Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**19 May 2011**
Report by:	**Chief Executive**

Subject:	**Review of Council's Top Risks**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ report the current position for existing top risk control measures
- ♦ highlight the results of a recent survey to update the corporate risk register
- ♦ advise on the next steps to be taken in order to mitigate the Council's top risks

2. Recommendation(s)

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

(1) note the 75 per cent performance in delivering control for the existing Council's top risks (Table One)

(2) endorse adoption of the risk register (Appendix One) for onward reporting to Executive Committee

(3) note proposed future steps for monitoring top risks

3. Background

3.1. Managing risk is a key governance activity and a requirement of BV2 is that the Council can demonstrate that risk is being actively considered and managed.

3.2. The Council's top risk register was last updated and approved in June 2009. Since this date, two reports have been presented providing an update on the progress being made with the mitigating actions that were agreed for the top risks.

3.3. The Council's top risks require to be updated on a regular basis. Following consultation visits with Executive Directors during autumn 2010, a proposed list of 24 top risks was compiled and an online survey similar to that used in previous years was arranged for February and March 2011.

4. Current position – existing risk control measures

4.1. Lead officers have been progressing mitigating actions which were identified for the risks in the Council wide risk register approved in 2009.

4.2. Table One shows the overall status for all actions relating to the existing top 34 risks. The Forum is asked to note that more than 75 per cent of planned actions are now complete. This compares favourably against the target of 60 per cent that is in place for the completion of actions on Resource risk control plans.

Table One

Action status	Top 10 risks		Top 34 risks	
	Number of actions	Percentage of actions	Number of actions	Percentage of actions
Completed	36	85.7%	70	75.3%
Outstanding as past due date	0	0%	5	5.4%
Outstanding as not yet due	6	14.3%	18	19.3%
Total	42	100%	93	100%

4.3. Only a small proportion of risk control actions are past their due date. Nevertheless, significant progress has been made in these areas and work continues:
- Driver training – on target to deliver first training module to drivers in May 2011.
- Approval of in-house Driver Training Centre – application submitted and external approval awaited.
- Business Continuity – 1) Quarterly update reports prepared for the CMT. 2) Approximately 50 per cent of plans for priority 1 and 2 functions are nearing completion. 3) Review of approach/support for Resources is being considered to enable further progress.

4.4. Slippage has, however, occurred in the following actions:
- Flood response plan for the River Clyde – restructuring of health and safety and contingency planning function has caused delay to this action being progressed.
- Contracts management strategy– postponed due to a review of Procurement being undertaken and the creation of a Procurement Strategy.

4.5. The following significant areas of risk control work have also been completed:
- Energy and Carbon Management Strategies completed by Housing and Technical Resources.
- Social Work Resources have prepared a detailed service profile based on demographic projections.
- Work undertaken with SEPA over the past year to agree those areas within South Lanarkshire which will be able to receive flood warnings directly. Procedures revised to take account of this new facility.
- Inclusion of risk analysis within savings exercise.

4.6. The actions that are still outstanding or those where the due date has not yet passed will be carried forward or be updated within a revised Council wide risk control plan.

5. Risk survey results
5.1. The survey was sent out to 22 respondents, with responses received from members of the CMT, Committee Chairs and Depute Chairs.

5.2. The results of the survey have been analysed and a prioritised risk register developed. A copy of the risk register is attached at Appendix One.

5.3. Five risks from the previous top 10 remain in this year's register. These are mainly the financial and efficiency related risks and "reduced funding and savings difficulty" remains the top risk.

5.4. Significant changes from the last top risk register include:
- Shortage of social housing is now the second top Council risk (previously ranked 23)
- An increase in anti social behaviour (previously ranked 28, now 7)

- Effects of new legislation, including health and safety (previously ranked 18, now 8)
- Business continuity not complete or robust (previously ranked 19, now 10)
- One notable risk that has fallen out of last top 10 is death, neglect or injury to vulnerable clients (previously ranked 7, now 17)
- The new risk of slow procurement compliance is ranked fifth.

5.5. During a recent Risk Management training seminar for Elected Members, their views on the ranking of the Council's top risks was sought. The Members' responses were analysed. The outcome shows that the risks that featured in the Members' top 15 ranked risks largely mirrored that of the survey.

5.6. The Forum is asked to note the survey results (Appendix One) which will be reported on to the Executive Committee.

6. Next steps

6.1. Lead officers for all top risks will be identified and meetings will be arranged to identify all existing measures in place to control the risks. Where gaps exist, further mitigating actions will be agreed, if required, and target dates set for completion.

6.2. The outstanding actions carried forward from the existing Council wide risk control plan and any new actions identified at meetings with lead officers will form the new risk control plan. Overall monitoring will be incorporated into the risk management work plan for 2011/12 to ensure that work in these areas continues to be progressed.

7. Employee Implications

7.1. Mitigation of top risks will fall to lead officers and some time may need to be allocated to this type of activity. It is anticipated, however, that much of this type of work will already be underway.

8. Financial Implications

8.1. If any new initiatives need to be put in place to mitigate any particular risk, some financial help may be available from the risk management allocation within the self insurance fund. A bidding process is in place.

9. Other Implications

9.1. Failure to continue to raise the profile of risk management could be identified in the follow-up work related to BV2 and could affect the Council's reputation.

9.2. Failure to demonstrate that risk is actively considered and managed can not only lead to avoidable financial loss but could adversely affect delivery of services.

9.3. If risk management is not embedded within the organisation, this could lead to compliance issues being flagged up by external auditors.

10. Equality Impact Assessment and Consultation Arrangements

10.1. The risk management strategy has been subject to an equalities impact assessment with no issues arising. Full consultation has taken place with Executive Directors, and Elected Members who attended the recent risk management training seminar. All Committee Chairs were also afforded the opportunity to input to the above review.

10.2. The approved corporate risk register will also be shared with the Joint Trades Union Council.

Archibald Strang
Chief Executive

3 May 2011

Link(s) to Council Values/Improvement Themes/Objectives
♦ High standards of Risk Management

Previous References
♦ Report to Executive Committee – Control of top Council wide risks 2009/10 - 10 February 2010

List of Background Papers
♦ Spreadsheet showing analysis of survey results
♦ Members survey responses
♦ SLC Top Risks – Risk Control Plan

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
Joan Allan, Risk and Audit Manager
Ext: 5957 (Tel: 01698 455957)
E-mail: joan.allan@southlanarkshire.gov.uk

SLC Corporate Risk Register April 2011

Risk	Link to Connect	Final ranking
Reduced funding and savings difficulty	Effective and efficient use of resources (Priority)	1
Shortage of social housing	improve quality access and availability of housing (Priority)	2
Damage to reputation caused by change/efficiencies	Effective and efficient use of resources (Priority)	3
Reduction in income generated by the Council	Effective and efficient use of resources (Priority)	4
Slow procurement compliance	Performance management and improvement (Priority)	5
Equal pay claims	Excellent employer (Value)	6
Increase in anti social behaviour	Improve community safety (Objective)	7
Effects of new legislation including Health and Safety and Benefits	Governance and accountability (Improvement theme)	8
Employee relations affected by budget cuts	Partnership working, community leadership and engagement (Priority)	9
Business continuity not complete or robust	Performance management and improvement (Priority)	10
Climate change and adverse weather	Sustainable development (Priority)	11
Tough carbon reduction and sustainability targets	Sustainable development (Priority)	12
Fraud, theft and organised crime	Governance and Accountability (Improvement theme)	13
IT failures due to lack of development investment and support funding	Effective and efficient use of resources (Priority)	14
Poor contracts management	Working with and respecting others (Value)	15
Supplier stability (supply chain risk on contracts)	Performance management and improvement (Priority)	16
Death, neglect, or injury to vulnerable client	Improve lives of vulnerable children, young people and adults (Objective)	17
Long term planning doesn't inform financial strategy	Performance management and improvement (Priority)	18
Reduction in political consensus	Partnership working, community leadership and engagement (Priority)	19
Governance gaps	Governance and accountability (Improvement theme)	20
Under developed techniques for costing of services and projects	Performance management and improvement (Priority)	21
Lack of capacity and skills to meet increased service demands	Effective and efficient use of resources (Priority)	22
Poor partnership/joint working arrangements	Partnership working, community leadership and engagement (Priority)	23
Delays or changes to primary school programme	Schools modernisation (Priority)	24