

North Lanarkshire Council Report

Audit and Scrutiny Panel

for approval for noting

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Risk management update

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Executive Summary

The purpose of this report is to update Panel members on risk management developments in the period including progress on reviewing, assessing and managing risks contained within the Council's corporate risk register.

The Panel will be aware that each year the corporate register is formally reviewed for completeness and continuing relevance and alignment to the council's strategic objectives, 'The Plan for North Lanarkshire' and the revised Programme of Work. Consideration is also given to whether any risks at Service-level need escalated; and informal comparisons with other local authorities' corporate risk registers are also made to inform the review process.

The formal annual review for 2020-21, which was postponed from earlier in the year due to the ongoing public health emergency and the work required to re-assess the impact of Covid-19 on the Council's risk exposure, has now been completed and agreed by the Corporate Management Team.

This report updates the Panel on the outcomes of that process and presents the current Corporate Risk Register for 2020-21. Although there have been some changes from the previous year and a number of individual risk scores have moved as a result of current events, the revised corporate risk register is, not unexpectedly, broadly similar to the previous year, with the addition of one new risk in relation to the 'Administration of Elections' which clearly presents significant additional challenges given current circumstances.

The report also highlights key recommendations and planned management actions arising from the recent Internal Audit report on Risk Management and sets out a proposed cycle of future updates to the Panel on key corporate risks.

Recommendations

The Panel is invited to:

- (1) note the proposed Corporate Risk Register for 2020-21 (at Appendix 1) including the addition of new risk 'Administration of Elections';
 - (2) note that work is currently being progressed by risk management staff working with senior management leads to monitor, review and complete updated documentation as necessary in relation to the risks described;
 - (3) agree the proposed cycle of future updates to the Panel on key corporate risks (as at Table 1); and
 - (4) otherwise note the contents of the report.
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Links

The Plan for North Lanarkshire:

Priority: All priorities

Ambition statement: All ambition statements

1. Background

- 1.1 The Council's Risk Management Strategy requires that the corporate risk register be refreshed on an annual basis; led by the Corporate Risk Team, working with the Risk Management Corporate Working Group on behalf of, and in consultation with, the Corporate Management Team. In addition, each Service is required to maintain its own risk register in respect of the operational service risks within their areas of responsibility.
 - 1.2 An annual review/refresh exercise was originally planned to take place in the Spring of 2020 but was postponed due to the pandemic. The review exercise has now been undertaken and the results agreed with CMT. This process has involved discussion with members of the RMCWG to consider issues arising from individual Service risk registers, external benchmarking with corporate risk registers of other councils, and most importantly has been informed by, and considered against, *The Plan for North Lanarkshire* and the revised *'Programme of Work for 2020 and Beyond'* as approved by Policy & Strategy Committee in March 2020.
 - 1.3 This paper presents the Panel with the results of that process.
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2. Report

Corporate Risk Register 2020-21

- 2.1 The Panel will recall that the definition of a corporate risk in the approved Risk Management Strategy is given as "those risks which can impact the Council in achieving its priorities and stated objectives, or are more strategic in nature and require corporate oversight". Such risks may have the potential to impact many Services, and/or can impact significantly on the Council in terms of financial costs, reputational damage and the achievement of key plans or ambitions. The corporate risk register may also include significant Service level risks which have been escalated for attention at a strategic level.
- 2.2 The approved corporate risk register for 2019-20 contained 23 risks as outlined in the table in Appendix 1. Risks within the register were subject to ongoing monitoring and review throughout the year, with regular risk reporting to both the Corporate Management Team and the Audit and Scrutiny Panel.
- 2.3 In recent months and as previously reported, pending the delayed annual review of the corporate risk register, the pandemic shifted risk management priorities as the Council responded to Covid-19, and undertook the reassessment of a number of corporate and key service risks to reflect the impacts of Covid-19 on the nature of the risks being faced and on the adequacy and effectiveness of current controls and actions being progressed (and planned) in response.
- 2.4 A corporate risk relating to the Covid-19 pandemic was added to the corporate risk register earlier in the year and after the review process outlined above was completed, an additional risk in relation to the administration of elections has also been added. Although already recognised in the relevant Service risk register, the safe, efficient and effective delivery of elections during the current pandemic clearly presents significantly greater risks which will require to be effectively managed given the potential reputational impact on the Council of any failures. Work is therefore underway to populate relevant documentation in relation to the current assessment and management of this corporate risk. The current corporate risk register for 2020-21 agreed by CMT (at Appendix 1) therefore contains 25 risks.
- 2.5 Members should note that the risks included in the corporate register with the highest residual scores include a number of issues (such as information governance, climate change and health and safety) that feature prominently in the corporate risk registers of many other local authorities and public bodies.
- 2.6 In addition, the Panel should note that corporate risks with higher residual scores often relate to issues where there are significant constraints as to how much the Council can directly influence the nature and scale of the risk (e.g. those risks, such as tackling poverty and the implementation of the ERDP, which are closely linked to the performance of the national and local economy).

- 2.7 Another category of risks with higher residual scores relates to risks where even with the most robust internal arrangements, there is always the potential that issues can occur due to the nature of the risk (e.g. public protection and information governance).
- 2.8 Members should note, therefore, that a high residual risk score is not in itself a 'bad thing' and sometimes reflects that the Council's ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. This course of action is common for large external risks. Good risk management practice suggests that in these cases the response may be toleration but the risk should be tracked so managers are ready to reconsider should it start to escalate. In this regard, the Panel should note that management regularly review all such corporate risks to ensure that existing control and governance arrangements remain proportionate, adequate and effective and that, where appropriate, any additional planned actions are identified and progressed.

Internal Audit report on the Council's risk management arrangements

- 2.9 The Panel will be aware of the recent Internal Audit report on the council's risk management arrangements, the findings and management responses to which are included within the Internal Audit Progress report elsewhere on the agenda for this meeting.
- 2.10 Management are pleased that the Internal Audit report recognises the improvements made to the Council's risk management arrangements but recognises that further improvements are required. Management responses provided to the audit report have been agreed with the Corporate Management Team.
- 2.11 There are two particular matters arising that should be highlighted. The first issue relates to the recommendation about the need to finalise the detailed documentation in relation to risks on the corporate risk register which are not yet 'live'. Three corporate risks are still in draft form and CMT/Risk Leads have committed to having these completed by the end of November 2020.
- 2.12 The other issue relates to the recommendation about the need to further develop the monitoring, review and challenge of the corporate risks by CMT. The management response agreed with CMT commits the Audit and Risk Manager to submitting regular reports which will allow CMT to periodically review a sample of key corporate risks to monitor, challenge and assess how well those corporate risks are being managed.
- 2.13 To that end, the CMT has agreed that it will receive a detailed report on one corporate risk each month. A proposed timetable for reports to CMT (and subsequently to the Panel) is set out in the table below. To enable a degree of synergy between reports to the CMT and the Panel, it is proposed that at each cycle, Risk Leads for two of the three risks reporting to the CMT, also attend and submit reports to the Panel. The Panel is, therefore, asked to confirm its agreement to receiving reports on the two risks selected for reporting to the Panel in cycles 1 and 2 of 2021 as outlined below:

Table 1: Proposed timetable for reporting on key corporate risks

2021	Month	Risk Lead report to CMT	Risk Lead report to ASP
Cycle 1	Jan	ERDP	<input type="checkbox"/>
	Feb	Tackling Poverty	<input type="checkbox"/>
	Mar	Engagement & Consultation	
Cycle 2	Apr	Information Governance	<input type="checkbox"/>
	May	Public Protection	<input type="checkbox"/>
	Jun	Health & Safety	(reported in Sep 2020)

Other developments

- 2.14 The Council's risk management arrangements continue to ensure that appropriate consideration is given to risk and risk management on both the Corporate Management and Service Management Teams. Risk continues also to be embedded in the Council's resilience arrangements and within the Council's project management arrangements.

- 2.15 Good progress continues to be made on a wide range of other improvement actions which are designed to ensure that the Council can demonstrate mature and effective risk management arrangements.
- 2.16 Significant attention continues to be given to ensuring that staff have appropriate risk management tools and knowledge, proportionate to their roles and responsibilities, which will support the delivery of risk management activities, including on the use of the Council's Figtree risk management system. This include a specific focus on further developing the skills within the network of Risk Champions and Risk Facilitators across the organisation, to ensure they are adequately equipped to support Services in their consideration and management of risk.
- 2.17 The corporate risk management team also continues to engage with, and support, a number of additional workstreams to ensure that risk management is embedded within other key corporate processes including project management, procurement improvement actions and the Council's wider business planning processes. The team also continues to provide specific targeted additional support to risk management activity within a number of key corporate projects including the in-sourcing of Cultural and Leisure Services and the Enterprise Strategic Partnership Contract.
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3. Equality and diversity

Fairer Scotland Duty

There is no requirement to carry out a Fairer Scotland assessment in this instance.

Equality Impact Assessment

There is no requirement to carry out an equality impact assessment in this instance.

4. Implications

Financial impact	None identified
HR/Policy /Legislative Impact	None identified
Environmental Impact	None identified
Risk impact	Effective oversight of corporate risks will enable CMT and Services to more effectively manage and monitor their risks increasing the likelihood of the Council achieving its ambitions and plans by more effectively mitigating potential threats to planned outcomes.

5. Measures of success

- 5.1 The corporate risk management team will continue to report quarterly to CMT and the Audit and Scrutiny Panel providing an overview of the management of the Council's key corporate risks, and updating on progress in respect of planned improvements to the Council's risk management arrangements.
- 5.2 The adequacy and effectiveness of the Council's risk management arrangements will be independently reviewed regularly by Internal Audit, who will report directly on the results of that work to the Audit and Scrutiny Panel.
- 5.3 Effective risk management arrangements assist the Council in achieving planned outcomes and/or help the Council mitigate the impacts of adverse events.
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6. Supporting Documents

Appendix 1 Summary of approved Corporate Risk Register for 2020-21



Ken Adamson, Audit and Risk Manager

Appendix 1 Corporate risk register summary 2020-21

Risk Title	Pre-Covid residual risk rating	Current residual risk rating
1. NEW RISK - Pandemic Illness: Covid-19	25	25
2. Information Security & Information Governance	20	20
3. Implementation of Economic Regeneration Development Plan (ERDP)	15	20
4. Public Protection	16	20
5. Tackling Poverty	16	20
6. Health & Safety	12	20
7. UK leaving the EU - short term impacts	16	16
8. Climate Change	16	16
9. Human Resources	12	16
10. ICT operational capability	12	16
11. Financial Sustainability	15	15
12. Business continuity planning	15	15
13. Terrorism	15	15
14. Governance, Leadership and Decision-Making	12	12
15. Procurement risk	12	12
16. Managing strategic change	12	12
17. 1140 Hours	12	Being reviewed
18. Digital and IT strategy	9	9
19. Serious organised crime, fraud and corruption	9	9
20. Engagement and consultation	9	9
21. Resilience planning	5	5
22. Enterprise Strategic Commercial Partnership	Being reviewed	Being reviewed
23. Asset management	Being reviewed	Being reviewed
24. Health and social care integration	Being reviewed	Being reviewed
25. NEW RISK Administration of Elections	Being reviewed	Being reviewed