

Agenda Item	8
Report No	AS/14/18

HIGHLAND COUNCIL

Committee: Audit and Scrutiny Committee

Date: 20 September 2018

Report Title: **Six-monthly Review of Corporate Risks**

Report By: Depute Chief Executive/ Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 The Corporate Risk Register identifies the Council's key strategic risks and the actions being taken to mitigate these. It is reviewed by the Executive Leadership Team every six months and presented to Audit and Scrutiny committee.

2. Recommendations

- 2.1 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 six monthly reviews of the Corporate Risk Register will continue to be reported each March and September to the Audit and Scrutiny committee.

3. Corporate Risk Register

- 3.1 As part of the risk management process, Highland Council has a Corporate Risk Register, **Appendix 1**. This is reviewed every six months by the Executive Leadership Team, and is then presented to the Audit and Scrutiny committee. Overall responsibility for the Corporate Risk Register sits with the Chief Executive.
- 3.2 The Corporate Risk Register was last presented to the Audit and Scrutiny committee in March 2018. The Register was reviewed by the Executive Leadership team (ELT) in August 2018, and the following changes were made:
- The current risk status of Corporate Risk 3 (Legislation that Significantly Changes the Council's Role) has been reduced from C2 to D2. This risk is now below the risk appetite line, see Appendix 2.
 - The current risk status of Corporate Risk 7 (Climate Change) has been increased from C2 to B2.
 - A risk action has been added to Corporate Risk 6 (Workforce Planning) – CR6.5 Senior staff recruitment.
- 3.3 There are ten risks listed on the Corporate Risk Register. For each risk the following information is given:
- Risk name;
 - Risk type;
 - Current and target risk rating;
 - A description of the risk;
 - A risk owner;
 - Current RAG status
 - Mitigating actions (with the responsible officer, target date, and current RAG); and
 - Notes (where applicable)
- 3.4 The current and target risk ratings assigned to these risks are based on the risk matrix, **Appendix 2**, and have been determined by the Executive Leadership Team.
- 3.5 There are no risk actions which have a red RAG status (no significant progress).

4. Next Steps

- 4.1 Reports on the Corporate Risk Register will continue to be presented every six months to the Audit and Scrutiny committee in March and September.
- 4.2 Corporate Risk Management Group
In terms of the wider corporate risk management process in the Council, an officer working group is established and meets quarterly. This group pulls together officers from every Service and specialist expertise from across the Council on risk management. The group fulfils a number of key roles including:
- Sharing business intelligence on risk and disseminating this across the Council;
 - Identifying risks which are common across services and escalating these for consideration on the corporate or Service risk registers;
 - Working collaboratively to resolve any issues related to the Corporate Risk Register referred to the group by Executive Leadership Team;
 - Sharing best practice and risk management guidance to Services;
 - Providing a contact point in each Service to support effective risk management;
 - Reviewing the Corporate Risk Management Strategy.

5. Implications

- 5.1 Resource: Having a robust approach to risk management can continue to help the

Council minimise future financial risks and implications.

- 5.2 Legal: The Corporate Risk Register supports the Chief Audit Executive (the Corporate Audit Manager) to provide an annual internal audit opinion that concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 5.3 Community (Equality, Poverty and Rural): Having a Council which is resilient to risk means that it is better positioned to support its communities. Some of the actions detailed on the refreshed register will reduce the likelihood and potential impact of risks affecting our communities.
- 5.4 Climate Change / Carbon Clever: Corporate Risk 7 concerns ensuring that the Council adapts and builds resilience in its own operations and in its communities to address vulnerabilities to the potential effects of climate change. Corporate Risk 9 also highlights the need to rationalise property assets and to make sure buildings are fit for purpose, which will reduce the Council's carbon emissions.
- 5.5 Risk: The corporate risk management process reduces the Council's exposure to risk by ensuring that corporate risks are identified and proactively managed.
- 5.6 Gaelic: There are no Gaelic implications identified at this time.

Designation: Depute Chief Executive/Director of Corporate Resources

Author: Stephen Carr, Corporate Performance Manager, 27/08/2018

Appendix 1: Corporate Risk Register

RAG status: **R** No significant progress **A** Some slippage **G** On Target **C** Complete

CR1	Financial Sustainability	Risk Rating		RAG
		Current	Target	G
Risk Owner: Depute Chief Executive/ Director of Corporate Resources		Risk Type: Financial		A2
				C2
The Council faces a range of financial challenges, both revenue and capital, and we need to be able to plan and meet these challenges so that we can continue to deliver effective services and achieve all the priorities that we wish to. We will also need to act more commercially as an organisation to ensure this financial sustainability.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR1.2	Multi-year Budgets: Our financial approach is based on considering a range of different scenarios to address uncertain grant settlements and other external factors. A key part of the approach is looking at multi-year budgets with the flexibility to accelerate or slip actions as conditions change. External factors, including anticipated funding levels, will be reviewed every three months.	Head of Corporate Finance and Commercialism	Ongoing	G
CR1.4	Budget Savings: The delivery of budget savings is being monitored within Services and reported every three months to respective strategic committees. Overview of all savings delivered will be reported to Corporate Resources committee.	Depute Chief Executive/ Dir. Corporate Resources	Ongoing	A
CR1.6	Revenue Budget Member Group: Creation of a Member Group to look at new ways of analysing the revenue budget	Depute Chief Executive/ Dir. Corporate Resources	Completed	C
CR1.7	Four Year Revenue Budget: Agreement of Council to progress a four year revenue budget - medium term financial plan	Depute Chief Executive/ Dir. Corporate Resources	February 2019	G
CR1.8	Capital Plan Member Group: Creation of a Member Group to progress the capital plan	Depute Chief Executive/ Dir. Corporate Resources	Completed	C
Notes: CR1.6 – This work is being completed by the Member budget group CR1.7 – Revised to a 3 year budget and a new process has been agreed. CR1.7 and CR1.2 are overlapping actions, and will be combined.				

CR2	Security and Resilience	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Chief Executive		Risk Type: Physical, Technological		C2	D2	G
The Council must take all reasonable steps to protect our staff and communities from risks to their safety and security. Our physical buildings and ICT networks and systems must be secure to protect against terrorist and criminal activity. Also, the Council must plan adequately to respond effectively to an emergency, to mitigate the impact upon our communities.						
Mitigating Actions:				Responsible Officer	Target Date	RAG
CR2.1	Building Access Policies: All of our Responsible Premises Officers (RPOs) will develop site specific Building Access Policies. These will include evacuation and lockdown plans.		Head of Property Services	March 2018	A	
CR2.2	Emergency Messaging Facility: We will develop a staff (and public) messaging facility to enable emergency alerts.		Communications and Resilience Manager	30 Nov 2017	C	
CR2.3	Off-site Plans: We will implement Control of Major Accident Hazards (COMAH), and Radiation Emergency Preparedness and Public Information Regulations (REPPiR) off-site plans.		Communications and Resilience Manager	Ongoing	G	
CR2.4	General Emergency Plan: We will update the Highland Council General Emergency Plan		Communications and Resilience Manager	March 2018	A	
CR2.6	Multi-agency planning and exercising: <ol style="list-style-type: none"> We will continue to fully participate in multi-agency planning and exercising Regional Resilience Partnership (RRP) and Local Resilience Partnership (LRP) for emergencies based on the national risk register We will continue to participate in the multi-agency CONTEST Group as part of the UK government's Counter-terrorism strategy All Emergency Liaison Groups (ELGs) will take part in exercises 		Communications and Resilience Manager	Ongoing	G	
CR2.7	ICT Vulnerability Scans: Wipro, our ICT provider, will manage quarterly vulnerability scans including an annual IT Health Check in support of the Public Sector Network accreditation. This will help to highlight security gaps in the ICT estate. Remediation plans will be instigated in response to any issues identified.		ICT Operations Manager	Ongoing	G	
CR2.8	Cyber Security: Our adherence to the "National Cyber Security Centre 20 Critical Controls " will be pro-actively monitored. Where security gaps are identified, action plans		ICT Operations Manager	Ongoing	G	

	will be developed to reduce cyber security risk.			
CR2.9	Cyber Accreditation: We will achieve the cyber essentials security accreditation. We expect Scottish Government to set us a target to achieve this by October 2018.	ICT Operations Manager	October 2018	G
CR2.10	Property Security Audit: We will review the status of physical measures and security arrangements provided in our properties to determine the current baseline of the property estate. This will allow for specific improvements to be identified, costed, and presented to the Executive Leadership Team.	Communications and Resilience Manager	March 2018	C
Notes: CR2.1 – This is a significant undertaking given the number and variety of buildings the Council operates. CR2.2 and CR2.10 are now complete CR2.4 – Revised General Emergency Plan has been drafted and is undergoing final edits. CR2.7 and CR2.8 are now an ongoing part of ICT operations CR2.9 Cyber essentials has now been achieved and are now working towards Cyber Essentials Plus				

CR3	Legislation that Significantly Changes the Council's Role	Risk Rating		RAG
		Current	Target	G
Risk Owner: Executive Leadership Team		Risk Type: Legislative		D2
				D3
There is a risk that if we are unable to influence or adapt well to legislative changes that may have significant implications for the role, responsibilities, and finance of the Council. Key issues at present include the Education Governance Review and the Local Democracy Bill.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR3.1	COSLA: We will continue to engage and participate on key legislation through COSLA, professional associations, and with our partners.	Chief Executive	Ongoing	G
CR3.2	Education Governance: We will lobby for positive changes to the proposals for Education Governance, including through the Northern Alliance and COSLA.	Director of Care & Learning	Legislative timetable	G
CR3.3	Local Governance Bill: We will influence the potential Bill by engaging with the Scottish Government on their consultation with councils to review local governance, and on any new Bill.	Head of Policy and Reform	Legislative timetable	G
CR3.4	Local Governance Bill: We will prepare and be ready for potential changes required by the new Bill by:			G

	<ul style="list-style-type: none"> Working with Members on defining localism and exploring new ways to widen public participation in Council decisions and in community-run services, by holding a series of workshops to include Community Services' budgets, area budgets, community-run services, participatory budgeting, local priorities, community councils, community partnerships and locality plans. Localism to be a standing item at the Area Chairs meetings. Redefine the ward management role. 	Chief Executive	December 2017	
		Head of Policy and Reform	Ongoing	
		Chief Executive	March 2018 (Dec 2018)	

Notes:
The current risk rating has been revised from C2 to D2 due to changes in the Scottish Government's approach to Education Governance and Local Governance. This risk is now below the risk appetite line.
CR3.3 – Evidence submitted to COSLA in June for stage 2 of the review
CR3.4 Redefine the ward management role – the target deadline for this has now been revised to December 2018

CR4	Brexit	Risk Rating		RAG
		Current	Target	G
Risk Owner: Executive Leadership Team		Risk Type: Legislative/ Economic		
Brexit may have a number of impacts on the Council area which need to be proactively managed. Brexit will result in the loss of EU funding which, if not replaced by the Government, may pose a risk to the economic and social programmes of the Council and its partners. Interest rates and exchange rates may be affected by the withdrawal process impacting on the affordability of the Council's capital programme, and restrictions on the free movement of people could lead to skills gaps in the Council, our partner organisations and local businesses. These potential impacts need to be planned for and managed should they arise.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR4.1	COSLA: We will continue to engage and participate on key legislation through COSLA, professional associations, and with our partners.	Chief Executive	Ongoing	G
CR4.2	Financial Implications: Our financial strategy will include an assessment of the risks associated with Brexit.	Head of Corporate Finance and Commercialism	Ongoing	G
CR4.3	Treasury Management: Our Treasury Management strategy will include an assessment of the risks associated with Brexit, and that the maturing debt profile is monitored and	Head of Corporate Finance and	Ongoing	G

	managed to avoid exposure to interest rate fluctuations.	Commercialism		
CR4.4	Capital Plan: The Capital Plan will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	Head of Corporate Finance and Commercialism	Ongoing	G
CR4.5	Workforce Strategies: Our workforce strategies will include an assessment of EU workforce dependencies and plans will be in place to maintain service delivery.	Head of People and ICT	Ongoing	G
CR4.6	EU Funding: Our budget planning will include an assessment of European Union (EU) funding that can be accessed in order to maximise the degree of service delivery that can be achieved within Council budgets.	Director of Development and Infrastructure	Ongoing*	G
Notes:			*until end of EU funding guarantee (~2021)	

CR5	Effective Governance in Local Decision Making	Risk Rating		RAG
		Current	Target	G
Risk Owner: Head of Corporate Governance		Risk Type: Political, financial, citizen		C3
D3				
We need to develop arrangements for effective local decision making and to enable our communities to engage and participate at a local level. We must put in place effective and consistent governance arrangements for local decision making to ensure we are able to fully achieve the priorities of our local communities, while being in alignment with strategic priorities.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR5.1	Code of Corporate Governance: We will ensure compliance with the seven principles outlined in the Code of Corporate Governance.	Head of Corporate Governance	Ongoing	G
CR5.2	Standing Orders and Scheme of Delegation: We will review both of these, at least annually to ensure they are fit for purpose	Head of Corporate Governance	Ongoing	G
CR5.3	Devolved Budgets: We will develop and review policies for minimum standards for devolved budgets as required.	Depute Chief Executive/ Dir. Corporate Resources	Ongoing	G
CR5.4	Local Participation: We will work with Members in local areas to define localism and to explore new ways to widen public participation in Council decisions and in community-run services.	Head of Policy and Reform	December 2018	G
CR5.5	Local Partnerships: We will develop and facilitate the work of Community Partnerships as	Acting Head of Policy	Ongoing	G

	a forum for local partnership priorities and action.			
--	--	--	--	--

Notes:
CR5.4 – Council agreed engagement process on car parking charges and disaggregated budget choices in June.

CR6	Workforce Planning	Risk Rating		RAG
		Current	Target	G
Risk Owner: Head of People and ICT		Risk Type: Financial		

Our most important resource is our staff, and they are at the centre of the services that we provide. Given the changing nature of the organisation, and the need to reduce the workforce, we need to make sure we continue to have the right people, with the right skills, in the right place at the right time.

Mitigating Actions:		Responsible Officer	Target Date	RAG
CR6.1	Corporate Workforce Plan: Our service workforce plans will be presented to our strategic committees in October/ November 2017, with the Corporate action plan to be produced by January 2018.	Head of People and ICT	June 2018	A
CR6.2	Modern Apprenticeship Programme: We will achieve our ambitious target to build capacity to engage 150 Modern Apprenticeships in Highland Council.	Head of People and ICT	September 2019	G
CR6.3	OHSW: We will continue to address the occupational health, safety, and well-being (OSHW) challenges identified through our annual OHSW report with progress monitored quarterly.	Head of People and ICT	Ongoing	G
CR6.4	Electronic management system: We will introduce an electronic occupational health, safety, and well-being management system to improve reporting and reduce the risk of sending confidential personal information through the post.	Head of People and ICT	TBD	A
CR6.5	Senior staff recruitment: We will conduct effective recruitment and inductions for senior vacancies in the organisation to ensure stability in performance.	Head of People and ICT	March 2019	G

Notes:
CR6.1 – The final workshop to develop the Corporate Workforce Plan was held in August 2018. Plan has been in development since Spring 2018 and is a work in progress.
CR6.4 – Target date is to be determined and is dependent on the ICT Transformation programme.
CR6.5 – Is a new risk action recognising the risks that arise from the loss of experience and expertise from the organisation from the departure of

senior members of staff (e.g. Chief Executive, Director of Care and Learning)

CR7	Climate Change	Risk Rating		RAG		
		Current	Target	A		
Risk Owner: Director of Development and Infrastructure		Risk Type: Environmental, Physical			B2	C3
Climate change presents long term challenges both to the Council and to Highland communities. The Council must adapt and build resilience in itself and its communities to address vulnerabilities to the potential effects of climate change (e.g. changing weather patterns, sea level rise).						
Mitigating Actions:				Responsible Officer	Target Date	RAG
CR7.1	Adaptation Strategy: Our climate change adaptation strategy was last updated in January 2012. We will revise this to identify the key climate change risks to the Council and the Highlands, and set out an action plan to address these.			Climate Change Officer	December 2018	A
<p>Notes: The current risk rating has been increased from C2 to B2. This is due to the lack of progress to complete the Adaptation Strategy, and a recognition that once completed this strategy may require additional resources to implement which have not been accounted for.</p> <p>CR7.1 – Some slippage: The level of stakeholder and community engagement, strategy and governance development included in the work to develop a new Adaptation Strategy is expected to take at least a further 18 months to complete. The original target to complete this work by December 2018 will therefore not be achieved.</p>						

CR8	Demographic Change	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Executive Leadership Team		Risk Type: Social, Customer, Financial			B2	C3
The population in Highland, its distribution, its demography and the related service demands are changing. The Council must plan and act for these changes to be able to deliver the services that people require. This includes achieving the benefits of an integrated service health and social care service for adults, involving the development of more community based services.						
Mitigating Actions:				Responsible Officer	Target Date	RAG
CR8.1	Partnership Agreement: We will review the Partnership Agreement for integrated services with NHS Highland.			Chief Executive	March 2018 (complete)	C

CR8.2	Local Partnership Plans: We will ensure targets are included in Local Partnership Plans.	Director of Care & Learning	Ongoing	G
CR8.3	Balance of Care: Push for progress on shifting the balance of care.	Resource Manager (Adult Services)	Ongoing	G
CR8.4	Workforce Plans: We will ensure there are sustainable recruitment strategies in our workforce plans.	Service Directors	Ongoing	G
CR8.5	Workforce Strategies: Our workforce strategies will include an assessment of changing and increasing demands for services.	Head of People and ICT	March 2018	G
CR8.6	Financial Strategy: Our financial strategy will include an assessment of the risks and implications associated with demographic change.	Head of Corporate Finance and Commercialism	March 2018 (ongoing)	G
CR 8.7	Partnership Working: Work with our partners, principally the Community Planning Partnership, to plan services that are responsive to demographic changes.	Chief Executive	Ongoing	G
Notes: CR8.5 – Our workforce strategy is complete, and projects are now been developed to deliver against the strategy. CR8.6 – the target date for this action has been changed to ongoing as it is part of our budget setting approach				

CR9	Safe and Effective Property	Risk Rating		RAG
		Current	Target	G
Risk Owner: Head of Property Services		Risk Type: Physical, Financial		
We need to ensure that our buildings and premises provide safe and effective environments for people who use our services, and our staff. We must rationalise property assets to reduce the amount of money we have tied up in fixed assets, and the associated running costs.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR9.1	Corporate Property Strategy: We will implement our Corporate Property Strategy and review our Corporate Property Asset Management Plan. This will help to align our property assets with our goals and objectives.	Head of Property and Facilities Management	March 2018 (complete)	C

CR9.2	Property Review: Following the completion of CR9.1, we will conduct a review of how we can measure condition, suitability and sufficiency of the property portfolio. This will include: a desktop study of existing information; updating of existing condition surveys; procurement of surveys to properties that currently don't have a condition survey; review outcomes and risk profile from surveys; and prioritise findings.	Property Manager	September 2018	A
CR9.3	Maintenance programme: Following the completion of CR9.1, we will prepare a programme of works to address backlog maintenance and upgrade property conditions to satisfactory / legislative compliance standards.	Property Manager	September 2018	A
CR9.4	Corporate Property Management: Following the completion of CR9.1, we will define arrangements for implementing the corporate property direction including transfer/ alignment of budgets for property improvement.	Head of Property and Facilities Management	September 2018	G
CR9.7	Fire Safety: We will review and update current fire safety arrangements across all our properties.	Director of Community Services	March 2018	G
Notes: CR9.7 Fire Safety Plan is now in place and work is ongoing to review and update fire safety arrangements				

CR10	Condition of our Roads	Risk Rating		RAG		
		Current	Target	G		
Risk Owner: Director of Community Services		Risk Type: Financial, Physical		B2	D2	G
Highland Council is responsible for the largest road network in Scotland, comprising over 6,700 km of carriageways and 1,902 km of footways. The Road Condition Indicator (RCI) is a national Key Performance Indicator (KPI). The national average for 2016 was 36.7% and Highland Council was 39.1%. Highland was ranked 21 st out of the 32 Scottish Councils, but the rate at which the roads are deteriorating in Highland is increasing. In 2012 the RCI was 29.3%, so there has been a 10% decrease in road condition over the last 5 years. This has been exacerbated and accelerated by the prolonged 2017/18 winter with regular freeze-thaw-freeze conditions causing rapid decline across the whole network. Failure to maintain investment in (capital) re-surfacing programmes and structural repairs will accelerate the deterioration of our roads, resulting in higher (revenue) maintenance costs, and increase the risk to the Council of litigation claims arising from damage to vehicles and personal injuries.						
Mitigating Actions:		Responsible Officer	Target Date			
CR10.1	Free up additional resources: Officers will work with Members throughout 2018/19 to identify ongoing capital savings through better cost management and realisation of	Director of Community Services	April 2019	G		

	project underspends in order to redirect funds to these vital road repairs.			
CR10.2	Innovation and Partnership working: The Service will continue to use innovative techniques to secure best value for the Council and will work closely with partners, including Transport Scotland, to achieve this.	Head of Roads and Transport	Ongoing	G
CR10.3	Additional Inward Investment: Support lobbying activity to secure additional inward investment in road maintenance.	Director of Community Services	Ongoing	G
Notes:				
CR10.1 – An additional £1.5M allocated for road repair schemes following a capital underspend for ICT investment.				

