

## Brief Headline Report on Corporate Risks

**Report Type:** Risks Report

**Report Author:** Internal Audit

**Generated on:** 16 October 2013



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	<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	18	12	1	4	6	<p><b>Q1 13/14:</b> Work to deliver the People Strategy is continuing, particularly around developing our leaders through the Leadership Pathway programme and to raise employee engagement levels through a range of activities. Mi Future was launched in May to support delivery of a no compulsory redundancy policy and develop our workforce.</p> <p>Given the degree of organisational change and uncertainty raised by the need to address the budget deficit, coupled with economic cost of living issues, it is now unlikely that low risk will be achieved at the end of the current People Strategy in March 2014. A new People Strategy will be developed to address the strategic priorities of the Council moving forward and the inherent risks which remain.</p>
MC01-02 Governance	<u>Potential</u> sub risks include:- 01 Macro governance at the top –	18	12	1	4	6	<p><b>Q1 13/14:</b> Review of the Code of Corporate Governance still needs to be concluded.</p>

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and Standards in Public Life	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						Resources from internal audit were offered previously to assist with this, as reported in Q3, but this has not yet progressed. Data protection governance improvements underway – follow up internal audit and ICO audit have given additional assurance. Leave as MEDIUM risk for the time being. Can hopefully be reduced to LOW risk once review of the Code of Corporate Governance is complete and ICO and Data Protection audit actions have been progressed.
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 public to relate 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	13	2	3	6	<b>Q1 13/14:</b> Progress continues on Customer Services Business Transformation project, last meeting was 18 June 13. This remains a MEDIUM risk overall at this time, as further review of objectives is required to ensure alignment with other workstreams being progressed concurrently e.g. via SLG and BT Contact Centre review.  Historically four main risks have been monitored/managed for this project. 1 – Resources, 2 – Staffing in Contact Centre, 3 – Staffing in IT and 4 – One Stop Shop/location. A fifth one has been added in relation to clearly defined objectives/workplans/governance, to reflect the current uncertainty.

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							Main risks/issues are still around resources, corporate buy-in, interdependencies on other workstreams e.g. EWiM and clarity in relating to future location for frontline service delivery. Workstream continues to be monitored through Project Board and Business Transformation Board progress reports.
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	13	2	3	6	<b>Q1 13/14:</b> Internal Audits continue to highlight some weaknesses in internal control.
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 – Missing external grant opportunities 04 – Poor collection performance in income streams 05 – Fees and charges out of date 06 – Unforeseen commitments	14	18	2	4	6	<b>Q1 13/14:</b> The future for the Councils finances remain challenging. Budget cuts were made to balance the budgets for 13/14 but this is already putting pressure on services.
MC01-06 Emergency Planning and Business	<u>Potential</u> sub risks include:- 01 – Censure through non compliance with the Civil Contingencies Act	19	12	1	4	6	<b>Q1 13/14:</b> The Contingencies Planning team are developing a Contingencies Planning Improvement Plan to ensure the Council has a systematic approach in place to develop and

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Continuity Management	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						review arrangements for Contingency Planning against a backdrop of service reviews/redesign. This Improvement Plan will set out how the Council will ensure an appropriate focus on contingency Planning at a time when Local and Regional partnership forums are being established as a result of the creation of single fire and police authorities.
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	<b>Q1 13/14:</b> Ongoing Internal Audits will continue to test compliance and up-to-date policies.
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 05 – Adverse impact on services 06 – Staff morale affected 07 – Government step-in	18	19	3	4	12	<b>Q1 13/14:</b> The Strategic Leadership Group continues to progress the development of a 3 year plan to outline future transformation activity to help close the 2014/15 budget gap and deliver 2015/16 and 2016/17 savings. The development of a 3 year plan will help mitigate the risk that the Transformation Programme fails to deliver. It is the Strategic Leadership Groups intention to present the proposed 3 year plan to the Business Transformation Steering Group and thereafter to Autumn Council. The Business Transformation Programme Risk Register is managed in accordance with the

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							Business Transformation Programme Risk Management Strategy. There are currently 11 identified programme risks and 6 project escalated risks being closely monitored by the Business Transformation Board. The risks evaluated as high probability continue to be addressed to mitigate the likelihood and potential impact on the programme.
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	12	1	4	6	<p><b>Q1 13/14:</b> This remains a MEDIUM risk meantime, as significant assurance is required across all aspects, e.g. in relation to protecting data. Work on the outstanding challenge of Payment Card Industry Standard (PCI) compliance is still ongoing (delays outwith our control), as well as on compliance with Equalities legislation and Strategic Environmental Assessment. Positive report from Information Commissioner received following their audit, resulting in additional actions to be progressed.</p> <p>There is a concern that not all significant pieces of new legislation are risk assessed. New Solicitor providing additional resources and developing additional in-house expertise, particularly around social work legislation. Review of legal services work underway, to</p>

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							ensure best value in external v internal provision.
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 the risk of two-tier accommodation, some high quality, some low.	18	13	2	3	6	<b>Q1 13/14:</b> The risk continues to be managed for the foreseeable future as the Council balances risk against use of finite resources and investment across all assets.
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,	23	19	3	4	13	<b>Q1 13/14:</b> This will remain HIGH risk for the foreseeable future. Some of the legislative changes have now been implemented, e.g. the under-occupancy charge (bedroom tax) and we are starting to see the impact, particularly in

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	<p>Reduced Revenues for Council and Organisational Change. There are sub-risks as well, all to be developed in the Project Risk Management Plan. Normally, this risk would sit under risk MC01-09 but because of its high impact, it has been separated out.</p>						<p>non-payment of rent. The Scottish Welfare Fund has gone live, with administration of Crisis Grants and Community Care Grants now being carried out. Close monitoring is ongoing, to ensure that this service is adequately resourced, as early indications are that it is impacting negatively on other parts of the Revenues and Contact Centre services.</p> <p>There continues to be uncertainty around other aspects of the Welfare Reform changes e.g. the introduction of Universal Credit, but it is acknowledged that these will have further significant impact, both of staff and customers. There will also be wider impact on the finances of the Council, through loss of Admin Grant, likely further increase in arrears and more difficulty in collecting all revenue, as well as the increased demand for advice, guidance and assistance.</p> <p>The cross divisional working group has been co-ordinating activity across the Council, as well as liaising closely with professional bodies, COSLA etc.</p>