

STRATEGIC RISK REGISTER UPDATE – FEBRUARY 2016 REVIEW

1. EXECUTIVE SUMMARY

- 1.1 This report provides Members with an update on the Strategic Risk Register as per the agreed six monthly reporting cycle.
- 1.2 The Strategic Risk Register is updated on a live basis and is formally reviewed twice yearly, in August (post year-end) and in February as part of the budget setting process. This update follows on from the review in February 2016.
- 1.3 The process for reviewing the Strategic Risk Register is outlined below:
- Designated risk owner to update on an ongoing basis in consultation with appropriate Chief Officers /Service Managers and Policy Leads.
 - Strategic Management Team (SMT) to review progress /update report.
 - Policy and Resources Committee to consider progress/update reports.
 - Performance Review and Scrutiny Committee to consider progress/update reports.
- 1.4 The updated Strategic Risk Register is attached as Appendix 1. There are currently 15 strategic risks identified. SMT and risk owners have reviewed the Strategic Risk Register and a number of small updates have been made, specifically in relation to current and planned mitigations. Assurance can be taken that mitigation actions are being actively managed.
- 1.5 Members are asked to note the content of the report and updated Strategic Risk Register.

STRATEGIC RISK REGISTER UPDATED – FEBRUARY 2016 REVIEW

2. INTRODUCTION

- 2.1 This report provides Members with an update on the Strategic Risk Register as per the agreed six monthly reporting cycle. This update follows on from the review in February 2016.

3. RECOMMENDATIONS

- 3.1 Members to note the content of the report and updated Strategic Risk Register.

4. DETAIL

- 4.1 The Strategic Risk Register is updated on a live basis and is formally reviewed twice yearly, in August (post year-end) and in February as part of budget setting process.
- 4.2 The process for reviewing the Strategic Risk Register is outlined below:
- Designated risk owner to update on an ongoing basis in consultation with appropriate Chief Officers /Service Managers and Policy Leads.
 - Strategic Management Team (SMT) to review progress /update report.
 - Policy and Resources Committee to consider progress/update reports.
 - Performance Review and Scrutiny Committee to consider progress/update reports.
- 4.3 The number of risks identified remains constant, however, consideration was given to the potential inclusion of risks relating to the undernoted themes. After discussion it was agreed that although they should remain in sight of management, there was no need to add them to the Strategic Risk Register at this stage.
- Capacity to meet new statutory duties
 - Waste Management Contract /Increasing volumes of waste into landfill
 - Winter Maintenance.
- 4.4 Risk Appetite and Risk Tolerance levels now feature on the Strategic Risk Register alongside residual scoring level.
- 4.5 Risk appetite is simply the amount of risk an organisation is willing to take. It is not a single fixed concept. There can be a range of appetites for different risks and these appetites may well vary over time. Risk appetite can and will change over time. (e.g. the economy shifts from boom to bust or a reserves fall). Rapid or extra-ordinary changes in circumstances may also result in re-appraisal of appetite.

- 4.6 Risk Tolerance levels are the points where a form of intervention or escalation is required and are normally a prescribed score or level, however, can also be reflective of timescale, progress or otherwise. Actions associated with activating a trigger point could be:
- Prioritisation or redirection of resources
 - Prioritisation of mitigations
 - Defined action plans
 - Review outcome or objective
 - Terminate Risk – Alternative policy
 - Review of Appetite level.
- 4.7 The updated Strategic Risk Register is attached as Appendix 1. SMT and risk owners have reviewed the Strategic Risk Register and a number of small updates have been made, specifically in relation to current and planned mitigations. Assurance can be taken that mitigation actions are being actively managed.
- 4.8 There are currently 15 strategic risks identified. Two of the risks are currently showing a residual score in excess of agreed tolerance levels. These are risks number 1, Population and Economic decline and risk number 7, Health and Social Care Integration. Assurance can be taken that these risks are being actively managed.
- 4.9 The review of the Strategic Risk Register took place prior to the referendum vote in respect of Brexit. At this stage, it is not possible to quantify or assess the impact or implications for Local Government or the wider Argyll and Bute Area. This is a potential emerging risk which will be kept under review.

5. CONCLUSION

- 5.1 This report provides Members with the update to the Strategic Risk Register and provides assurance that strategic risks continue to be actively managed and monitored.

6. IMPLICATIONS

- 6.1 Policy – None directly but the SRR should be used to assist the Council in setting and reviewing its strategic direction and performance.
- 6.2 Financial – None directly from this report but effective risk management assists with effective governance and stewardship of council resources.
- 6.3 HR – None.
- 6.4 Equal Opportunities – None.
- 6.5 Legal – None.
- 6.6 Risk – The report sets out the strategic risks facing the Council.
- 6.7 Customer Service – None.

Kirsty Flanagan
Head of Strategic Finance
14 July 2016

Dick Walsh - Council Leader and Policy Lead for Strategic Finance

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APPENDICES:

Appendix 1 – Strategic Risk Register

Appendix 2 – Risk Assessment Matrix

STRATEGIC RISK REGISTER – FEBRUARY 2016 REVIEW

Risk Ref	Description Of Risk	Example Consequences	Gross Risk			Desired Outcome	Current Mitigations	Planned Mitigations	Residual Risk			T O L	A P P	Risk Owner
			Li	Im	Sc				Li	Im	Sc			
			1.	Population and economic decline	<p>Sustained economic decline and population loss, particularly amongst our economically active generations results in a circle of decline with reduced employment, lower earnings, failing businesses and poor perception of the area.</p> <p>Population decline reduces Government funding and reduces scope for efficiencies and economies of scale. Combined population and economic decline may increase the need and costs for services</p>				5	4	20			

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			Li	Im	Sc				Li	Im	Sc			
2.	Condition and suitability of overall Council infrastructure and asset base.	<p>Infrastructure and asset base do not support overall Council objectives.</p> <p>Infrastructure and asset base do not support delivery of service outcomes.</p> <p>Infrastructure and asset base is allowed to deteriorate resulting in cost, lost opportunities and wasted resource.</p>	4	4	16	The Council has an infrastructure and asset base that is maintained, safe, efficient and fit for purpose and which supports development of the area and achievement of objectives and service delivery	<p>Corporate Plan and Service Plans. (actions)</p> <p>Revised Capital planning and monitoring process reflecting best value 2 audit recommendations.</p> <p>Asset Management planning process.</p> <p>Project prioritisation process</p> <p>Business case prepared with regard to asset sustainability, service development and</p>	<p>Where applicable, adoption of recommendations arising from Audit Scotland's report "Major Capital investment in Councils".</p> <p>Continuous development of the Asset Management/ Capital Planning pack.</p> <p>Asset Management work plan for 2016/17.</p>	3	4	12	12	M	Head of Facility Services.

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			Li	Im	Sc				Li	Im	Sc			
3. External – built environment non-council assets and infrastructure	Our built environment is not maintained to an adequate standard and does not support investment or regeneration aspirations. Built environment deteriorates to levels where intervention is required.	We do not have a built environment which supports sustainable growth. Communities and public sector partners fail to make the best use of our natural and built environment.	3	4	12	We have an environment which supports sustainable growth. Communities and public sector partners make the best use of our natural and built environment with clear plans for development and investment	Rothesay Townscape Heritage (TH) Campbeltown and Inveraray Conservation Area Regeneration Scheme. CARS – Building Standards Area Teams	Physical Regeneration programmes focused on enhancing and maintaining the built environment including THI and CARS Individual buildings restoration and reuse. i.e. Campbeltown Cinema, Dunoon Pier, Pavilion. St Peters seminary, NVA Cardross. Helensburgh Waterfront.	3	4	12	12	M	Executive Director of Development and Infrastructure

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			4. Welfare reform	Implementation of welfare reform is not managed well resulting in increased poverty and deprivation or short term crisis.	<p>Increase in demand or costs for Council services.</p> <p>Financial crisis and hardship for individuals.</p> <p>Adverse impact on local economic development.</p> <p>Adverse impact on communities.</p> <p>Potential widening of inequalities gap.</p>				5	4	20			

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			Li	Im	Sc				Li	Im	Sc			
5.	Political leadership	<p>Political instability resulting in a lack of collective strategic leadership by councillors.</p> <p>Loss of Strategic direction.</p> <p>Deterioration in performance.</p> <p>Negative impact on reputation.</p>	4	5	20	<p>Improved Strategic focus.</p> <p>Performance level maintained and improved.</p>	<p>Administration in place with working majority.</p> <p>Revised political management arrangements agreed at Council on 23 January 2014.</p> <p>Action plan to address issues set out in Audit Scotland statutory report approved by Council 23 Jan 14. On-going Members seminar programme and support from Improvement Service secured in order to take</p>	<p>On-going Members seminar programme and support from Improvement Service secured in order to take forward aspects of elected member development.</p> <p>Mentoring and support for policy leads.</p> <p>Priorities agreed by Council.</p>	3	4	12	12	M	Chief Executive

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6. Finance – Income and funding	<p>A major reduction in income /funding as result of a reduction in grant funding.</p> <p>This may arise from global or local economic circumstances, government policy on public sector budgets and funding or data that determines grant funding formula.</p>	<p>Lack of income /funding to support Council objectives.</p> <p>Requirement to reduce service provision or budget allocations.</p> <p>Reduced income may impact on performance levels.</p>	4	4	16	The Councils finances are managed effectively.	<p>Effective framework for medium term financial planning that takes account of medium term funding projections.</p> <p>Monitoring of grant funding formula.</p> <p>Research opportunities for maintaining or enhancing government funding to the Council.</p>	<p>Actions to improve current income streams and attract new income streams.</p> <p>Targeted Investment in specific areas /initiatives</p> <p>Contributing to Local Authority Spending review</p> <p>Development of longer-term financial strategy outlining a range of possibilities.</p> <p>Discussions with Scottish Government re future funding.</p>	3	4	12	12	M	Head of Strategic Finance

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			7. Health and social care integration	Implementation of health and social care integration is not managed effectively.	Unable to proceed with health and social care integration on a managed basis and/or in accordance with timescales. Integration has a negative impact on health and social care service delivery.				4	5	20			
8. Reputation	The Council fails to maximise its profile at national level. Trust and Integrity of the Council is undermined leading to	Reputation declines. Negative impact on morale. Poor reputation undermines action being taken to target	4	4	16	The reputation of the Council is protected and enhanced.	Community Engagement Strategy. Improved Communications Strategy. Planning and performance	Action plan to improve customer services. Develop internal communication protocols Increase options for communication	3	4	12	12	M	Head of Improvement and HR

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				diminishing reputation resulting in negative external scrutiny. Council fails to maintain its general reputation with residents, the Community and the wider Local Government	population and economic growth. Increased risk of audit and inspection activity.									
9. Demographic change	The Council fails to recognise, plan and deliver services in a way that takes account of demographic trends.	Services not configured to meet user/citizen requirements This will impact on the Council's ability to attract and retain staff and the model of care we provide for Social work services.	4	4	16	Performance of key priority services and other key areas identified by the public maintained or improved	Monitoring of population trends. Corporate and service plans. Planning and performance management framework (PPMF). Community Engagement Strategy. Workforce planning.	Continued workforce planning. Corporate and service planning.	3	4	12	12	L	Head of Improvement and HR

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			10. Finance - expenditure	Expenditure is estimated to exceed available resource and the Council is facing a considerable funding gap in the medium term. Expenditure continues to rise against an increasing demand for services.	Resources need to be diverted. Reduced levels of performance. Expenditure exceeds available resource Services are unable to make required efficiencies				3	4	12			

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			Li	Im	Sc				Li	Im	Sc			
11. Partnership governance	Inadequate Partnership Governance Arrangements. Risk that partnership arrangements are poorly defined and constituted leading to an inability to deliver outcomes and objectives or being democratically deficient	Lack of Accountability. Lack of democratic input to key decisions. Partnership viewed as having failed and not achieving objectives. Wasted resources and effort. Reputational damage.	4	3	12	Effective and efficient Partnership which is both accountable and democratic and focused on delivering outcomes.	Single Outcome Agreement Clear line of sight from SOA to individual partner contributions CPP governance arrangements and partnership agreement. Area community planning groups	Review Single Outcome Agreement Delivery Plans	3	3	9	9	L	Head of Community and Culture.

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12.	Engagement and alignment of service delivery.	The Council fails to understand service user needs and align service delivery to meet these. Gaps between community needs and Council services. Also impacts on reputation.	3	4	12	The Council understands local needs and aligns service deliver accordingly.	Community Engagement Strategy. Customer service board and action plans. Scorecard analysis Operation & development of: Panels & Forums - Young Peoples Panel - Youth Website - Citizens Panel etc	Planning for Our Future consultation exercise Upskilling workforce Facilitating cultural change Community Empowerment Act	2	4	8	8	L	Executive Director Customer Services. All Heads of Service

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13. Leadership and management	<p>A lack of Strategic Leadership and Direction will have a negative impact on the ability of the Council to set out strategic objectives and then align service delivery and resources to ensure these objectives are achieved.</p> <p>May also impact on development of the community planning partnership.</p> <p>Risk that organisation is not focussed on</p>	<p>No clear strategic direction/set of objectives.</p> <p>Objectives not achieved as services and resources are not fully aligned to objectives.</p> <p>Opportunities missed to demonstrate community leadership.</p> <p>Confidence in, and reputation of, the Council harmed.</p> <p>Fail to adapt to changing environmental, social and economic</p>	3	4	12	The Council has a clear strategic direction and service and resources are aligned to ensure Council objectives are achieved.	<p>Corporate Plan sets out overall Council objectives.</p> <p>Community Plan/SOA sets out CPP objectives with clear links to Council contributions Corporate Improvement Plan.</p> <p>PPMF and service planning and performance monitoring to ensure service outcomes and activity is aligned with Council and Government objectives and performance is meeting targets.</p> <p>Community engagement and</p>	<p>Delivery Plans for Single outcome agreement.</p> <p>Communication Strategy – Internal Communications</p>	2	4	8	8	L	Chief Executive

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				outcomes /objectives resulting in poor decision making and inadequate governance arrangements	conditions. Fail to meet service needs of citizens.									
14. Civil contingency and business continuity	The arrangements in place for civil contingencies and business continuity are not effective.	Ineffective management of major emergencies affecting Council services and communities in Argyll and Bute in response to a major emergency. Incident and recovery phase of an emergency lead to greater inconvenience and hardship and a longer timescale for return to normal. Council unable to effectively deliver its own services as a result of an emergency.	2	4	8	Effective plans and procedures in place to respond to a major event affecting Council services and/or the general public.	On-going training programme in place and continual update of Emergency Plans and procedures. Peer Review of major exercise undertaken to provide external validation of planning process. West of Scotland local resilience partnership EMST regular meetings Regular testing of procedures Training Programme for key	Emergency Planning Test events. Regular Critical Activity Recovery Plan (CARP) updates. Further roll out of community resilience partnership programme. Possible amalgamation of ABC LRP group with WDC group increasing the number of professional staff available to support this work.	2	3	6	6	L	Head of Governanc e and Law

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						<p>staff undertaken to develop skills and experience.</p> <p>Annual report on activity to be presented to DMT /SMT annually.</p> <p>Strong Partnership working as demonstrated during live incident at Clachan.</p> <p>Community resilience plans.</p>								
15. Management of services and resources	<p>Services and resources are not effectively managed.</p> <p>Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives</p> <p>Resources are</p>	<p>Poor performance.</p> <p>Increased costs.</p> <p>Negative publicity.</p> <p>Unable to demonstrate best value.</p>	3	3	9	<p>Performance targets achieved.</p> <p>Performance improves over time and compared to others.</p> <p>Improved use and management of resources.</p>	<p>PPMF and service planning</p> <p>Regular performance monitoring and review.</p> <p>Performance scorecards and Pyramid.</p> <p>Corporate Improvement Plan and monitoring of</p>	<p>Continued roll out and development of Argyll and Bute Manager Programme</p> <p>Further development and continued implementation of Attendance Management Policy</p>	2	3	6	6	L	Executive Directors

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				<p>poorly managed with result that agreed outcomes and objectives are not fully achieved.</p> <p>Unable to achieve continuous improvement and improve effectiveness and efficiency.</p>										

Li = Likelihood
 Im = Impact
 Sc = Score

TOL = Tolerance
 APP = Appetite

Risk Assessment Matrix			
Likelihood		Impact	
Score	Description	Score	Description
1	Remote – Very unlikely to ever happen.	1	None – minimal impact on objectives, budget, people and time
2	Unlikely – Not expected but possible.	2	Minor – 1%/10% budget, first aid, minor impact objectives, 1wk/3 months delay.
3	Moderate – May happen occasionally.	3	Moderate – 10%/30% budget, medical treatment required objectives partially achievable, 3/12 months delay.
4	Likely – Will probably occur at some time.	4	Major – 30%/70% budget, permanent harm, significant impact on service delivery, 1/2 years delay.
5	Almost certain – Will undoubtedly happen and possibly frequently	5	Catastrophic – Over 70% budget, death, unable to fulfil obligations, over 2 years delay.

A combined score of 15 or more is classed as a red risk. HIGH

A combined score of between 6 and 14 is classed as an amber risk. MEDIUM

A combined score of less than 5 or less is classed as a green risk. LOW