Critical and High Risks

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Midlothian

ACC01 - Adult and Social Care

Risk Code & Title	Description	Latest Note	Internal Controls		Current Rating	Actions	Assigned To
ACC01-05 Meeting growing demands with constrained /reduced budgets, especially from external funders	<u>Community Care</u>: Risks from demographic pressures arising from increasing elderly population and increasing numbers of adults with disabilities and complex needs. <u>Regeneration and SI services</u> e.g. MTS heavily reliant on external funding (around 50% of total funding). Could fail in bids or funding landscape changes. Growing numbers of unemployed and young unemployed	**Q3 2014/15** Plans have been developed to ensure a smooth transition from the Change Fund to the Integrated Care Fund. At this stage the ICF is only guaranteed for 2015/16 so there remains a degree of long term uncertainty. More generally the provision of Social Care Services is taking place in the context of significant reductions in the budgets of both the Council and NHS Lothian and therefore there is a continual need to identify potential areas of efficiencies.	•01 - Eligibility criteria etc •02 - Performance reporting •03 - Service transformation programme-older people •04 - Capacity planning and commissioning LD and complex needs •05 - Monitoring and reporting waiting times •06 - Developing performance indicators for reviewing policy •07 - Regeneration sourcing external funding •08 - Monitoring performance to meet contractual requirements •09 - Budget monitoring •10 - Shared services 11- Regeneration Service Review 12- Development of financial module on Frameworki	🔴	19		

CSE01 Customer and Housing Service

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CSE01-19 Revenues - collection performance and collection levels across all income streams	This risk relates to the difficulties in maintaining or in fact improving collection rates in all aspects of revenues, despite the currently challenging economic position both externally and internally.	**Q3 14/15:** Collection will remain a HIGH risk for the foreseeable future due to welfare reform changes. Council Tax collection is up 0.5% on same period last year. This has been achieved due to quicker billing and recovery of Council Tax due, despite an increase in the amount due from an increase in the number of properties and a reduction in the level of Council Tax Reduction (Benefit) awarded. Rent arrears have reduced by 0.20% from same period last year through continued engagement with tenants regarding arrears and promotion of discretionary housing payments from increased budget from Scottish Government funding.	The main internal controls are:- 01 - Arrears Management section covers all income sources except AR. Focus on recommendations made in Internal Audit report of December 2009. 02 - AR debt recovery performance is a topic of focus as collection performance begins to rise; the AR system has been assessed in January 2011 and buy-in to internal control increased. 03 - Increased focus on ensuring that Sundry Debt invoices are accurate when issued 04 - More robust regime in AR over 'holds' 05 - Use of external Debt Managers and Sheriff Officers 06 - Collection PIs regularly monitored across all income streams 07 - Robust standard rent arrears procedure including reminders, notice of proceedings, pursuit through court for decree for repossession and recovery of arrears 08 - Robust legislative recovery process for Council Tax including reminder, final demand, Summary Warrant and diligence 09 - Range of payment methods available including DD, SO, ATP, bank giro, internet, cash/cheques 10 - Use of well established software, Civica OpenRevenues (IBS) and Academy Housing Rent system 11 - Sheriff Interface complete 12 - Secured best possible third party collection agents for Sheriff Officer services. 13 - Data matching exercise to identify large debtors	🛑 19	Consider extending collection methods, embracing modern and technological advances and opportunities	Kevin Anderson; Sean Faughey; Kathleen Leddy; Ken Pike
					Management will undertake a review to determine the feasibility of introducing software to allow debtor balance consolidation. If benefits exceed costs the procurement policy will be followed to allow selection and appointment of an appropriate supplier.	Kevin Anderson; Sean Faughey; Ken Pike
					Follow up -Data cleansing to be completed over the Rent, Council Tax and Sundry Debtor system (e.g. linking accounts etc) to allow software purchase (following the Council's procurement polices) - arrears management of this consolidated debt.	Kevin Anderson; Sean Faughey; Ken Pike
CSE01-20 Revenues - Ensuring longer term arrangement for Non Domestic Rates	It is necessary to explore the options in relation to administration of non domestice rates and to secure the best option for Midlothian going forward as the current service is proving expensive.	**Q4 13/14:** City of Edinburgh Council (CEC) will continue to provide our NDR services in-house. Draft contract provided for further comment and agreement. Risk score will be reduced from HIGH to MEDIUM/LOW once new agreement with CEC signed off.	The main internal controls are:- 01 - Consider options in light of strategy to exit City of Edinburgh arrangement 02 - Go through formal tender process to evaluate and assess best value of options 03 - Implement new detailed contract with successful tenderer, for a fixed period, with clear outline of our requirements and stipulations in relation to administration 04 - regularly review performance on an ongoing basis, addressing any issues that arise (operational and strategic)	🛑 18	Carry out internal costing exercise for delivery of NDR service	Kevin Anderson; Sean Faughey; Ken Pike
					Implement suitable option for future NDR administration (in-house, shared service or third party)	Kevin Anderson; Sean Faughey; Ken Pike

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CSE01-21 Revenues - provide an effective benefits service, with improved processing times and fit for purpose in a modern environment	This risk relates to the requirement to continually improve benefits processing times, whilst introducing new technologies and preparing the service for the major changes which will be introduced through Welfare Reform, the SFIS etc.	**Q3 14/15:** This will remain at HIGH risk as benefit processing is an area of risk, in view of significant increase in workload from legislative changes and continued responsibilities for Scottish Welfare fund. Processing performance improved to 21 days for new claims and 11 days for changes in circumstances for 9 month period from 1 April 2014 to 31 December 2014. LA error below lower threshold gaining additional subsidy payment for 2014/15. Recruitment completed of 4 new Trainee Revenues Officers in July 2014. Universal Credit due to be implemented from 25 April 2015 for single claimants on income- based Jobseekers Allowance only.	Headline internal controls centre include:- 01 - Use of well established software, Civica Income Management (RadiusIcon) 02 - well trained collections & enquiries staff 03 - Electronic File Import Procedures 04 - documented cash office and back office procedures 05 - Income Returns received from Divisions and Centres 05 - Daily return prepared for the General Ledger 06 - Income Control Account 07 - Bank Reconciliation 08 - E-payments 09 - Implementation of ATLAS 10 - External audit of HB&CTB and follow up audit	🔴	19	Implement Open Access for customer self-service	Kevin Anderson; Sean Faughey; Jane Harvey; Kathleen Leddy; Ken Pike
CSE01-22 Revenues - Legislative changes, inc Welfare Reform Act	This is the risk associated with the significant changes in legislation arising from the Welfare Reform Act and other major changes	**Q3 14/15:** This will remain HIGH risk for the foreseeable future. due to delays to the timetable for the introduction of Universal Credit decision made to recruit 4 Trainee Revenues Officers on permanent basis to fill current vacancies from July 2014.There continues to be a lot of uncertainty with the introduction introduction of Universal Credit for single claimants on income-based Jobseekers Allowance from 27 April 2015. More detail of migration of other cases to UC still to be provided, however it is known that this will have a significant effect both on staff and customers, as well as the wider impact on the finances of the Council, through loss of Admin Grant, likely increase in arrears, more difficulty in collecting all revenue etc.	Whilst we have no overall control over the changes which will be imposed upon us, the controls available in relation to our handling of these include: 1 - good network of revenues professionals and contacts to provide direct feedback from DWP and government (through IRRV Scottish Revenues Forum and IRRV Scottish LA Investigators Group) 2 - regular liaison with software suppliers 3 - experienced and well qualified management team, keeping abreast of legislation as it progresses through the stages before implementation	🔴	19	Open dialogue with HR and Unions regarding impact of Welfare Reform on staffing and liaise throughout preparation and implementation period	Kevin Anderson; Sean Faughey; Ken Pike
						Liaise with software suppliers re changes brought about by welfare reform and associated changes (CTB)	Kevin Anderson; Sean Faughey; Kathleen Leddy; Ken Pike
						Prepare for implementation of Single Fraud Investigation Service and implement necessary solution	Kevin Anderson; Sean Faughey; Kathleen Leddy; Ken Pike
						Keep abreast of government announcements and information regarding Welfare Reform, implementation of Universal Credits etc and prepare project plans as necessary to implement changes	Kevin Anderson; Sean Faughey; Kathleen Leddy; Ken Pike
						Prepare for replacement of Council Tax Benefit and manage project through implementation	Kevin Anderson; Sean Faughey; Kathleen Leddy; Ken Pike
						Prepare for implementation of Crisis	Kevin Anderson;

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					Grants & Community Care Grants and implement necessary solution	Sean Faughey; Ken Pike

FHR01 - Finance and Integrated Service Support

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FHR01-03 FINANCIAL- Not achieving balanced and sustainable budget	Main risk is not achieving efficiency savings at required rate to meet the threat of budget deficits. Autumn 2012: Business Transformation delays in realising savings, requiring budget pressures into 2013/14 budget.	**Q3 14/15:** The current financial strategy sets out the plan for delivering 2015/18 efficiencies. December Council considered the financial strategy update report and endorsed a comprehensive service review approach to help address the projected budget shortfall for 17/18 and deliver service improvements. The risk impact continues to be considered critical due to the significant reliance on the financial strategy and transformation approach to secure financial sustainability, prioritise resources effectively to focus on the delivery of the Council's priority outcomes and deliver improved services that meet customer expectations.	The main internal controls are:- 01 - Subsumed within the Business Transformation Programme and risk managed through it. 02 - Regular reporting to Full Council on financial strategy 03 - While the BTP has an agreed programme and reserves are at sustainable levels, it is recognised that the BTP will need to remain flexible and be adapted as the financial position is clarified over the coming months. 04 - Work of the Strategic Leadership Group in reviewing budget pressures and cuts 05 - Financial discipline across all services	🔴 18	Internal Audit review of efficiencies realised to date	Internal Audit; Elaine Greaves; Chris Lawson
CSE01-01 Legal risks	The Legal section is required to provide advice and guidance to elected members and officers across all council services. There can often be significant financial implications for the council associated with this work. There are therefore risks in delivering this service.	**Q3 14/15:** This remains HIGH this quarter, as there are severe pressures on the internal legal team to meet the demand from services. Approval was given on 15.01.2015 to recruit additional staff to increase the strength of the internal team, until the new staff members are in place however the level of risk must remain high. A re-tendering exercise is also being undertaken for the provision of external legal services. This will ensure financial efficiency and also allow the external services to complement the increased internal provision.	The main internal controls to mitigate the identified risks are:- 01 - recruiting and retaining professionally qualified and competent staff 02 - staff maintaining CPD through membership of their professional body 03 - contract for external legal services regularly monitored/reviewed to ensure quality and financial efficiency. Regular re-tendering exercise as required.	🔴 18	Carry out review of internal and external legal services provision	Alan Turpie

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CSE01-05 IT - limited staffing resources to meet the IT demands of the Council/inadequate forum for deciding which computer projects are a priority	There are two issues (a) constrained in expanding/sustaining staffing resource and (b) demands for projects are often not properly prioritised and there is no effective forum to decide which computer projects are to be prioritised. Additionally IT may not be involved in computer projects. There are day to day demands on the IT service as demand for computing increases.	**Q3 2014/15:** The Service Review for Digital Services completed (Dec 2014). There are now a number of vacancies that are currently being advertised in order to achieve full complement of Digital Services staff The current Project workload and day to day operational management activities continues to provide Digital Services with significant demand and challenges with current resources & vacancies with particular reference to Council Strategic projects A number of short term contractors have been used as stop gaps until replacement staff in situ subject to recruitment process. Replacement staff will require a number of months to acquire relevant skills and familiarity with Council systems. (Reference to CSE01-27 - Generic Staffing)	The main headline controls are that:- 01 - Generally Projects only commence when IT resource is available which may mean important computer projects are delayed 02- Occasionally an external project resource is commissioned eg Social Work MIS 03 - Balancing resources against competing demands 04 - Use of Agency staff where required, but this is currently subject to an embargo 05 - New Projects approved \ initiated via Digital Strategy Group \ CMT	🔶	19	Recruitment of replacement Senior Support Analyst	Phil Timoney
						Recruitment of replacement Systems Officer	Phil Timoney
						Recruitment of replacement Computer Technician	Phil Timoney
						Digital Strategy Group to set strategic priorities & agree resources going forward	Phil Timoney
						IT Service and Structure Review	Phil Timoney
						Timely Selection & Recruitment of new IT staff	Phil Timoney
CSE01-07 IT - Compliance - Regulatory, Contractual and Legal	This is the risk of censure and includes DPA, FOI, RIPSA, Computer Misuse, Health and Safety, GSX, NHS, Police q	**Q3 2014/15:** This is currently still High risk due to the latest PSN compliance checks currently being performed for 2014/15. Key areas of work have been prioritised to mitigate the risks but further areas have been deferred until resources become available	The main internal controls are:- 01 - Identify areas of poor practice 02 - Educate users with their Information Security responsibilities 03 - Undertake risk assessment of compliance responsibilities for GSX, ViSOR, PLDN and SCRO 04 - Policies and Guidelines exist to maintain compliance 05 - New Projects approved \ initiated via Digital Strategy Group \ CMT	🔶	18	PSN - Blackberry Deployment	
						PSN - Laptop - Mobile Users - deployment	
						PSN - Extend Corporate Network into Schools	
						PSN - Upgrade OLM Homecare System to Oracle 11G	Steve Currer; Phil Timoney
						PSN - Eplanning - EDRMS Upgrade	
						Upgrade to Radius Icon (PCI DSS)	
						PCI Compliance	
						Ongoing review of compliance & legislation in line with best practice	Steve Currer; Phil Timoney
						Review current Contract arrangements with third party	Steve Currer; Phil Timoney

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						providers	
						PSN Compliance - Mandated by Cabinet Office	Steve Currer; Phil Timoney
						Information Governance – Action Plan	
CSE01-08 IT - Computer Business Continuity Management	Computers play a major role in continuity of business and any major disruption would be crucial and jeopardise the Council's approach to the Civil Contingencies Act	**Q3 2014/15:** This remains a HIGH risk for the Council but actions and updates are being provided to Business Contingency planning group & Director \ HOS. Grant Thornton (external auditors) currently onsite undertaken Annual review. Reference to CSE01-05 - IT staffing resource could potentially impact on the Councils ability to respond to Business Continuity incident.	The main internal controls are:- 01 - List of critical business systems contained with a generic IT BC Plan 02 - Routine of reporting IT BC into CMT and BCG 03 - Ongoing programme of resilience 04 - Corporate BC plan 05 - Back ups of data and systems on an incremental and full basis. 06 - Specific risk assessment adopted by the Audit Committee on 8 February 2011(attached)	🔴	18	Business Continuity Action Plan	
						Asset Replacement Programme	
						Asset Investment Plan	
						Review Service Level Maintenance agreements for Business Critical	
CSE01-15 Communications and Marketing - Risk of website being unavailable and/or inaccurate	The website has an increasing number of users accessing information about the council. As the site moves to a transactional service, the integrity, accuracy and availability of the site become even more crucial.	**Q3, 13-14:** Website has remained stable for over a year. Performance is monitored on a regular basis	The main internal controls to mitigate the identified risks are:- 1 - Web Replacement Programme progressing, to populate and launch new internet site with up to date data and interactive services 2 - Web and Internet Manager now appointed to oversee all internet activity 3 - New CMS system is hosted, providing improved resilience 4 - Network of Web Content Creators have been fully trained in "Writing for the Web" 5 - Web Programme Board to ensure governance during project and to then leave successor body to oversee on an ongoing basis.	🔴	18	Conduct a rolling review of web content via Head of Service "Content MOT"	Nick McDowell

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ED02-12 Recovery of Service after Major Incident	The main risks are (1) data back up and recovery (2) application failure affecting school and central operations (3) outbreak of fire in comms room (4) cabling difficulties in schools (5) loss of major hub sites (6) failure to support online services (7) smartcard application failure affecting school operations (8) infrastructure failure (INTERCONNECT) (9) loss of minor hub sites (10) power failure in major/minor sites (11) infrastructure failure (WAN) (12) email failure (13) infrastructure failure (LAN) (14) major component failure (15) other major service failure (16) failed environmental controls (17) incompatibility between corporate and schools ICT systems and (18) hostile environment in comms room.	**Q3 14/15: Majority of risks will transfer into Digital Services.** **Risk 8 and 11 - Interconnect contract comes to an end in January 2015, new SWAN connection going live in Lasswade Centre. Risk of service interrupt heighten during transition.** **Risks 1, 2, 3, 4, 5, 7, 9, 12, 13, 14, 15, 17, 18 risk reduced to acceptable level** **Rest are as follows, which retains the risk score at high.** **6 - Glow interim service operational, now being rolled out in schools.** **10 - UPS in place but no power backup in major hub sites. Major problem for power outage of more than a couple of hours.** **16 - Monitoring in place and working well. Out of hours still adhoc, cover by senior officers.**	Data back up/recovery 01 - procedure 02 - information shared with staff back up security 03 - Generic IT Business Continuity Plan Application failure 01 - local support in place 02 - external support contract in place 03 - liaison with other education authorities Fire in Comms Room 01 - fire safety policy//guidance from H&S 02 - fire risk assessment 03 - fire detection equipment 04 - envoironmental monitoring equipment in place Cabling difficulties in schools 01 - TSO route planning with contractor 02 - Asbestos register alert on all appropriate orders 03 - partner working with Commercial Loss of Major Hub Sites 01 - Greenhall, Dalkeith Campus BC plans 02 - WAN disaster recovery plan 03 - Resilience reviews Online Services 01 - Quality of on-line services monitored by EO Smartcard 01 - System monitored by Education and Commercial Services 02 - Support contract in place InterConnect 01 - National SSDN contract in place 02 - 24x7 monitoring 03 - resilience Minor Hub sites 01 - WAN disaster recovery 02 - resilience Power failure - major/minor sites 01 - power supply recovery plan 02 - UPS on critical services WAN 01 - contracts with suppliers 02 - 24 x 7 monitoring 03 - resilience E-mail 01 - daily system testing, 24x7 monitoring 02 - external support contract	🔴	18	Conduct an internal review of resilience and recovery capabilities	Tom Lawson; Marco Reece-Heal

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			03 - external consultancy on best solution LAN 01 - 10x5 monitoring 02 - swap out procedure 03 - resilience Major Components 01 - support contracts 02 - staff training 03 - resilience Other Major Service Failure 01 - daily system test, 24x7 monitoring 02 - external support contract 03 - external consultancy on best solution Environmental Controls 01 - Financial directive 02 - IT intranet guidance 03 - knowledge of procedures, staff and training Corporate and Education ICT 01 - regular contact 02 - standards compliance 03 - Head of It/EO monitoring Hostile environment in Comms Room 01 - environ monitoring equipment 02 - Duty Officer				

Project Risks

Risk Code & Title	Description	Latest Note	Internal Controls		Current Rating	Actions	Assigned To
MC03 Project - Business Transformation Programme Risks	The BT programme risk register is the vehicle used to identify and address potential risks to the delivery of the transformation programme.	**Q3 14/15:** The current financial strategy sets out the plan for delivering 2015/18 efficiencies. December Council considered the financial strategy update report and endorsed a comprehensive service review programme to help address the projected budget shortfall for 17/18. This programme is to be further developed through BTSG and incorporated into the transformation programme. The identified programme risks are managed in accordance with the Business Transformation Programme Risk Management Strategy.	Business Transformation Executive Officer and Transformation Manager Programme Management Office Business Transformation Risk Management Strategy Approved Terms of Reference Highlight Report Programme Health Check	🔴		Develop Quality Assurance checklist for Service Review Options appraisal	Sheona Chalmers

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MC07 Business Transformation Project - Integrated Service Support	The ISS project risk register is used to identify and manage potential risks to the delivery of the ISS project outcomes.	**Q3 14/15** risk register monitored in accordance with the Councils Policy of Risk Management and managed by the ISS Project Board. Failing to deliver efficiencies and achieve project outcomes is a significant risk due to the challenge and complexity of integrating our support services across the organisation and embedding this new way of working.	Governance and Accountability in place Clear Strategic Direction Benefits Realisation and Projected Financial Savings identified and monitored Engagement and Communication Plan Identified Resource	🔴		
MC39 Business Tranformation Project - Customer Service		**Q3 14/15** risk register used to record and manage and identified project risks. Failure to appoint internally to the Customer Service Manager post has impacted on progress with noted slippage against planned action for phase one. Revised timescales in place and activity progresses to deliver and achieve teh project outcomes.		🔴		