- 6.2 There are no direct resource implications arising from this report.

Legal

- 6.3 There are no direct legal implications arising from this report.

Risk

- 6.4 The key risk is failure to effectively identify, assess, mitigate, and report on the risks to delivering outcomes. And failure to adequately address key areas of Limited Assurance may impact on the Best Value Review outcomes.

Equalities

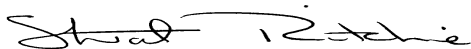
- 6.5 An Equality and Poverty Impact Assessment was not required for this report.

Sustainability / Climate Change / Environmental Impact

- 6.6 A sustainability / environmental assessment was not required.

7. Conclusions

- 7.1 This report provides an update on corporate risks and assurance arrangements, taking account of the impact of the COVID-19 pandemic. Members are asked, in particular, to note the areas of limited assurance and the improvement plan.



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Director of Corporate & Housing Services

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Date: 29 March 2021

APPENDICES

Appendix 1: Corporate Risk Dashboard

Appendix 2: Corporate Risk Register - Summary

Appendix 3: Risk Management Improvement Plan and Performance Indicators

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:

- Improvement Service Reports - Risk Survey Findings (December 2020) and Risk Management Workshop Outcomes (January 2021)

Risk Management Dashboards

Guidance on Risk and Assurance Ratings – and Target Risk (Appetite)

■	High Risks / Limited Assurance: There are significant risks and / or weaknesses in controls – above Risk Appetite
✓	Medium Risks / Substantial Assurance: moderate and controls are broadly effective The CRM Policy includes guidance.





Table 1: Corporate Risk Management Priorities










RISK MANAGEMENT PRIORITIES (Based on RM Self-Assessment)	Corporate (Overall)	Children's Services	Corporate and Housing	Development Services	Social Work Adult Services
SCRUTINY AND HORIZON SCANNING	✓	✓	✓	✓	✓
Quarterly Members' CRM Updates and Service Assurance Statements - including new and emerging risks.	Service Assurance Statements have been completed and will be reviewed Quarterly. The Statements at March 2021 will inform the Annual Governance Statement.				
RISK COMMUNICATIONS	✓	✓	✓	✓	✓
Risk Registers and Committee Papers give Members a clear description of risks, controls, and mitigation actions.	Risk Registers have been updated and will be reviewed at least Quarterly. Services need to ensure that risk registers updates are consistent with Committee reports.				
LINKING RISKS TO PERFORMANCE	■ High	■	✓	✓	■
Measurable Risk Actions (or PIs) are in place and Corporate Risks are considered in all Committee Reports	More work is needed to link Corporate Risks and Service Assurance Statements to plans and performance reports - after a review of Pentana and the Performance. And ensure the Risk Considerations section of Committee Reports identifies impacts on all relevant corporate risks.				
RISK MANAGEMENT TRAINING	■ High	✓	✓	✓	■
Implement CRM Training Plan	Corporate – CRM Training Plan to be linked to Leadership & Member Training c. Autumn. All Services - to assess training needs as part of 2020/21 Service Assurance Statements. CRM Team liaising with Organisation Development Advisors – linked to digital approaches.				

Table 2: Operational Risk Priorities

Risk Category	Corporate (Overall)	Children's Services	Corporate and Housing Services	Development Services	Social Work Adult Services
Areas of High Risk / Limited Assurance - above Target Risk (Appetite) unless specified					
Equalities	High				
	Key Issues / Actions	Internal Audit in 2019/20 provided Limited Assurance and Action Plan being implemented. The risk will remain high until at least Substantial Assurance is provided on progress.			
Health and Safety	High				
	Key Issues / Actions	Service H&S Audits and PIs are to be introduced which will help monitor this risk. Some Services continue to rate this high because of risks associated with Premises Management.			
Resilience and Business Continuity	High				
	Key Issues / Actions	The CRM Review highlighted that the risk will remain high until COVID response settles and there is assurance that all Debrief Actions have been implemented across all Services.			
Sustainability / Climate Change	High				
	Key Issues / Actions	There is a high risk of failure to meet the commitments in the Climate Change Declaration . Climate Change Projects and Targets are to be developed and agreed across all Services.			
Areas of Medium Risk / Substantial Assurance – within Target Risk (Appetite) unless specified					
Asset Management	Medium				
	Key Issues / Actions	Risk remains as Medium overall. However, there are a number of significant and high risk Council of the Future projects that are reported separately – in particular, HQ relocation.			
Financial Controls	Medium				
	Key Issues / Actions	All Service Directors provide an annual declaration to confirm that financial controls are being complied with in Services. The rating is also consistent with most audits.			
Fraud & Serious Organised Crime	Medium / High		Limited		
	Key Issues / Actions	Risk remains as Medium / High as the External Auditors' Annual Report identified a need to review Fraud Risks in 2021/22 – hence it is high with Corporate and Housing Services.			
HR Management and Workforce Planning	High				
	Key Issues / Actions	Corporate risk is high because of COVID-19 – but assurance provided by Corporate Partnership Forum and Corporate Workforce Strategy. Service Workforce Plans are being developed.			
Information Assets (ICT and Governance)	Medium				
	Key Issues / Actions	Information Working Group Self-Assessment – Jan 2021. Group well established, and Action Plan in place – but needs representation from some Services (impacted by COVID-19)			
Procurement	Medium				
	Key Issues / Actions	Risk remains as Medium – based on Annual Procurement Reports and Procurement Board Self-Assessment. However, also note reference to fraud risk review above.			

Table 3: Governance Group Self-Assessments

Assurance Level		Risk Rating
	No Assurance	There are significant risks and / or controls need developed / embedded
	Limited Assurance	There are risks, though controls are broadly effective / embedded
	Substantial	There are limited risks in a particular Service and / or controls are working.
		More information required

Lead Service	Code	Name	Assurance Level	Last Self-Assessment
DS	BCG	Brexit Core Group		Feb 2020
DS	CAMG	Corporate Asset Management Group		Feb 2020
CHS	COTFB	Council of the Future Board		Feb 2020
CHS	CPB/PG	Community Planning Board		Feb 2021
CHS	CPF	Corporate Partnership Forum		Feb 2021
CHS	CPRWG	Capital Planning and Review Working Group		Feb 2021
CHS	CRMG	Corporate Risk Management Group		Mar 2021
DS	CSG	Corporate Sustainability Group		Feb 2021
DS	EoS RRP	East of Scotland Regional Resilience Partnership		Feb 2021
CHS	ETG	Equalities Tasking Group		Feb 2021
CHS	FFP	Fairer Falkirk Partnership		Feb 2021
CHS	IMWG	Information Management Working Group		Feb 2021
CHS	PB	Procurement Board		Dec 2020
CHS	PG	Participation Group		Feb 2021
CHS	PMG	Performance Management Group		Feb 2020
CS	PPCOG	Public Protection Chief Officers' Group		Feb 2020
CHS	SHG	Strategic Housing Group		Dec 2020
CHS	SMG	Safety Management Group		Feb 2021
CS	SWIS PB	Social Work Information System Program Board		Dec 2019
CHS	WG	Wellbeing Group		Nov 2019

Corporate Risk Register - Summary

There are no changes in Table 1 and Table 2 – any changes on Table 3 are highlighted.

Risk Title	Target Risk (Appetite)
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Table 1: Summary of Resilience Risks: Short Term Risks to Delivering Council Services

Resilience: Business Continuity	Medium
Resilience; Emergency Planning (Partnerships)	Medium
Resilience: COVID-19 - Response, Recovery, and Lessons	Low
Resilience: Uncertainties surrounding Brexit	Low

Table 2: Summary of Corporate Risks: Medium Term Risk to Delivering Corporate Plan

High Corporate Risks	
Reducing Corporate Resources – Impact on Staff Wellbeing	Medium
Public Protection (Adults and Children)	High
Failure to properly discharge equalities duties	Medium
Failure to provide a safe environment for employees and visitors	Medium
Failure to recognise, and act upon, the need for transformational change and continuous improvement	Medium
Insufficient funding to deliver services and deliver outcomes	Medium
Failures in workforce planning, including absence, vacancy management, and succession planning	Medium
Climate Change	Medium
Health and Social Care Integration - Transformation	Medium
Medium Corporate Risks	
Failures in Leadership, Governance, and Decision Making	Medium
CONTEST, Integrity, and Serious Organised Crime	Medium
Compromised security, or inefficient use, of the Council's data and information asset	Medium
Cyber security incident compromises IT infrastructure, corporate application, social media channel, or data / information	Medium
Failure in Financial Management Control, or Assurance	Medium
Failure to address the impact of poverty on individuals, children, and families across the area	Medium
Failure to implement effective consultation and improve community planning / empowerment	Low
Procurement and Commissioning arrangements fail to secure best value, and demonstrate compliance with Council standards or legal requirements	Medium
Asset Management [Use, Condition, Suitability, Availability, and Reliability]	Medium

Table 3: Summary of Service Risks: Risk to Delivering Medium-Term Service / Business Plans

Risk Title	Target Risk (Appetite)
High Service Risks	
Duty Social Work - Case Load	Low
Seatbelts on School Transport (Scotland) Act 2017 - Implications for Falkirk Council	Medium
Failure to adhere to current and emerging building regulations and standards relating to fire safety within housing	Medium

RECENT CHANGES ARE HIGHLIGHTED

Medium Service Risks	
Community Care Social Workers: Low number of Social Workers within the HSCP	Low
Additional Support Needs - Capacity	Low
Closing the Attainment Gap - roll out of digital learning REVISED	Medium
COVID Impacts in Schools – including Pupil and Teacher Mental Health / Wellbeing NEW	Low
COVID Impacts in Schools – Teachers assessment of senior phase pupil grades (following cancellation of exams) NEW	Low
Tackling Bureaucracy and Reducing Workload in Schools	Low
Community Justice Services	Low
Failure to Deliver Scottish Government Early Years Expansion Infrastructure	Low
Getting It Right For Every Child (GIRFEC) – Includes Inequality REVISED	Medium
Scottish Social Services Council (SSSC) - Recent Changes to Registration	Low
Social Work Information System (SWIS) Replacement	Low
Failure to meet the priorities set out within the Local Housing Strategy	Medium
Cemeteries / Head Stones Safety – failure to implement improvement plan	Low
Investments - Failure to deliver major development projects / capital programs	Medium
Prohibitions and Loss of Licences - failure to fulfil duties as a Licence Holder	Medium
Regulatory Enforcement - failure to fulfil duties as a Regulatory Body	Medium

Risk Management Improvement Plan and Performance Indicators

These are broadly the same as the Risk Dashboard (in the [Corporate Risk Updates in](#) August 2020), but reflect the priorities identified in the Improvement Service Survey and Workshop.

Short-Term Actions (April - June 2021)

1. Committee review the background papers and ask questions/ make comments (by end May).
2. Corporate Risk Management Team review their Policy, Training Plan, Briefings, Guidance, and Reports.
3. Corporate Management Team address the wider considerations – including address the issues with Pentana actions (as part of the performance review), and Risk Considerations in Committee papers.

Medium-Term Actions (July – September 2021)

- Corporate Risk Management Team refresh and implement:
4. 2021-22 Corporate Risk Assurance Plan - including Scrutiny Committee / Executive Deep Dive Timetable
 5. Corporate Risk Training Plan – linked to wider Training / Briefing Programs for Officers and Members.

Long-Term Actions (October 2021 – March 2022+)

6. Corporate Risk Management Team co-ordinate CRM Self-Assessments (annually) – including Risk Survey
7. Governance Groups complete Self-Assessments (annually).
8. CRM Team continue to organise (reciprocal) Internal Audits (3 yearly).
9. Risk Specialists have ongoing briefings with Members - including briefings by external speakers.

PERFORMANCE INDICATORS – THE BASIS OF RAG STATUS IN RISK DASHBOARDS

These are broadly the same as current Risk Dashboard in [Corporate Risk Management Updates](#) , but with minor adjustments to reflect the priorities identified in the Risk Management Survey and Workshop.

Scrutiny, Horizon Scanning, and Risk Appetite

Risk Registers and Committee Papers include clear descriptions of risks, controls, mitigation actions.
Corporate Risk Management Updates and Service Assurance Statements including new and emerging risks.
Corporate Risk Assurance Plan includes ongoing program of CRM Reviews and Committee Deep Dives.

Risk Awareness – Roles, Communication, and Training

Corporate Risk Management Policy sets out clear roles for Committees, Members, and Officers.
Corporate Risk Management Training Plan implemented - monitored via Service Assurance Statements.
Risk Management is embedded into ongoing Officers and Members' Training and Briefings.

Linking Risks to Performance and Measuring Outcomes

CRM Dashboards – Corporate Management Team and Committees Scrutinise areas of Limited Assurance.
Corporate Risk Register and Service Assurance Statements link to measurable actions and indicators.
The Risk Considerations section of Committee Reports identifies impacts on all relevant corporate risks.
Outcomes - continue to evaluate and report via, e.g. Performance Updates and ALARM Awards.