
Report to **Audit & Finance Committee**

Date of Meeting: 7th September 2017

Subject: **Corporate Risk & External Audit Actions**

Report by: **Head of Strategy & Customer Services**

1.0 Purpose

This report provides the 2016/17 year end update on Clackmannanshire Council's Corporate Risk Log (Appendix A), as well as the Annual Emergency Planning Statement of Preparedness (Appendix B). The report then provides updates regarding progress on recommendations identified in the audit of 2015/16 accounts by Deloitte UK, the Council's previous external auditors (Appendix C). The Corporate Risk Management Guidance has also been provided for information (Appendix D).

2.0 Recommendations

2.1. That Committee notes the report, commenting and challenging as appropriate.

3.0 Considerations

3.1. Summary

- 3.1.1. The Council has key goals regarding how it will care for and support the people and area of Clackmannanshire. In order to plan how we will achieve goals, we must consider internal and external factors with the potential to prevent or hinder their achievement. An effective risk management approach ensures that the Council is aware of such factors and, where appropriate, takes action to reduce or remove risks to ensure the success of initiatives.
- 3.1.2. While Council officers and services deal with operational risks to individuals, communities and physical aspects of the area on a daily basis, a corporate risk management approach must take a wider, more strategic view. The hierarchy of risk logs from teams, to services (and partnerships), to the corporate log should ensure that the Council has holistic oversight of the most significant issues which must be monitored and managed.
- 3.1.3. The purpose of risk management is not to prevent activities from taking place, but to ensure that all relevant factors are taken into account in their planning and execution so that the best possible outcomes are realised. Various steps are taken to integrate the corporate risk management approach with key organisational areas, such as governance, sustainability, equalities, workforce management, communications, legal, health & safety, etc.
- 3.1.4. Though external auditors have a key focus on financial management, Audit Scotland's revised Best Value Audit approach aims to enhance assessment of wider areas, such as performance and change management, to present a more comprehensive audit opinion. For the same reason, this report presents corporate risk alongside emergency planning and external audit considerations to ensure that both internal and external views, as well as short- and longer-term factors are summarised together.

3.2. Corporate Risk Management Process

3.2.1. The corporate risk log is owned by the Corporate Management Team, and the Head of Strategy & Customer Services is responsible for the corporate risk management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a 6-monthly basis. Processes are assessed via internal and external governance and audit mechanisms, and peer-reviewed by other local authorities.

3.2.2. Each corporate risk log review involves gathering information from internal and external sources (environmental scanning), review of the log by the Corporate Risk & Integrity Forum, and individual meetings with risk owners and delegated officers, to:

- Review changes and developments in existing corporate and service risks;
- Analyse dependencies, 'knock-on effects' and wider perspectives;
- Investigate emerging externally-identified risks for local relevance;
- Evaluate emerging internally-identified risks, such as those highlighted during the Annual Governance Statement process.

3.2.3. Risks with implications for 3 or more of the 6 Council services, or assessed as significant (red) for a specific service, are considered for escalation to the corporate log, where they are managed until their significance reduces. Risks are recorded on the Covalent performance management system and associated with priority outcomes, actions (or action plans), and existing controls (strategies, policies, procedures, etc.).

3.2.4. It would be impossible to remove all risk from our operations as many Council functions have inherent risks, as do most organisational changes, thus, never taking risks would also mean missing key improvement opportunities. The aim, therefore, is not to be 'risk averse', but to be 'risk aware'. We identify our approach to managing each risk as:

- Treat: actions will be completed to reduce the risk,
- Tolerate: actions within our control are complete and plans are in place,
- Transfer: the risk will be passed to another party, such as insurers,
- Terminate: the activity that is causing the risk will be ceased.

3.2.5. In relation to this report and its Appendices, please note that:

- Though some risks have been linked to 2017/18 Business Plan actions, plans have not been approved at the time of writing this report so there may be some slight revisions;
- External Audit actions are those identified by Deloitte UK (the Council's previous auditors) in last year's audit of accounts – recommendations from Audit Scotland will be reported at the end of September, and included in the next Corporate Risk Report;
- The Corporate Risk Management Guidance was produced in 2015 and has been included for information, though some slight amendments have been implemented since then, such as the Committee reporting frequencies shown on the final page.

3.3. Corporate Risk Log – Appendix A

3.3.1. As can be seen in the Corporate Risk Log summary, 4 risks remain red since the last report to Audit & Finance Committee in January (with 2 having increased slightly and 1 having reduced), and an additional 2 risks have increased from amber to red. Of the remaining 8 reported previously as amber, 5 remain in this status (2 of these having increased slightly), and the scores of 3 risks have improved to a green status. 1 risk remains in a green status since the last report, and the other 2 reported previously as green were approved by Audit & Finance committee for transfer to other risk logs (Community Empowerment now being managed via service risk logs, and Health & Care Integration managed via the Integration risk log, which is now reported regularly to the Integration Joint Board).

Approach: Treat

3.3.2. Financial Resilience remains a key area of focus and all Council services continue to identify and implement efficiency opportunities. This risk is closely linked to Organisational Change, which remains red, though the score has reduced (from 25) since the last report, due to uncertainties which existed at the time around changes in the political administration, impacting on decision-making. Financial Resilience is also linked to Governance, which has increased since the last report (from 12) due to external changes, as well as internal changes relating to staffing reductions. Similarly, this also has clear links to Health & Safety, where actions, including an external review of arrangements, and senior management training, are expected to reduce this risk in future reports.

3.3.3. The risk around Welfare Reform has also increased since the last report, due to Universal Credit changes having now come into effect, and the experience of other authorities in relation to their impact on service delivery and on individuals in the community.

3.3.4. There are 4 threads to the national CONTEST (anti-extremism) strategy, with Pursue and Protect led by Police Scotland. The Council has key responsibilities around the Prevent and Prepare threads, with the latter (concerning responding to an incident, should it occur) included in the Statement of Preparedness (see below). Though this risk has increased due to recent terrorist incidents, work is ongoing to reduce the risk locally through deployment of the corporate delivery plan, including revising building security protocols and training staff. Training regarding responding to an incident is now mandatory for all staff, and those in particular roles have received additional training in identifying and supporting individuals in our communities who may be vulnerable to radicalisation.

3.3.5. Though changing demographics, and particularly the 'ageing population' issue is a key area being addressed by the Integrated Health & Care service, this remains on the Corporate Risk Log due to its significance, and potential impact across all Council services. Local Outcome Improvement Plans (LOIPs) are currently in development, and we continue to improve our internal use of demographic data to forecast demand for services. Again, there are inter-dependencies with Organisational Change and Financial Resilience, with this demand analysis shaping how we transform services to ensure the needs of our communities are met in an efficient and effective manner.

3.3.6. The risk regarding Harm to Children was initially added to the log following actions identified in a Care Inspectorate joint inspection of both Education and Social Services across Clackmannanshire and Stirling in early 2014. Though a wide range of actions have reduced this risk substantially since then, it is felt that the potential severity of this risk warrants its continued monitoring via the Corporate Risk Log.

3.3.7. The 2 green risks being 'treated' by the Council relate to Serious Organised Crime and Information Management. In both of these areas, delivery plans have been developed,

following advice from external bodies (i.e. Police Scotland and National Records of Scotland, respectively). The cross-cutting nature of these risks and potential impacts across Council services, means that they will continue to be monitored via the Corporate Risk Log until actions are complete and external verification of controls is confirmed.

Approach: Transfer

- 3.3.8. The risk regarding the potential unforeseen impacts of Shared Services separation has been reduced to its target score through the establishment of new Education and Social Services Senior Management Teams. It is considered that any service-specific risks relating to this issue are managed via these services' risk logs. Any significant concerns arising in the future will be discussed and escalated to the Corporate Risk Log, as per standard processes (see section 3.2), if appropriate.

Approach: Tolerate

- 3.3.9. Risks which must be 'Tolerated' are generally those where the cause is outwith Council control (often relating to Emergency Planning and Business Continuity), but where plans are in place to respond to the issue, should it materialise. This section of the Log shows these from a Risk Management perspective but most are also reflected in the Statement of Preparedness (see below), to provide the additional Emergency Planning perspective.
- 3.3.10. As discussed below, the risks regarding Public Utilities has increased and the risk regarding a Public Health Emergency (most likely pandemic flu) has decreased. Severe Weather is considered a single issue from a risk management perspective (where the summary is the same, regardless of the specific type of weather), but is separated on the Statement of Preparedness due to the differing responses required. The score of this risk remains consistent and incidents occurring throughout the year which have tested Emergency Response Plans have demonstrated their effectiveness. Revisions to the forecasting of a pandemic flu outbreak, and the plans in place to manage such an incident, have reduced both the likelihood and impact of this risk in recent years.
- 3.3.11. The only risk included in the Tolerate section which is not also reflected in the Statement of Preparedness is that of Industrial Unrest (as there are no specific Emergency Planning implications). As the Council moves towards changing how it delivers services, the impact on specific jobs/roles and Terms & Conditions means that there is an increased risk of industrial action. There has, however, been extremely positive working with Elected Members and Trade Unions with regard to moving the Council forward and identifying ways in which the wealth of skills and knowledge in the workforce can be put to more flexible use to ensure service demands and community needs are met.

3.4. Statement of Preparedness – Appendix B

- 3.4.1. As mentioned above, the Council's Annual Statement of Preparedness at the 2016/17 year end stage shows more detailed information on controls and progress in relation to Emergency Planning-related risks. Utilities and Flu Pandemic relate directly to a single corporate risk, Anti-extremism relates to the elements of the corporate risk which must be 'Tolerated', and the corporate risk on Severe Weather is separated into 2 summaries here, to demonstrate the differing responses required.
- 3.4.2. The only item included in the statement, but not included in the Corporate Risk Log is Climate Change. This was previously included in the Corporate Risk Log, but was reported as at a green status in December 2014 to the former Resources & Audit Committee, due to the controls in place. At that time, it was agreed by the Committee that this would be transferred from the Corporate Risk Log to that of Development & Environmental Services and monitored via reports on the Sustainability & Climate Change Strategy to (the now also dis-established) Enterprise & Environment Committee. Inclusion in this Statement demonstrates that the Council continues its efforts in relation to this issue.
- 3.4.3. As can be seen, the areas of Utility Failure and Anti-extremism have increased in severity, due to external factors, though a range of plans are in place and activities completed in relation to both. Plans are either produced jointly with partner agencies, such as Police Scotland, the Scottish Fire & Rescue Service, Forth Valley NHS, and neighbouring local authorities. Other plans are also peer-reviewed and scenario-tested to ensure that they are robust and take all relevant factors in to account.
- 3.4.4. The differing responses, and plans which will be put into effect, in the event of Severe Storms and Gales, and/or Flooding are also shown. Various elements of these plans have been put into effect in recent years when such incidents have occurred. This has not only demonstrated the effectiveness of plans and arrangements, but has also provided opportunities to record 'lessons learned' from incidents and adapt plans accordingly, to further strengthen Emergency Planning arrangements.
- 3.4.5. As noted above, both the areas of Flu Pandemic and Climate Change are now considered as at a green status as the plans in place, and ongoing actions, are considered sufficient to mitigate the elements of these areas within Council control. Additional actions in relation to elements of the Statement of Preparedness are shown in 'The Way Ahead', and work continues to ensure that all Council Emergency Response plans are fit for purpose.

3.5. External Audit Actions – Appendix C

3.5.1. There are few actions outstanding from Deloitte UK’s audits of the 2014/15 and 2015/16 accounts, as can be seen in Appendix C. As the Council’s External Auditors have now rotated (as per the standard 5-year cycle), and work has begun with the new auditors, Audit Scotland, these actions will now be closed off on the Covalent Performance Management System. Audit Scotland have access to Deloitte UK’s previous findings, and any new recommendations identified will be reported to Council by Audit Scotland at the end of September, with progress reported in future Corporate Risk reports.

3.6. Corporate Risk Management Guidance – Appendix D

3.6.1. As noted in section 3.2, the Corporate Risk Management Guidance has been provided alongside this report to provide Elected Members with information on the principles and internal processes followed in relation to Risk Management, as well as their role in relation to Risk Scrutiny. Though some slight changes have occurred since this guidance was produced in 2015, such as the reporting frequencies on the final page, all other elements remain applicable to how we assess and manage risks.

3.6.2. The guidance is also applicable to different levels of risk log, from teams, to services, to the corporate level, and is also the guidance which has been adopted by the Integrated Health & Care service. Though risk management can never be an ‘exact science’, and must inherently involve a certain degree of forecasting, estimation and subjectivity, consistent use of the guidance ensures that the Council can provide Elected Members with assurance that appropriate governance processes are being followed. Guidance, support and facilitation is also provided to Council services and partnerships on an ongoing basis by the Strategy & Performance team.

Abbreviations:

CBRN	Chemical, Biological, Radiological & Nuclear	CEA	Community Empowerment Act
CONTEST	Counter-terrorism Strategy	EP	Emergency Planning
FRB	Forth Road Bridge	FV	Forth Valley
HSE	Health & Safety Executive	ICT	Information & Communication Technology
IOSH	Institute of Occupational Safety & Health	LOIP	Local Outcome Improvement Plan
LRP	Local Resilience Partnership	MEA	Modern Equivalent Asset
NHS	National Health Service	RRP	Regional Resilience Partnership
SDL	Scottish Defence League	VHF	Very High Frequency
WRAP	Workshop to Raise Awareness of Prevent		

4.0 Sustainability Implications - *This report has no direct sustainability implications*

5.0 Resource Implications

5.1. *Financial Details - This report has no direct financial implications*

5.2. The full financial implications of the recommendations are set out in the report. This includes reference to full life cycle costs where appropriate. Yes

5.3. Finance have been consulted and agreed the financial implications as set out. Yes

5.4. *Staffing - This report has no direct staffing implications*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) Our Priorities (Please double click on the check box)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) Council Policies (Please detail)

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes No

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, state "none".

Appendix A – Corporate Risk Log
 Appendix B – Statement of Preparedness
 Appendix C – External Audit Actions
 Appendix D – Corporate Risk Management Guidance

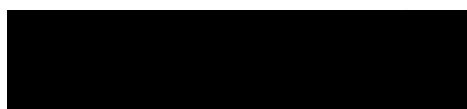

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered) Yes (please list the documents below) No

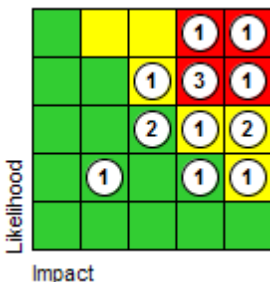
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NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy & Customer Services	
Elaine McPherson	Chief Executive	

Appendix A – Corporate Risk Log

Summary of Changes	Distribution of Risk Scores
<p>At the 2016/17 year end stage (out of a total of 15 risks):</p> <p><u>Status</u></p> <ul style="list-style-type: none"> ● 6 risks are red (increase from 4 in the 2016/17 half year report) ▲ 5 risks are amber (decrease from 10 in previous report) ✔ 4 risks are green (increase from 3 in previous report) <p><u>Approach</u></p> <p>10 risks are being Treated (decrease from 11 in previous report) 1 risk will be Transferred from the log (2 were Transferred after previous report) 4 risks must be Tolerated (same as in previous report)</p> <p><u>Change in Scores Since Last Review</u></p> <ul style="list-style-type: none"> ↑ 6 risks have increased ▬ 5 risks remain the same ↓ 4 risks have decreased N No new risks have been added to the log 	 <p>The Risk Matrix is a 5x5 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The cells contain the following counts: Row 1: (Green, Green)=0, (Green, Yellow)=0, (Green, Orange)=1, (Green, Red)=1, (Green, Extreme)=1; Row 2: (Green, Green)=0, (Green, Yellow)=1, (Green, Orange)=3, (Green, Red)=1, (Green, Extreme)=1; Row 3: (Green, Green)=0, (Green, Yellow)=2, (Green, Orange)=1, (Green, Red)=2, (Green, Extreme)=0; Row 4: (Green, Green)=1, (Green, Yellow)=0, (Green, Orange)=1, (Green, Red)=1, (Green, Extreme)=1; Row 5: (Green, Green)=0, (Green, Yellow)=0, (Green, Orange)=0, (Green, Red)=0, (Green, Extreme)=0.</p>

Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25	●	Treat	▬
COU CRR 032	Council & Community Impact of Welfare Reform	20	●	Treat	↑
COU CRR 012	Health & Safety Non-compliance	20	●	Treat	↑
COU CRR 034	Insufficient Pace and Scale of Organisational Change	16	●	Treat	↓
COU CRR 033	Major Governance Failure	16	●	Treat	↑
COU CRR 040	Failure of Public Utility Supply	16	●	Tolerate	↑
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15	▲	Treat	↑
COU CRR 005	Inability to Respond to Changing Demographics	15	▲	Treat	▬
COU CRR 031	Failure to Prepare for Severe Weather Events	12	▲	Tolerate	▬
COU CRR 023	Industrial Unrest	12	▲	Tolerate	↑
COU CRR 011	Harm to Child(ren)	10	▲	Treat	▬
COU CRR 037	Failure to Address Serious Organised Crime	9	✔	Treat	▬
COU CRR 022	Public Health Emergency	9	✔	Tolerate	↓
COU CRR 009	Information Not Managed Effectively	8	✔	Treat	↓
COU CRR 044	Unforeseen Impacts of Shared Services Separation	4	✔	Transfer	↓

Approach: Treat

Insufficient Financial Resilience		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Deputy Chief Executive	COU CRR 008			Current Score	25	Target Score	5
Description	The Council does not have sufficient funds to meet its liabilities and cannot meet essential service demands or customer needs, or respond to external agendas.			 Likelihood Impact		 Likelihood Impact	
Potential Effect	Reputational damage, legal implications and severe and extended loss of service provision. Possibility of Alliance partners also being affected contributes to the potential impact, given the interdependencies.						
Latest Note	Independent analysis suggests Clackmannanshire is experiencing the greatest budget pressure of all 32 councils. The funding gap for 18-19 is estimated at £13.6m, with lower settlements to 2020/21, requiring more significant budget reductions. Given that significant savings have been made in recent years, it is proving extremely challenging to identify new proposals within existing policy parameters. Work is currently progressing to identify savings in respect of 2018/19 and beyond, including the development of redesign and restructure proposals.						
Related Actions	External Audit Action Plan (Audit of 2015/16 Accounts by Deloitte UK)		COU EXA 156	Existing Controls	Financial Management Strategy		
	Ongoing work by services to identify savings proposals, supported by Accountancy		CRR COU 003		Budget Challenge & Financial Monitoring		
	Corporate change programme activity from 2017/18 onwards.		MCB PRG 201718		Interim Procurement Strategy		

Council & Community Impact of Welfare Reform		Priority Outcome	1. The area has a positive image and attracts people and businesses 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Housing & Community Safety	COU CRR 032			Current Score	20	Target Score	6
Description	The welfare reform agenda increases deprivation in the area, removes £8 to £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.			 Likelihood Impact		 Likelihood Impact	
Potential Effect	Reversal of efforts to reduce deprivation and improve economic development in the area, as well as reputational, budget and staffing implications of providing new services (impact of the transfer to Universal Credit cannot yet be quantified).						
Latest Note	Universal Credit full digital service went live in Clackmannanshire on June 28th. It is too early to evaluate its impact but learning and experience from authorities suggests it could have a significant impact on the community and Council services. E.g. East Lothian saw a substantial increase in crisis awards due to increased processing times, reduced Council Tax Reduction claims, which impacted collection rates and increased workload, and increased rent arrears.						
Related Actions	Review the Housing Allocation Policy		HCS SBP 079	Existing Controls	Scottish Welfare Fund (Crisis & Community Grants)		
	Review the Local Housing Strategy		HCS SBP 080		Housing Options Service		

Health & Safety Non-compliance		Priority Outcome	7. Health is improving and health inequalities are reducing 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 012			Current Score	20	Target Score	4
Description	A Health & Safety incident or statutory breach results in the injury to or death of a staff member or customer due to lack of awareness of or non-compliance with policies and procedures. Such incidents may also arise from the actions of third parties, whose activities may be outwith the direct control of the Council.						
Potential Effect	The effects on individuals and their families, financial penalties (including HSE intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.						
Latest Note	Council Executive Directors and Senior Managers have undertaken IOSH H+S awareness training delivered by Gallagher Bassett. High Level corporate H+S forum proposal made to Executive to address H+S management system structure and format and 'Statement of Intent', 'Organisation and Arrangements' and Consultation documents prepared for improved H+S management System.						
Related Actions	Governance Improvement Plans across all services		CRR RAG 001	Existing Controls	Health & Safety Management System		
	Health & Safety action plan, based on recommendations from Gallagher Bassett		CRR RAG 012		Maximising Attendance & Employee Wellbeing Policy Health & Safety Handbook for Managers		

Insufficient Pace and Scale of Organisational Change		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 034			Current Score	16	Target Score	5
Description	The Council fails to proactively drive the fundamental redesign of services and organisational planning/ development with the speed required to address the funding gap due to ineffective change management.						
Potential Effect	Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.						
Latest Note	Council approved a balanced Budget for 2017/18 on 27th March 2017. The Budget report contains recommendations for a strategic redesign and proposals to achieve financial savings through managed contraction of staffing, new operational changes, new policy decisions and management efficiencies. A new Administration is in place and actions to achieve financial savings for 2017/18 are underway.						
Related Actions	Corporate change programme activity from 2017/18 onwards.		MCB PRG 201718	Existing Controls	Communications Strategy		
					Business Planning Process Trade Union & Elected Member Communication Forums		



Low - 9 or below



Medium - 10 to 15



High - 16 or above

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75



Increased score





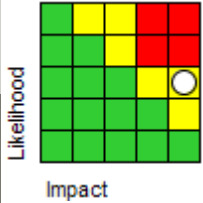
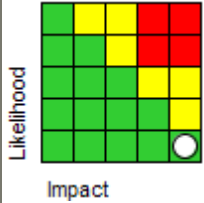
Consistent score



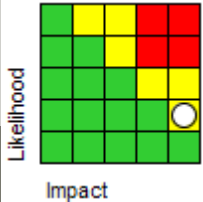
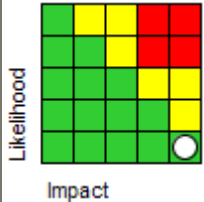


Decreased score

Major Governance Failure		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 033			Current Score	16	Target Score	5
Description	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls of procedures.						
Potential Effect	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery.			Likelihood		Likelihood	
Latest Note	The financial and reputational risk to the Council has increased with the development of, for example, revised sentencing guidelines for H&S breaches and use of arbitration in contractual disputes. Staff reductions together with the loss of long serving staff has increased the likelihood of long standing non-compliances coming to light on the one hand but also the loss of skills and experience on the other which makes a breach or a discovery of a breach of statutory duties more likely.			Impact		Impact	
Related Actions	External Audit Action Plan (Audit of 2015/16 Accounts by Deloitte UK)		COU EXA 156	Existing Controls	Scheme of Delegation		
	Annual Internal Audit & Fraud Programme		COU IAF		Audit & Finance Committee		
	Governance Improvement Plans across all services		CRR RAG 001		Governance & Audit Processes		

Failure to Prevent Extremism and/or Radicalisation		Priority Outcome	1. The area has a positive image and attracts people and businesses 4. Our communities are safer	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 038			Current Score	15	Target Score	4
Description	A terrorist incident (or other malicious attack) causes physical or financial harm to individuals or groups in Clackmannanshire, potentially caused by the radicalisation of someone from the area (who could be involved in an incident either here or elsewhere). The fear of these issues could also have an impact on quality of life.						
Potential Effect	Casualties and fatalities, damage to property and infrastructure, need for evacuation or temporary housing for those affected and potential for wider economic damage. Financial harm to individuals, businesses or the Council. Direct or indirect disruption to Council services and reputational and/or legal implications.			Likelihood		Likelihood	
Latest Note	We continue to implement the CONTEST strategy and delivery plan in Clackmannanshire. We have rolled out training to staff on WRAP and Prevent Awareness. We have also revised our building security protocols and have launched a series of briefings, cascades and information to managers and staff on the importance of building security in light of terrorist attacks and the national 'move to critical' in 2017 and what behaviours are expected of all council employees and visitors. We have also rolled out 'Stay Safe; Run, Hide and Tell' to all employees in the Council. Clackmannanshire Council now has in place a Graduated Security Risk Profile which identifies a number of actions in the event that we move to critical.			Impact		Impact	
Related Actions	Ensure deployment of the corporate CONTEST delivery plan		SCS 17 15-07	Existing Controls	Forth Valley Local Resilience Partnership		
					CONTEST Working Groups (FV & Clacks)		
					WRAP Training (High Priority Staff)		

Inability to Respond to Changing Demographics		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 005			Current Score	15	Target Score	5
Description	The Council is unable to appropriately redesign services due to not acting on predictions of changing needs and demand in areas such as the 'ageing population' (including more single-person households), and changing needs relating to health, complexity of care needs and socio-economic behaviour.			 Likelihood Impact		 Likelihood Impact	
Potential Effect	Inappropriate allocation of resources and assets, misalignment of corporate objectives with customer needs, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to situations that have not been planned for.						
Latest Note	We continue to use data and analysis to understand changing demographics in Clackmannanshire and how that may impact services required and provided by the Council. A number of significant analysis reviews have been carried out throughout the 16/17 reporting year which has helped the Councils understanding of the impact of demographic change. These have included analysis under Health and Social Care Integration; A Poverty Assessment; Economic Baseline Assessment and Strategic Assessment for Community Justice Services. The new Local Outcome Improvement Plan for 2017/27 (LOIP) and Locality Plans sets out the new outcomes for partners taking into cognisance the changing demographics in Clackmannanshire.						
Related Actions	Finalise and implement delivery plan for Health & Care Integration		CRR SOS 005	Existing Controls	Customer Consultation & Communication		
	Develop and publish a Local Outcomes Improvement Plan (LOIP) for Clackmannanshire and Locality Plans for Clackmannanshire in line with the CEA Act.		SCS 17 06		Budget Challenge & Financial Monitoring		
					HSC Strategic Plan		

Harm to Child(ren)		Priority Outcome	5. Vulnerable people and families are supported 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	
Head of Social Services; Head of Education	COU CRR 011			Current Score	10	Target Score	5
Description	A lack of intervention or action by the Council fails to prevent the serious harm of a child/children.			 Likelihood Impact		 Likelihood Impact	
Potential Effect	The effects of the injury or death on the individual, family, friends and staff members, and reputational harm or criminal proceedings, with associated costs, as well as the impact of reputational damage and negative publicity on morale, workforce development and sustainability.						
Latest Note	The Child Protection Committee has representatives from key Council Services and sub groups are now in place to progress the Committee's Strategic Action Plan. Overview is provided by the Public Protection Forum. The Children's Services Plan has been developed and keeping children and young people safe is a core priority in the Plan.						
Related Actions	Children's Services Plan		CRR SOS 003	Existing Controls	Child Protection Procedures		
	Education Business Plan 2017/18		EDU SBP 178		Public Protection Forum		
	Social Services Business Plan 2017-22		SOS BP 2017-22		Child Protection Committee		

Failure to Address Serious Organised Crime		Priority Outcome	4. Our communities are safer 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 037			Current Score	9	Target Score	6
Description	Public bodies fail to address the issues around serious organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking.						
Potential Effect	Physical or financial harm to individuals, businesses, communities or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.			Likelihood		Likelihood	
Latest Note	Controls are in place to manage our approaches under Serious Organised Crime including completion of a Police Scotland self-assessment, reviewed by the Corporate Risk & Integrity Forum. Training has been provided for Council employees on Serious Organised Crime and briefings, cascades and information has been provided to managers and employees on general security measures around data, Cyber and IT security and personal security around the workplace. We have enhanced our IT/Web systems to protect from external cyber attacks.			Impact		Impact	
Related Actions	Implement actions and requirements of the National Fraud Initiative	CRR RAG 008	Existing Controls	Serious Organised Crime Delivery Plan			
	Ensure deployment of the corporate Serious Organised Crime delivery plan	SCS 17 15-08		Let Scotland Flourish Strategy			

Information Not Managed Effectively		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 009			Current Score	8	Target Score	8
Description	Information is not protected due to a lack of compliance with information sharing, records management or ICT protocols. Information is not managed due to lack of compliance with records management protocols and good practice. Data is of poor quality, is duplicated, or is held across multiple systems. Lack of Business Intelligence and Management Information.						
Potential Effect	Possible legal and reputational issues relating to data breaches, increased difficulty and time to access information and loss of tacit information when staff leave or are absent, resulting in duplication or non-completion of (possibly statutory) duties. Loss of productivity when systems do not operate or integrate appropriately, causing frustration and impact on staff morale. Uninformed decision-making when organisational knowledge is not available when needed, due to 'single points of failure', poor succession planning, lack of awareness of the knowledge held by different service areas, or system failure.			Likelihood		Likelihood	
Latest Note	The Council's Records Management Plan (required by the Public Records Scotland Act) was approved by the Keeper of the Records of Scotland (National Records of Scotland) in June 2017, and is now being implemented.			Impact		Impact	
Related Actions	Internal Audit of Information Governance	IAF IGA	Existing Controls	Information Management Strategy			
	Develop a records management plan and implement a records management policy.	RAG 17 001		Digital Strategy			
	Deliver the business benefits from the introduction of the new finance system	RAG 17 002		Records Management Plan			



Low - 9 or below



Medium - 10 to 15



High - 16 or above

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78



Increased score



Consistent score





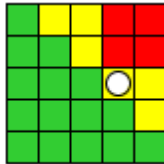


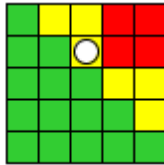


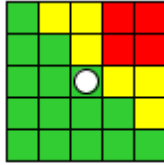
Decreased score

Approach: Transfer

Unforeseen Impacts of Shared Services Separation		Priority Outcome	3. People are better skilled, trained and ready for learning and employment 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Social Services; Head of Education	COU CRR 044			Current Score	4	Target Score	8
Description	It has been highlighted by external audit bodies that Education and Social Services may face significant pressures in rebuilding stand-alone services now that shared service arrangements with Stirling Council have come to an end. The key issues highlighted relate to: additional costs, service continuity & quality, outcomes for service users, loss of expertise, management structures and capacity.						
Potential Effect	The services could lack strategic direction, fail to adequately assess or meet customer needs (including fulfilling statutory duties), incurring further costs or potentially negative impacts on customers and fail to achieve stated objectives and outcomes, with associated audit, legal and reputational impacts.			Likelihood		Likelihood	
Latest Note	Plans and improvement actions are being progressed in different areas of child and adult services and the opportunities presented from the separation of shared services are being fully explored. Risk is felt to have been reduced to its target score, so recommend removing from the Corporate Risk Log, with any service-specific aspects being monitored via service risk logs, and the Scrutiny and Audit & Finance committees.			Impact		Impact	
Related Actions	Governance Improvement Plans across all services		CRR RAG 001	Existing Controls	Governance & Audit Processes		
	Education Business Plan 2017/18		EDU SBP 178		Education Senior Management Team		
	Social Services Business Plan 2017-22		SOS BP 2017-22		Social Services Senior Management Team		

Approach: Tolerate

Failure of Public Utility Supply		Priority Outcome	4. Our communities are safer 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 040			Current Score	16	Existing Controls	
Description	Loss of gas, electricity, water or communications over a significant area due to failure of a provider's infrastructure as a result of a local or national event.					Business Continuity Plans	
Potential Effect	Fatality, injury or health risk caused by escape of gas or loss of electrical supply. Requirement to evacuate areas and find alternative accommodation, including for vulnerable people. The Council has limited capability to reduce the risk of failure or disruption of external provider's infrastructure, other than following best practice in excavation work. Disruption to local agencies and businesses in providing normal services and potentially large costs associated with actions relating to care for people. Failure of telecoms infrastructure preventing contact with health, care and emergency services.			Likelihood		Major Incident Operational Procedures	
				Impact		Emergency Response Plan	

Failure to Prepare for Severe Weather Events		Priority Outcome	1. The area has a positive image and attracts people and businesses 4. Our communities are safer	Status		Change Since Last Review	
Executive Director	COU CRR 031			Current Score	12	Existing Controls	
Description	Inability to respond to impact of severe weather events on workforce or community due to lack of appropriate planning. This is most likely to include flooding from rainfall or coastal surges, hazardous winter weather or heatwaves (all of which, due to climate change, are likely to become more frequent and severe).			Likelihood 	Impact	Forth Valley Local Resilience Partnership	
Potential Effect	Widespread community dislocation, damage to properties, businesses, roads and utility infrastructure (including telecoms or power loss), or inability of staff to get to workplace. Increased workload in Emergency Planning, Housing, Roads and Customer Services, resulting impact on service delivery, reputation and finances.					Business Continuity Plans	
Industrial Unrest		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 023			Current Score	12	Existing Controls	
Description	Industrial action by Council staff, partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.			Likelihood 	Impact	Business Continuity Plans	
Potential Effect	Impact on staff morale and productivity with associated impact on service delivery, costs and reputation, as well as impact on customers dependent on services. In the case of partner or supplier strike action, we may decide not to complete all aspects of normal service delivery during strike action. Business Continuity & Resilience planning mitigate the impact of strike action to a tolerable level.					Forth Valley Local Resilience Partnership	
Public Health Emergency		Priority Outcome	7. Health is improving and health inequalities are reducing 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 022			Current Score	9	Existing Controls	
Description	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic.			Likelihood 	Impact	Business Continuity Plans	
Potential Effect	Depending on the nature of the health emergency, potentially short- and long-term health implications for members of the public and staff absence if either ill themselves or caring for family and/or friends. Substantial disruption to back-office support functions and front-line service provision, including to customer groups already considered vulnerable.					Pandemic Flu Plan	



Low - 9 or below



Medium - 10 to 15



High - 16 or above

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80



Increased score









Consistent score



Decreased score

Appendix B – Statement of Preparedness 2016/17

Risk, Score & Assessment	Impact Category	Consequence Description & Scale		Internal Controls	External Controls
Utility Failure (Loss of Electricity Gas and Water)  16 Developing	This risk has increased due to changes in the national infrastructure and power generation interdependencies, meaning utilities will now take longer to recover from an outage (previously 3-5 days, now 5-14 days). This is seen as a priority for the Resilience community and in particular for Councils in regard to their responsibilities around caring for people. Both the likelihood and potential duration of an outage has increased, and this is now a separate Resilience Partnership workstream, chaired by Clackmannanshire Council (loss of electricity is the potential cause of other utility failure).				
	Social	<ul style="list-style-type: none"> • Service access limitations • Loss of Social Media • Panic-buying and unrest 	High	<ul style="list-style-type: none"> ➢ Business Continuity & Emergency Response Plans, Major Emergency Op. Procedures ➢ LRP & volunteer training using Clacks scenarios, and in Airwave Communications ➢ Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system ➢ Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents ➢ Power supply backups at Kilncraigs ➢ Ongoing work to import other resilient systems through voluntary sector ➢ Of Note Clacks has lost a resilient system with the ending of the fleet VHF radio network ➢ LRP Transport Plan & local fuel bunkering ➢ Training and workshops on this topic being run, including for senior staff 	<ul style="list-style-type: none"> ➢ Emergency Response, and Resilience & Preparedness Frameworks ➢ LRP/RRP Mass Fatalities Framework ➢ LRP Public Communications Framework ➢ Resilient telecoms work on potential outside systems ➢ Scottish Government Resilience Office well practiced in recent events and has experience through FRB closure ➢ RRP structure improving mutual aid ➢ RRP Developing transport plan ➢ RRP have established separate workstream on this topic, national plan to be developed ➢ Multi-agency work ongoing to minimise impacts
	Health	<ul style="list-style-type: none"> • Failure of food/fuel chain • Disruption to care service • Hygiene issues from lack of water (or ability to heat) 	High		
	Economic	<ul style="list-style-type: none"> • Loss of productivity/ business failure (inc. food outlets > no cold storage) 	High		
	Environment	<ul style="list-style-type: none"> • Leaks of damaging products from system loss 	Low		
	Co-ordination/ Communication	<ul style="list-style-type: none"> • Collapse of all phone- and internet-based comms at time of high demand 	High		
CONTEST Prepare threat (anti-extremism)  15 Developing	This risk has increased due to recent terrorist incidents. Work is ongoing around all 4 CONTEST threads – Pursue, Prevent, Prepare & Protect.				
	Social	<ul style="list-style-type: none"> • Fear & uncertainty • Need for local leadership 	High	<ul style="list-style-type: none"> ➢ Business Continuity/Emergency Resp. Plan ➢ Major Emergency Operational Procedures ➢ LRP & volunteer training using Clacks scenarios, and in Airwave Communications ➢ Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system ➢ Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents ➢ Recruitment of Vulnerable Persons Team ➢ Power supply backups at Kilncraigs ➢ Council GraSP plan, training and cascade of security information to managers and staff ➢ Major Security Exercise Border Reiver 2017 ➢ Ongoing work to import other resilient systems through voluntary sector 	<ul style="list-style-type: none"> ➢ LRP Emergency Response Framework ➢ LRP Resilience & Preparedness Framework ➢ LRP/RRP Mass Fatalities Framework ➢ LRP Public Communications Framework ➢ Adoption of Resilience Direct ➢ Resilient Telecoms Plans ➢ Tried and tested working and exercising ➢ Debriefs on 'Move to Critical' even post Manchester bombing ➢ Sharing information and good practice with similar agencies
	Health	<ul style="list-style-type: none"> • Casualties & fatalities • Medical facility capacity 	High		
	Economic	<ul style="list-style-type: none"> • Effect on industry/ consumer confidence • Disruption of transport/fuel supplies (if Grangemouth) 	Low		
	Environment	<ul style="list-style-type: none"> • Permanent loss of facility (if CBRN incident) • Council must lead long-term recovery phase 	Low		
Co-ordination/ Communication	<ul style="list-style-type: none"> • Massive requirement for communication with public 	High			

Risk, Score & Assessment	Impact Category	Consequence Description & Scale		Internal Controls	External Controls
Severe Storms and Gales  12 Developing	Social	<ul style="list-style-type: none"> Care and other services Travel dislocation 	High	<ul style="list-style-type: none"> Travel Plan, Business Continuity & Emergency Response Plans, Major Emergency Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system. Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Recruitment of Vulnerable Persons Team 	<ul style="list-style-type: none"> RRP Transport plan for Forth bridge LRP Emergency Response, Resilience & Preparedness, Mass Fatalities & Public Communications Frameworks Strong links with utility companies Tried and tested working and exercising LRP Exercise winter 2015 Recent events, such as FRB closure have provided knowledge & experience
	Health	<ul style="list-style-type: none"> People cut off from others Loss of utility e.g. power 	High		
	Economic	<ul style="list-style-type: none"> Loss productivity/comms 	High		
	Environment	<ul style="list-style-type: none"> Damage to trees 	Med		
	Co-ordination/Communication	<ul style="list-style-type: none"> Co-ordination issues > loss of web and phone 	High		
Flooding due to intense rainfall and/or coastal flooding from high tides and tidal surges  12 Developing	Social	<ul style="list-style-type: none"> Care and other services Property 	High	<ul style="list-style-type: none"> Roads & Flood Management, Business Continuity & Emergency Response Plans, Major Emergency Operational Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system. Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Recruitment of Vulnerable Persons Team 	<ul style="list-style-type: none"> LRP Emergency Response, Resilience & Preparedness, Care for People and Communications Frameworks LRP Voluntary Sector Coordinating Group and Single Point of Contact RRP Resilient Telecoms working group Adoption of Resilience Direct LRP Flood plan (focus on fuel supply) Understanding by Flood managers and EP staff of coastal flood causes
	Health	<ul style="list-style-type: none"> Primary Care Casualties or fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Med		
Flu pandemic  9 Developing	Social	<ul style="list-style-type: none"> Care and other services 	High	<ul style="list-style-type: none"> National Flu Pandemic, Business Continuity & Emergency Response Plans, Major Emergency Operational Procedures Local & national Manager Resilience Training Continual local and RRP vigilance on diseases - Bird flu outbreak in Fife 2015 Exercising in regard to multi agency work - Exercise Coal Tip - March 2016 in Alloa. Recruitment of Vulnerable Persons Team 	<ul style="list-style-type: none"> LRP Care for People Framework NHS Planning Framework LRP/RRP Mass Fatalities Framework LRP/RRP Communications Framework Scotland-wide 5 month exercise - 'Silver Swan' (2015) and follow-up with outside care providers Animal Health Plans and exercising
	Health	<ul style="list-style-type: none"> Care & Public Health Fatalities 	Very High		
	Economic	<ul style="list-style-type: none"> Business Continuity Impact on local economy 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	Low		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Very High		
Negative impact of climate change  9 Developing	Social	<ul style="list-style-type: none"> Care and other services Property 	High	<ul style="list-style-type: none"> Sustainability & Climate Change Strategy Local Biodiversity Action Plan Carbon Management Plan Energy Strategy Flood Management Plan Roads Asset Management Plan Business Continuity Plan Emergency Response Plan Major Emergency Operational Procedures Recruitment of Vulnerable Persons Team 	<ul style="list-style-type: none"> LRP Care for People Framework NHS Planning Framework LRP Emergency Response Framework LRP Resilience & Preparedness Framework LRP/RRP Mass Fatalities Framework LRP Communications Framework LRP Flood plan focussing on Grangemouth and fuel supply Improved staff understanding of causes
	Health	<ul style="list-style-type: none"> Primary Care Casualties or Fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	High		

The Way Ahead

1. Short life multi-agency sub-group has been established through LRP to identify more efficient and effective processes for partner agencies to identify "persons at risk" focussing on data sharing and data quality. Agreement has now been reached with Forth Valley NHS and the 3 Councils to pre-prepare data for this purpose. Update – Agreement on data sharing from Clacks now with FVNHS awaiting implementation.
2. NHS Forth Valley developing local framework in consultation with Category 1 member organisations.
3. RRP Resilience and Preparedness Sub group are currently reviewing the generic recovery framework following national exercise in 2017 – Border Reiver.
4. Communication Framework being reviewed in light of outcomes from national exercise
5. Clackmannanshire will contribute as a Category 1 member to these national frameworks and continue to review local plans and revise as appropriate
6. A number of Senior Managers have undergone Tactical Managers Training – more to undergo training post Grenfell Tower (11th September).
7. Social Work staff trained in Multi Agency table top exercise 2017 prior to major Orange Parade Exercise (8th July). Silver Swan supported by Council Managers who gained appreciation of mass illness implications.
8. Maturation of Multi Agency Planning following on from SDL protest in Alloa 2017 (11th March).
9. On going Multi Agency discussion in regard to flood preparedness development in Hillfoots area.

Capability Maturity Levels – Defined

Developing	Not all risk critical elements of the capability to meet the required response are in place. Further capability development to achieve the required response will be progressed locally and/or part of the multi agency LRP/RRP capability development programme.
Achieving	All capability development to meet the risk critical elements of the response has been undertaken. Areas to improve the response have been identified and will be progressed locally and/or as part of the LRP/RRP capability development programme.
Maintaining	The LRP/RRP has a fully mature capability and in addition to this an active programme of monitoring and reviewing is in place to progress lessons identified and learnt at appropriate intervals. Further to this, maintenance of skills programme for responders has been developed and implemented.

Additional Information

Given the restructuring of Police and Fire Services in Scotland the restructure to Local Resilience Partnerships (LRPs) are now well established having locally directly replaced the LRP in Tactical matters. The Forth Valley LRP has now met for real in numerous situations and by teleconference for others.

Whilst the member organisations which constitute category 1 responders remain as before geographical and administrative changes to structure and deployment are being implemented.

The larger Regional Resilience Partnership is still developing although its work streams are well established and give a wider area view on developments and processes.

Appendix C – External Audit Actions

Audit of 2015/16 Accounts

Council Tax Income				Service Manager Strategy & Revenues			
Observation	Due Date	31-Mar-2017	Priority	3	Code	COU EXA 501	
From our evaluation of the controls, we noted that there are plans in place to automate the linkage between the Council Tax Northgate system and the Assessor and that currently this is not reconciled on a regular basis.							
Latest Note	Progress	<input type="text" value="100%"/>	Status		Expected Outcome		
We have significantly tightened up the manual reconciliation process, completed every two weeks. The authority is required to re-tender for a replacement Council Tax system for implementation prior to annual billing in 2020. As all other Scottish Local Authorities who use our current system, switched this mechanism on from inception of the system, the cost of Clacks now getting the development would be disproportionate to the benefit, given we might end up moving from the incumbent supplier.							

Highway Network Assets				Chief Accountant			
Observation	Due Date	Not Set	Priority	2	Code	COU EXA 502	
The Council should consider the identified risk areas as noted on page 19 (link to report in parent action description) and action required over the next six months to ensure that appropriate plans are in place to bring Highway Network Assets on Balance Sheet at the appropriate valuation.							
Latest Note	Progress	<input type="text" value="60%"/>	Status		Expected Outcome		
This requirement has been put on hold and there is no estimated date for when it will apply. This will be discussed with new external auditors, if applicable, if the requirement is reinstated.							

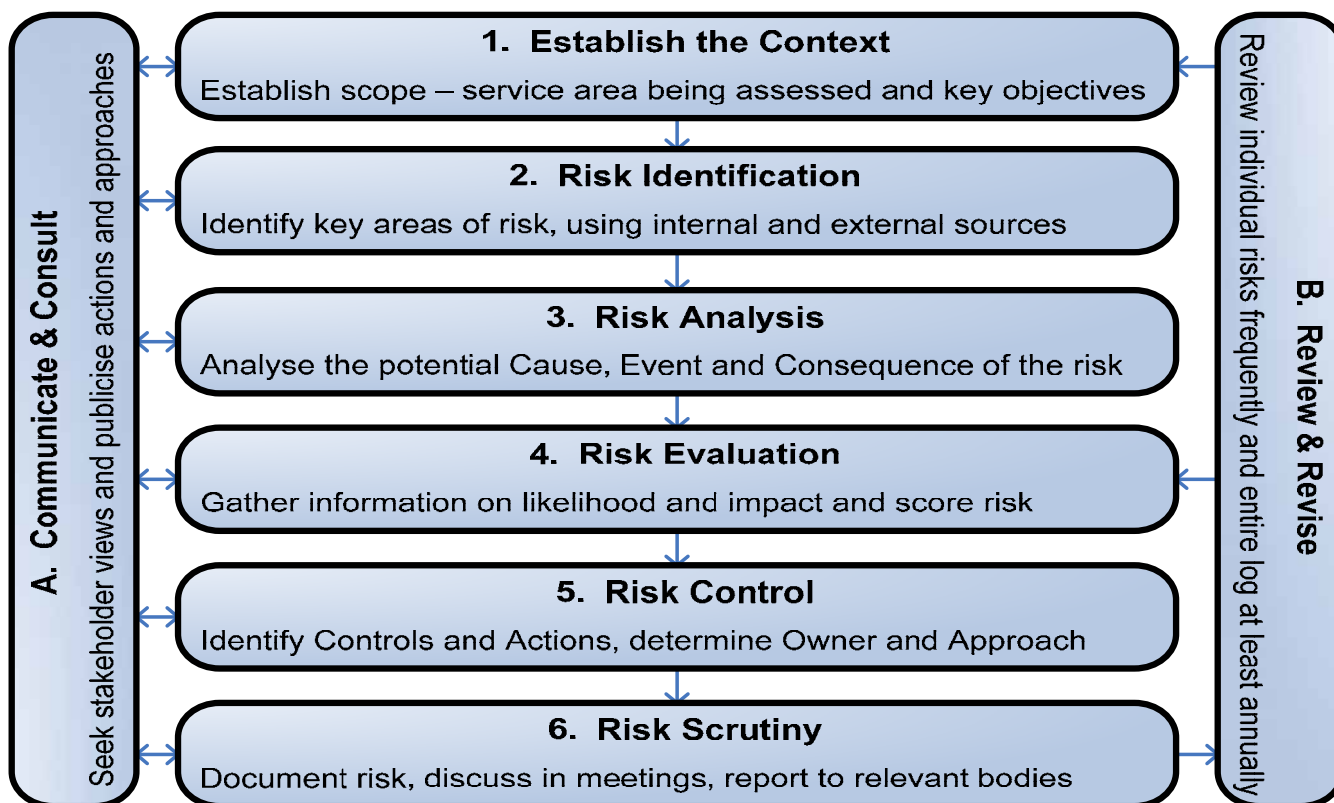
Budget Monitoring				Chief Accountant			
Observation	Due Date	31-Mar-2017	Priority	2	Code	COU EXA 503	
While a number of the variances noted in the year have arisen as a result of changes which would be unforeseen at the time of setting the budget, there is scope for the Council to consider whether the budget process and forecasting is adequately robust, taking into account historical trends, particularly in Social Work.							
Latest Note	Progress	<input type="text" value="60%"/>	Status		Expected Outcome		
The new finance system has provided managers with real time access to information which has assisted in reducing the variance from the last reported outturn to the final outturn. It has also helped inform the budget process for 2017/18. Further development throughout 2017/18, increase in user familiarity and the production of trend data and year on year comparisons in the system will also assist in the 2017/18 budget monitoring forecasts.							

Audit of 2014/15 Accounts

Property, plant & equipment revaluations - modern equivalent asset				Chief Accountant			
Observation	Due Date	30-Jun-2020	Priority	2	Code	COU EXA 404	
With regard to MEA considerations for land, we recommend that the valuer should, where possible, determine the land value reflecting an appropriate site size for a MEA facility and if possible determine a site value reflecting least cost to replace basis.							
Latest Note	Progress	<input type="text" value="0%"/>	Status		Expected Outcome		
Deloitte UK confirmed in their report to Audit & Finance Committee in September 2016 that this recommendation is not due until the next full valuation is performed, and this is completed in a five-year cycle (previous in 2015). Action will be closed at the moment and discussed with new external auditors at the appropriate time in the future.							

Appendix D – Corporate Risk Management Guidance

This guidance is an Appendix to the Corporate Risk Management Strategy and provides information on key considerations for each step in the Risk Management process (below).



A. Communicate & Consult

Two-way communication is important to every step in the risk management process to ensure the right information is gathered and people are aware of action to be taken, and why. **Staff members (at all levels), other teams/services/organisations, members of the public/community groups, elected/board members, senior management and central support teams** can all contribute and/or benefit from others' knowledge. Different groups will have different perspectives and experience of practical, operational and strategic issues.

Different stakeholders can improve efficiency and effectiveness by **providing data, information and knowledge** to clarify areas of uncertainty. Others can provide insight into issues they've **identified** or **dealt with** or **solutions** they've found, and resource requirements can be minimised by **sharing information, experiences and controls**. If procedures are put in place to control risks, it's also highly important to communicate **what they are**, the **reasons** for them being put in place and, therefore, why it's important that they're **adhered to**.

B. Review & Revise

Risk management shouldn't be seen as a one-off, or even annual, task. The nature of risks, progress and the effectiveness of controls can change in a short period of time. It's therefore recommended that **key risks are discussed on a frequent basis** to ensure that developments are recorded, and the relevant people aware. If risks are reviewed **proactively**, more frequently than they're reported, updates are available when required, rather than being rushed as part of the reporting process. As well as focussing on the risks already identified, it's also important to review the entire log, at least annually, and **re-assess whether these are still the key risks**.

1. Establish the Context

There can be a temptation to just list everything that could go wrong, but this can be unproductive and unfocussed. The vital first step is to **clarify the scope** of the exercise - always start by **focussing on objectives**. An organisational model can be a useful tool for this step (templates available from Strategy & Performance).

Having a **concise summary** of the team or service area will make discussions more focussed and as no completely systematic process can be used, should assist in ensuring that all relevant aspects are considered. Risk management can only ever be a **'point in time' assessment** and, though it must involve projection, looking too far into the future can introduce too many uncertainties and be detrimental to planning. It should, therefore, be kept as **simple as possible** by looking solely at **goals within a set time period** (such as a single year).

2. Risk Identification

Steps 2, 3 & 4 form the risk assessment itself, and identification can often be the most difficult step, partly because there can be **no set process** for this. Often risk logs (or profiles/registers) are developed purely by reviewing previous logs and, though this can also be useful, it is unlikely to identify **new and emerging risks**. Logs from other **internal and external sources** can also be a useful stimulus but a risk should only be identified as relevant if it is likely to have a specific impact on the stated goals.

Many different **methodical** or **ad hoc** processes can be used to identify risks - **brainstorming**, **facilitation** by someone outwith the team/service, or **self-assessment** can all be useful. A **PESTELO** analysis can assist in working through the Political, Economic, Social, Technological, Environmental, Legal and Organisational implications of an objective. External sources such as other Councils, partner organisations and audit bodies can also assist in risk identification.

3. Risk Analysis

It's common for risks to be identified and documented without the **details and dependencies being considered fully**. Many 'risks' found in the Identification stage will actually be Causes, such as 'demographic changes' or 'lack of resource' but we must focus on how that will affect us achieving our goals. The key areas to be developed at this stage are:

- Cause** **The source or trigger of a risk.** Risks generally originate from wider issues in the internal or external environment, often outwith our control. Examples are: climate change, the aging population, legislative changes or organisational change. The cause is **not the key focus of the risk**.
- Event** **How the cause specifically affects us.** This may be a single point in time, such as staff not delivering services (cause: industrial action), or it may develop more gradually, such as inability to meet increasing demands (cause: reduced budgets). Several events may arise from the same cause (e.g. the financial crisis may also cause budget overspend or reduced staff numbers).
- Consequence** **The result of the event occurring.** This should be more specific than 'inability to deliver on objectives' but needs to consider which objectives - will they not be delivered at all, or just less effectively, etc.? As much detail as possible should be given of the stakeholders and services affected, and the potential extent of reputational, legal or financial implications.

4. Risk Evaluation

At this point, as many elements should be **clarified**, or even **quantified**, as possible to better understand the **nature and extent** of the risk. While, again, there are no entirely scientific methods for evaluation and scoring, it should be **evidence-based**, where possible, and take into account as much management, organisational and environmental information as possible. Evaluation should include looking at:

- The past** Has it happened before? Was it managed effectively?
- The present** Are similar circumstances developing? How are others managing it?
- The future** Do projections suggest it will happen again in the near future?
- Organisational changes** Will changes to leadership, policies or resources affect the risk?
- External changes** Are there national initiatives? Are there legal factors to consider?
- Relevant actions** Will current projects and initiatives increase or decrease the risk?
- Performance indicators** Is the risk occurring? Are we managing it effectively?

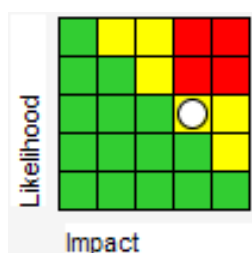
Scoring (or rating) quantifies the **likelihood** of a risk occurring and the **impact** if it does occur and can be used as a very high-level summary of the **severity** of a risk. Scores should also be rationalised and **compared with each other** as there is a subjective element to scoring and they should be checked to ensure scores reflect the relative severity of different risks. See step 6 for definitions of the 3 different types of risk score.

- Likelihood**
- 1. Unlikely Little evidence that the risk is likely to occur
 - 2. Possible Fairly low chance of the risk occurring
 - 3. Quite Possible Reasonable chance of the risk occurring
 - 4. Likely Strong chance of the risk occurring
 - 5. Very Likely Fairly certain that the risk will occur, or has already occurred

Impact If there are several different potential impacts, use the score for the most severe

Score	Finance	Reputation	Harm	Disturbance	Audit/Legal
1 Slight	Up to £10k	Managed incident, no customer impact but in the public domain	Single minor injury or illness	Minor disruption to one service	Query from audit body or mention in Shared Risk Assessment
2 Minor	£10k to £500k	Local media interest and/or customer complaint	Multiple minor or single serious injury or illness	Minor disruption to multiple services	Negative audit/inspection report
3 Moderate	£500k to £1m	Regional (central Scotland) media interest and/or multiple customer complaints	Multiple serious injuries or illnesses	Serious disruption to multiple services and/or some loss of service	Follow-up action or repeated negative audit/inspection reports
4 Significant	£1m to £5m	National media interest and/or serious loss of confidence	Death	Major disruption and/or loss of multiple services	Legal action
5 Extensive	Over £5m	Major national media interest	Multiple deaths	Extended loss of service	Legal action from multiple sources

Overall Score The overall risk score is the likelihood score multiplied by the impact score. In this example, impact = 4 and likelihood = 3, so $4 \times 3 = 12$, therefore the rating is 12 and the status is amber. As risk logs need to focus on the **most significant risks**, it's common for there to be more amber and red risks than green. If a risk is green, consideration should be given to whether it's **significant enough to be included** (unless we need to **demonstrate** that it's been assessed). The highest possible rating is $5 \times 5 = 25$.



5. Risk Control

Once the risk has been evaluated, existing **Internal Controls** must be identified. These controls may be strategies, processes, arrangements, procedures, etc. that mitigate the risk to some extent by reducing either the likelihood of it occurring or the impact if it does occur. In most areas of risk we'll only be able to influence one of these factors but in some cases controls can influence both likelihood and impact. For example:

- Failure to prevent harm to individuals - the impact of this could be significant in many different respects so our efforts must focus on **preventative** controls,
- Severe weather events - here, the Cause is outwith our control so the actual risk is failure to prepare and we can only look at planning to limit the **consequences** when it occurs,
- Flu pandemic or Strike action - in these situations we can look **both** at preventative actions to reduce the likelihood but also use Business Continuity Plans to reduce the impact.

As well as existing controls, there may also be **planned actions** that are already scheduled or in progress and will reduce the risk's severity. Once controls and actions are identified, the risk should be assigned an **owner** who can make decisions around **appetite (or tolerance)**, weigh up **opportunities** against risks and identify the **approach** to be used. It's important to be risk **aware**, rather than risk **averse**, as we would miss opportunities if we decide to control every risk. Though the identified owner is not final (as risks can be escalated and demoted), it's important that they have an appropriate **remit, resources and authority** to manage the risk and ensure that treatment actions are completed, where appropriate.

There are 4 different **Approaches** that can be used to manage risks:

- Treat** - take action to reduce the likelihood or impact of a risk occurring,
- Transfer** - pass the risk to another party, such as through insurance,
- Terminate** - stop the activity that is causing the risk,
- Tolerate** - continue monitoring once reasonable actions within our control are complete.

Examples where risk appetite and prioritisation must be used:

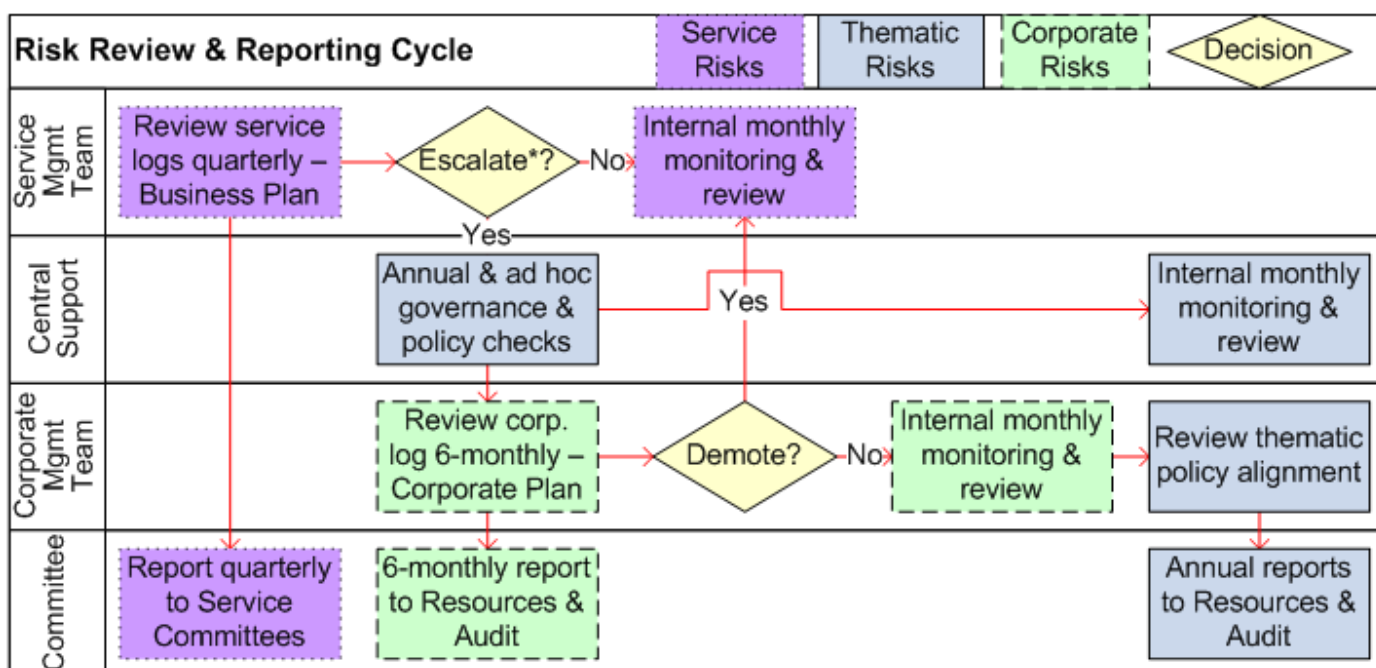
- Financial management** Short term efficiencies or 'spend to save' investment?
- Legislative changes** Resource for training/process changes or statutory breach?
- Statutory vs preventative** Statutory timescales or more frequent for early identification?
- Procurement** Best functionality, maintenance, customisation, price, etc.?
- Balancing rights** Protecting individuals or communities, or both?
- Satisfaction vs efficiency** Channel shift to cheapest option or offer range of options?

6. Risk Scrutiny

Details to record on the Covalent Performance Management System, and the reporting cycle are shown below. Risk logs should be reviewed frequently and the hierarchy should be used to escalate and demote risks. This may depend on the owner's ability to manage the risk, or if the nature (or understanding) of the risk changes. As well as specific risks and logs, our risk management processes are assessed via internal and external governance processes.

Risk Recording on Covalent

ID (Code)	The unique reference for the risk, assigned by Covalent service superusers
Title	Short (3 to 5 word) name for the risk, focusing on the Event (see 3 above)
Description	An expanded version of the title, stating Cause and Event and giving more information on how the risk could come about and likelihood of occurrence
Potential Effect	Possible Consequences or impact - stakeholders or service areas that could be affected, to what extent, secondary implications (legal, reputation, etc.)
Approach	Treat, transfer, terminate or tolerate (see 5 above)
Related Links	Outcomes/Objectives (through Scorecards), Actions, Internal Controls and Indicators. If Treat - must have actions, if Tolerate, must have Controls.
Latest Note	Brief summary of progress where the approach is Treat (otherwise optional).
Score (Rating) (determines Status)	Quantification of the risk's severity (see section 4). Original Score with no controls ('gross' score), to show progress to date. Current Present position, including controls and completed actions. Target Risk appetite - the score required for us to Tolerate the risk.
Reviewer (Owner)	Person responsible for managing the risk, identifying the approach, providing updates and escalating/demoting between risk logs as appropriate.



*Corporate impact? Affects more than 3 services? Requires consistent management? Significant for any service? Does owner lack authority to manage? If yes, consider escalating.