**Midlothian**

**Risk Management, Update for 1 July 2016 – 30 September 2016**

**Report by Chris Lawson, Risk Manager**

**1      Purpose of Report**

The purpose of this report is to provide Audit Committee with the 2016/17 quarter 2 strategic risk management update, covering the period 1 July to 30 September 2016.

**2      Background**

**CORPORATE RISKS**

2.1      Audit Committee has requested regular reporting on the Council's Strategic Risks. The Strategic Risk Profile report for quarter 2 is attached as Appendix 1. This report reflects the Future Strategic Risk, Current Issues and Opportunities facing the Council at Q2 2016/17.

Following the work by Midlothian Community Planning Partners to develop the Single Midlothian Plan, work is underway to identify and assess the risk associated with delivery against outcomes within the Council Strategic Risk Profile.

Following Corporate Management Teams consideration of the result from the United Kingdom referendum on the European Union held on 23 June 2016, the impact of the referendum result has been discussed with Heads of Service and Service Managers as part of Risk Management review meetings. There is wide recognition that the implications could be wide ranging however there is currently limited information to suggest those areas most likely to be affected in the short to medium term.

The Education Delivery Plan, announced by the Scottish Government, together with possibility of a public sector reform programme, creates uncertainty. These external factors will require to be assessed to consider the potential associated risks and opportunities.

2.2      The Council made provision within the Capital Plan to carry out investigative work at Goreglen Bing.

A recent deterioration in site conditions have resulted in the need to securely fence off the entire site while investigative work is carried out and a suitable means of managing the site going forward is identified. External partners and neighbour property owners have been made aware of the risk the site presents. This has included contact with Network Rail and Scottish Gas Networks given the proximity of this site to infrastructure managed by these partners.

**2.3    Strategic Risk Profile Summary**

| Strategic Risks | Likelihood | Impact | Score | Evaluation | |
|---|---|---|---|---|---|
| Balancing budget in future years | 4 | 4 | 16 | High | |
| Corporate change and transition | 4 | 4 | 16 | High | |
| People risk | 3 | 4 | 12 | Medium | |
| Integration of health & social care | 3 | 4 | 12 | Medium | |
| Governance & standards | 3 | 4 | 12 | Medium | |
| Legal & regulatory compliance | 3 | 3 | 9 | Medium | |
| Working with other to deliver outcomes | 3 | 3 | 9 | Medium | |
| Asset condition | 3 | 3 | 9 | Medium | |
| Climate change | 3 | 3 | 9 | Medium | |
| Internal control environment | 3 | 3 | 9 | Medium | |
| Emergency planning & business continuity | 2 | 4 | 8 | Low | |
| Corporate policies and strategies | 2 | 3 | 6 | Low | |

| Top  Issues | Likelihood | Impact | Score | Evaluation | |
|---|---|---|---|---|---|
| Balancing budget 2017/18 | 4 | 5 | 20 | High | |
| Review of Pay & Grading | 4 | 4 | 16 | High | |
| Corporate change & transition | 3 | 4 | 12 | Medium | |
| Integration of Health & Social Care | 3 | 4 | 12 | Medium | |

| Strategic Opportunities | Likelihood | Impact | Score | Evaluation | |
|---|---|---|---|---|---|
| Shawfair | 5 | 4 | 20 | High | |
| Borders rail | 5 | 4 | 20 | High | |
| Easter Bush - Penicuik | 5 | 4 | 20 | High | |
| City deal | 3 | 5 | 15 | Medium | |

**STRATEGIC RISKS – RATED HIGH**

**Balancing Budget in Future Years**

2.3.1    The Council's Financial Strategies core objective is to secure the Council's continued financial sustainability during what is and will continue to be an extended period of significant financial constraint coupled with increasing service demands and increasing customer expectations.

In response to these challenges the Council has set out a Financial Strategy to 2021. In order to ensure the Services provided meet the needs of our service users and are as efficient as possible the Council are implementing Delivering Excellence.  A framework for service review and redesign, this is expected to bring forward savings options in addition to ensuring service user needs are met.

A report was provided to September Council setting out actions and timelines associated with setting the 2017/18 Budget.

### 2.3.2  Corporate Change and Transition

Service areas continue to address the financial and service challenges, the Council faces, through the activity of the transformation programme and application of the Delivering Excellence Framework.  Both are clearly focused on reshaping services to deliver improved customer outcomes, achieve service efficiencies and create sustainable change. The Transformation programme and the Delivering Excellence framework is not without its challenges and success requires a sustainable culture shift, with more innovative, entrepreneurial and collaborative thinking across the Council all underpinned by strong leadership.

### 2.4  STRATEGIC ISSUES – RATED CRITICAL & HIGH

### 2.4.1  Balancing Budgets 2017/18

The financial position for 2017/18 is expected to remain challenging. In response a budget preparation report was taken to Council in September 2016.

### 2.4.2  Review of Pay & Grading
The implementation of the 'Pay and Grading Review' will have a positive effect on employees within Midlothian Council. There are however risks if the implementation of the review is not fully realised. A key aspect of the review is the updating of OD/HR policies, the re-launch of the 'Code of Conduct' and lifelong learning as well as the strengthening of employee benefits package.  The pay and grading structure changes will make a important difference to' in work poverty' and Midlothian Councils position as an employer of choice.

There are Consequences to not fully implementing the review and concerns about what the organisation will 'look like' if the culture change required does not follow.
This might result in higher employee relationship issues, because there is uncertainty about what behaviours are expected and what boundaries the organisation works within.  There is a risk if the 'pay and grading review' is not implemented, the vision of 'A Great Place to Grow' and the Council values including respect, collaboration, pride and ownership will not be embedded.

**2.5 STRATEGIC OPPORTUNITIES**

The opportunities arising from Shawfair, Borders rail, Easter Bush and City are included within the strategic risk profile as they directly or indirectly support the delivery of the Council's key strategic priorities.

**3 Report Implications**

**3.1 Resource**
There are no direct resource implications in this report although individual risks will have associated resource implications which are considered within the Risk Registers.

**3.2 Risk**
Corporate Risks are generally those that impact on all parts of the Council and the strategic priorities of the Council. It appears that the presence of risk is understood and action is being taken to manage and respond to risk on an ongoing basis.

**3.3 Single Midlothian Plan and Business Transformation**
Themes addressed in this report:

☐ Community safety
☒ Adult health, care and housing
☒ Getting it right for every Midlothian child
☒ Improving opportunities in Midlothian
☒ Sustainable growth
☒ Business transformation and Best Value
☐ None of the above

**3.4 Impact on Performance and Outcomes**

The purpose of the council's risk management approach is to support a level of risk awareness, to inform decision making and support the authority to deliver on its key outcomes by highlighting and taking steps to mitigate potential disruption to delivery of services.

**3.5 Adopting a Preventative Approach**

The Risk Management approach being taken by the Council is founded on a preventative approach to managing risks where appropriate and more generally greater risk awareness.

**3.6 Involving Communities and Other Stakeholders**

Consultation has taken place with Senior Managers responsible for key corporate risk.

**3.7 Ensuring Equalities**

There are no direct equalities issues arising from this report.

**3.8    Supporting Sustainable Development**

Senior Managers must ensure the sustainability of the Council, which entails identifying, understanding and managing Corporate Risks.

**3.9    IT Issues**

No additional issues other than those relating to the Risk Register.

**4        Recommendations**

AUDIT COMMITTEE is invited to:

Note the quarter 2 2016/17 Strategic Risk Profile report and consider the current response to the risks and opportunities highlighted.


**Date: 26 October 2016**

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**Background Papers:        Appendix 1**  Strategic Risks Profile Report
Quarter 2 2016/17

# Strategic Risk Perspective

## Current Issues

Midlothian

### SRP.IR.01a Balancing budget 2017/18

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.IR.01a | **Risk cause**<br>Potential for a reduced level of grant settlement offered to Midlothian Council and budgetary pressures including: Pay inflation, Pension reform, Demographics, Service demand.<br><br>**Risk event**<br>Uncertainty regarding the level of Grant to be set in December 2016.<br><br>**Risk effect**<br>Extended period of uncertainty. Gap in Council budget between budget commitments/ pressures and funding level and inadequate options presented to appraise this, resulting in a structural deficit. | Gary Fairley | 1. Financial Strategy.<br>2. Budget preparation Report to June Council, setting £15m savings program.<br>3. Headroom in reserves. | 4 | 5 | 🔴 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.IR.A.01 | Financial Strategy | **Q2 16/17:** Financial Strategy - Delivery of the strands of the Financial strategy , Directorates developing options in-line with savings target. | Gary Fairley | 16-Dec-2016 | ▶ |

### SRP.IR.02 Corporate Change & Transition

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.IR.02 | **Risk cause**<br>Lack of clarity on clear & compelling vision for the future<br><br>**Risk event**<br>Delayed progress in applying Delivering Excellence | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan | 1. Delivering Excellence Framework<br>2. Delivering Excellence Management Tools to support the application of the framework | 3 | 4 | 🔺 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | framework.<br><br>**Risk effect**<br>Slow or delayed proposals/savings arising from service redesign. | Tranent; Grace Vickers; Alison White | | | | |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.IR.02.A1 | Applying Delivering Excellence | **Q2 16/17:** Heads of Service and Directors identified budget reduction measures to present to the Strategic Leadership Group between September - October 2016 to address the £15m savings target reported in the Financial Strategy. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 31-Oct-2016 | ▶ |

## SRP.IR.03 Integration of Health & Social Care

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.IR.03 | **Risk cause**<br>IJB not having enough flexibility to make changes<br>Lack of clarity on funding from NHS on IJB.<br><br>Savings proposals being sought from Adult Services to contribute to Council budget savings.<br><br>**Risk event**<br>Uncertainty on final financial settlement for IJB<br><br>Uncertainty on future budget settlement from MLC.<br><br>**Risk effect**<br>Impact the IJB's ability to govern and deliver on strategic plan. | Eibhlin McHugh | IJB Strategic Plan setting out key transformational activity to shift the demands on services and improve outcomes for people of Midlothian. | 3 | 4 | 🔺 |

## SRP.IR.05 Review of Pay & Grading

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.IR.05 | **Risk cause**<br>Investment to reduce in-work poverty need to improve flexibility and productivity. Update terms and conditions.<br><br>Many current policies and terms and conditions, including pay arrangements have been constructed around a Monday - Friday, 9 - 5 working week, with many services requiring to deliver services 7 days a week beyond 9-5.<br><br>**Risk event**<br>Employees **may** decide in the future not to work noncontracted overtime.<br>Employees joining the Council in the future **may** choose they don't want to work noncontracted overtime.<br><br>**Risk effect**<br>Jeopardy to service delivery and vulnerable people in receipt of services outwith Monday - Friday, 9 - 5. | Gary Fairley | 1. Investing in our Workforce- Project Board.<br>2. Governance on the 4 strands of work from Council: Life Long Learning, Policy, Pay, Non Financial benefits.<br>3. Delivery of revised Terms & Conditions<br>4. Policies and support to Managers to Implement<br>5. Working with Trades unions to reach a collective agreement.<br>6. Communications plan to ensure all employees know what is changing and how this will impact them and service delivery. | 4 | 4 | 🔴 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.IR.05.A1 | Negotiations on policy changes and cultural change. | **Q2 16/17:** Consultation with the Trades Unions are on going - linked to changes in Council Policy with an emphasis on cultural change e.g. Code of Conduct. | Gary Fairley | 31-Dec-2016 | ▶ |

# Future Risks

## SRP.RR.01 Balancing Budgets in future years/Impact of Budget Cuts/Financial Strength of Council

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.01 | **Risk cause**<br>Future Scottish Government grant settlements are expected to result in cash reductions.<br>Policy decisions by UK & Scottish Governments which are not fully funded.<br>Non or delayed savings from planned activities.<br>Future year pay award settlements and implications of living wage increases.<br>Inflation, interest rates, tax, income levels, service demand.<br><br>**Risk event**<br>Reduced grant settlement.<br>Policies decisions at Government level not fully funded to Council's.<br>Delay in project to achieve savings<br>Cost pressures exceeding budget estimates<br><br>**Risk effect**<br>Gap in Council budget between budget commitments/ pressures and funding level and inadequate options presented to appraise this, resulting in a structural deficit. | Gary Fairley | 1. The Financial Strategy to 2021.<br>2. Delivering Excellence framework in place to bring forward savings options.<br>3.Measures taken to reduce the structural deficit 2016/17, reducing demand on Reserves to £2.6m..<br>4. Maintaining reserves to deal with unforeseen or one off pressures. | 4 | 4 | 🔴 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.RR.01.A1 | Budget Preparation | **Q2 16/17:** Report made to September Council setting out actions and timeline associated with setting the 2017/18 Budget. | Gary Fairley | 16-Dec-2016 | ▶ |

## SRP.RR.02 Corporate Change and Transition

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.02 | **Risk cause**<br>Leadership Fit for the Future<br>Lack of clarity or clear compelling vision for the future<br>Delays<br>Cost creep<br><br>**Risk event**<br>Slow benefits realisation and budget savings<br><br>**Risk effect**<br>Objectives of changes not actually met<br>Adverse impact on services<br>Staff morale affected<br>Government step-in | Nancy *Brown; Zoe Graham | 1. Clear Leadership from Executive Team and Senior Leadership Group.<br>2. Project Boards for each of the key strands of Corporate Change and Transformation overseeing project delivery.<br>3. Workforce Planning.<br>4. Resilience planning.<br>5. SLG regularly considering change program and budget position. | 4 | 4 | 🔴 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| MC01-A08 | Delivering Excellence | **Q2 16/17:** Heads of Service and Directors identified budget reduction measures to present to the Strategic Leadership Group between September - October 2016 to address the £15m savings target reported in the Financial Strategy. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 31-Mar-2017 | ▶ |

## SRP.RR.03 Legal and Regulatory Compliance

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.03 | **Risk cause**<br>Current or new legislation applying to Midlothian Council<br><br>**Risk event**<br>Council and or Services not identifying all applicable legislation impacting Council activities and Service requirements.<br><br>**Risk effect**<br>Council failing to meet its statutory obligations resulting in a potential negative impact for service users or employees. Reputational impact of not meeting statutory obligations. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 1. Directors and Heads of Service responsible for identifying applicable legislation and propose Council or Service responses to CMT and Cabinet/Council as required.<br>2. Annual Assurance Statement.<br>3. Internal Audit testing of internal controls as part of risk based audit plan.<br>4. External Audit.<br>5. Statutory Inspection. | 3 | 3 | 🔺 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.RR.03.A1 | Legal & Regulatory Compliance | **Q2 16/17:** Heads of Service ensuring compliance with statutory obligations and making CMT, Cabinet/Council aware as required. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 31-Mar-2017 | ▶ |

## SRP.RR.04 People risks

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.04 | **Risk cause**<br>HR Policies and Employee Terms & Conditions not creating adequate flexibility to meet service needs and or employee desires.<br>Employees not suitably qualified or developed for the roles required of them.<br>Statutory health and safety - duty of care over services users and employees not met.<br>Organisational transformation activities not informed by all key stakeholders<br>Ageing work force<br>Employees unclear on expected behaviours.<br><br>**Risk event**<br>Employees required to undertake tasks they are not competent to.<br>Statutorily driven health and safety protective arrangements for service users and employees not implemented correctly.<br>Employees not engaged/consulted as part of organisational transformation.<br>Experienced employees leaving the organisation<br>Unacceptable behaviours demonstrated by employees<br><br>**Risk effect**<br>Negative impact on outcomes for customers/service users.<br>Difficulties recruiting the right staff<br>Challenges retaining quality staff<br>Service users and employees exposed to hazards where statutory requirements exist.<br>low skill levels<br>low morale, especially during change<br>non compliance with policy and procedure<br>high absence rates<br>Lose of experience in service areas. 'A Great Place to Grow' our values including respect ,collaboration, pride and ownership not realised | Chris Lawson; Marina Naylor | 01 - Main internal controls centre on the approved People Strategy and supporting initiatives and Action Plan.<br>02 - HR related policies regularly reviewed<br>03 - Management of external factors that affect staff<br>04 - Significant stress awareness campaign<br>05 - Making performance matter<br>06 - Various initiatives to keep staff informed of change (In brief, Staff Magazine, Low Pay and Great Place to grow Leadership briefings)<br>07 - Absence Monitoring/Reporting.<br>08 - Health and Safety Risk Management/pro-action to Internal Audit recommendations/use of risk consultants for surveys/updating policies and link to PI's and day-to-day practice/specific improvements underway in driver training, down to casual users<br>09 - Adoption and management of a BT Project Risk Register, reviewed/updated quarterly<br>10 - Non-redundancy policy supported by SWITCH and Organisational Change Policy | 3 | 4 | ⚠️ |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| MC01 -A01-1 | Policy Review program | **Q2 16/17:** The Policy review work is linked to the review of Pay & Grading for Non-Teaching staff has been prepared with Trade Union Consultation on going. Initial implementation of the new Policies is expected to take place over November and December 2016. | Marina Naylor | 31-Dec-2016 | ▶ |
| MC01-A01-2 | Health & Safety Management Arrangement Development | **Q2 16/17:** The Management Arrangement development program is nearing completion. A suite of Management Arrangements will be presented to CMT for formal approval in Q3. The role out of the new Health & Safety Management Information System is progressing on target with 300+ staff trained in the use of the new system with all accidents and violent incidents being captured on this system from 1 April 2016 onward. | Chris Lawson | 31-Dec-2016 | ▶ |

## SRP.RR.05 Working with others to deliver outcomes

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.05 | **Risk cause** Partners not engaged or focused to deliver specific outcomes. Public Sector Reform Agenda. **Risk event** Partners prioritising activity in areas not inline with delivery of defined outcomes. Community groups afforded legal right to make case to operate vacant properties for community use. **Risk effect** Delivery of outcomes delayed or not achieved Officer time to support the assessment of unsustainable business cases. | John *Blair; Mary *Smith; Eibhlin McHugh | 1. Key partners engaged in planning and delivery of Service outcomes, e.g. Midlothian Community Planning Partnership have developed a Single Midlothian Plan. Midlothian Integrated Joint Board (Adult & Social Care Integration) have developed and Strategic Plan. 2. Approved integration scheme. 3. Service Directions in Place. | 3 | 3 | ⚠ |

## SRP.RR.06 Information Security

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.06 | **Risk cause** <br> General Data Protection Regulation is a new piece of legislation currently being formulated by the European Commission. It is expected to be agreed in the first part of 2016 with a two year lead in period. <br><br> **Risk event** <br> The Regulation is expected to be agreed in the first part of 2016 with a two year lead in period. <br><br> **Risk effect** <br> The Regulations are expected to bring about a number of requirements on the Council including mandatory reporting of all data breaches, appointment of a Data Protection Officer and the potential for fines ranging to 4% of turnover or 20million Euros which ever is greater. | Ian Wragg | 1. Information Management Group <br> 2. Public Sector Network Compliance. <br> 3. Meta Compliance <br> 4. Information Management, awareness raising program (Private-i) | 3 | 5 | 🔺 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.R.06.A01 | Regulation Gap Analysis | **Q2 16/17:** The General Data Protection Regulation has been approved and has now been published. The Information Management Group are leading on the development of a project plan. The Information Management Group will take a report to CMT on the implications associated with the General Data Protection Regulations and a proposed response plan for Midlothian Council. The actions arising from this will be reflected in the Information Management Groups Action Plan. | Ian Wragg | 31-Dec-2016 | ▶ |

## SRP.RR.07 Integration of Health & Social Care

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.07 | **Risk cause**<br>The nature of many of the Services provided under the banner of Health & Social Care are demand led. Rising numbers of people requiring care and support together arising from demographic make up and improvements in treatment increase the number of people in receipt of long term care packages.<br><br>**Risk event**<br>Unless the focus and balance of care shifts from acute treatment the costs of providing these services will continue to rise and not provide the best possible outcomes for individuals.<br><br>**Risk effect**<br>The reactive demand led service may become financially unsustainable. | Alison White | Midlothian IJB Strategic Plan - focussed on rebalancing care. | 3 | 4 | ⚠️ |

## SRP.RR.08 Asset Condition – buildings, vehicles,  roads and Digital assets/networks

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.08 | **Risk cause**<br>Many of the assets the Council own by there nature are in a position of on going deterioration through their normal use, e.g. roads - normal wear and tear, street lights and vehicles & buildings used to deliver services.<br><br>**Risk event**<br>Many assets will deteriorate under normal conditions although buildings, roads and street lights as an example can be damaged during more extreme weather events or as a result of a lack of maintenance.<br><br>**Risk effect**<br>In the case of 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. | Ricky *Moffat; Garry *Sheret; Gary Fairley | 1. There is provisions in place within the capital plan for investment in the asset base.<br>2. Asset register<br>3. Conditional Survey<br>4. Understanding of future asset needs<br>5. Asset Strategy.<br>6. Roads asset management plan<br>7. Land register<br>8. Vehicle maintenance schedules.<br>9. Capital program - investment in estate.<br>10. On going monitoring of properties by: Maintenance Surveyors, Facilities Management and Property Users.<br>11. Digital Strategy<br>12. Asset management plans for office and school digital devices<br>13. Network Strategy | 3 | 3 | ⚠️ |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.RR.08.A2 | Resource allocation | **Q2 15/16:** Provisions in place in capital plan for investment in asset base. | Ricky *Moffat; Garry *Sheret; Gary Fairley | 30-Sep-2016 | ✅ |

## SRP.RR.09 Emergency Planning and Business Continuity Management

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.09 | **Risk cause**<br>The Council not preparing and testing arrangements to respond to Civil Contingencies Incidents.<br><br>**Risk event**<br>There are a wide range of potential events the Council may be expected to respond to e.g. Severe weather incident, Pandemic, Utility disruption etc.<br><br>**Risk effect**<br>Censure through non compliance with the Civil Contingencies Act<br>Not adequately recovering from the loss of major accommodation (eg secondary school, main offices), computer systems and staff<br>Not able to respond to a major emergency in the community<br>Fatal Accident Inquiries | Chris Lawson | Potential sub risks include:-<br>01 – Civil Contingencies Risk Register used to highlight key risks and record response,<br>- Council's plans developed and maintained in response to identified risks,<br>- Contingency Planning Group support development, peer review and roll out of plans.<br>02 – Establishment based incident response plans in place and maintained locally.<br>03 – Emergency response plan setting out general approach to respond to a major emergency inline with key partner organisations.<br>04 – As part of the Council's Emergency response plan the importance of recording decisions made and information available at the time is highlighted as this would be scrutinised in the event of an FAI. | 2 | 4 | ✅ |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP-RA.09.02 | Development of Emergency Planning Improvement Plan | **Q2 16/17:** Civil Contingencies Risk Register being revised to present to the Contingency Planning Group with a view to agreeing a forward program of Contingency Plan Review and Development to meet the needs of Midlothian Council. | Chris Lawson | 31-Dec-2016 | ▶ |

## SRP.RR.10 Governance and Standards in Public Life

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.10 | **Risk cause**<br>Code of conduct for Members and employees actions falling short of International Standards.<br><br>**Risk event**<br>Failure in openness, accountability, clarity.<br><br>**Risk effect**<br>Service, partnerships and project outcomes not achieved<br>Non compliance with conduct standards and reduction in standards in public life | Alan Turpie | Potential sub risks include:-<br>01 Macro governance at the top – failure in openness, accountability, clarity;<br>02 Micro governance in services, partnerships and projects and outcomes not achieved<br>03 Non compliance with codes of conduct and reduction in standards in public life<br>04 Annual Assurance Statement. | 3 | 4 | ⚠️ |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| MC01-A02 | International Governance Standards | **Q2 16/17**: Working Group to be established to review current governance arrangements against new International Governance standard developed by CIPFA and the International Federation of Accountants. | Alan Turpie | 31-Dec-2016 | ▶️ |
| SRP.RR.10.A01 | Review - Code of Conduct | **Q2 15/16:** Employee Code of Conduct has been revised to reflect the values and behaviours expected of employees, reflecting the give and the get. | Marina Naylor | 31-Dec-2016 | ▶️ |

## SRP.RR.11 Corporate Policies and Strategies

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.11 | **Risk cause**<br>Policies may not be match the aspirations of the Council's Strategic priorities or cultural perspective.<br><br>**Risk event**<br>Policies not monitored may become out of date<br>Policies not reviewed to ensure alignment with strategic priorities.<br><br>**Risk effect**<br>Policies not monitored could result in non compliance with legislation<br>Policies not align to strategic priorities will inhibit the rather than support implementation of strategic priorities. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 1. Single Midlothian Plan providing overarching direction<br>2. Service plans aligned to Single Midlothian Plan.<br>3. Leadership team to ensure correct approaches are adopted to get the right results. | 2 | 3 | ✅ |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| MC01-A08 | Delivering Excellence | **Q2 16/17:** Heads of Service and Directors identified budget reduction measures to present to the Strategic Leadership Group between September - October 2016 to address the £15m savings target reported in the Financial Strategy. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 31-Mar-2017 | ▶ |
| SRP.RR.11.A 01 | HR Policy Review | **Q2 16/17:** HR - People Policies being overhauled as part of Pay & Grading review, on going review thereafter. | Marina Naylor | 31-Dec-2016 | ▶ |

## SRP.RR.12 Internal Control Environment

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.12 | **Risk cause**<br>Work procedures/process inadvertently create the capacity for fraud and waste to occur.<br>Internal Controls requiring more time, effort or cost than the risk being managed.<br><br>**Risk event**<br>Persons exploiting opportunities to commit fraud<br>Waste and errors<br><br>**Risk effect**<br>Waste and loss<br>Risks over managed with risk controls costing more than the potential loss being managed. | Ricky *Moffat; Garry *Sheret; Kevin Anderson; Gary Fairley; Ian Johnson; Joan Tranent; Grace Vickers; Alison White | 1. Services have been prompted to consider fraud and waste within Service Risk Registers.<br>2. Risk Management Guide, provides direction on the need to balance time, effort and cost against benefit of risk controls.<br>3. Internal Audit examine internal control arrangements based largely on the risk registers. | 3 | 3 | ⚠ |

## SRP.RR.13 Climate Change

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.RR.13 | **Risk cause**<br>Council Services not adequately engaged, resourced or directed to fulfil the requirements of the Climate Change Act<br><br>**Risk event**<br>Council Services not responding to the Climate Change Act with sufficient pace.<br><br>**Risk effect**<br>Council failing to meet its obligation under the Climate Change (Scotland) Act 2009 and incurring the associated reputational damage. | Ian Johnson | 1. Voluntary reporting on compliance with the climate change duties (this will be a statutory requirement from 30 November 2016 onwards).<br>2. Council Carbon Management Plan<br>3. Approval of a Corporate Climate Change and sustainable development action plan 2016/17 | 3 | 3 | 🔺 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.RR.13.A1 | Adaptive Planning | **Q2 16/17:** Adaptive planning proposal to be brought forward to CMT. | Ian Johnson | 31-Mar-2017 | ▶ |

# Opportunities

## SRP.OP.01 Shawfair

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.OP.01 | The Shawfair development with its new Rail link provides a major incentive for housebuilders, employers retail and commercial interests including opportunities to secure a low carbon community through district heating from Zero Waste. | Ian Johnson | 1. Shawfair Development Group.<br>2. Legal agreement with developers<br>3. Secured developer contributions (Section 75)<br>4. Plan for entire community:<br>5. Business and industrial provision, including small business incubator space.<br>6. Circa 4000 new homes<br>7. A school campus comprising Early Years, Nursery, Primary, Secondary & Life Long Learning provision<br>8. New Primary schools | 5 | 4 | 🔴 |

## SRP.OP.02 Borders Rail

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.OP.02 | Regeneration of priority communities of Midlothian through which the railway passes.<br><br>The line provides ready access to education/training at Edinburgh College, Borders College and Queen Margaret University with improved access to the labour markets in Edinburgh and the Borders. Also a catalyst for housing growth.<br><br>Ensuring Midlothian secures appropriate levels of Blueprint funding. | Ian Johnson | 1. Designated Project Manager post.<br>2. Maximising the Impact: A blueprint for the Future - published by the blueprint group involving Scottish Government, Scottish Borders, Midlothian and City of Edinburgh Council, Transport Scotland, Scottish Enterprise and Visit Scotland. The document sets out the ambitions of the partners to realise the full potential of the new Railway.<br>3. Dedicated Inward Investment Co-ordinator post<br>4. Dedicated Tourism Development post.<br>5. Timely submission of bids for approval by the Blueprint Group. | 5 | 4 | 🔴 |

## SRP.OP.03 Easter BUSH - Penicuik

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.OP.03 | Fast Growing opportunities in Science Technology Engineering and Mathematics (STEM) with opportunities to link with education. Partnership links to schools and university sector at the BUSH to promote STEM. Link to City Deal | Ian Johnson | 1. Planning in place around creating Secondary Schools as centres for excellence linked to specialisms including STEM. 2. Land allocated for expansion. 3. Easter BUSH Development Board. 4. Troubleshooting issues - Roads Access - tackling road access through proposal in the Local Plan. | 5 | 4 | 🔴 |

## SRP.OP.04 City Deal

| Risk Code | Risk Identification | Managed by | Risk Control Measures | Likelihood | Impact | Risk Evaluation |
|---|---|---|---|---|---|---|
| SRP.OP.04 | South East Scotland Region City Deal - a bid for funding to Scottish and UK Governments to accelerate economic growth through investment in infrastructure/ housing/ skills and innovation. | Ian Johnson | 1. Key projects identified. 2. Consortium submission made, including Midlothian Council in September 2015 with and update in December 2015. 3. Heads of terms agreed by consortium for discussion with Scottish and UK Government Officials. | 3 | 5 | 🔺 |

| Related Action Code | Related Action | Related action latest note | Managed By | Due Date | Status |
|---|---|---|---|---|---|
| SRP.OP.A05 | City Deal submission | **Q2 16/17:** A series of meetings are scheduled to work through Heads of Terms with Scottish & UK Government Officials. | Ian Johnson | 31-Mar-2017 | ▶ |