



## **Agenda Item 6**

### **Corporate Risk Management Update**

**Falkirk Council**

**Title: Corporate Risk Management Update**

**Meeting: Audit Committee**

**Date: 17 April 2023**

**Submitted By: Director of Transformation, Communities & Corporate Services**

**1. Purpose of Report**

- 1.1 The purpose of this report is to provide the Audit Committee with an update on Corporate Risk Management (CRM) arrangements including a review of the Corporate Risk Register (CRR) and Risk Management Improvement Plan.
- 1.2 This report assesses the risks to delivering the Council Plan, and it also contributes to the Best Value priority of effective Leadership and Governance.

**2. Recommendations**

**2.1 The Audit Committee are asked to:**

- (1) Scrutinise and (where necessary) seek further assurance from Chief Officers on the following:**
  - **Appendix 1: Corporate Risk Register – Summary; and**
  - **Appendix 2: 2022-23 Risk Management Improvement Plan ('Plan').**
- (2) Note that an Internal Audit on the effectiveness of Risk Management arrangements is being carried out by West Lothian Council and the results will be reported to a future Audit Committee.**
- (3) Refer this report to the Executive, for consideration and approval of the CRR.**
- (4) Note that the Executive will be asked to agree the following corporate risk reporting timetable in 2023/24:**
  - **Audit Committee: Annual CRM Updates, in addition to corporate risks included in 6 monthly Annual Governance Statement (AGS) updates; and**
  - **Executive: 6 monthly reports, focused on the Corporate Risk Register, Risk Management Improvement Plan, and Service Assurance.**

### 3. Climate Change

- 3.1 This paper has no impact on the Council's climate emissions or targets.

### 4. Background

- 4.1 The Risk Management Assurance Policy and Framework (Policy) and last CRM Update were considered by the Audit Committee in October 2022, and the Policy and Corporate Risk Register were agreed by the Executive in December 2022. The Policy states that quarterly CRM updates will be provided to both Committees.

### 5. Considerations

#### Corporate Risk Register

- 5.1 A Summary of Corporate Risks is included in Appendix 1; and these are updated by Lead Officers on Pentana quarterly. In addition, details on High Corporate Risks are included in the hyperlink to the background paper [CRR High Risk Details](#)
- 5.2 Chief Officers have made the following significant changes to the CRR this period:

Lead Service(s)	Risk Title	Current Risk Level
<b>New Risks</b>		
CS and SWAS	<ul style="list-style-type: none"><li>Community Mental Health and Wellbeing</li><li>Social Work and Social Care Recruitment and Retention Pressures</li></ul>	High
CS and TCCS	<ul style="list-style-type: none"><li>Service impacts from delivering services to Refugees and Asylum Seekers</li></ul>	High
Place	<ul style="list-style-type: none"><li>Local Transport Strategy</li></ul>	High
TCCS	<ul style="list-style-type: none"><li>Gender Based Violence</li></ul>	High
<b>Decreased Risks (improved)</b>		
CS	<ul style="list-style-type: none"><li>Early Years Expansion and School Meal Expansion: reduced to low because current phase of projects have been delivered</li></ul>	Low and now removed from the CRR

- 5.3 Lead Officers will better define the risks, controls, and additional actions on the new risks before the next report.
- 5.4 The CRR also shows that a number of risks continue to be 'High Risk'. The status of most high risks is scored as a 'Limited Assurance' since there hasn't been enough progress in decreasing to the Target Risk of becoming 'Medium Risk'. There is one exception: Public Protection is inherently high risk and will not become a medium risk (due to potentially severe impacts if the risk occurs).

- 5.5 Many high risks have clear mitigation plans and are expected to meet their original 'Target Date' for decreasing the risk to the target of medium. There is not always a Target Date set because:
- 5.5.1 Some risks (such as Financial Sustainability and the National Care Service Review) do not have clear progress dates because the actions are ongoing.
- 5.5.2 Some risks have a variety of Target Dates (such as Transformational Change, Major Capital Projects, and Economic Development) and so there are other systems in place to track the progress and delivery of major projects.
- 5.5.3 Some risks (such as Health and Safety and Business Continuity) do not have measurable actions to explain how and when the target risk will be met. This includes the following risks (which have been limited assurance since 2018):
- Health and Safety remains limited assurance because of weaknesses in Premises and broader Safety Management, however, recent work has been undertaken to move this forward;
  - Business Continuity has been Limited Assurance since 2018 and does not have measurable plans to achieve the Target Risk of medium. A new policy and framework was introduced in 2022 and work is ongoing to review plans; and
  - Terrorism risks, including CONTEST and Martyn's Law: Children's Services established a PREVENT Working Group in early 2023, and they need to finalise their Terms of Reference, Strategy, and Action Plan in Quarter 2 of 2023.
- 5.6 CMT need to ensure that Lead Officers develop clear action plans for the above risks as soon as possible, as it is not possible to effectively assess Services' compliance in managing these risks until measurable action plans are in place.

### **Risk Management Improvement Plan**

- 5.7 The progress update on the Risk Management Improvement Plan (at Appendix 2) shows that good progress has been made on most areas. The areas outstanding (and due to be completed by March 2023) are Members' Training, Measurable Actions on all Corporate Risks, and Service Risk Assurance Statements.
- 5.8 The following actions are in progress and will feed into the Annual Governance Statements (which is part of the Annual Accounts) in June 2023:
- A review of Corporate Risk Management Group's remit and reporting;
  - A review of Services' compliance with operational risk policies and controls;
  - Training Plans, which will be drafted after feedback from the training above;
  - Horizon Scanning of emerging risks to deliver the Council Plan;
  - An Internal Audit on Falkirk Council's Risk Management arrangements; (which is being undertaken by West Lothian Council); and
  - Annual Self-Assessments of Governance Groups' roles and effectiveness.

- 5.9 The proposed 2023/24 CRM reporting timetable (Recommendation 4) aims to shift the focus from quarterly CRM updates to the ongoing reviews outlined above. CMT will, however, continue to receive CRM Updates on a quarterly basis.

## **6. Consultation**

- 6.1 Lead Officers maintain the CRR, and these feed into Service Management Team (SMT) reviews of Service Assurance Statements; and exception reports are provided to CRMG and CMT.
- 6.2 CRMG are consulted on CRM Updates before CMT and Members.

## **7. Implications**

### **Financial**

- 7.1 There are no direct financial implications linked to the recommendations. However, it is recognised that effective risk management should help to avoid wider financial sustainability issues associated with the non-delivery of projects and policies.

### **Legal**

- 7.2 There are no legal implications arising from this report.

### **Risk**

- 7.3 The actions outlined in this report and commitment to improving risk management arrangements will help to more effectively manage risk across the Council.

### **Equalities**

- 7.4 This report does not present any equality issues. However, effective risk management should minimise the risk of equality issues arising for the Council.

### **Climate Change Impact**

- 7.5 This report does not have any direct climate change impacts.

## **8. Conclusions**

- 8.1 This report provides the Audit Committee with an update on Corporate Risk Management (CRM) arrangements including a review of the Corporate Risk Register (CRR) and the Risk Management Improvement Plan.
- 8.2 The Audit Committee are asked to Scrutinise and (where necessary) seek further assurance from Chief Officers on the CRR (at Appendix 1) and progress on the Risk Management Improvement (at Appendix 2); and refer this report to the Executive, for consideration and approval of the CRR.

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Director of Transformation, Communities and Corporate Services

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Date: 04 April 2023





**Appendices**











- Appendix 1: Corporate Risk Register (CRR Summary)
- Appendix 2: Risk Management Improvement Plan 2023-24 Progress Update
















**List of Background Papers:**

- CRM Update and Policy - Executive, December 2022
- [Corporate Risk Register – Details of High Risks](#), Pentana Extract on 31 March 2023

### Summary of High Corporate Risks

<b>Council Priorities:</b>	STR – Stronger and More Health Communities	PRO – Promoting Opportunities and Reducing Inequalities	EEC – Education, Employment, and Citizenship	EGT – Econ & Green Transition
<b>Lead Service</b>	CS - Children’s Services	PS - Place Services	SWAS - Social Work Adult Services	TCCS – Transf. Com. & Corporate
<b>Target – is there Good Progress and SMART Plans?</b>	 No Assurance Significantly Overdue and / or controls not effective	 Limited Assurance Target Date unlikely to be met and / or controls not effective	 Substantial Assurance On Track to meet Target and controls are effective	 Assurance Unknown SMART plan is required, or controls need developed

Lead Service	Council Priority	Risk Title	Current Risk Level	Target Risk (Appetite)	How Do We Get To Target – is there an achievable Action Plan?	Brief Comments – Current Status, Next Steps, and Recent Changes
CS	STR	Public Protection: Harm to Adults/Children	Inherent High	High	 Meets Target	Controls are effective but the risk cannot be reduced to medium due to severe impacts if it occurs.
CE	Enabler	Leadership, Decision Making, and Governance	High	Medium	 Meets Target	Collaborative leadership and performance management has improved. The risk will be re-assessed following the Internal Audit on Risk Management by West Lothian Council.
CS	STR	CONTEST (Terrorism), (includes Martyn’s Law and Radicalisation)	High	Medium	 Await CMT Action Plan	A CONTEST Group has been established and a strategy and Action Plan are to be developed. This Group is taking forward work which started in 2017 and then stalled.
CS and TCCS	Enabler	Delivering services to Refugees and Asylum Seekers	High	Medium	  Uncertain Outlook	Services are being delivered to those in need, but future risks include a lack of government funding and potential increased demand in Children’s Services and Housing.
TCCS	PRO	Equalities Duties	High	Medium	 Meets Target	The Best Value actions on equalities are now implemented, but limited assurance as EPIAs need ongoing improvement.
TCCS	Enabler	Transformation – Delivery of COTF Program	High	Medium	 Ongoing	The Best Value actions on transformation are being implemented an Internal Audit on COTF Savings is ongoing.
TCCS	Enabler	Financial Sustainability - need for recurring savings	High	Medium	 Uncertain Outlook	The level of medium term budget savings gap continues to make this high risk and limited assurance.
TCCS	STR	Housing Standards – possible changes	High	Low	  Await National Changes	The risk will be re-assessed following review of national changes to housing standards, but timescales are unclear. There’s substantial assurance that current standards met.








Lead Service	Council Priority	Risk Title	Current Risk Level	Target Risk (Appetite)	How Do We Got To Target Action Plan?	Brief Comments – Current Status, Next Steps, and Recent Changes
TCCS	STR	Gender Based Violence	High	Medium	 Actions in place	This item has been added because it is a Council priority. There is limited assurance but actions are being progressed.
TCCS	Enabler	Health, Safety, and Wellbeing	High	Medium	 Await CMT Plan	This risk has been limited assurance still 2018 due to weaknesses in Health and Safety Compliance, and CMT are due to agree an improvement plan in March 2023.
TCCS	Enabler	HR and Workforce Planning	High	Medium	 Controls Effective	A Workforce Strategy is in place and further work is planned, including a review of Service Workforce Plans and Culture. Workforce Development Manager to be appointed in 2023.
TCCS	STR	Poverty – impacts on individuals and families	High	Medium	 Controls Effective	The Council's current mitigations are considered effective albeit Poverty has significant impacts on communities.
PS	EGT	Delivery of Major Capital Investments including Growth Deal	High	Medium	  Project Statuses and Risks Vary	There are high risks in delivering on these projects due to their complexity and budget and economic uncertainties. Further risk review to be completed by June 2023.
PS	Enabler	Resilience: Business Continuity	High	Medium	 Await CMT Plan	Strategy has been drafted and System being implemented. An action plan is needed to ensure these are implemented.
PS	EGT	Climate Change – Delivery of Climate Emergency Declaration and Plans	High	Medium	 Climate Plans are unfunded	Although there are Climate Action Plans, there is no assurance on delivering these due to fundings gaps.
PS	EGT	Sustainable Growth	High	Medium	  Project Statuses and Risks Vary	There are high risks in meeting agreed objectives due to project complexity and budget and economic uncertainties. Further risk review to be completed by June 2023.
PS	EGT	Local Transport Strategy	High	Medium	 Needs review	This risk was added in March 2023. The Lead Officer will complete a more detailed assessment by June 2023.
CS and SWAS	STR	Community Mental Health and Wellbeing	High	Medium	 Needs review	This risk was added in March 2023. The Lead Officer will complete a more detailed assessment by June 2023, including details of the actions being taken to mitigate risks.
SWAS	STR	Feeley Review (National Care Service)	High	Medium	 Needs review	The Council are participating in national consultations, but the risk cannot be assessed until national proposals clearer.
SWAS	STR	Health and Social Care Transformation	High	Medium	  Mixed Assurance	An IJB Risk Management Audit in 2021/22 provided limited assurance. The Action Plan shows mixed progress and outstanding actions will be completed in 2023/24.



































SWAS and IJB	STR	Social Work and Social Care Recruitment and Retention Pressures	High	Medium	 Mixed Assurance	Council and HSCP Workforce Strategies are in place, but ongoing pressures are having significant impacts and these will need to be addressed over the medium to long-term.
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## 2022/23 Risk Management Improvement Plan – Progress Update

## Part 1: Corporate Risk Management Actions / Indicators

No	Actions / Indicators	Summary of Key Actions and Current Status	Original Timescale	Status	Revised Timescale (if relevant)
1.1	<b>Risk Management Policy</b> ( <a href="#">here</a> ) will be reviewed 3 yearly and is supported by guidance and training.	<ul style="list-style-type: none"> <li>Policy reviewed November 2022 and next review will be 2025 (3-yearly).</li> <li>Members Briefing due March 2023 and more will be provided as necessary.</li> <li>Guidance and E-learning has been provided to Managers and Members.</li> <li>CRMG's role is being reviewed to improve the monitoring of corporate risks.</li> </ul>	March 2023	 Good progress	June 2023
1.2	<b>Risk Management Guidance and Templates</b> are provided to ensure risks are assessed and reported consistently	<ul style="list-style-type: none"> <li>Guidance and E-learning has been provided to Managers and Members.</li> <li>Committee Paper Templates and Guidance to be reviewed by Democratic Services in 2023, and this will incorporate the corporate risk guidance.</li> <li>Service Training will be planned in Q2 2023, after feedback on e-learning, this will be part of Services' SMT Meetings and OD Programs.</li> </ul>	March 2023	 Good progress	June 2023
1.3	<b>Target Risk (Appetite) SMART Action Plans</b> will be defined on risk registers and discussed with Elected Members	<ul style="list-style-type: none"> <li>Target Risk (Appetite) is included in the Briefings, Guidance, and the Corporate Risk Register; and will be embedded into Committee reports.</li> <li>Limited Assurance on developing SMART Action Plans in some Services</li> <li>No Assurance on developing action plans in some areas since 2018.</li> </ul>	March 2023	 Limited or no progress	March 2023 (deadline not extended)
1.4	<b>Corporate Risk Reports</b> Quarterly Reports are provided to CMT, Audit Committee, and Executive	<ul style="list-style-type: none"> <li>Regular Reports are provided to the Audit Committee and Executive.</li> <li>Reports have been streamlined and will continue to improved continuously.</li> </ul>	Quarterly	 Good progress	Implemented
1.5	<b>Risk Horizon Scanning</b> will be undertaken Annually with CMT, the Leadership Team, and Members.	<ul style="list-style-type: none"> <li>CRM Co-Ordinator regularly scans national reports for any changes to CRR.</li> <li>Horizon Scanning Session will be set up with Members and CMT by June.</li> <li>Services need to continuously improve the identification and assessment of emerging risks in Quarterly CRR and Service Assurance Statement reviews.</li> </ul>	March 2023	 Limited progress	Ongoing
1.6	<b>Risk Maturity</b> continuous reviews of the effectiveness of the Risk Policy and Framework	<ul style="list-style-type: none"> <li>Risk Management Maturity and Effectiveness Reviews include Survey (Annual), Self-Assessment (2 Yearly) and Internal Audit (3 yearly).</li> <li>Risk Management audit by West Lothian Council is underway.</li> <li>Risk Survey will be considered as part of Annual Assurance Statements.</li> </ul>	Ongoing	 In progress	Ongoing
1.7	<b>Annual Assurance Statements</b>	<ul style="list-style-type: none"> <li>6-Monthly review of 2022/23 AGS Action Plan completed March 2023.</li> <li>Annual Service Assurance Statements in progress and due to be completed March 2023; and these will feed into the Annual Governance Statement.</li> </ul>	March 2023	 In progress	Feb 2023 June 2023

## Part 2: Service Risk Management Actions / Indicators

				Assurance / Progress In each Service			
Ref.	Actions / Indicators	Summary of Current Status and Key Actions	Revised Date	CS	PS	SWAS	TCCS
2.1	<b>Service Risk Assurance Statements</b> are reviewed Quarterly and link to Council and Service Plans	<ul style="list-style-type: none"> <li>This has improved in March 2023 but needs embedded through more regular Quarterly reviews by Service Management Teams.</li> <li><b>Areas of Limited Assurance:</b></li> <li>Services to develop more SMART Action Plans by March 2023.</li> <li>PS and SWAS need to improve frequency and quality of reviews.</li> </ul>	March 2023	 	 	 	 
2.2	<b>Horizon Scanning</b> Services regularly identify current and emerging risks	<ul style="list-style-type: none"> <li>This has improved in March 2023, especially in CS</li> <li><b>Areas of Limited Assurance:</b></li> <li>Most services need to more actively identify emerging risks on a continuous basis; and Horizon Scanning will be organised in 2023.</li> </ul>	June 2023				
2.3	<b>Assurance Mapping:</b> Corporate Risk Register and Service Assurance Statements are linked to all relevant Plans and Performance Data	<ul style="list-style-type: none"> <li>Corporate Risks are being linked to Council Plan, Internal Audits and (for Place Services) Service Plans. This will reduction duplication and improve the quality of risk and assurance reports.</li> <li><b>Areas of Limited Assurance:</b></li> <li>Most Services need to make more progress on measurable Service Risk Assurance Statements (work on this is ongoing).</li> </ul>	March 2023	 	 		 
2.4	<b>Risk Management Training and Briefings</b> Staff /receive relevant risk training and guidance	<ul style="list-style-type: none"> <li>Place and TCCS have mostly completed a refresh of e-Learning, and more training or briefings will be developed following feedback.</li> <li><b>Areas of Limited Assurance:</b></li> <li>Children's Services to consider how best to embed risk management into education OD activity (e.g. In-Service Days) during 2023; however, there is ongoing risk assessment training in Social Work.</li> <li>SWAS were provided with tailored training which aligns to Health and Social Care Standards and professional development in 2018, but limited progress in implementing this due to staff capacity.</li> </ul>	Dates to be during confirmed in 2023	 			 
2.5	<b>Specialist Risk Registers and / or Assurance Statements</b> in place and reviewed by Lead Officers / Groups Quarterly	<ul style="list-style-type: none"> <li>All Services were to identify any Specialist Risk Registers as part of CRR and Service Assurance Statement reviews in March 2023.</li> <li><b>Areas of Limited Assurance:</b></li> <li>Current practice is mixed, as some areas have well developed risk registers, and others either don't have and / or don't maintain them.</li> </ul>	March 2023	 	 		 
2.6	<b>Annual Assurance Statements</b> including Governance Group Self-Assessments	<ul style="list-style-type: none"> <li>Services are due to complete their annual reviews in March 2023, and the Corporate Risk Co-Ordinator will review in April 2023.</li> </ul>	June 2023	