

The Highland Council

Agenda Item	4
Report No	AC/21/23

Committee: **Audit Committee**

Date: **30th November 2023**

Report Title: **Review of Corporate Risks**

Report By: **Interim Executive Chief Officer, Performance and Governance**

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 Corporate Management Team (CMT) quarterly and presented to the Audit Committee for scrutiny.

2. Recommendations

2.1 The Committee is asked to:

- i. scrutinise the Corporate Risk Register provided at **Appendix 1**.
- ii. consider the risk profile at **Appendix 2**.

3. Implications

3.1 Resource Having a robust approach to risk management will continue to help the Council minimise future financial risks and implications. It will also prevent reputational damage.

3.2 Legal The Corporate Risk Register supports the Chief Audit Executive (the Strategic Lead (Corporate Audit & Performance)) 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.

3.3 Community (Equality, Poverty, Rural and Island) 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 register will reduce the likelihood and potential impact of risks affecting our communities.

3.4 Climate Change / Carbon Clever As highlighted in Corporate Risk 7, the Council will need to adapt to the potential impacts of climate change and build resilience in its own operations and in its communities. 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.

- 3.5 Risk The corporate risk management process reduces the Council’s exposure to risk by ensuring that corporate risks are identified and proactively managed.
- 3.6 Health and Safety (risks arising from changes to plant, equipment, process, or people) Health and safety risks are identified in number of corporate risks and with associated mitigating actions.
- 3.7 Gaelic There are no Gaelic implications identified at this time.

4. Corporate Risk Register

- 4.1 As part of the risk management process, the Council has a corporate risk register, see **Appendix 1**. Overall responsibility for corporate risks sits with the Chief Executive.
- 4.2 The register was last presented to Committee in September 2023. There are currently **18** risks on the corporate risk register. The following information is provided for each risk:
- Risk name;
 - Risk type;
 - Current and target risk rating;
 - A description of the risk;
 - A risk owner;
 - Mitigating actions (with responsible officer, target date, and current RAG);
 - Notes (where applicable).
- 4.3 Each risk action is delegated to a responsible officer. Officers provide an update on progress to complete the action quarterly. The updates presented in **Appendix 1** represent the position at the end of Quarter 2 (Q2) 2023/24.
- 4.4 The current and target risk ratings assigned to risks on the corporate risk register are based on the risk matrix shown at **Appendix 2** and have been determined by the Corporate Management Team.
- 4.5 As corporate risks are removed from the register, or risk actions completed, they are removed from the Appendix reported to Committee. For this reason, Members will notice that risks and risk actions are not necessarily numbered sequentially.
- 4.6 Corporate Risk 6: Workforce Planning has been reviewed. The risk has been renamed “Sustainability of the Workforce” and a number of new mitigating actions have been agreed to reflect the current status of this risk.
- 4.7 Target dates have changed for the following mitigating actions:

Ref	Mitigating Action changes
CR2.8	Cyber Security: the target date of completion has been changed from a review date of September 2023 to March 2024. This is to reflect that the work is ongoing, and its effectiveness must remain under review.
CR22.2	Multi-agency planning and exercising: this target has been amended from ‘ongoing’ to “To Be Reviewed” (TBR) in March 2024 to reflect the continuing nature of this work.
CR22.4	NETs Failure & Planned Interruptions to power supply: following the workshop held on 6 November 2023, this target has been updated to March 2024.
CR23.11	Recovering Costs associated with Refugee Resettlement: this mitigating action is ongoing in line with funding provided by the Scottish

	Government. It was agreed to review the work again in March 2024, and so the target date has been adjusted.
CR24.1	Ongoing work with NHSH to support ongoing service delivery, including engagement with the Scottish government and the care inspectorate: the target date of this mitigating action has been updated as TBR in March 2024.
CR24.2	Care Home Workforce planning: The target date of this mitigating action has been updated as TBR in March 2024.
CR24.3	Transformational work related to Care Home Viability: The target date of this mitigating action has been updated as TBR in March 2024.

4.8 Changes have been made to descriptions of the following risks:

- The description of CR24: Care Home Viability has been updated to reflect the current number of Care Homes that have been closed or transferred since the COVID-19 Pandemic.
- The description of CR25: Capital Programme Affordability and Deliverability has been updated to reflect the current position.
- The title and description of CR31 has been amended to reflect the risk to all social services. Previously it had been focused on Children's Services.

4.9 Additional mitigating actions have been added to the following risks:

Ref	Risk	Mitigating Action
CR10.4	Condition of our Roads	Ensure full spend of capital allocated in each Financial Year
CR10.5		Complete the Roads Redesign Project with full review on the effectiveness and efficiency of the current arrangements in place to maintain the condition of our roads to an acceptable standard
CR22.5	Security and Resilience – Physical Assets and Infrastructure	A Corporate NETS Failure Plan will be developed, incorporating information received from the November NETS Workshop.
CR25.3	Capital Programme Affordability and Deliverability	Capital Funding and Affordability review: the Council will continue to monitor opportunities that may allow for a change to capital affordability assumptions, including review of interest rates and borrowing costs, potential for new and additional capital income and funding, exploring income generation and self-funding project opportunities, including potential to capitalise income streams.
CR25.4		Capital Strategy and Prioritisation: the Council's capital strategy will be reviewed to support decision making, improving alignment with local and national priorities, and capital prioritisation approaches which are embedded in the principles of affordability, achievability, deliverability, and best value outlined in HM Treasury Green Book guidance.

4.10 The following risk actions had a Red RAG status at the end of Q2.

Ref	Mitigating Action	Reason for Red RAG:
CR9.13	Full Implementation of a Corporate	The model agreed by the Housing & Property Committee has not been fully implemented by the target date of December 2022. A decision is required

	Property Landlord Model	whether this is still the appropriate model to be implemented or if a change in approach is necessary to reflect the future needs of the Council.
CR22.1	Building Access Policies.	The target date for this action is March 2018. CMT are meeting on 27 th November to discuss how this action can be completed for those properties which do not currently have plans in place. A verbal update will be provided to Committee.
CR24.3	Transformational work related to Care Home Viability:	Transformation work is being considered by the Care Programme Board and will include engagement with communities once the draft strategic plan is in place which is anticipated to happen in December 2023.

4.11 The following changes have been made to risk CR7: Climate Change and the Ecological Emergency:

- The responsible officer has been changed from ECO Performance & Governance to Interim Depute Chief Executive to reflect the relevant management arrangements.
- Action CR7.4: Develop Net Zero Strategy was previously reported to the Committee as closed in Q1 23/24 which was an error. This has been amended and set at Amber for Q1 23/24, with a comment: “Net Zero Strategy agreed at May Climate Change Committee with ratification at June Council, but Action Plans are delayed”. An extended target date to March 2024 was subsequently agreed by the Climate Change Committee in October.

5. Forward Planning

5.1 Discussions are taking place at CMT to assess and update the Council’s risk management strategy taking account of best practice and the methodologies used by other Local Authorities. The outcome from this work will be presented to Committee in March 2024.

Designation: Interim ECO, Performance & Governance

Date: 14/11/2023

Authors: Miles Watters, Corporate Performance & Information Governance Manager
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Background Papers:

Appendices:

Appendix 1 – Corporate Risk Register

Appendix 2 – Corporate Risk Profile

Appendix 1 - Corporate Risk Register

List of current corporate risks as updated at 14/11/2023:

CR1	Financial Sustainability
CR2	Security and Resilience – Cyber Security
CR5	Effective Governance in Local Decision Making
CR6	Sustainability of the Workforce
CR7	Climate Change and the Ecological Emergency
CR8	Demographic Change
CR9	Safe and Effective Property
CR10	Condition of our Roads
CR12	NHS Highland Partnership
CR22	Security and Resilience – Physical Assets and Infrastructure
CR23	Refugee Resettlement Programmes
CR24	Care Home Viability
CR25	Capital Programme Affordability and Deliverability
CR26	Managing Long-term Absence
CR29	Lack of Occupational Health Provider
CR30	Ash Dieback
CR31	Failure to deliver Statutory Services due to staffing levels within Social Work Services
CR32	Delivery of new Enterprise Resource Planning (ERP) system

Risk action status: **R** No significant progress

A Some Slippage

G On Target

C Complete

CR1	Financial Sustainability	Risk Rating	
		Current	Target
Risk Owner: Head of Corporate Finance		Risk Type: Financial	
		A1	C2
<p>There is a risk that the Council will face difficulties delivering effective services and achieving priorities due to the range of financial challenges faced, both revenue and capital. There is also a risk to our ability to fulfil our statutory duty to set a balanced budget every financial year. These challenges have increased significantly due to the wider impacts of COVID-19 and the War in Ukraine, and subsequent financial crisis, which have placed significant pressures on the Council's budget. Additional pressures are also emerging due to national settlements on Local Government pay awards. Long term financial planning through redesign and income generation is essential to ensure financial sustainability.</p>			
Mitigating Actions:		Responsible Officer	Target Date
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	February 2024
CR1.4	Report on Budget Savings: Every year the Council has a requirement to deliver approved budget savings, the delivery of which is important to ensuring a balanced budget in-year. Forecast service outturn positions and updates on the delivery of savings are monitored within Services and reported every three months to respective strategic committees. An overview of all savings and the overall monitoring position is scrutinised by the Corporate Management Team (CMT) and reported to the Corporate Resources Committee.	Head of Corporate Finance	February 2024
Notes:			

CR2	Security and Resilience – Cyber Security		Risk Rating		
			Current	Target	
Risk Owner: Interim Depute Chief Executive		Risk Type: Technological		B2	C3
The Council must take all reasonable steps to protect ICT networks, data and systems from the risks of cyberattack. The Council must also plan effectively to respond to and mitigate the impacts of a cyberattack.					
Mitigating Actions:			Responsible Officer	Target Date	RAG
CR2.8	Cyber Security: ICT undertake an external ICT Security Health check annually to ensure independent verification. Regular patching regimes are in place for ICT infrastructure and we review active security notifications from external sources and community of practise groups such as CISP and NCSC. We will follow and adopt national standards as appropriate from UK and Scottish Governments. We constantly monitor security threat and have weekly reviews and monitoring updates through our ICT Security function. ICT updates and changes are reviewed for security risks prior to implementation.		ICT Operations Manager (Service)	TBR March 2024	G
CR2.15	Scenario testing Business Continuity Plans: Scenario testing of business continuity plans prioritising the critical corporate functions.		All ECOs	June 2023	A
CR2.18	Backup hardware and email service: Provide backup hardware and email service to allow key staff to continue to operate independently of the Council network in the event of a major cybersecurity incident.		Head of ICT & Digital Transformation	December 2022	A
CR2.21	Implement the first phase of the ICT Strategy by April 2024.		Head of ICT & Digital Transformation	April 2024	G
Notes:					
CR2.8: We have reviewed our progress for the current year and will continue this activity going forward. As this is an ongoing activity, we have updated the next date of review to March 2024.					
CR2.15: Exercise held in June 2023, exercise attended by some Services. Business Continuity Plans will be the subject to an internal audit, this action and further actions will be reviewed.					
CR2.18: Solution ready but live test has not taken place with CMT.					

CR5	Effective Governance in Local Decision Making	Risk Rating	
		Current	Target
Risk Owner: ECO Communities & Place		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
CR5.3	Resources for Place Based Approaches: A review of resources to support Place Based approaches.	All ECOs	March 2023
Notes:			
CR5.3: Waiting for confirmation that this action has been completed in Education and Learning.			

CR6	Sustainability of the Workforce	Risk Rating	
		Current	Target
Risk Owner: Head of People		Risk Type: Reputational, Financial, Wellbeing, Health & Safety, Legal	
		C2	D2
There is a risk that we don't have people with the right skills in the right place at the right time for service delivery & delivering the Council's objectives.			
Mitigating Actions:		Responsible Officer	Target Date
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 and reported to the Central Safety Committee.	Head of People	TBR March 2024
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	TBR March 2024
CR6.6	Succession Planning: The workforce planning cycle will be established and all services will develop succession plans. The Talent Management Strategy will be followed.	Head of People	TBR March 2024
CR6.10	We will create a new Corporate workforce plan based on common themes from service workforce plans, in line with the People Strategy.	Head of People	March 2024
CR6.12	We will support the 'grow your own' initiatives and work with managers to make them aware of funding opportunities.	People Development Manager	TBR March 2024

CR6.13	Maintain effective absence management and undertake a Lean Review.	HR Manager	March 2024	G
CR6.14	Workforce transition: Establish a career hub and processes to support the transition of employees across the workforce.	Talent Manager	March 2024	G
CR6.15	Data Quality – As part of the migration of HR data to the new Enterprise Resource Planning system, the existing data will be reviewed and validated.	Payroll and HR Business Transactions Manager	September 2024	G
CR6.16	We will reduce the number of payrolls to be more efficient, cost effective and reduce errors.	Payroll and HR Business Transactions Manager	June 2024	G
CR6.17	We will conduct an all-staff survey to assess employee stress and wellbeing.	OHSW Manager	December 2023	G
Notes:				

CR7	Climate Change and the Ecological Emergency		Risk Rating		
			Current	Target	
Risk Owner: Interim Depute Chief Executive		Risk Type: Environmental, Physical, Reputational, Political, Economic, Social, Health, Legal		B2	C3
Climate change and biodiversity loss presents long term challenges both to the Council and to Highland communities. The Council must adapt and build resilience and its communities to address vulnerabilities to the potential effects of climate change (e.g., changing weather patterns, sea level rise) and ecological loss.					
Mitigating Actions:		Responsible Officer	Target Date	RAG	
CR7.1	Contribute to Highland Adapts to support the production of a regional wide climate risk and opportunity assessment. Take an evidence-based and place-centred approach to inform the regions adaptation actions.	Climate Change & Energy Team Manager	May 2024	G	
CR7.4	Develop net zero strategy and action plan with quarterly progress updates to Committee	Climate Change & Energy Team Manager	March 2024	G	
CR7.6	Develop a Council Natural Environment & Ecological Strategy emphasising the interconnectedness of the twin climate and ecological emergency and rationalise ongoing and future Council commitments, projects and activities that will help halt biodiversity loss and deliver biodiversity enhancements. The Strategy will include a Council Vision that will be supported by a suite of deliverables, objectives and targets.	Service Lead – Environment, Development Plans & Active Travel	December 2023	G	

CR7.7	Mitigate potential increases in both use and cost of energy by enhanced investment in renewable energy and transformational projects, and expanding energy saving initiatives with quarterly progress reports to Committee.	Energy Manager	March 2023	A
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Notes:
CR7.1: This has now been funded until 24/25, need to bring update to Committee to seek future funding to remain a partner.
CR7.4: The Q1 RAG rating was reported as 'closed', however this was in error and has been revised to Amber. A new Target Date of March 2024 was subsequently agreed by the Climate Change Committee on 05 October 2023. The RAG for Q2 is Green with the following comment: "Thematic Groups are all working towards the revised dates."
CR7.6: Aim is to take this to the next Climate Change Committee on 5 December 2023.
CR7.7: Work is on-going and a new target date will be identified.

CR8	Demographic Change	Risk Rating		
		Current	Target	
Risk Owner: ECO Communities & Place		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 health and social care service for adults, involving the development of more community based services.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR8.3	Balance of Care: Highland Council and NHS Highland will develop a strategic proposal to reduce the number of people residing in residential Care Homes, which is linked to the Strategic Plan. It is the intention that the Strategic Plan be agreed by all Stakeholders by June 2023 and in the time thereafter we will be working together to reduce reliance on residential care options and focus instead on local care solutions consistent with the terms of that plan.	ECO Health and Social Care (Chief Social Work Officer)	June 2023	G
CR8.4	Workforce Plans: We will ensure there are sustainable recruitment strategies in our workforce plans.	All ECOs	March 2023	A
CR8.5	Workforce Strategies: Our workforce strategies will include an assessment of changing and increasing demands for services.	Head of People	March 2023	A
CR8.6	Financial Strategy: Our financial strategy will include an assessment of the risks and implications associated with demographic change.	Head of Corporate Finance	TBR March 2024	A

Notes:
CR8.4: This has been marked as Amber where work is ongoing due to the length of time since the target date of completion.
CR8.5: This work should be finalised in December 2023 as part of the review of the People, Talent and People Development Strategies.

CR9	Safe and Effective Property		Risk Rating		
			Current	Target	
Risk Owner: ECO Housing & Property		Risk Type: Physical, Financial		B2	D2
We need to ensure that our buildings and premises provide safe and effective environments for people who use our services, and our staff.					
Mitigating Actions:			Responsible Officer	Target Date	RAG
CR9.13	Full Implementation of a Corporate Property Landlord Model		ECO Housing and Property	December 2022	R
CR9.14	Investment into the Property Estate: £2.85m of funding has been allocated to improve Council property.		Head of Property and Facilities Management	March 2024	G
CR9.17	Asset Rationalisation Strategy: Implementation of our asset rationalisation strategy will ensure that the Council's property portfolio is suitable for service delivery.		Head of Property and Facilities Management	February 2024	A
Notes: CR9.13 – the model agreed by the Housing & Property Committee has not been fully implemented. Moving forward it should be decided whether this model is still fit for purpose, and if so, it should be implemented or if a change in approach is needed to reflect the future needs of the Council.					

CR10	Condition of our Roads		Risk Rating		
			Current	Target	
Risk Owner: ECO Infrastructure, Environment and Economy		Risk Type: Financial, Physical		B2	D2
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	RAG
CR10.4	Ensure full spend of capital allocated in each Financial Year	ECO – Infrastructure, Environment and Economy	March 2024	G
CR10.5	Complete the Roads Redesign Project with full review on the effectiveness and efficiency of the current arrangements in place to maintain the condition of our roads to an acceptable standard	ECO – Infrastructure, Environment and Economy	November 2024	G
Notes:				

CR12	NHS Highland Partnership	Risk Rating		
		Current	Target	
Risk Owner: The Chief Executive		Risk Type: Financial, Legal, Reputational		
The partnership agreement between NHS Highland and The Highland Council determines that NHS Highland is the lead agency for Adult Services and The Highland Council is the lead agency for services for children. The re-negotiation of this Agreement has been completed and executed on behalf of both organisations. It is necessary to monitor the implications of the proposed National Care Service which are likely to result in potential need to change the model or make other changes impacting on delivery of service in terms of future partnership working with NHH.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR12.4	Monitor the implications of legislation to implement the proposed National Care Service and consider the potential need to change the model or make other changes impacting on delivery of service in terms of future partnership working with NHS Highland.	Head of Integration Adult Social Care	TBR March 2024	G
Notes: CR12.4: An update is expected in December 2023.				

CR22	Security and Resilience – Physical Assets and Infrastructure	Risk Rating	
		Current	Target
Risk Owner: Chief Executive		Risk Type: Physical	
The Council must take all reasonable steps to protect our staff and communities from risks to their safety and security. Our infrastructure 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 and to enable business continuity of critical services and full recovery. This			

should include preparation for the impact of extreme weather events, power outages and other risks in line with the Regional Risk Register				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR22.1	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	R
CR22.2	Multi-agency planning and exercising: 1. 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 <i>and regional</i> risk register 2. We will continue to participate in the multi-agency CONTEST Group as part of the UK government's Counter-terrorism strategy 3. All Emergency Liaison Groups (ELGs) will take part in exercises 4. Review Care for People plans with partners.	Communications and Resilience Manager	TBR March 2024	G
CR22.4	NETs Failure & Planned Interruptions to power supply: All service Business Continuity Plans should be reviewed and exercised for the potential impacts of a major sustained power outage, or planned series of interruptions as part of national power saving measures.	All ECOs	March 2024	A
CR22.5	A Corporate NETS Failure Plan will be developed, incorporating information received from the November NETS Workshop.	Communications and Resilience Manager	March 2024	G
Notes: CR22.2: This target has been amended from 'ongoing' to To Be Reviewed in March 2024 to reflect the continuing nature of this work. CR22.4: The Council held a cross service corporate workshop on Monday 6 November 2023. This was attended by representatives of all services and next steps are for services to review BCPs and test within services for extreme power outage scenarios. Target has been updated from December 2022 to March 2024. Business Continuity Plans will be the subject to an internal audit within the next 6 months. CR22.5: This new mitigating action was added to the register in November 2023.				

CR23	Refugee Resettlement Programmes	Risk Rating	
		Current	Target
Risk Owner: Head of Housing and Building Maintenance		Risk Type: Reputational	
		C2	D3
The Council is currently supporting several resettlement programmes including refugees and displaced persons from Syria, Afghanistan and Ukraine. There is increased pressure on the resettlement programme due to the ongoing war in Ukraine and continuing arrivals, resulting in extra demand on the Council's Welfare and Educational systems, resulting in reputational and financial risk to the Council.			

In addition, a high of property inspections need to be undertaken across a large geographical area as well as disclosure checks for all those offering their properties under the 'Homes for Ukraine' scheme.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR23.9	Potential for future homelessness presentations and associated housing support requirements: Potential hosting breakdowns are being closely monitored and support is being co-ordinated by the Resettlement Team.	Head of Housing and Building Maintenance	TBR March 2023	G
CR23.10	Availability of interpretation services: Engagement with service provider to co-ordinate need when required.	Principal Policy Officer	TBR March 2023	C
CR23.11	Recovering Costs associated with Refugee Resettlement: Ensure all costs associated with the Ukraine crisis are collated and are recovered from Scottish and UK Governments	Service Finance Manager	TBR March 2024	G
Notes: CR23.10: Interpretation is provided on an ongoing basis to whoever requires the support. As this work is now in place, this mitigating action has been marked complete and will be removed from the register. CR23.11: This mitigating action is ongoing work in line with funding provided by the Scottish Government. It was agreed to review the work again in March 2024, and so the target date has been adjusted.				

CR24	Care Home Viability	Risk Rating	
		Current	Target
Risk Owner: ECO Health and Social Care (Chief Social Work Officer)		Risk Type: Financial and Social	
		A2	B3
<p>Since the COVID-19 pandemic, seven care homes have been transferred in that they have gone into administration or ceased trading with one of those seven having been purchased by The Council and is operated by NHS Highland. Three have been sold as a going concern (Cradlehall, Moss Park and Home Farm). A further two care homes are closed on a temporary basis. Other care homes in Highland are being financially supported by NHS Highland. This sum has arisen because of supplements being paid to providers to ensure ongoing service delivery and is part of the cost of delivering adult social care albeit currently funded by monies from Scottish Government.</p> <p>As a result of these closures, a number of beds are not available. Further beds are not available as care homes which continue to operate do not have a full complement of staff to provide care for those waiting for care home availability. This has an impact in terms of</p>			

cost and also the social cost in terms of waiting lists both for those at home and those delayed in hospital who are awaiting a care home placement.

The care home sector is also adversely affected by the recent increases in utility costs (including insurance and food) which together with the staffing difficulties means that there is a very significant vulnerability in terms of the future viability of the sector illustrated by the closures to date.

Mitigating Actions:		Responsible Officer	Target Date	RAG
CR24.1	Ongoing work with NHSH to support ongoing service delivery.	Head of Integration Adult Social Care	TBR March 2024	G
CR24.2	Care Home Workforce planning: Workforce planning work to support a sustainable social care workforce to reduce numbers of agency workers required and/ or beds which are not filled because of staff shortages.	Head of Integration Adult Social Care	TBR March 2024	A
CR24.3	Transformational work related to Care Home Viability: Transformational work looking to come up with care solutions which are not predicated on admission to a care home	Head of Integration Adult Social Care	TBR March 2024	R

Notes:
 The target date for all the mitigating actions have been updated to show that they are to be reviewed in March 2024.
 CR24.3: Additional work is underway to take this forward. That transformation work is being considered by the Care Programme Board and will include engagement with communities once the draft Strategic plan is in place which is anticipated to happen in December 2023.

CR25	Capital Programme Affordability and Deliverability	Risk Rating	
		Current	Target
Risk Owner: ECO Infrastructure, Economy and Environment		Risk Type: Financial and Physical	
		A1	D3

In December 2021, Highland Council approved a near £1bn, [15 year plan](#) for investment across the Council's asset base. This investment is a critical part of ensuring the Council's assets are fit for purpose and support the effective delivery of services. Wider economic factors (that also impact on CR1: Financial Sustainability) will provide challenges to the successful delivery of all planned projects. Specific risks to the successful delivery of the programme include:

- Wider financial challenges (including rising interest rates) may mean the funding envelope for capital investment needs to reduce- this would necessitate a reduction in the size of the programme
- Wider construction market inflation means that many projects are seeing increasing costs. Any projects that exceed their budgets would require reduction or removal of other planned projects in order to fund the overspends.

Contractor and material availability poses a significant challenge to delivering works on time and on budget.				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR25.1	Capital Programme Review: Work to review the capital programme is underway with the intention to provide a revised and reduced programme for Council approval later in the financial year	ECO Infrastructure, Economy and Environment	September 2023	C
CR25.3	Capital Funding and Affordability review: The Council will continue to monitor opportunities that may allow for a change to capital affordability assumptions, including review of interest rates and borrowing costs, potential for new and additional capital income and funding, exploring income generation and self funding project opportunities, including potential to capitalise income streams.	ECO Infrastructure, Economy and Environment	TBR June 2024	G
CR25.4	Capital Strategy and Prioritisation: the Council's capital strategy will be reviewed to support decision making, improving alignment with local and national priorities, and capital prioritisation approaches which are embedded in the principles of affordability, achievability, deliverability, and best value outlined in HM Treasury Green Book guidance.	ECO Infrastructure, Economy and Environment	June 2024	G
Notes: CR25.1: This mitigating action has been marked 'complete' and will be removed from the register. CR25.3 – 4: These new mitigating actions were added to the register in November 2023.				

CR26	Managing Long-term Absence	Risk Rating	
		Current	Target
Risk Owner: Head of People		Risk Type: Staffing and Financial	
		C2	D2
Staff sickness absence is being extended due to delays in NHS treatment being offered to staff. This can result in staff unable to return to the workplace or on limited duties until treatment can take place impacting on productivity and additional cost with temporary cover and accrual of annual leave if staff are off long-term sick. There may also be instability in service provision with temporary cover provision and no indication of when treatment will take place to enable a return to work.			
Mitigating Actions:		Responsible Officer	Target Date
CR26.1	Monitor long term sickness absences to determine impact on delayed or reduction of NHS treatments provided to Council staff which results in staff's inability to return to the workplace.	Head of People/HR Manager	June 2023
CR26.2	Support staff and their managers to assess what duties or alternative work can be undertaken on a temporary basis pending treatment to continue to employ the member of staff.	Head of People/HR Manager	March 2023

CR26.3	Negotiate abatement of annual leave to statutory 28 days per year for staff off more than 3 continuous months.	Head of People/HR Manager	March 2023	A
<p>Notes: CR26.1: Upon review, it was decided to close this mitigating action as while long-term absence is monitored, the detail of the impacts on Return to Work through NHS delays is not currently recorded. This action will be reviewed to determine if work should be undertaken to amend MyView to allow for this recording. This mitigating action has been marked 'complete' and will be removed from the register. CR26.2: This is the primary work undertaken by Occupational Health. A contract providing Occupational Health services is currently in place and managed by the Health, Safety & Wellbeing Manager. This mitigating action has been marked 'complete' and will be removed from the register. CR26.3: Negotiation with the Trade Unions is still to take place.</p>				

CR29	Lack of Occupational Health Provider	Risk Rating	
		Current	Target
Risk Owner: Head of People		Risk Type: Reputational, Financial, Legal	
		D2	D2
<p>As of 1st April 2023, the Highland Council will lose its Occupational Health Provider. A procurement exercise in December 2022/ January 2023 resulted in no bids, even from providers who had previously expressed notes of interest. Without a contract in place, we will be unable to provide statutory health surveillance, and so, will be in breach of law and exposed to risks from occupational health claims (e.g. HAVS, noise induced hearing loss, occupational dermatitis, etc.), and fines or prosecution by the HSE. In addition, we will be unable to process ill-health retirements referrals and will have additional difficulties with attendance management. If we cannot find another provider, we will have to pay for agency staff, and as there are very few qualified occupational health staff based in the Highlands, we would likely need to pay for travel and accommodation for each instance required. There is significant reputational risk as well if we were to be found in breach of duty, as the HSE reports fines and prosecutions on a public register.</p>			
Mitigating Actions:		Responsible Officer	Target Date
CR29.3	Consider restructuring health surveillance appointments to have a geographical approach rather than individual managers making appointments.	OHSW Manage and Service Health and Safety Coordinators	Quarter 1 2023
		RAG	A
<p>Notes: This links with CR26 – Managing Long Term Staff Absence. CR29.3: Health surveillance commencing in October for Caithness and Sutherland - further areas to be scheduled.</p>			

CR30	Ash dieback	Risk Rating	
		Current	Target

Risk Owner: ECO Infrastructure, Environment & Economy	Risk Type: Health & Safety, Legal, Reputational, Environmental, Economic	A2	D2	
<p>Ash dieback, an infection that affects ash trees, has been moving northwards across the UK and is now increasingly prevalent in Highland. Ash is a common species and will be part of the species mix for all Council services that have responsibility for trees. Where Ash Dieback has infected a tree repeatedly over a number of years, secondary pathogens (e.g. Honey Fungus) can weaken the structural integrity of the tree resulting in catastrophic failure without warning. Other than knowing the Council has considerable numbers of ash, we do not yet have any data on the full scale of the issue. Where located on or beside Council land, close to public buildings (schools, playgrounds, care homes and council housing), near footpaths or adjacent to the public road network they could pose a significant risk with public health and safety, economic, environmental and reputational consequences. These potential impacts include:</p> <ul style="list-style-type: none"> • Health & Safety: Fatalities/ injuries to the public/ employees; risk to statutory functions or service delivery; risks to infrastructure and property. • Environmental: impact on tourism/ recreation; negative impact on air quality; noise pollution from loss of screening; loss of flood prevention; biodiversity damage through loss of habitat and decline/extinction of ash-dependent species; loss of carbon storage and sequestration. • Economic: Increased liability in cases of death or injury; increased expenditure to mitigate risks; costs of replanting. • Reputational: disruption as a result of road closures; negative press; strained relationships with adjacent landowners, in relation to responsibility and costs. <p>Cost implications of dealing with these trees will be substantial, but if prioritised by risk on a rolling yearly basis and starting whilst the disease is at an early stage the costs can be spread over multiple years. There are currently no resources within the Council to deal with this risk. Completion of the mitigating actions below is dependent on the availability of resources.</p>				
Mitigating Actions:		Responsible Officer	Target Date	RAG
CR30.1	Identify budget/ resources to undertake a desk-based assessment of ash trees on Council land to form a baseline, prepare an Ash Dieback Plan including resources required and assess risk.	ECO Infrastructure, Environment and Economy	October 2023	G
CR30.2	Start surveying Council land to form baseline assessment and assess the risks.	ECO Infrastructure, Environment and Economy	April 2024	G
CR30.3	Prepare and implement an Ash Dieback Action Plan, including zoning, based on results of tree survey.	ECO Infrastructure, Environment and Economy	April 2024	G
CR30.4	Depending on risk and result of assessment, the multi-year Ash Dieback Action Plan will be reviewed by April 2027.	ECO Infrastructure, Environment and Economy	April 2027	G
Notes:				

CR 31	Failure to deliver Statutory Services due to staffing levels within Social Work Services		Risk Rating		
			Current	Target	
Risk Owner: ECO Health and Social Care (Chief Social Work Officer)		Risk Type: Reputational, Financial, Health & Safety, Wellbeing		A1	C3
<p>The current vacancy rate in Social Work Services is a matter of significant concern, with broad national recognition that the profession is currently in crisis given the unprecedented recruitment and retention challenges. In Children's Services alone there was an average of 41% vacancy levels across Highland, with 11 local teams carrying vacancy rates ranging from 14% - 77%, for a total of 32 vacancies as of May 2023. This poses a significant risk to the Council's capacity to fulfil its statutory obligations, particularly in relation to its role as a corporate parent, and as the lead statutory agency for care and protection of children at risk of significant harm.</p> <p>The challenges associated with recruitment are not unique to the Highland Council, but it is recognised nationally that recruitment in rural areas is a more complex challenge. The potential consequences of failing to address the situation could be significant for the health and safety of high-risk vulnerable children and families and pose a potential breach of our statutory duties. This also exposes the Council to significant reputational harm. Furthermore, this causes risk to members of staff whose work pressures can cause damage to their wellbeing and morale and exacerbates existing retention and recruitment issues.</p> <p>Finally, it should be noted that the significant improvement required across Children's Services, post highly public strategic inspection, is at risk if we do not have the staff and capacity to delivery on Highland's extensive cross cutting improvement journey.</p>					
Mitigating Actions		Responsible Officer	Target Date	RAG	
CR31.1	Implement an Enhanced Recruitment Strategy with a small task force to pursue a number of options to collectively attempt to boost recruitment. This is a key workstream in the HSC Workforce Planning Strategy. This will include support from the talent team to bring a stronger marketing lens to social work advertisements, including advertising through social media, press and TV.	Head of Children's Services	August 2023	G	
CR31.2	Embed and grow the Social Work relief pool to cover all areas of Highland.	HR Business Partner (HSC)	TBR November 2023	G	
CR31.7	Engage with UHI to explore the introduction of a new Social Work course. Meetings will be established with UHI to do preliminary discussion by September 2023.	ECO Health & Social Care	September 2023	A	
Notes: The title and description of CR31 has been amended to reflect the risk to all social services. Previously it had been focused on Children's Services.					

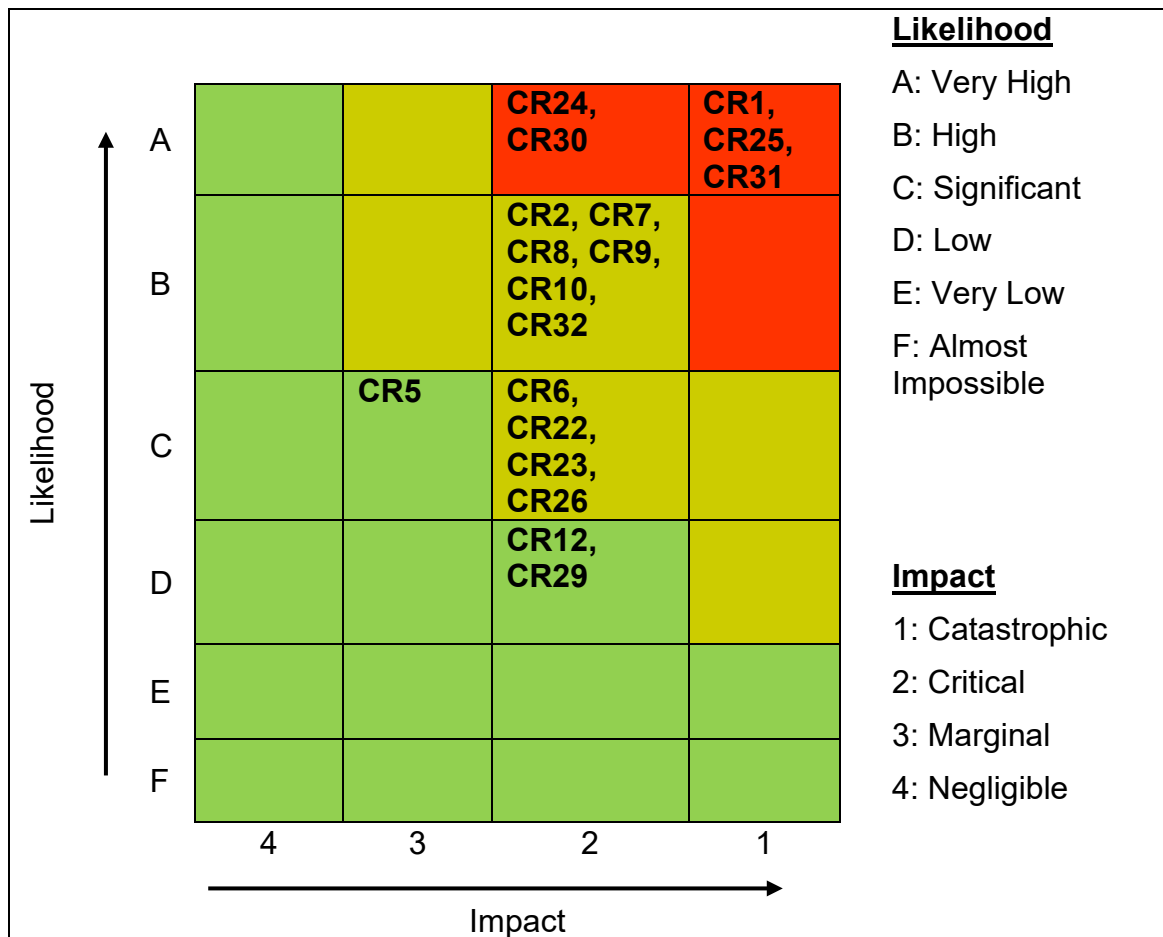
CR31.2: Progress has been made, with relief Social Workers appointed as well as further advertising. The Highland Social Care Partnership (HSCP) is in the process of creating a risk register which includes this risk and the impacts to adult care services.
 CR31.7: Consideration is being given to whether the scope of this action could be widened to include other professions.

CR32	Delivery of new Enterprise Resource Planning (ERP) system (to replace current Finance, HR/Payroll systems)		Risk Rating		
			Current	Target	
Risk Owner: Head of Corporate Finance		Risk Type: Reputational, Financial, Operational		B2	D2
<p>A project is underway to implement a new ERP system called OneCouncil and supplied by TechnologyOne. This software system will replace the Integra corporate finance system and the Zellis ResourceLink HR/payroll system. Both these systems are critical to Council operations.</p> <p>Integra is used for budget management, ordering goods, paying invoices, receiving income and annual billing. Integra has to be replaced by April 2024 due to existing contractual and support end dates.</p> <p>The Zellis ResourceLink HR/payroll system is used for managing the staffing establishment and paying staff. The intention is to replace the Zellis ResourceLink system by April 2025 at the latest, based on contract notice dates. The contract could be extended, if necessary, though this is not the intention, and a decision requires to be taken on this no later than September 2024. There would be a significant additional cost if the Zellis contract was extended and also a delay in some of the key benefits from an Integrated ERP solution.</p> <p>There are linked projects and initiatives which are also inter-dependencies. A major 'data cleanse' of the Zellis Resourcelink dataset is intended prior to migration of data to TechOne. This is a significant undertaking. There will be a need for significant business process change across the organisation with the Council's programme predicated on taking TechOne's solution as a largely 'out the box' product. In parallel there is also a project to implement a new module within the Council's existing Pensions system platform for the payment of the pensioners 'payroll'. This will replace current Zellis Resourcelink payrolls, and these would not then need provisioned within TechOne. The immediate risk is that the critical timeline for replacing Integra is not met due to resource shortage or competing priorities, which would lead to a business-critical situation given the criticality of the financial system to so much of the Council's activities e.g. suppliers would not be paid. A further risk could be that go-live is achieved, but the compressed timescales lead to implications in terms of system user-testing and assurance around the live system. The resultant risk being a system which doesn't meet the needs of the Council and in turn affects business critical activities. Either scenario would have very significant business and reputational damage. The longer-term risk is that the timeline for replacing Zellis ResourceLink is not met, due to resource shortage and/or the complexity of changing HR/payroll data and processes. The impact of this being delayed would be the need to extend the contract with Zellis for ResourceLink at significant extra cost. A further risk is that some of the benefits to be gained from an integrated ERP system are delayed, or potentially lost from a delayed implementation of this aspect. Cutting across all the project elements is the need for significant business change, and the risk there is not suitable buy-in across the organisation to implement the necessary change.</p>					
Mitigating Actions:			Responsible Officer	Target Date	RAG

CR32.4	Provide ICT technical resources to support the programme either by recruiting staff to backfill key roles or by prioritising work – noting that availability and ability to recruit technical staff is a risk in itself.	Head of ICT & Digital	Aug 2023	A
CR32.5	Provide financial subject matter expert (SME) resource to support implementation of new/changed finance processes, including support for users of the new system.	Head of Corporate Finance	June 2023	G
CR32.6	Provide HR/payroll SME resource to support implementation of new/changed HR/payroll processes, including support for users of the new system.	Head of People	July 2023	G
CR32.7	Prepare contingency contract arrangements for Zellis ResourceLink in the event of a delay in moving to new HR/payroll processes.	Head of ICT & Digital/Procurement	Dec 2023	G
CR32.8	Enable the necessary business change by ensuring there is adequately resourced and structured change management activity, including staff training, as a core part of the programme.	Head of ICT & Digital/Head of People	Jan 2024	G

Notes:
CR32.4: Some posts have now been recruited to, with additional posts going to recruitment in October 2023.
CR32.7: Initial discussion held between Head of ICT & Digital and Zellis management.
CR32.8: Staff resource requirements currently being reviewed for HR & Payroll projects within the programme. A proposal is expected to be made to either November 2023 or December 2023 P&FS Programme Boards.

Appendix 2 - Corporate Risk Profile



The colour coding of the risk matrix indicates the following:

Green	The overall level of risk is low, and it is below the corporate risk appetite. Management of this risk through the corporate risk process is optional.
Amber	The overall level of the risk is moderate. It is above the corporate risk appetite and actions are in place to manage and reduce the overall risk.
Red	The overall level of the risk is high. It is above the corporate risk appetite line and should be managed as a priority. Risk actions are in place to manage and reduce the overall risk.