

The Highland Council

Audit & Scrutiny Committee – 18th June 2015

Agenda Item	6
Report No	AS/10/15

Six-monthly review of corporate risks

Report by Head of Audit & Risk Management

Summary

This report provides details of the six-monthly review of the corporate risks by the Executive Leadership Team (ELT) and details of a change in the reporting arrangements.

1. Introduction

- 1.1 The corporate risks should be reviewed on a six-monthly basis and this was undertaken by the ELT on 04/06/15. The resultant changes are outlined at section 2.1 below.
- 1.2 A further review of the corporate risks will be undertaken in the near future by the ELT to take account of any potential risks arising from the Council's new Administration arrangements. The Head of Audit & Risk Management has also given consideration to the reporting of the six-monthly reviews and had intended to change this to providing this to Committee in September and March each year. Therefore, the next review will be reported to Committee on 30/09/15 and six-monthly thereafter.

2. Review of Corporate Risks

- 2.1 The following changes have been made to the risk register and the amended version is provided at **Appendix 1**.

(i) Above the line risks:

No new risks have been identified and so there are still 12 above the line risks in the register. However, changes have been made to the detail for risk THC 35 (develop short/ medium term budget strategy) which previously referred to the 2014/15 budget. This has been revised to address the need to set a balanced budget for 2016/17 and to future year's budget challenges. Due to the scale of these challenges and budget pressures in the current year the current risk score has been increased from D3 to E3. This can be seen in the risk profile provided at **Appendix 2**.

(ii) Changes to actions:

Details of any changes to actions since the last report to Committee are provided in the update section. These have resulted from the addition of new actions, revisions to the target dates and completion of actions.

A number of new actions have also been added to risk THC 35 in order to manage the revised risk. In addition, new actions have been added to risk THC 36 to take account of preventative measures the Council is taking to address some of the impact arising from the Welfare Reform Act.

(iii) Below the line risks

No changes have been made to the 3 existing below the line risks THC 12 (equal pay liability), THC 26 (consolidate and sustain integration) and THC 43 (SWAN contract).

3. Implications

- 3.1 The risk management process reduces the Council's exposure to risk by ensuring that the corporate risks identified are actively managed. There are no Resource, Resource, Legal, Equalities, Climate Change/ Carbon Clever, Gaelic or Rural implications arising from this report.

Recommendation

Members are asked to:

- (i) Scrutinise the corporate risk register provided at **Appendix 1** and consider the risk profile at **Appendix 2**.
- (ii) Note that a further review of the corporate risks will be undertaken by the ELT and the results of this reported to the September Committee. Reporting will then be undertaken in March and September each year.

Designation: Head of Audit & Risk Management

Date: 5th June 2015

Author: Donna Sutherland, Audit & Risk Manager

Background Papers

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Development & Infrastructure (2.1 – 2.5), Director of Community Services (2.6)	Financial & Physical	D3	C3		
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:					
<u>Rationalisation of offices:</u> 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		September 2015		
THC 2.2 - Refurbished building for staff in Dingwall.	Project Manager, Dingwall Office Project		Completed		
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)		September 2015		

THC 2.5 - Options appraisal paper to be produced for Inverness office project.	Director of Development & Infrastructure	December 2015
<p><u>Rationalisation of depots and stores</u> As part of the changes arising from the Service restructuring, the Director of Community Services has initiated a review of the number of strategic depots and stores with a view to reducing these.</p>		
Action No. & Details	Responsible Officer	Target Date
THC 2.6 - Reducing number of strategic depots and stores	Performance & Building Maintenance Manager/ Head of Roads & Transport	March 2018
<p>Update:</p>		
<p>THC 2.1 – There have been issues with the external cladding of the building which is to be redone by the contractor. This has delayed the handover of the building and the date for staff moving into the new building has been revised from March to September 2015. THC 2.2 – This action was completed in accordance with the target date of December 2014. THC 2.5 – The previous action relating to producing an options appraisal paper has been done and this has been considered by the ELT. The approach for this has been agreed and a further report will be considered by the ELT regarding the way forward including a rebased project review plan. Therefore the date has been revised from December 2014 to 2015.</p>		

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Chief Executive	Customer/ Citizen	D3	D3		
Risk No. & Details					
THC 6 – If the Council is unable to plan and training is insufficient for an emergency, then there is the risk that we do not mitigate the impact upon our communities or recover quickly enough.					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 6.1 - Embedding the new emergency planning measures included in the Partnership Agreement with NHS Highland, addressing health and social care responsibilities and policies.		Director of Care & Learning	Ongoing		
THC 6.2 - Operational plans are in place to deal with disruption from severe weather including snow, flooding, high winds and landslides which impact on the Council's infrastructure, including roads, bridges, buildings and marine structures.		Director of Community Services	Completed		
THC 6.3 - An out of hours emergency call service is in place together with stand-by systems which provides a first level response out with normal working hours.		Director of Community Services	Completed		
THC 6.4 - A training and exercising regime is maintained to provide relevant staff with the skills and knowledge they may need in a response to a major incident.		Emergency Planning and Business Continuity Manager	December 2015		

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Financial & Customer/ Citizen	E3	C3		
Risk No. & Details					
THC 17 - If the Council does not design and support staff in new ways of working, then budget challenges will lead to cuts in services.					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 17.1 - The CIP programme is being delivered and remains on target with strong management and political governance to ensure it delivers the agreed outcomes.		Programme Manager	Completed		
THC 17.2 The Council in December 2014 agreed a programme of work to deliver transformational savings of £18M over next 4 yrs.		Programme Manager	March 2016		
Update:					
The actions have been updated to reflect the closure of the CIP programme in March 2015 and the addition of the Transformation & Savings Programme. This Programme is underway and the governance arrangements agreed. Directors will lead a portfolio of projects to deliver the overall Programme.					

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Technological & Legal	D3	C3		
Risk No. & Details					
THC 22 - If the Council does not comply with Information Management and Security requirements then there is a risk that personal or financial data could be compromised.					
Action Information:					
Action No. & Details			Responsible Officer	Target Date	
THC 22.1 - The Council continues to develop & implement its approach to information management & security and address the actions from the Information Commissioner's report.			Head of Digital Transformation	March 2016	
THC 22.2 - The Council will review its Information Management Strategy annually in October of each year.			Head of Digital Transformation	Completed	
Update:					
<p>THC 22.1 – The date has been revised from March 2015 to 2016 to reflect that this work is being continued as part of the Transformation Programme (see THC 17) and will enable and deliver improved ways of working and efficiency savings.</p> <p>THC 22.2 – The original date was revised from October 2014 to March 2015. This has now been completed with the revised Strategy and Policy Framework annual review approved by the Resources Committee on 25/02/15.</p>					

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Head of Policy & Reform	Customer/ Citizen	D3	C2		
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 partnership arrangements; including the organisation of inspection processes and development of Community Learning and Development and Community Development plans.			Head of Adult Services	September 2015	

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Finance	Financial & Legal	E3	C2		
Risk No. & Details					
THC 35 - If a short and medium term budget strategy is not reviewed and updated then the Council will not be able to set a balanced budget by February 2016 and will not be in a position to address further financial challenges in the years following.					
Action No. & Details			Responsible Officer	Target Date	
THC 35.6 – Budget agreed by Council.			Director of Finance	Completed	
THC 35.7 - Further consultation focussing on the detailed projections and service impacts with the ELT and Administration group.			Director of Finance	October 2015	
THC 35.8 - Identify additional savings required to balance the budget.			Director of Finance	October 2015	
THC 35.9 - Ensure delivery of existing service and transformation savings which are included within the budget.			Director of Finance	October 2015	
THC 35.10 - Consider the implications of the report from the Commission on Local Tax Reform.			Director of Finance	November 2015	
THC 35.11 - Budget agreed by Council.			Director of Finance	February 2016	
Update:					
The risk information has been updated and the current risk score has been increased from D3 to E3. THC 35.6 – This was completed when the budget was agreed by Council on 18/12/14. New actions THC 35.7 – 35.11 have been added.					

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Director of Finance	Financial & Customer/ Citizen	D3	C2		
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 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 - 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 36.4 - Work closely through COSLA and with Scottish Government to ensure rural challenges are recognised.		Director of Finance	March 2017		
THC 36.5 - 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 36.6 - Provide 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 36.7 - 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 36.8 - Represent Council on Board of national Money Advice Project in order to influence future developments.	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
THC 36.11 - Use the Welfare Fund to mitigate against the impact of welfare reform. Proposals developed through the Member working group and agreed at Resources Committee. (Note the fund is not recurring.	Head of Policy & Reform	March 2017
THC 36.12 - New ESF programmes under development with 2 streams to support people into employment.	Head of Policy & Reform/ Economy & Regeneration Manager	March 2022
THC 36.13 – The Community Planning Partnership (CPP) is reviewing partner impact on reducing inequality and acting preventatively.	Director of Care & Learning./ Director of Finance/ Head of Policy & Reform	March 2018
Update:		
New actions 36.11 – 36.13 have been added.		

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Financial & Technological	D3	C3		
Risk No. & Details					
THC 38 - If the ICT re-provision does not meet the requirements of the Council or its Services, or if the budget available makes these unaffordable then the Council will not achieve the expected benefits from the new contract arrangements.					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 38.1 - The Council has established a re-provision programme, with a multi-functional fully resourced team which will manage the work and is on target to conclude by March 2016 (now October). The Council has established a clear governance structure for decision making including the establishment of an ICT Members Executive Board with key decisions being taken by Resources Committee. The project plan and project deliverables are monitored by an ICT Re-provision Board, comprised of Council Directors and Chaired by the Chief Executive.		Head of Digital Transformation	October 2016		
Update:					
The date has been revised from March to October 2016. On 27/05/15 the Resources Committee agreed the Procurement Approach; Competition Stage Plan and Evaluation Criteria for the competitive dialogue procurement process.					

Risk Information:				
Risk Owner:	Risk Type:	Risk Rating:		RAG:
		Current	Target	
Director of Community Services	Physical & Technological	E3	C3	G
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	October 2015	
Update:				
There was a delay in the completion of the individual Service Business Continuity Plans (BCPs) and the target date has been revised from January to October 2015 to reflect this. However, there has been progress with the BCPs for the Corporate Development and Finance Services presented for approval to the Resources Committee on 27/05/15. The BCPs for Community Services and Development & Infrastructure are complete and will be presented to the respective Committees on 04/06/15 and 19/08/15. The Plans for the Chief Executive's Office and Care & Learning are scheduled to be presented on 26/08/15 and 27/08/15 respectively.				

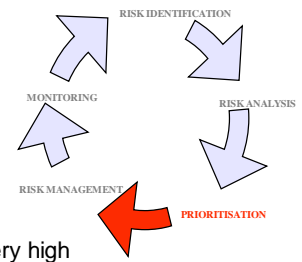
Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Customer/ Citizen & Professional/ Managerial	D3	C3		
Risk No. & Details					
THC 40 - If the Council is unable to reshape its workforce and still retain, retrain and recruit to meet its skills demands, then there will be a negative impact on service delivery.					
Action Information:					
Action No. & Details		Responsible Officer		Target Date	
<p>THC 40.1 – The report to the Resources Committee on 26/02/14 outlined a number of actions to address workforce planning and the corresponding Audit Scotland report on this subject. These actions are:</p> <ul style="list-style-type: none"> • Provide training and other support for managers on the use of Workforce Planning toolkits and template through Learning & Development. • Deploy HR Service Business Partners to work with each Service to assist with analysis of workforce data and to identify section level plans and the managers responsible. • Service Directors to agree Service Learning Plans to identify and meet development and skills shortage requirements as a result of the workforce analysis. (Plans at Council, Service and Section level should be integrated and presented in a consistent format.). • Share the outcomes of workforce planning across the Council to ensure consistency and flexible use of staff and resources within and across Services. <p>This will ensure that a consistent approach is taken so that each Service has effective workforce plans in place by April 2015 (note now revised to September).</p>		Head of People & Performance		September 2015	
Update:					
This date has been revised from April to September 2015 to allow for all workforce plans to be provided to the respective Committees. The Finance and Corporate Development Service plans were presented to the Resources Committee on 27/05/15. The other 3 Service's plans will be completed shortly and will be reported in the next Committee cycle.					

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Chief Executive	Legislative/ Regulatory & Customer/ Citizen	D3	C3		
Risk No. & Details					
THC 41 - If communities do not develop the capacity to participate in services and become more resilient and/or the Council is unable to match their expectations, then the objectives of the Council's Programme and its budget assumptions will not be met.					
Action Information:					
Action No. & Details			Responsible Officer	Target Date	
THC 41.1 – The Council needs to clarify its thinking and develop a strategy for dealing with the needs and expectations of communities.			Chief Executive	June 2016	
Update:					
This action requires a significant amount of work and the date has been revised from March 2015 to June 2016 to reflect this.					

Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	G
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Financial	E3	E2		
Risk No. & Details					
THC 42 - If there are a large number of claims for holiday pay then this will result in additional financial costs to the Council.					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 42.1 – Supporting the current national discussions which aim to get a national collective agreement. Continue to analyse current additional pay elements and prepare for local discussions with the trade unions should the national talks break down.		Head of People & Performance	Completed		
THC 42.2 - As no agreement has been reached at a national level the Council has decided to proceed with payments and this work is in progress. This will create a budget pressure in 2015/16 which will be reported to Council on 25/06/15.		Head of People & Performance	June 2015		
Update:					
A new action 42.2 has been added, and the first action is now recorded as completed for the reasons stated above.					

Risk Profile:

Highland Council – Corporate Risk profile – June 2015



Likelihood ↑	F				
	E		THC 17, THC 35, THC 39, THC 42		
	D	THC 26	THC 2, THC 6, THC 22, THC 23, THC 36, THC 38, THC 40, THC 41		
	C	THC 43	THC 12		
	B				
	A				
		1	2	3	4
		Impact →			

Likelihood:

- F Very high
- E High
- D Significant
- C Low
- B Very low
- A Almost impossible

Impact:

- 4 Catastrophic
- 3 Critical
- 2 Marginal
- 1 Negligible