

|             |                 |
|-------------|-----------------|
| Agenda Item | <b>7</b>        |
| Report No   | <b>AS/15/23</b> |

## THE HIGHLAND COUNCIL

**Committee:**                    **Audit and Scrutiny Committee**

**Date:**                            **28<sup>th</sup> September 2023**

**Report Title:**                **Review of Corporate Risks**

**Report By:**                    **Strategic Lead (Corporate Audit & Performance)**

### **1.                                    Purpose/Executive Summary**

- 1.1    The Corporate Risk Register identifies the Council's key strategic risks and the actions being taken to mitigate these. It is reviewed in the Executive Leadership Team Meeting quarterly and presented to every Audit and Scrutiny Committee for scrutiny.

### **Recommendations**

#### **2.**

2.1    Members are asked to:

- i.     scrutinise the Corporate Risk Register provided at Appendix 1.
- ii.    consider the risk profile at Appendix 2.

#### **3.    Implications**

##### **3.1    Resource**

Having a robust approach to risk management will continue to help the Council minimise future financial risks and implications. It will also prevent reputational damage.

##### **3.2    Legal**

The Corporate Risk Register supports the Chief Audit Executive (the Strategic Lead (Corporate Audit & Performance)) to provide an annual internal audit opinion that concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

##### **3.3    Community (Equality, Poverty, Rural and Island)**

Having a Council which is resilient to risk means that it is better positioned to support its communities. Some of the actions detailed on the register will reduce the likelihood and potential impact of risks affecting our communities.

#### 3.4 Climate Change / Carbon Clever

As highlighted in Corporate Risk 7, the Council will need to adapt to the potential impacts of climate change and build resilience in its own operations and in its communities. Corporate Risk 9 also highlights the need to rationalise property assets and to make sure buildings are fit for purpose, which will reduce the Council's carbon emissions.

#### 3.5 Risk

The corporate risk management process reduces the Council's exposure to risk by ensuring that corporate risks are identified and proactively managed.

#### 3.6 Health and Safety (risks arising from changes to plant, equipment, process, or people)

Health and safety risks are identified in number of corporate risks and with associated mitigating actions.

#### 3.7 Gaelic

There are no Gaelic implications identified at this time.

### 4. Corporate Risk Register

#### 4.1 As part of the risk management process, the Council has a corporate risk register, **Appendix 1**. Overall responsibility for corporate risks sits with the Chief Executive.

#### 4.2 The register was last presented to the Audit and Scrutiny Committee in June 2023. There are currently **20** risks on the corporate risk register. The following information is provided for each risk:

- Risk name;
- Risk type;
- Current and target risk rating;
- A description of the risk;
- A risk owner;
- Mitigating actions (with responsible officer, target date, and current RAG);
- Notes (where applicable).

#### 4.3 Each risk action is delegated to a responsible officer. Officers provide an update on progress to complete the action quarterly. The updates presented in **Appendix 1** represent the position at the end of Quarter 1 (Q1) 2023/24.

#### 4.4 The current and target risk ratings assigned to risks on the corporate risk register are based on the risk matrix shown at **Appendix 2** and have been determined by the Executive Leadership Team (ELT).

#### 4.5 As corporate risks are removed from the register, or risk actions completed, they are removed from the Appendix reported to Committee. For this reason, Members will notice that risks and risk actions are not necessarily numbered sequentially.

#### 4.6 1 new risk has been added to the risk register since it was last reported to Committee: CR32: Delivery of new Enterprise Resource Planning (ERP) system. This has the current risk rating of B2.

- 4.7 Target dates have changed for the following mitigating actions:
- CR8.6 Financial Strategy: Target changed from “To be reviewed March 2023” to “To be reviewed March 2024” in line with current outlook.
- 4.8 Changes have been made to the text of the following risks:
- CR07: Climate Change has had ‘Legal’ added as a risk type as previously requested by a Member and agreed at the Audit & Scrutiny Committee.
  - CR30: Ash Dieback has had ‘Completion of the mitigating actions below is dependent on the availability of resources’ added to the description following discussion with the risk owner.
- 4.9 All mitigating actions have now been marked complete for CR27: Election Act 2022, CR28: UK Parliamentary Boundary Changes, and CR29: Lack of Occupational Health Provider. The risks will be closed and removed from the register.

| Ref         | Risk                                     | Reason for Closure  |
|-------------|--|---|
| <b>CR27</b> | <b>Election Act 2022</b>                 | This risk is related to the available election resources. This has been addressed with an additional Business Analyst in post until 2024 to assist with the elections activities in 2023.   |
| <b>CR28</b> | <b>UK Parliamentary Boundary Changes</b> | The Boundary Commission for Scotland 2023 Final Recommendations for new Parliament Constituency Boundaries were laid before UK Parliament on 28 June 2023. This risk recognised the changes that will take place at the next UK Parliamentary election. |

- 4.10 The mitigating action CR22.3 is linked to Martyn's Law. As the legislation has not yet passed through parliament, no preparatory work can be done, and this action will be marked complete and removed from the risk register. It will be reviewed in the Summer of 24/25 and returned to the register as appropriate.
- 4.11 CR6: Workforce Planning and CR10: Condition of our Roads will be reviewed in the current quarter to consider whether new mitigating actions are required to manage these risks.
- 4.12 Where target dates state “ongoing” these have been reviewed and a date has been provided or an explanation has been added to the notes. The only exception is CR22.2, which remains ‘ongoing’ because it relates to the Council’s continuing participation in the Local Resilience Partnership.

| Ref           | Action                          | Comment   | New Target    |
|---------------|---------------------------------|---|---------------|
| <b>CR1.2</b>  | Multi Year Budgets              | These actions are part of the annual budget setting process and reflect the uncertainty of the way Council budgets are set. Reports are provided throughout the year. | February 2024 |
| <b>CR1.4</b>  | Report on budget savings        |   |               |
| <b>CR9.14</b> | Investment into property estate | A target date of 31/03/24 has been agreed for this action to reflect the timeframe within which the investment is intended to take place.                             | March 2024    |
| <b>CR9.17</b> | Asset Rationalisation           | Asset rationalisation is an ongoing project which is regularly reported to various Committees.  | February 2024 |

|        |                       |   |     |
|--------|-----------------------|---|-----|
| CR22.2 | Multi-agency planning | This action reflects the Council's participation in the Local resilience partnership. | N/A |
|--------|-----------------------|---|-----|

- 4.13 The following risk actions had a Red RAG status when the corporate risk register was last reported to Committee in June. These have now been reviewed and work has been carried out to ensure that some progress has now been made. As a result, they have now been rated Amber for Q1 23/24. Furthermore, there are no current risk actions with a Red RAG status.

| Ref    | Mitigating Action                                     | Reason for change from Red to Amber:  |
|--------|---|---|
| CR1.2  | Multi-year Budgets                                    | Updated Multi-year scenarios were reported to Council on 14/09/2023. A Multi-year budget approach is being taken for 24/25 and beyond.  |
| CR6.3  | Occupational Health, Safety and well-being challenges | There has been progress in relation to these challenges through signing a contract with a new occupational health provider.   |
| CR24.2 | Care Home Workforce planning                          | Staffing challenges make it difficult to carry forward this mitigating action, however, there is work ongoing in terms of seeking to improve the position e.g. changes to recruitment and associated housing initiatives. |

- 4.14 The risk rating for CR29 – Lack of occupational health provider – has been changed from A2 to D2 as a result of the mitigating actions which have been completed to date.

## 5 Forward planning

- 5.1 The forecast level of the Council's budget gap in 2024/25 is in the region of £60-70m and the current high rates of inflation and interest have led to a revised capital programme being agreed at Council. It is important to reflect the risks associated with these factors and it is intended that discussion will take place to review corporate risk register as a result. It is likely that CR1 – Financial sustainability will need to be updated to reflect the current environment. CR9 – Safe and effective property needs to reflect issues associated with Reinforced Autoclaved Aerated Concrete (RAAC) and High Alumina Cement (HAC) and the need to maintain older properties in light of a reduced capital budget.
- 5.2 It is also suggested that a new risk around housing is developed to reflect the effect of high inflation on the Housing Revenue Account as well as to ensure the delivery of affordable housing for key workers throughout the region.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 14/09/2023

Authors: Miles Watters, Corporate Performance & Information Governance Manager  
Hannah Kollef, Corporate Performance Officer

Background Papers:

Appendices:

Appendix 1 – Corporate Risk Register

Appendix 2 – Corporate Risk Profile

## Appendix 1 - Corporate Risk Register

List of current corporate risks:

|                      |  |
|----------------------|--|
| <a href="#">CR1</a>  | Financial Sustainability                                     |
| <a href="#">CR2</a>  | Security and Resilience – Cyber Security                     |
| <a href="#">CR5</a>  | Effective Governance in Local Decision Making                |
| <a href="#">CR6</a>  | Workforce Planning   |
| <a href="#">CR7</a>  | Climate Change and the Ecological Emergency                  |
| <a href="#">CR8</a>  | Demographic Change   |
| <a href="#">CR9</a>  | Safe and Effective Property                                  |
| <a href="#">CR10</a> | Condition of our Roads                                       |
| <a href="#">CR12</a> | NHS Highland Partnership                                     |
| <a href="#">CR22</a> | Security and Resilience – Physical Assets and Infrastructure |
| <a href="#">CR23</a> | Refugee Resettlement Programmes                              |
| <a href="#">CR24</a> | Care Home Viability  |
| <a href="#">CR25</a> | Capital Programme Affordability and Deliverability           |
| <a href="#">CR26</a> | Managing Long-term Absence                                   |
| <a href="#">CR27</a> | Election Act 2022  |
| <a href="#">CR28</a> | UK Parliamentary Boundary Changes                            |
| <a href="#">CR29</a> | Lack of Occupational Health Provider                         |
| <a href="#">CR30</a> | Ash Dieback  |
| <a href="#">CR31</a> | Vacancies in Children’s Services                             |
| <a href="#">CR32</a> | Delivery of new Enterprise Resource Planning (ERP) system    |

Risk action status: **R** No significant progress      **A** Some Slippage      **G** On Target      **C** Complete

| CR1  | Financial Sustainability   | Risk Rating                 |               |          |
|--|--|-----------------------------|---------------|----------|
|  |  | Current                     | Target        |          |
| <b>Risk Owner:</b> Head of Corporate Finance   |  | <b>Risk Type:</b> Financial |               |          |
| <p>The Council faces a range of financial challenges, both revenue and capital, and we need to be able to plan and meet these challenges so that we can continue to deliver effective services and achieve all the priorities that we wish to. These challenges have increased significantly since the emergence of COVID-19 which is placing significant pressure on the Council's budget with limited time to plan a financial response. We will need to act more commercially as an organisation to ensure this financial sustainability.</p> |  |                             |               |          |
| Mitigating Actions:  |  | Responsible Officer         | Target Date   | RAG      |
| CR1.2  | Multi-year Budgets: Our financial approach is based on considering a range of different scenarios to address uncertain grant settlements and other external factors. A key part of the approach is looking at multi-year budgets with the flexibility to accelerate or slip actions as conditions change. External factors, including anticipated funding levels, will be reviewed every three months.   | Head of Corporate Finance   | February 2024 | <b>A</b> |
| CR1.4  | Report on Budget Savings: Every year the Council has a requirement to deliver approved budget savings, the delivery of which is important to ensuring a balanced budget in-year. Forecast service outturn positions and updates on the delivery of savings are monitored within Services and reported every three months to respective strategic committees. An overview of all savings and the overall monitoring position is scrutinised by the Executive Leadership Team and reported to Corporate Resources Committee. | Head of Corporate Finance   | February 2024 | <b>G</b> |
| <b>Notes:</b>  |  |                             |               |          |
| <p>CR1.2: Updated Multi-year scenarios reported to Council 14/09/2023. Multi-year budget approach being taken for 24/25 and beyond. New updated capital programme agreed for the next 5 years. Action changed to Amber.</p> <p>CR1.4: Target of "ongoing" changed to February 2024 to reflect the Council's budget setting cycle.</p>  |  |                             |               |          |

| CR2   | Security and Resilience – Cyber Security  | Risk Rating                          |                    |          |
|---|---|--------------------------------------|--------------------|----------|
|   |   | Current                              | Target             |          |
| <b>Risk Owner:</b> Interim Depute Chief Executive   |   | <b>Risk Type:</b> Technological      |                    |          |
|   |   | <b>B2</b>                            | <b>C3</b>          |          |
| The Council must take all reasonable steps to protect ICT networks, data and systems from the risks of cyberattack. The Council must also plan effectively to respond to and mitigate the impacts of a cyberattack. |   |                                      |                    |          |
| Mitigating Actions:   |   | Responsible Officer                  | Target Date        | RAG      |
| CR2.8   | Cyber Security: ICT undertake an external ICT Security Health check annually to ensure independent verification. Regular patching regimes are in place for ICT infrastructure and we review active security notifications from external sources and community of practise groups such as CISP and NCSC. We will follow and adopt national standards as appropriate from UK and Scottish Governments. We constantly monitor security threat and have weekly reviews and monitoring updates through our ICT Security function. ICT updates and changes are reviewed for security risks prior to implementation. | ICT Operations Manager (Service)     | TBR September 2023 | <b>G</b> |
| CR2.14  | Review Business Continuity Plans in relation to cyber security: Effective business continuity plans to be in place which take account of the potential impacts of a cyber-attack or serious long-term ICT outage. These should prioritise the critical corporate functions which have been identified and detail mitigation.  | All ECOs                             | April 2023         | <b>C</b> |
| CR2.15  | Scenario testing Business Continuity Plans: Scenario testing of business continuity plans prioritising the critical corporate functions   | All ECOs                             | June 2023          | <b>A</b> |
| CR2.18  | Backup hardware and email service: Provide backup hardware and email service to allow key staff to continue to operate independently of the Council network in the event of a major cybersecurity incident.   | Head of ICT & Digital Transformation | December 2022      | <b>A</b> |
| CR2.21  | Implement the first phase of the ICT Strategy by April 2024.  | Head of ICT & Digital Transformation | April 2024         | <b>G</b> |
| <b>Notes:</b>   |   |                                      |                    |          |
| CR2.14: This mitigating action was marked as complete and will be removed from the Risk Register.   |   |                                      |                    |          |
| CR2.18: Solution available. Plan is to carry out a live test during August 2023   |   |                                      |                    |          |



| CR5   | Effective Governance in Local Decision Making  | Risk Rating                                     |             |
|---|--|---|-------------|
|   |  | Current   | Target      |
| <b>Risk Owner:</b> ECO Communities & Place  |  | <b>Risk Type:</b> Political, financial, citizen |             |
|   |  | <b>C3</b>                                       | <b>D3</b>   |
| We need to develop arrangements for effective local decision making and to enable our communities to engage and participate at a local level. We must put in place effective and consistent governance arrangements for local decision making to ensure we are able to fully achieve the priorities of our local communities, while being in alignment with strategic priorities. |  |   |             |
| <b>Mitigating Actions:</b>  |  | Responsible Officer                             | Target Date |
| CR5.3   | Resources for Place Based Approaches: A review of resources to support Place Based approaches. | All ECOs  | March 2023  |
|   |  |   | <b>A</b>    |
| <b>Notes:</b><br>CR5.3: Target to be reviewed.  |  |   |             |

| CR6  | Workforce Planning   | Risk Rating                 |             |
|--|--|-----------------------------|-------------|
|  |  | Current                     | Target      |
| <b>Risk Owner:</b> Head of People  |  | <b>Risk Type:</b> Financial |             |
|  |  | <b>C2</b>                   | <b>C2</b>   |
| Our most important resource is our staff, and they are at the centre of the services that we provide. Given the changing nature of the organisation, and the need to reduce the workforce, we need to make sure we continue to have the right people, with the right skills, in the right place at the right time. |  |                             |             |
| <b>Mitigating Actions:</b>   |  | Responsible Officer         | Target Date |
| CR6.3  | OHSW: We will continue to address the occupational health, safety, and well-being (OSHW) challenges identified through our annual OHSW report with progress monitored quarterly. | Head of People              | March 2023  |
|  |  |                             | <b>A</b>    |
| <b>Notes:</b><br>This risk is still to be reviewed. A meeting is planned for September to review the risk and agree new actions.<br>CR6.3: There were delays in contract sign off, but these are now being addressed.  |  |                             |             |

| CR7  | Climate Change and the Ecological Emergency  | Risk Rating  |               |     |
|--|--|--|---------------|-----|
|  |  | Current  | Target        |     |
| Risk Owner: ECO Performance & Governance   |  | Risk Type: Environmental, Physical, Reputational, Political, Economic, Social, Health, Legal |               |     |
| Climate change and biodiversity loss presents long term challenges both to the Council and to Highland communities. The Council must adapt and build resilience and its communities to address vulnerabilities to the potential effects of climate change (e.g., changing weather patterns, sea level rise) and ecological loss.   |  |  |               |     |
| Mitigating Actions:  |  | Responsible Officer  | Target Date   | RAG |
| CR7.1  | Contribute to Highland Adapts to support the production of a regional wide climate risk and opportunity assessment. Take an evidence-based and place-centred approach to inform the regions adaptation actions.  | Climate Change & Energy Team Manager   | May 2024      | G   |
| CR7.4  | Develop net zero strategy and action plan with quarterly progress updates to Committee   | Climate Change & Energy Team Manager   | March 2023    | C   |
| CR7.5  | Net zero corporate emissions: Agree target date for net zero corporate carbon emissions with quarterly progress updates to Committee, beginning with the energy performance benchmarking of Council properties.  | Climate Change & Energy Team Manager   | March 2023    | C   |
| CR7.6  | Develop a Council Natural Environment & Ecological Strategy emphasising the interconnectedness of the twin climate and ecological emergency and rationalise ongoing and future Council commitments, projects and activities that will help halt biodiversity loss and deliver biodiversity enhancements. The Strategy will include a Council Vision that will be supported by a suite of deliverables, objectives and targets. | Service Lead – Environment, Development Plans & Active Travel                                | December 2023 | G   |
| CR7.7  | Mitigate potential increases in both use and cost of energy by enhanced investment in renewable energy and transformational projects, and expanding energy saving initiatives with quarterly progress reports to Committee.  | Energy Manager   | March 2023    | A   |
| <b>Notes:</b><br>CR7.4: Net Zero Strategy passed at May Climate Change Committee with full ratification at June Council. This mitigating action was marked as complete and will be removed from the Risk Register.<br>CR7.5: Target dates agreed as part of the <u>Net Zero strategy</u> that went to Highland Council on June 29 2023. This mitigating action was marked as complete and will be removed from the Risk Register.<br>CR7.7: Work is on-going and a new target date will be identified. |  |  |               |     |

| CR8   | Demographic Change  | Risk Rating  |                   |          |
|---|---|--|-------------------|----------|
|   |   | Current  | Target            |          |
| <b>Risk Owner:</b> ECO Communities & Place  |   | <b>Risk Type:</b> Social, Customer, Financial          |                   |          |
|   |   | <b>B2</b>  | <b>C3</b>         |          |
| The population in Highland, its distribution, its demography and the related service demands are changing. The Council must plan and act for these changes to be able to deliver the services that people require. This includes achieving the benefits of an integrated health and social care service for adults, involving the development of more community based services. |   |  |                   |          |
| Mitigating Actions:   |   | Responsible Officer                                    | Target Date       | RAG      |
| CR8.3   | Balance of Care: Highland Council and NHS Highland will develop a strategic proposal to reduce the number of people residing in residential Care Homes, which is linked to the Strategic Plan. It is the intention that the Strategic Plan be agreed by all Stakeholders by June 2023 and in the time thereafter we will be working together to reduce reliance on residential care options and focus instead on local care solutions consistent with the terms of that plan. | ECO Health and Social Care (Chief Social Work Officer) | June 2023         | <b>G</b> |
| CR8.4   | Workforce Plans: We will ensure there are sustainable recruitment strategies in our workforce plans.  | All ECOs   | March 2023        | <b>A</b> |
| CR8.5   | Workforce Strategies: Our workforce strategies will include an assessment of changing and increasing demands for services.  | Head of People   | March 2023        | <b>G</b> |
| CR8.6   | Financial Strategy: Our financial strategy will include an assessment of the risks and implications associated with demographic change.   | Head of Corporate Finance                              | TBR<br>March 2024 | <b>A</b> |
| CR8.7   | Partnership Working: Work with our partners, principally the Community Planning Partnership, to plan services that are responsive to demographic changes.   | ECO Communities and Place                              | TBR<br>March 2023 | <b>C</b> |
| <b>Notes:</b>   |   |  |                   |          |
| CR8.3: Strategic Plan out for consultation as of July, which will take 3 months.  |   |  |                   |          |
| CR8.6: Further work being taken forward regarding multi-year budgeting and financial strategy for 24/25 onwards and will incorporate demographic change impact.   |   |  |                   |          |
| CR8.7: This mitigating action was marked as complete and will be removed from the Risk Register.  |   |  |                   |          |

| CR9   | Safe and Effective Property   | Risk Rating                                |               |          |
|---|---|--|---------------|----------|
|   |   | Current                                    | Target        |          |
| <b>Risk Owner:</b> ECO Housing & Property   |   | <b>Risk Type:</b> Physical, Financial      |               |          |
| We need to ensure that our buildings and premises provide safe and effective environments for people who use our services, and our staff.   |   | <b>B2</b>                                  | <b>D2</b>     |          |
| Mitigating Actions:   |   | Responsible Officer                        | Target Date   | RAG      |
| CR9.13  | Full Implementation of a Corporate Property Landlord Model  | ECO Housing and Property                   | December 2022 | <b>A</b> |
| CR9.14  | Investment into the Property Estate: £2.85m of funding has been allocated to improve Council property.  | Head of Property and Facilities Management | March 2024    | <b>G</b> |
| CR9.16  | Condition Surveys: Understanding the condition of our properties is a continuous process. Condition surveys and how we manage this data are a fundamental aspect of this and can help us plan future investments and disposals. | Head of Property and Facilities Management | Ongoing       | <b>C</b> |
| CR9.17  | Asset Rationalisation Strategy: Implementation of our asset rationalisation strategy will ensure that the Council's property portfolio is suitable for service delivery.  | Head of Property and Facilities Management | February 2024 | <b>A</b> |
| <b>Notes:</b><br>CR9.13: It has been agreed that this mitigating action should be reviewed to ensure that the model is applicable to all premises.<br>CR9.14: £1.6m spend committed with the remainder to be committed by the end of the financial year. A target date of 31/03/24 has been agreed for this action to reflect the timeframe within which the investment is intended to take place.<br>CR9.16: 5 year rolling programme of surveys in place reporting to Housing and Property Committee. This mitigating action has been marked as closed and will be removed from the register.<br>CR9.17: Significant capital investment required to modernise our estate. Asset rationalisation project is an ongoing project which is regularly reported to Committees and Leadership. This target has been amended from 'ongoing' to 'February 2024'. |   |  |               |          |

| CR10   | Condition of our Roads | Risk Rating                           |             |
|--|------------------------|---------------------------------------|-------------|
|  |                        | Current                               | Target      |
| <b>Risk Owner:</b> ECO Infrastructure, Environment and Economy   |                        | <b>Risk Type:</b> Financial, Physical |             |
|  |                        | <b>B2</b>                             | <b>D2</b>   |
| <p>Highland Council is responsible for the largest road network in Scotland, comprising over 6,700 km of carriageways and 1,902 km of footways. The Road Condition Indicator (RCI) is a national Key Performance Indicator (KPI). The national average for 2016 was 36.7% and Highland Council was 39.1%. Highland was ranked 21<sup>st</sup> out of the 32 Scottish Councils, but the rate at which the roads are deteriorating in Highland is increasing. In 2012 the RCI was 29.3%, so there has been a 10% decrease in road condition over the last 5 years. This has been exacerbated and accelerated by the prolonged 2017/18 winter with regular freeze-thaw-freeze conditions causing rapid decline across the whole network. Failure to maintain investment in (capital) re-surfacing programmes and structural repairs will accelerate the deterioration of our roads, resulting in higher (revenue) maintenance costs, and increase the risk to the Council of litigation claims arising from damage to vehicles and personal injuries.</p> |                        |                                       |             |
| <b>Mitigating Actions:</b>   |                        | Responsible Officer                   | Target Date |
|  |                        |                                       | RAG         |
|  |                        |                                       |             |
|  |                        |                                       |             |
| <b>Notes:</b>  |                        |                                       |             |
| This risk will be reviewed in the current quarter to consider whether new mitigating actions are required to manage these risks.   |                        |                                       |             |

| CR12   | NHS Highland Partnership | Risk Rating                                      |             |
|--|--------------------------|--|-------------|
|  |                          | Current  | Target      |
| <b>Risk Owner:</b> The Chief Executive   |                          | <b>Risk Type:</b> Financial, Legal, Reputational |             |
|  |                          | <b>D2</b>  | <b>D2</b>   |
| <p>The partnership agreement between NHS Highland and The Highland Council determines that NHS Highland is the lead agency for Adult Services and The Highland Council is the lead agency for services for children. The re-negotiation of this Agreement has been completed and executed on behalf of both organisations. It is necessary to monitor the implications of the proposed National Care Service which are likely to result in potential need to change the model or make other changes impacting on delivery of service in terms of future partnership working with NESH.</p> |                          |  |             |
| <b>Mitigating Actions:</b>   |                          | Responsible Officer                              | Target Date |
|  |                          |  | RAG         |

|               |  |  |                      |          |
|---------------|--|--|----------------------|----------|
| CR12.4        | Monitor the implications of legislation to implement the proposed National Care Service and consider the potential need to change the model or make other changes impacting on delivery of service in terms of future partnership working with NHS Highland. | Head of Integration<br>Adult Social Care | TBR<br>March<br>2024 | <b>G</b> |
| <b>Notes:</b> |  |  |                      |          |

| CR22  | Security and Resilience – Physical Assets and Infrastructure   | Risk Rating   |             |           |           |
|---|--|---|-------------|-----------|-----------|
|   |  | Current   | Target      |           |           |
| <b>Risk Owner:</b> Chief Executive  |  | <b>Risk Type:</b> Physical  |             | <b>C2</b> | <b>D2</b> |
| The Council must take all reasonable steps to protect our staff and communities from risks to their safety and security. Our infrastructure must be secure to protect against terrorist and criminal activity. Also, the Council must plan adequately to respond effectively to an emergency, to mitigate the impact upon our communities and to enable business continuity of critical services and full recovery. This should include preparation for the impact of extreme weather events, power outages and other risks in line with the Regional Risk Register |  |   |             |           |           |
| Mitigating Actions:   |  | Responsible Officer   | Target Date | RAG       |           |
| CR22.1  | Building Access Policies: All of our Responsible Premises Officers (RPOs) will develop site specific Building Access Policies. These will include evacuation and lockdown plans.   | Head of Property Services   | March 2018  | <b>A</b>  |           |
| CR22.2  | Multi-agency planning and exercising:<br>1. We will continue to fully participate in multi-agency planning and exercising Regional Resilience Partnership (RRP) and Local Resilience Partnership (LRP) for emergencies based on the national <i>and regional</i> risk register<br>2. We will continue to participate in the multi-agency CONTEST Group as part of the UK government's Counter-terrorism strategy<br>3. All Emergency Liaison Groups (ELGs) will take part in exercises<br>4. Review Care for People plans with partners. | Communications and Resilience Manager   | Ongoing     | <b>G</b>  |           |
| CR22.3  | New Protect Duty: Prepare for new legislation placing a duty of Local Authorities as owners of Publicly Accessible Locations.  | ECO Property and Housing, ECO Infrastructure, Environment and Economy, and ECO Performance & Governance | TBC         | <b>C</b>  |           |

|   |   |          |               |   |
|---|---|----------|---------------|---|
| CR22.4  | NETs Failure & Planned Interruptions to power supply: All service Business Continuity Plans should be reviewed and exercised for the potential impacts of a major sustained power outage, or planned series of interruptions as part of national power saving measures. | All ECOs | December 2022 | A |
| <b>Notes:</b><br>CR22.1: Schools have plans in place. Other council assets require additional resource to prepare plans.<br>CR22.2: These mitigating actions continue as part of the work of the Resilience Team.<br>CR22.3: This action is linked to Martyn's Law. As the legislation is not yet passed or available, no preparatory work can be done and this action will be marked complete and removed from the risk register. It will be reviewed in the Summer of 24/25 and, if relevant, returned to the register. |   |          |               |   |

| CR23  | Refugee Resettlement Programmes   | Risk Rating   |                |     |    |
|---|---|---|----------------|-----|----|
|   |   | Current   | Target         |     |    |
| <b>Risk Owner:</b> Head of Housing and Building Maintenance   |   | <b>Risk Type:</b> Reputational  |                | C2  | D3 |
| <p>The Council is currently supporting several resettlement programmes including refugees and displaced persons from Syria, Afghanistan and Ukraine. There is increased pressure on the resettlement programme due to the ongoing war in Ukraine and continuing arrivals, resulting in extra demand on the Council's Welfare and Educational systems, resulting in reputational and financial risk to the Council.</p> <p>In addition, a high of property inspections need to be undertaken across a large geographical area as well as disclosure checks for all those offering their properties under the 'Homes for Ukraine' scheme.</p> |   |   |                |     |    |
| <b>Mitigating Actions:</b>  |   | Responsible Officer   | Target Date    | RAG |    |
| CR23.3  | Co-ordination of financial support and other services to Ukrainian families. – The administration of cash payments to Ukrainian Displaced Persons (UDPs) and hosts has been setup. Support provided by Welfare Officers to UDPs open bank accounts and access benefits. | Head of Revenues and Customer Service and the Housing Policy and Investment Manager | TBR March 2023 | C   |    |
| CR23.4  | Engagement with Scottish Government and COSLA related to refugee resettlement across all schemes including contributing to the development of operational guidance for the Ukrainian schemes.   | Housing Policy and Investment Manager   | December 2022  | C   |    |
| CR23.9  | Potential for future homelessness presentations and associated housing support requirements: Potential hosting breakdowns are being closely monitored and support is being co-ordinated by the Resettlement Team.   | Head of Housing and Building Maintenance  | TBR March 2023 | G   |    |

|         |  |                          |                      |   |
|---------|--|--------------------------|----------------------|---|
| CR23.10 | Availability of interpretation services: Engagement with service provider to co-ordinate need when required.   | Principal Policy Officer | TBR<br>March<br>2023 | G |
| CR23.11 | Recovering Costs associated with Refugee Resettlement: Ensure all costs associated with the Ukraine crisis are collated and are recovered from Scottish and UK Governments | Service Finance Manager  | TBR<br>March<br>2023 | G |

**Notes:**

CR23.3 & 23.4: These mitigating actions were marked as complete and will be removed from the Risk Register.

| CR24  | Care Home Viability   | Risk Rating                              |                      |     |
|---|---|--|----------------------|-----|
|   |   | Current                                  | Target               |     |
| <b>Risk Owner:</b> ECO Health and Social Care (Chief Social Work Officer)   |   | <b>Risk Type:</b> Financial and Social   |                      |     |
| <p>Since the COVID-19 pandemic, five care homes have been transferred in that they have gone into administration or ceased trading. Two have been sold as a going concern (Mo Dhachaidh and Home Farm), two have closed, one is being sold by administrators and a further 3 are on the market. Other care homes in Highland are being financially supported by NHS Highland. This sum has arisen as a result of supplements being paid to providers to ensure ongoing service delivery and is part of the cost of delivering adult social care albeit currently funded by monies from Scottish Government.</p> <p>As a result of these closures, a number of beds are not available. Further beds are not available as care homes which continue to operate do not have a full complement of staff to provide care for those waiting for care home availability. This has an impact in terms of cost and also the social cost in terms of waiting lists both for those at home and those delayed in hospital who are awaiting a care home placement.</p> <p>The care home sector is also adversely affected by the recent increases in utility costs (including insurance and food) which together with the staffing difficulties means that there is a very significant vulnerability in terms of the future viability of the sector illustrated by the closures to date.</p> |   | A2                                       | B3                   |     |
| <b>Mitigating Actions:</b>  |   | Responsible Officer                      | Target Date          | RAG |
| CR24.1  | Ongoing work with NHSH to support ongoing service delivery. | Head of Integration<br>Adult Social Care | TBR<br>March<br>2023 | G   |



|        |   |  |                      |   |
|--------|---|--|----------------------|---|
| CR24.2 | Care Home Workforce planning: Workforce planning work to support a sustainable social care workforce to reduce numbers of agency workers required and/ or beds which are not filled because of staff shortages. | Head of Integration<br>Adult Social Care | TBR<br>March<br>2023 | A |
| CR24.3 | Transformational work related to Care Home Viability: Transformational work looking to come up with care solutions which are not predicated on admission to a care home   | Head of Integration<br>Adult Social Care | TBR<br>March<br>2023 | G |

**Notes:**

CR24.2: Staffing challenges making it difficult to carry forward this mitigating action. Work is ongoing in terms of seeking to improve the position i.e. changes to recruitment and associated housing initiatives.

Target dates to be reviewed.

| CR25  | Capital Programme Affordability and Deliverability  | Risk Rating                                       |                   |     |
|---|---|---|-------------------|-----|
|   |   | Current   | Target            |     |
| <b>Risk Owner:</b> ECO Infrastructure, Economy and Environment  |   | <b>Risk Type:</b> Financial and Physical          |                   |     |
| <p>In December 2021, Highland Council approved a near £1bn, <a href="#">15 year plan</a> for investment across the Council's asset base. This investment is a critical part of ensuring the Council's assets are fit for purpose and support the effective delivery of services. Wider economic factors (that also impact on CR1: Financial Sustainability) will provide challenges to the successful delivery of all planned projects. Specific risks to the successful delivery of the programme include:</p> <ul style="list-style-type: none"> <li>Wider financial challenges (including rising interest rates) may mean the funding envelope for capital investment needs to reduce- this would necessitate a reduction in the size of the programme</li> <li>Wider construction market inflation means that many projects are seeing increasing costs. Any projects that exceed their budgets would require reduction or removal of other planned projects in order to fund the overspends.</li> </ul> <p>Contractor and material availability poses a significant challenge to delivering works on time and on budget.</p> |   | A1  | D3                |     |
| <b>Mitigating Actions:</b>  |   | Responsible Officer                               | Target Date       | RAG |
| CR25.1  | Capital Programme Review: Work to review the capital programme is underway with the intention to provide a revised and reduced programme for Council approval later in the financial year | ECO Infrastructure,<br>Economy and<br>Environment | September<br>2023 | G   |
| <b>Notes:</b>   |   |   |                   |     |

| CR26 | Managing Long-term Absence | Risk Rating |
|------|----------------------------|-------------|
|------|----------------------------|-------------|

|  |  | Current                    | Target      |
|--|--|----------------------------|-------------|
| <b>Risk Owner:</b> Head of People  |  | <b>C2</b>                  | <b>D2</b>   |
| <b>Risk Type:</b> Staffing and Financial   |  |                            |             |
| Staff sickness absence is being extended due to delays in NHS treatment being offered to staff. This can result in staff unable to return to the workplace or on limited duties until treatment can take place impacting on productivity and additional cost with temporary cover and accrual of annual leave if staff are off long-term sick. There may also be instability in service provision with temporary cover provision and no indication of when treatment will take place to enable a return to work. |  |                            |             |
| <b>Mitigating Actions:</b>   |  | Responsible Officer        | Target Date |
| CR26.1   | Monitor long term sickness absences to determine impact on delayed or reduction of NHS treatments provided to Council staff which results in staff's inability to return to the workplace. | Head of People/HR Manager  | June 2023   |
| CR26.2   | Support staff and their managers to assess what duties or alternative work can be undertaken on a temporary basis pending treatment to continue to employ the member of staff.             | Head of People/HR Manager  | March 2023  |
| CR26.3   | Negotiate abatement of annual leave to statutory 28 days per year for staff off more than 3 continuous months.   | Head of People/HR Manager  | March 2023  |
| CR26.4   | Provision of bite size training and refresh guidance to managers on how to manage short absence and long-term sickness absences to ensure staff are supported appropriately.               | People Development Manager | March 2023  |
| <b>Notes:</b><br>CR26.3: Consultation to take place with Unions.<br>CR26.4: Additional modules and training options are now available on Traineasy. This mitigating action has been marked as complete and will be removed from the register.  |  |                            |             |

| CR27  | Election Act 2022 | Risk Rating |           |
|---|-------------------|-------------|-----------|
|   |                   | Current     | Target    |
| <b>Risk Owner:</b> Interim Chief Executive  |                   | <b>D2</b>   | <b>D4</b> |
| <b>Risk Type:</b> Elections   |                   |             |           |
| New legislative requirements following the Elections Act 2022, with substantial changes required to our election processes, will have a serious impact on the delivery of the election if a UK Parliamentary snap election is called after 4 May 2023. The Returning Officer may struggle to deliver the elections with the risk of challenge by petition after the election to be high. Secondary legislation for the Election Act 2022 is still not available but anticipated before end of 2022. A programme plan will need to be elaborated before end of April 2023 in readiness for any election to be called after May 2023. The Election Act changes are not applicable for any devolved elections. |                   |             |           |

The current election resources are already stretched in 2023 because of a variety of projects including Interim Community Council Elections, Inverness BID and Inverness Tourism Bid, Cairngorm National Park Election, Nairn BID, Community Council Elections, Pending Scottish Referendum and the Statutory Review of Polling districts, polling places and stations.

|  |  |                     |             |     |
|--|--|---------------------|-------------|-----|
| <b>Mitigating Actions:</b>   |  | Responsible Officer | Target Date | RAG |
| CR27.1   | To deliver this Programme of Change which includes bidding for funding, additional resource would be required to reinforce the existing election team in readiness for a snap election if called after May and specifically in 2023. | Elections Manager   | April 2023  | C   |
| <b>Notes:</b><br>CR27.1: A Business Analyst is in post until 2024. This mitigating action has been marked as complete, and Corporate Risk 27 will be removed from the Risk Register. |  |                     |             |     |

|   |  |                             |               |           |
|---|--|-----------------------------|---------------|-----------|
| <b>CR28</b>   | <b>UK Parliamentary Boundary Changes</b>   | <b>Risk Rating</b>          |               |           |
|   |  | <b>Current</b>              | <b>Target</b> |           |
| <b>Risk Owner:</b> Interim Chief Executive  |  | <b>Risk Type:</b> Elections |               | <b>B2</b> |
| <p>The Boundary Commission for Scotland reviews UK Parliament constituencies in Scotland. Reviews are carried out every 5 years. <b>The current review is the 2023 review with final recommendations anticipated 1 July 2023.</b> If the proposal goes ahead, the changes for the 3 existing Highland constituencies are significant with the creation of new constituencies Caithness, Sutherland and Easter Ross/ Inverness-shire and Wester Ross/ Nairn, Strathspey and Moray West/ Argyll, Bute and South Lochaber. The revised constituencies are cross boundary with Argyll and Bute and Moray. Besides the work related to the GIS &amp; review of polling scheme, there is additional complexity with cross boundary change and confusion regarding the Nairn, Strathspey and Moray West Constituency, as to which Local Authority would be responsible; Highland or Moray. Due to the mapping requirements, GIS subject matter experts will be required to support the required changes.</p> <p>If a UK Parliamentary snap election is called in 2023 when this proposal is accepted this would put the delivery of the election seriously at risk with the management of the Election Act 2022 alongside and the management of this project of the boundary changes with no spare capacity within the election team to deliver these challenging projects together in 2023.</p> |  |                             |               |           |
| <b>Mitigating Actions:</b>  |  | Responsible Officer         | Target Date   | RAG       |
| CR28.1  | An action plan is to be developed to be ready by end of June 2023 to determine the steps to be taken at the point the legislation comes into effect (anticipated July 2023). | Elections Manager           | June 2023     | C         |
| <b>Notes:</b>   |  |                             |               |           |

CR28.1: The Boundary Commission for Scotland 2023 Final Recommendations for new Parliament Constituency Boundaries were laid before UK Parliament on 28 June 2023. Changes will take place at the next UK Parliamentary election. This mitigating action has been marked as complete, and this Corporate Risk 28 will be removed from the Risk Register.

| CR29   |  | Lack of Occupational Health Provider                    |                | Risk Rating |        |
|--|--|---|----------------|-------------|--------|
|  |  |   |                | Current     | Target |
| <b>Risk Owner:</b> Head of People  |  | <b>Risk Type:</b> Reputational, Financial, Legal        |                | D2          | D2     |
| <p>As of 1<sup>st</sup> April 2023, the Highland Council will lose its Occupational Health Provider. A procurement exercise in December 2022/ January 2023 resulted in no bids, even from providers who had previously expressed notes of interest. Without a contract in place, we will be unable to provide statutory health surveillance, and so, will be in breach of law and exposed to risks from occupational health claims (e.g. HAVS, noise induced hearing loss, occupational dermatitis, etc.), and fines or prosecution by the HSE. In addition, we will be unable to process ill-health retirements referrals and will have additional difficulties with attendance management. If we cannot find another provider, we will have to pay for agency staff, and as there are very few qualified occupational health staff based in the Highlands, we would likely need to pay for travel and accommodation for each instance required. There is significant reputational risk as well if we were to be found in breach of duty, as the HSE reports fines and prosecutions on a public register.</p> |  |   |                |             |        |
| <b>Mitigating Actions:</b>   |  | Responsible Officer                                     | Target Date    | RAG         |        |
| CR29.1   | Work with Procurement to engage with alternative provider (on procurement framework).  | OHSW Manager and Procurement Strategic Manager          | Quarter 1 2023 | C           |        |
| CR29.2   | Remove the need for face-to-face appointments for management referrals/ Ill health retirements; all such appointments will be online or via phone. | OHSW Manager  | Quarter 1 2023 | C           |        |
| CR29.3   | Consider restructuring health surveillance appointments to have a geographical approach rather than individual managers making appointments.       | OHSW Manager and Service Health and Safety Coordinators | Quarter 1 2023 | A           |        |
| <p><b>Notes:</b><br/>           This links with CR26 – Managing Long Term Staff Absence.<br/>           CR29.1: Contract with PAM signed August 2023. This mitigating action was marked as complete and will be removed from the Risk Register.<br/>           CR29.2: Included in new OH arrangements. This mitigating action was marked as complete and will be removed from the Risk Register.<br/>           CR29.3: Some issues with handover of information to new providers and IT arrangements to be addressed.</p>  |  |   |                |             |        |

| CR30   | Ash dieback  | Risk Rating   |              |          |
|--|--|---|--------------|----------|
|  |  | Current   | Target       |          |
| <b>Risk Owner:</b> ECO Infrastructure, Environment & Economy   |  | <b>Risk Type:</b> Health & Safety, Legal, Reputational, Environmental, Economic |              |          |
|  |  | <b>A2</b>   | <b>D2</b>    |          |
| <p>Ash dieback, an infection that affects ash trees, has been moving northwards across the UK and is now increasingly prevalent in Highland. Ash is a common species and will be part of the species mix for all Council services that have responsibility for trees. Where Ash Dieback has infected a tree repeatedly over a number of years, secondary pathogens (e.g. Honey Fungus) can weaken the structural integrity of the tree resulting in catastrophic failure without warning. Other than knowing the Council has considerable numbers of ash, we do not yet have any data on the full scale of the issue. Where located on or beside Council land, close to public buildings (schools, playgrounds, care homes and council housing), near footpaths or adjacent to the public road network they could pose a significant risk with public health and safety, economic, environmental and reputational consequences. These potential impacts include:</p> <ul style="list-style-type: none"> <li>• Health &amp; Safety: Fatalities/ injuries to the public/ employees; risk to statutory functions or service delivery; risks to infrastructure and property.</li> <li>• Environmental: impact on tourism/ recreation; negative impact on air quality; noise pollution from loss of screening; loss of flood prevention; biodiversity damage through loss of habitat and decline/extinction of ash-dependent species; loss of carbon storage and sequestration.</li> <li>• Economic: Increased liability in cases of death or injury; increased expenditure to mitigate risks; costs of replanting.</li> <li>• Reputational: disruption as a result of road closures; negative press; strained relationships with adjacent landowners, in relation to responsibility and costs.</li> </ul> <p>Cost implications of dealing with these trees will be substantial, but if prioritised by risk on a rolling yearly basis and starting whilst the disease is at an early stage the costs can be spread over multiple years. There are currently no resources within the Council to deal with this risk. Completion of the mitigating actions below is dependent on the availability of resources.</p> |  |   |              |          |
| <b>Mitigating Actions:</b>   |  | Responsible Officer   | Target Date  | RAG      |
| CR30.1   | Identify budget/ resources to undertake a desk-based assessment of ash trees on Council land to form a baseline, prepare an Ash Dieback Plan including resources required and assess risk. | ECO Infrastructure, Environment and Economy                                     | October 2023 | <b>G</b> |
| CR30.2   | Start surveying Council land to form baseline assessment and assess the risks.   | ECO Infrastructure, Environment and Economy                                     | April 2024   | <b>G</b> |
| CR30.3   | Prepare and implement an Ash Dieback Action Plan, including zoning, based on results of tree survey.   | ECO Infrastructure, Environment and Economy                                     | April 2024   | <b>G</b> |

|  |  |   |            |          |
|--|--|---|------------|----------|
| CR30.4   | Depending on risk and result of assessment, the multi-year Ash Dieback Action Plan will be reviewed by April 2027. | ECO Infrastructure, Environment and Economy | April 2027 | <b>G</b> |
| <b>Notes:</b><br>The risk description has been updated to add the following: "Completion of the mitigating actions below is dependent on the availability of resources." |  |   |            |          |

| CR 31   | Vacancies in Children's Services   | Risk Rating                 |                              |          |
|---|--|-----------------------------|------------------------------|----------|
|   |  | Current                     | Target                       |          |
| <b>Risk Owner:</b> ECO Health and Social Care (Chief Social Work Officer)   | <b>Risk Type:</b> Reputational, Financial, Health & Safety, Wellbeing  | <b>A1</b>                   | <b>C3</b>                    |          |
| <p>The current vacancy rate in Children Services is a matter of significant concern, with broad national recognition that the profession is currently in crisis given the unprecedented recruitment and retention challenges. There is an average of 41% vacancy levels across Highland, with 11 local teams carrying vacancy rates ranging from 14% - 77%, for a total of 32 vacancies as of May 2023. This poses a significant risk to the Council's capacity to fulfil its statutory obligations, particularly in relation to its role as a corporate parent, and as the lead statutory agency for care and protection of children at risk of significant harm. The challenges associated with recruitment are not unique to the Highland Council, but the potential consequences of failing to address the situation could be significant for the health and safety of high risk vulnerable children and families and pose a potential breach of our statutory duties. This also exposes the Council to significant reputational harm. Furthermore, this causes risk to members of staff whose work pressures can cause damage to their wellbeing and morale and exacerbates existing retention and recruitment issues.</p> <p>Finally, it should be noted that the significant improvement required across Children's Services, post highly public strategic inspection, is at risk if we do not have the staff and capacity to delivery on Highland's extensive cross cutting improvement journey. Please note we are monitoring all of Social Work services due to rising vacancy levels (Justice &amp; MHO Services).</p> |  |                             |                              |          |
| <b>Mitigating Actions:</b>  |  |                             |                              |          |
| No.   | Details  | Responsible Officer         | Target Date                  | RAG      |
| CR31.1  | Implement an Enhanced Recruitment Strategy with a small task force to pursue a number of options to collectively attempt to boost recruitment. This is a key workstream in the HSC Workforce Planning Strategy. This will include support from the talent team to bring a stronger marketing lens to social work advertisements, including advertising through social media, press and TV. | Head of Children's Services | August 2023                  | <b>G</b> |
| CR31.2  | Embed and grow the Social Work relief pool to cover all areas of Highland.   | HR Business Partner (HSC)   | To be reviewed November 2023 | <b>G</b> |

|        |   |                             |                |   |
|--------|---|-----------------------------|----------------|---|
| CR31.4 | Develop a Practice Educator Role ringfenced to be responsible for student placements and trainee placements. This role will also support newly qualified social workers in the first year of practice. Recruitment process to be triggered by June 2023.  | Head of Children's Services | June 2023      | C |
| CR31.5 | With the support of the Practice Educator Role, we will further develop the Grow Your Own Scheme to increase trainee opportunities from current levels.   | Head of Children's Services | May 2024       | C |
| CR31.6 | Complete the benchmarking exercise currently underway to establish HC position across Scotland regarding social work and team leader pay which is essential in the recruitment and retention process. (Noting the Agenda for Change (NHS) has created disparity of pay in the team leader role between HC and NHS SW Managers). | HR Business Partner (HSC)   | May 2023       | C |
| CR31.7 | Engage with UHI to explore the introduction of a new Social Work course. Meetings will be established with UHI to do preliminary discussion by September 2023.  | ECO Health & Social Care    | September 2023 | G |

**Notes:**

CR31.2: Recruitment is ongoing.

CR31.4-5: These mitigating actions were marked as complete and will be removed from the Risk Register.

CR31.6: This exercise has been completed, salaries comparable to benchmarked Local Authorities. This mitigating action was marked as complete and will be removed from the Risk Register.

CR31.7: All HC services to engage with UHI as a collective.

|  |   |                    |               |
|--|---|--------------------|---------------|
| <b>CR32</b>                                  | <b>Delivery of new Enterprise Resource Planning (ERP) system</b> (to replace current Finance, HR/Payroll systems) | <b>Risk Rating</b> |               |
|  |   | <b>Current</b>     | <b>Target</b> |
| <b>Risk Owner:</b> Head of Corporate Finance | <b>Risk Type:</b> Reputational, Financial, Operational  | <b>B2</b>          | <b>D2</b>     |

A project is underway to implement a new ERP system called OneCouncil and supplied by TechnologyOne. This software system will replace the Integra corporate finance system and the Zellis ResourceLink HR/payroll system. Both these systems are critical to Council operations.

Integra is used for budget management, ordering goods, paying invoices, receiving income and annual billing. Integra has to be replaced by April 2024 due to existing contractual and support end dates.

The Zellis ResourceLink HR/payroll system is used for managing the staffing establishment and paying staff. The intention is to replace the Zellis ResourceLink system by April 2025 at the latest, based on contract notice dates. The contract could be extended, if necessary, though this is not the intention, and a decision requires to be taken on this no later than September 2024. There would be a significant additional cost if the Zellis contract was extended and also a delay in some of the key benefits from an Integrated ERP solution.

There are linked projects and initiatives which are also inter-dependencies. A major 'data cleanse' of the Zellis Resourcelink dataset is intended prior to migration of data to TechOne. This is a significant undertaking. There will be a need for significant business process



change across the organisation with the Council's programme predicated on taking TechOne's solution as a largely 'out the box' product. In parallel there is also a project to implement a new module within the Council's existing Pensions system platform for the payment of the pensioners 'payroll'. This will replace current Zellis ResourceLink payrolls, and these would not then need provisioned within TechOne. The immediate risk is that the critical timeline for replacing Integra is not met due to resource shortage or competing priorities, which would lead to a business-critical situation given the criticality of the financial system to so much of the Council's activities e.g. suppliers would not be paid. A further risk could be that go-live is achieved, but the compressed timescales lead to implications in terms of system user-testing and assurance around the live system. The resultant risk being a system which doesn't meet the needs of the Council and in turn affects business critical activities. Either scenario would have very significant business and reputational damage. The longer-term risk is that the timeline for replacing Zellis ResourceLink is not met, due to resource shortage and/or the complexity of changing HR/payroll data and processes. The impact of this being delayed would be the need to extend the contract with Zellis for ResourceLink at significant extra cost. A further risk is that some of the benefits to be gained from an integrated ERP system are delayed, or potentially lost from a delayed implementation of this aspect. Cutting across all the project elements is the need for significant business change, and the risk there is not suitable buy-in across the organisation to implement the necessary change.

**Mitigating Actions:**

| No.    | Details  | Responsible Officer                  | Target Date | RAG |
|--------|--|--------------------------------------|-------------|-----|
| CR32.1 | Ensure suitable programme/project management arrangements are in place and processes are working effectively.  | Head of ICT & Digital                | July 2023   | C   |
| CR32.2 | Ensure effective programme governance arrangements are in place and operating effectively.   | Head of Corporate Finance            | Aug 2023    | C   |
| CR32.3 | Identify funding for appropriate staff and programme resources.  | Head of Corporate Finance            | June 2023   | C   |
| CR32.4 | Provide ICT technical resources to support the programme either by recruiting staff to backfill key roles or by prioritising work – noting that availability and ability to recruit technical staff is a risk in itself. | Head of ICT & Digital                | Aug 2023    | A   |
| CR32.5 | Provide financial subject matter expert (SME) resource to support implementation of new/changed finance processes, including support for users of the new system.  | Head of Corporate Finance            | June 2023   | A   |
| CR32.6 | Provide HR/payroll SME resource to support implementation of new/changed HR/payroll processes, including support for users of the new system.  | Head of People                       | July 2023   | A   |
| CR32.7 | Prepare contingency contract arrangements for Zellis ResourceLink in the event of a delay in moving to new HR/payroll processes.   | Head of ICT & Digital/Procurement    | Dec 2023    | G   |
| CR32.8 | Enable the necessary business change by ensuring there is adequately resourced and structured change management activity, including staff training, as a core part of the programme.                                     | Head of ICT & Digital/Head of People | Jan 2024    | G   |

**Notes:**

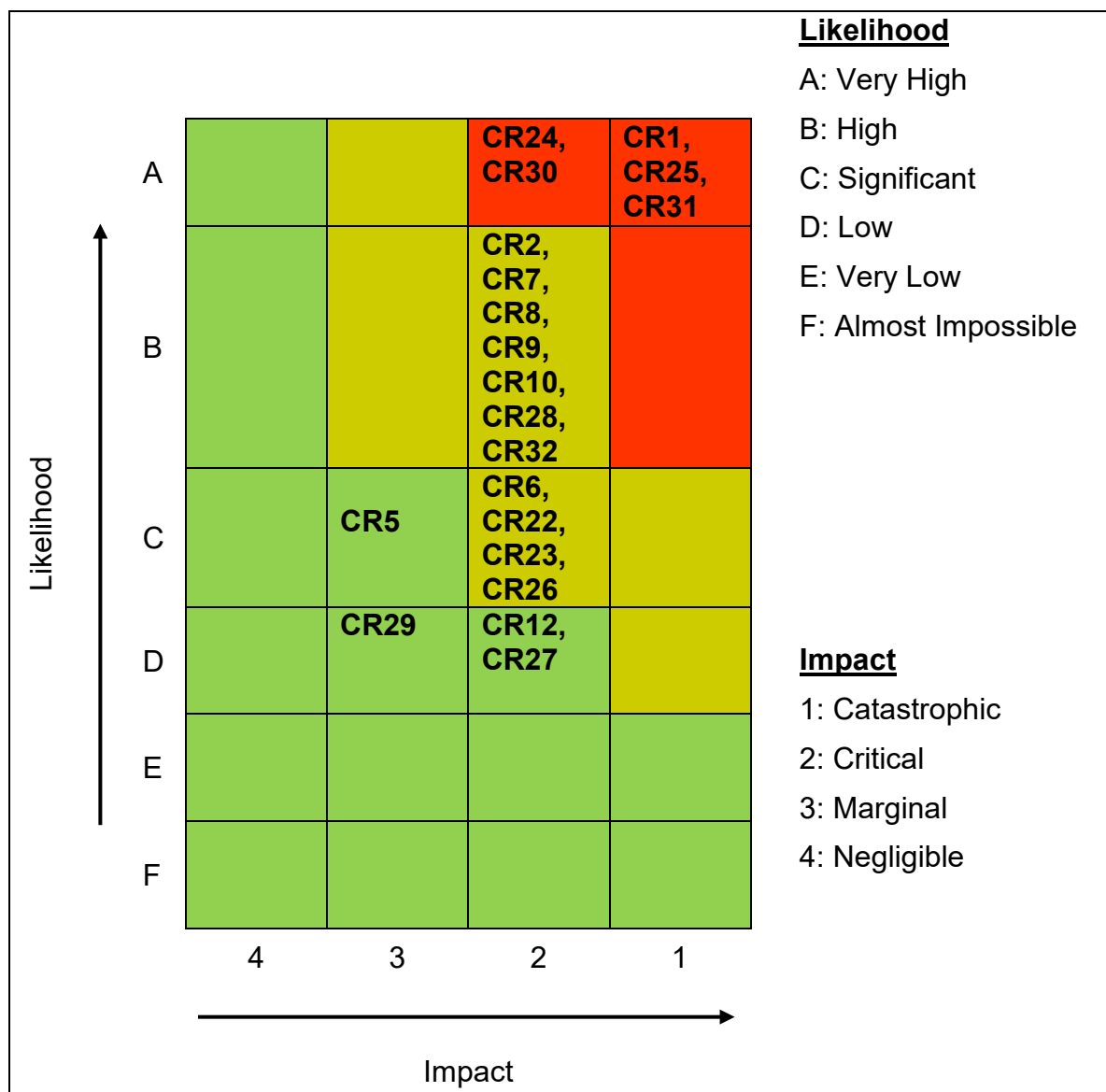


Regarding contractual position and opportunities to provide contingency arrangements:

- Integra – no contingency possible. Contract ends in June 2024 and no option to extend as the product is being ceased. Support for existing product has been extended to 31 March 2025 from an initial March 2024. Any contingency would involve moving to the replacement product for Integra so a whole new project in itself.
- Zellis ResourceLink – current contract is on a 5-2 term. Contract runs up to 31<sup>st</sup> March 2027, unless notice to cease is given by 30<sup>th</sup> September 2024 – in which case the contract can be ceased effective from 31<sup>st</sup> March 2025. This means that there is potential to continue dual running with the new ERP system and ResourceLink for an additional 2 years to deal with delays. However, the financial impact would be an extra £300k+ p.a.

CR32.1-3: These have already been actioned, and included for visibility.

## Appendix 2 - Corporate Risk Profile



The colour coding of the risk matrix indicates the following:

|              |   |
|--------------|---|
| <b>Green</b> | The overall level of risk is low, and it is below the corporate risk appetite. Management of this risk through the corporate risk process is optional.                                    |
| <b>Amber</b> | The overall level of the risk is moderate. It is above the corporate risk appetite and actions are in place to manage and reduce the overall risk.  |
| <b>Red</b>   | The overall level of the risk is high. It is above the corporate risk appetite line and should be managed as a priority. Risk actions are in place to manage and reduce the overall risk. |