

Report

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Report to:	Executive Committee
Date of Meeting:	5 October 2011
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Control of Top Council Wide Risks as at end of August 2011
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ highlight controls and actions governing the Council's top risks

2. Recommendation(s)

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

- (1) that it be noted that the level of control over top risks is assessed as adequate
- (2) that the Risk Control Plan at Appendix 2 be approved

3. Background

3.1. In June 2011, the Council's top risk register was updated and the register now notes 24 strategic risks. It is a requirement of the Risk Management Strategy that a report on control over top risks should also be provided.

3.2. Lead officers for each top risk were interviewed and consulted in a recent review of control over top risks.

4. Controls and actions review

4.1. A full and formal record of identified controls for every top risk has been created. Lead officers self assessed these controls and for 18 of the top 24 risks, controls are assessed as adequate. For a fuller analysis refer to Appendix One. Committee is asked to note that the level of control is reasonable. The controls which are considered to be good at this stage relate to the following risks;

- ◆ Risk 6 - Equal pay claims – robust legal defence
- ◆ Risk 8 - Effects of new legislation – advance notice and communication arrangements
- ◆ Risk 11 - Climate change and adverse weather – investment, inspection and contingency plans
- ◆ Risk 17 - Death, neglect or injury to vulnerable clients – positive scrutiny results and management arrangements
- ◆ Risk 22 - Lack of capacity and skills to meet increased service demand – best human resource practices implemented
- ◆ Risk 24 – Delays or changes to primary school programme – project well advanced

- 4.2. After considering the effectiveness of control, officers then re-evaluated risk scores. Overall the risk profile has moved from high risk (average score of nine) to a medium level (average score of six). Furthermore, following implementation of the proposed additional actions (Appendix Two) the profile may come closer to the Council's approved risk appetite. Risk appetite is defined as no more than 20 per cent of risks to be categorised as high.
- 4.3. Where existing controls are extensive, limited or no additional action has been proposed. However, where appropriate, lead officers have identified further actions to mitigate the level of residual risk. A full list of risk control actions is included in Appendix Two. Committee members are asked to approve this top Risk Control Plan.
- 5. Employee Implications**
- 5.1. Lead officers require to embed the required regular reporting on top risks. As this becomes routine, the amount of time invested in updates should reduce.
- 6. Financial Implications**
- 6.1. Other than time, there are no additional direct financial costs for management of top risks. No new spend initiatives have been identified as a result of this work.
- 7. Other Implications**
- 7.1. There is a risk that actions may not be delivered. To mitigate against this, all actions are tracked and reported as a performance indicator.
- 7.2. There are no significant issues relating to sustainability contained in this report.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. Lead officers and Heads of Service were fully consulted during the review of top risk controls and were again consulted when summaries of controls and actions were prepared.
- 8.2. There is no requirement to conduct an equalities impact assessment in this area.

Paul Manning
Executive Director (Finance and Corporate Resources)

27 September 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Value: Governance under effective and efficient use of Resources

Previous References

- ◆ 8 June 2011 report to Executive Committee "Review of Council's Top Risks"

List of Background Papers

- ◆ Risk Control Cards

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Analysis of Top Risks as at August 2011

Risk rank	Key risk	Controls assessment	Residual risk score *	No of mitigating actions
1	Reduced funding	Adequate	8	1
2	Shortage of social housing	Adequate	7	5
3	Damage to reputation caused by change/efficiencies	Adequate	5	1
4	Reduction in income	Adequate	8	0
5	Slow procurement compliance	Adequate	7	5
6	Equal Pay Claims	Good	4	3
7	Increase in anti-social behaviour	Adequate	8	4
8	Effects of new legislation	Good	5	2
9	Employee relations affected by budget cuts	Adequate	7	1
10	Business continuity not complete or robust	Adequate	5	3
11	Climate change and adverse weather	Good	7	4
12	Tough carbon reduction targets	Adequate	5	5
13	Fraud theft and organised crime	Adequate	8	5
14	IT failures due to lack of development investment and support funding	Adequate	7	4
15	Poor contracts management	Adequate	7	2
16	Supplier instability (supply chain risk on contracts)	Adequate	5	5
17	Death neglect or injury to vulnerable client	Good	2	1
18	Long term planning does not inform financial strategy	Adequate	4	3
19	Reduction in political consensus	Adequate	7	3
20	Governance gaps	Adequate	5	5
21	Under developed techniques for costing of goods and services	Adequate	8	2
22	Lack of capacity and skills to meet increased service demand	Good	2	1
23	Poor partnership/joint working arrangements	Adequate	5	3
24	Delays or changes to primary school programme	Good	8	1
	Average number of actions per risk			3
	Number of residual assessments at "adequate"	18		
	Number of residual assessments at "good"	6		
	Average residual risk score		6	
	Average inherent risk score		9	
Low risks (1,2 and 3)			2	8%
Medium risk (4,5 and 6)			9	38%
High risk (7,8 and 9)			13	54%
			24	100%

* Residual risk scores take account of the adequacy of existing controls. Scores range from 1 (low) to 9 (high) and take account of the likelihood and impact of a risk occurring.

Risk Control Plan for Council's top risks as at August 2011

Risk Rank	Key Risk	Risk Control Action	Responsibility	Due date
1	Reduced funding	Report results of updated savings matrix to CMT	Head of Finance	31.12.11
2	Shortage of Social Housing	Manage turnover of housing stock through quarterly reporting of turnover to Area Services Management Team and also report to H&T Committee	Head of Area Services (HTR)	31.03.12
		Review rural housing issues and address through revision of housing strategies	Strategic Planning Manager (HTR)	31.01.12
		Complete tender process to allow start to house build programme in Cambuslang and Cathkin areas	Head of Area Services (HTR)	30.04.12
		Complete consultation on update of Local Housing Strategy	Head of Area Services (HTR)	30.11.11
		Prepare 2012/17 Local Housing Strategy	Head of Area Services (HTR)	27.02.12
3	Damage to reputation caused by change/efficiencies	Complete preparation of Council Plan, Connect 2012/17	Head of Audit and Improvement	27.02.12
5	Slow Procurement compliance	Secure approval of Procurement Service Review	Head of Finance	30.10.11
		Finalise Procurement Strategy	Head of Finance	30.10.11
		Introduce Sourcing Methodology via network group	Procurement Manager	31.03.12
		Repeat and report on PCA assessment	Procurement Manager	30.10.11
		Standardise procurement documentation	Head of Finance/ Head of Legal Services	30.04.12
6	Equal Pay claims	Refine SLC legal case with MacRoberts following initial pre hearing review	Personnel Manager	30.03.12
		Complete latest equal pay audit	Personnel Manager	31.03.12
		Update senior officers and brief members on progress with pre hearing review	Head of Personnel Services	31.12.11
7	Increase in anti-social behaviour	Update Community Safety Strategy	Policy and Planning Manager (HTR)	31.03.12
		Monitor ASB Services	Head of Area Services (HTR)	31.07.11
		Establish a performance framework for ASB	Head of Area Services (HTR)	31.07.11
		Review ASB services including wardens	Head of Area Services (HTR)	31.03.12

Risk Rank	Key Risk	Risk Control Action	Responsibility	Due date
8	Effects of new legislation including Health and Safety	Resource Planning Guidance to be updated to note annual requirement for Resource plans to include reference to new legislation and corresponding actions and measures, and for these to be included within IMPROVe for performance monitoring and reporting by all Directors.	Research Adviser, Central Research Unit	31.12.11
		Consult widely in update of contractual and other standing orders and scheme of delegation for new Council	Head of Legal Services	30.05.12
9	Employee relations affected by budget cuts	Repeat employee audit	Employee Development and Diversity Manager	30.10.11
10	Business Continuity not complete or robust	Report to CMT on the preparation and delivery of priority one and two service contingency plans	Health and Safety Manager	31.03.12
		Complete a service review on business continuity and emergency plans	Health and Safety Manager	30.10.11
		Facilitate an update to SLLC contingency plans to reflect inclusion of Cultural Services	Health and Safety Manager	30.10.11
11	Climate change and adverse weather	Implement requirements of Flood Risk Management (Scotland) Act	Flood Prevention/ Systems Officer (Enterprise)	31.03.15
		Draft a specific flood response plan for River Clyde	Contingencies Planning Officer	30.11.11
		Assign delivery of improvement actions for the 2011/12 winter response and update Winter Policy Document	Head of Roads and Transportation	30.11.11
		To comply with Climate Change (Scotland) Act 2009, make recommendations on how public sector duties can be delivered.	Policy Manager (Community)	30.05.13
12	Tough carbon reduction and sustainability targets	Complete tender for biomass (wood burning) using national collaborative contract	Procurement Manager	30.05.12
		Update sustainable development strategy	Policy Manager (Community)	27.02.12
		Award Strategic Waste Management Contract	Head of Waste and Environmental Services	30.10.12
		Prepare discussion paper for assigning sponsors for each priority within the SD agenda	Policy Manager (Community)	31.03.12
		Define the contribution from each energy stream toward CO ² targets	Energy Manager (HTR)	31.12.12

Risk Rank	Key Risk	Risk Control Action	Responsibility	Due date
13	Fraud, theft and organised crime	Conduct a FRED self assessment of compliance with best anti fraud practice	Audit Advisor	31.12.11
		Launch Learn on Line anti fraud module	Employee Development and Diversity Manager	31.12.11
		Internal Audit, Police Liaison Officer and other relevant officers to propose actions, if any, the Council should be taking in relation to "Letting our Communities Flourish"	Audit Advisor	31.03.12
		Update Council Anti Fraud and Corruption policies and strategies to take account of Bribery Act	Audit Advisor	31.03.12
		Implement annual update of objectives and controls for business critical systems	Audit Advisor	30.10.11
14	IT failures due to lack of development investment and support funding	Undertake mid year review of IT Services Plan in conjunction with ICT Programme Board	Group Business Systems Manager	30.11.11
		Revise IT Strategy in light of new Council plan	Head of IT Services	31.03.12
		Work with corporate personnel services to update Acceptable Use Policy to reflect social media use	Head of IT Services	30.10.11
		Complete tender exercise for Desktop and Server managed service	Group Business Systems Manager	30.07.14
15	Poor contracts management	Finalise contracts mgt guidance and brief content	Head of Finance	31.07.12
		Arrange for relevant employees involved in procurement of major projects to receive additional briefing on the Bribery Act	Heads of Support Services	31.12.11
16	Supplier stability (supply chain risk on contracts)	Set up selected supplier forums	Procurement Manager	31.10.11
		Finalise financial appraisal procedures	Procurement Manager	30.11.11
		Start monitoring and reporting actions from Procurement Improvement Plan as a core PI	Head of Finance	30.10.11
		Expand the use of the Sourcing Methodology	Procurement Manager	31.13.12
		Create Supplier risk evaluation tool	Procurement Manager	31.03.12
17	Death, neglect or injury to vulnerable client	Arrange for existing employees, foster carers, paid carers to go through Protecting Vulnerable Group checks and be registered for people working with vulnerable groups	Executive Director (Social Work Resources)	31.12.15

Risk Rank	Key Risk	Risk Control Action	Responsibility	Due date
18	Long term planning doesn't inform financial strategy	Update CMT with 3 year financial strategy	Head of Finance	30.04.12
		Identify key service demand areas for central finance which may trigger a financial issue as part of the next long term review of the financial strategy including demographic change impacts	Manager, Central Research Unit	30.11.11
		Re-do population projections	Manager, Central Research Unit	30.10.11
19	Reduction in political consensus	Deliver Members' training on Code of Conduct following receipt of revised national guidance	Head of Admin Services	30.11.11
		Develop on-going programme of member awareness sessions in relation to budget position and other key policies/strategies/initiatives	Head of Admin Services	31.12.11
		Prepare and issue pre election publicity communication	Head of Admin Services	27.02.12
20	Governance gaps	Develop LOL module on good governance with support from Good Governance Group	Research Adviser, Central Research Unit	30.04.12
		Review decision making arrangements and Standing Orders, and other procedural documentation in advance of 2012 local government election	Head of Legal Services	31.05.12
		Conduct mid term review of Standing Orders and other procedural documentation	Head of Legal Services	30.07.15
		Review FAN self assessment model to improve ease of use	Research Adviser, Central Research Unit	31.12.11
		Approve governance improvement plan for 2011/12	Head of Legal Services	31.12.11
21	Under developed techniques for costing of services and projects	Deliver internal audit 2010/11 assistance in developing service unit costs	Audit Advisor	31.03.12
		Request Resource updates through the Three Year Group on identification of gaps in unit costs	Head of Finance	31.12.11
22	Lack of capacity and skills to meet increased service demands	Produce guidance and assist information gathering for implementation of new excel tool for workforce analysis and planning	Personnel Manager	30.04.12

Risk Rank	Key Risk	Risk Control Action	Responsibility	Due date
23	Poor partnership/joint working arrangements	Prepare Council wide partnership register split by Resource	Research Adviser, Central Research Unit	31.12.11
		Conduct desktop research on partnership guidance and amalgamate with existing on-line guidance	Research Adviser, Central Research Unit	31.03.12
		Review partnership governance arrangements to be undertaken using Good governance checklist	Research Adviser, Central Research Unit	31.12.11
24	Delays or changes to primary school programme	Formally appoint Phase two contractors	Partnership Development Manager (Education)	31.08.11