

**Risk Management Update, Quarter 4 2020/21****Report by Derek Oliver, Chief Officer - Place****Report for Information****1 Recommendations**

Audit Committee is recommended to:

- note the current risk landscape and organisational response to the most significant risks in quarter 4 2020/21.

**2 Purpose of Report/Executive Summary**

The purpose of this report is to provide Audit Committee with an update on the risk responses Midlothian Council has implemented during quarter 4 2020/21 to respond to the current risk climate; and to provide assurance that Midlothian Council took a proportionate and planned approach to prepare and respond to each of the identified risks.

**Date** 14 June 2021**Report Contact:**

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### **3 Q4 Risk Management overview**

**3.1** Midlothian Council has delivered a wide range of services to the people of Midlothian throughout quarter 4 of 2020/21 against a backdrop of operating within a series of government directed constraints, associated with responding to a global pandemic. The Scottish Government response to the above resulted in sectors being instructed to close as part of a national lockdown response in December 2020. The restrictions associated with this lockdown carried through Q4 2020/21.

As the Council has responded to the risks introduced by the pandemic it became apparent that the public sector faced a new challenge in quarter 4. There were 3 significant factors which had the potential to interplay over quarter 4. These were the concurrent risks of:

- COVID 19,
- UK Exit from the EU, and
- Winter

In addition to these new risks the Council continue to manage those risks recorded within the Strategic Risk Profile. The work required to maintain the necessary Corporate oversight over the broader strategic landscape continues, while there is a current focus on the particular set of external factors the organisation needed to be prepared to respond to.

### **3.2 UK Exit from EU**

The UK stopped being a member of the European Union at 23:00 on 31 January 2020. The UK continued in a transition period up to the 31 December 2020 when the UK formally left the European Union.

The Council's EU Exit Working Group had been reconvened by the Chief Officer Place in quarter 1 2020/21 to enable suitable planning to take place in response the emerging new relationship with the EU and any changes which had the potential to impact services or supplies. Midlothian Council worked with partners including CoSLA and the Local Authority Resilience Group to monitor developments in this area and plan accordingly.

The Council's EU exit risk register was revised through the EU Exit working group, taking into account UK Government guidance and through appropriate use of the UK governments 'reasonable worst case scenario planning assumptions'.

The UK agreed a Trade and Cooperation agreement in December 2020 ahead of the exit date which has reduced some of the risks associated with the UK leaving the EU. The exact impacts associated with leaving the EU are not fully clear at this stage with the pandemic and changed behaviours potentially masking some of the impacts yet to be experienced. The internal group was reconvened to support assessment of the impacts leaving the EU has created and to identify appropriate organisational responses.

### 3.3 Winter preparedness

The winter months always present a potential risk of severe weather, with the associated risk of impacts across a range of sectors. In preparation for this winter, Midlothian Council's severe weather plan was reviewed. This review included an update of the Council's Roads Service response given the significant contribution they play in keeping essential roads and pedestrian routes open during severe weather.

The challenge facing Council's across the UK going into this winter had been the concurrent risks associated with COVID-19 and the potential for rise in community transmission during the normal winter flu season as was experienced across Scotland and the wider UK.

Going into any winter period anyone of the above risks could have created a significant impact in their own right. This required careful planning to ensure that in the event of winter impacts and/or EU exit impacts, against a backdrop rising COVID 19 community based transmission, the Council remained in a position able to deliver the critical services the people of Midlothian rely on.

During the early part of January, the Council experienced the first of 2 severe weather episodes which saw some frontline services having to be suspended such as transport services and waste collection. As a result of pre planning however staffing and equipment normally used to deliver suspended services were deployed quickly to support the Roads Service response to the severe weather to the benefit of the communities served within Midlothian.

### 3.4 Strategic Risk Profile update




The on-going risk associated with financial stability and balancing the budget in future years remains, with the medium term financial plan seen as the tool to put the Council's finances on a more stable footing.

Spending within budget will continue to be closely monitored through the Business Transformation Steering Group with steps taken to realign spend where its identified as being off target.

The highest risks set out within the strategic risk profile at quarter 3 are associated with the 'Early Years expansion', the 'abuse claims project' the 'Scottish abuse inquiry', Asset Management and the Long term change programme.

### 3.5 Strategic Risk Profile Summary

The Top Strategic Issues are summarised in table 1.

Top Issues	Likelihood	Impact	Score	Evaluation	
COVID 19	5	5	25	Critical	
Financial Stability	3	4	12	Medium	
The Change Programme	3	3	9	Medium	

The Strategic Risks for the Council are summarised in table 2 below.

Strategic Risks	Likelihood	Impact	Score	Evaluation	
Early Years Expansion (1140 Hours)	4	5	20	High	
Scottish Child Abuse Inquiry	5	4	20	High	
Scottish Child Abuse Claims Project	4	5	20	High	
Asset management	4	5	20	High	
Information Security	3	5	15	Medium	
Cyber Security	3	5	15	Medium	
Health and Safety	3	5	15	Medium	
The Longer Term Change Programme	3	4	12	Medium	
Financial Sustainability in future years	3	4	12	Medium	
Growing Council	3	4	12	Medium	
Care at Home	3	4	12	Medium	
Governance and standards	3	4	12	Medium	
Employee performance	3	4	12	Medium	
Emergency planning and business continuity	3	4	12	Medium	
Climate change	3	3	9	Medium	
Legal and regulatory compliance	3	3	9	Medium	
Working with other to deliver outcomes	3	3	9	Medium	
Internal control environment	3	3	9	Medium	
UK decision to leave the EU	3	2	6	Low	
Corporate policies and strategies	2	3	6	Low	

The Strategic Opportunities for the Council are summarised in table 3.

Strategic Opportunities	Likelihood	Impact	Score	Evaluation	
City deal	5	5	25	Critical	
Growing Council	5	5	25	Critical	
Creating a World Class Education System	4	5	20	High	
Shawfair	5	4	20	High	
Borders rail	5	4	20	High	
Easter Bush – Penicuik	5	4	20	High	

### **3.6 STRATEGIC ISSUE – RATED CRITICAL AND HIGH**

#### **3.6.1 COVID 19**

During quarter 4, the level of Community transmission remained significant across Scotland and the rest of the UK. While the Scottish Government had introduced a tiered restriction model which was deployed in quarter 3 in response to the rise in infection a second lockdown was imposed in December 2020 which carried through into quarter 4 with many restrictions in place going into Q1 of 2021/22. Restrictions included all school pupils, with a small exception, studying from home for most of Quarter 4.

The Council's Incident Management Team (CIMT) continues to coordinate and oversee preparations and planned responses to the implementation of the tiered system. During quarter 4, the CIMT have maintained oversight to track potential risk impacts, the risk controls in place and to record progress on actions being taken to mitigate potential or expected impacts.

### **3.7 STRATEGIC RISKS – RATED CRITICAL/HIGH**

#### **3.7.1 Asset Management**

This risk reflects the challenges managing the need for increased assets to meet the growth demand against the current financial backdrop of reducing revenue. The Capital and Asset Management Board put in place measures to allow it to more robustly monitor the of capital projects with a value of more than £1m, recognising that slippage in the capital programme weakens the overall financial management.

Given the importance of the built estate within Education to support delivery of the Council's priorities in this area the Council have established a Learning Estate Manager post and Executive Business Manager post within Education and Children's Services, to oversee delivery of School Estate Strategy. Estate Project Board established to oversee and track progress against agreed projects and delivery.

#### **3.7.2 Scottish child abuse inquiry and Scottish child abuse Claims**

The Council have an Abuse Inquiry Project Team and a Claims Project Team to support the Council to prepare for information requests to support the Inquiry and in preparation of any claims that may arise.

Legislation to create a scheme for survivors of historical child abuse in care in Scotland to apply for financial redress payments of up to £100,000, as well as access to apology and support, has been passed by the Scottish Parliament. The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Bill. Survivors will be able to apply for a fixed rate redress payment of £10,000, or an individually assessed redress payment which will involve a more detailed examination of their experience. The individually assessed redress payment levels are set at £20,000, £40,000, £60,000, £80,000 or £100,000. Financial

contributions are being sought by the Scottish Government from those involved in the care of the children at the time they were abused and COSLA has already offered to contribute £100 million to the scheme. The scheme will be open for applications as soon as possible and before the end of 2021.

### **3.7.3 Early Years Expansion (1140 Hours)**

Following the Scottish Government's decision to increase the number of free early learning and childcare hours to 1140, the council has commenced preparations with its partners. The two key strands to the successful implementation are the recruitment and training of staff and the physical increase in capacity. These challenges are being considered in the wider context of the plan, in which the capacity and expansion of all funded providers (council, private and voluntary settings as well as childminders) combine to deliver the requirements.

The funding distribution to apply this Government policy is subject to ongoing monitoring, with the Council seeking to influence the proposed funding distribution beyond 2021/22 to ensure deliverability of this policy.

## **3.8 STRATEGIC OPPORTUNITIES**

### **3.8.1 City Deal**

South East Scotland Region City Deal - bid for funding to Scottish and UK Governments to accelerate economic growth through investment in infrastructure/ housing/ skills and innovation was agreed by Council in June 2018.

### **3.8.2 Fastest Growing Council**

Midlothian Council has been identified in 2018 as not only the fastest growing Council in Scotland in recent years, but projections show it will remain so, possibly for a further ten years.

This brings the opportunity to support the Council vision of being 'A Great Place to Grow'. As a growing Council this brings the opportunity to redevelop parts of Midlothian, improve infrastructure with a focus on area targeting, improving economic opportunities, improving education and health outcome.

This growth creates the opportunity to meet the housing need with 25% of new homes being built in the affordable housing sector, in addition to the expansion in Council House building. This construction will directly support employment in construction and will see a steady increase in the volume of Council tax received over time.

### **3.8.3 Creating a world Class Education System**

The Centres of Excellence model is a core part of the Council's strategy to create a world-class education system in Midlothian. Funding has been approved by Scottish government to create a STEM centre of excellence as a replacement for Beeslack High school.

Research is being carried with the University of Edinburgh to establish the impact of new school buildings on educational attainment.

### **3.8.4 Shawfair**

The Shawfair development, with its new Rail link provides a major incentive for house builders, employers, retail and commercial interests including opportunities to secure a low carbon community through district heating from Zero Waste.

### **3.8.5 Borders Rail**

Regeneration of priority communities of Midlothian through which the railway passes.

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 an opportunity to encourage sustainable travel by residents of major new housing developments in the rail corridor. Ensuring Midlothian secures appropriate levels of Blueprint funding from the multi-agency Borders Rail 'Blueprint' funding group.

### **3.8.6 Easter Bush**

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.

## **4 Report Implications (Resource, Digital, Risk and Equalities)**

### **4.1 Resource**

There are no direct resource implications indicated in this report, although, individual risks have associated resource implications.

### **4.2 Digital**

None.

### **4.3 Risk**

The risks reported in this report are understood with the Council able to demonstrate the current risk controls and actions being taken in response to these.

The report provides an overview of the significant risks faced by the Council during quarter 4 2020/21 and should act to provide assurance that Midlothian Council took a proportionate and planned approach to prepare and respond to each of these risks.

### **4.4 Ensuring Equalities**

There are no direct equalities issues arising from this report.

### **4.5 Additional Report Implications (See Appendix A)**

#### **Appendices**

#### **Appendix A – Strategic Risk Profile (Quarter 4 2021/21)**



## APPENDIX A – Additional Report Implications

### A.1 Key Priorities within the Single Midlothian Plan

This report provides an overview of the Strategic Risk profile of Midlothian Council at a defined point in time. The issues, risks and opportunities affecting or supporting delivery of the council priorities are set out within the Strategic risk profile

### A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

### A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious

### A.4 Delivering Best Value

The Council's commitment to best value and securing continuous improvement can best be delivered when decisions are made against a backdrop of understanding the risks and opportunities before an organisation. This report seeks to provide assurance that the current risk environment is understood and that Midlothian Council is taking appropriate action in response to those identified risks.

### A.5 Involving Communities and Other Stakeholders

This Strategic Risk Profile report has been compiled with input from a range of internal key stakeholders.

### A.6 Impact on Performance and Outcomes

This report seeks to provide an overview of the challenging risk environment within which the Council is operating at this time. Being in

a risk aware position helps to inform current and future decision making, with the intention of enhancing decision making and the associated performance and outcomes which flow from well informed decision making.

#### **A.7 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 to decision making with far greater risk awareness.

#### **A.8 Supporting Sustainable Development**

Senior Managers must ensure the sustainability of the Council, which entails identifying, understanding and managing Strategic and Service level Risks and Opportunities.