SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Community and Enterprise Resources Committee**
Date of Meeting:	**24 November 2020**
Report by:	**Executive Director (Community and Enterprise Resources)**

Subject:	**Update of the Community and Enterprise Resources Risk Register and Risk Control Plan**

1. Purpose of Report
1.1. The purpose of the report is to:-

♦ present 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 current position with regards to the Resource Risk Register is noted; and

(2) that it be noted that any outstanding Risk Control Actions identified during the year will be progressed by relevant officers

3. Background
3.1. The Council's Risk Management Strategy, which was reviewed in April 2020, 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 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 its top risks; that these risks are prioritised; and that controls are in place to eliminate or minimise the impact of the risks.

3.3. The Resource scores the risks in accordance with the Council scoring mechanism, based on likelihood and impact. This results in risks being scored between one and twenty five (low – very high).

3.4. Risks are scored on their inherent score (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 12 November 2019.

3.6. The Resource's top risk register and risk control plan has been reviewed. This work was completed in June 2020.

3.7.   The Central Risk Management team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2019/20 review identified that Community and Enterprise Resources achieved 100 per cent compliance, scoring 42 out of a possible 42.

4.   Resource Risk Management
4.1.   Each Resource has a Resource Risk Management Group which has responsibility for the promotion and management of risk.

4.2.   The Community and Enterprise Resources Risk Management Group continues to meet as required.

4.3.   The work of the group over the last year has focused on the review and update of the 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 new COVID19 pandemic risk was added.
♦ A new Public Protection risk has been added which includes a PREVENT risk and encompasses three Environmental Services risks previously included as individual risks
♦ All risks have been rescored in line with the revised 5x5 risk scoring matrix. The scoring matrix was changed from a 3x3 matrix, following a review of the Council's Risk Management Strategy at the start of the year. The revised 5x5 scoring matrix and definitions for likelihood and impact is shown at Appendix One.

5.6.   Risks scored 15 to 25 are considered to be very high risks and risks scored eight to 12 are considered to be high risks. Very high and high risks are monitored closely. The top risks identified for the Resource, that is those that are residually scored as being very high and high, are attached at Appendix Two.

5.7.   A clear link has now been made to the Council's top risks. Top risk rankings and 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. The Committee is asked to note the current position with regards to the Resource Risk Register.

6. Insurance Hotspots

6.1. As part of the work that is currently being undertaken in connection with the ongoing Insurance Fund Review, the council's insurers were approached and asked to carry out an analysis of our claims experience for the last five years for Public Liability, Employers' Liability, motor and property claims, with a view to identifying areas where a number of similar types of claim or high value claims were originating, through claims leakage reports.

6.2. The first stage of the analysis has been completed, and insurers have now been asked to provide their opinion on mitigating measures that can be implemented by the council to prevent future reoccurrence of the identified insurance hotspot areas. The outcome of this hotspots review will be reported as part of the Insurance Fund Review recommendations.

7. Scope and appetite for risk

7.1. The Council aims to be risk embracing, that is 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 very 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. The Council's universal risk tolerance levels were recently updated as part of the review of the risk management strategy this year, with the ideal risk profile defined as:
 ♦ No more than 10 per cent of residual risks at a very high level
 ♦ No more than 15 per cent of risks at a high level
 ♦ Around 50 to 60 per cent of residual risks at a medium level
 ♦ No more than 30 per cent of residual risks at a low level

7.4. Table One below shows the top risks heat map, i.e. it details the number of risks for each category. Table Two below notes the overall risk profile for the top risks.

Table One – Top Risks Heat Map

Likelihood		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
	5 Almost Certain	0	0	1	0	0
	4 Likely	0	0	0	2	0
	3 Possible	0	3	7	5	0
	2 Unlikely	0	5	14	3	0
	1 Rare	0	2	6	5	0
		1 Negligible	**2** Minor	**3** Moderate	**4** Major	**5** Catastrophic
				Impact		

Table Two –Top Risks Risk Profile

Risk Category	Risk Rating	Number of risks	Percentage of risks
1	Very high	3	5%
2	High	15	29%
3	Medium	27	51%
4	Low	8	15%

7.5.   Despite the fact that the profile noted in Table Two is out with the ideal universal risk exposure defined by the Risk Management Strategy, this risk exposure is reasonable as these are the highest level risks currently being faced by the Resource, and a number of the top risks scores have increased significantly this year as a result of the effects of Covid-19.

7.6.   Community and Enterprise Resources has ensured that all inherent risks scored at a very high and high level have cost effective control measures in place. Where further control measures are required, these are included within the Resource risk control plan.

7.7.   A direct comparison of risk scores for this year compared to last year is not possible, given the change in the scoring matrix, along with the addition of a new very high risk rating.

8.   Risk Control Actions
8.1.   One hundred per cent of risk control actions due for delivery between April and September 2020 have been completed on time (1/1).

8.2.   Two actions due for completion during 2019/20 have been completed. One hundred per cent (2/2) of these risk control actions were completed on time against an overall Resource target of 90 per cent.

8.3.   Details of the completion of risk control actions during 2019/20 and 2020/21 to date are contained in Table Three below.

Table Three – Completion of top risk control actions

	2019/20	2020/21 (as at 30 October 2020)
Total number of actions due	2	7
Completed on time	2	1
Completed late	0	0
Due to be completed at a later date	0	6

8.4.   Progress with completion of Resource Risk Control Actions is monitored on a monthly basis by the Central Risk Management team. This is also reviewed by the Resource Risk Group.

8.5.   There are currently six risk control actions due for completion during the remainder of 2020/2021. The Committee is asked to note that the outstanding actions to mitigate risks within the Risk Control Plan will be progressed by the relevant officers.

9.   Major projects, partnerships or change

9.1.   Within Community and Enterprise Resources 29 partnerships have been identified. Six of these are considered to be high risk, 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 as required. 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 Management Group in the management of 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 the current financial year, the Resource submitted bids for the following initiatives and these are with Risk Management for consideration to improve security arrangements at:-
♦   Langlands Grounds Depot, East Kilbride
♦   Castlehill Waste Site, Carluke

13.   Climate Change, Sustainability and Environmental Implications

13.1.   There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

14.   Other Implications

14.1.   Failure to demonstrate that risk is actively considered and managed cannot only lead to avoidable financial loss but could also affect delivery of services and could affect the Resources' reputation.

15.   Equality Impact Assessment and Consultation Arrangements

15.1.   This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and therefore, no impact assessment is required.

15.2.   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)

3 November 2020

Link(s) to Council Values/Ambitions/Objectives

♦ Accountable, effective and efficient

Previous References

♦ Community and Enterprise Resources Committee – 12 November 2019 - 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 Ext: 5603 (Tel: 01698 455603)

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

Appendix One – 2020 Risk scoring matrix and likelihood and impact definitions

Likelihood

Score	1	2	3	4	5
Description	Rare	Unlikely	Possible	Likely	Almost certain
Likelihood of occurrence	1 in 10 years	1 in 3 years	1 in 2 years	Annually	Monthly
Probability of occurrence	The event may occur in certain circumstances	The event could occur	The event may occur	The event will probably occur	The event is expected to occur or occurs regularly

Impact

	Reputation	Financial	Service delivery/ Time to recover	Compliance	Safety
1 Negligible	Public concern restricted to local complaints	<£50,000 per annum	No impact to service quality; limited disruption to operations.	No external interest	Minor injury – no lost time
2 Minor	Minor adverse local/public/media attention and complaints	£50,000-£250,000 per annum	Minor impact to service quality; minor service standards are not met; short term	Very minor attention from legislative /regulatory body	Minor injury – resulting in lost time
3 Moderate	Adverse national media Public attention	£250,000 to £500,000 per annum	Significant fall in service quality; major partnership relationships strained; serious disruption in service standards	Short-term attention from legislative/ regulatory body	Major injury or ill health resulting in lost time
4 Major	Serious negative national or regional criticism	£500,000 to £1million per annum	Major impact to service delivery; multiple service standards are not met; long term disruption to operations; multiple partnerships affected	Medium-term attention from legislative/ regulatory body	Fatality; Or injuries to several people
5 Catastrophic	Prolonged international, regional and national condemnation	>£1million per annum	Catastrophic fail in service quality and key service standards are not met; long term catastrophic interruption to operations; several major partnerships are affected	National impact with rapid intervention of legislative/ regulatory body	Multiple fatalities; Or injuries to large number of people

The assessments for impact and likelihood combine to provide an overall inherent risk score on the scale of between 1 and 25, using the Council's recognised risk matrix.

Risk matrix

		1 Negligible	**2** Minor	**3** Moderate	**4** Major	**5** Catastrophic
Likelihood	**5** Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
				Impact		

The risk score is calculated as follows:

Likelihood score x Impact score = Risk Score

Appendix Two
Community and Enterprise Resources Risk Register (as at June 2020)
Extract of risks with residual score category of Very High and High

Risk Category	Key risk	Inherent Risk Score	Sample of Controls	Residual Risk Score
1 **Very High (15-25)**	The Council is significantly affected by the impact of the UK leaving the European Union (Brexit) • 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 **Council Top Risk**	16	• Council's Financial Strategy addresses potential changes in funding • 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 will be reviewed against any refreshed Planning Assumptions/ Reasonable Worst Case scenarios presented by UK and Scottish Governments • Economic Development provides support to businesses within the South Lanarkshire area and gathers information and intelligence through partners and business networks	16
	Failure to meet sustainable development and climate change objectives • Failure to mitigate carbon emissions and fully embed sustainable development into the culture of the Council **Council Top Risk**	20	• Sustainable development principles and climate change duties incorporated in new/revised policies, plans, strategies and projects where appropriate. • Compliance with public sector climate change duties evaluated • Annual statutory climate change duties report published • Participation in Climate Ready Clyde Partnership	15

			• Development and implementation of single use plastic action plan	
	Reduction in Council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining front line services. **Council Top Risk**	16	• Regular monitoring of Planning and Building Standards services income -v- budget projections. Ongoing review of resources and control of general spending. • Reports prepared to Council timetable & reported to Finance, CER Committee to provide assurances that income and expenditure is within budget and regular updates provided to Director of Finance • Implications of changes to service provision managed through consultation, impact assessments & TU negotiation. • Promotion of new/updated policies via Website, Press and Social media	15
2 High (8-12)	Failure to fulfil emergency response commitments **Council Top Risk**	25	• Joint emergency planning with emergency services and MOD • Dedicated Resilience lead officer • Scope of contingency planning restated to cover emergency planning and business continuity • Revised contingency planning and business continuity methodology • Formation of Resource contingency planning liaison groups • Contingency planning training matrix	12
	COVID 19: Failure to ensure contingency plans are in place to support continued service delivery. **Council Top Risk**	25	• Adapted funding to support community and third sector groups , eg government support provided via additional funding to support vulnerable groups, hardship funds etc.	12

- Planning and Building Standards requested alternative electronic evidence for applications to remove need for physical visits (photographs etc)
- Fleet reallocation prioritised in line with the re-introduction of services, (eg from school transport to waste service)
- Civic amenity sites remain open to provide alternative to bulk / garden uplift service
- COVID Business Continuity Plan developed for Roads service to facilitate the continued delivery of safety critical Priority 1 Services - Winter maintenance service, Repair of critical safety defects, Flooding incidents so far as they present a risk to life.
- Maximising operational burial and cremation capacity and Ground Services staff tasks and rotas adjusted to minimise sharing of machinery, tools and equipment to minimise threat of cross contamination
- Monitoring of Facilities Services' supplies and stocks to ensure sufficient levels of cleaning materials to deal with any emergencies
- Environmental Services monitoring and enforcement of new areas of legislation, eg social distancing in business premises , consumer and trading standards legislation

	Failure to work effectively with the private sector	16	• Promotion of town centre development opportunities • Partnership approach across locations and sectors • Delivery of masterplan exercise in EK	12
	Failure to support the rural economy	16	• Implementation of EU LEADER programme • Community Benefits Funds generated by windfarms promoted and disbursed	12
	Failure to support local business	16	• Dedicated team employed and being increased • Increased grant support • Increased sectoral focus	12
	Failure of unrestricted substandard bridges /bridges showing deterioration • Injury to people, damage to assets and network interruption/disruption	16	• 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	9
	Failure to improve roads and related infrastructure	16	• Roads investment programme. • Major programme of carriageway upgrading to improve the road condition being undertaken - progress monitored closely through iMPROVE. • Regular monitoring by managers of progress and budgets. • Improvements to road related infrastructure using RIP and external funding. • Discussions ongoing regarding future investment	9

Risk	Score	Controls	Score
Adverse weather • 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 (including property claims) resulting in financial loss • Long term erosion impacts on roads related infrastructure • Adverse affect to health within communities affected by flooding **Council Top Risk**	16	• Duty Manager, standby rota and weather forecasting systems in 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 Service Policy and Ops manual • Pothole inspection and pro-active rectification programme using sub contractors during extended severe weather	9
IT development and functionality does not meet service requirements **Council Top Risk**	16	• Service IT requirements restricted to reflect available resources • IT service plan closely monitored & progress reports issued to the IT Strategy Group/ICT Board on a regular basis.	9
Public Protection: Failure to provide an effective Environmental Health Service and Consumer and Trading standards Service and prevent people supporting terrorism or extremism (Counter terrorism and Security) **Council Top Risk**	16	• A Nominated Prevent Single Point of Contact (SPOC) and Depute. Internal (Council CONTEST / SOC Group) and External (West of Scotland Prevent SPOC Group / Lanarkshire Multi-Agency Strategic CONTEST / SOC Group) stakeholder groups . Contemporary guidance for PREVENT provided to staff	9

		• Responsive public health service and inspection programme in place including food hygiene, health and safety enforcement and advisory service, contaminated land and air quality, private sector housing stock, COVID19 requirements, etc. • Ongoing review of contaminated land strategy and maintenance of register of contaminated land • Agreed programme of business compliance visits and follow up visits carried out throughout the year including compliance with any new legislation arising from the COVID pandemic and targets for inspections set & closely monitored • Partnership working with police Scotland and NHS • Raising awareness of current scams and frauds being perpetrated in the local community, especially during the recent period of lockdown • Targets for Health and Safety welfare inspections set and monitored.	
	Failure to secure external funding and effectively manage funds / maximise investment	16	• CMT approval process for external funding • Manage expectations of Councils income at outset • Funding & compliance section investigate all methods of external funding	9

	Risk	Score	Controls	Score
	Impact of Waste Management market changes • Changes to global economic policy changes resulting in market collapse and inability to dispose of recycled products	12	• 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	9
	Death or injury to employees, service users or members of the public affected by Council Operations **Council Top Risk**	20	• Occupational Health and Safety Management System embedded throughout Resource • Risk Assessments and Safe Systems of Work developed and implemented • Resource, Service and Trade Union communication and consultation arrangements in place • H&S Training matrices (Specific training requirements for employees at different levels within the Council) • Programme of H&S Audits and Inspections undertaken • EL Claims lessons learned reports	8
	Failure to work with key partners to achieve the outcomes of the Community Plan • Failure to effectively manage the processes and practices to reduce the impact of welfare reform relative to the Scottish Index of Multiple Deprivation domains **Council Top Risk**	16	• Local Outcome Improvement Plan • Council and key partners to implement inclusive partnership economic strategy • Economic Growth Board • Regular progress reporting to SMT/CMT/Committee	8

| | Increased costs in providing winter maintenance services
• Failure to provide essential services during periods of extreme winter weather | 12 | • 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. | 8 |