SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Community and Enterprise Resources Committee**
Date of Meeting:	**22 January 2019**
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 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 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 follow 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).

3.5   The last update of the Community and Enterprise Resources' Risk Register was reported to the Community and Enterprise Resources Committee on 12 December 2017.

3.6   The Council's top risk register and top risk control plan has been reviewed.

3.7   The Central Risk Management Team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2017/2018 review identified that Community and Enterprise Resources achieved 100% compliance.

4.   Resource Risk Management Group
4.1   The Resource Risk Management Group meets twice 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 officer.

4.2   The work of the group over the last year has focused on the review and update of 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, as reported to the Executive Committee on 19 December 2018.

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 or 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:
- Five new risks have been added to the register;
    - Failure to reduce vehicle emissions (All Services)
    - Potential changes to service delivery following review could impact on costs (Waste Services)
    - Impact of waste management market changes (Waste Services)
    - Failure to implement Planning Bill (Planning and Economic Development Services)
    - Impact of the UK leaving the European Union (Brexit) (All Services)
- Two of these risks have been identified as high risk, Impact of waste management market changes and impact of the UK leaving the European Union (Brexit).
- Risk scorings and control measures have been reviewed and updated as required
- Top risk descriptions have been updated following a review

5.6   Risks scored seven to nine are considered to be high risks and these are monitored closely. The top risks identified for the Resource, that is, those that are residually scored as being high, are attached at Appendix One.

5.7   A clear link has now been made to the Council's top risks. Resource specific risk implications are noted within the appendix.

5.8 Risks evaluated residually as being medium or low risk will be monitored to ensure that they continue to be adequately managed.

6. Insurance Hotspots
6.1 The current hotspot action plan identified six actions for the Resource. Four of the six actions have been completed and the two remaining actions are ongoing in conjunction with the Council's Security Manager.

7. Scope and appetite for risk
7.1 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.

7.2 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.

7.3 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 40 percent to 50 percent of residual risks at a medium level
- Around 30 per cent to 40 per cent of residual risks at a low level

7.4 Community and Enterprise Resources' risk exposure is detailed in the table below

Residual risk score	Number of risks	Percentage of risks
High (7, 8 or 9)	10	16%
Medium (4, 5, or 6)	34	56%
Low (1, 2, or 3)	17	28%
	61	100%

7.5 The table shows that Community and Enterprise Resources' risk exposure is broadly in line with the profile outlined at 7.3.

7.6 Community and Enterprise Resources has ensured that all inherent risks scored at high level have cost effective control measures in place. Where further control measures are required, these are included within the Resource risk control plan.

8. Risk Control Actions
8.1 Three actions due for completion during 2017/2018 have been completed. 100 percent of these risk control actions were completed on time against an overall Resource target of 85 percent.

8.2 Details of the completion of risk control actions during 2017/2018 and 2018/2019 to date are contained in the table below.

	2017/2018	2018/2019 (as at 30 September 2018)
Total number of actions due	3	7
Completed on time	3	4
Completed late	0	0
Due to be completed at a later date	0	3

9.   Major Projects, Partnerships or Change

9.1   The Community and Enterprise Resource partnership register contains details of 29 partnership arrangements and all have been assessed in accordance with the guidance. Two new partnerships, Business Loans Scotland and Climate Ready Clyde Partnership have been added to the register. Five of the partnerships are considered to be high risk in terms of their relative importance to Council business. These are the Sustainable Economic Growth Board, Clyde Gateway, West of Scotland Loan Fund, SPT and City Deal. The remaining 24 partnerships have been assessed as being low risk.

9.2   Appropriate risk management arrangements are in place for the high level partnerships

10.   Next Steps

10.1.   The Resource Risk Management Group will continue to meet regularly. 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 Sponsor and the Resource Risk Management Group to manage the Resource Risk Register and Risk Control Plan.

12.   Financial Implications

12.1   During the year if any new initiatives are identified which would help mitigate any particular risk faced by the resource, some financial assistance may be available from the Risk Management Fund. This is managed through a bid being submitted and assessed against set criteria.

12.2   During 2017/2018 the Resource made the following successful risk management bids:

- Grounds Services received £20,000 for upgrade of security at their Strathaven Depot and £1,235 for installation of an intruder alarm system at Quay Road Depot.

13   Other Implications

13.1.   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.

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

14.   Equality Impact Assessment and Consultation Arrangements

14.1.   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.

14.2   Consultation on the content of this report has been undertaken with members of the Community and Enterprise Resources' Risk Management Group.

Michael McGlynn
Executive Director (Community and Enterprise Resources)

27 December 2018

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

Previous References
- Community and Enterprise Resources Committees – 12 December 2017 - Annual update on Resource Risk Register and Risk Control Action Plan
- Executive Committee – 19 December 2018 – Review of the Council Top Risks

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 Manager
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Community and Enterprise Resources – Top Risks   **Appendix 1**

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
Reduction in external funding and fees/income received by the Council as well as increased demand for Services, results in savings difficulties • Fluctuations in income from Planning & Building Standards applications **Council Top Risk**	9	• Regular monitoring of income v budget projections • Ongoing review of resources and control of general spending	8	Planning and Economic Development
Failure to meet sustainable development and climate change objectives • Failure to mitigate carbon emissions and fully embed sustainable development into the culture of the Council **Council Top Risk**	9	• Sustainable development principles and climate change duties incorporated in new/revised policies, plans, strategies and projects where appropriate. • Compliance with public sector climate change duties evaluated • Annual statutory climate change duties report published • Participation in Climate Ready Clyde Partnership • Development and implementation of single use plastic action plan	8	Facilities Waste & Grounds
Failure of unrestricted substandard bridges /bridges showing deterioration • Injury to people, damage to assets and network interruption/disruption	9	• Implement and maintain enhanced structural monitoring • Maintain list of qualifying structures • Implement appropriate reactive mitigation measures when need for repair identified. • Option to close if absolutely necessary	8	Roads and Transportation
Increase in settled Public Liability Claims • Failure to effectively manage and maintain existing structures on the SLC core path network	8	• Defect reporting procedures implemented • Database of relevant bridges established • Inspection arrangements now in place	8	Facilities Waste & Grounds
Failure to achieve outcomes of Local Outcome Improvement Plan • Failure to effectively manage the processes and practices to reduce the impact of welfare reform relative to the Scottish Index of Multiple Deprivation domains **Council Top Risk**	9	• Single Outcome Agreement • Tackling Poverty Programme • Council and key partners to implement inclusive partnership economic strategy • Economic Growth Board • Regular progress reporting to SMT/CMT/Ctee	7	Planning and Economic Development
Increasing levels of adverse weather • Disruption to the transport network	9	• Duty Manager, standby rota and weather forecasting systems in place	7	Roads and Transportation

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
• Funding arrangements not sufficient to respond to adverse weather events • Failure to deliver prioritised flood protection schemes • Failure to comply with legislation • Increase in volume/value of insurance claims (including property claims) resulting in financial loss • Long term erosion impacts on roads related infrastructure • Adverse affect to health within communities affected by flooding **Council Top Risk**		• Effective management of existing budget resources through regular reporting and dialogue with Exec Dir Finance and Corporate • Dedicated Flood Risk Management team • Council wide Emergency Planning arrangements • Investment in flooding infrastructure • Flood cameras/telemetry in high risk areas • Remote monitoring of high risk flood sites using telemetry solutions • Winter weather procedures, Winter Service Policy and Ops manual • Pothole inspection and pro-active rectification programme using sub contractors during extended severe weather		
Increased costs in providing winter maintenance services • Failure to provide essential services during periods of extreme winter weather	9	• Effective management of existing budget resources through regular reporting and dialogue with Exec Dir Finance and Corporate. • Salt stocks and storage capacity • Winter weather procedures, winter service policy and ops manual • 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
Information Management not subject to adequate controls • Ineffective records management practices could lead to data breaches **Council Top Risk**	9	• Completion of annual Information Governance checklist • Implementation of Information Governance action plan • Compliance with Info Gov Strategy • Retention schedules • Electronic Document Records Management System (EDRMS) • Resource IT and Information Governance Working Group	7	All Services

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
Impact of Waste Management market changes • Changes to global economic policy changes resulting in market collapse and inability to dispose of recycled products	9	• Market changes monitored through waste industry network groups and via meetings with contractors • Contracts include contingency arrangements including back up provision for alternative suppliers • Operational monitoring process in place • Waste Awareness Team – ongoing initiatives to promote and improve levels of domestic recycling	7	Facilities Waste & Grounds
The Council is significantly affected by the impact of the UK leaving the European Union (Brexit) • Limited procurement options and contract restrictions • Loss of EU funding • Implications of changes to free movement of trade and people • Demand on business support services could be affected **Council Top Risk**	9	• Goods and services procured from Europe closely monitored for potential risks • All contracts and grants finalised by 30 March 2019 will be guaranteed by UK Government • Work ongoing with Convention of Scottish Local Authorities, Scottish Local Authority Economic Development Group, West of Scotland European Forum, International Compliance Association to lobby and raise concern regarding future funding • Work ongoing to ensure all grants covering ESF, ERDF activity up to December 2022 are approved by 30 March 2019	7	All Services