North Lanarkshire Council
Report

Audit and Scrutiny Panel

☐ approval ☒ noting   **Ref**   KA/ASPJune21   **Date**   30/06/21

Corporate risk register 2021-22

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Executive Summary

The Panel will be aware that 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. 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 annual Programme of Work. Consideration is also given to whether any risks within Service-level risk registers need to be escalated, and informal comparisons with other local authorities' corporate risk registers are also made to inform the review process.

The purpose of this report is to update the Panel on the results of that process and to present the Corporate Risk Register for 2021/22 recently approved by the Corporate Management Team.

Risks included in the corporate risk register are subject to regular formal review by relevant senior management and periodic review and consideration by both the CMT and the Audit and Scrutiny Panel in line with their respective governance roles.

Overall, although there are some changes in risk scores as a result of ongoing events, the corporate risk register for 2021-22 is substantively unchanged from the previous year although two risks were no longer considered necessary and/or appropriate for inclusion in the CRR and an additional new corporate risk relating to the increased focus required on the poverty related educational attainment gap which has been exacerbated by the impact of Covid-19 pandemic has been added.

Recommendations

Panel is invited to:

(1)   note the proposed reframing of the HSCI and Asset Rationalisation risks as noted at paras 2.4.1 and 2.7.2;

(2)   note the removal of the 1140 Hours as noted at para 2.7.1;

(3)   note the removal of the EU Exit risk as noted at para 2.7.3;

(4)   note the creation of a new corporate risk in relation to inequality in educational attainment as proposed at paras 2.8-2.10; and

(5)   note the revised corporate risk register for 2021-22 at Appendix 1 and reporting schedule at Appendix 2.

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 is 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 The annual review exercise has recently been undertaken on behalf of CMT. This has involved discussion with members of the RMCWG, as well as directly with Heads of Service, to consider issues arising from individual Service risk registers. Informal external benchmarking with corporate risk registers of other councils has been carried out. Most importantly the review has also been informed by, and considered against, The Plan for North Lanarkshire and the revised 'Programme of Work for 2021/22' as approved by Policy & Strategy Committee in March 2021.

1.3 This paper presents the results of that process, which allowed CMT to consider the proposed content and approve the Corporate Risk Register for 2021/22 at Appendix 1.

2. Report

2.1 The corporate risk register for 2020/21 approved by CMT contained 25 risks as outlined in the table in Appendix 1. Risks within the register have been subject to ongoing monitoring and review throughout the year, with regular risk reporting to CMT and Audit and Scrutiny Panel.

2.2 Members will recall that the definition of a Corporate risk is "those risks which can impact the Council in achieving its priorities and stated objectives or are more strategic in nature and require corporate oversight. For example, such risks may have the potential to impact many Services, and/or can impact significantly on the Council in terms of financial costs and reputational damage. The Corporate Risk Register will reflect an amalgamated position of Service-level risks and may also include significant Service-level risks which have been escalated for attention at a strategic level."

2.3 The corporate risk register needs to be reflective of what the Council is seeking to achieve at a strategic level and to ensure key projects or programme risks are captured. Our review of the revised Programme of Work for 2021/22 as approved by Policy & Strategy Committee in March 2021 suggests that the risks in relation to key planned activities being undertaken are largely already captured either at corporate, service or project level and/or provide controls/actions that will help mitigate some of those risks. No changes were therefore proposed to the corporate risk register because of the recently revised Programme of Work.

2.4 At a meeting in March, CMT agreed four priority workstreams to give effect to the recommendations of the 'Delivering for Communities' report approved by the Policy & Strategy Committee in December 2020. In terms of the four priority areas for review, the following outlines the proposed and current approaches/activity regarding the identification and management of associated risks.

2.4.1 HSCP review and alignment

It is noted that a further review of the arrangements relating to the future structure and operating model within the IJB and associated delegated functions will be undertaken during 2021/22. In addition, the future implications on the Council of the Feeley review and the planned implementation of its recommendations will hopefully become clearer once the Scottish Government clarifies what exactly is proposed and how and when planned actions will be progressed. This provides an opportunity to reframe the previously incomplete HSCI risk, and CMT approved the reframing of the HSCI risk to reflect this changing context.

2.4.2 Heads of Service as Community Champions

Work is underway with the Communities Team to explore and capture key risks around this change of approach to help support decision making and planning in the implementation. The risks associated with the Council's community engagement duties and responsibilities are already reflected in the CRR and no specific additional risk in respect of this specific aspect was proposed.

2.4.3 Future Structures – Communities Team and Linked Functions

Linked to the work at 2.4.2 work is also underway supporting the Communities Team in development of risk registers to help understand the impact of changes in approach.

Members will be aware there is already a corporate risk titled 'Engagement & Consultation'. The work outlined at 2.4.2 and 2.4.3 will inform and influence the current management effectiveness of this risk, and it will be important to ensure that the risk remains under regular review to ensure it reflects effectiveness of new structures and arrangements as they become established. Consideration and focus will also be required as to how risks are managed that may impact on the council's ability to meet its statutory obligations in respect of Participatory Budgeting. The risks associated with the Council's community engagement duties and responsibilities are already reflected in the CRR and no specific additional risk in respect of this specific aspect was proposed.

2.4.4 Future Structures – Culture & Leisure Integration and model

The Risk Team provided support to the CLNL Insourcing Project in application of the project risk methodology as part of the project management approach. The Risk team continues to provide support in the establishment of a 'business as usual' risk register for the Active & Creative Communities Team, and will continue to support where required on review/redesign aspects of culture and leisure services and the development of the future operating model. It was not proposed at this stage that risks in this area would require to be added to the CRR.

2.5 Discussions with Service Risk Champions and Heads of Service suggested there are currently no service risks which are deemed to require escalation to the corporate register. Service risks are the subject of regular discussion at the Risk Management Corporate Working Group, and any issues arising that may require corporate consideration throughout the year would of course be raised to CMT at the appropriate time.

2.6 A 'sense-check' or informal benchmark review of other council's corporate risk registers confirms that the Council's corporate risk register remains valid and comprehensive, and broadly consistent with other council's risk registers.

2.7 Consideration of Existing Risks

2.7.1 As suggested during the last review of the CRR, there was an expectation that the corporate risk '1140 Hours' would exit the corporate register as the project moved to completion. It is recommended that this now be the case and that associated residual risks be monitored and overseen at service level through to transition to 'business as usual' status within the Education & Families Service risk register. CMT was asked and approved removal of this risk from the CRR.

2.7.2 CMT also previously agreed that although not previously finalised, a risk relating to 'Asset Management' should remain on the CRR, but that there has been some challenge in agreeing exactly how this risk should be framed. It is important to ensure that as a corporate risk, it reflects the strategic aspects and corporate implications of the Asset Rationalisation programme and goes beyond the direct management of the programme itself. It is therefore proposed that the risk scope is described as: "*There is a risk that the council does not have appropriate property assets to successfully deliver the vision*

contained in the Plan for North Lanarkshire and/or that available accommodation and service delivery models/business redesign activity are not effectively aligned". To that end work is underway to finalise and score the risk, which will be reported to CMT and the Panel at a future meeting as part of the previously agreed risk reporting schedule.

2.7.3 The corporate risk relating to 'EU Exit' was created to reflect the expected short-term risks of the UK leaving the EU, particularly if on a 'No Deal' basis. Impacts arising immediately were not as materially significant as anticipated, and while the corporate risk enabled oversight of preparedness in relation to these, it is now recommended that risks and impacts arising be overseen within specific services areas, and be reflected within 'business as usual' risk registers in relevant service areas. CMT therefore was asked and approved the removal of this risk from the corporate register.

2.8 One additional issue arising from this review, that CMT was asked to consider, related to whether the current corporate risk register allows for adequate corporate oversight of risks to the council's strategic ambitions, particularly those around future employability and economic prosperity, which may arise from its ability to reduce the poverty-related attainment gap, and specifically how it addresses the impacts and learning loss arising from the Covid-19 pandemic.

2.9 Audit Scotland noted in their March 2021 report '*Improving outcomes for young people through school education*' that the poverty-related attainment gap remains wide and that inequalities have been exacerbated by Covid-19 and concluded that progress on closing the gap has been limited and falls short of the Scottish Government's aims.

2.10 Recent discussion at CMT highlighted that any failure to address this complex and challenging issue effectively is likely to have ongoing implications for the Council not only in terms of short-term equity aspects but on its longer-term ambitions for inclusive growth and prosperity for all. CMT was therefore asked to consider whether it would like to see the addition of a specific corporate risk within the CRR in respect of this issue. It was agreed that such a risk be added.

2.11 The Corporate Risk Team will continue to work with relevant senior management to finalise deep dive documentation in relation to all relevant risks, as well as progressing any other changes arising from this report. The revised CRR will be included within quarterly risk management updates to CMT and the Audit and Scrutiny Panel.

2.12 Reports will also be submitted on the management of individual corporate risks to CMT and the Panel in line with the timetable outlined in Appendix 2.

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3 Public Sector Equality Duty and Fairer Scotland Duty

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.

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4. Impact

Financial impact	None identified
HR policy/Legislative impact	None identified
Technology / Digital impact	None identified
Environmental impact	None identified
Communications impact	None identified
Risk impact	Oversight of corporate risks contributes to the council's governance arrangements increasing the likelihood of the Council achieving its ambitions/plans by reducing or mitigating potential threats to planned outcomes.

5. Measures of success

5.1   The 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   2021/22 Corporate Risk Register summary

Appendix 2   Timetable for reporting on corporate risks to CMT/ASP

Ken Adamson, Audit and Risk Manager

Appendix 1 – Corporate Risk Register Summary 2021/22

Risk Title	Current residual risk rating
Information Security & Information Governance	20
Tackling Poverty	20
Health & Safety	20
Public Protection	16
ICT operational capability	16
Human Resources	16
Climate Change	16
Pandemic Illness - Covid 19	15
Financial Sustainability	15
Implementation of Economic Regeneration Development Plan	15
Business continuity planning	15
Terrorism	15
Enterprise Strategic Commercial Partnership	12
Governance, Leadership and Decision-Making	12
Procurement risk	12
Managing strategic change	12
Digital and IT strategy	9
Serious organised crime, fraud and corruption	9
Engagement and consultation	9
Resilience planning	5
Asset Management	To be confirmed
Health and social care integration – to be reframed	To be confirmed
Administration of Elections	To be confirmed
Risks proposed for removal/de-escalation from CRR in 2021/22	
1140 Hours	4
UK leaving the EU - short term impacts (including of a no deal departure)	12
New risks proposed for consideration for inclusion in 2021/22 CRR	
Educational attainment gap (including learning loss arising from Covid-19)	Proposed new

Appendix 2   Timetable for reporting on corporate risks to CMT/ASP

2021	Month	Risk Lead report on	CMT	A&S Panel
Cycle 1	Jan	ERDP		March
	Feb	Tackling Poverty		March
	Mar	Engagement & Consultation	31 March	
Cycle 2	Apr	Information Governance	27 April	June
	May	Public Protection	25 May	June
	Jun	Health & Safety	22 June	
Cycle 3	July	ICT Operational Capability	20 July	September
	August	Asset Management	31 August	September
	September	Human Resources	28 September	
Cycle 4	October	Climate Change	26 October	December
	November	Governance, leadership and decision-making	23 November	December
	December	Terrorism	21 December	