

THE HIGHLAND COUNCIL

AUDIT AND SCRUTINY COMMITTEE – 17 APRIL 2008

Agenda Item	
Report No	

Risk Management Update

Report by Head of Internal Audit and Risk Management

SUMMARY

The purpose of this report is to provide an update to Members of the Corporate & Cross Cutting Risks.

1. INTRODUCTION

- 1.1 At its meeting on 21 February 2008, Members were provided with a report which gave an update on the Corporate & Cross Cutting Risks (CCCR). In noting the terms of the report it was agreed that this subject should become a standing item on future agendas and further clarification should be provided on the roles of Service Committees, as well as the Audit & Scrutiny Committee, in terms of how major risks would be reported and monitored in the future.

2. UPDATE OF CORPORATE & CROSS CUTTING RISKS

- 2.1 A total of fourteen risks were identified as those requiring to be managed (i.e. above the acceptable tolerance line). An updated risk register is attached as Appendix 1 & 2 for Members information.
- 2.2 The risks were allocated to an appropriate lead Service to take the control action forward. It was recognised that more than one Service may have ownership and responsibility for the risk, but it was considered that the lead Service would consult with any other Service involved.
- 2.3 The Senior Management Team (SMT) assessed the likelihood of the CCCR over a period of 18 months, as such, no significant change has been reported from the position as at 21 February 2008. The SMT review the CCCR annually, and reporting to Audit & Scrutiny Committee should be on a similar timescale.

3. THE PROCESS FOR REPORTING & MONITORING CORPORATE AND CROSS CUTTING RISKS

3.1 SMT and Services

The Annual Review of Corporate Risks should be scheduled to take place before Services begin to review their risks as part of the Service Plan review and budget setting process. The Senior Management Team should initially consider whether the risk appetite of the Council has changed and then review the CCCR from the existing Risk Register and update the risk rating in view of the current business climate, progress of mitigation action etc. The risks are managed through the development of action plans and are fed into overall Service Plans and Quarterly Performance Reviews. Service Plans are then submitted for Committee scrutiny. Recent examples

are provided as follows:

Corporate Approach to procurement	– Resources Committee
Climate Change Working Group	– Council
Asset Management	– Council
Corporate Parenting	– Council

3.2 Audit & Scrutiny Committee

The role of Audit and Scrutiny Committee as detailed in the Scheme of Delegation to Headquarters Committees and within the Risk Management Strategy is to oversee the Council's Risk Management policies and strategies and consider an Annual Report on the effectiveness of the Risk Management Strategy.

4. FUTURE

- 4.1 In addition to above, it has recently been determined that a two monthly review will be performed by the Weekly Business Meeting, with each Director providing an update as to each CCCR they are responsible for.
- 4.2 It has also been agreed that each CCCR will be referenced to each respective Service Plan to give a clear indication as to how the risk is being managed.

Recommendation

Members are requested to note the content of this report with regard to the management of CCCR and recent examples of Committee scrutiny detailed at 3.1 above. In view of this Members may wish to consider reverting to annual reporting in accordance with the Scheme of Delegation to Headquarters Committees and the Risk Management Strategy.

Signature :

Designation : Interim Head of Internal Audit and Risk Management

Author : Ailsa Mackay, Insurance & Risk Management Manager

Date : 7 April 2008

Appendix 1

Service	Risk No or New Risk	Rating	Above the Line *	Target Risk Score	Progress/ Status	Risk Description/Short Name	Vulnerability	Trigger	Consequences	Owner	Review Date (Planned)
Chief Executive's	CCC1	<u>B2</u>	*	<u>B3</u>	G	Climate change. Risk relates to action to mitigate against climate change and to adapt services to deal with the impact of global warming.	Floods and storms could affect our ability to provide services. Unable to allocate development land.	Severe weather occurs.	(1) Loss of Services. (2) Lose Public Enquiry/Failure to achieve Flood Protection Order. (3) Claims on Insurance fund, or budgets for uninsured losses.	Chief Executive's TECS	14/04/08
Housing & Property	CCC4	<u>B2</u>	*	<u>B3</u>	A	The management of the Council's physical assets (buildings, vehicles, plant and equipment)	The Council does not have information and/or plans to properly manage such assets	There is a loss of control over such valuable commodities and we do not take the benefits of our resources	Expenditure levels exceeded	Director of H & P(lead) in collaboration with Service Directors	31/03/08
Finance	CCC6	<u>B2</u>	*	<u>E2</u>	A	Changes to the Corporate approach to procurement has not been implemented, resulting in no clear commissioning strategy.	There will be future efficiency and savings problems for the Council if consolidation does not occur.	A Corporate Procurement Strategy and consolidated procurement service has not been implemented.	(1)Corporate savings from the Procurement activity will not be achieved. (2)operational/financial problems to Council. (3)Lack of security to voluntary organisations in relation to funding. (4) Inability to ensure that resources are targeted to the correct client group.	Head of Procurement	01/04/08

Service	Risk No or New Risk	Rating	Above the Line *	Target Risk Score	Progress/ Status	Risk Description/Short Name	Vulnerability	Trigger	Consequences	Owner	Review Date (Planned)
Chief Executive's	CCC9	<u>B2</u>	*	<u>B3</u>	A	Not compliant fully on equalities legislation.	Equalities are not "owned" by some services. There are wide ranging legal requirements covering employment, goods, services and education. New Duties on the public sector relating to race, disability and gender. Impact assessment process is at a very early stage. Key staff in services have had training and a web based tool has been developed but there is no clear process to ensure that services impact assess all new and reviewed policies, functions, procedures and practices.	(1) Commission for Equalities and Human Rights (new body to replace CRE, EOC and DRC) checks on compliance. (2) Complaint from member of public or staff member. (3) Audit Scotland report on race equality & self assessment Dec 2007.	(1) The Council will be non compliant with legislation. (2) This could result in punitive measures against the Chief Executive. (3) Reputational risk. (4) Legal action against the Council. (5) Services unable to meet DDA compliance for public buildings, leads to a treat of public prosecution. (6) Failure to meet PFA commitment to assist inwards migrants' integration in communities.	Chief Executive's /ECS	14/04/08
Chief Executive's	CCC10	<u>B2</u>	*	<u>B3</u>	G	Unable to meet efficiency targets and demonstrate continuous improvement in all Council services.	(1) No coherent approach to sustainable efficiencies. (2) GAE settlement worse than expected. (3) Lack of robust performance management arrangements including Management skills.	(1) Unable to properly manage performance and meet financial targets. (2) Unable to measure progress against corporate targets.	(1) Balances reduced. (2) Budget overspends. (3) Reduction in service delivery.	Chief Executive's Finance	14/04/08
Chief Executive's	CCC12	<u>B2</u>	*	<u>B3</u>	A	Effectiveness of Partnerships and community planning.	There may be difficulties in funding such arrangements from the resources we have available or in managing such arrangements to our satisfaction.	Failure to agree best format for Partnerships due to differing priorities and information sharing.	Benefits from such Partnerships will not accrue.	Chief Executive's	14/04/08

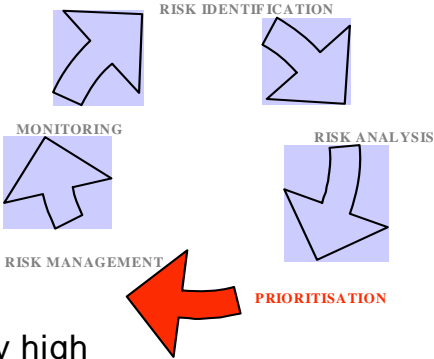
Service	Risk No or New Risk	Rating	Above the Line *	Target Risk Score	Progress/ Status	Risk Description/Short Name	Vulnerability	Trigger	Consequences	Owner	Review Date (Planned)
Chief Executive's	CCC14	<u>D1</u>	*	<u>D2</u>	A	Lack of effective Business Continuity & Emergency Planning	Due to our recent reorganisation and change of key personnel, not all structures and training is yet in place to meet the needs of an emergency.	(1) If an emergency took place in one of our corporate areas, Business Continuity process not prepared. (2) Emergency Centres, out with The Bunker, are not in a good state of preparedness.	(1) Potential lack of Service provision or disaster situations not addressed. (2) Consequences of serious food and water borne disease outbreak, Avian Flu. (3) Potential ancillary issues; transportation problems; health issues around burials and refuse collection.	Chief Executive's	14/04/08
Social Work	CCC15	<u>C2</u>	*	<u>C3</u>	A	The authority has a responsibility to act as a corporate parent for young people no longer in its care.	Council sources are not targeted to young people no longer in care who require additional support to remain in education, find employment and somewhere to live.	Most young people who have been looked after have been damaged by their own families and find it difficult to work with a support package.	Without support young people have no job, no home and may be involved in offending.	Director of Social Work	31/03/08
Chief Executive's	CCC16	<u>C2</u>	*	<u>C3</u>	G	Health and Safety systems are underdeveloped or ineffective.	The Council has a legal duty to ensure adequate arrangements are in place to prevent incidents. Violent incident register not completed. No corporate policy on lone working or demonstration of its use. Inadequate banking arrangements for some Service Points.	A serious breach of health and safety or other regulations that could result in serious injury or death.	Serious injury or death to staff, contractors or members of the public exposes Council to risk of prosecution.	Chief Executive's	14/04/08

Service	Risk No or New Risk	Rating	Above the Line *	Target Risk Score	Progress/ Status	Risk Description/Short Name	Vulnerability	Trigger	Consequences	Owner	Review Date (Planned)
Social Work	CCC17	<u>B2</u>	*	<u>C2</u>	G	Public Protection.	High risk sex offenders are closely supervised but not on a 24 hour basis. Public are not in support of sex offenders being managed in community. Failure by processes, systems or individuals in child protection result in abuse or death of child .	(1) Supervised sex offenders committing further offence. (2) Sex offender identified in Community. (3) Serious incident, child death.	(1)Investigation in to work of service. Harm to an individual. (2) Need to identify new accommodation, re-arrange support package if offender has to move house. (3) Reputation of council.	Director of Social Work	31/03/08
Planning & Development	CCC19	<u>C2</u>	*	<u>C3</u>	A	Failure to deliver supporting infrastructure for development through developer contributions.	Community facilities and support infrastructure is not delivered due to a lack of clear guidance contained in Development Plans and a consistent corporate approach.	Insufficient public funding available to deliver necessary community facilities, support services and infrastructure.	(1)Development either does not take place at all or does so with no supporting infrastructure. (2) Run out of development land or results in incremental unprogrammed development. (3) More of the burden falls on the public purse.	Director of Planning & Development	31/03/08
Planning & Development	CCC20	<u>B2</u>	*	<u>C2</u>	A	Failure to meet statutory Development Plan preparation targets (including supplementary planning guidance). The Council is awaiting detailed guidance through secondary legislation as to how this process will be undertaken.	Statutory duty to prepare Development Plans together with an SEA & to review them on a five year basis. Difficulty in maintaining this timescale with requirement to undertake extensive participation process to minimise objections which would require a PLI and further delay the approval process.	The Council fails to meet the SPI and target dates set out in the Council's Development Plan Scheme.	(1)Delays in identifying future expansion areas for communities. (2) No steer for developers. (3) Impact on the economy. Increased number of planning appeals & local Inquiries. (4) Outdated policy framework for development. (5) Loss of community & developer confidence with the Council & the planning process.	Director of Planning & Development	31/03/08

Service	Risk No or New Risk	Rating	Above the Line *	Target Risk Score	Progress/ Status	Risk Description/Short Name	Vulnerability	Trigger	Consequences	Owner	Review Date (Planned)
Chief Executive's	CCC21	<u>A2</u>	*	<u>A3</u>	G	Implementation of Job Evaluation & Single Status.	Inability to meet the expectations of all stakeholders.	Grievance raised by a particular stakeholder.	(1) Industrial action and/or budget over spend. (2) Effect on service delivery, indirect & direct.	Chief Executive's	14/04/08
Chief Executive's	CCC23	<u>C2</u>	*	<u>C3</u>	R	ICT, re procurement to ensure adequate provision of IT systems to support new Service structure and functions.	(1) There are a number of discrete systems currently in use and in some cases no effective IT systems (e.g. Building Maintenance). IT systems require to be upgraded and in place in advance of legislative changes coming into effect. (2) failure to deliver IS contract, challenges to contract or service failure by contractor	(1) Unable to properly manage performance and meet financial targets. (2) Unable to measure progress against corporate targets. (3) If upgraded systems not in place the Service will be unable to meet SPI and LPI targets.	(1) Poor service performance, delays and lack of cost/quality control. (2) Lack of essential management information.	Chief Executive's Finance	14/04/08

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			CCC21,	
A				
B			CCC1,CCC4, CCC6, CCC9, CCC10, CCC12, CCC17,CCC20,	
C		CCC5, CCC8, CCC18,	CCC15,CCC16, CCC19, CCC23,	
D		CCC11	CCC2,CCC3, CCC13, CCC22,	CCC14
E	CCC7			
F				
	IV	III	II	I
	Impact →			



- Likelihood:**
- A Very high
 - B High
 - C Significant
 - D Low
 - E Very low
 - F Almost impossible

- Impact:**
- I Catastrophic
 - II Critical
 - III Significant
 - IV Negligible