

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	20 January 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Update of the Finance and Corporate Resources Risk Register and Risk Control Plan
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ present an update on the Risk Register and Risk Control actions for Finance and Corporate Resources

2. Recommendation(s)

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

- (1) that the contents of the Resource Risk Register be noted; and
- (2) that it be noted that the outstanding Risk Control Actions will be progressed by relevant officers.

3. Background

- 3.1. The Council's Risk Management Strategy, which was reviewed in April 2020, 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. Finance and Corporate Resources follow the 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 its top risks; that these risks are prioritised; and that controls are in place to eliminate or minimise the impact of the risks.
- 3.3. The Resource scores the risks in accordance with the Council scoring mechanism, based on likelihood and impact. This results in risks being scored between 1 and 25 (low – very high).
- 3.4. Risks are scored on their inherent score (risk if we do nothing) and their residual risk (risk after applying controls).
- 3.5. The last update of the Finance and Corporate Resources Risk Register was reported to Committee on 11 December 2019.
- 3.6. The Resource's top risk register and risk control plan has been reviewed. This work was completed in November 2020.

- 3.7. The Central Risk Management team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2019/20 review identified that Finance and Corporate Resources achieved 100 per cent compliance, scoring 42 out of a possible 42.

4. Resource Risk Management

- 4.1. Each Resource has a Resource Risk Management Group which has responsibility for the promotion and management of risk.
- 4.2. The Finance and Corporate Resources Risk Management Group continues to meet on a quarterly basis.
- 4.3. The work of the group over the last year has focused on the review and update of the Resource Risk Register, and ensuring that the register reflected the Council Plan and individual Service Plans.

5. Risk Register

- 5.1. Work has been completed by the Resource Risk Group to finalise the review of the Resource Risk Register. The update gave consideration to risks at a Service level, as well as strategic Council risks.
- 5.2. The Resource Risk Register will be 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.
- 5.3. 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.
- 5.4. The development process for the Resource Plan requires a risk assessment process to be undertaken as appropriate resulting in some actions within the Resource Plan having a corresponding risk identified within the risk register.
- 5.5. The main changes to the register are summarised below:-
- ◆ A new very high level risk has been added to the risk register in respect of 'The Covid-19 pandemic'
 - ◆ A new high level risk in respect of potential liabilities arising from claims for historic abuse noted following details of the Scottish Government's financial redress scheme being published
 - ◆ A new high level risk added in respect of the IT led project to upgrade telephone network from analogue to digital. This affects the community alarm systems.
 - ◆ All risks have been rescored in line with the revised 5x5 risk scoring matrix. The scoring matrix was changed from a 3x3 matrix, following a review of the Council's Risk Management Strategy at the start of the year. The revised 5x5 scoring matrix and definitions for likelihood and impact is shown at Appendix 1.
- 5.6. Risks scored 15 to 25 are considered to be very high risks and risks scored 8 to 12 are considered to be high risks. Very high and high risks are monitored closely. The top risks identified for the Resource, that is those that are residually scored as being very high and high, are attached at Appendix 2.

Table 2 –Top Risks Risk Profile

Risk Category	Risk Rating	Number of residual risks	Percentage of residual risks
1	Very high	3	4.2%
2	High	16	22.2%
3	Medium	30	41.7%
4	Low	23	31.9%
		72	100.0%

- 7.5. Despite the fact that the profile noted in Table 2 is out with the ideal universal risk exposure defined by the Risk Management Strategy, this risk exposure is reasonable as these are the highest level risks currently being faced by the Resource, and a number of the top risks scores have increased significantly this year as a result of the effects of Covid-19.
- 7.6. Finance and Corporate Resources has ensured that all inherent risks scored at a very high and high level have cost effective control measures in place. Where further control measures are required, these are included within the Resource risk control plan.
- 7.7. A direct comparison of risk scores for this year compared to last year is not possible, given the change in the scoring matrix, along with the addition of a new very high risk rating.

8. Risk Control Actions

- 8.1. There were no risk control actions due for delivery between April and October 2020
- 8.2. 16 actions due for completion during 2019/2020 have been completed. One hundred per cent (16/16) of these risk control actions were completed on time against an overall Resource target of 90 per cent.
- 8.3. Details of the completion of risk control actions during 2019/2020 and 2020/2021 to date are contained in Table 3 below.

Table 3 – Completion of top risk control actions

	2019/20	2020/21 (as at 31 October 2020)
Total number of actions due	16	0
Completed on time	16	0
Completed late	0	0
Due to be completed at a later date	0	13

- 8.4. Progress with completion of Resource Risk Control Actions is monitored on a monthly basis by the Central Risk Management team. This is also reviewed by the Resource Risk Group.
- 8.5. There are currently 13 risk control actions due for completion during the remainder of 2020/2021, with a further 5 actions due to be completed in future years. Details of these actions are noted at Appendix 3. The Committee is asked to note that the outstanding actions to mitigate risks within the Risk Control Plan will be progressed by the relevant officers.

9. Major projects, partnerships or change

- 9.1. Within Finance and Corporate Resources 4 partnerships have been identified. 1 of these is considered to be high risk, the Community Planning Partnership (CPP). The remaining 3 partnerships have been assessed as being low risk.
- 9.2. Appropriate risk management arrangements are in place for the CPP with regular reports on their risk register and action plan presented to the CPP Board.

10. Next steps

- 10.1. The Resource Risk Management Group will continue to meet on a quarterly basis. The risk register will be reviewed on an ongoing basis by the group to ensure that risks remain valid for the appropriate Service areas and to identify new areas of risk that affect the Resource. An update report will be provided to Committee on an annual basis.

11. Employee Implications

- 11.1. Time will be required by the Resource Risk Management Group in the management of the Resource Risk Register and Risk Control Plan.

12. Financial Implications

- 12.1. There are no direct financial implications associated with the Resource's top risks. There are a number of proposed risks which are classified under the heading of financial, including additional costs stemming from Covid-19. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

13. Climate Change, Sustainability and Environmental Implications

- 13.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

14. Other Implications

- 14.1. Failure to demonstrate that risk is actively considered and managed cannot only lead to avoidable financial loss but could also affect delivery of services and could affect the Resources' reputation.

15. Equality Impact Assessment and Consultation Arrangements

- 15.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and therefore, no impact assessment is required.
- 15.2. Consultation on the content of this report has been undertaken with the Resource Management Team.

Paul Manning

Executive Director (Finance and Corporate Resources)

15 December 2020

Link(s) to Council Values/Ambitions/Objectives

- ♦ Accountable, effective and efficient

Previous References

- ◆ Report to Finance and Corporate Resources Committee – 11 December 2019 – Update of Finance and Corporate Resources Risk Register and Risk Control Plan

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix 1 – 2020 Risk scoring matrix and likelihood and impact definitions

Likelihood

Score	1	2	3	4	5
Description	Rare	Unlikely	Possible	Likely	Almost certain
Likelihood of occurrence	1 in 10 years	1 in 3 years	1 in 2 years	Annually	Monthly
Probability of occurrence	The event may occur in certain circumstances	The event could occur	The event may occur	The event will probably occur	The event is expected to occur or occurs regularly

Impact

	Reputation	Financial	Service delivery/ Time to recover	Compliance	Safety
1 Negligible	Public concern restricted to local complaints	<£50,000 per annum	No impact to service quality; limited disruption to operations.	No external interest	Minor injury – no lost time
2 Minor	Minor adverse local/public/media attention and complaints	£50,000-£250,000 per annum	Minor impact to service quality; minor service standards are not met; short term	Very minor attention from legislative/regulatory body	Minor injury – resulting in lost time
3 Moderate	Adverse national media Public attention	£250,000 to £500,000 per annum	Significant fall in service quality; major partnership relationships strained; serious disruption in service standards	Short-term attention from legislative/regulatory body	Major injury or ill health resulting in lost time
4 Major	Serious negative national or regional criticism	£500,000 to £1million per annum	Major impact to service delivery; multiple service standards are not met; long term disruption to operations; multiple partnerships affected	Medium-term attention from legislative/regulatory body	Fatality; Or injuries to several people
5 Catastrophic	Prolonged international, regional and national condemnation	>£1million per annum	Catastrophic fail in service quality and key service standards are not met; long term catastrophic interruption to operations; several major partnerships are affected	National impact with rapid intervention of legislative/regulatory body	Multiple fatalities; Or injuries to large number of people

The assessments for impact and likelihood combine to provide an overall inherent risk score on the scale of between 1 and 25, using the Council's recognised risk matrix.

Risk matrix

Likelihood	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
		Impact				

The risk score is calculated as follows:

Likelihood score x Impact score = Risk Score

Finance and Corporate Resources Risk Register (as at 31 October 2020)
Extract of risks with residual score category of Very High and High

Risk Category	Key risk	Inherent Risk Score	Sample of Controls	Residual Risk Score
1 Very High (15-25)	The Council does not provide an adequate response to the pandemic; maintaining critical services; delivering emergency response commitments as a Category One Responder; and protecting wellbeing of employees and service users as far as reasonably practicable. Responding to the pandemic will impact on everything else the Council does. Council Top Risk	25	<ul style="list-style-type: none"> Working with Cosla on national financial impact to inform discussions with Government on funding. Specific cost centres established to monitor spending Changes made to Registration processes – registrations available online/over the phone/weekend working Community Wellbeing Helpline established 	20
	Reduction in Council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services Council Top Risk	25	<ul style="list-style-type: none"> An embedded and systematic approach to savings identification Robust processes in place to report annual budget and Council Tax proposals to Elected Members Council's long term financial strategy includes scenario planning 	20
	The Council is significantly affected by the impact of the UK leaving the European Union Council Top Risk	25	<ul style="list-style-type: none"> The HM Treasury has provided assurances around the current EU funded programme for all projects with a signed agreement in place prior to UK leaving the EU Council Resources have familiarised themselves with the content of the no-deal technical papers produced by the UK Government and reviewed their contingency plans to ensure that they are 	20

			<p>sufficiently robust to deal with any significant negative impact that may arise from the UK leaving the EU.</p> <ul style="list-style-type: none"> • The Council's Economic Development Service provides support to businesses within the South Lanarkshire area. 	
2 High (8-12)	Potential liability arising from claims of historic abuse Council Top Risk	16	<ul style="list-style-type: none"> • Responses prepared to the Scottish Government Redress Scheme call for views • Regular actuarial reviews undertaken for pre-fund liabilities • Review of predecessor authorities insurance cover undertaken 	12
	Fraud, theft, organised crime and cyber attacks Council Top Risk	20	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy • Whistle-blowing procedures • Cyber security and information security training • The Council has in place a technical IT infrastructure that provides information security protocols in line with industry best practice. This is subject to regular independent review to ensure its continued effectiveness. 	12
	Information Governance not subject to adequate control Council Top Risk	20	<ul style="list-style-type: none"> • Awareness raising • Information Governance Group in place • Information Governance Strategy 	12
	Failure to respond - major event/emergency Council Top Risk	16	<ul style="list-style-type: none"> • Media response policy • IT business continuity plans • Emergency Management Team 	12
	Insurance fund insufficient to meet known liabilities	20	<ul style="list-style-type: none"> • Regular actuarial reviews • Management of claims trends • Review of operation of Council's insurance fund. 	12

Procurement practice and management of contracts Council Top Risk	25	<ul style="list-style-type: none"> • Procurement Strategy and action plan • Contracts register in place • Procurement Annual Report published 	9
IT Development and functionality does not meet service requirements Council Top Risk	20	<ul style="list-style-type: none"> • IT Asset Management Plan • ICT Development Fund • IT Programme Board 	9
Lack of capacity and skills to meet increased service demands Council Top Risk	20	<ul style="list-style-type: none"> • Workforce Strategy • Performance Appraisal Process • Learning and Development Strategy 	9
Inaccurate information relating to Council services reported via media	12	<ul style="list-style-type: none"> • Timeous response to media enquiries • Guidelines on media enquiries contained within Corporate Standards • Contact sheets provided to the media 	9
Audit plan not delivered	12	<ul style="list-style-type: none"> • Managed systematic approach to work allocation and monitoring arrangements • Capacity planning 	9
Difficulties in placing insurance cover	16	<ul style="list-style-type: none"> • Support from appointed insurance broker • Sound experience in placing covers • Regular reviews to ensure optimal balance between retention of risk and purchased covers 	9
Failure to deliver the Modern Apprenticeship programme	12	<ul style="list-style-type: none"> • Compliance process in place • Commitment from senior management • Appropriately trained and qualified staff available to delivery relevant internal programmes 	9
Death or injury to employees, service users or members of the public affected by Council operations	20	<ul style="list-style-type: none"> • Occupational Health and Safety Management System embedded throughout the Council 	8

	Council Top Risk		<ul style="list-style-type: none"> • Risk assessments and safe systems of work developed and implemented • Resource H&S Groups in place 	
	Failure to achieve the outcomes of the Community Plan Council Top Risk	20	<ul style="list-style-type: none"> • Partnership Progress Group established • Community Engagement Manager and team in place • Neighbourhood plans developed 	8
	Community Alarms - Failure to successfully transition from the current analogue service to a digital solution within the pre-determined timescale	20	<ul style="list-style-type: none"> • Project plan in place • Project Review Board established • Sessions held to scope full organisation requirements 	8
	Failure to manage financial aspects of City Deal Council Top Risk	25	<ul style="list-style-type: none"> • Financial aspects reviewed for each business case at all stages of the project • Assurance frameworks • Specific project risk registers in place 	8

Appendix 3 – Finance and Corporate Resources 2020/2021 Risk Control Plan

Action:	Who:	Target date:
Implementation of APEX Procurement Database	Finance Adviser (Procurement)	December 2020
Brexit - Investigate new opportunities for funding.	Head of Finance (Strategy)	December 2020
Review and audit of H&S training completed for specific machinery in high risk areas within Services/Resources	Health, Safety and Wellbeing Manager	December 2020
Review of H&S Training Matrices	Health, Safety and Wellbeing Manager	December 2020
Finalise A2D Project Plan	Programme Co-Ordinator, IT Services	December 2020
Establish work specific A2D steering groups	Programme Co-Ordinator, IT Services	December 2020
Formal audits of Resources management of procurement processes and procedures, identifying corrective actions to mitigate the risks identified	Audit and Compliance Manager	March 2021
Progress agile working across the council through full deployment of Windows 10 laptops / Office 365 / Soft Phones.	Head of IT Services	March 2021
Implement actions per ICT Asset Management Plan	Head of IT Services	March 2021
Develop Digital and IT Strategies for 2021 - 2024	Head of IT Services	March 2021
Implement Service Improvements identified from IT Service Review	Head of IT Services	March 2021
Complete outstanding PIAs and publish summary details on the internet	Legal Services Manager/Assistant Registrar	March 2021
A2D - Conduct pilot and review findings	Programme Co-Ordinator, IT Services	March 2021
A2D - Approve service provision model	Programme Co-Ordinator, IT Services	June 2021
Implementation of EDRMS Phase 2	Head of IT Services	June 2021
A2D - Approve Alarm Receiving Centre model	Programme Co-Ordinator, IT Services	June 2021
Complete exit from IT Caird Data Centre and Migration to Hybrid Cloud solution.	Head of IT Services	December 2021
A2D - Digital solution procured and implemented	Programme Co-Ordinator, IT Services	March 2024