

Report

Report to:	Community Services Committee
Date of Meeting:	12 November 2013
Report by:	Executive Director (Community and Enterprise Resources)

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

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. The central Risk Management team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2012/13 review identified that Community and Enterprise were compliant in all aspects of the strategy and were the only Resource to achieve full compliance.

5. Risk Register

- 5.1. The Resource Risk Register 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. The risk register is maintained within the Corporate Risk Management system, Figtree.
- 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 2013 to reinforce and strengthen links between risk management and strategic planning and all risks have been aligned to a Council plan objective. Descriptions have been updated to ensure that each risk contains a clear cause, trigger and consequence.
- 5.4. 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.
- 5.5. 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 one. An extract of the existing controls is also summarised in the appendix to give context to the risk.
- 5.6. The Council's top risk register was reviewed during 2012 and a list of 34 Council top risks was reported to the Risk and Audit Scrutiny Forum in April 2013. Community and Enterprise are the lead/joint lead Resource for four of these top risks ie;
- Climate change and adverse weather
 - Business continuity planning not complete or robust
 - Failure by the Council and partners to effectively contribute to addressing results of Scottish Index of Multiple Deprivation (SIMD)
 - Tough carbon reduction and sustainability targets.

Climate change has been identified as a Resource top risk and is included in appendix one. The remaining three 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. This risk has been identified as one of the Council's top risks and the Resource

has joint responsibility with Finance and Corporate Resources for the management of this risk.

Planning and Building Standards

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

Regeneration

- Reduction in availability/range of business support mechanisms due to budget restrictions.

Facilities, Waste and Grounds

- Failure to arrange the Waste Management contract

Fleet and Environmental

- Loss of the Council's Fleet Operators' Licence due to lack of contingency in the event of closure of the Forrest Street workshop

5.7. 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.

5.8. The Resource partnership register contains details of 23 partnership arrangements and all have been assessed in accordance with the guidance. A single overarching partnership risk has been included in the Resource Risk Register.

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.

Community and Enterprise Resources Risk Exposure

Residual risk score	Number of risks	Percentage of risks
High (7, 8 or 9)	14	12%
Medium (4, 5, or 6)	53	47%
Low (1, 2, or 3)	47	41%
	114	100%

7. Risk Control Actions

- 7.1. A total of 14 actions were due for completion in 2012/13. 12 of these were completed on time, revised completion dates were agreed for the remaining two and these are now due in 2013/14.
- 7.2. There are currently 12 risk actions on the Community and Enterprise audit and risk action log on target for completion before the end of 2013/14.
- 7.3. Progress with completion of Resources' risk control actions is monitored on a monthly basis by the Central Risk Management Team and reported to the Corporate improvement Advisory Board (CIAB). Actions are also monitored through iMPROVE each quarter.

8. Next Steps

- 8.1. The Resource Risk 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.
- 8.2. The Resource will continue to assist in the delivery of the Risk Management Work plan. One of the corporate initiatives Risk Sponsors have been asked to undertake is a peer review exercise providing feedback on a number of criteria including accuracy and relevance of risk descriptions, scores and controls measures. Actions following the outcome of the review will be taken forward through the Risk Sponsors' group.
- 8.3. A review of Employer Liability claims settled over the last 2 financial years for Community and Enterprise Resources' employees will be carried out by Gallagher Bassett. Any actions identified to prevent/mitigate against further employer liability claims will be taken forward by the Risk Sponsor and the relevant Services.

9. Employee Implications

- 9.1. 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.

10. Financial Implications

- 10.1. In February 2013, Fleet Services secured £1500 from the Central Risk Management Fund following a successful risk initiative bid for the purchase and distribution of a copy of the Highway Code for all delegates attending Driver Training CPC Module 5 within SLC.

11. Other Implications

- 11.1. 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.
- 11.2. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. 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.

12.2. 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)

8 October 2013

Link(s) to Council Objectives/Values

- Accountable, effective and efficient.

Previous References

- Community Services Committee – October 2012

List of Background Papers

- Resource risk register
- Resource risk action log

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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Appendix 1

Community and Enterprise Resources – Top Risks

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
Potential closure of the Fleet workshop at Forrest St caused by damage leading to a release of asbestos. Lack of sufficient contingency could lead to the inability to service/repair the council fleet stock resulting in loss of the Council's operator license.	9	Strategic group to be formed to review. Capital bid submitted, outcome awaited.	9	Fleet and Environmental Services
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
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
Global warming may increase the incidences of severe weather such as storms, flood, freezing. Adequacy of response plans and funding will influence ability to deliver services and to maintain council assets. Examples include national salt shortage supplies. Failure to react during severe weather could lead to increased insurance claims and also to an overspend in budget as the Council responds to emergencies	9	1)Dedicated flood prevention officer and team 2)Local weather forecast contract and severe weather warning alerts extended to May 2014 3)General Met Office alerts to Contingency Planning Officers 4)Annual reviews of winter/flooding procedures 5) SEPA flood	7	Roads and Transportation Services

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
and longer term erosion impacts		warnings and ad hoc test exercises 6)24hr control centre 7)Increased salt stocks (35k tonnes) 8)Proactive pothole inspection/repairs		
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 6) 7 audit test programmes developed and 4 satisfactory internal audits completed 7) retention schedules 8) EDRMS	7	All Services
Failure to deliver IT projects within timescale due to lack of resources/inefficient management of workload by IT services could result in failure to drive forward efficient working practices and address business requirements, leading to inefficient delivery of core	9	Resource accepts risk due to restricted IT resources. IT service plan closely monitored and progress reports issued to the IT Strategy Group/ICT Board on a regular basis	7	All Services
An increasing cost of motor claims due to multiple collisions/reversing collisions will result in financial loss and ultimately impact on service delivery	9	Occupational Road Risk Policy implemented. Procedures in place to monitor all accidents. Formal investigatory meetings held with Operatives, disciplinary action taken where necessary including allocation of points for	7	All Services

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
		"at fault" accidents. Where appropriate additional driver training considered.		
A failure to effectively manage budgets where funding is reduced could result in the removal / reduction in availability, range, and quality of business support, employability and training, offered by SLC	9	Monitor effects and outcomes of programmes to enable future prioritisation dependant on budget availability	7	Regeneration Services
Failure to adequately contribute to the economic downturn and meet energy, carbon reduction, waste minimisation and recycling targets could lead to failure to qualify for external funding opportunities.	9	1) Manage expectations of Council's income at outset 2) More applications on bigger projects submitted than previous year 3) Funding and compliance section investigate all methods of external funding	7	Regeneration Services
Increasing repair costs due to damage to plant/equipment by Operatives will result in financial loss	9	Operatives causing damage to plant and equipment will be subject to disciplinary proceedings	7	Roads and Transportation Services
Increasing cost of labour/fuel/supplies etc could lead to a shortage of funds resulting in a failure to deliver Roads service efficiently	9	1) Effective management of existing budget resources through regular reporting and dialogue with Executive Director Finance and Corporate Resources. 2) Revenue schemes held towards year end to cover potential winter overspend. 3) Daily winter task force meetings held during periods of extreme weather to	7	Roads and Transportation Services

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
		ensure service delivered in most efficient and effective way.		
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. 4) Additionally spot checks on fleet are undertaken by depot managers/ supervisors and TU safety rep. 5) Regular weighbridge checks carried out	7	Roads and Transportation Services
Failure to manage effectively and comply with the requirements of Flood Risk Management (Scotland) Act 2009 could result in legal penalties as well as an increase in the volume/ value of property flooding claims resulting in financial loss	9	1) Dedicated flood prevention team. 2) Flood Prevention Officer attends national Scots Flood Risk Management Group discusses ongoing progress and shares best practice. 3) Implementation Plan and Guidance issued by Scottish Govt used as reference. 4) Programme of flood scouting in operation 5) Flood cameras in high risk areas 6) inspection regime anticipated rainfall above 25mm in 24hrs	7	Roads and Transportation Services
Inadequate promotion and further development of the Supplier Development Programme leading to support not being provided to SME's in the	8	Promote and further develop the Supplier Development Programme in conjunction with	8	Regeneration Services

Risk Description	Inherent Risk Score	Control Measures	Residual Risk Score	Service
procurement process resulting in a failure to achieve economic development objectives in supporting the local economy		the Procurement service		