

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	6 December 2023
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 are 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. 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 one and twenty five (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 16 November 2022.
- 3.6. The Resource's top risk register and risk control plan has been reviewed. This work was completed in August 2023.

- 3.7. The Central Risk Management team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2022/2023 review identified that Finance and Corporate Resources achieved 100 per cent compliance, scoring 45 out of a possible 45.

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 regular 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 considered 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 considering 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:-
- ◆ Six new risks are being reported:-
 - ◆ Implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the Council's non-domestic estate
 - ◆ The existing cross-resource Council top risk 'The Council fails meet statutory and legislative duties in respect of public protection', has been expanded to include increased levels of service disruption to the Community Alarms Service. This risk is therefore included in the Finance and Corporate Resources risk register for the first time
 - ◆ Gap in data analytical skills impacting the development of the internal audit function
 - ◆ Insurance fund insufficient (medium level risk now scored as high level following review)
 - ◆ Failure to provide an Administration Service (medium level risk now scored as high level following review)
 - ◆ Loss of Administration IT Systems (medium level risk now scored as high level following review)

- ◆ The risk description on 'Funding' has been updated, to highlight that there will be continued pressures, which will require significant change and consideration of risk appetite, if we are required to manage services and demand with a diminishing resource; this remains the top risk for the Resource.
- ◆ The 'National Care Service Bill' risk has reduced from 16 to 12 given the lack of development at present, with the deadline for debating the Bill now delayed until next year. It has also recently been reported that an agreement has now been reached that means National Care Service staff will continue to be employed by councils, rather than transferring to new care boards. Councils will also be responsible for buildings and the delivery of services. This agreement significantly alters the risk and uncertainty faced previously.
- ◆ IT developments and functionality - no change to the overarching top risk, however there are four significant IT projects being progressed at present for the Capita Housing System, the SWIS+ replacement, Fusion, and a replacement H&S Accident Reporting System. Appropriate arrangements are in place to record and manage risks for these projects.
- ◆ The 'health, safety and wellbeing of employees' risk card removes reference to the increased requirements due to the pandemic.
- ◆ Whilst there has been no change to the 'Community Wealth Building Strategy' risk, an update of the Community Wealth Building risk register will be undertaken during 2023/2024.

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 1.

5.7. Appendix 2 provides a comparison of risk scores for 2022 and 2023. This appendix also details changes in risk descriptions.

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. There have been no specific insurance hotspot areas identified for Finance and Corporate Resources.

6.2. The Risk and Insurance Team are leading on corporate initiatives to mitigate against liability, motor, and property insurance claims. This includes a property insurer survey programme; a Health and Safety/training review undertaken by the Council's claims handlers; and ongoing development of driving at work training, with support from Employee Development.

7. Horizon scanning

7.1. Through wider analysis, several areas that could pose potential threats and risks or are emerging issues and opportunities that could affect the council were identified. Areas identified are listed below:-

- ◆ Covid19 National Inquiry
A public inquiry into the handling of Coronavirus (COVID-19) in Scotland commenced late July 2023. It is envisaged that as the Inquiry progresses, the council will receive a number of Section 21 notices, which will be time intensive in responding to.

- ◆ **Martyn's Law**

On 19th December 2022, the UK Government announced details of draft legislation called 'Protect Duty.' It followed the tragic events of the Manchester arena terrorist attack in which 21 people sadly lost their lives. This legislation has become known as Martyn's law, in tribute of Martyn Hett, who was amongst the 21 victims.

The aim of Protect Duty is to create and implement measures to increase public safety at certain venues, defined as publicly accessible locations. This is intended to improve protective security at public venues by bringing about overall awareness of terrorism, delaying attackers progress and assisting the emergency services.

- ◆ **Health and Care (Staffing) Act 2019 (Effective from 1 April 2024)**

The Act places duties on health boards and care providers to ensure services have a suitably qualified and competent workforce, a range of professional disciplines, and appropriate staffing levels that will deliver high quality care to support the health, wellbeing and safety of people using services.

The Act was passed by Parliament in 2019 but implementation was paused due to the pandemic. All the provisions within the Act will come into force at a time when providers are facing recognised national and local workforce supply challenges, along with an ageing workforce, recruitment, selection, and retention issues which are impacting on safe staffing levels.

- 7.2. These areas will continue to be monitored to ensure that the council is adequately prepared to respond where required.

8. Scope and appetite for risk

- 8.1. The Council aims to be risk embracing, that is it will accept a tolerable level of risk in seeking service efficiencies and in agreeing control measures.
- 8.2. 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 very 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.
- 8.3. The Council's universal risk tolerance levels were updated as part of the review of the risk management strategy last year, with the ideal risk profile defined as:-
- ◆ No more than 10% of residual risks at a very high level
 - ◆ No more than 15% of risks at a high level
 - ◆ Around 50 to 60% of residual risks at a medium level
 - ◆ No more than 30% of residual risks at a low level

- 8.4. Table 1 below shows the top risks heat map, i.e. it details the total number of risks for each individual residual risk score. Table 2 below notes the overall risk profile for the top risks.

Table 1 – Finance and Corporate Resources Risks Heat Map

Likelihood	5 Almost Certain				2	
	4 Likely			4	4	
	3 Possible		7	8	5	
	2 Unlikely	2	11	7	5	
	1 Rare	4	9	9		
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
Impact						

Table 2 – Finance and Corporate Resources Risk Profile

Risk Category	Risk Rating	Number of residual risks	Percentage of residual risks
1	Very high	6	7.8%
2	High	22	28.6%
3	Medium	25	32.5%
4	Low	24	31.1%
		77	100.0%

- 8.5. 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 given the number of high level risks currently being faced by the Resource.
- 8.6. 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.
- 8.7. The main changes to the risk profile from last year are:-
- ◆ 6 new risks being reported
 - ◆ 3 risks have increased from medium to high
 - ◆ 1 risk has moved from being very high down to high, “The Council is materially affected by the implications arising from the National Care Service Bill”
 - ◆ No other changes to scoring has taken place

9. Risk Control Actions

- 9.1. One risk control action was due for delivery between April and September 2023 has been completed.
- 9.2. 7 actions due for completion during 2022/2023 have been completed. 58% (7/12) of control actions were completed on time against an overall Resource target of 90%. 5 actions have been carried forward.

- 9.3. Details of the completion of risk control actions during 2022/2023 and 2023/2024 to date are contained in Table 3 below.

Table 3 – Completion of risk control actions

	2022/2023	2023/24 (as at 30 September 2023)
Total number of actions due	12	9
Completed on time	7	1
Carried forward to 2023/24	5	-
To be completed at a later date	0	8

- 9.4. Progress with completion of Resource Risk Control Actions is monitored by the Central Risk Management team. This is also reviewed by the Resource Risk Group.
- 9.5. There are currently 8 risk control actions due for completion during the remainder of 2023/2024 with a further 1 action due for completion in 2024/2025. The outstanding actions to mitigate risks within the Risk Control Plan will be progressed by the relevant officers.

10. Major projects, partnerships or change

- 10.1. Within Finance and Corporate Resources 4 partnerships have been identified. One of these is considered to be high risk, the Community Planning Partnership (CPP). The remaining 3 partnerships have been assessed as being low risk.
- 10.2. 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.

11. Next steps

- 11.1. The Resource Risk Management Group will continue to meet on a regular 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 the Committee on an annual basis.

12. Employee Implications

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

13. Financial Implications

- 13.1. 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. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

14. Climate Change, Sustainability and Environmental Implications

- 14.1. Sustainable development issues are included within the Council's top risk register through being linked directly to the Council plan objective 'make communities safer, stronger and sustainable'

15. Other Implications

- 15.1. 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.

16. Equality Impact Assessment and Consultation Arrangements

- 16.1. 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.
- 16.2. Consultation on the content of this report has been undertaken with the Resource Management Team.

Paul Manning

Executive Director (Finance and Corporate Resources)

24 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective and efficient

Previous References

- ◆ Report to Finance and Corporate Resources Committee – 16 November 2022 – 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

Finance and Corporate Resources Risk Register (as at 30 September 2023) 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)	<p>Reduction in external funding and fees/income received by the Council, as well as the increased demand for services including the residual impact of the pandemic, and the increased cost of services due to rising inflation and the cost-of-living crisis, results in increasing budget gaps.</p> <p>The Council is seeing considerable increases in prices in terms of energy, fuel and food costs reflecting the global economic environment. These will have an impact on the current and future years' Budget Strategy. This may also affect the level of service that the council can provide.</p> <p>Council Top Risk</p>	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 approved long term financial strategy 	20
	<p>The Council is unable to support households most impacted by the cost-of-living crisis resulting in increasing levels of poverty, debt, and damage to health</p> <p>Council Top Risk</p>	25	<ul style="list-style-type: none"> ♦ Debt and money advice from the Money Matters Advice Service ♦ Provision of cash payments and energy advice ♦ Provision of crisis and community care grants from the Scottish Welfare Fund 	20

	Implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the Council's non-domestic estate Council Top Risk	25	<ul style="list-style-type: none"> ◆ Review of building evacuation plans ◆ Review of alarm systems to ascertain upgrade requirements. ◆ Funding made available to upgrade alarm systems ◆ External Contractor response to out of hours alarm activations 	16
	The council fails meet statutory and legislative duties in respect of public protection	20	<ul style="list-style-type: none"> ◆ Resilience response plans to respond to disruption to community alarm service 	16
	Disruption to council services as a result of industrial action Council Top Risk	20	<ul style="list-style-type: none"> ◆ National negotiations to resolve the pay issues ◆ Communications in place to residents affected via social media channels 	16
	The council fails to deliver the objectives of the Community Wealth Building Strategy Council Top Risk	20	<ul style="list-style-type: none"> ◆ Action plans prepared for each pillar ◆ Supplier Development Programme provides training to businesses on how to bid for contracts ◆ SLC are a living wage anchor organisation ◆ CWB Commission and Progress Groups in place to oversee progress and delivery of the Strategy 	16
2 High (8-12)	The council does not have the appropriate emergency / business continuity plans; contingency arrangements or partnerships in place to respond to/or recover from a pandemic/endemic event. Council Top Risk	25	<ul style="list-style-type: none"> ◆ Range of supports in place to allow agile working ◆ Wellbeing Hub – counselling; CBT; online activities ◆ Enhanced financial monitoring 	12

Failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder Council Top Risk	25	<ul style="list-style-type: none"> ◆ Media response policy ◆ IT business continuity plans ◆ Emergency Management Team 	12
Procurement activity is affected by supply chain issues; a lack of resources; non-compliance or legal challenge	25	<ul style="list-style-type: none"> ◆ Procurement Strategy and action plan ◆ Contracts register in place ◆ Procurement Network Group 	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 ◆ Dissemination of fraud alerts 	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
Insurance fund insufficient	20	<ul style="list-style-type: none"> ◆ Formalised approach adopted to projection analysis ◆ Ongoing management of claims trends (hot spot reviews/management reports) 	12
The council is materially affected by the implications arising from the National Care Service Bill Council Top Risk	16	<ul style="list-style-type: none"> ◆ Reports presented to Committee ◆ Monitoring of progress of the Bill through the Scottish Parliament 	12
Historic childhood abuse Council Top Risk	16	<ul style="list-style-type: none"> ◆ Regular actuarial reviews of post insurance fund exposures undertaken to establish potential liability for the council 	12
Failure to provide an Administration Service	16	<ul style="list-style-type: none"> ◆ Development of procedure notes, particularly for new practices ◆ Review and reallocate tasks/duties, streamline tasks, succession planning and staff development through job shadowing 	12

	IT development and functionality does not keep pace with changing 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
	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
	Loss of Administration IT Systems	12	<ul style="list-style-type: none"> ◆ Able to access IT back up ◆ Use local drives or revert to a manual process, if possible ◆ Meetings could be held in the traditional manner, i.e. in person 	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
	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

	Gap in data analytical skills impacting the development of the internal audit function.	9	<ul style="list-style-type: none"> ◆ Formal strategy being developed for 2024/2025 (including a training plan). 	9
	Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services Council Top Risk	20	<ul style="list-style-type: none"> ◆ Occupational Health and Safety Management System embedded throughout the Council ◆ Risk assessments and safe systems of work developed and implemented ◆ Resource H&S Groups in place 	8
	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
	Failure to achieve the outcomes of the Council Plan Council Top Risk	16	<ul style="list-style-type: none"> ◆ New Council plan approved in June 2022 and all plans, policies and strategies aligned with the new priorities and outcomes across the council ◆ Bi-Annual performance reporting and annual performance spotlights 	8
	Community Alarms - Failure to properly prepare and 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	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 2: Comparison 2023 and 2022 council top risk register Risk Category

Risk Category	Key risk	2022 Residual risk score	2023 Residual risk score	Change in residual risk scores	Changes to key risk descriptions
1 Very High (15-25)	Reduction in external funding and fees/income received by the Council, as well as the increased demand for services including the residual impact of the pandemic, and the increased cost of services due to rising inflation and the cost-of-living crisis, results in increasing budget gaps. The Council is seeing considerable increases in prices in terms of energy, fuel and food costs reflecting the global economic environment. These will have an impact on the current and future years' Budget Strategy. This may also affect the level of service that the council can provide. Council Top Risk	20	20	=	Updated to highlight that there will be continued pressures, which will require significant change and consideration of risk appetite, if we are required to manage services and demand with a diminishing resource.
	The council is unable to support households most impacted by the cost-of-living crisis resulting in increasing levels of poverty, debt, and damage to health Council Top Risk	20	20	=	
	Implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the council's non-domestic estate Council Top Risk	N/A	16	NEW	
	Disruption to Council services as a result of industrial action Council Top Risk	16	16	=	
	The Council fails meet statutory and legislative duties in respect of public protection Council Top Risk	N/A	16	NEW	Risk expanded to include the Community Alarm Service

	The Council fails to deliver the objectives of the Community Wealth Building Strategy Council Top Risk	16	16	=	
2 High (8-12)	The council does not have the appropriate emergency / business continuity plans; contingency arrangements or partnerships in place to respond to/or recover from a pandemic/endemic event. Council Top Risk	12	12	=	
	Failure to fulfil emergency response commitments befitting the council's status as a Category One (emergency) responder Council Top Risk	12	12	=	
	Procurement activity is affected by supply chain issues; a lack of resources; non-compliance or legal challenge	12	12	=	
	Fraud, theft, organised crime and cyber attacks Council Top Risk	12	12	=	
	Information Governance not subject to adequate control Council Top Risk	12	12	=	
	Insurance fund insufficient	6	12	Medium level risk now scored in high	
	The council is materially affected by the implications arising from the National Care Service Bill Council Top Risk	16	12	↓	
	Historic childhood abuse Council Top Risk	12	12	=	
	Failure to provide an Administration Service	6	12	Medium level risk now scored in high	

	IT development and functionality does not keep pace with changing service requirements Council Top Risk	9	9	=	
	Lack of capacity and skills to meet increased service demands Council Top Risk	9	9	=	
	Difficulties in placing insurance cover	9	9	=	
	Loss of Administration IT Systems	6	9	Medium level risk now scored in high	
	Inaccurate information relating to council services reported via media	9	9	=	
	Audit plan not delivered	9	9	=	
	Failure to deliver the Modern Apprenticeship programme	9	9	=	
	Gap in data analytical skills impacting of development of the internal audit function.	N/A	9	NEW	
	Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services Council Top Risk	8	8	=	
	Failure to achieve the outcomes of the Community Plan Council Top Risk	8	8	=	
	Failure to achieve the outcomes of the Council Plan Council Top Risk	8	8	=	
	Community Alarms - Failure to properly prepare and successfully transition from the current analogue service to a digital solution within the pre-determined timescale	8	8	=	
	Failure to manage financial aspects of City Deal	8	8	=	