CLACKMANNANSHIRE COUNCIL

Report to	**Audit & Finance Committee**

Date of Meeting: 17th May 2018

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

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

1.0 Purpose

1.1. This report provides the 2017/18 year end update on Clackmannanshire Council's Corporate Risk Log (Appendix A), followed by the annual Statement of Preparedness (Appendix B). Progress updates are then provided on Audit Scotland's recommendations following their audit of 2016/17 accounts (Appendix C). The Corporate Risk Management Guidance is also 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 several key goals regarding how it will care for and support the people and area of Clackmannanshire. In order to plan how we will achieve these goals, we must also consider the challenges, in terms of both 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 its initiatives. While Council officers and services deal with many 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.

3.1.2. 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 (including Internal Audit), sustainability, equalities, workforce management, communications, legal, health & safety, etc. 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 external audit recommendations 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. Each corporate risk log review involves gathering information from internal and external sources (environmental scanning) and review of the log by the Corporate Risk & Integrity Forum. Individual meetings are also held 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.

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

3.2.3. Pending revisions to be incorporated into the next report (2018/19 half year):

- The new Local Outcome Improvement Plan (LOIP) includes a revised set of priority outcomes for the area (shown in section 7), to which corporate risks will be aligned;
- The new service structure, to which risk ownership will be aligned, once implemented;
- The Corporate Risk Management Guidance is currently under review, and the revised version will be presented to Committee once approved.

3.3. Corporate Risk Log – Appendix A

3.3.1. Last year's elections delayed risk reports to Audit & Finance Committee until September (2016/17 year end) and January (17/18 half year), though reporting timescales have now been corrected for better alignment to the financial year. There has, therefore, been less movement in terms of risk scores than would normally be the case in a standard 6-month period, as shown in Appendix A. Revised assessment of the likely financial impact of Welfare Reform has reduced this risk from red to amber, so there are now 5 red risks, 7 amber and 2 green. The only other change is an increased score for Health & Safety Non-compliance, through further investigations into service adherence to procedures, though this already had a red status. As in the previous report, 10 risks are being treated, and 4 are being tolerated due to the causes being outwith the Council's control and/or strategies being in place to manage the risks, should they occur.

Approach: Treat

3.3.2. As highlighted in Audit Scotland's Best Value Audit, Financial Resilience remains a key focus and services continue to identify and implement efficiency opportunities. As noted above, the Health & Safety risk has increased, though, in response to recommendations from Gallagher Bassett, senior managers have completed training, and revised policies are currently being deployed. Both Organisational Change and corporate Governance are closely linked to Financial Resilience, and corporate redesign proposals are being progressed, where statutory duties and good practice must be prioritised.

3.3.3. As noted above, ongoing changes, embedding and developing understanding of Welfare Reform has reduced the score, though longer-term impacts for the area are not yet known. Work also continues around Extremism and/or Radicalisation, with developments to security protocols, plans, and staff information and training. Changing Demographics, needs and demand for services are routinely incorporated into plans and strategies, including the Local Outcome Improvement Plan and service redesign proposals.

3.3.4. Information Management is another key governance area during service re-organisation and workforce contraction, and GDPR requirements are being implemented alongside ongoing system modernisation across services. Child Protection remains another key priority for the Council, as highlighted in LOIP outcomes and locality plans, with the Child Protection Committee and sub-groups progressing the Children's Services Plan. Priorities regarding Serious Organised Crime have been identified through a Police Scotland self-assessment, and are being taken forward by the Corporate Risk & Integrity Forum.

Approach: Tolerate

3.3.5. Risks which must be 'Tolerated' are generally those where the cause is outwith Council control (often relating to Emergency Planning and Business Continuity), and/or where plans are in place to respond to the issue/incident, should it materialise.

3.3.6. National work continues to target the resilience of Public Utilities, which remains a key concern, particularly in relation to protecting vulnerable people. Business Continuity Plans were recently tested by Severe Weather, where a very positive organisational and community response was seen, though lessons learnt will be built into future plans. Industrial Unrest remains amber due to ongoing discussions in relation to staff terms and conditions and organisational redesign though, again, plans are in place to ensure business continuity in the event of industrial action. NHS concerns regarding Flu Pandemic during January did not have a significantly adverse impact on Council service provision, and this risk remains green due to being controlled to a tolerable level.

3.4. Statement of Preparedness – Appendix B

3.4.1. Further details on Emergency Planning/Business Continuity risks are presented, with both Utilities and Public Health Emergency corresponding directly to a single corporate risk. Anti-extremism relates to the elements of the corporate risk regarding an actual incident occurring. The corporate risk on Severe Weather is separated into 2 summaries, detailing differing responses for storms or winter weather and flooding. The only item in the statement not included in the Corporate Risk Log is Climate Change, as management of longer-term aspects have been delegated to Development & Environmental Services.

3.4.2. Despite internal and external events and developments, re-assessment of these risks have not resulted in any changes to scores in the last year. The Council's Emergency Planning Officer, and all Council services review and develop Business Continuity Plans and other procedures on an ongoing basis. Partnership work also continues with other public and voluntary sector organisations, and in resilience planning with 3rd-party suppliers.

3.5. External Audit Actions – Appendix C

3.5.1. Progress is presented on the recommendations made by Audit Scotland in their audit of the 2016/17 accounts, reported to Council on 28-Sep-17. These relate to annual reconciliation of the Asset Register to ensure accuracy, amendments to Accountancy processes to address underspend in the Capital Programme, and reviewing a greater volume of matches identified by the National Fraud Initiative. Actions on better linking Financial Planning to new Local Outcome Improvement Plan priorities, and developing a new Corporate Plan, as well as work on developing Savings Plans to address funding gaps are also detailed.

3.6. Corporate Risk Management Guidance – Appendix D

3.6.1. The Corporate Risk Management Guidance is 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. This version of the guidance was produced in 2015 as a key practical appendix to the Corporate Risk Management Policy and Strategy. As per its 3-year review cycle, this is currently again under review by the Corporate Risk & Integrity Forum, and the revised version will be presented to Committee, once approved by the Corporate Management Team.

3.6.2. Though some changes to Committee structures and Business Plan reporting frequencies have occurred since the guidance was produced, all other aspects remain relevant to how we assess and manage risks. The guidance is applicable at a team, service and corporate level, and has been adopted by the Health & Care partnership. 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	D&E	Development & Environmental Services
EP	Emergency Planning	FRB	Forth Road Bridge
FV	Forth Valley	GDPR	General Data Protection Regulations
GraSP	Graduated Security Plan	HR	Human Resources
HSE	Health & Safety Executive	ICT	Information & Communication Technology
LOIP	Local Outcome Improvement Plan	LRP	Local Resilience Partnership
NHS	National Health Service	PSN	Public Services Network
RRP	Regional Resilience Partnership	SW	Social Work
WRAP	Workshop to Raise Awareness of Prevent		

4.0 Sustainability Implications

4.1. There are no direct sustainability implications arising from this report.

5.0 Resource Implications

5.1. Financial Details – There are no direct financial implications arising from this report.

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

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

5.4. Staffing – There are no direct staffing implications arising from this report.

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 ☑)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all   ✓

Our families; children and young people will have the best possible start in life   ✓

Women and girls will be confident and aspirational, and achieve their full potential   ✓

Our communities will be resilient and empowered so that they can thrive and flourish   ✓

(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. If there are no appendices, please 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 ✓

Author(s)

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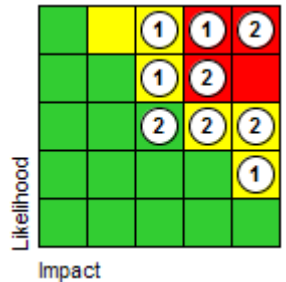
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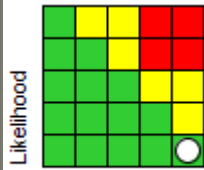| NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy & Customer Services	
Garry Dallas	Executive Director	
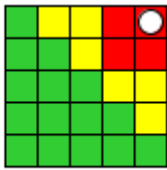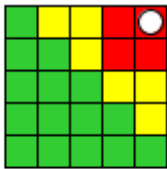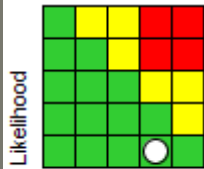
Appendix A – Corporate Risk Log

(See main report for expanded abbreviations from all Appendices)

Clackmannanshire Council | Comhairle Siorrachd Chlach Mhanann
www.clacks.gov.uk

Summary of Changes	Distribution of Scores
At the 2017/18 year end stage (out of a total of 14 risks): Status 🛑 5 risks are red (decrease from 6 in the 2017/18 half year report) ⚠️ 7 risks are amber (increase from 6 in previous report) ✅ 2 risks are green (same as in previous report) Approach 10 risks are being **Treated** (same as in previous report) 4 risks must be **Tolerated** (same as in previous report) Change in Scores Since Last Review ⬆️ 1 risk has increased ➖ 12 risks remain the same ⬇️ 1 risk has reduced N No new risks have been added to the log	

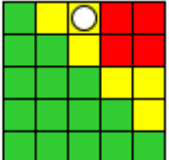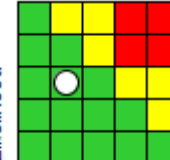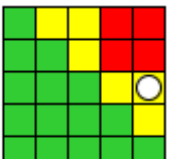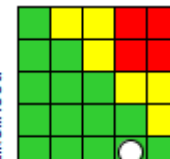| Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25	🛑	Treat	➖
COU CRR 012	Health & Safety Non-compliance	25	🛑	Treat	⬆️
COU CRR 034	Insufficient Pace and Scale of Organisational Change	20	🛑	Treat	➖
COU CRR 033	Major Governance Failure	16	🛑	Treat	➖
COU CRR 040	Failure of Public Utility Supply	16	🛑	Tolerate	➖
COU CRR 032	Council & Community Impact of Welfare Reform	15	⚠️	Treat	⬇️
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 009	Information Not Managed Effectively	12	⚠️	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	➖

Approach Treat

Insufficient Financial Resilience

		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	🔴	Change	➖
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.
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 amongst the greatest budget pressure of all 32 councils. The funding gap for 19/20 is estimated at £12.9m, and the cumulative gap to 2022 is £29.5m, requiring more significant budget reductions on top of those already achieved. Given that significant savings have been made in recent years, it is proving extremely challenging to identify new proposals and significant priority is being given to progressing the Council's organisational redesign.

Related Actions	Savings and/or income from increased focus on efficient and compliant business processes. Initial focus on procurement and income maximisation.	COU 178 017	Existing Controls	Budget Challenge & Monitoring
	External Audit Action Plan (Audit of 2016/17 Accounts by Audit Scotland)	COU EXA 167		Financial Management Strategy
	Corporate Change Programme activity from 2017/18 onwards.	MCB PRG 201718		Interim Procurement Strategy

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	🔼
Head of Resources & Governance	COU CRR 012			Current Score	25	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	Recent evidence suggests that there is a lack of basic maintenance in our buildings to ensure that they meet the legal requirements, meaning there are inherent safety risks of which staff in the buildings are not necessarily aware. Recent incidents suggest that there is still a culture of ignoring/deliberately bypassing safety in some parts of the Council.

Related Actions	Governance Improvement Plans across all services	CRR RAG 001	Existing Controls	Health & Safety Management System
				Maximising Attendance & Employee Wellbeing Policy
	Health & Safety action plan, based on recommendations from Gallagher Bassett	CRR RAG 012		Health & Safety Handbook for Managers

Appendix A – Corporate Risk Log ✅ Low - 9 or below 🔺 Medium - 10 to 15 🔴 High - 16 or above 🔼 Increased score ➖ Consistent score 🔽 Reduced score Page 2 of 20
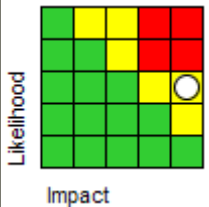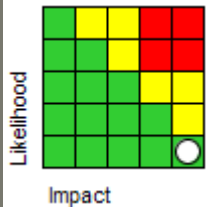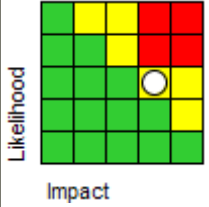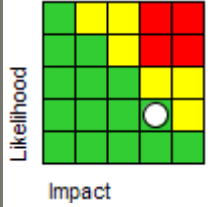
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Insufficient Pace and Scale of Organisational Change		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	🔴	Change	▬
Chief Executive	COU CRR 034			Current Score	20	Target Score	5

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 2018/19 in March 2018. The Budget report contains recommendations for a strategic redesign and proposals to achieve financial savings through managed contraction of staffing, organisational redesign, new policy decisions and management efficiencies. Actions to implement agreed financial savings for 2018/19 are underway, with progress reported on an ongoing basis to Council. However, as the scale and complexity of organisational change increases, there is an increasing likelihood that the pace of change required may be inhibited by additional social, economic, political, technological factors.

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

Major Governance Failure		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	🔴	Change	▬
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.
Potential Effect	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery.
Latest Note	This risk remains high. Staffing changes and ongoing organisational re-design at a senior level reaffirm the need to closely monitor and manage compliance with statutory good practice requirements.

Related Actions	External Audit Action Plan (Audit of 2016/17 Accounts by Audit Scotland)	COU EXA 167	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

Appendix A – Corporate Risk Log   ✅ Low - 9 or below   🔺 Medium - 10 to 15   🔴 High - 16 or above   🔼 Increased score   ▬ Consistent score   🔽 Reduced score   Page 3 of 20

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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	⬇️
Head of Housing & Community Safety	COU CRR 032			Current Score	15	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.
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	Latest understanding is that housing benefit can be paid on temporary accommodation from April, at previous rates. Lowers financial impact.

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

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	➖
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.
Latest Note	We continue to implement the CONTEST strategy and delivery plan, and have revised building security protocols. WRAP and Prevent Awareness information has been consolidated on one Connect page to allow easy access for staff. Risk must remain amber as a reflection of several instances of 'Move to Critical' in light of terrorist attacks. We now have in place a Graduated Security Risk Profile which identifies a number of actions in the event that we move to critical with a security plan ready to be rolled out.

Related Actions	Ensure deployment of the corporate CONTEST delivery plan	SCS 17 15-07	Existing Controls	FV Local Resilience Partnership
				CONTEST Working Groups (FV & Clacks)
				WRAP Training (High Priority Staff)

Appendix A – Corporate Risk Log   ✅ Low - 9 or below ⚠️ Medium - 10 to 15 🔴 High - 16 or above   ⬆️ Increased score ➖ Consistent score ⬇️ Reduced score   Page 4 of 20

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Inability to Respond to Changing Demographics			Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	⚠	Change	▬
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.
Potential Effect	Inappropriate allocation of resources & assets, misalignment of corporate objectives with needs, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to unplanned situations.
Latest Note	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. The Health and Social Care Strategic Plan for Clackmannanshire and Stirling has identified 8 local priorities which will strengthen community and place based services for adults in Clackmannanshire. In addition to these strategic plans, we continue to use data and research to understand the demographic context and impact of changing demographics in Clackmannanshire.

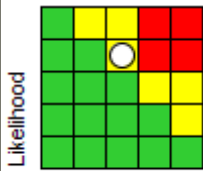| Related Actions	Finalise and implement delivery plan for Health & Care Integration	CRR SOS 005	Existing Controls	Customer Consultation & Communication
	Develop and publish a Local Outcomes Improvement Plan (LOIP) for Clackmannanshire and Locality Plans for Clackmannanshire in line with the CEA Act.	SCS 17 06		Budget Challenge & Monitoring
				Health & Social Care Strategic Plan

Information Not Managed Effectively			Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	⚠	Change	▬
Head of Resources & Governance		COU CRR 009			Current Score	12	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, duplicated, or 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 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 knowledge held by different service areas, or system failure.
Latest Note	Technical controls remain in place (PSN accreditation achieved). Working group implementing Records management Plan& improving records management. Introduction of GDPR providing stimulus for improved records management but also brings additional risk. Continued programme of system modernisation, HR/Payroll and Document Management System moving to cloud and consolidation D&E systems. Project underway to replace Social Care systems which should improve Information Management. System improvements offset by contraction of workforce and loss of information.

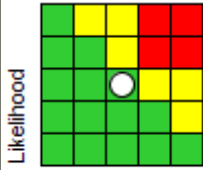| Related Actions	Implement Records Management Plan	RAG SRR A01	Existing Controls	Information Management Strategy
	Deliver the business benefits from the introduction of the new finance system	RAG SRR A02		Digital Strategy
				Records Management Plan

Appendix A – Corporate Risk Log   ✅ Low - 9 or below ⚠ Medium - 10 to 15 🔴 High - 16 or above   🔼 Increased score   ▬ Consistent score   🔽 Reduced score   Page 5 of 20

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Harm to Child(ren)			Priority Outcome	5. Vulnerable people and families are supported; 6. Substance misuse and its effects are reduced		Status	⚠️	Change	➖
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.
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	SOS CHC CSP	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	➖
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.
Latest Note	A number of 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. Learning and development is being provided for Council employees on aspects of Serious Organised Crime, which includes briefings, cascades and information on general security measures around data, Cyber and IT security and personal security around the workplace. Safety and security pages have been published for employees through Connect. We have enhanced our IT/Web systems to protect from external cyber attacks. The rollout of an improvement plan is being overseen by a cross service Risk & Integrity Forum.

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

Appendix A – Corporate Risk Log   ✅ Low - 9 or below ⚠️ Medium - 10 to 15 🔴 High - 16 or above   ⬆️ Increased score ➖ Consistent score ⬇️ Reduced score   Page 6 of 20

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Approach Tolerate

Failure of Public Utility Supply

Field	Content		
Failure of Public Utility Supply		Priority Outcome	4. Our communities are safer; 5. Vulnerable people and families are supported
Head of Strategy & Customer Services	COU CRR 040		

Status	🔴	**Change**	➖
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 loss of gas/electricity/water/telecoms 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.		Major Incident Operational Procedures
Latest Note	This risk remains high due to the national infrastructure and power generation interdependencies, particularly the length time utilities will take to recover from an outage (previously 3-5 days, then moved to 5-14 days, now believed to be a minimum of 7 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. Planning and work is ongoing.		Emergency Response Plan

Failure to Prepare for Severe Weather Events

Field	Content		
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
Executive Director	COU CRR 031		

Status	🔺	**Change**	➖
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 and equipment. 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).		Business Continuity Plans
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. Consideration of requirements for 4x4 vehicles must also be planned for.		Forth Valley Local Resilience Partnership
Latest Note	Existing controls remain in place for both winter-related weather and flooding threat, with recent weather events proving procedures to be broadly robust, though with lessons always being learnt and built into the development of future plans. Reduction in staff numbers is threatening resilience but Service is implementing measures for mitigation. Controls continue to be developed and de-briefs will outline actions required.		Winter & Flood Management Plans

Appendix A – Corporate Risk Log   ✅ Low - 9 or below   🔺 Medium - 10 to 15   🔴 High - 16 or above   🔼 Increased score   ➖ Consistent score   🔽 Reduced score   Page 7 of 20

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Industrial Unrest			Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status	⚠️	Change	➖
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.						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	
Latest Note	Remains unchanged. Ongoing discussions with unions regarding proposed changes to terms and conditions, council redesign together with social and economic factors mean that there is a strong chance of unrest and break down of relationships.						Trade Union Communications Protocol	

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	➖
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.						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. Consideration required of minimal service provision requirements according to critical business continuity levels.						Major Incident Operational Procedures	
Latest Note	Scottish government focus will be on pandemic flu going forward, with a significant training programme planned for this year through the NHS.						Pandemic Flu Plan	

Appendix A – Corporate Risk Log   ✅ Low - 9 or below   ⚠️ Medium - 10 to 15   🔴 High - 16 or above   🔼 Increased score   ➖ Consistent score   🔽 Reduced score   Page 8 of 20

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Appendix B – Statement of Preparedness

This appendix provides more detail on Council preparedness to respond to the most significant Emergency Planning/Business Continuity risks

Risk & Score	Category	Impact Description	Scale	Internal Controls	External Controls
Utility Failure (Loss of Electricity Gas and Water) 🔴 16 Developing	Social	• Service access limitations • Loss of Social Media • Panic-buying and unrest	High	➢ 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 ➢ LRP Transport & local fuel bunkerage Plan ➢ Training and workshops on this topic being run, including for senior staff ➢ National Plan at Strategic and tactical level almost complete, for local implementation.	➢ 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 ➢ Separate RRP workstream on this topic, national plan to be developed ➢ Multi-agency work ongoing to minimise impacts ➢ Resilient telecoms Plan
	Health	• Failure of food/fuel supply chain • Disruption to care service • Hygiene issues from lack of water (or ability to heat)	High		
	Economic	• Loss of productivity/ business failure (inc. food outlets > no cold storage)	High		
	Environment	• Leaks of damaging products from system loss	Low		
	Co-ordination/ Communication	• Collapse of all phone- and internet-based comms at time of high demand	High		
CONTEST **Prepare** thread (Anti-extremism) 🟡 15 Developing	Social	• Fear & uncertainty • Need for local leadership	High	➢ 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 ➢ New Portal complete ➢ Security Plan being worked on ➢ Major Security Exercise Border Reiver 2017 ➢ Ongoing work to import other resilient systems through voluntary sector	➢ 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	• Casualties & fatalities • Medical facility capacity	High		
	Economic	• Effect on industry/ consumer confidence • Disruption of transport/fuel supplies (if Grangemouth)	Low		
	Environment	• Permanent loss of facility (if CBRN incident) • Council must lead long-term recovery phase	Low		
	Co-ordination/ Communication	• Massive requirement for communication with public	High		
	Co-ordination/ Communication	• Massive requirement for communication with public	High		

Risk & Score	Category	Impact Description	Scale	Internal Controls	External Controls
Severe Storms, Gales and Winter Weather ⚠️ 12 Developing	Social	• Care and other services • Travel dislocation	High	➢ 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 ➢ Use of Voluntary and internal 4x4 teams	➢ 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 / Snow have provided knowledge & experience of team working and BCM
	Health	• People cut off from others • Loss of utility e.g. power	High		
	Economic	• Loss productivity/comms	High		
	Environment	• Loss of road access • Damage to trees	Med		
	Co-ordination/ Communication	• Co-ordination issues > loss of web and phone	High		
Flooding (due to intense rainfall and/or coastal flooding from high tides & tidal surges) ⚠️ 12 Developing	Social	• Care and other services • Property	High	➢ 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 (SW)	➢ 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	• Primary Care • Casualties or fatalities	Med		
	Economic	• Local Economy • Business Continuity	High		
	Environment	• Damage & clean up	High		
	Co-ordination/ Communication	• Public information • Multi-agency/central govt	Med		
Public Health Emergency ✅ 9 Developing	Social	• Care and other services	High	➢ National Flu Pandemic, Business Continuity & Emergency Response Plans, Major Emergency Operational Procedures ➢ Local & national Manager Resilience Training Continual local and RRP vigilance on diseases ➢ Exercising in regard to multi agency work - Exercise Coal Tip - March 2016 in Alloa. ➢ Recruitment of Vulnerable Persons Team ➢ Learning from Snow Events 17/18	➢ 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	• Care & Public Health • Fatalities	Very High		
	Economic	• Business Continuity • Impact on local economy	High		
	Environment	• Damage & clean up	Low		
	Co-ordination/ Communication	• Public information • Multi-agency/central govt	Very High		
Negative Impact of Climate Change ✅ 9 Developing	Social	• Care and other services • Property	High	➢ 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	➢ LRP Care for People Framework ➢ NHS Planning Framework ➢ LRP Emergency Response Framework ➢ 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	• Primary Care • Casualties or Fatalities	Med		
	Economic	• Local Economy • Business Continuity	High		
	Environment	• Damage & clean up	High		
	Co-ordination/ Communication	• 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. RRP Resilience and Preparedness Sub group are currently reviewing the generic recovery framework following national exercise in 2017 – Border Reiver.

3. Communication Framework being reviewed in light of outcomes from national exercise

4. Clackmannanshire will contribute as a Category 1 member to these national frameworks and continue to review local plans and revise as appropriate

5. A number of Senior Managers have undergone Tactical Managers Training – more to undergo training post Grenfell Tower (11th September).

6. 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 2016/17 Accounts by Audit Scotland

Overall Progress �················ 90%

External Audit Final Report to Members on the 2016/17 Audit, to Clackmannanshire Council on 28-Sep-2017.

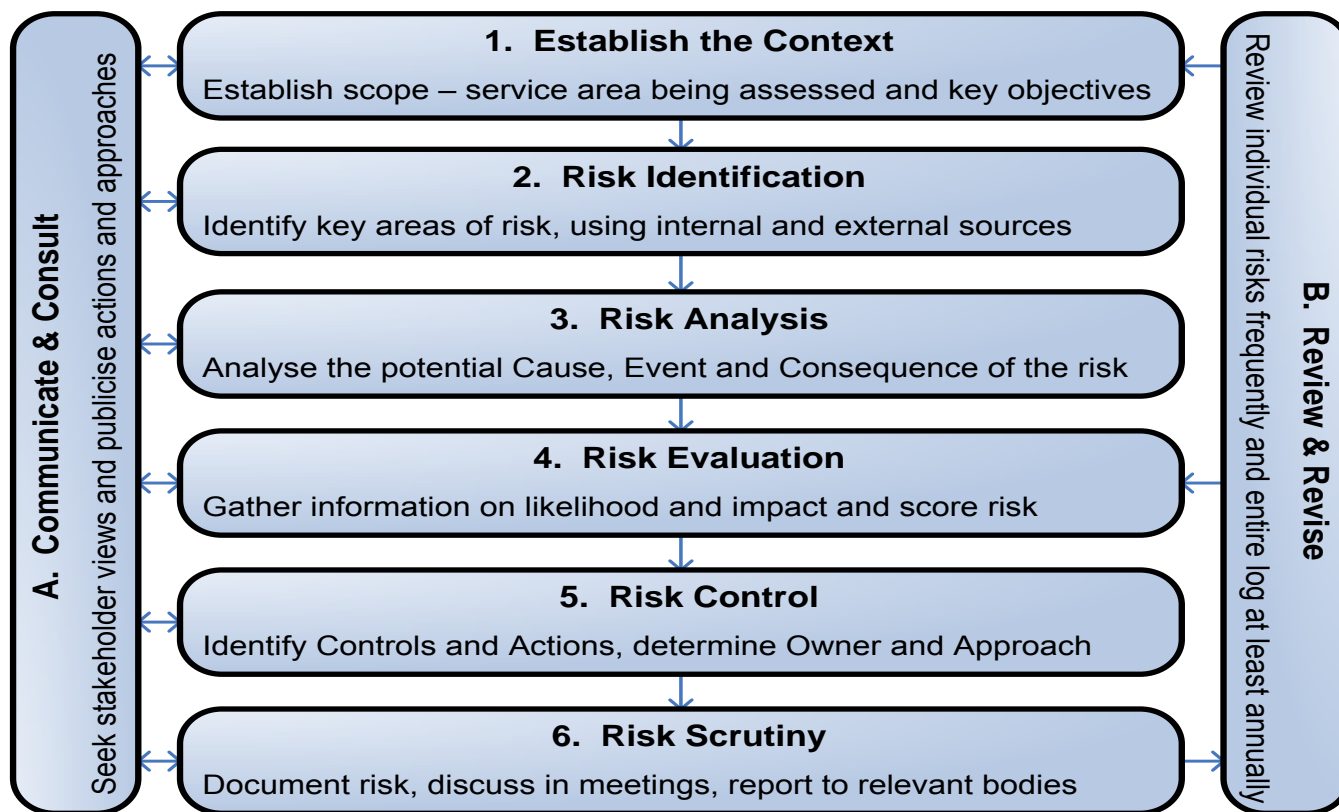| Accuracy of Asset Register		Chief Accountant		EXA 167 001
Observation	During our audit testing we noted differences between the revaluation reserve values recorded in the Council's fixed asset register and the corresponding values recorded in its financial ledger. The individual differences are not material and the net book values for each category of asset have been correctly recorded in the financial statements. It is important that the Council maintains an accurate record of its assets to ensure it correctly accounts for these in future years.			
Risk	Assets are incorrectly accounted for in future financial statements			
Recommendation	The Council should review its fixed asset register and take corrective action to ensure individual asset values are accurately recorded.			
Progress	100%	Status ✅	Expected Outcome ✅	Due Date	30-Jun-2018
The asset register is reconciled annually and this will continue to be done at least annually. The differences referred to arose at the time of the migration from a spreadsheet asset register to the Real Asset Management System in 2013.				

Capital Programme		Executive Director		EXA 167 002
Observation	There was significant underspending in the Council's capital programme of £11.107 million (52%). This continues the trend of capital underspends in recent years.			
Risk	Recurring underspending could lead to slippage in the capital programme which in turn could adversely affect service delivery and the achievement of the Council's strategic priorities			
Recommendation	The Council should review its arrangements for managing the capital programme to ensure they are effective.			
Progress	100%	Status ✅	Expected Outcome ✅	Due Date	31-Mar-2018
Accountancy hold monthly meetings with budget holders to discuss Capital Projects, spend to date, anticipated spend, legal issues, achievability and any potential re-phasing of the project. Reforecasting is carried out as soon as any variances are known, and the aim is to ensure that bids are completed for all capital works. Potential timescales of procurement/tender processes are highlighted and engagement with the Procurement Manager promoted. The timing of organisational redesign and staffing changes may, however, also impact the Capital Programme.				

National Fraud Initiative		Head of Resources & Governance		EXA 167 003
Observation	The Council has made limited progress in investigating NFI matches with only 2% of matches reviewed as of August 2017.			
Risk	The Council does not identify fraudulent activity or errors resulting in financial loss			
Recommendation	The Council should work to complete its review of priority NFI matches and ensure it identified suitable resource to carry out this work.			
Progress	100%	Status ✅	Expected Outcome ✅	Due Date	31-Mar-2018
Action complete				

Appendix C – External Audit Actions   ✅ Complete ▶ In Progress 🔴 Overdue ✔ Will meet target ⚠ Will exceed target   Page 13 of 20

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Financial Planning		Deputy Chief Executive	EXA 167 004
Observation	The Council's budget strategy is aligned with the aims of its change programme, Making Clackmannanshire Better. Further work is required to ensure there is a clearer link between all budget decisions and the priorities outlines in the Council's Corporate Plan. The Council is planning to work to ensure savings plans and financial projections reflect the objectives, priorities and structures required to ensure achievement of its ambitions. This is an important exercise, particularly as the Council is refreshing its corporate plan, Taking Clackmannanshire Forward.		
Risk	Budget decisions do not support the Council's priorities		
Recommendation	The Council should work to ensure savings plans and financial projections are aligned with its refreshed priorities.		
Progress	50% Status 🔴	Expected Outcome ⚠️	Due Date	31-Mar-2018

Work is in hand to present the new Corporate Plan linked to the Local Outcome Improvement Plan to Council in June 2018. Financial plans will then be reviewed to ensure they remain aligned with the delivery of the stated corporate priorities.

Savings Plans		Deputy Chief Executive; Chief Executive	EXA 167 005
Observation	The Council has identified substantial funding gaps in each of the next three years. It has recognised that it cannot continue to use reserves to meet budget gaps. The Council plans to make significant savings from a new strategic model. It has yet to identify the savings achievable from redesigning how it delivers services.		
Risk	The Council is unable to deliver priority services		
Recommendation	The Council should work to develop savings plans to address funding gaps. This should include identification of the savings it expects to achieve from its new strategic model.		
Progress	100% Status ✅	Expected Outcome ✅	Due Date	31-Mar-2018

The Council has a continuous cycle of review to identify potential savings from efficiencies, policy change and redesign activities. This will continue. Work to develop the corporate redesign is progressing and any savings identified will contribute towards closing future years' forecast funding gap alongside other measures to maximise efficiency and income and minimise expenditure.

Appendix C – External Audit Actions   ✅ Complete ▶ In Progress 🔴 Overdue ✅ Will meet target ⚠️ Will exceed target   Page 14 of 20

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Appendix D –
Corporate Risk Management Guidance

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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 — Seek stakeholder views and publicise actions and approaches		B. Review & Revise — Review individual risks frequently and entire log at least annually
	1. Establish the Context Establish scope – service area being assessed and key objectives	
	2. Risk Identification Identify key areas of risk, using internal and external sources	
	3. Risk Analysis Analyse the potential Cause, Event and Consequence of the risk	
	4. Risk Evaluation Gather information on likelihood and impact and score risk	
	5. Risk Control Identify Controls and Actions, determine Owner and Approach	
	6. Risk Scrutiny Document risk, discuss in meetings, report to relevant bodies	

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 x 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 x 5 = 25.
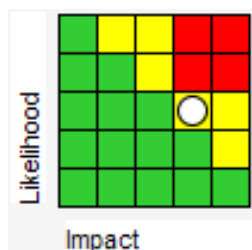
5. Risk Control

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.

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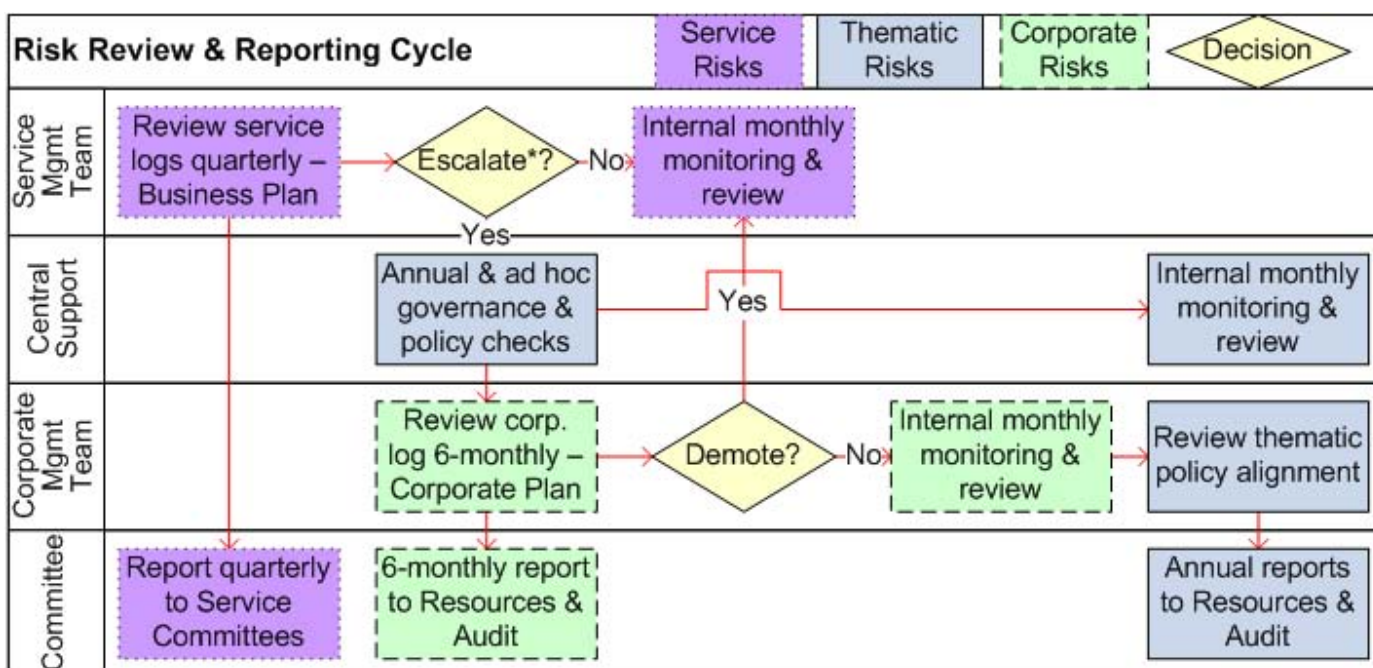
*Corporate impact? Affects more than 3 services? Requires consistent management? Significant for any service? Does owner lack authority to manage? If yes, consider escalating.