Report

Report to:	**Community Services Committee**
Date of Meeting:	**25 November 2014**
Report by:	**Executive Director (Community and Enterprise Resources)**

Subject:	**Update on the Community and Enterprise Resources' Risk Register and Risk Control Action Plan**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ provide an update on the risk register for Community and Enterprise Resources

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the system and controls in place to monitor risks within the Resource be noted.

3. Background

3.1. The Council's Risk Management Strategy promotes consideration of risk in service delivery, planning and decision-making processes. The strategy requires Resources to record and review risks and control actions regularly. Community and Enterprise Resources follows the Council guidance in developing, monitoring and updating the Risk Register on an ongoing basis.

3.2. The purpose of the Register is to ensure that the Resource is fully aware of the main risks that it has, prioritise these risks and have controls in place to eliminate or minimise the impact of the risk.

3.3. The Resource scores the risks in accordance with the Council scoring mechanism which scores risks based on likelihood and impact of risk. This results in risks being scored between 1 – 9 (low – high).

3.4. Risks are scored on their inherent risk (risk if we do nothing) and their residual risk (risk after applying controls).

4. Resource Risk Management Group

4.1. The Resource Risk Management Group meets three times per year. The group has responsibility for the promotion and management of risk and ensuring compliance with the Risk Management Strategy. The group is chaired by the Support Manager who acts as the Resource Risk Sponsor and each service is represented on the group by a senior manager.

4.2.   On an annual basis, Risk Sponsors are asked to assess their Resource's compliance with the Risk Management Strategy and provide supporting evidence to the Corporate Risk Management section for review. Twelve criteria are assessed and scored one, two or three. The top score is three and reflects evidence is up to date and in line with requirements. The outcome of the 2013/14 review identified that, consistent with last year's score, the Resource was fully compliant scoring a maximum of 36 points.

5.   Risk Register

5.1.   The risk register is maintained within the Corporate Risk Management system, Figtree and is monitored on an ongoing basis to allow new risks to be added and for the control measures and scores of the existing risks to be reviewed in light of new information.

5.2.   Risks can result from internal or external influences, with examples being the impact of projected funding cuts, legislative changes or the impact of internal service changes.

5.3.   The Resource risk register was reviewed in May 2014. The development process for the Resource Plan and specific Service Plans allows the impact on the Resource risk register to be considered and where appropriate actions in the Resource/Service plans have a corresponding risk within the risk register. These risks and control measures are updated following the information collated for the Service Plan quarterly monitoring exercise and, where necessary, additional actions are identified and included in the risk control action log.

5.4.   Risks scored seven to nine are considered high risks and these are monitored closely. The top risks identified for the Resource, ie; those with a residual high score, are attached at appendix 1. An extract of the existing controls is also summarised in the appendix to give context to the risk.

5.5.   The Council's top risk register was reviewed during 2014. The top 20 Council risks will be reported to the Executive Committee on 17 December 2014. Community and Enterprise are the lead/joint lead Resource for four of these top risks ie;

- Climate change and adverse weather
- Failure to fulfil emergency response commitments
- Tough carbon reduction and sustainability targets.
- Reduction in funding; income generated by the Council and savings difficulties

Reduction in funding and climate change have been identified as Resource top risks and are included in appendix one. The remaining two are not considered high risk within the Resource due to the current control measures in place and are not included in the list of Resource top risks.

The top risk identified for each of the operational services is as follows:

Roads and Transportation
- Climate change/adverse weather – storms, flood, severe cold weather.

Planning and Building Standards
- Reduction in income from Planning/Building Standards applications.

Regeneration
- Failure to maximise investment in the local economy.

Facilities, Waste and Grounds
- Failure to arrange the Waste Management contract

Fleet and Environmental
- Loss of the Council's Fleet Operators' Licence in the event of closure of the Forrest Street workshop
  (The relocation of the Fleet Workshop is scheduled to take place in December 2014. At that time, this risk will be reassessed.)

5.6. The central Risk Management team provides regular reports on the number and cost of insurance claims made to the Council. This information is analysed and, where appropriate, insurance hotspots are reported to Resource Risk Sponsors for action.

6. Scope and appetite for risk

6.1. South Lanarkshire Council aims to be risk embracing, meaning that it will accept a tolerable level of risk in seeking service efficiencies and in agreeing control measures.

6.2. The level of risk facing the Council is measured both before (inherent risk) and after (residual risk) consideration of controls. The Council should never carry a high residual risk exposure as this would indicate instability but a low residual risk exposure should also be avoided as this indicates lack of innovation.

6.3. South Lanarkshire Council's ideal risk exposure should be consistent with an acceptable tolerance of:
- No more than 20 per cent of residual risks at a high level
- Around 30 per cent to 40 per cent of residual risks at a low level

6.4. The table below demonstrates that Community and Enterprise Resources risk exposure is within the acceptable tolerable level.

Residual risk score	Number of risks	Percentage of risks
High (7, 8 or 9)	10	11%
Medium (4, 5, or 6)	45	48%
Low (1, 2, or 3)	38	41%
	93	100%

7. Risk Control Actions

7.1. 92% of risk actions due in 2013/2014 were completed. One risk action in relation to business continuity was not completed due to delays in other Resources. This action was completed in quarter one of 2014/2015.

7.2. There are currently four actions on the Resource risk action log. Only one of these actions is due for completion before the end of 2014/2015. This action is due for completion in quarter four. The remaining three actions are due for completion in either 2015/2016 or 2016/2017.

7.3. Progress with completion of the Resource's risk control actions is monitored on a monthly basis by the Central Risk Management Team and reported to the Corporate improvement Advisory Board (CIAB).

8. Major Projects, Partnerships or Change

8.1. A Partnership Assurance Statement has been completed for Community and Enterprise Resources to evidence that all partnerships are recorded on a register, that the partnerships have been scored as high or low risk and that high risk partnerships have a risk register in place.

8.2. The Community and Enterprise Resources' partnership register contains details of 23 partnership arrangements and all have been assessed in accordance with the guidance. Three of the partnerships are considered to be high risk. These are the Community Regeneration Partnership, Clyde Gateway Partnership and SPT. The remaining 20 partnerships have been assessed as being low risk.

9. Next Steps

9.1. The Resource Risk Management Group will continue to review and update the Risk Register and Risk Action Log on an ongoing basis. An update report will be provided to members on an annual basis.

10. Employee Implications

10.1. Time will be required by the Resource Risk Sponsor and the Resource Risk Management Group for the management of the Resource Risk Register and Risk Control Plan.

11. Financial Implications

11.1. A fund is held within Corporate Risk Management to which Resources can make bids for new projects or innovations which will contribute to the mitigation of an identified risk. During 2013/2014, Roads and Transportation were successful in securing £20,000 for the purchase and installation of Flooding Telemetry equipment and £16,000 for CAT/Genny training for Roads operatives. Support Services were also successful in securing £20,000 for the installation of wet chemical fire suppression systems at 3 high risk properties.

12 Other Implications

12.1. Failure to demonstrate that risk is actively considered and managed can not only lead to avoidable financial loss but could also affect service delivery and could affect the Resource's reputation.

12.2. There are no implications for sustainability in terms of the information contained in this report.

13. Equality Impact Assessment and Consultation Arrangements

13.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no impact assessment is required.

13.2. There was no requirement to undertake any consultation in terms of the information contained within this report.

Colin McDowall
Executive Director (Community and Enterprise Resources)

31 October 2014

Link(s) to Council Objectives/Values
- Accountable, effective and efficient.

Previous References
- Community Resources Committee – 12 November 2013

List of Background Papers
- Figtree extracts (risk register and risk control action plan)

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-   Linda Burnett, Support Services Manager
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Community and Enterprise Resources – Top Risks

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
Reduced number of Planning and Building Standards applications due to the economic factors resulting in reduced income and budget shortfall.	9	Regular monitoring of income v budget projections Ongoing review of filling of staff vacancies and control of general spending	9	Planning and Building Standards Services
Potential closure of the Fleet workshop at Forrest St could lead to the inability to service/repair the council fleet stock resulting in loss of the Council's operator license.	9	Strategic group formed, new location identified. Work currently underway by H&T to prepare new location at Hamilton Technology Park for move in December 2014	9	Fleet and Environmental Services
Inability to maintain sufficient fuel stocks due to fuel shortages/tank bursts etc could result in limited number of available fleet vehicles and ultimately a failure to deliver core services.	9	Contingency plan developed	8	Fleet and Environmental Services
Inefficient records management practices, inadequate system of checks/procedures could lead to data breaches resulting in damage to reputation, risk of litigation and legal censure for the Council.	9	1) Compliance with the Info Gov Strategy 2) Learn on line module 3) IT systems have facility to report audit trail 4) relevant employees sign declaration of confidentiality 5) info gov self assessment audit plan ongoing	7	All Services

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
		6) retention schedules 7) EDRMS		
Global warming is on the increase and incidences of flooding and severe weather such as storms, cold and freezing.

Funding arrangements may not be sufficient, and the Council's response plans may not be adequate and will require to be adapted to deal with the increased frequency of severe weather events and flooding; ability to deliver services; and to maintain Council assets. | 9 | 1)Dedicated flood risk management officer and team 2)Local weather forecast contract and severe weather warning alerts extended to May 2016 3)General Met Office alerts to Contingency Planning Officers 4)Remote monitoring of high risk flood sites using telemetry solutions 5)Annual reviews of winter/flooding procedures 6) SEPA flood warnings and ad hoc test exercises 7)Bellwin Scheme 8)Increased salt stocks (35k tonnes) 9)Proactive pothole inspection/repairs | 7 | Roads and Transportation Services |
| Failure to address business requirements due to lack of sufficient IT resources could result in failure to deliver core services. | 9 | Resource accepts risk due to restricted IT resources. IT service plan closely monitored and progress reports issued to the IT Strategy Group/ICT Programme Board on a regular basis | 7 | All Services |

Failure to ensure that an efficient inspection programme is in place and failure to carry out sufficient regulatory compliance investigations eg; metrology could result in failure to advise traders on a number of issues eg: sale/storage of solvents, safety of goods, sale of tobacco to children leading to traders operating in a manner detrimental to consumers.	9	1) Inspection/sampling targets set and monitored closely 2) Agreed programme of inspections/test purchasing carried out throughout the year. 3) Agreed programme of follow up visits to be carried out within 3 months of initial inspection. 4)Workload of team closely monitored particularly at peak times eg: fireworks etc	7	Fleet and Environmental Services
Increasing repair costs due to damage to plant/equipment by Operatives and break ins/thefts at council depots due to inefficient security measures will result in financial loss	9	Operatives causing damage to plant and equipment will be subject to disciplinary proceedings. CCTV monitoring in place where funded.	7	Roads and Transportation Services
Increasing costs of labour/fuel /supplies etc could lead to a shortage of funds resulting in a failure to provide an effective winter maintenance service.	9	1) Effective management of existing budget resources through regular reporting and dialogue with Exec Dir Finance and Corporate. 2) Revenue schemes held towards year end to cover potential winter overspends. 3) Daily winter task force meetings held during periods of extreme weather to ensure service delivered in most efficient and effective way.	7	Roads and Transportation Services

Loss of Operators License due to failure to comply with regulations will result in failure to deliver Roads service efficiently. (Fleet Compliance)	9	1) Drivers carry out daily vehicle checks and complete drivers checklist. 2) Safety flash and tool box talks given by all depot managers/supervisors supported by TU safety reps highlighting implications for individuals of non-compliance with fleet procedures. 3) Spot checks on fleet undertaken by depot managers/supervisors and TU safety rep. 4) Regular weighbridge checks carried out	7	Roads and Transportation Services