Report

Report to:	**Community and Enterprise Resources Committee**
Date of Meeting:	**28 September 2021**
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 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 24 November 2020.

3.6. The Resource's top risk register, and risk control plan has been reviewed. This work was completed in August 2021.

3.7.   The Central Risk Management team annually review Resource compliance with the Risk Management Strategy. The outcome of the 2020/2021 review identified that Community and Enterprise Resources achieved 100 per cent compliance, scoring 45 out of a possible 45.

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:-

♦   The Resource COVID-19 top risk was updated in line with the Council's top risk scoring to reflect the mitigations now in place and steps taken by the Resource since the first lockdown in March 2020, in terms of reintroducing services, support to the local community and businesses.
♦   The Sustainability Council top risk, led by Community and Enterprise Resources, was updated to reflect the ongoing requirements of the Climate Change (Scotland) Act 2009 and Scotland's second Climate Change Adaptation Programme published by the Scottish Government in 2019.
♦   The Grounds Services' risk covering the damage caused by diseased or dangerous trees was updated to include a reference to the Ash Dieback Action Plan.

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 risk scoring matrix is attached at Appendix 1.

5.7.   The top risks identified for the Resource, that is those that are residually scored as being very high and high, and Resource specific implications are attached at Appendix 2. A clear link has also been made to the Council's top risks.

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.   COVID -19 Pandemic
6.1.   The pandemic continues to impact on everything that the Resource does, and this is one of the three risks scored in the very high-risk category.

COVID-19 related issues are managed at a Service level, with input from relevant corporate services, such as resilience, Legal Services, Health, Safety and Wellbeing, and Risk Management where required. The Resource continues to monitor national guidance; maintain ongoing resilience arrangements; and implement further measures as and when required in response to the pandemic.

As part of this work, the Resource will continue to assess and amend plans for a gradual, fuller introduction of services whilst taking account of the restrictions that remain in place. All plans will be the subject of ongoing review to ensure that they reflect current circumstances and will be adapted to suit the needs of the Council and its stakeholders.

Recently, a number of significant relaxations have been permitted. The Resource, however, is still impacted, to some degree, by restrictions on its operations to ensure compliance with safe systems of work and this can have an impact on service delivery in terms of resources available. At a national level, factors such as the roll out of the vaccination programme and developments with COVID-19 variants are likely to be key considerations on restrictions going forward. As such, the implications of COVID-19 and the Resource's response to it remains an ever-changing situation, with the risk and controls being kept under review and updated as required.

7.   Insurance Hotspots
7.1.   The Council's insurers have been undertaking an analysis of Public Liability, Employers Liability, motor and property claims experience for the last 5 years with a view to identifying areas where a number of similar types of claim or high value claims were originating. This work was delayed due to COVID-19 and is now due to be completed by the end of 2021. Action plans will be agreed with Resources to mitigate against hotspot areas

8.   Scope and appetite for risk
8.1.   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.

8.2.   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.

8.3.   The Council's universal risk tolerance levels were updated as part of the review of the risk management strategy last 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

8.4. Table 1 below shows the top risks heat map, i.e. it details the number of risks for each category. Table 2 below notes the overall risk profile for the top risks.

Table 1 – Top Risks Heat Map

		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
Likelihood	**5** Almost Certain	0	0	1	1	0
	4 Likely	0	1	3	1	0
	3 Possible	0	3	7	5	0
	2 Unlikely	0	5	10	2	0
	1 Rare	0	2	4	4	0
		1 Negligible	**2** Minor	**3** Moderate	**4** Major	**5** Catastrophic
				Impact		

Table 2 –Top Risks Risk Profile

Risk Category	Risk Rating	Number of risks	Percentage of risks
1	Very high	3	6%
2	High	18	37%
3	Medium	22	45%
4	Low	6	12%

8.5. Despite the fact that the profile noted in Table 2 is outwith 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 remain high as a result of the ongoing COVID-19 pandemic.

8.6. 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.

8.7. There are 3 very high risks this year which is the same as last year and the number of high risks has increased from 15 last year to 18 this year. All current very high and high risks are included in Appendix 2.

9. Risk Control Actions

9.1. Three risk control actions due for completion during 2020/2021 have been completed. One hundred per cent (3/3) of these risk control actions were completed on time against an overall Resource target of 90 per cent.

9.2. Details of the completion of risk control actions during 2020/2021 and those due in 2021/2022 to date are contained in Table 3 below.

Table 3 – Completion of top risk control actions

	2020/2021	2021/2022 (as at 23 August 2021)
Total number of actions due	3	4
Completed on time	3	0
Completed late	0	0
Due to be completed at a later date	0	4

9.3. 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.

9.4. There are 4 risk control actions due for completion during 2021/2022. 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.

10. Major projects, partnerships or change

10.1. Within Community and Enterprise Resources, 29 partnerships have been identified. Six of these are considered to be high risk, these are the Clyde Gateway, West of Scotland Loan Fund, SPT, City Deal, Climate Ready Clyde Partnership and the Sustainable Economic Growth Board. The Sustainable Economic Growth Board meetings are, however, 'on hold', replaced by the Lanarkshire Economic Forum. The remaining 23 partnerships have been assessed as being low risk.

10.2. Appropriate risk management arrangements are in place for the high-level partnerships.

11. Next steps

11.1. 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.

12. Employee Implications

12.1. Time will be required by the Resource Risk Management Group in the management of the Resource Risk Register and Risk Control Plan.

13. Financial Implications

13.1. There are no direct financial implications associated with the Council's top risks. There are a number of proposed risks which are classified under the heading of financial, including additional costs stemming from COVID-19. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

14. Climate Change, Sustainability and Environmental Implications

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

15. Other Implications

15.1. 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.

16. **Equality Impact Assessment and Consultation Arrangements**

16.1. 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.

16.2. 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)

2 September 2021

Link(s) to Council Values/Ambitions/Objectives
♦ Accountable, effective and efficient

Previous References
♦ Community and Enterprise Resources Committee – 24 November 2020 - 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: -
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Appendix 1 – 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 to £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

Likelihood		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
	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 2
Community and Enterprise Resources' Risk Register (as at August 2021)
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)**	Reduction in Council funding/income, as well as increased costs and service demands, results in difficulties achieving savings and delivering key services/ projects. **Council Top Risk**	25 Very high	• Regular monitoring of Planning and Building Standards services income versus budget projections. Ongoing review of resources and control of general spending. • Reports prepared to Council timetable and reported to Finance, Community and Enterprise Resources Committee to provide assurances that income and expenditure is within budget and regular updates provided to Director of Finance. • Robust arrangements in place to monitor service delivery outturns against budgets • Close monitoring of costs and availability of construction materials. • Implications of changes to service provision managed through consultation, impact assessments and Trade Union negotiation. • Promotion of new/updated policies via Website, Press, Social media etc.	20 Very high
	COVID-19: The Resource does not have the appropriate plans/contingencies in place to ensure continued service delivery. **Council Top Risk**	25 Very high	• Adapted funding to support community and third sector groups, for example, government support provided via additional funding to support vulnerable groups, hardship funds etc. • Planning and Building Standards requested alternative electronic evidence for applications to remove need for physical visits (photographs etc).	16 Very high

				• Civic amenity sites are open to provide alternative to garden uplift service. • COVID-19 Business Continuity Plan developed for Road's 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, e.g. social distancing in business premises, consumer and trading standards legislation. • COVID-19 Safe Systems of Work (SSOW) developed and implemented for all service areas.	
	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 Very High		• Sustainable development and climate change is mainstreamed across the Council and associated Plans, Policies and Strategies. • Implementation of the Council's Sustainable Development and Climate Change Strategy and Carbon Management Plan. • A long-term capital programme that tackles climate change mitigation and adaptation.	15 Very high

			• The preparation of a pipeline of climate change mitigation and adaptation projects to attract investment/funding. • Active membership in Climate Ready Clyde regional adaptation partnership.	
2 **High** **(8-12)**	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**	25 Very high	• 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. • All grants covering ESF, ERDF activity up to April 2023 were approved by 31 October 2019 and ESF grant accepted by the Chief Executive January 2020. • Economic Development provides support to businesses within the South Lanarkshire area and gathers information and intelligence through partners and business networks. • Work with UK government to monitor the developments of new funds and thereafter secure funding from replacement funds.	12 High
	Failure to fulfil emergency response commitments **Council Top Risk**	25 Very high	• 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 High

	Risk	Score	Controls	Score
	Fraud, theft, organised crime and cyber attacks **Council top risk**	20 Very high	• Fraud risk register in place and updated annually. • Fraud, Cyber / Information security Training Learn on Line Modules; mandatory for all employees/	12 High
	Lack of capacity and skills to meet increased service demands **Council top risk**	20 Very high	• Performance Appraisal (PDR) process including service learning and development priorities and employee training plans. • Workforce strategy, including development of overall workforce strategy will provide greater level of organisational control rather than service/resource specific. The Strategy has a focus on agile working. • Management Development and Leadership Challenge Programme. • Stress audit tool. • Effective partnership working with Trade Unions.	9 High
	IT development and functionality does not keep pace with changing service requirements **Council Top Risk**	20 Very high	• Service IT requirements restricted to reflect available resources. • IT service plan closely monitored and progress reports issued to the IT Strategy Group/ICT Board on a regular basis.	9 High
	Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services **Council Top Risk**	20 Very high	• Occupational Health and Safety Management System embedded throughout Resource. • Risk Assessments and Safe Systems of Work and associated local management procedures developed and implemented. • Resource, Service and Trade Union communication and consultation arrangements in place.	8 High

	Risk		Controls	
		• H&S Training matrices (specific training requirements for employees at Service level within the Council). • Programme of Health and Safety Audits and Inspections undertaken. • Employer's Liability (EL) Claims lessons learned reports.		
	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**	20 Very high	• Partners signed up to Community Plan 2017 to 2022 and Partnership Progress Group established. • Governance arrangements via the Community Planning Partnership Board. • Regular progress reporting to SMT/CMT/Committee. • Community Planning Risk Register maintained and monitored.	8 High
	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 Very high	• 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. • 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, COVID-19 requirements, etc. • Ongoing review of contaminated land strategy and maintenance of register of contaminated land.	12 High

				• 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-19 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. • Targets for Health and Safety welfare inspections set and monitored.	
		Failure to support the rural economy	16 Very high	• Implementation of LEADER programme. • Community Benefits Funds generated by windfarms promoted and disbursed.	12 High
		Failure to support local business	16 Very high	• Dedicated team employed and being increased. • Increased grant support. • Increased sectoral focus.	12 High
		Failure to work effectively with the private sector	16 Very high	• Promotion of town centre development opportunities. • Partnership approach across locations and sectors. • Delivery of masterplan exercise in East Kilbride.	12 High
		Failure of unrestricted substandard bridges /bridges showing deterioration • Injury to people, damage to assets and network interruption/disruption	16 Very high	• 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 High

Failure to secure external funding and effectively manage funds / maximise investment	16 Very high	• CMT approval process for external funding. • Manage expectations of Council's income at outset. • Funding and compliance section investigate all methods of external funding.	9 High
Failure to improve roads and related infrastructure	16 Very high	• 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 High
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 Very high	• Duty Manager, standby rota and weather forecasting systems in place. • Effective management of existing budget resources through regular reporting and dialogue with the Executive Director (Finance and Corporate Resources). • 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-	9 High

			contractors during extended severe weather.	
	Impact of Waste Management market changes • Changes to global economic policy changes resulting in market collapse and inability to dispose of recycled products	12 High	• 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 High
	Increased costs in providing winter maintenance services • Failure to provide essential services during periods of extreme winter weather	12 High	• Effective management of existing budget resources through regular reporting and dialogue with Executive Director (Finance and Corporate Resources). • 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 High
	Information management not subject to adequate control **Council top risk**	20 Very high	• Compliance with Information Governance Strategy. • Retention schedules. • Electronic Document Records Management System (EDRMS). • Completion of annual information Governance checklist. • Implementation of Information Governance Action Plan.	12 High