Report

Report to:	**Community and Enterprise Resources Committee**
Date of Meeting:	**12 December 2017**
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 are noted
   (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 both the Community and Enterprise Resources Committees on 11 October 2016.

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 2016/2017 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.

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:

- Three new risks have been added to the register;
    - Relocation of University of West of Scotland to the new Eco Campus
    - Introduction of fuel card transaction fees
    - Failure to deliver vehicle emission targets
- Tackling poverty, partnership working and failure to make communities safer and stronger risks have been merged into "Failure to work with key partners to achieve the outcomes of the Local Outcomes Improvement Plan"
- Risk scorings and control measures have been reviewed and updated as required
- Top risk descriptions have been updated following a comprehensive 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. A review of claims carried out for the period 1 April 2014 to December 2016 identified the following insurance hotspot areas for Community and Enterprise Resources:
- Motor claims – reversing incidents
- Property Claims – Theft/loss of plant/equipment from sites/depots

6.2. The following actions have been included in the hotspot action plan:
- Motor claims
  - Continue to maximise the use of reversing assistants within Waste Services.
  - All services to ensure new drivers attend driving assessment prior to driving SLC vehicles.
- Property Claims
  - Tool box talk to be rolled out to all Roads Contracting employees to reiterate existing procedures for security of equipment on site
  - Complete upgrade of security at Strathaven Grounds Depot
  - Review security at relevant Grounds premises in conjunction with Security Manager and implement recommendations where reasonably practicable

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)	9	15%
Medium (4, 5, or 6)	33	52%
Low (1, 2, or 3)	21	33%
	63	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.   Six actions due for completion during 2016/2017 have been completed. 100 percent of these risk control actions were completed on time against an overall Resource target of 75 percent.

8.2.   Details of the completion of risk control actions during 2016/2017 and 2017/2018 to date are contained in the table below.

	2016/2017	2017/2018 (as at 30 September 2017)
Total number of actions due	6	2
Completed on time	6	1
Completed late	0	0
Due to be completed at a later date	0	1

9.   Major Projects, Partnerships or Change
9.1.   The Community and Enterprise Resources' partnership register contains details of 29 partnership arrangements and all have been assessed in accordance with the guidance. Five of the partnerships are considered to be high risk. These are the Local Economic Growth Board, Clyde Gateway Partnership, SPT, City Deal and University of the West of Scotland. 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 2016/2017, the Resource made the following successful risk management bids:-

- Roads and Transportation Services secured funding of £8,250 to assist with the cost of additional Roads Inspector training
- Grounds Services received £14,940 for the installation of CCTV at Langlands depot
- £13,975 was secured by Waste Services to procure in cab route assessment equipment

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)

21 November 2017

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

Previous References
- Community Resource Committees – 11 October 2016 - Annual update on Resource Risk Register and Risk Control Action Plan
- Enterprise Resource Committees – 11 October 2016 - Annual update on Resource Risk Register and Risk Control Action Plan

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 Council funding, resulting in difficulties maintaining front line service. **Council Top Risk** • Failure to achieve Resource savings • Failure to meet Planning income targets	9	• Regular monitoring of income v budget projections • Ongoing review of resources and control of general spending	8	Planning and Economic Development
Failure to work with key partners to achieve the outcomes of the Local Outcome Improvement Plan **Council Top Risk** • Failure to effectively manage the processes and practices to reduce the impact of welfare reform relative to Scottish Index of Multiple Deprivation domains	9	• Single Outcome Agreement • Tackling Poverty Programme • Council and key partners to implement inclusive partnership economic strategy • Economic Growth Board • Employability programme • Regular progress reporting to SMT/CMT/Cttee	7	Planning and Economic Development
Increasing levels of adverse weather **Council Top Risk** • Disruption to the transport network • 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 (incl property flooding claims) resulting in financial loss • Long term erosion impacts on roads related infrastructure • Adverse affect to health within communities affected by flooding	9	• Duty Manager, standby rota and weather forecasting systems on place • 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	7	Roads and Transportation

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
		Service Policy and Ops Manual • Pothole inspection and pro-active rectification programme using sub contractors during extended severe weather		
Relocation of University of West of Scotland (UWS) to Eco Campus • Failure to deliver joint venture objectives • Default of UWS resulting in financial loss for the Council • Potential legal challenge resulting in contract being set aside	9	• Extensive legal advice from QC, external & internal solicitors • Central procurement processes followed • Negotiation and implementation of robust contracts • Economic analysis of benefits from external consultant • Third party assurances sought from Scottish Govt and Scottish funding council	7	Planning and Economic Development
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 • Revenue schemes held towards year end to cover potential winter overspends • 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

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
Information Management not subject to adequate control **Council Top Risk** • Ineffective records management practices could lead to data breaches	9	• Completion of annual Information Governance Checklist • Implementation of Information Governance action plan • Compliance with Info Gov Strategy • Relevant employees sign "declaration of confidentiality • Retention schedules • Electronic Document Records Management System (EDRMS) • Resource IT and Information Governance Working Group	7	All Services
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	7	Roads and Transportation
Failure to implement IT action plan • Failure/delay in delivering service efficiencies/improvements	9	• IT service plan monitored and progress reports issued to the Resource IT Group • Projects prioritised	7	All Services
Procurement practice and contracts management • Non compliance with SLC financial regulations • Contracts and projects delivered late, over budget and not to specification expected	9	• Regular Service meetings with central procurement service • Legal Services advice and guidance • Performance appraisals carried out • Sourcing methodology completed and Police protocol complied with for relevant contracts	7	All Services

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
		• Service specific contract procedures developed and implemented • Monthly monitoring/reconciliation in place within Roads and Transportation Services		