

Agenda Item	7
Report No	AS/19/14

Risk Management Update

Report by the Head of Internal Audit & Risk Management

Summary

This report provides details of changes to the actions in place to address the Council's corporate risks. In addition, details are provided of other risk management activities which have been recently undertaken.

1. Introduction

- 1.1 A review of the Council's corporate risks was undertaken by the Executive Leadership Team (ELT) in May 2014 and the results from this review were reported to the Audit & Scrutiny Committee at their meeting of 19/06/14.
- 1.2 This report provides details of changes to the actions against these risks, including details of those which have been completed since the last report.

2. Review of Actions

- 2.1 The ELT were asked to review the risk actions and provide details of any changes. This resulted in actions being updated/ amended against 5 of the corporate risks (THC 2, THC 23, THC 35, THC 36 and THC 39). The amended information is provided at **Appendix 1** and details of the changes can be found in the Update section.

No changes have been made to the risks identified and the risk profile reported in June remains unchanged. This Committee report can be accessed at:

http://www.highland.gov.uk/meetings/meeting/3224/audit_and_scrutiny_committee.

3. Other risk management activities

3.1 Risk management consultancy

As part of their insurance tender, Zurich Municipal Insurance included a financial sum for the provision of risk management consultancy services (this is provided by Zurich Management Services Ltd). This sum has been used to provide Member training (on 14/02/14) and more recently a piece of work was commissioned to examine management of the vehicle fleet in order to identify any areas where improvements could be made. This review included consideration of claims experience, documentation, driver training, vehicle maintenance, claims and accident procedures, security and layout of depots. The findings and recommendations from this review are being considered and it is intended that an action plan will then be produced to address these. The agreed action plan will then be reported to this Committee.

Consideration is also being given to what work will be commissioned from Zurich in the future to further improve the Council's risk management arrangements.

3.2 Corporate Risk Management Group

Service Directors have been contacted for nominations for appropriate officers to be involved in the Corporate Risk Management Group.

3. Next Steps

3.1 The next six-monthly review of the risk register is due in November 2014 and the outcome of this will be reported to Committee on 20/11/14. The other planned risk management tasks for the remainder of the year consist of:

- Revision of the Council's Risk Management Strategy by 31/12/14.
- Improving the robustness of the process for recording and monitoring Service risks, including ICT and project risks by 31/03/15.

Recommendation

Members are asked to:

- (i) Scrutinise the corporate risk register information provided at Appendix 1.
- (ii) Note the recent risk management activities and the next steps, both of which are intended to assist in the continuing improvement of risk management within the Council.

Designation: Head of Internal Audit & Risk Management

Date: 12th September 2014

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Background Papers

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Development & Infrastructure	Financial & Physical	C2	D2		
Risk No. & Details					
THC 2 – If the Council does not rationalise property assets there will be too much money tied up in fixed assets, their poor condition will mean they are not fit for purpose and running costs, including carbon emissions, will be excessive.					
Action Information:					
A number of office rationalisation projects are being undertaken within different areas under the overall control of the Director of Development & Infrastructure. Each project, except Inverness which is in the early stages, has a Project Board which meets on a regular cycle with the Director reviewing progress. The present projects and their milestones are detailed below:					
Action No. & Details		Responsible Officer		Target Date	
THC 2.1 - Delivery of new Council office in Wick.		Ward Manager Thurso, Wick & Landward Caithness		March 2015	
THC 2.2 - Refurbished building for staff in Dingwall.		Project Manager, Dingwall Office Project		December 2014	
THC 2.3 - Delivery of new Council office in Fort William.		Senior Ward Manager, RSL		May 2017	
THC 2.4 - Delivery of new Council office in Kingussie.		Ward Manager (Nairn, Badenoch & Strathspey)/ Project Manager, Kingussie Office Project		October 2014	
THC 2.5 - Options appraisal paper to be produced for Inverness office project		Director of Development & Infrastructure		December 2014	

Update:

There have been a number of changes to the above actions:

THC 2.3 – the Senior Ward Manager, Ross Skye and Lochaber has been appointed as the Project Manager for this and the action date has been amended to fit with the delivery date for the new office.

THC 2.4 – there have been some delays due to legal issues of the land purchase requiring a contaminated land survey and the target date has been revised from September to October 2014. The tender returns are due by 12/09/14 and the tender evaluation period and contract acceptance should be completed by 24/10/14.

THC 2.5 – this is still on target but it has been identified that additional resources are needed to take forward the option appraisal in order to achieve the date of December 2014.

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Care & Learning	Customer/ Citizen	C2	D3		
Risk No. & Details					
THC 23 - If the Council does not engage effectively with its partners then it will not capitalise upon the benefits of improved community working and resilience.					
Action Information:					
Action No. & Details			Responsible Officer	Target Date	
THC 23.1 - Review of strategic community planning arrangements.			Head of Adult Services	September 2015	
Update:					
This action has been changed and widened beyond considering the Audit Scotland inspection regime. Responsibility for this risk has moved from the Head of Policy & Reform to the Director of Care & Learning.					

Risk Information:				
Risk Owner:	Risk Type:	Risk Rating:		RAG: G
		Current	Target	
Director of Finance	Financial & Legal	C2	D3	
Risk No. & Details				
THC 35 - If a short and medium term budget strategy is not developed then the Council will not be able to set a balanced budget by February 2015.				
Action No. & Details			Responsible Officer	Target Date
The actions below relate to the preparation of a longer term budget through to 2018/19. Financial modelling has produced a roll forward budget for financial years 2015/16 to 2018/19 and a budget gap of £62.7m has been identified. Transformational initiatives along with traditional Service savings will be worked up to produce balanced budgets within and across the financial years.				
THC 35.1 - Initial consultation to shape the budget setting priorities undertaken in consultation with the Executive Leadership Team (ELT) and the Administration Group.			Head of Accounting & Budgeting	Now completed
THC 35.2 - Report to Council on 26/06/14 on progress with setting the budget.			Director of Finance	Now completed
THC 35.3 - Development of Transformational Opportunities by the ELT.			Head of Accounting & Budgeting	Now completed
THC 35.4 - Identification of Service Savings Proposals by all Service Directors.			All Directors	Now completed
THC 35.5 – Second consultation focussing on the detailed projections and service impacts with the ELT and Administration group.			Director of Finance	November 2014
THC 35.6 – Budget agreed by Council.			Director of Finance	February 2015
Update:				
As detailed above, actions THC 35.1 – 35.4 have now been completed.				

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Finance	Financial & Customer/ Citizen	C2	D3		
Risk No. & Details					
<p>THC 36 - If the Council does not address and manage the impact of changes arising from the Welfare Reform Act this will be to the detriment of our communities. Changes include reduction in Council income from DWP subsidy and lower entitlements for claimants leading to hardship for many customers and possible increased rent arrears. In so far as arrears are not mitigated by specific measures (e.g. Discretionary Housing Payments), this will pose a threat to landlords generally and the Council's ability to provide and maintain social housing. The wider consequences will be many millions of pounds taken annually out of the local economy, and increased demands upon local services.</p>					
Action Information:					
Action No. & Details			Responsible Officer	Target Date	
THC 36.1 - Continue appropriate Finance Service involvement at Scottish and UK level around the design and implementation of Universal Credit as only live site in Scotland.			Director of Finance	March 2017	
THC 36.2 - Lobby for policy and procedural improvements; also adequate administration subsidies and welfare mitigation funding.			Director of Finance	March 2017	
THC 36.3 - Work closely through COSLA and with Scottish Government to ensure rural challenges are recognised.			Director of Finance	March 2017	
THC 36.4 - Provide Local Support Services through Universal Credit Service Delivery Agreement with DWP. (This is already in place but support will expand until March 2017.)			Director of Finance	March 2017	
THC 36.5 - Provide affordable financial resources to internal Money Advice and Income Maximisation teams, and Citizen Advice Bureaus locally for advisory services and appropriate levels of assistance to local customers. (Already in place but demand led to March 2017).			Director of Finance	March 2017	
THC 36.6 - Minimise financial risks through effective use of Council's own aggregate Welfare Fund including Discretionary Housing Payments, Scottish Welfare Fund monies, and Council Tax Reduction, and source third party funding to augment Council Welfare Reform provision.			Director of Finance	March 2017	
THC 36.7 - Represent Council on Board of national Money Advice Project in order to influence future developments.			Director of Finance	March 2017	
THC 36.8 - Provide oral and written evidence as necessary to both Parliaments on welfare issues. (Oral evidence provided at the Local Government and Regeneration Committee on 28/05/14.)			Director of Finance	March 2017	

THC 36.9 - If and when customers with housing costs migrate across to Universal Credit, put new support structure in place changing the nature of the Council's involvement from one of administration of Housing Benefit to mitigation of Universal Credit.	Director of Finance	March 2017
THC 36.10 - Maintain legacy systems in parallel with Universal Credit into the future.	Director of Finance	March 2022
Update:		
The target dates for actions THC 36.3, 36.7 and 36.9 have been amended to March 2017 to ensure consistency as a number of these actions are interrelated.		

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Community Services	Physical & Technological	B2	D2		
Risk No. & Details					
THC 39 - If our planning and training is insufficient then there is a risk that we do not recover as an organisation or mitigate the risks to service delivery.					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 39.1 - Service plans need to deal with main risks to key services. These will be based on respective Business Impact Analyses (BIAs). Six of seven BIAs have been completed and these are to be reviewed in the light of structural changes. Once all BIAs have been completed, the SLT will be asked to review and challenge the identified risks.		Emergency Planning and Business Continuity Manager	January 2015		
Update:					
Target date revised from September 2014 to January 2015 as this is the date provided within the action plan for the Business Community Planning Arrangements (follow-up) audit.					