

Appendix B: Digital Transformation Risk Analysis

The following identified digital transformation risks are outlined using the corporate risk register format, as below;

INTRODUCTION

The management of Risk is a key element to any organisation in order to protect its resources (human & physical), finances and reputation. By undertaking regular, stringent and structured analysis of the risks faced by the organisation senior managers are able to take strategic decisions to mitigate against such risks whilst still being able to take the necessary decisions for a progressive council.

This document explains the methodology used to analyse and identify the risks which are considered to be of a sufficient level to be monitored corporately. The process of identifying risks is a linear examination at service, departmental and subsequently corporate level. It is only by undertaking a thorough and detailed risk assessment that this can be achieved. Each risk is assessed for the likelihood of the risk occurring, as well as the potential impact of such an occurrence. The combination of these two factors gives an initial risk rating. Each risk is then 'managed' by the implementation of control measures. It is then re-assessed to give a residual risk rating. Only risks which would have a significant corporate-level impact upon the ability of the Council to undertake its normal service delivery, finances, safety, or reputation are reported at this level.

DEFINITIONS

Risk: A risk is an event or action which may adversely affect the Council. It can arise from the possibility of not realising opportunities as well as from a threat materialising. Risk management is embedded across the organisation and forms part of each directorate's everyday function. They follow the format '[x...] leading to [y...] resulting in [z]'. Please note that as we increase our partnership and multi-agency work, risks become increasingly complex as controls may become out of our direct control.

Inherent risk: This is the level of risk that is present before controls have been applied. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

Residual risk: This is the level of risk remaining after application of controls. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

Control: Controls are a key mechanism for managing risk and are put in place to provide reasonable assurance. Examples of controls can include policies and procedures adopted, progression of ongoing actions, or implementation of recommendations resulting from internal audits.

Warning indicators: These are the mechanisms or issues that will highlight that the risk is not being mitigated by the controls identified, or to the extent expected. These can be internal or external to the organisation.

RISK RATING CATEGORIES

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High Risks (Rating of 15-25)

- Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan needs to be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.
- Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.
- Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered in the Corporate Risk Register.

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Medium Risks (Rating of 6-12)

- Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.





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Low Risks (Rating of 1-5)

- No action required to mitigate these risks.

Risk No	Risk Details	Inherent Risk			Controls We Control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Inherent Risk Rating		
	Digital Transformation Programme (2018-2020)												
1	Consultant's smartphone App new income forecasts are inaccurate.	3	2	6	<ul style="list-style-type: none"> • Undertaking further focussed due diligence during the programme initial 'discovery phase (first 6 weeks) before progressing to production. • That the Cabinet report delegates powers to stop this investment strand following additional feasibility findings. 	Outcome/ revue and confidence following the initial programme discovery phase	Ian Davidson	Agreed discovery phase milestone date (tba)	3	1	3	↓	2

2	Contractor(s) failure to deliver key deliverables within agreed timescales and agreed resourcing allocations	4	2	8	<ul style="list-style-type: none"> This risk will be mitigated through the GCloud 9 'Call Off' contract terms and conditions. The council delivery programme board will monitor resource spend against deliverable outcomes and milestone dates agreed. 	Programme board meetings - key deliverables not delivered to agreed timescales.	Martyn Knappett/ John Higgins	Ongoing through programme	2	2	2	↓	3
3	Specialist contractors are likely to be relatively small company(s), there is a risk that key resources may leave the business/ suffer from resourcing issues.	3	3	9	<ul style="list-style-type: none"> Monitoring key deliverables to time/ quality and cost. Agreeing a contractual programme payment schedule based upon smaller regular payments and key milestone deliverables. Negotiating and managing negotiated delays should they arise. 	Loss of key contractor resource	John Higgins	Ongoing	2	2	4	↓	
4	Any new legislation, both foreseen and unforeseen invariably has resourcing implication costs for local government to bear which may ultimately affect our ability to 'take' staff efficiency savings generated, instead, making the new legislative requirements cost neutral.	3	3	9	Monitoring legislative changes and resource management planning based around implementation timescales.	Government White Papers	Responsible Director(s) and Head(s) of Service	Ongoing through programme	2	3	6	↓	
5	Over time, the council's data storage needs will continue to rise thereby increasing our Microsoft cloud hosting charges.	3	3	9	This cost increase is unfortunately unavoidable but would need to be funded regardless of whether or not we continued with our hardware ownership regime or moved to 'The Cloud'. Hardware costs should continue to fall thereby reducing the significance of this cost increase.	Microsoft platform storage monitoring and pricing.	IT Operations Manager – Sharon Griffiths	Ongoing	3	3	9		
6	New Microsoft Azure Platform flexibility to assign additional resources leads to increased/ unbudgeted additional costs.	3	3	9	Processes are put in place within IT that any new additional platform resources are approved beforehand by the Head of Service with any service-requests being accompanied by a budget code to cover additional costs.	Platform monitoring and charging reporting	John Higgins & IT Management Team	Ongoing	3	2	6	↓	

7	Services fail to exploit new IT technology available to improve efficiency, for example, staff mobile working out 'on site' or in the community.	3	3	9	<ul style="list-style-type: none"> • Programme buy-in and commitment from Management Team leading from 'the top' down. • Performance monitoring & reporting outcomes agreed with Heads of Service in 1:1 and cascaded as appropriate. • Programme requires a robust communications plan with documented learning outcomes. • The communication plan needs to be monitored throughout the 	Programme board needs to establish monitoring/ reporting metric(s) to understand programme success	Management Team & Programme Board	Ongoing	3	2	6		
8	Programme Board and consultants fail to fully engage with and gain support from service/ staff , for example, due to staff conflicting work challenges.	3	3	9	<ul style="list-style-type: none"> • Cabinet report discusses this risk and identifies that Cabinet need to understand that service performance/ response times may dip during programme peaks – but that staff will try to mitigate this risk. • That the Programme Board and consultants be aware of this risk and mitigate throughout programme. • That Management Team be aware of this risk and commit to supporting the programme and support intervention measures should it prove necessary. 	Programme board needs to establish monitoring/ reporting metric(s) to understand programme success	Management Team & Programme Board; Martyn Knappett/ John Higgins/ Mark Westall/	Ongoing	3	2	6		
9	Elements of the programme require staff training and consultants knowledge sharing to ensure that council staff are self-reliant following programme completion e.g. front-office product process creation, Azure platform usage monitoring, App development.	3	3	9	<ul style="list-style-type: none"> • Programme requires a robust training/ knowledge transfer plan with documented audience & learning outcomes. • The communication plan needs to be monitored throughout the programme by programme board.. 	Programme board needs to establish monitoring/ reporting metric to understand programme success	Programme Board (Martyn Knappett/ John Higgins/ Mark Westall/	Ongoing	3	2	6		
10	Service delivery changes/ channel-shift / service re-design must consider service inclusivity ref; People from different ethnic groups Men, women (including maternity/pregnancy impact), transgender people Disabled people or carers People from different faith groups Lesbian, gay or bisexual people Older or younger people Other (e.g. marriage/civil partnership, looked after children, cohesion)	5	2	10	<ul style="list-style-type: none"> • Digital Transformation service developments/ website re-design/ App development etc must be undertaken with inclusivity and ease of access in mind – this will be added to programme risk assessment and monitored through the Programme Board. • From a service media channel/ monitoring perspective the Head of Customer Svces & Commercialism will need to ensure that other media channels remain available 	Programme board needs to establish monitoring/ reporting metric to understand programme success	Programme Board (Martyn Knappett/ John Higgins/ Mark Westall/ Sharon Griffiths/ Sam Wright)	Ongoing	3	2	6		

METHODOLOGY FOR CALCULATING RISK

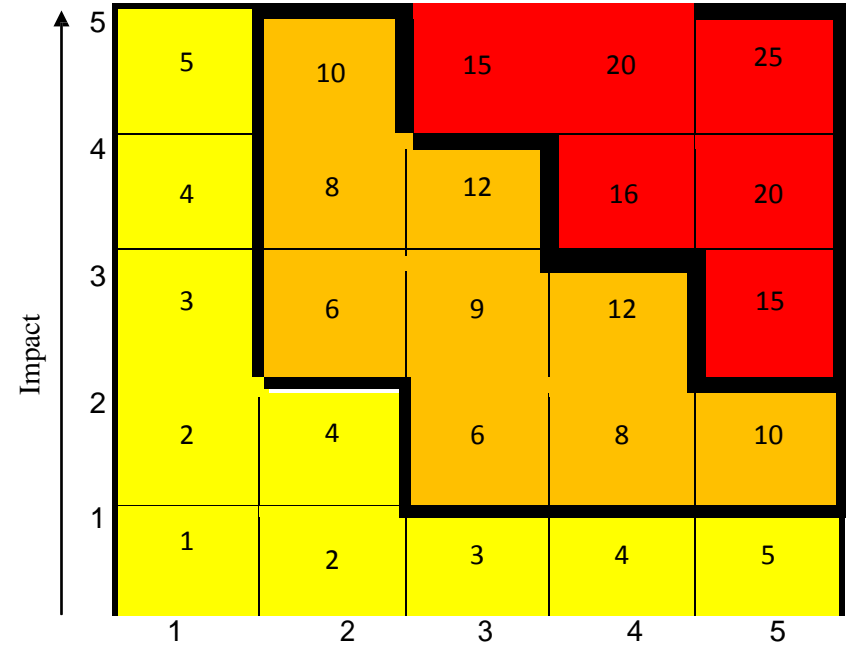
RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	Critical	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	Major	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	Sizeable	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or relatively minor for the Council as a whole
2	Moderate	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	Minor	Loss of up to £5K	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

RISK RATING ELEMENTS - PROBABILITY

Timescale	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Probability					
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Under 30%	1	1	1	1	1

RISK CALCULATION MATRIX



Impact x Probability = Overall Risk Rating