

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	12 November 2019
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 and risk control actions 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 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).
- 3.5. The last update of the Community and Enterprise Resources' Risk Register was reported to the Community and Enterprise Resources Committee on 22 January 2019.
- 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 2018/2019 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:-
 - ◆ A number of risks were merged or removed
 - ◆ Risk scorings and control measures have been updated as required
 - ◆ Top risk descriptions, actions and control measures have been updated following a 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.
- 5.9. Although not scored as a resource high risk for 2018/2019, failure to meet sustainable development and climate change objectives is considered to be a key resource risk. The current target of 10% carbon reduction ends in March 2021 and in May 2019 the Scottish Government declared a climate emergency which included setting a net-zero greenhouse emissions target by 2045. The climate emergency declaration was in response to a special report prepared by the International Panel on Climate Change which resulted from the Paris Agreement in 2015 where parties within the United Nations Framework Convention on Climate Change came to a landmark agreement to combat this issue. Actions required to meet this target will be challenging and may result in the risk score being revisited at the next review. The Council has recently

passed a motion to establish a Committee on Climate Change and Sustainability that will accelerate climate change action.

6. Insurance Hotspots

- 6.1. The current hotspot action plan identified seven actions for the Resource which are all complete.
- 6.2. A fresh review of up to date claims will be undertaken during 2019/2020, to identify any new claims trends or hotspot areas.

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)	7	14%
Medium (4, 5, or 6)	30	56%
Low (1, 2, or 3)	16	30%
	53	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. Three actions due for completion during 2018/2019 have been completed. 100 percent of these risk control actions were completed on time against an overall Resource target of 85 percent.
- 8.2. There are no risk control actions due for completion during 2019/2020.

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. No new partnerships have been added to the register. Six of the partnerships are considered to be high risk in terms of their relative importance to Council business. These are the Sustainable Economic Growth Board, Clyde

Gateway, West of Scotland Loan Fund, SPT, City Deal and Lanarkshire Green Health Partnership. The remaining 23 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 2018/2019, the Resource made the following successful risk management bids:-

- ◆ Grounds Services received £20,000 for upgrade of security at various golf bothies.
- ◆ Environmental Services Trading Standards received £2,000 for the Doorstep Crime Video Doorbell project aimed at protecting vulnerable people from bogus cold callers.

13 Other Implications (Including Environmental and Risk issues)

- 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)

22 October 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent.

Previous References

- ◆ Community and Enterprise Resources Committees – 22 January 2019 - Annual update on Resource Risk Register and Risk Control Action Plan
- ◆ Executive Committee – 6 November 2019 – Review of the Council Top Risks

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

Tel. No. 5603 (01698 455603)

E-mail. linda.burnett@southlanarkshire.gov.uk

Community and Enterprise Resources – Top Risks

Appendix 1

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
<p>Reduction in Council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services</p> <ul style="list-style-type: none"> ♦ Fluctuations in income from Planning and Building Standards applications <p>Council Top Risk</p>	9	<ul style="list-style-type: none"> • Regular monitoring of income v budget projections • Ongoing review of resources and control of general spending 	8	Planning and Economic Development
<p>The Council is significantly affected by the impact of the UK leaving the European Union (Brexit)</p> <ul style="list-style-type: none"> • Limited procurement options and contract restrictions • Loss of EU funding • Implications of changes to free movement of trade and people • Demand on business support services could be affected <p>Council Top Risk</p>	9	<ul style="list-style-type: none"> • Council's Financial Strategy addresses potential changes in funding • Potential new EU funding that the Council could apply for in the period 2019-2023 totalling £6.5m (ESF Employability Phase 2 bid). Currently on hold with the Scottish Government • HM Treasury has provided assurances around the current EU funded programme for all projects with a signed agreement in place prior to the UK leaving the EU • Resource contingency plans in place in the event of a no-deal • Economic Development provides support to businesses within the South Lanarkshire area and gathers information and intelligence through partners and business networks 	8	All Services
<p>Failure of unrestricted substandard bridges /bridges showing deterioration</p> <ul style="list-style-type: none"> • Injury to people, damage to assets and network interruption/disruption 	9	<ul style="list-style-type: none"> • 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 	8	Roads and Transportation

Risk Description	Inherent Risk Score	Sample Controls	Residual Risk Score	Service
<p>Failure to work with key partners to achieve the outcomes of the Community Plan</p> <ul style="list-style-type: none"> Failure to effectively manage the processes and practices to reduce the impact of welfare reform relative to the Scottish Index of Multiple Deprivation domains <p>Council Top Risk</p>	9	<ul style="list-style-type: none"> Single Outcome Agreement Tackling Poverty Programme Council and key partners to implement inclusive partnership economic strategy Economic Growth Board Regular progress reporting to SMT/CMT/Ctee 	7	Planning and Economic Development
<p>Increased costs in providing winter maintenance services</p> <ul style="list-style-type: none"> Failure to provide essential services during periods of extreme winter weather 	9	<ul style="list-style-type: none"> Effective management of existing budget resources through regular reporting and dialogue with Exec Dir Finance and Corporate. 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
<p>Information Management not subject to adequate controls</p> <ul style="list-style-type: none"> Ineffective records management practices could lead to data breaches <p>Council Top Risk</p>	9	<ul style="list-style-type: none"> Completion of annual Information Governance checklist Implementation of Information Governance action plan Compliance with Info Gov Strategy Retention schedules Electronic Document Records Management System (EDRMS) Resource IT and Information Governance Working Group Assessment of services case management systems compliance with GDPR reported to SMT 	7	All Services
<p>Impact of Waste Management market changes</p> <ul style="list-style-type: none"> Changes to global economic policy changes resulting in market collapse and inability to dispose of recycled products 	9	<ul style="list-style-type: none"> Market changes monitored through waste industry network groups and via meetings with contractors Contracts include contingency arrangements including back up provision for alternative suppliers Operational monitoring process in place Waste Awareness Team – ongoing initiatives to promote and improve levels of domestic recycling 	7	Facilities Waste and Grounds