

**The Highland Council**  
**Audit & Scrutiny Committee – 2<sup>nd</sup> March 2017**

Agenda Item	6
Report No	AS/4/17

## Six-monthly review of corporate risks

### Report by Corporate Audit Manager

#### Summary

This report provides details of the latest review of the corporate risks by the Executive Leadership Team (ELT).

#### 1. Introduction

- 1.1 The corporate risk register has been recently reviewed by the ELT and the results of this review are provided within section 2 below.

#### 2. Review of Corporate Risks

- 2.1 A number of changes have been made to the risk register, as detailed below, and the amended register is provided at **Appendix 1**.

(i) Above the line risks:

There have been no changes to the risk scores and the existing 13 above the line risks remain. Some changes have been made to the risk information and this is clearly shown within the update section.

Details of the risk profiles can be found at **Appendix 2**.

(ii) Changes to actions:

Details of any changes to actions since the last report to Committee are provided in the update section. These have resulted from completion of existing actions, the addition of new actions and revisions to target dates.

No changes have been made to the 5 below the line risks.

#### 3. Implications

- 3.1 The risk management process reduces the Council's exposure to risk by ensuring that the corporate risks identified are actively managed. There are no Resource, Legal, Equalities, Climate Change/ Carbon Clever, Gaelic or Rural implications arising from this report.

## **Recommendation**

Members are asked to:

- (i) Scrutinise the corporate risk register provided at **Appendix 1** and consider the risk profile at **Appendix 2**.
- (ii) Note that the next review of the corporate risks will be reported to the September 2017 Committee.

Designation: Corporate Audit Manager

Date: 17<sup>th</sup> February 2017

Author: Donna Sutherland, Corporate Audit Manager

Background Papers

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Director of Development & Infrastructure (2.3, 2.5, 2.7), Director of Community Services (2.6)	Financial & Physical	D3	C3		
Risk No. & Details					
<b>THC 2 – If the Council does not rationalise property assets there will be too much money tied up in fixed assets, their poor condition will mean they are not fit for purpose and running costs, including carbon emissions, will be excessive.</b>					
<b>Action Information:</b>					
<u>Rationalisation of offices:</u> A number of office rationalisation projects are being undertaken within different areas under the overall control of the Director of Development & Infrastructure. Each project, except Inverness which is in the early stages, has a Project Board which meets on a regular cycle with the Director reviewing progress. The present projects and their milestones are detailed below:					
Action No. & Details		Responsible Officer		Target Date	
THC 2.3 - Delivery of new Council office in Fort William.		Senior Manager	Ward	August 2017	
THC 2.5 - Options appraisal paper to be produced for Inverness office project.		Director of Development & Infrastructure	of &	June 2017	
THC 2.7 – Reducing the number of administrative offices across the Council.		Director of Development & Infrastructure	of &	On-going	

Rationalisation of depots and stores

As part of the changes arising from the Service restructuring, the Director of Community Services has initiated a review of the number of strategic depots and stores. The Redesign Board has an interest in this review and for the scope to be widened to include shared services with partners especially for fleet maintenance and it seeks the potential for running services more commercially to be explored.

Action No. & Details	Responsible Officer	Target Date
THC 2.6 - Reviewing the operations of strategic depots and stores	Head of Housing & Building Maintenance/ Head of Roads & Transport	March 2018

**Update:**

THC 2.3 – the target date for this action has been amended from May to August 2017 which reflects the position reported to the Planning, Development & Infrastructure Committee on 25/01/17.

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Chief Executive	Customer/ Citizen	D3	D3		
Risk No. & Details					
<b>THC 6 – If the Council is unable to plan and training is insufficient for an emergency, then there is the risk that we do not mitigate the impact upon our communities or recover quickly enough.</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 6.1 - Embedding the new emergency planning measures included in the Partnership Agreement with NHS Highland, addressing health and social care responsibilities and policies.			Director of Care & Learning	On-going	
THC 6.5 – The provision of training and undertaking exercises is an on-going part of the remit of Emergency Planning.			Emergency Planning and Business Continuity Manager	On-going	
<b>Update:</b>					
THC 6.1 has been completed.					

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Financial & Customer/ Citizen	E3	C3		
Risk No. & Details					
<b>THC 17 - If the Council does not design and support staff in new ways of working, then budget challenges will lead to cuts in services. (This risk also links with THC 43 – SWAN project).</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 17.2 The Council in December 2014 agreed a programme of work to deliver new ways of working and transformational savings of £18M over next 4 yrs.			Head of People & Transformation	March 2017	

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Acting Head of Policy	Customer/ Citizen	D3	C2		
Risk No. & Details					
<b>THC 23 - If the Council does not engage effectively with its partners then it will not capitalise upon the benefits of improved community working and resilience. (This risk also links with THC 41 – Capacity and resilience of communities).</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 23.2 - The Council and the 4 other named bodies with a shared responsibility for community planning must agree how it will facilitate community planning and meet the new duties from the Community Empowerment Act (2015).			Acting Head of Policy	December 2016	
<b>Update:</b>					
THC 23.2 - has been completed.					

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Director of Finance	Financial & Legal	E3	C2		
<b>Risk No. &amp; Details</b>					
<p><b>THC 35 - If a short and medium term budget strategy, which takes account of the Council's priorities, is not reviewed and updated then the Council may not be able to set a balanced budget by February 2017 for 2017/18 and will not be in a position to address further financial challenges in the years following to 2020/21. (This risk also links with THC 44 - Redesign of the Council).</b></p>					
<b>Action No. &amp; Details</b>			<b>Responsible Officer</b>	<b>Target Date</b>	
THC 35.12 - Assess and model funding implications arising from the Local Government Finance Settlement.			Director of Finance	December 2016	
THC 35.13 – Prepare and present 3 year budget for the period 2017/18 to 2019/20.			Director of Finance	February 2017	
THC 35.14 - Budget agreed by Council.			Director of Finance	February 2017	
THC 35.15 - The Redesign Board is make proposals for the Council, feeding into the budget process for December 2016 and for March 2017 to propose changes to the structure and management of Council operations.			Chief Executive	March 2017	
THC 35.16 – Develop a long-term financial strategy linked to the new Administration's policy priorities.			Director of Finance	December 2017	
<b>Update:</b>					
<p>Actions THC 35.12 and 35.14 have been completed.</p> <p>THC 35.13 - the Council Administration agreed to submit a one-year budget for 2017/18 to the Council meeting on 16/02/17 due to the Scottish Government's decision to announce grant allocations for 2017/18 only. This has been replaced with a new action THC 35.16 and this risk will be updated to reflect the budget challenges from April 2018 onwards.</p>					



Risk Information:					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Director of Finance	Financial & Customer/ Citizen	D3	C2		
Risk No. & Details					
<p><b>THC 36 - If the Council does not address and manage the impact of changes arising from the Welfare Reform Act this will be to the detriment of our communities. Changes include reduction in Council income from DWP subsidy and lower entitlements for claimants leading to hardship for many customers and possible increased rent arrears. In so far as arrears are not mitigated by specific measures (e.g. Discretionary Housing Payments), this will pose a threat to landlords generally and the Council's ability to provide and maintain social housing. The wider consequences will be many millions of pounds taken annually out of the local economy, and increased demands upon local services.</b></p>					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 36.1 - Continue Finance Service involvement at Scottish and UK level around the design and implementation of Universal Credit.		Director of Finance	On-going		
THC 36.2 - Lobby for policy and procedural improvements; also adequate administration subsidies and welfare mitigation funding.		Director of Finance	On-going		
THC 36.3 - Provide oral and written evidence as necessary to both Parliaments on welfare issues.		Director of Finance	On-going		
THC 36.4 - Work closely through COSLA and with Scottish Government to ensure rural challenges are recognised.		Director of Finance	On-going		
THC 36.5 - Provide Local Support Services through Universal Credit Service Delivery Agreement with DWP. (This is already in place but support will expand until March 2017.)		Director of Finance	On-going		
THC 36.6 - Provide financial resources to the internal Welfare Support team, and Citizen Advice Bureaus locally for advisory services and appropriate levels of assistance to local customers. (Already in place but demand led to March 2017).		Director of Finance	On-going		

THC 36.7 - Minimise financial risks through effective use of Council's own aggregate Welfare Fund including Discretionary Housing Payments, Scottish Welfare Fund monies, and Council Tax Reduction, and source third party funding to augment Council Welfare Reform provision.	Director of Finance	On-going
THC 36.8 - Represent Council on Board of national Money Advice Project in order to influence future developments.	Director of Finance	On-going
THC 36.9 - If and when customers with housing costs migrate across to Universal Credit, put new support structure in place changing the nature of the Council's involvement from one of administration of Housing Benefit to mitigation of Universal Credit.	Director of Finance	On-going
THC 36.10 - Maintain legacy systems in parallel with Universal Credit into the future.	Director of Finance	March 2022
THC 36.11 - Use the Welfare Fund to mitigate against the impact of welfare reform. Proposals developed through the Member working group and agreed at Resources Committee. (Note the fund is not recurring).	Head of Policy & Reform	March 2017
THC 36.12 - New ESF programmes under development with 2 streams to support people into employment.	Head of Policy & Reform/ Economy & Regeneration Manager	March 2022
THC 36.13 – The Community Planning Partnership (CPP) is reviewing partner impact on reducing inequality and acting preventatively.	Director of Care & Learning/ Director of Finance/ Head of Policy & Reform	March 2018
THC 36.14 – The Council will work with its partners as part of the Community Planning structure in Highland to develop a Local Outcome Improvement Plan for Highland and Locality plans for our most vulnerable communities, both of which will focus on addressing socio-economic inequality.	Acting Head of Policy (with CPP partners)	October 2017

**Update:**

Actions THC 36.1 – 36.9 had target dates of March 2017 but it is recognised that these are really on-going actions.

THC 36.11 was completed when the remaining monies within the Welfare Fund were committed in November 2015 to match fund the ESF project on poverty and social inclusion (THC 26.12)

THC 36.14 linked to an action contained within the Council Programme to develop an anti-poverty strategy for Highland by December 2016. This is now not progressing and the Programme action has been revised as detailed above.

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Financial & Technological	E3	C3		
Risk No. & Details					
<b>THC 38 - If the Council fails to successfully resource and manage the transition process to the new ICT provider and/ or implement the new arrangements then it will not achieve all expected benefits from the new contract. (This risk also links with THC 43 – SWAN project).</b>					
Action Information:					
Action No. & Details		Responsible Officer	Target Date		
THC 38.2 - The Council has established a Transition Programme to manage the move to the new ICT Contracts by end of March 2017. A team is in place within ICT Services to manage the process, led by the Head of Digital Transformation, and all services are engaged in the Programme. In addition to this the Care & Learning Service has established an ICT Curriculum Board to manage the process of moving to a new model of ICT Delivery for learning and to ensure schools are prepared for the commencement of roll-out of new 121 devices from August 2017. There are also a number of dependencies on other projects within ICT including the completion of the transition of the Wide Area Network to SWAN and the Network Refresh within Council premises.		Head of Digital Transformation	March 2017		
THC 38.3 - Direct link to Director of Finance to ensure on-going review of the ICT budget and financial risks to ensure these are monitored on an on-going basis. Also, a review of the financial coding structure will be undertaken to ensure all component elements of the new Contract are managed appropriately.		Director of Finance	March 2017		

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Chief Executive	Legislative/ Regulatory & Customer/ Citizen	D3	C3		
Risk No. & Details					
<b>THC 41 - If communities do not develop the capacity to participate in services and become more resilient and/or the Council is unable to match their expectations, then the objectives of the Council's Programme and its budget assumptions will not be met. (This risk links with THC 23 – Effective engagement with partners and THC 44 – Redesign of the Council).</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 41.1 – The Council needs to further develop a strategy for dealing with the needs and expectations of communities.			Chief Executive	March 2017	

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Depute Chief Executive & Director of Corporate Development	Technological	D3	C3		
<b>Risk No. &amp; Details</b>					
<b>THC 43 – If the transition to SWAN and start of the Network Refresh Programme is delayed beyond July 2017 then this will impact upon the successful implementation of the ICT Transformation Programme as this is dependent upon the new network and infrastructure being in place. (This also links with risks THC 17 – New ways of working and THC 38 – New ICT contract)</b>					
<b>Action Information:</b>					
<b>Action No. &amp; Details</b>		<b>Responsible Officer</b>	<b>Target Date</b>		
THC 43.1 - Continue to manage the SWAN implementation with Capita to ensure that the number of sites delayed until Q1 2017/18 is kept to a minimum, mitigating increased costs and loss of savings.		Head of Digital Transformation	July 2017		
THC 43.2 – Finalise the arrangements for the Network Refresh Programme to allow this to commence in the Spring 2017 and to deliver the required refresh ahead of the Transformation Programme.		Head of Digital Transformation	May 2017		
<b>Update:</b>					
Delays in the transition were reported to the Resources Committee on 08/02/17. The risk and actions above have been updated to reflect this. As a result: THC 43.1 - the target date has been changed from March to July 2017. THC 43.2 has been added as a new action.					

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Chief Executive	Financial	D3	C3		
Risk No. & Details					
<b>THC 46 – If the agreed budget savings of £40 Million are not delivered then this may impact upon the Council’s ability to achieve a balanced budget for 2016/17.</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 46.1 – The Resources Committee will receive regular reports on savings achieved and projected. In the event that there is slippage alternative savings will be proposed. The Council’s Executive Leadership Team will manage and monitor the delivery of the programme.			Chief Executive	March 2017	

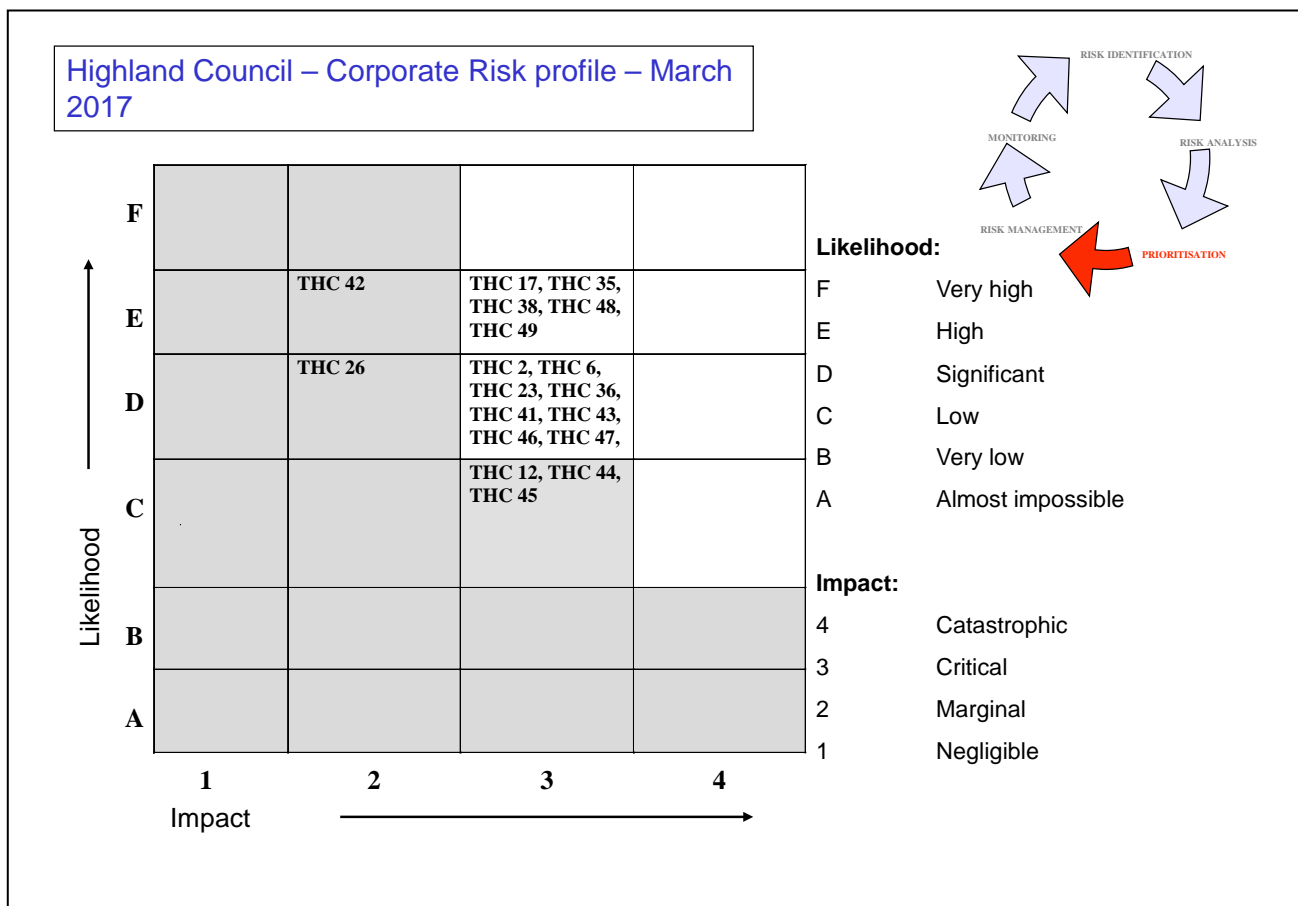
<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Chief Executive	Financial	D3	C3		
Risk No. & Details					
<b>THC 47 – The significant reduction in the workforce arising from the Voluntary Redundancy Scheme will reduce the capacity available to deliver services, sustain performance and progress Council priorities. (This links with risk THC 44 – Redesign of the Council).</b>					
<b>Action Information:</b>					
Action No. & Details			Responsible Officer	Target Date	
THC 47.1 - This is linked with risk THC 44 on the redesign of the Council where approval for the approach to be followed will be sought from the Highland Council meeting on 09/03/17.			Chief Executive	March 2017	



<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Director of Development & Infrastructure	Financial	E3	C3		
Risk No. & Details					
<b>THC 48 – The impact of Brexit will result in the loss of EU funding to the Council including CAP, ERDF, ESF and the Leader Programme. If this funding is not provided by the Government, then there is a risk that this will be to the detriment of the economic and social programmes of the Council and its partners.</b>					
<b>Action Information:</b>					
Action No. & Details		Responsible Officer	Target Date		
THC 48.1 – The Chief Executive together with the Council Leader will continue lobbying of the UK and Scottish Governments to receive compensating funding.		Chief Executive	March 2020		
<b>Update:</b>					
THC 48.1 – this date has now been changed from March 2020 to March 2019 to reflect the UK Government’s announcement about its plans for Brexit.					

<b>Risk Information:</b>					
Risk Owner:	Risk Type:	Risk Rating:		RAG:	<b>G</b>
		Current	Target		
Chief Executive	Financial and Professional/ Managerial	E3	D3		
Risk No. & Details					
<b>THC 49 – It is not possible to achieve all necessary improvements to the school estate, due to affordability and capacity constraints on the Council’s capital programme. As a result, there is a risk that this has a negative impact upon the education of children within the Council.</b>					
<b>Action Information:</b>					
Action No. & Details		Responsible Officer	Target Date		
THC 49.1 – A review of the Council’s capital programme is being undertaken.		Director of Finance	December 2017		
THC 49.2 – This also links with the re-design of the Council.		Chief Executive	March 2017		
THC 49.3 – Ongoing discussion with external partners about alternative models of delivery and funding.		Director of Care & Learning	On-going		
<b>Update:</b>					
THC 49.1 - a report was provided to Council on 15/12/16 when it was agreed that the decisions regarding the capital programme would be deferred to the new Council. Therefore the target date has been changed from December 2016 to December 2017.					

**Risk Profile:**



Below the line risks shown above are:

- THC 12 – Equal pay liability
- THC 26 – Consolidate and sustain integration
- THC 42 – Holiday Pay
- THC 44 – Redesign of the Council
- THC 45 – Good governance arrangements in local Committees.