Governance, Risk and Best Value Committee

10:00am, Thursday, 3 March 2016

Place Risk Update

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

The attached risk information is the Place Senior Management Team's (SMT's) prioritised risks as at January 2016. It reflects the current highest priority risks of the Service Area along with the key controls in place to mitigate these risks.

The attached risk summary paper has been challenged and discussed by the Place SMT and a plan has been developed for further review and scrutiny at future SMT and Risk Committee meetings.

The risk register is a dynamic working document and is updated regularly to reflect the changing risks of the Service Area.

The work to refresh the risk management process will be continued to further enhance the capture and treatment of risk in the Council through the quarterly Corporate Leadership Team (CLT) and SMT Risk Committees.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

Report

Place Risk Update

Recommendations

1.1   To review the attached prioritised risk information for Place SMT and to invite relevant officers to discuss key risks as required.

Background

2.1   The Council's Governance, Risk and Best Value Committee is responsible for monitoring the effectiveness of the Council's risk management arrangements, including monitoring internal financial control, corporate risk management and key corporate governance areas. The purpose of this report is to provide a quarterly update to the Governance, Risk and Best Value Committee on the key risks facing the Place Service Area.

Main report

3.1   The Place SMT risk summary in Appendix 1 reflects the current prioritised risks of the Service Area and demonstrates the compensating controls in place to mitigate the risks.

3.2   The implementation of the Transformation Programme is a major change programme with a separate risk register which is currently managed, monitored and reviewed alongside the SMT Risk Register.

3.3   Following relocation of Corporate Property and Asset Management within the Council, an issue has come to light with regard the adequacy of resources and budgets to meet the repairs and maintenance requirements, for non-housing assets, owned by the Service. A legacy of organisational changes, reducing budgets and external influences have led to gaps within asset registers. This has resulted in reactive repair strategies and an unknown level of risk with regard condition of assets and budgetary requirements to address the risk. For this reason the Place Risk and Assurance Committee have commissioned a report to ascertain the scope and scale of these gaps and identify the potential budget implications for the Service.

3.4   Each Place risk reported in Appendix 1 has been assigned an indicator to show whether the risk is escalating or decreasing in profile as a result of recent activity.

3.5   The risk register is a dynamic working document and is updated regularly to reflect the changing risks for Place.

Measures of success

4.1   Fully embedded risk management practices should ensure that key risks of the Council are prioritised and relevant action plans are put in place to mitigate these risks to tolerable levels.

Financial impact

5.1   None.

Risk, policy, compliance and governance impact

6.1   Risk registers are a key management tool to help mitigate risks and to implement key strategic projects of the Council.

Equalities impact

7.1   None.

Sustainability impact

8.1   There is no direct sustainability impact arising from the report's contents

Consultation and engagement

9.1   The attached risk summary has been challenged and discussed by the Place SMT and Place Risk Committee and a plan has been developed for further review and scrutiny.

Background reading/external references

None.

Paul Lawrence

Executive Director of Place

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning Council outcomes CO25 - The Council has
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Place Prioritised Inherent risks at Feb 2016

Appendix 1 – Place prioritised top 10 inherent risks heat map

1. **Non-housing assets repairs and maintenance**
   Legacy issues of non-housing asset management has resulted in gaps in current asset registers. There is a risk that current R&M budgets are insufficient to meet requirements for the Service.

2. **Body holding capacity at Mortuary**
   In the event of a localised major or escalating incident, or increase in demand beyond normal operating parameters we would be unable to meet statutory/contractual obligations and incur substantial financial and reputational loss.

3. **Mandatory Training**
   Due to diverse nature of services within Place and the incumbent training requirements to meet various statutory/regulatory obligations, there is a risk that the process for identification, provision and recording of training requirements are not appropriate, clear, consistent or sufficiently robust to meet Service requirements.

4. **Growth investment for LDP across all service areas over short to long-term.**
   Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand.

5. **Counter Fraud and Anti-Bribery process**
   Monitoring and assurance of AB&F risks and controls varies across the service potentially resulting in poor implementation, gaps in control environment and increased opportunity for bribery and fraud to occur.

6. **Capital Investment impact to Service revenue budget**
   Capital investment does not provide robust assurance that all lifecycle costs are appropriately captured as part of expenditure appraisal process leading to unplanned and increased pressure on Revenue budgets within the Service.

7. **BAU service sustainability**
   There is a risk that Service demand exceeds capacity to deliver due to demographic changes, budgetary cuts, reduced investment in resources and infrastructure as well as potentially reducing staff morale

8. **HR - Recruitment & Retention**
   Competition within the employment market and current levels of change and uncertainty in the organisation, there is a risk that the Council are unable to attract or retain suitably skilled and qualified staff; potentially resulting in insufficient resources to deliver services to acceptable standards, costs increasing for agency staff or outsourcing and inability to meet statutory targets and requirements.

9. **Health and Safety Controls**
   Risk that non-compliance with Council Health and Safety policies & procedures and legal & regulatory requirements leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.

10. **Transformation programme** Transition to the new service structures and delivery model may lead to disruption to or reductions in levels of service.
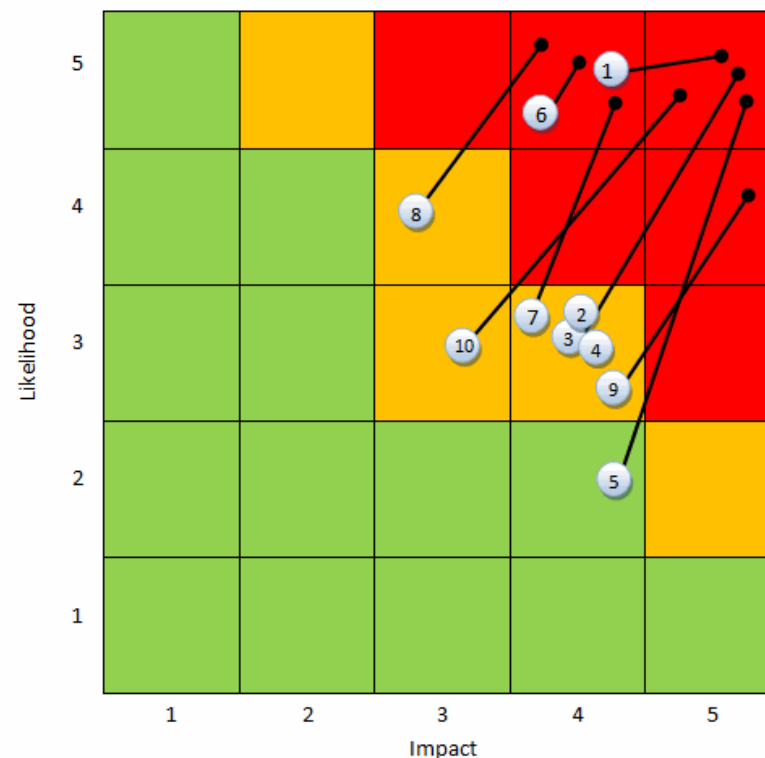
Place Prioritised Inherent Risks with Mitigating Actions

	Risk Description	Inherent I	Inherent L	Current Mitigating Actions	Residual I	Residual L	Further Actions
1.	**Non-housing assets repairs and maintenance** Legacy issues of non-housing asset management has resulted in gaps in current asset registers. There is a risk that current R&M budgets are insufficient to meet requirements for the Service.	5	5	• Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety. • Frontline staff are encouraged to report structural concerns, and surveyors within Strategic Asset Management are commissioned to survey those of greatest concern where there is perceived risk. • Realignment of management resources to focus on the assessment, and mitigation of infrastructure risks and proactive engagement with stakeholders for some buildings and service areas to monitor and manage issues. • General Inspections carried out annually as part of asset management programme (for known assets). • Regular budget reporting taking place to CLT and F&R Committee.	4	5	• A contract is being let for an inventory and inspection of retaining walls throughout the city. This is programmed to be undertaken over a 2 year period. • Risk analysis being undertaken to ascertain scope and scale of asset gaps.
2.	**Body holding capacity at Mortuary** In the event of a localised major or escalating incident, or increase in demand beyond normal operating parameters we would be unable to meet statutory/contractual obligations and incur substantial financial and reputational loss.	5	5	• Staff Training and participation in Services QAG. • Mortuary Plan in place, agreement with funeral directors in place to minimise storage period. • Funeral Directors contacted to increase collection rates / speed up collections. • A plan in place to transfer bodies to alternative sites for temporary storage (Royal Infirmary, Southern General) depending on availability in event of major emergency. • Erect additional in-house nutwell units when required. • Request additional nutwell units from Police (7 units potentially available) if required. Note - nutwell units are a national resource therefore in event of multi-regional or national incident this resource is likely to be restricted. • Capacity log is maintained.	4	3	• Feasibility study being carried out with regard building a new Mortuary in partnership with NHS Lothian and University of Edinburgh at the Bio Quarter. Next partnership meeting beginning of March (date to be confirmed). • Alternative storage sites being investigated. Currently awaiting outcome of suitability analysis (delayed due to handover of Management of Service Area)
3.	**Mandatory Training** Due to diverse nature of services within Place and the incumbent training requirements to meet various statutory/regulatory obligations, there is a risk that the process for identification, provision and recording of training requirements are not appropriate, clear, consistent or sufficiently robust to meet Service requirements.	5	5	• Corporate Mandatory training list published annually and managers asked to complete training record on MyPeople. • Periodic reminders send from SMT to line managers to ensure mandatory training completed and recorded.	4	3	• Cross-departmental working group has been set up to review mandatory requirements and delivery programme (led by Gillian Hunt).

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	**L**		**I**	**L**	
4.	**Growth investment for LDP across all service areas over short to long-term.** Significant growth within the City and increased service demand has resulted in substantial service pressures with risk that we are unable to meet future growth demand.	5	5	• Budget planning and monitoring in place. £900k identified in 2015/16 budget to fund feasibility studies for priority infrastructure projects. • Consultation with infrastructure bodies at key stages. • Lobbying Scottish Government through NPF3 etc. • Action programme reported to and monitored by C&PS Committee. • Joint working improvements being implemented. • Partnership working programmes in place. • Long-term financial planning process undertaken by CLT. • Through the LDP Action Plan delivery steering group, identify and provide resources required to deliver improvements.	4	3	• External funding options being considered through City Deal project and new financial models. • Management Team to prioritise budgets, including deferred activities. • Present case for reallocation of spending where necessary.
5.	**Counter Fraud and Anti-Bribery process** Monitoring and assurance of AB&F risks and controls varies across the service potentially resulting in poor implementation, gaps in control environment and increased opportunity for bribery and fraud to occur.	5	5	• Mandatory Training which includes; Fraud Policy, Anti-Bribery Policy and Process, Staff Code of Conduct. (currently being reviewed) • Operational AB&F Risks captured in team risk registers where necessary.	4	2	• Short life working group has been called to prepare a protocol that defines the roles and responsibilities of all key Council services with a fraud detection role. • Tactical level AB&F risk register to be produced for the Service.
6.	**Capital Investment impact to Service revenue budget** Capital investment does not provide robust assurance that all lifecycle costs are appropriately captured as part of expenditure appraisal process leading to unplanned and increased pressure on Revenue budgets within the Service.	4	5	• Financial management programme in place.	4	5	• R&M costs will be provided by BPT as part of any feasibility. Lifecycle capital is a specialist piece of analysis which clients will need to fund. Revenue costs need to be identified in any Committee Reports promoting new build, extensions etc (if no separate business case is being produced).
7.	**Service sustainability** There is a risk that Service demand exceeds capacity to deliver due to demographic changes, budgetary cuts, reduced investment in resources and infrastructure as well as potentially reducing staff morale.	4	5	• Long term strategy in place to identify priority spending areas. • 3 year budget set with monitoring and management process in place. • Performance monitoring and reporting of KPIs and RTCs undertaken on a continual basis. • Community engagement and consultation taking place through various channels. • Reallocation of resources where practical / necessary • Alternative delivery models being implemented such as Channel Shift. • Workforce planning being undertaken as part of Transformation strategy. • Long-term planning process for Place services implemented and reviewed regularly.	4	3	• Transformation programme - restructuring of Services and delivery model to achieve cost reductions. • Asset Management plans being developed to enable maintenance strategies to be identified, assessed and implemented in order to achieve most effective and efficient use of existing resources. • Implementation of Channel Shift

	Risk Description	Inherent		Current Mitigating Actions	Residual		Further Actions
		I	L		I	L	
8.	**HR - Recruitment & Retention** Competition within the employment market and current levels of change and uncertainty in the organisation, there is a risk that the Council are unable to attract or retain suitably skilled and qualified staff; potentially resulting in insufficient resources to deliver services to acceptable standards, costs increasing for agency staff or outsourcing and inability to meet statutory targets and requirements.	4	5	• Service delivery prioritisation (H&S) where staff shortages occurring. • Staff redeployment. • In-house training programmes available. • Reviews being carried out. • Monitoring of the strategy and reporting to CMT. • Agency backfill where appropriate. • Training requirements identified through the PRD process. • Working with HR to prioritise recruitment requirements. • Mentor programmes available. • Redeployment of staff where possible.	3	4	• Graduate / apprentice programme to be implemented. • Develop options for train staff to required qualification level. • Workforce plan to be developed. • Transformation change programme to maximise flexible use of staff
9.	**Health and Safety Controls** Risk that non-compliance with Council Health and Safety policies & procedures and legal & regulatory requirements leads to avoidable employee or 3rd party injury or ill health and/or regulatory fines and liability claims.	5	4	• Place OHS programme plan of continual improvement established. • Individual Divisional Improvement Plans established to address findings of external and internal audits, incident reports and Workplace Regulation Inspections. • Place OHS Policy outlining policy statement, responsibilities and arrangements signed off Oct 2012. Reviewed annual until the development of a Corporate H&S policy in 2015. • Place OHS Programme board and team established and meets regularly. • Place Divisional Lead Officers identified and meet regularly. • Joint Place and Trade Union H&S and Wellbeing Committee established. • Programme of internal audits carried out by Corporate Health & Safety	4	3	• New Governance to be implemented. • HoS H&S Board to define Place requirements for reporting and monitoring. • Next British Safety Audit Council audit planned for Feb 2016
10.	**Transformation programme** Transition to the new service structures and service delivery model may lead to disruption to or reductions in levels of service.	4	4	• Detailed costed new structures finalised and approved. • Budget consultation has taken place and budgets have now been set for 2016/17. • Tier 3 structure now in place to support implementation of programme with HoS now leading the reviews for their Area of Responsibility. Project boards with and detailed project plan are in place. • Transformational leads for workstreams invited to SMT on regular basis. • Team/Divisional Risk Assessments being carried out. • Contingency planning and preparation work ongoing. • Performance reporting and management to reflect transformational outcomes being developed. • Programme of staff engagement implemented. • Transformation Risk Register in place and reviewed on regular basis.	3	3	• Stakeholder management plan. • Leadership Development/Engagement Learning Sets being rolled out. • New performance KPIs to be developed and agreed.

Guidance for Assessing Impact and Likelihood of Risk

Likelihood	1 – Rare	2 – Unlikely	3 – Possible	4 – Likely	5 – Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of Occurrence	Hard to imagine, only in exceptional circumstances	Not expected to occur, unlikely to happen	May happen, reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 10 years	Between 5-10 years	Likely between 3-5 years	Likely between 1-3 years	Likely within 1 year

Impact	1 – Negligible	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
Effect on outcomes	Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations
Financial effect	Corporate: up to £250k Services: up to £100k	Corporate: £250k - £750k Services: £100k - £300k	Corporate: £750k - £5m Services: £300k - £1m	Corporate: £5m - £20m Services: £1m - £5m	Corporate: £20m + Services: £5m +
Reputational damage	None	Minor	Moderate loss of confidence and embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

Likelihood \ Impact	1 – Negligible	2 – Minor	3 – Moderate	4 – Major	5 - Catastrophic
5 – Almost Certain	Low	Medium	High	High	High
4 – Likely	Low	Low	Medium	High	High
3 – Possible	Low	Low	Medium	Medium	High
2 – Unlikely	Low	Low	Low	Low	Medium
1 – Rare	Low	Low	Low	Low	Low