# North Lanarkshire Council
# Report

## Audit and Scrutiny Panel

☐ for approval  ☒  for noting          **Ref:** KA/ASP/Mar21          **Date:** 25/03/2021

## 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.

Risk registers remain in place across the organisation, with work ongoing within Services to ensure that risk registers remain comprehensive, up-to-date and reflect current organisational objectives, management arrangements and the ongoing impact of Covid-19.

The report summarises progress against key recommendations and planned management actions arising from the recent Internal Audit report on Risk Management, including improvements to the guidance available to those drafting committee reports to ensure a more consistent approach to the consideration of risks and how risks and the management of risk is communicated to elected members.

The report also outlines proposals for the 2021-22 review of the Corporate Risk Register to bring this annual process, which was delayed in 2020-21, back in line with normal annual timescales, updates on progress against the 2020 risk management objectives and sets out proposed key risk management priorities and actions for 2021.

## Recommendations

The Panel is invited to:

(1)     note the status of the Corporate Risk Register;

(2)     note that work is currently being progressed by risk management staff working with senior management leads to monitor, review and, where necessary, complete updated documentation in relation to the corporate risks described;

(3)     note progress made in relation to recommendations raised within the recent Internal Audit report on the council's risk management arrangements;

(4)     note proposals for upcoming review of the Corporate Risk Register following approval of the Programme of Work for 2021/22 in March 2021;

(5)     endorse the proposed key risk management objectives and planned actions for 2021; and

(6)     otherwise note the contents of the report.

## Links

**The Plan for North Lanarkshire:**

**Priority**:                    All priorities

**Ambition statement:**     All ambition statements

## 1. Background

1.1 The Panel will recall that in line with the approved Risk Management Strategy, all corporate risks identified and agreed as meriting inclusion in the corporate risk register are subject to regular monitoring and review by relevant senior management, and that each Service is required to maintain its own detailed risk registers in respect of the operational service risks within their areas of responsibility.

1.2 Members are also aware that 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.

1.3 Each year the corporate register is reviewed for completeness and relevance to the council's strategic objectives, and alignment with The Plan for North Lanarkshire. The results of the most recent review exercise were reported to Panel in December 2020. This paper provides the Panel with an update on work being progressed as a result of the most recent review exercise.

1.4 Members will also 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. This report also provides Panel with an update on progress against the key recommendations contained within that report.

## 2. Report

### Corporate Risk Register 2020-21 – status

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 closer attention at a strategic level.

2.2 The approved corporate risk register for 2020-21 contains 25 risks as outlined in the table in Appendix 1. Live risks within the register are subject to ongoing monitoring and review by senior management throughout the year, with regular risk reporting to both the Corporate Management Team and the Audit and Scrutiny Panel. Currently, there are 22 risks classified as 'live' with complete control documentation and 2 risks classified as 'draft' where relevant control documentation is being finalised. One risk relating to Adult Health and Social Care Integration is currently under consideration as to whether the risk requires to be significantly reframed or removed in its' current state from the Corporate risk register.

2.3 Members will recall agreeing to receive two reports on individual corporate risks at each meeting in 2021. To that end reports are being presented to Panel elsewhere on its agenda by risk leads for the 'Tackling Poverty' and 'Implementation of Economic Regeneration Development Plan (ERDP)' corporate risks.

2.4 Key changes in the CRR since the last update to Panel include:

- Documentation for the corporate risk for the 'Enterprise Strategic Commercial Partnership' has now been finalised with a residual risk rating of '12 MEDIUM'.

- After its most recent review, the risk "Pandemic Illness – Covid 19" has reduced in residual risk rating. Originally with a residual score of '25 HIGH', the risk is now rated as '15 HIGH'. Although still a high risk, management's assessment reflects the effectiveness to date of Council's response to the risks associated with the pandemic which has ensured continued delivery of critical services, while mitigating the impact on residents, staff and the reputation of the council. The score also reflects management confidence in the governance arrangements now in place to monitor and respond to challenges on an ongoing basis.

- Following management's recent review of the risk for 1140 Hours, the residual risk rating has reduced to '4-LOW'. It is management's assessment that key deliverables of the project have been substantively delivered or are on track to be delivered within cost, time and quality. This also reflects confidence in contingency arrangements and associated governance arrangements in place to ensure continued progress. As the project nears completion the expectation is that this risk will be removed from the Corporate Risk Register and change to a 'business as usual risk' within the Education and Families' Service risk register.

2.5 The Panel will recall that early in the response to the Pandemic, 'Covid specific' versions of several corporate risks were created to enable immediate significant impacts upon existing risks and the council's risk profile to be quickly understood and assessed.

2.6 For some risks, it is accepted that Covid has, or is likely, to have longer-term impacts on the context within which the council operates, and so work has begun to merge 'original' and 'Covid' versions, to create single, refreshed risks that reflects the 'new normal'. For example, the 'Information Security & Information Governance' risk is likely to be permanently impacted by the significant shift to home working, and so no longer requires a separate risk with Covid aspects now being folded into the original risk.

2.7 Members will recall that the annual formal review/refresh of the CRR for 2020/21 was originally planned to take place in Spring of 2020 but was instead postponed and carried out in October 2020 because of the pandemic. In order to bring the schedule back in line with the normal timetable for the annual reviews, it is proposed that a review of the CRR for 2021/22 be carried out in April 2021 to ensure alignment with *The Plan for North Lanarkshire'* and the revised '*Programme of Work for 2021/22* which is due to be submitted for approved by the Policy and Strategy Committee on 18 March 2021.

**Internal Audit report on the Council's risk management arrangements**

2.8 Members may recall the recent Internal Audit report on the Council's risk management arrangements, the findings and management responses to which were included within the Internal Audit Progress report submitted to the December 2020 meeting of the Panel. This section of the report highlights the progress being made in the delivery of the management actions agreed with the Corporate Management Team.

2.9 The most significant recommendations included:

- all Service risk registers need to be completed and input to Figtree, ensuring that each identified risk is fully populated with the details required as per the risk register template and in accordance with the Risk Management Strategy;

- the vacant role of Risk Champion for the Chief Executive's area needs to be filled as a matter of urgency;

- there is a need to finalise the corporate risk register for the outstanding risks not yet 'live' and to further develop the monitoring, review and challenge of these risks by CMT; and

- there is a high incidence of individual risks on Service registers not being reviewed by risk owners within the expected timeframe set by the Risk Management Strategy and there is a need to review and improve the monitoring and reporting of risk to Service Management Teams and Elected Members.

2.10 In respect of the first recommendation about Service risk registers need to be completed and input to Figtree, good progress has been made with Services providing an update to a recent meeting of the Risk Management Corporate Working Group. We will look to develop and report quantitative and qualitative performance measures in this area to assist monitoring and oversight.

2.11 In respect of the second recommendation about the vacant role of Risk Champion for the Chief Executive's area needing to be filled as a matter of urgency, this was discussed and agreed at the Chief Executive's SMT in February and has now been addressed.

2.12 In respect of the third recommendation about the need to finalise the detailed documentation in relation to risks on the corporate risk register which were, at that time, not yet 'live', progress has been made with currently, three risks still requiring documentation and scoring to be finalised and signed off by senior management. These are 'Asset Management', 'Administration of Elections' and 'Health & Social Care Integration'. The first two are currently being finalised with relevant Risk Leads/Owners. Work is underway on the 'Health & Social Care Integration' risk to consider whether the risk requires to be reframed or removed from the Corporate Risk Register. The updated position with all three risks will be reported to Panel at its next meeting.

2.13 In respect of the fourth recommendation about the high incidence of individual risks on Service registers not being reviewed by risk owners within the expected timeframe set by the Risk Management Strategy and the need to review and improve the monitoring and reporting of risk to Service Management Teams and Elected Members, this has been addressed in a number of ways. We have engaged with Risk Champions and Senior Management to ensure that expectations are clearly understood, and the matter is a standing agenda item at the Risk Management Corporate Working Group. We will now also look to develop and report quantitative and qualitative performance measures in this area to assist monitoring and oversight. Engagement with elected members has also been addressed with a regular series of reports on key corporate risks now agreed.

**Risk Management – key objectives for 2021**

2.14 Appendix 2 provides a brief overview of progress made addressing the key risk management objectives which were agreed for 2020. In line with lots of other operational plans, the impact of, and need to respond to, the Covid-19 pandemic impacted significantly on the achievement of risk management plans.

2.15 The Appendix also sets out key planned risk management objectives and activities which will now be taken forward during 2021. These activities are designed to further embed risk management in the Council's governance arrangements and to drive improvements in the quality and comprehensiveness of relevant arrangements.

2.16 Key activities include the development of more robust compliance arrangements and performance measures to better enable senior management and elected members to obtain assurance on the adequacy and effectiveness of risk management arrangements including compliance with key expectations.

2.17 Work will also be progressed to ensure that risks and risk management are appropriately reflected in relevant project management guidance and in committee reports.

2.18 Attention will also be given to ensuring that staff have access to, and undertake, appropriate risk management training relevant to their roles and that we continue to progress developments in Figtree (the Council's risk management system) to support effective risk management in Services and corporately.

**Other developments**

2.19 The Council's risk management arrangements continue to ensure that appropriate consideration is given to risk and risk management at both the Corporate Management and Service Management Teams. The identification and management of risks continues also to be embedded in the Council's resilience arrangements and within the Council's project management arrangements.

2.20 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.

2.21 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. Currently, this includes a specific focus on further developing skills within the network of Risk Champions and Risk Facilitators across the Council, to ensure they are adequately equipped to support Services in their consideration and management of risk, as well as ensuring managers within those services have a clear understanding of their role and responsibilities in the management of risk.

2.22 The corporate risk management team also continues to engage with, and support, several additional workstreams to ensure that risk management is embedded within other key corporate processes including project management, and the Council's wider business planning processes. The team also continues to provide specific targeted additional support to risk management activity within several key corporate projects including the in-sourcing of Cultural and Leisure Services and the Enterprise Strategic Partnership Contract.

## 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.

## 6. Supporting Documents

**Appendix 1**    Summary of status of approved Corporate Risk Register for 2020-21
**Appendix 2**    2020 Risk management objectives – status update and proposed objectives for 2021

**Ken Adamson, Audit and Risk Manager**

**Appendix 1    Corporate risk register 2020-21 - summary of status**

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

Risks in relation to asset management (23) and the administration of elections (25) have recently been reviewed and/or updated; relevant control documentation is still being finalised and/or is awaiting sign-off.

The risk relating to Adult Health and Social Care Integration (24) is currently under consideration following the recent publication of the Independent Review of Adult Social Care as to whether the risk requires to be significantly reframed or removed in its' current state from the Corporate risk register.

**Appendix 2 - 2020 Risk management objectives – status update and proposed objectives for 2021**

| 2020 Objective | What does success look like? | Planned actions | Status at Feb 2021 | Objective for 2021 |
|---|---|---|---|---|
| 1 Further develop arrangements for regular reporting on key corporate risks to CMT and Audit and Scrutiny Panel. | Regular and timely reports to key stakeholders with updated information on assessment of key corporate risks. CMT discussions on key corporate risks to include greater consideration of monitoring of risks and progress of relevant planned actions. | Information on key corporate risks to be generated from Figtree. Audit and Risk Manager to facilitate consideration by CMT of key corporate risks. CMT to review corporate risk register following approval of PoW in March 2020 and reflect on relevant issues arising the Strategic Self Evaluation Programme and Strategic Performance Frameworks. | Deep dive reports can now be produced from Figtree for both corporate and service risks. Monthly reports to CMT on one corporate risk per month now in place. Annual risk review exercise was completed October 2020. | CMT to review corporate risk register following approval of PoW3 in March 2021 and reflect on issues arising the 2020-21 Strategic Self Evaluation, Strategic Governance and Strategic Performance Frameworks. |
| 2 Work more closely with those Services with 'less advanced' risk management arrangements to improve relevant arrangements within those Services. | Risk registers widely in place and subject to regular review in all Service areas. Evidence of regular consideration of key Service risks at SMT level. | Compliance checks on adequacy and quality of risk registers and consideration of risk management within Services. | Significant progress has been made in 2020 in all Services, including those that were less well developed. Risk registers are now widely in place and subject to regular review in all Service areas, although the comprehensiveness and quality of risk registers still varies within and between Services. | Further work is required to further improve risk registers and to develop relevant performance measures which will provide a clearer view for senior management of 'performance' and 'compliance' against key risk management expectations. Consideration will be given to developing a risk management compliance strategy to enable better assessment of the adequacy and quality of risk registers and consideration of risk management within Services, as well as other RM objectives within this table. |
| 3 Formalise a more consistent approach to the consideration of risk in Committee decision-making process. | Committee reports consistently identify and assess relevant key risks and provide sufficient assurance to elected members on how relevant risks are being, or will be, managed. | Revised guidance developed and issued on use of 'Risk implications' sections of Committee reports and guidance is widely adopted. | Guidance for dealing with risk in committee reports agreed at CMT and published on Connect. This will be publicised as part of the launch of improved report writing guidance included as part of PoW3. | An approach to checking a sample of committee reports to enable oversight of the extent of adoption of the published guidance will form part of the risk management compliance strategy (as at 2 above). |

**Appendix 2 - 2020 Risk management objectives – status update and proposed objectives for 2021 (continued)**

| 2020 Objective | What does success look like? | Planned actions | Status at Feb 2021 | Objective for 2021 |
|---|---|---|---|---|
| 4 Further embed use of Figtree across the Council. | Figtree actively used by all Services to hold, monitor and review risk register information. | Remap Figtree to new organisational structures. Develop improved automated reporting and suite of standard reports. Compliance checks on adequacy and quality of risk registers. | Remapping nearing completion, Figtree almost aligned to current organisational structures and approach is better understood which will help us to keep pace with future structure and staffing changes. | Ensure ongoing alignment of Figtree with organisational structures. Continue to develop and encourage use of automated reporting and suite of standard reports. Compliance checks on adequacy and quality of risk registers will form part of the risk management compliance strategy (as at 2 above). |
| 5. Review, refresh (as appropriate) and rollout training on risk management to ensure it continues to meet the Council's requirements. | High level of awareness (as appropriate to staff roles) about risk and risk management. All staff (across all Services, but with a particular focus on Education and Families) with specific 'risk roles' have undertaken appropriate training. | Refresh introductory training module and re-launch. Create advanced training module. Periodic development updates and/or sessions made available to wider risk network. | Introductory module was refreshed and relaunched in new Learn NL platform. Advanced training module to be completed. Risk Network development training being developed. Training sessions have been delivered to wider management teams including Social Care, Education and Families, Financial Solutions and Legal and Democratic Solutions. | Create and implement advanced training module. Finalised and deliver risk network development/training content. Continue to deliver risk awareness training to management teams with specific focus on staff across Enterprise and Communities. |
| 6. Risk Management Strategy submitted to March 2020 Policy and Strategy Committee for approval and subsequent roll-out. | Comprehensive risk management strategy in place and being effectively implemented. | Revised risk management strategy approved and rolled-out. Compliance checks as per Objectives 2, 4 and 7 to provide assurance on implementation of revised strategy. | Risk management strategy was approved and rolled out. | Risk Management Strategy was approved and rolled out. Is due for review again December 2021 which will be progressed through RMCWG and CMT. Build implementation of revised strategy into risk management compliance strategy (as at 2 above). |

**Appendix 2 - 2020 Risk management objectives – status update and proposed objectives for 2021 (continued)**

| 2020 Objective | What does success look like? | Planned actions | Status at Feb 2021 | Objective for 2021 |
|---|---|---|---|---|
| 7. Review management of risks in key corporate projects. | Project risk management' is operating adequately and effectively in line with corporate expectations. | Provide risk management support to key corporate projects as required.<br><br>Compliance checks to provide assurance on the regularity, adequacy and quality of consideration of risks and risk registers within key corporate projects. | Risk Management support has been provided to projects including the insourcing of CLNL and the Enterprise Strategic Commercial Partnership. In addition, significant risk management input was provided to the Recovery Group and Service prioritisation activities in response to Covid-19. | Ongoing support to be provided as required.<br><br>Project risk management guidance to be revised in line with planned revision to wider project management arrangements/guidance. A proposed approach to compliance checks on risk management within projects will be discussed and agreed as part of that review process. |
| **NEW RISK MANAGEMENT OBJECTIVES FOR 2021** | | | | |
| 8. Consider development of Risk Management KPIs | Senior Managers and CMT can monitor and develop a better understanding of performance in relation to the extent of embeddedness and quality of risk management practice across the organisation. | Fact finding on best practice in other local authorities and public sector bodies in relation to relevant measurement/KPIs.<br><br>Progress with RMCWG to develop proposals for presentation/agreement with CMT. | | |
| 9. Develop a corporate approach and methodology to enable 'Second line of defence' compliance checks" to be carried out by Services. | Service Risk Champions and Risk Team can examine compliance with expected practice and implementation of Risk Management Strategy, and target and monitor areas for improvement. This would also provide additional assurance to Senior Managers/CMT/ASP on progress. | Fact finding on best practice in other local authorities in relation to compliance checking approaches.<br><br>Develop with RMCWG relevant proposals as part of risk management compliance strategy (as at 2 above) for presentation to, and approval by, CMT. | | |