

Headline Report on Corporate Risks

Report Type: Risks Report

Report Author: Chris Lawson

Generated on: 19 January 2015

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
MC01-01 People risks	<p><u>Potential sub risk</u> areas include:- 01 – health and safety – duty of care over employees 02 – difficulties recruiting the right staff 03 – retaining quality staff 04 – low skill levels 05 – low morale, especially during change 06 – non compliance with policy and procedure 07 – ageing work force and 08 – high absence rates There is currently a further group of threats that are impacting on the Council and its employees and these are external factors: public sector pay freeze, pension reforms, industrial action, public sector reform, reduction in household incomes, reduced ability to retire, limited job opportunities</p>	18	12	1	4	6	<p>Q314/15: The 2015-17 People Strategy is being completed. A successor Strategy is under development which will address the changed context that the People Risk will operate in moving forward: financial challenge, partnership working, Single Midlothian Plan, no compulsory redundancy policy, workforce planning, low pay agenda. The 2014 Employee Survey demonstrated that there is a continued focus needed on leadership vision and communication and the ‘Great Place to grow road shows have been developed to enhance these organisational development strands. The transformation team working alongside corporate communications are developing an internal communications strategy for the whole organisation. The current high level of Organisational restructuring, as part of cost reduction, also presents a challenge to employee engagement levels. The Mi Future programme has however, to date, been successful in placing displaced employees into other roles, either on a permanent or temporary basis. The</p>

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
							Enhanced VSER Scheme is also a strategy to mitigate the risk
MC01-02 Governance and Standards in Public Life	<u>Potential</u> sub risks include:- 01 Macro governance at the top – failure in openness, accountability, clarity; 02 Micro governance in services, partnerships and projects and outcomes not achieved 03 Non compliance with codes of conduct and reduction in standards in public life	18	12	1	4	6	Q3 14/15: The Code of Corporate Governance 2013/14 is still effective. Revised CIPFA guidance on corporate governance will be issued during 2015 and the Code will be fully revised once the new guidance is available. Additionally, most 2013/14 ICO and Data Protection audit actions are now complete. Risk remains as MEDIUM until all are progressed, but can then be reduced to LOW.
MC01-03 Customers and Performance	<u>Potential</u> sub risks include:- 01 – Increasing number of complaints, reputation damage from BV; 02 – Lack of modern facilities for publications relating to the Council; 03 – Poor management information for which to monitor performance and to inform the public; 04 – Limited capacity to improve; and 05 – Inspection criticism and reputation damage	18	6	2	3	6	Q3 14/15: Customer Service Review This project is to deliver service changes and savings to achieve efficiencies and financial savings target contributing to the sustainable approach to the future delivery of Council services through the Future Model of Council project. The changes to service delivery represent significant changes to working practices. Whilst these changes bring fresh opportunities for new ways of working, they also present risk whilst they are in transition. Actions– <ul style="list-style-type: none"> • Customer profiling completed to develop a foundation of knowledge (customer insight) • Customer Service Strategy for 2014–17 completed.

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
							<ul style="list-style-type: none"> Customer Contact Point Pilot scheduled in Feb. 2015
MC01-04 Internal Control Environment	<u>Potential</u> risks include:- 01 – Fraud 02 – Waste and 03 – Error caused by inadequate internal control, residual risk and poor governance at macro and micro levels.	14	6	2	3	6	Q3 14/15: Internal Audit reviews which are either complete or in progress up to the end of quarter 3 have identified some areas with good internal controls however weaknesses have also been identified. The current risk score of 6 will be reviewed at the time the Internal Audit Manager produces the annual report on Internal Controls for the May 2015 Audit Committee.
MC01-05 Balancing Budgets in future years/Impact of Budget Cuts/Financial Strength of Council	<u>Potential</u> sub risks include:- 01 – Slow realisation of savings 02 – Improvements to services cannot be financed as a result of budget cuts 03 – Poor collection performance in income streams 04 – Unforeseen commitments	14	18	2	4	6	Q3 14/15: Financial Strategy update to Council on 16th December 2014 addressed budget shortfall for 15/16 and 16/17.
MC01-05 Inability to meet demand for alternative accommodation	Housing Under-occupancy charges may mean that the demand for smaller properties exceeds supply	6	6	2	3	6	Q3 14/15: The Council and local Housing Associations are experiencing high demand for smaller homes. In order to mitigate this risk the Council's Phase 2 new house building makes provision for increasing the stock of smaller 1 and 2 bedroom properties. The recent Housing (Scotland) Act 2014 make provision to end the right to buy which will help preserve housing stock. Midlothian Council administers Discretionary Housing Payment

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
							scheme to counter the financial impact to those households affected by under occupation charge.
MC01-06 Emergency Planning and Business Continuity Management	<u>Potential</u> sub risks include:- 01 – Censure through non compliance with the Civil Contingencies Act 02 – Not adequately recovering from the loss of major accommodation (eg secondary school, main offices), computer systems and staff 03 – Not able to respond to a major emergency in the community 04 – Fatal Accident Inquiries	19	12	1	4	6	Q3 14/15: The Contingency Planning Officer has supported follow up on actions arising from a chemical incident at Stobhill Depot in July 2014 involving Waste Services. A new Council Risk Register highlighting the potential civil contingencies risks and current/planned controls has been prepared and will be discussed at the next Contingency Planning Group Meeting. The Council continue to work with partner organisations on collaborative planning activities including Counter terrorism matters.
MC01-07 Corporate Policies and Strategies	<u>Potential</u> sub risks could include:- 01. Policy may not be aligned to BV 02. Policies may not match aspirations or corporate direction 03. Policies may become out of date 04. Policies not monitored and non compliance exists 05. Strategy misaligned to policy; may not work	14	6	1	3	6	Q3 14/15: Managers preparing policies need to demonstrate BV and alignment with Council aspirations and continued relevance/effectiveness of policies to meet the objectives and obligations on the Council. Internal Audit continue to test compliance and how up to date policies are through risk based audit program.
MC01-08 Corporate Change and Transition	<u>Potential</u> sub risks include:- 01 – Delays 02 – Cost creep 03 – Slow benefits realisation and budget savings 04 – Objectives of changes not actually met	18	23	3	5	12	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

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
	05 – Adverse impact on services 06 – Staff morale affected 07 – Government step-in						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.
MC01-09 Legal and Regulatory Compliance	<u>The potential sub risks include:-</u> 1. A local authority is bound by a plethora of legislation and government regulation: and 2. Ultra vires actions could transpire	12	6	2	3	6	Q3 14/15: Significant assurance is required in relation to protecting data. The PSN compliance work is ongoing , the annual penetration testing is about to commence and the Council needs to maintain and support the measures and controls currently in place for PSN.
MC01-11 Asset Condition – buildings, vehicles, computer, roads	<u>Potential</u> risks include insufficient budgets to make a serious impact on deterioration of assets; adverse legacy for the future. Limited funds to make a real difference. For example, in Roads Services there is a real risk of increased potholes and insurance claims, reduced skid resistance leading to higher accident potential and building up of higher costs in the future. In respect of vehicles, increased breakdowns, service failures, greater maintenance inevitable, higher short-term hire costs. In terms of property, health and safety issues arise, failure to meet current standards and higher running costs. There is also	18	6	2	3	6	Q3 14/15: The Council on 04 February 2014 has agreed block budgets in respect of (i) Street Lighting, (ii) Road Upgrades, (iii) Vehicle & Plant Replacement and (iv) Property Upgrades of £1m per annum, effective from 2014/15 to 2017/18. In addition, Council on 16 December 2014 approved a further block budget in respect of Roads Maintenance of £500k per annum, effective from 2015/16.

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
	the risk of two-tier accommodation, some high quality, some low.						
MC01-12 Welfare Reform Act	This is deemed to be a severe challenge for the Council and its citizens with specific risks identified in a report to CMT on 18.6.12 as follows: Insufficient Service Capacity, Reduced Revenues for Council and Organisational Change. There are sub-risks as well, all to be developed in the Project Risk Management Plan.	23	19	3	4	6	<p>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.</p> <p>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</p>

Risk Code & Title	Risk Description	Original Risk Score	Current Risk Score	Current Risk Likelihood	Current Risk Impact	Target Risk Score	Notes & History Latest Note
							<p>on income- based Jobseekers Allowance only.</p> <p>There continues to be a lot of uncertainty with the 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.</p>